The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell the notes and we are not soliciting an offer to buy the notes in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 19, 2025

PRELIMINARY OFFERING MEMORANDUM **CONFIDENTIAL**

SMBC AVIATION CAPITAL

SMBC Aviation Capital Finance DAC

$ % Senior Notes due 2035

Guaranteed by SMBC Aviation Capital Limited

SMBC Aviation Capital Finance DAC (the "Issuer") is offering $ aggregate principal amount of its % senior notes due 2035 (the "notes"). The notes will bear interest at the rate of % per year. Interest on the notes is payable on and of each year, beginning on , 2026. The notes will mature on , 2035. The Issuer may redeem some or all of the notes at any time and from time to time at the prices and as described under the caption "Description of the Notes—Maturity, Optional Redemption." The Issuer, a limited liability designated activity company organized under the laws of Ireland, is a finance subsidiary with no operations and, therefore, depends on the cash flow of its parent, SMBC Aviation Capital Limited, a limited company organized under the laws of Ireland (the "Parent"), to meet its obligations, including its obligation of the notes.

The notes and the related guarantee of the Parent (i) will rank equally with all of the existing and future senior unsecured indebtedness of the Issuer and the Parent and senior to any subordinated indebtedness of the Issuer or the Parent and (ii) will be effectively junior to all existing and future secured indebtedness of the Issuer and the Parent to the extent of the value of the assets securing that indebtedness. The notes will not provide holders with any direct claims on the assets of any of the Parent's other Subsidiaries (as defined herein) and will be effectively subordinated to any and all liabilities of the Parent's other Subsidiaries, in each case to the extent of such Subsidiaries' assets.

Upon the occurrence of a Change of Control (as defined herein) that results in a Ratings Event (as defined herein), you will have the right, as a holder of the notes, subject to certain exceptions, to require the Issuer to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, on the repurchase date. See "Description of the Notes—Repurchase at the Option of Holders."

There is currently no market for the notes. Application will be made for the notes to be quoted on the official list of the Cayman Islands Stock Exchange (the "CSX"). We cannot assure you that any such application will be successful or, if successful, that admission will be maintained for the term of the notes.

Investing in the notes involves risks. See "Risk Factors" beginning on page 21.

The notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Prospective purchasers that are qualified institutional buyers ("QIBs") are hereby notified that the sellers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act.

Price for notes: % plus accrued interest, if any, from , 2025.

The Initial Purchasers (as defined herein) expect to deliver the notes to purchasers on or about , 2025 only in book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System.

Joint Book-Running Managers

SMBC Nikko **Goldman Sachs International** **Citigroup** **Credit Agricole CIB** **RBC Capital Markets** **BofA Securities**

The date of this offering memorandum is , 2025.

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This offering memorandum is confidential. This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of the notes. Distribution of this offering memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Parent and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

We have furnished the information in this offering memorandum. You acknowledge and agree that each of SMBC Nikko Securities America, Inc., Goldman Sachs International, Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., RBC Capital Markets, LLC and BofA Securities, Inc. (together, the "Initial Purchasers") make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained or incorporated by reference in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers. This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the Initial Purchasers.

We have prepared the information contained in this offering memorandum. We have not, and the Initial Purchasers have not, authorized anyone to provide you with any additional information or any information that is different from that contained in or incorporated by reference into this offering memorandum. The information contained in or incorporated by reference into this offering memorandum is accurate only as of the date on the cover of the respective document, unless the information specifically indicates that another date applies.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. We and the Initial Purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or sale would be unlawful.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING APPROVED OR DISAPPROVED OF THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This offering memorandum does not constitute an offer to sell or buy any notes in any jurisdiction where it is unlawful to do so. You should base your decision to invest in the notes solely on information contained in this offering memorandum.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase notes, you agree that your purchase will constitute your representation, warranty, acknowledgment and agreement to all of the statements about purchasers in "Transfer Restrictions."

Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

The notes will initially be available in book-entry form only. The Issuer expects that the notes will be issued in the form of one or more registered global notes. The global notes will be deposited with the Trustee (as defined herein) as custodian for DTC, as depositary, and registered in the name of Cede & Co. or another nominee of such depositary. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by DTC and its participants. After the initial issuance of the global notes, certificated notes will be issued in exchange for global notes only in the limited circumstances set forth in the indenture governing the notes. See "Book-Entry, Delivery and Form."

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the notes offered hereby.

Each purchaser of the notes offered hereby will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) You (A) (i) are a QIB, (ii) are aware that the sale of the notes to you is being made in reliance on Rule 144A and (iii) are acquiring such notes for your own account or for the account of a QIB, as the case may be, or (B) are not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and are purchasing the notes in accordance with Regulation S.

(2) You understand that the notes have not been registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person who you reasonably believe is a QIB acquiring for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to another available exemption from the registration requirements of the Securities Act, (iv) pursuant to an effective registration statement under the Securities Act or (v) to the Issuer or the Parent and (B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

(3) The notes will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law:

THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR IN THE CASE OF RULE 144A NOTES, AND 40 DAYS IN THE CASE OF REGULATION S NOTES, AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER OR THE PARENT, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT

THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE LAWS APPLICABLE TO SUCH PURCHASER IN THE JURISDICTION IN WHICH SUCH PURCHASE IS MADE OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

The notes will be available initially only in book-entry form. The notes will be issued in the form of one or more global notes bearing the legend set forth above.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are outside the United Kingdom ("UK"), or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

PRIIPs Regulation; Prohibition of Sales to UK Retail Investors

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "UK Prospectus Regulation").

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2(e) of Regulation (EU) 2017/1129 (as amended) as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

EU PRIIPs Regulation; Prohibition of Sales to EEA Retail Investors

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129, as may be amended from time to time (as amended, the "EU Prospectus Regulation"). This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to EU any retail investor in the European Economic Area (the "EEA"). For these purposes, (a) an EU retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/E.U. (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes. Consequently, no key information document required by Regulation (E.U.) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the notes or otherwise making them available to EU retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

INFORMATION INCORPORATED BY REFERENCE

We are "incorporating by reference" the information contained in documents that Air Lease Corporation filed with the Commission, which means that we have and will disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this offering memorandum. Information in this offering memorandum supersedes information incorporated by reference that Air Lease Corporation filed with the Commission prior to the date of this offering memorandum, while information that Air Lease Corporation filed later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below:

- the audited financial statements included in Air Lease Corporation's Annual Report on Form 10-K for the year ended December 31, 2024; and

- the unaudited financial statements included in Air Lease Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025.

We will provide to each person, including a beneficial owner, to whom an offering memorandum is delivered a copy of any or all of the information that has been incorporated by reference in this offering memorandum. You may request a copy of these filings at no cost, by writing or calling us at:

SMBC Aviation Capital Limited
Fitzwilliam 28
Dublin 2, Ireland
T: +353 1 859 9000
Email: dublin@smbc.areo
Attention: Head of Corporate Finance

You should read the information relating to Air Lease Corporation in this offering memorandum together with Air Lease Corporation's information in the documents incorporated by reference. Nothing contained herein shall be deemed to incorporate information furnished to, but not filed with, the Commission.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements in addition to historical information. These forward-looking statements are included throughout this offering memorandum, including in the sections entitled "Summary," "Risk Factors," "The Sumisho Investment," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business Overview" and relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "budget," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "will," "future" and similar terms and phrases to identify forward-looking statements in this offering memorandum.

Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. Such factors include, among others:

- continued impacts of any existing or new geopolitical developments or escalating tensions and conflicts, including the Russia-Ukraine Conflict and the conflicts in the Middle East;
- the threat or realization of epidemic diseases;
- downturns and volatility in the global capital markets and economy, whether caused by global inflationary dynamics, supply chain issues or otherwise;
- changes in interest rates;
- changes in capital and credit market conditions, including the effectiveness of governmental and regulatory measures in the European Union (the "E.U."), the United Kingdom, the United States (the "U.S.") and elsewhere;
- losses due to defaults by others, including our lessees;
- adverse political, legislative, or regulatory developments;
- new accounting rules or changes to existing accounting rules;
- downgrades or potential downgrades in our ratings;
- strong competition in our business;
- lower demand for aircraft;
- a decrease in the credit available to us;
- uncertain operational and financial condition of original equipment manufacturers including aircraft and engine manufacturers such as Boeing, which may impact their outputs and our access to a reliable supply of aircraft;
- our inability to recover our investment in aircraft through re-leasing or selling;

- our inability to make acquisitions of, or lease, aircraft on favorable terms;
- our inability to obtain additional financing on favorable terms, if required, to complete the acquisition of aircraft or to fund the operations and growth of our business;
- our inability to obtain refinancing prior to the time our debt matures;
- impaired financial condition and liquidity of our lessees;
- deterioration of economic conditions in the commercial aviation industry generally;
- increased maintenance, operating or other expenses or changes in the timing thereof;
- the amount of expenses and other liabilities incurred or accrued after the completion of this offering;
- changes in tax laws and the interpretation thereof;
- significant market valuation fluctuations of any of our investments that are relatively illiquid;
- subjectivity in valuation of fixed maturity, equity and trading securities;
- litigation and regulatory investigations;
- inability to attract and retain key personnel;
- impact of war and hostilities generally and current international tensions, including any terrorist attack, or ongoing military and other actions (such as the Russia-Ukraine Conflict and the conflicts in the Middle East and Asia), or a pandemic and the increased costs of aircraft insurance coverage as a result thereof and the extent to which such insurance will continue to be available;
- changes in banks' interbank lending rate reporting practices or the method pursuant to which SOFR is determined;
- our ability to consummate the Sumisho Investment;
- our ability to realize the anticipated benefits of the Sumisho Investment;
- exposure to unidentified risks and potential liabilities as a result of the Sumisho Investment;
- risks associated with our joint venture partners;
- computer system failure or security breach;
- our response to global climate change, environmental, social and governance initiatives and sustainability initiatives;
- impact of undersupply of new aircraft and/or development, manufacturing and/or quality control issues in connection therewith;
- we are not providing all of the information that would be required if this offering were being registered with the SEC; and
- the other risks and uncertainties identified in this offering memorandum including, without limitation, those under the headings "Risk Factors" and "Business Overview."

Consequently, such forward-looking statements should be regarded solely as our current plans, estimates or beliefs. We do not intend to update, and do not undertake any obligation to update, any forward-looking statements to reflect future events or circumstances after the date of such statements. Given such limitations, you should not rely on these forward-looking statements in making a decision whether to invest in the notes.

You should review carefully the section captioned "Risk Factors" in this offering memorandum for a more complete discussion of risks and uncertainties relating to an investment in the notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We present our consolidated financial statements in United States dollars. In this offering memorandum, references to "$," "U.S.$," "dollars" or "U.S. dollars" are to United States dollars, and references to "€" or "euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Consolidated Financial Statements

Our audited consolidated financial statements as of and for the years ended March 31, 2025, 2024 and 2023 included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-E.U.") and as applied in accordance with the Companies Act 2014 which permits a company that publishes its company and group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014 from presenting to its members its company income statement and related notes that form part of the approved company financial statements.

Our unaudited condensed consolidated interim financial statements as of and for the three and six months ended September 30, 2025 included in this offering memorandum have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as adopted by the EU.

Our financial year ends on March 31, and, unless the context otherwise requires, references in this offering memorandum to 2024 are to the 12-month period ended on March 31, 2025, references to 2023 are to the 12-month period ended on March 31, 2024 and references to 2022 are to the 12-month period ended on March 31, 2023.

This offering memorandum also incorporates by reference (i) the audited consolidated financial statements of Air Lease Corporation as of December 31, 2024 and 2023 and for each of the years in the three-year period ended December 31, 2024 and (ii) the unaudited consolidated financial statements of Air Lease Corporation as of September 30, 2025 and for the three and nine months ended September 30, 2025 and September 30, 2024. Pursuant to the Sumisho Investment (as defined herein), SMBC Aviation Capital intends to indirectly acquire a non-majority interest in Air Lease Corporation (or its successor). Air Lease Corporation's audited consolidated financial statements have been prepared in accordance with U.S. GAAP (the "Air Lease Financial Statements").

Unless otherwise indicated, the financial information included in this offering memorandum is presented on the basis of IFRS-E.U. IFRS-E.U. differs in certain material respects from U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and, as such, the financial statements are not comparable to the financial statements of U.S. companies prepared in accordance with U.S. GAAP. For example, the Air Lease Financial Statements incorporated by reference in this offering memorandum have been presented in accordance with U.S. GAAP and no reconciliation of such financial statements to IFRS or the Parent's accounting policies has been included in this offering memorandum. This offering memorandum does not include any explanation of the differences or any reconciliation between IFRS-E.U. and U.S. GAAP.

The preparation of financial statements in conformity with IFRS-E.U. and U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the applicable reporting period. Actual results may differ from such estimates. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

There has been no significant change in the financial or trading positions of the Parent, the Issuer, or any of the Parent's subsidiaries since September 30, 2025, except as may be otherwise indicated in this offering memorandum.

See "Risk Factors— Risks Relating to our Indebtedness and the Notes—We are not providing all of the information that would be required if this offering were being registered with the SEC."

Non-IFRS-E.U. Financial Measures

We have included certain non-IFRS-E.U. financial measures in this offering memorandum in "Summary—Summary Financial and Other Data," including EBIT, EBITDA, Adjusted EBITDA, Revenue Yield, Operating Cash Flow Yield, Total Net Leverage, Adjusted Net Leverage and Third-Party Net Leverage. Our EBIT consists of profit from continuing operations for the applicable period, adding back net finance costs and tax expense. Our EBITDA consists of profit from continuing operations for the applicable period, adding back net finance costs, tax expense, depreciation, and amortization of intangible assets. We define Adjusted EBITDA as profit from continuing operations for the applicable period, adding back net finance costs, tax expense, depreciation, operating lease asset impairment and amortization of intangible assets. Our Revenue Yield consists of total revenue divided by average aircraft assets, which is defined as the average of the opening and closing balance of aircraft assets, consisting of aircraft for hire under operating lease, pre-delivery payments and aircraft held-for-sale, for the period to which the revenue applies. Our Operating Cash Flow Yield consists of net cash from operating activities divided by average aircraft assets. Our Total Net Leverage compares our obligations under finance leases plus our borrowings less our unrestricted cash to our total equity plus subordinated liabilities. Our Adjusted Net Leverage compares our obligations under finance leases plus our borrowings less our unrestricted cash to our total equity less our cash flow hedge reserve plus subordinated liabilities. Our Third-Party Net Leverage compares our obligations under finance leases (excluding obligations to our shareholder group) plus borrowings (excluding obligations to our shareholder group) less our unrestricted cash to our total equity plus subordinated liabilities.

Each of EBIT, EBITDA, Adjusted EBITDA, Revenue Yield, Operating Cash Flow Yield, Total Net Leverage, Adjusted Net Leverage and Third-Party Net Leverage is a supplemental measure of our financial performance that is not required by, or presented in accordance with, IFRS-E.U. Neither EBIT, EBITDA, Adjusted EBITDA, Revenue Yield, Operating Cash Flow Yield, Total Net Leverage, Adjusted Net Leverage and Third-Party Net Leverage is a measure of our financial performance under IFRS-E.U. and none should be considered as an alternative to operating profit or any other performance measure derived in accordance with IFRS-E.U. nor as an alternative to cash flows from operating activities as a measure of our liquidity.

We present EBIT, EBITDA and Adjusted EBITDA because we believe these measures facilitate operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures (affecting net finance costs), tax positions (such as the impact on periods of changes in effective tax rates or fluctuations in permanent differences or discrete quarterly items) and the impact of depreciation and asset impairment. We present Revenue Yield because we believe this measure facilitates revenue performance comparisons across periods. We present Operating Cash Flow Yield because we believe this measure facilitates comparison of the operating cash flow generated from assets from period to period. This is particularly relevant in the current market given pressures on airlines operations. We present Total Net Leverage, Adjusted Net Leverage and Third-Party Net Leverage as we believe this facilitates an easier understanding of our capital structure and demonstrates the fundamental structure of our shareholder debt, which is revolving in nature.

Our presentation of EBIT, EBITDA, Adjusted EBITDA, Revenue Yield, Operating Cash Flow Yield, Total Net Leverage, Adjusted Net Leverage and Third-Party Net Leverage should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Other companies in our industry may calculate these measures or similar measures differently than we do, limiting their usefulness as comparative measures.

EBIT, EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider these measures in isolation or as substitutes for analysis of our operating results or cash flows as reported under IFRS-E.U. Some of these limitations are:

- EBIT, EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- EBIT, EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- EBIT, EBITDA and Adjusted EBITDA do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

- although depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future, and EBIT, EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and

- EBIT, EBITDA and Adjusted EBITDA do not adjust for all non-cash income or expense items that will be reflected in our consolidated statements of cash flows.

Because of these limitations, EBIT, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our IFRS-E.U. results and using EBIT, EBITDA and Adjusted EBITDA only for supplemental purposes.

Rounding

Certain figures and some percentages included in this offering memorandum have been subject to rounding adjustments. Accordingly, the totals included in certain tables contained in this offering memorandum may not correspond to the arithmetic aggregation of the figures or percentages that precede them.

INDUSTRY AND MARKET DATA

Certain of the industry and market information contained in this offering memorandum concerning economic trends and performance is based upon or derived from information provided by third-party consultants and other industry sources. Although we believe these sources are reliable, neither we nor the Initial Purchasers can guarantee the accuracy of such information or have independently verified the assumptions upon which projections of future trends and performance are based. While we are not aware of any misstatements regarding any industry, market or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors" in this offering memorandum.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer and the Parent are a designated activity company and a limited company, respectively, organized under the laws of Ireland. All of our directors and officers and certain other persons named in this offering memorandum reside outside the United States and all or a significant portion of the assets of the directors and officers and certain other persons named in this offering memorandum and substantially all of our assets are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. There is some doubt as to the enforceability, in original actions in Irish courts, of liabilities based on the U.S. federal securities laws or "blue sky" laws of any state within the United States and as to the enforceability in Irish courts of judgments of U.S. courts obtained in actions based on the civil liability provisions of the U.S. federal securities laws or any such state securities or blue sky laws. Therefore, it may not be possible to enforce those judgments against us or certain of our directors and officers. For more information, see "Risk Factors—Risks Relating to our Indebtedness and the Notes—Judgments obtained in a court of the United States may not be enforceable in Ireland and it may be difficult to serve process on the Issuer and the Parent."

SUMMARY

This summary is not complete and may not contain all of the information that may be important to you. You should read the entire offering memorandum and the documents incorporated by reference into this offering memorandum carefully, including the section entitled "Risk Factors", the consolidated financial statements and related notes and the section entitled "Information Incorporated by Reference" before making an investment decision. Unless stated otherwise, the discussion in this offering memorandum of our business includes the business of SMBC Aviation Capital Limited and its direct and indirect subsidiaries, including the Issuer (collectively, "SMBC Aviation Capital"). Unless otherwise indicated or the context otherwise requires, "SMBC Aviation Capital," "Group," "we," "us" and "our" refer to SMBC Aviation Capital Limited and its direct and indirect subsidiaries, the term "Issuer" refers only to SMBC Aviation Capital Finance DAC, the term "Parent" refers only to SMBC Aviation Capital Limited and the term "Air Lease" refers to Air Lease Corporation and its direct and indirect subsidiaries. Unless otherwise indicated or the context otherwise requires, the fleet information provided in this offering memorandum does not give effect to the Sumisho Investment.

Overview

SMBC Aviation Capital forms part of the wider Sumitomo family aircraft financing group and is one of the world's leading aircraft operating lease companies. In operation since 2001, we are one of the largest operating lessors globally, with an owned and serviced fleet valued at $32.9 billion as of September 30, 2025, comprising 488 owned and 260[1] serviced aircraft.

Our success over our 24 years of operations has been achieved through our disciplined approach to asset investment which focuses on maintaining a fleet comprising the most liquid, and in-demand aircraft types available. Our approach seeks to ensure that our portfolio is in demand with the largest number of operators, in the most jurisdictions globally, maximising the options available to us to lease, re-lease or trade aircraft at any given point in time. This supports our ability to generate stable long-term contracted cash flows and attractive risk adjusted returns. As of September 30, 2025, we have accumulated retained earnings of $3.5 billion.

Our orderbook focuses on new technology aircraft, including the Airbus A320neo family and the Boeing MAX family aircraft. We believe that maintaining a portfolio of young, fuel-efficient and liquid aircraft assets is key to long-term profit stability and aviation sustainability.

We are disciplined in terms of the commercial jet aircraft in which we invest, focusing on young, liquid, in-demand assets which have large production runs, the widest installed base and which are flown by most airlines around the world. We acquire these aircraft either directly through orders with the original equipment manufacturers ("OEMs"), through sale-leaseback transactions ("SLBs") with airlines, through portfolio purchases from other lessors or, on occasion, through strategic M&A opportunities. Our strategy is to recalibrate our emphasis on different acquisition channels at different points in the industry cycle to optimize overall returns.

We believe that our focus on aircraft liquidity will continue to reduce earnings volatility in a long-run normalized operating environment and maximize risk adjusted returns over time. This strategy has resulted in a portfolio as of September 30, 2025 that is comprised almost entirely of what we believe to be the most liquid aircraft available, such as the Airbus A220 family aircraft, Airbus A320ceo/neo family aircraft, Airbus A330neo family aircraft, Airbus A350 family aircraft, Boeing 737NG/MAX family aircraft and Boeing 787 family aircraft.

We are a global business, headquartered in Dublin, Ireland, with representatives in Japan, China, Hong Kong, Singapore, Europe and the United States. Our global presence provides local access to airline customers, aircraft investors and capital providers in key geographic regions. We lease our aircraft to a diverse group of operators, both geographically and by business type. As of September 30, 2025, we had 103 airline customers in 50 different countries worldwide with a balanced geographical mix comprised of 37.8% in Europe, Middle East and Africa, 30.5% in the Americas and 31.7% in Asia (in each case, weighted by NBV as of September 30, 2025).

[1] Including 2 aircraft for affiliated companies.

We trade our aircraft assets frequently to optimize returns and manage risk, ensuring that our portfolio stays young and attractive to our airline and investor customer base. Since our inception in 2001, we have sold over 600 aircraft from our owned portfolio to over 160 trading counterparties as of September 30, 2025, reflecting the strength of our aircraft trading platform and our ability to access and develop liquidity across a broad spectrum of global investors throughout the economic cycle.

Throughout our 24 years in business, we have maintained one of the youngest portfolios of owned aircraft among investment grade leasing companies[2], with a weighted average age of 5.6 years and a weighted average remaining lease-term of 6.8 years as of September 30, 2025.

SMBC Aviation Capital is a key pillar of our shareholders international expansion strategy and as a result, we receive significant financial support from the shareholder group. In aggregate, the shareholders' total commitment to SMBC Aviation Capital stands at $20.19 billion as of September 30, 2025 on a combined debt and equity basis. We augment our core leasing business through a combination of marketing our shareholders' wider aircraft finance product offerings, for which we receive referral fees.

In addition, we generate fee income by leveraging the strengths and benefits afforded by our established platform, market position and strong track record to service the aircraft investments of a wide range of investors and capital providers. These include traditional financial investors, investors in Japan Operating Lease ("JOL") structures, sponsors of Asset Backed Securitizations ("ABS") as well as our origination Joint Venture ("JV") partners such as La Caisse. The aircraft investment services we provide are similar to those we perform with respect to our owned fleet and include *inter alia* leasing, remarketing for sale or lease, lease administration and provision of technical oversight. Our actively serviced portfolio is now valued at $5.2 billion as of September 30, 2025.

The business generated a profit before tax of $408.3 million for the six months ended September 30, 2025, as compared to a profit before tax of $274.6 million for the six months ended September 30, 2024. Our profitability reflects the greater scale of our balance sheet, strength of the market backdrop globally for aircraft financing and the resulting high level of activity across all sections of our business.

It is the combination of our disciplined investment strategy, focused risk management and balance sheet strength, together with our experienced management team and strong shareholder support that underpins our investment grade ratings. Our strong credit ratings in turn facilitate our access to a broad range of competitively priced financing sources, providing us with a strong liquidity base and increased funding optionality in all market conditions.

Ownership and History

Our company commenced operating leasing services in May 2001 when we were acquired by the Royal Bank of Scotland Group ("RBSG"). In June 2012, we were acquired by a consortium led by Sumitomo Mitsui Banking Corporation ("SMBC"), with our ultimate parent becoming Sumitomo Mitsui Financial Group, Inc. ("SMFG"). SMFG beneficially owns 66% of our equity, is a G-SIB (Global Systemically Important Bank), and is one of the largest banking groups in Japan. A G-SIB is a designation given to a financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity. SMFG has a senior unsecured rating of A- from Standard & Poor's Ratings Group ("S&P") and A- from Fitch Rating Services, Inc. ("Fitch"). Sumitomo Corporation, rated A- by S&P and Baa1 by Moody's Investor Services, Inc. ("Moody's"), is one of the largest Japanese general trading companies and the beneficial owner of the remaining 34% of our equity.

In November 2018, SMBC Aviation Capital received a further capital investment of $1 billion, consisting of $700 million in preferred share capital issued to Sumitomo Mitsui Finance and Leasing Company Limited (a joint venture of SMFG and Sumitomo Corporation, "SMFL") and SMBC, and a $300 million unsecured subordinated loan from SMBC. The $300 million unsecured subordinated loan from SMBC was repaid in April 2025. In parallel, SMFL became a 50:50 joint venture between SMFG and Sumitomo Corporation (together, our "shareholders"). Our shareholders' beneficial ownership in SMBC Aviation Capital remained unchanged as a result of the reorganization.

[2] Based on publicly available information concerning the fleets of Air Lease Corporation, BOC Aviation, AerCap Holdings N.V., Aircastle Limited, Dubai Aerospace Enterprise, Avolon and Aviation Capital Group.

We received $1.36 billion of preferred share capital from our shareholders in December 2022 to support our acquisition of Goshawk Management Limited (“GML”) (the “Goshawk Transaction”). The capital investment by our shareholders demonstrates their commitment to and support of our ongoing strategy and success.

Recent Developments

Receipt of Insurance Settlement Proceeds in respect of Certain Russian Aircraft

In compliance with applicable sanctions imposed on the Russian Federation (“Russia”), and certain Russian persons and entities, following its invasion of Ukraine, SMBC Aviation Capital sought to repossess all of our aircraft from Russian airlines. We successfully grounded and took redelivery of one of our aircraft in the days following the Russian invasion of Ukraine. In the year ended March 31, 2022, we recognized a full write-off in respect of the net book value of the aircraft that are lost in Russia of $1.67 billion. Accounting for the security held over those assets, this resulted in a net economic impact of $1.45 billion during the year ended March 31, 2022.

In November 2022, we commenced litigation in the Irish courts against our insurers in respect of the aircraft lost in Russia, following a refusal by the Group’s insurers to indemnify the Company for its loss. As announced to the Irish Court at a public hearing on April 29, 2025, the Company has discontinued its Irish court proceedings having reached a series of commercial resolutions with all defendant parties, the terms of which are confidential.

Further, in October 2023, we commenced litigation in the UK courts against the insurers and the reinsurers under the airlines’ insurance and reinsurance policies in respect of aircraft lost in Russia, without prejudice to the claims against our insurers in the Irish courts. The Company either did not issue or subsequently discontinued (as the case may be) litigation in the UK High Court in respect of airlines and / or aircraft (as the case may be) with whom or in respect of which we concluded insurance settlements. The Company is continuing with its operator policy proceedings in the UK High Court with the remaining defendant parties.

As of September 30, 2025, the Group had recovered a total of $1.41 billion through insurance settlement proceeds in respect of certain aircraft previously leased to certain Russian airlines. All insurance settlements were carried out in full compliance with all applicable laws, sanctions and regulations.

We will continue our efforts to seek to mitigate our losses in respect of aircraft, which are lost in Russia and were formerly on lease to other Russian airlines.

We have not recognized any insurance claim receivables as of September 30, 2025, as the timing and amount of recoveries under applicable insurance policies were uncertain as at that date.

The Sumisho Investment

On September 1, 2025, Sumisho Air Lease Corporation Designated Activity Company (“Sumisho”), a holding company newly-formed and to be owned directly or indirectly by SMBC AC, Sumitomo Corporation (“Sumitomo”), affiliates of Apollo Capital Management, L.P. (“Apollo”) and affiliates of Brookfield Asset Management Ltd. (“Brookfield” and, collectively, the “Sumisho Investors”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Air Lease Corporation (“Air Lease”) and an indirect wholly owned subsidiary of Sumisho, Takeoff Merger Sub Inc. (“Merger Sub”), pursuant to which Merger Sub will merge with and into Air Lease (the “Merger”), with Air Lease surviving as an indirect wholly owned subsidiary of Sumisho (the “Sumisho Investment”).

Upon consummation of this transaction, Air Lease will become known as ‘Sumisho Air Lease Corporation’ (or “Sumisho Air Lease”) aligning its brand with that of its largest shareholder, Sumitomo Corporation or Sumitomo Shoji Kaisha in Japanese. Currently, a total of 27 companies of which Sumitomo Corporation is a major shareholder carry the name ‘Sumisho’.

The Sumisho Investors will pay $65 per share of all outstanding Air Lease shares, which is a total valuation of approximately $7.4 billion for 100% of common equity of Air Lease (the “Merger Consideration”). Approximately

$5.4 billion of the Merger Consideration will be funded by equity investments from the Sumisho Investors, which includes an approximately $1.4 billion equity investment from the Company, with the remainder of the $7.4 billion of Merger Consideration funded by debt of Sumisho and its subsidiaries, none of which will have recourse to the Company or its subsidiaries.

Upon closing, the economic interests of the four Sumisho Investors in Sumisho Air Lease will be as follows: Sumitomo (37.50%); SMBC Aviation Capital (24.99%); Apollo (18.75%), and Brookfield (18.75%).

Upon consummation of this transaction, SMBC Aviation Capital will become servicer of Sumisho Air Lease's aircraft leased to non-U.S. airlines. The remaining and future aircraft leased to U.S. airlines will continue to be serviced by Sumisho Air Lease internally. Concurrent with closing, it is expected that the Company will also acquire Air Lease's then outstanding OEM orderbook, which is comprised of 228 aircraft as of September 30, 2025, with delivery dates ranging through 2030 (the "Orderbook Acquisition"). As of September 30, 2025, SMBC Aviation Capital's and Air Lease's orderbooks have a combined value of $28 billion.

Upon closing, SMBC Aviation Capital will become one of the largest servicers of commercial passenger aircraft in the world with an owned, serviced and committed fleet comprising more than 1,700 aircraft valued at over $92 billion as of September 30, 2025. The Company is also expected, following closing, to have sole ownership rights in the sector's largest lessor committed pipeline of aircraft with contractual delivery dates through 2030 and the industry's largest active airline customer list comprising more than 170 global operators as of September 30, 2025. This will optimally position us to capitalize on airline and investor demand and deliver real value for our shareholders and co-investors.

Both SMBC Aviation Capital and Sumisho Air Lease underwent ratings evaluation processes: SMBC Aviation Capital's ratings were confirmed at A- with S&P and BBB+ with Fitch; and Sumisho Air Lease's ratings were confirmed at BBB with S&P, BBB with Fitch and A- with Kroll. Confirmation of Sumisho Air Lease's investment grade ratings will ensure that the change of control provisions under Air Lease's outstanding bonds will not be triggered.

Competitive Strengths

We believe that the following strengths will permit us to capitalize on the long-term growth in the global aircraft leasing industry and to execute our business and growth strategies:

Highly disciplined approach to asset selection, resulting in a high-quality, young and globally diversified portfolio

We employ a disciplined approach to asset selection, focusing on the most liquid assets, being the assets with the highest level of appeal to airlines, financiers and investors. To date, SMBC Aviation Capital has invested in a narrow range of the most popular aircraft types, allowing us to reduce earnings volatility and enhance risk adjusted returns. Liquid aircraft types, in particular the Airbus A220 family aircraft, Airbus A320 ceo/neo family aircraft, Airbus A330 neo family aircraft and Airbus A350 family aircraft, Boeing 737NG/MAX family aircraft and Boeing 787 family aircraft, typically demonstrate lower volatility in terms of value and lease rate throughout the economic cycle, have a large and diverse airline user base and can be more quickly and cost efficiently reconfigured to subsequent lessees' specifications.

Our owned portfolio is comprised almost entirely of what we believe to be the most liquid and investor friendly aircraft, such as the Airbus A220 family aircraft, Airbus A320ceo/neo family aircraft, Airbus A330 neo family aircraft Airbus A350 family aircraft, Boeing 737NG/MAX family aircraft and Boeing 787 family aircraft. Our portfolio, which had a weighted average age by NBV of 5.6 years as of September 30, 2025, is leased to a globally diversified customer base comprising 103 lessees in 50 countries with an average remaining lease term weighted by NBV of 6.8 years. We maintain the quality of our portfolio through a proactive sales strategy and risk management framework, with over 600 aircraft sold from our owned portfolio as of September 30, 2025. We have traded up to 10% of our fleet every year on average since inception.

Consistent growth through a direct order delivery pipeline and opportunistically entering the sale and leaseback market while concurrently examining inorganic growth opportunities

Our multi-channel and opportunistic acquisition strategy is designed to allow us to pivot from one procurement channel to another in order to deliver consistent growth and optimal overall returns. As of September 30, 2025, our direct orderbook comprised of 141 Airbus A320 NEO family aircraft and 81 Boeing 737-MAX-8 aircraft scheduled for delivery between 2025 and 2031 In addition to our direct orderbook, as of September 30, 2025, we have entered into agreements for sale and leaseback as well as portfolio acquisitions for 9 Airbus narrow-body aircraft and 8 Boeing narrow-body aircraft.

Our total capital expenditures as of September 30, 2025, (comprising both delivered and committed capital expenditures) for fiscal year 2025 is $2.8 billion and we have committed capital expenditures of $1.4 billion for fiscal year 2026. The expected delivery dates of our aircraft orders are well dispersed, allowing measured balance sheet growth.

We have a strong track record of placing aircraft directly ordered from the OEMs. We believe that our access to this strong aircraft delivery pipeline over the period allows us to provide airline customers with comprehensive, multi-year solutions to their aircraft leasing and fleet needs, in addition to our other financing solutions.

The COVID-19 pandemic has provided opportunities for lessors that had the financial strength to take advantage of the market dislocation. Our level of liquidity together with our shareholders' financial support allowed us to deploy capital, both quickly and in-scale, into the SLB market where there was superior returns and overall transaction quality. These transactions will both enhance future profitability and maintain portfolio quality.

SMBC Aviation Capital also has a strong track record of executing on meaningful M&A transactions at the right point in the cycle. For example, in December 2022, we consummated the Goshawk Transaction, which has allowed us to grow significantly while maintaining our industry leading portfolio quality and simultaneously growing our own committed orderbook by an additional 40 new technology narrow-body units.

Experienced management team with a proven track record over cycles

Our senior management team has worked together for 24 years to successfully guide our company through two industry economic cycles, the sale of the business and the acquisition of GML. Our highly experienced team, which has an average of close to 30 years of experience each in all facets of the aircraft leasing industry, has developed and applied a consistent, disciplined business strategy of investing in liquid aircraft types and developing robust operational processes, procedures and risk management frameworks to manage our portfolio. In addition, the experience of our senior management team has allowed us to develop and maintain deep, long-standing relationships with the key decision makers at major airlines, aircraft manufacturers, aviation financiers and aviation investors.

Close relationship with shareholders demonstrated by unique product offering and strong financial support

The consortium of SMBC, SMFL and Sumitomo Corporation acquired our business in June 2012. SMBC and Sumitomo Corporation have a long history of providing financing in the aviation industry through debt and operating leasing, respectively, and, together with their joint venture SMFL, are a leading player in the Japanese tax equity market. We differentiate ourselves from other aircraft leasing competitors by offering our airline and aircraft trading customers access to a broader suite of financing solutions. In addition to providing operating lease solutions, we can harness the debt financing capabilities of SMBC and provide access to the world's largest tax based aircraft financing and investor market through SMFL, together with the engine leasing provided by SMFL.

Our shareholders provide significant financial support to our business, with an aggregate amount of $20.19 billion of capital provided as of September 30, 2025, including 3.65 billion[3] of drawn unsecured loan amounts due to

[3] Figure excludes $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.

parent group undertakings, \$6.22 billion[4] of total equity and undrawn shareholder funding of \$10.32 billion under the SMBC Aviation Capital Revolving Credit Agreement (as defined herein).

Our level of shareholder financial support ensures we have a robust capital structure and deep liquidity base to manage and grow our business. It is also a further demonstration of our shareholders' long-term perspective as well as the significant strategic importance they place on our business.

Significant scale providing an efficient operating platform and relevance to the manufacturers and customer base

Since our founding in 2001, we have grown to \$24.8 billion in total assets and 488 aircraft in our owned portfolio as of September 30, 2025.

Our ownership by large Japanese financial institutions provides us with financial support to manage our business and to facilitate our growth strategy. We use our increasing scale to lower our operating costs relative to our expanding revenue base, maintaining an efficient operational structure. Our scale and financial backing make us relevant to both the OEMs and airlines and provide comfort that we can execute purchase agreements for large scale orders and SLB transaction and, when combined with our management's experience and relationships, positions us to negotiate favorable terms, thereby facilitating further profitable growth opportunities.

SMBC Aviation Capital is one of the largest leasing companies globally by number of aircraft and the largest Japanese-owned leasing company based on fleet size. As of September 30, 2025, we had an owned fleet of 488 aircraft, leased to a total of 103 airlines in 50 countries globally with a net book value of \$21.6 billion. We also service an additional 260 aircraft on behalf of a broad range of investors, capital providers and JV partners. In addition, we had commitments, through our direct orders with the manufacturers to purchase 222 new aircraft, with scheduled delivery dates through 2031.

On January 29, 2024, SMBC Aviation Capital entered into an agreement with La Caisse (formerly "CDPQ") to create a USD 1.5 billion global aircraft financing and leasing platform. This platform is intended to be dedicated to modern, fuel-efficient NextGen aircraft in an arrangement where SMBC Aviation Capital will source transactions and under a sistership condition, will also invest in opportunities alongside the platform. SMBC Aviation Capital will also act as servicer of this platform, which will operate under the banner of "Maple Aircraft Company Holdings Limited". We believe this agreement will further increase SMBC Aviation Capital's serviced portfolio, leveraging the company's experience and scale.

Comprehensive risk management strategy

Every investment decision we make is considered in the context of risk management and with a view to ultimately trading our assets. We undertake a methodical and rigorous approach to risk assessment through our "3 Pillar" framework, which includes (i) asset risk analysis, (ii) counterparty risk management and (iii) transaction risk management. Our use of proprietary quantitative models developed and refined internally since our inception, together with the expertise of our 16-member portfolio risk management team and the experienced judgment of our management team, provides a comprehensive, efficient, and effective risk management framework to manage our aircraft asset portfolio. Over our 24 year history, the effectiveness of our risk management framework is evidenced by the high utilization of our fleet (99.5% since 2005).[5]

Trading aircraft at the core of our business

We have an established risk distribution strategy that has led to the sales of over 600 aircraft to a diversified investor base of over 160 trading counterparties as of September 30, 2025. We have an experienced team of aircraft trading professionals dedicated to trading our aircraft assets and cultivating relationships across a broad spectrum of investors globally. As a percentage of owned book, we believe that we have been one of the most active traders of

[4] This amount includes \$3.5 billion in retained earnings.
[5] Aircraft subject to lease average is calculated as the ratio of the NBV of on-lease aircraft at the end of each fiscal year to the total NBV of all aircraft at the end of such year.

leased aircraft in the industry over the past decade, which has allowed us to optimize returns and manage portfolio risk.

The Japanese market is one of the largest standalone aircraft investment markets globally, partially as a result of the tax deferral benefits available to investors in conjunction with an established aircraft equity investor base. We believe our trading platform, coupled with our shareholders' standing and relationship network in Japan, provide an unparalleled opportunity to sell aircraft into the Japanese operating lease market to distribute our assets. Since April 1, 2016, we have sold 104 aircraft to Japanese investors.

Business Strategy

Capitalize on attractive market opportunities to expand our modern fleet of aircraft

Our strategy is to invest primarily in highly liquid aircraft assets, which are typically aircraft that have or that we project will have large production runs, a broad airline user base and relatively low transition costs. We intend to continue to leverage our stable funding base and competitive cost of capital to take advantage of market conditions to acquire asset types that we believe will continue to have a strong level of appeal to airlines, financiers and investors. We believe our disciplined approach to asset selection, focusing on young, modern, more fuel-efficient aircraft that display strong, long term value retention characteristics with typically lower remarketing risks, will enable us to continue to generate stable cash flows over the long term.

We utilize multiple procurement channels to source aircraft, namely, direct orders with OEMs, SLB transactions with airlines, portfolio acquisitions from other lessors and inorganic opportunities, to selectively build our portfolio. For example, the completion of the Sumisho Investment will meaningfully increase the size of our serviced fleet, and the completion of the Order Book Acquisition will increase the size of our order book. We believe that the utilization of multiple aircraft procurement channels provides us with flexibility to enhance our portfolio and performance, as each channel can be calibrated to react to, and increase opportunity from, prevailing market conditions.

We have an experienced team of airline marketing professionals dedicated to origination and remarketing. We believe our team's broad industry experience and expertise will enable us to leverage relationships globally to drive our growth and performance.

Based on ongoing discussions with airlines, we anticipate that our portfolio composition will continue to transition into the newest technology narrowbody and widebody aircraft as these aircraft types experience strong global demand. We intend to continue to focus predominantly on acquiring single aisle, narrowbody aircraft although we expect to selectively invest in new widebody technologies (in particular, Boeing 787, Airbus A330 neo and Airbus A350) for a certain proportion of our portfolio.

Actively transition our portfolio and operations towards net zero emissions

SMBC Aviation Capital launched our inaugural Environmental, Social & Governance ("ESG") Strategy in December 2021, and is currently progressing its next iteration to cover the period out to 2030. Our refreshed ESG strategy will be published in Q1 2026 and will set out our sustainability commitments, not only for our business and customers but also for our staff, investors and shareholders.

The strategy will be characterised by clear objectives under the "E", the "S" and the "G" pillars respectively. Those objectives will centre on new technology targets, sustainable aviation fuel, sustainable finance, our corporate social responsibility agenda, supporting diversity and inclusion across the business and strong corporate governance.

As with the current iteration of the strategy, the next iteration will outline our ESG commitments through 2050, specifically expressing our commitment to target up to 80% new technology, lower carbon emitting fleet by 2030. It is our intention to recommit to or move beyond that target, notwithstanding supply issues being experienced by OEMs in general and by Boeing in particular.

We remain committed to assisting our airline customers to reduce their carbon emissions through the leasing and financing of the most technologically advanced and fuel-efficient aircraft on the market, and are also exploring additional available decarbonization pathways for our industry, including the use of Sustainable Aviation Fuels (SAF).

In September 2023, we closed our first sustainability-linked loan facility with Bank of Communications (Hong Kong) Limited. This unsecured bilateral facility incorporates sustainability-linked conditions and features and demonstrates our ambition to be a leader in the industry on ESG initiatives. We also remain committed to sustainable finance, supporting the introduction of innovative sustainability focused financial products and supporting SMBC Aviation Capital's and the wider industry's sustainability goals.

Actively manage our portfolio to optimize returns and manage risk

We have disposed of over 600 aircraft to over 160 trading counterparties as of September 30, 2025. Our trading strategy continues to permit us to optimize returns and minimize asset residual value and lease remarketing risk by maintaining a low average fleet age, managing the redelivery profile of lease maturities, maintaining geographic diversification and minimizing our exposure to customer concentration.

As a part of this disposal strategy, we intend to continue to leverage our shareholders' debt funding capabilities and network of relationships in Japan to expand our aircraft sales into the Japanese market, which we believe is one of the most attractive aircraft trading markets globally. As of September 30, 2025, we completed the sale of 41 aircraft and signed letters of intent or agreements for the sale of an additional 25 aircraft, 13 of which have been classified as held for sale as of September 30, 2025. We expect that our highly liquid and in-demand portfolio will continue to facilitate trading activity through the coming cycle and that we will continue to be an active trader of aircraft.

Procure a flexible strategic order book and remain active in the opportunistic sale and leaseback market as part of our objective to transition to new technologies

Our Airbus A320neo family and Boeing MAX direct orders are strategically important to our business because they provide access to highly sought-after, next generation, fuel-efficient aircraft. The selection of these aircraft types is consistent with our strategy of focusing on the most liquid, efficient aircraft assets with a diverse airline user base. We expect that such orders will be attractive to our customers, which will in turn provide a stable stream of revenue while complementing activities in the SLB market. Our management team has extensive experience in obtaining competitive pricing for the aircraft we acquire and in negotiating and administering OEM contracts and contracts for the purchase of components and equipment supplied for installation on new aircraft during the manufacturing process. Procuring a strategic order book is a core part of our objective to transition our portfolio to new aircraft technologies.

Our orderbook focuses on highly liquid, in-demand new technology aircraft, including the Airbus A320neo family and the Boeing MAX family aircraft. We believe that maintaining a portfolio of young, fuel-efficient and liquid aircraft assets is key to long-term profit stability and aviation sustainability.

As of September 30, 2025, we had commitments to acquire 222 direct order aircraft, including 90 A320neo aircraft, 51 A321neo aircraft and 81 737-MAX-8 aircraft with contractual delivery dates ranging out as far as 2031. In addition to our direct order book, we have entered into agreements for sale and leaseback as well as portfolio acquisitions for 9 Airbus aircraft and 8 Boeing aircraft.

Serve the internationalization requirements of our shareholders

As part of our shareholders' strategy to meet their internationalization objectives and diversify their revenue base outside of Japan, we intend to continue to expand our revenue base by building on our relationships with our global customers. In particular, we utilize our marketing function to maximize our shareholders' aircraft financing capabilities to promote cross-selling opportunities among the operating lease, commercial debt and tax leasing platforms within our shareholders by providing a broad product offering to our airline and investor customers for which we generate fee income.

The synergies realized by the integrated marketing of our multi-product offering is significant. In the period from April 1, 2016 to September 30, 2025, our shareholders' aircraft financing businesses also arranged $19 billion of commercial debt and tax based financings, in addition to the 104 aircraft sales into the Japanese investor market by our business. Sumitomo Corporation also has an engine leasing portfolio of 95 units as of September 30, 2025.

Overview of the Aircraft Leasing Industry

The aircraft leasing industry originally arose in the 1970s to provide short-term solutions to fluctuations in airlines' capacity needs. However, in the last 40 years, the industry's role has become increasingly sophisticated and pervasive.

The increased demand for leased aircraft is largely a function of the benefits that the industry provides. Leasing (i) offers airlines the flexibility to match lease terms to their capacity requirements, (ii) removes residual value risks, (iii) conserves liquidity and debt capacity by reducing upfront capital requirements and (iv) provides availability of aircraft on shorter notice than acquiring such aircraft directly from the manufacturers. Leasing also allows airlines to focus on flight operations while leaving leasing companies to focus on asset and residual value management.

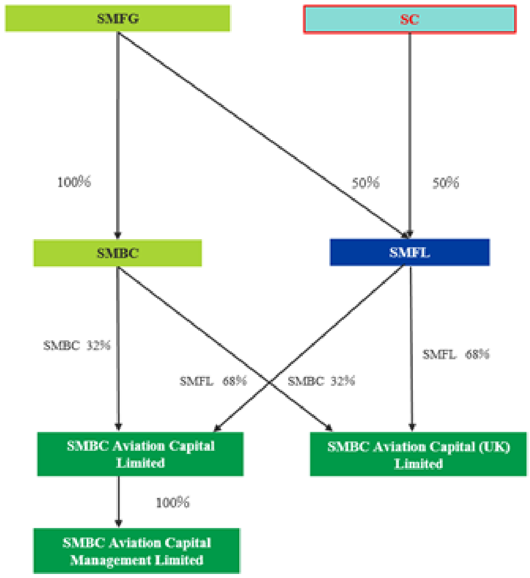
Currently, the aircraft leasing sector accounts for over 50% of the global installed base of commercial passenger aircraft according to Cirium. This is a figure which is expected to grow over-time driven by the strong underlying fundamentals of the sector including the long-term projected growth in airline traffic, growth in the global commercial passenger airline fleet, ongoing requirement to replace older, less economical and less efficient aircraft, and the continued shift from ownership to leasing.

Aircraft are highly mobile assets and can be redeployed around the world at the end of their lease. As such, aircraft lessors are well positioned to optimize their geographic deployment and benefit from demand in higher growth regions, enabling them to capture regional opportunities with the most attractive lease economics.

The aircraft leasing sector has traditionally offered stronger and more stable returns in the aviation space than investing in airlines themselves and offers significant growth prospects for long-term participants. This stability is driven in part by the longer term nature of lease contracts and the staggering of lease maturities, which shelters lessors from shorter term market fluctuations.

Our Corporate Structure

The following chart shows the current ownership structure of SMBC Aviation Capital.



Ultimate Share Holding Percentage

SMFG: 66% SC: 34%

SMFG	Sumitomo Mitsui Financial Group	Bank Holding Company
SMBC	Sumitomo Mitsui Banking Corporation	Bank
SMFL	Sumitomo Mitsui Finance & Leasing	Lease & Finance
SC	Sumitomo Corporation	Trading Company

THE OFFERING

This summary highlights information presented in detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Description of the Notes."

Issuer	SMBC Aviation Capital Finance DAC, an Irish limited liability designated activity company.
Guarantor	SMBC Aviation Capital Limited.
Notes Offered	$ aggregate principal amount of % Senior Notes due 2035.
Maturity Date	, 2035.
Interest	The notes will bear interest at the rate of % per annum, payable semi-annually in arrears on and of each year, beginning on , 2026.
Issue Price	% plus accrued interest, if any, from , 2025.
Guarantee	The obligations under the notes will be fully and unconditionally guaranteed (the "guarantee"), on a senior unsecured basis, by the Guarantor. See "Description of the Notes—Guarantee."
Ranking	The notes and the guarantee will be senior unsecured obligations and will rank equal in right of payment with all of the Issuer's and the Parent's existing and future senior unsecured indebtedness and senior to any subordinated indebtedness of the Issuer or the Parent. The notes and the guarantee will effectively rank junior to all of the Issuer's and the Parent's secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will not provide holders with any direct claims on the assets of any of the Parent's other Subsidiaries and will be effectively subordinated to any and all liabilities of the Parent's other Subsidiaries, in each case to the extent of such Subsidiaries' assets. As of September 30, 2025, we had $15.7 billion in consolidated unsecured indebtedness and $70.8 million in consolidated secured indebtedness. In addition, our JBIC Facilities (as defined herein) includes a requirement that the Parent provide JBIC (as defined herein) with such additional security for the outstanding loans thereunder as JBIC may, in its sole discretion upon the occurrence of certain events, require. JBIC has never requested the Parent to provide additional security for the JBIC Facilities and we believe that JBIC currently has neither the ability nor the intention to request any such additional security, but if JBIC were to have made such a request successfully, our secured indebtedness would be $1.37 billion as of September 30, 2025. For more information about the JBIC Facilities, see "Description of Other Financial Indebtedness—Amortizing Loan Facility with the Japanese Bank of International Cooperation."

Optional Redemption	At any time or from time to time prior to the Par Call Date (as defined herein), the Issuer may redeem the notes, in whole or in part on not less than ten nor more than 60 days' notice, at its option, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the Remaining Scheduled Payments (as defined herein) that would be due if the notes to be redeemed matured on the Par Call Date, discounted to the Redemption Date (as defined herein), on a semi-annual basis at the Treasury Rate (as defined herein) plus basis points, plus, in each case, accrued and unpaid interest, if any, to but not including the Redemption Date. From and after the Par Call Date, the Issuer may redeem the notes, in whole or in part, at a price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to but not including the Redemption Date. See "Description of the Notes—Maturity, Optional Redemption."
Optional Redemption for Changes in Withholding Taxes	The Issuer may, at its option, redeem all, but not less than all, of the notes at 100% of the principal amount together with accrued and unpaid interest, if any, to but not including, the Redemption Date if the laws or regulations affecting certain taxes change in certain respects; provided, however, that (i) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Issuer or the Parent would be obligated to pay additional amounts if a payment on the notes were then due and (ii) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect. See "Description of the Notes—Optional Redemption for Changes in Withholding Taxes."
Additional Amounts	Subject to certain exceptions, the Issuer or the Parent will pay additional amounts as may be necessary to ensure that the net amounts received by holders of the notes after withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of Ireland, any political subdivision thereof or any governmental authority of any jurisdiction in which the Issuer or Parent is then incorporated or organized or otherwise resident or carrying on a trade or business for tax purposes and any political subdivision thereof, shall equal the respective amounts of principal and interest (or other amounts stated to be payable under the notes) which would have been received in the absence of such withholding or deduction. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see "Description of the Notes—Additional Amounts" and "Certain Irish Tax Considerations."
Change of Control Offer	Upon the occurrence of a Change of Control Triggering Event (as defined herein), you will have the right, as a holder of the notes, subject to certain exceptions, to require the Issuer to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, on the applicable notes repurchased, to, but not including, the repurchase date. See "Description of the Notes—Repurchase at the Option of the Holders."
Covenants	The indenture governing the notes includes certain restrictions on liens and mergers, consolidations and transfers of substantially all of our assets. These covenants are subject to important qualifications and exceptions. See "Description of the Notes—Certain Covenants."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued and unpaid interest and any other amounts

due with respect to the notes, see “Description of the Notes—Events of Default.”

Use of Proceeds........................	We estimate that the net proceeds from the sale of the notes will be approximately $ million after deducting the Initial Purchasers’ discount but excluding estimated offering expenses. We intend to use the net proceeds from the offering of the notes for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.
Book-Entry System; Delivery and Form and Denomination of the Notes...	The notes will be issued in the form of global notes without coupons and registered in the name of a nominee of DTC. The notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.
Governing Law........................	The notes will be, and the indenture is, governed by New York law.
Trustee, Registrar, Paying Agent and Transfer Agent	Computershare Trust Company, National Association.
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on transfer and resale. See “Transfer Restrictions” and “Plan of Distribution.”
No Registration Rights............	The Issuer has no intention or obligation to register the notes for resale under the Securities Act or the securities laws of any other jurisdiction or to offer to exchange the notes for registered notes under the Securities Act or the securities laws of any other jurisdiction.
Listing.......................................	Application will be made to quote the notes on the official list of the CSX; however, we cannot assure you that admission will be granted or maintained for the terms of the notes.
Further Issuances....................	Subject to the limitations included in the indenture, the Issuer may, without the consent of the holders, issue additional notes under the indenture on the same terms and conditions (except as to the date of original issuance or the first interest payment date) as the notes being offered pursuant to this offering memorandum.
Risk Factors.............................	Investing in the notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

SUMMARY FINANCIAL AND OTHER DATA

The following table sets forth summary consolidated historical financial and other data for SMBC Aviation Capital for the periods and as of the dates indicated. We derived the consolidated historical financial information for as of and the fiscal years ended March 31, 2025, 2024 and 2023 from our audited consolidated financial statements, prepared under IFRS as adopted by the E.U., appearing elsewhere in this offering memorandum. We derived the consolidated historical financial information as of September 30, 2025, and for the three and six months ended September 30, 2025 and September 30, 2024 from our unaudited condensed consolidated interim financial statements, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the E.U., appearing elsewhere in this offering memorandum. The results as of and for the three and six months ended September 30, 2025 are not necessarily indicative of the results to be achieved for our current fiscal year or for any future period.

We have also incorporated by reference in this offering memorandum historical audited and unaudited financial information of Air Lease Corporation. See "Risk Factors—Risks Relating to our Indebtedness and the Notes—We are not providing all of the information that would be required if this offering were being registered with the SEC."

You should read the information below along with all other financial information and analysis presented in and incorporated by reference into this offering memorandum, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Statement of profit or loss and comprehensive income data

	Six Months ended September 30		Year ended March 31		
	2025	**2024**	**2025**	**2024**	**2023**
	(in thousands of U.S. dollars)				
Income					
Lease revenue	1,027,928	956,356	1,934,552	1,906,918	1,347,962
Other revenue	3,145	5,606	9,600	7,408	9,072
Total revenues	1,031,073	961,962	1,944,152	1,914,326	1,357,034
Other operating income	113,530	12,901	663,379	832,834	51,617
	1,144,603	974,863	2,607,531	2,747,160	1,408,651
Operating expenses					
Depreciation	(313,840)	(309,908)	(597,717)	(672,934)	(413,633)
Asset impairment	(1,793)	(12,494)	(30,553)	(69,019)	(70,260)
Credit impairment (charge) / credit	(7,862)	20,116	20,592	11,545	(31,693)
Operating expenses	(99,958)	(92,993)	(162,491)	(152,777)	(182,333)
Profit from operating activities	721,330	579,584	1,837,362	1,863,975	710,732
Finance income	142,065	168,220	314,492	319,244	265,864
Finance expense	(455,098)	(473,227)	(979,032)	(988,618)	(635,114)
					-
Net finance costs	(313,033)	(305,007)	(664,540)	(669,374)	(369,250)
Profit before taxation	408,297	274,577	1,172,822	1,194,601	341,482

	Six Months ended September 30		Year ended March 31		
	2025	2024	2025	2024	2023
	(in thousands of U.S. dollars)				
Tax expense	(62,554)	(44,413)	(178,886)	(159,899)	(45,371)
Profit from continuing operations	345,743	230,164	993,936	1,034,702	296,111
Other comprehensive income					
Cash flow hedges - effective portion of changes in fair value	(21,364)	(89,834)	(55,806)	31,894	113,317
Cash flow hedges - reclassified to profit or loss	(1,515)	(1,563)	(3,155)	(1,197)	737
Movement in fair value of equity investments at FVTOCI	1,208	-	-	1,356	(1,356)
Tax on other comprehensive income	2,709	11,425	7,368	(3,837)	(14,257)
Other comprehensive (expense) / income, net of tax	(18,962)	(79,972)	(51,573)	28,216	98,441
Total comprehensive income	326,781	150,192	942,363	1,062,918	394,552

Consolidated Statement of Financial Position Data

	As of September 30	As of March 31		
	2025	2025	2024	2023
		(in thousands of U.S. dollars)		
Non-current assets				
Property, plant and equipment	22,040,708	22,417,142	21,654,266	21,747,591
Intangible assets	3,066	3,752	4,259	3,921
Advances to OEMS	-	-	-	25,087
Finance lease and loan receivables	492,642	613,909	521,482	560,907
Investment in associate	9,954	7,783	4,242	-
Lease incentive assets	184,381	189,125	167,545	140,880
Derivative financial instruments	8,628	15,258	42,666	80,492
	22,739,379	23,246,969	22,394,460	22,558,878
Current assets				
Advances to OEMS	146,180	146,180	72,629	19,743
Assets held for sale	397,542	356,902	278,054	245,280
Finance lease and loan receivables	42,986	49,463	39,424	32,262
Trade and other receivables	258,486	344,411	222,429	281,450
Cash and cash equivalents	1,172,771	717,476	1,035,602	738,220
Lease incentive assets	56,250	95,879	52,423	43,775
Derivative financial instruments	15	545	9,434	806
	2,074,230	1,710,856	1,709,995	1,361,536
Total assets	24,813,609	24,957,825	24,104,455	23,920,414
Equity				
Share capital	2,249,513	2,249,513	2,249,513	2,249,513
Other components of equity	452,859	471,821	523,394	495,178
Retained earnings	3,516,964	3,172,221	2,279,435	1,346,883
Total equity	6,219,336	5,892,555	5,052,342	4,091,574
Non-current liabilities				
Trade and other payables	1,121,154	1,088,832	1,079,609	1,112,607
Borrowings	13,921,188	14,207,833	15,046,879	16,501,753
Deferred tax liabilities	633,615	586,053	491,556	341,933
Derivative financial instruments	38,269	24,103	3,764	50,074
Subordinated liabilities	-	300,000	300,000	300,000
	15,714,226	16,206,821	16,921,808	18,306,367
Current liabilities				
Liabilities associated with assets held for sale	99,581	69,614	33,717	26,824
Trade and other payables	957,668	1,074,634	913,378	711,208
Borrowings	1,822,761	1,714,201	1,183,210	784,441
Derivative financial instruments	37	-		-
	2,880,047	2,858,449	2,130,305	1,522,473
Total liabilities	18,594,273	19,065,270	19,052,113	19,828,840
Total equity and liabilities	24,813,609	24,957,825	24,104,455	23,920,414

Consolidated Statement of Cash Flows Data

	Six Months ended September 30,		Year ended March 31,		
	2025	**2024**	**2025**	**2024**	**2023**
	(in thousands of U.S. dollars)				
Profit before tax	408,297	274,577	1,172,822	1,194,601	341,482
Adjustments for:					
Depreciation of property, plant and equipment	313,840	309,908	597,717	672,934	413,633
Impairment charge of property, plant and equipment	1,793	12,494	30,553	69,019	70,260
Amortisation of computer software intangible assets	686	846	1,549	1,390	1,158
Lease incentive asset amortisation	38,308	28,583	94,971	50,737	40,574
Credit impairment charge /(credit)	7,682	(20,116)	(20,592)	(11,545)	31,693
Net interest expense	305,831	304,684	666,612	670,153	367,506
Profit on disposal of assets held under operating leases	(62,379)	(7,955)	(30,325)	(57,020)	(29,736)
	1,014,058	903,021	2,513,307	2,590,269	1,236,570
Decrease / (Increase) in receivables	78,043	(2,541)	(56,348)	129,588	18,502
(Decrease) / increase in payables	(103,932)	(24,880)	(76,342)	4,402	238,553
Cash generated by operations	988,169	875,600	2,380,617	2,724,259	1,493,625
Income taxes paid	(4,115)	(25,949)	(66,224)	(17,786)	(1,532)
Interest paid	(330,554)	(273,204)	(662,264)	(670,192)	(279,130)
Net cash from operating activities	653,500	576,447	1,652,129	2,036,281	1,212,963
Investing activities					
Proceeds on disposal of property, plant and equipment	1,351,940	411,155	1,897,799	1,565,943	1,230,805
Purchases of property, plant and equipment	(1,070,881)	(1,704,570)	(3,453,315)	(2,140,610)	(2,941,763)
Purchases of intangible assets	-	(317)	(1,042)	(1,728)	(1,479)
Purchase of investments	-	-	-	-	(1,310,327)
Net cash from / (used in) investing activities	281,059	(1,293,732)	(1,556,558)	(576,395)	(3,022,764)
Financing activities					
Proceeds from issuance of share capital	-	-	-	-	1,362,000
Dividends paid	-	-	(102,150)	(102,150)	-
Payments to restricted cash accounts	(20,100)	(34,200)	-	-	-
Proceeds from indebtedness	531,639	1,864,255	1,862,498	2,169,519	4,355,582
Repayments of indebtedness	(1,010,663)	(1,653,699)	(2,173,449)	(3,229,783)	(4,162,957)
Net cash (used in) / from financing activities	(499,124)	176,356	(413,101)	(1,162,414)	1,554,625
Effect of exchange rate changes on unrestricted cash and cash equivalents	(240)	57	(596)	(90)	(878)

Net increase / (decrease) in unrestricted cash and cash equivalents	435,195	(540,872)	(318,126)	297,382	(256,054)
Unrestricted Cash and cash equivalents at beginning of the period	717,476	1,035,602	1,035,602	738,220	994,274
Unrestricted Cash and cash equivalents at end of the period	1,152,671	494,730	717,476	1,035,602	738,220
Restricted Cash as reported	20,100	34,200	-	-	-
Total Cash and cash equivalents	1,172,771	528,930	717,476	1,035,602	738,220

Other Financial and Operating Data

	Six months ended September 30,		**Year ended March 31,**		
	2025[6]	**2024**[16]	**2025**	**2024**	**2023**
	(in thousands of U.S. dollars)				
EBIT[(1)]	721,330	579,584	1,837,362	1,863,975	710,732
EBITDA[(1)]	1,035,856	890,338	2,436,628	2,538,299	1,125,523
Adjusted EBITDA[(1)]	1,037,649	902,832	2,467,181	2,607,318	1,195,783
Revenue Yield[(2)]	9.2%	8.6%	8.7%	8.8%	7.6%
Operating Cash Flow Yield[(3)]	5.8%	5.2%	7.4%	9.3%	6.8%

(1) We define EBIT as profit from continuing operations for the applicable period, adding back net finance costs and tax expense. We define EBITDA as profit from continuing operations for the applicable period, adding back net finance costs, tax expense, depreciation, and amortization of intangible assets. We define Adjusted EBITDA as profit from continuing operations for the applicable period, adding back net finance costs, tax expense, depreciation, operating lease asset impairment and amortization of intangible assets. We use EBIT, EBITDA and Adjusted EBITDA to assess financial and operating performance and we believe these non-IFRS-E.U. measures are helpful in identifying trends in our performance. Our method of calculating EBIT, EBITDA and Adjusted EBITDA may differ from similarly named non-IFRS-E.U. measures of other companies. For more information, see "Presentation of Financial and Other Information—Non-IFRS-E.U. Financial Measures."

(2) We define Revenue Yield as Total Revenue divided by average aircraft assets, which is defined as the average of the opening and closing balance of aircraft assets, made up of aircraft for hire under operating lease, pre-delivery payments and aircraft held-for-sale, for the period to which the revenue applies.

(3) We define Operating Cash Flow Yield as net cash from operating activities divided by average aircraft assets. The ratio has been annualized for the six months ended September 30, 2025 and 2024. Our method of calculating Operating Cash Flow Yield may differ from similarly named non IFRS E.U. measures of other companies. For more information, see "Presentation of Financial and Other Information—Non IFRS E.U. Financial Measures."

The following table provides a reconciliation of profit from continuing operations to EBIT, EBITDA and Adjusted EBITDA for each of the periods presented:

	Six months ended September 30,		**Year ended March 31,**		
	2025[21]	**2024**[7]	**2025**	**2024**	**2023**
	(in thousands of U.S. dollars)				
Profit from continuing operations	345,743	230,164	993,936	1,034,702	296,111
Net finance costs	313,033	305,007	664,540	669,374	369,250
Tax Expense	62,554	44,413	178,886	159,899	45,371
EBIT	721,330	579,584	1,837,362	1,863,975	710,732

[6] Includes Russian insurance settlement proceeds net of related charges.
[7] Includes Russian insurance settlement proceeds net of related charges.

Depreciation	313,840	309,908	597,717	672,934	413,633
Amortization of intangible assets	686	846	1,549	1,390	1,158
EBITDA	1,035,856	890,338	2,436,628	2,538,299	1,125,523
Asset Impairment charge	1,793	12,494	30,553	69,019	70,260
Adjusted EBITDA	1,037,649	902,832	2,467,181	2,607,318	1,195,783

The following table provides a reconciliation of Revenue Yield and Operating Cash Flow Yield:

	Six months ended September 30,		**Year ended March 31,**		
	2025[22]	**2024**	**2025**	**2024**	**2023**
Total Revenue ……..…………..……	1,031,073	961,962	1,944,152	1,914,326	1,357,034
Net cash from operating activities ……………..…………	633,400	576,447	1,652,129	2,036,281	1,212,963
Opening aircraft for hire under operating lease….….………	21,179,059	20,681,483	20,438,297	20,681,483	12,888,941
Opening pre-delivery payments ...…………………..……	1,162,974	982,062	1,112,334	982,062	834,923
Opening aircraft held for sale ...……………….………	346,426	229,232	276,001	229,232	34,787
Opening balance of aircraft assets ...…….………………	22,688,459	21,892,777	21,826,632	21,892,777	13,758,651
Closing aircraft for hire under operating lease…..…………	20,800,617	20,993,553	21,179,059	20,438,297	20,681,483
Closing pre-delivery payments ...……………….………	1,167,940	1,150,388	1,162,974	1,112,334	982,062
Closing aircraft held for sale ...…………………..……	368,931	701,180	346,426	276,001	229,232
Closing balance of aircraft assets[8] ...…….………………	22,337,488	22,845,121	22,688,459	21,826,632	21,892,777
Average Aircraft Assets[9]...…………………..……	22,512,974	22,368,949	22,257,546	21,859,705	17,825,714
Revenue Yield…………..……………………………...……	9.2%	8.6%	8.7%	8.8%	7.6%
Operating Cash Flow Yield ……………...………..	5.8%	5.2%	7.4%	9.3%	6.8%

Financial Information and As Adjusted Financial Information

The table below presents certain ratios and ratios adjusted to give effect to the offering but does not give effect to the consummation of the Sumisho Investment.

	As of September 30, 2025 (in thousands of U.S. dollars, except ratios)	
	Unadjusted	**As Adjusted**
Ratio of total financial obligations to total equity[(1)]**........................**	2.35x	
Ratio of external financial obligations to total equity[(2)]**..................**	1.39x	
Borrowings	15,743,949	15,743,989
The notes offered hereby[(3)]**..**	—	
Total financial obligations...	15,743,949	
Loans from our shareholder group..............................	5,947,904	5,947,904
Total external financial obligations..............................	9,796,045	
Total equity	6,219,336	6,219,336
Ratio of contracted cash flow of delivered aircraft to total financial obligations[(4)]**...**	84%	
Ratio of contracted cash flow of delivered Aircraft to external financial obligations [(5)]**...**	136%	

[8] Exclude assets classified as Finance Leases and Loans Receivable.
[9] Exclude assets classified as Finance Leases and Loans Receivable.

	As of September 30, 2025 (in thousands of U.S. dollars, except ratios)	
	Unadjusted	As Adjusted
Future minimum lease receivables	13,297,978	

(1) We define total financial obligations as the sum of obligations under finance leases and borrowings. The As Adjusted ratio is calculated including the notes offered hereby in total financial obligations. For more information, see "Capitalization."

(2) We define external financial obligations as total financial obligations, excluding loans from our shareholder group. The As Adjusted ratio is calculated including the notes offered hereby in total external financial obligations. For more information, see "Capitalization."

(3) Represents the aggregate principal amount at maturity of the notes offered hereby without giving effect to estimated facility fees and offering costs.

(4) Delivered aircraft defined as the future minimum currently contracted lease rentals from the stated reporting date in respect of aircraft of which we have taken delivery. The ratio of contracted cash flow of delivered Aircraft to total financial obligations is presented on this basis. The As Adjusted ratio is calculated including the notes offered hereby in total financial obligations. For more information, see "Capitalization."

(5) Delivered aircraft defined as the future minimum currently contracted lease rentals from the stated reporting date in respect of aircraft of which we have taken delivery. The ratio of contracted cash flow of delivered Aircraft to external financial obligations is presented on this basis. The As Adjusted ratio is calculated including the notes offered hereby in external financial obligations. For more information, see "Capitalization."

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the risks described below, as well as other information contained in this offering memorandum before making an investment decision. The risks described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect us in the future. Any of the following risks could materially adversely affect our business, financial condition, cash flow and results of operations. In such case, you may lose all or part of your original investment. To the extent geopolitical risks continue to or begin to adversely affect our business, operations, financial condition and operating results, such events may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Risks Relating to Our Business and the Aircraft Leasing Industry

We face significant risks as a result of ongoing geopolitical conflicts.

Global and regional geopolitical conflicts, including the war between Russia and Ukraine (the "Russia-Ukraine Conflict"), the conflicts in the Middle East and Asia and ongoing tensions between China and Taiwan, could lead to significant economic downturns and market and other disruptions, including, but not limited to: volatility in the capital markets, economic instability, increases in inflation, increased fuel prices, shipping channel constraints and disruptions, supply chain issues, political and social instability, economic sanctions, export controls, volatile trade policies and changes in consumer or purchaser preferences, all of which may adversely impact us and the aviation industry as a whole, especially if the conflicts occur in areas in which we have a significant concentration of customers.

In addition, existing sanctions and new sanctions and export controls that may be imposed on states and actors causing or involved in the hostilities may impact where we can place and deliver our aircraft or the ability of our lessees to operate our aircraft in certain jurisdictions. For example, in early 2022, in connection with the Russia-Ukraine Conflict, the U.S., the E.U., the UK and other jurisdictions imposed economic sanctions and export controls against certain industry sectors and parties in Russia, Belarus and Ukraine. These sanctions include closure of airspace for aircraft operated by Russian airlines, bans on the leasing or sale of aircraft and engines to Russian-controlled entities and prohibitions on the export and re-export of aircraft and aircraft components to Russian-controlled entities or for use in Russia. These sanctions and any new sanctions imposed due to an expansion of hostilities could have a material adverse effect on our operations, financial condition and business outlook.

To comply with sanctions requirements related to the Russia-Ukraine Conflict, we terminated the leasing and sought to repossess all aircraft on lease to Russian airlines. However, 34 aircraft were lost in Russia and in the year ended March 31, 2022, we recognised a full write-off in respect to the net book value of the aircraft lost in Russia. After taking into account the security held over those assets, this resulted in a net economic impact of approximately $1.45 billion as of March 31, 2022. As of September 30, 2025, we had successfully recovered a total of $1.41 billion in insurance settlement proceeds in respect of certain aircraft previously leased to Russian airlines. These insurance settlements were carried out in full compliance with all relevant regulations and sanctions.

We are continuing to litigate in the UK with respect to aircraft lost in Russia and are continuing to finance this litigation. Our litigation in Ireland with respect to aircraft lost in Russia concluded in March 2025. Any further dispossession of aircraft from new or ongoing geopolitical conflicts could impact our results of operations and business. For more information with respect to the ongoing litigation in the UK, see "Business Overview—Legal Proceedings".

We cannot predict what the ultimate economic impact of the various conflicts will be on the global economy, the aviation industry or our business. In addition, there is no telling what further actions may ultimately be taken with respect to sanctions or trade relations between the U.S. and other countries. Accordingly, it is difficult to predict exactly how, and to what extent, these conflicts may impact our business, or the business of our lessees or aircraft manufacturers. Any economic downturns or unfavorable government policies on international trade may affect the demand for aircraft from our orderbook, increase the cost of aircraft components, delay production, impact the competitive position of certain aircraft manufacturers or prevent aircraft manufacturers from accessing customer bases in certain jurisdictions. In turn, this may impact where we can place and deliver our aircraft, which may negatively impact our ability to execute on our long-term strategy.

The threat or realization of epidemic diseases may adversely affect the demand for air travel, the financial condition of our lessees and of the aviation industry more broadly, and may ultimately impact our business.

Air travel has historically been disrupted, at times severely, by outbreaks of epidemic diseases, and these disruptions have adversely affected, and may in the future adversely affect, our business and financial condition. For example, the COVID-19 pandemic and related travel restrictions significantly impacted air travel and, in turn, our results of operations through weaker demand for used aircraft, increased defaults, bankruptcies or reorganizations of our lessees, increased requests for lease deferrals, and delays in delivery of aircraft. While demand has recovered to pre-COVID levels, future epidemic diseases and other diseases, or the fear of such events could provoke responses that negatively affect passenger air travel.

Epidemic outbreaks, additional outbreaks of COVID-19, Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika or other or similar epidemic diseases, such as avian influenza and swine flu, or the fear of such events, may prompt additional restrictions and precautionary measures to be put in place, which have historically negatively affected passenger demand for air travel. Travel restrictions and stay-at-home and quarantine orders may be necessary to combat future epidemic diseases and may lead to lasting significant changes in the behavior of airline customers, similarly to what occurred in response to the COVID-19 outbreak. Passengers may also voluntarily choose to reduce travel. Disease outbreaks can also contribute to regional or global economic downturns and potential political and security problems, which could have wide ranging effects and could materially and negatively harm the business and operations of our airline lessees. All of the foregoing could have a negative impact on the performance of airlines, including our lessees, which may, in turn, negatively impact our financial performance.

To the extent that an outbreak of epidemic disease adversely affects our business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this offering memorandum, including "—Our business depends on the continual leasing and remarketing of our aircraft, and we may not be able to do so on favorable terms," "—The variability of supply and demand for aircraft and other factors outside of our control could depress the value of our leased assets and/or achievable lease rates," "—Our business depends on the ability of aircraft manufacturers to remain financially stable and to fulfill their contractual obligations" and "—Airline defaults under our leases could adversely affect us."

Our business depends on the continual leasing and remarketing of our aircraft, and we may not be able to do so on favorable terms.

Our business depends on the continual leasing and remarketing of our aircraft in order to generate sufficient revenues to finance our growth and operations, pay our debt service obligations and generate positive cash flows from operations. Our ability to lease and remarket our aircraft will depend in part on general market and competitive conditions at the time the initial leases are entered into and the time of their expiry or early termination. If we are not able to lease or remarket an aircraft on favorable terms or at all, we may be required to attempt to sell the aircraft, outside of our normal course of trading, in order to provide funds for our debt service obligations or operating expenses. Our ability to lease, remarket or sell the aircraft on favorable terms or without significant off-lease time and costs could be negatively affected by factors including depressed conditions in the aviation industry, airline bankruptcies, the effects of terrorism, war, geopolitical uncertainty, trade policies, natural disasters, epidemic diseases on airline passenger traffic trends, declines in the values of aircraft and various other general market and competitive conditions and factors that are outside of our control. If we are unable to lease and remarket our aircraft, on favorable terms or at all, our financial condition, cash flow, ability to pay debt service obligations and results of operations would be negatively affected.

For instance, in September 2025, Spirit Airlines filed to reorganize under Chapter 11 of the US bankruptcy code for the second time in 12 months. While Spirit is seeking to reorganize its capital structure with the hopes of emerging from bankruptcy as a more financially secure airline, Spirit and its stakeholders may ultimately determine that the better approach is to liquidate its assets through Chapter 7 of the US bankruptcy code. Such a liquidation can have a number of effects on the airline and aircraft leasing industries including related to capacity, aircraft availability and the need to place a significant amount of returned or repossessed aircraft with new owners or lessees in the short term. Further, to the extent a significant number of our leases are rejected by a lessee in a reorganization and we are unable to re-lease such aircraft in a timely manner on commercially reasonable terms, our results of operations and financial condition would be adversely affected.

The variability of supply and demand for aircraft and other factors outside of our control could depress the value of our leased assets, our ability to lease and/or achievable lease rates.

The aviation leasing industry has historically experienced periods of aircraft oversupply and undersupply. Oversupply of aircraft and specific aircraft types can be caused by a number of factors, including status of OEM deliveries, large carriers ceasing operations or rejecting their leases in bankruptcy or similar proceedings, or an economic downturn or slowdown in air travel that contributes to a decrease in overall demand for aircraft. The oversupply of a specific or similar type of aircraft in the market is likely to depress the value of that type of asset. Aircraft values and lease rental rates generally, and the values and lease rental rates of the aircraft in our portfolio, may experience decreases due to oversupply and a number of other cyclical and non-cyclical factors that are outside of our control, including:

- passenger air travel and cargo demand;
- geopolitical and other events, such as war, civil disturbances and unrest, acts of terrorism and natural disasters;
- outbreaks of epidemic diseases;
- governmental regulation, including new airworthiness directives and service bulletins applicable to our aircraft, regulation of trade, such as the imposition of import and export controls, tariffs (such as the tariffs imposed by the U.S. and E.U. governments affecting Boeing, Airbus and other companies) and other trade barriers, statutory limits on age of aircraft, climate change initiatives, and environmental, safety, noise and emission standards and regulations;
- weakness in the capital and credit markets, availability of credit and fluctuations in interest rates;
- changing political conditions, including risk of rising protectionism, restrictions on travel and immigration or impositions of new trade barriers;
- cyber risk, including information hacking, viruses and malware;
- operating costs, availability and price of jet fuel and general economic conditions affecting our lessees' operations;
- airline bankruptcies, restructurings and liquidations;
- manufacturer production issues, production levels and technological innovation;
- aircraft and engine models being retired or otherwise made obsolete;
- manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types;
- new-entrant manufacturers producing additional aircraft that compete with existing models;
- accuracy of estimates relating to future supply and demand made by manufacturers and airlines;
- reintroduction into service of aircraft or engines previously in storage;
- airport and air traffic control infrastructure and staffing constraints;
- the particular maintenance, operating and documentary record history of the airframe, engine and parts;

- the reduced number of operators using that model of airframe or engine;
- whether an aircraft is subject to a lease and, if so, whether the lease terms are favorable to us;
- the age of the aircraft;
- the advent of newer models of aircraft competing with our aircraft;
- the increased prominence of other forms of transport;
- the regulatory authority under which the aircraft is operated;
- mechanics' liens and other encumbrances imposed on our aircraft;
- any tax, customs, regulatory and other legal requirements that must be satisfied when an aircraft is purchased, sold, returned or re-leased;
- the compatibility of our aircraft configurations or specifications (including choice of engines) with those desired by operators of that model of aircraft;
- oversupply of the specific or similar model of aircraft in the market or by a particular manufacturer;
- increased supply of newly manufactured competitive aircraft;
- decreases in the creditworthiness of our lessees;
- the short- and long-term grounding of certain aircraft models by regulators; and
- the reduced availability of spare parts and slots for shop visits.

The occurrence of any of these factors may produce decreases in aircraft values and lease rental rates, impact our cost of acquiring aircraft, result in lease defaults and delay or prevent the re-lease or sale of aircraft on favorable terms, any of which could have a material adverse effect on our financial condition, cash flow and results of operations and our ability to satisfy our debt obligations, including the notes.

In addition, recent and future political developments have resulted and could continue to result in increased regulation of trade or disruption of the supply chain, which could adversely impact demand for aircraft. These factors may have a material and adverse effect on our financial results.

We may not be able to re-lease or sell the aircraft in our fleet at the end of their lease terms on favorable terms or at all.

We bear the risk of re-leasing or selling the aircraft in our fleet at the end of their lease terms. Because only a portion of an aircraft's value is covered by contractual cash flows from the lessee at the inception of an operating lease, there is a risk that we will not fully realize estimated cash flows from future leases and the residual value of the aircraft after the current operating lease expires. If both demand for aircraft and market lease rental rates decrease and the conditions continue for an extended period, the market value of our aircraft would be adversely affected and it might result in impairment charges to us in accordance with the International Accounting Standards—Impairment of Assets, relating to accounting for the impairment or disposal of long-lived assets, which could have a material adverse effect on our financial condition, cash flow and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates."

Our ability to sell aircraft in our fleet at the end of their lease terms profitably, or at all, will depend on conditions in the airline industry and general market and competitive conditions at the time we seek to sell. In addition, our ability to sell our aircraft will be affected by the maintenance, damage and operating history of the aircraft and its engines. Failure to sell aircraft regularly and profitably could have a material adverse effect on our financial condition, cash flow and financial results, and our ability to meet our potential aircraft purchase commitments, fleet metrics and environmental targets.

Failure to close our aircraft acquisition commitments would negatively affect our ability to further grow our fleet and net income.

As of September 30, 2025, we had entered into binding purchase commitments to acquire a total of 239 committed aircraft. If we are unable to complete the purchase of such aircraft, whether as a result of manufacturer delays or otherwise, we may face several risks, including forfeiting deposits and progress payments and having to pay and expense certain significant costs relating to these commitments; not realizing any of the benefits of completing the acquisitions; damage to our reputation and relationship with aircraft manufacturers; and defaulting on our lease commitments, which could result in monetary damages and damage to our reputation and relationships with lessees. These risks, whether financial or reputational, would negatively affect our ability to further grow our fleet and net income.

We may encounter unforeseen difficulties and costs associated with the acquisition and/or servicing of our aircraft.

Our business strategy contemplates continued acquisitions and leasing of additional aircraft. We may encounter difficulties in acquiring aircraft, on favorable terms or at all, for which there is high market demand, which could reduce our acquisition opportunities or cause us to pay higher prices. Any aircraft acquired by us may not generate sufficient cash flow to justify our investment and may not generate the anticipated profits. In addition, our acquisition strategy exposes us to risks that may harm our business, financial condition, cash flow and results of operations, including risks that we may:

- fail to realize anticipated benefits, such as new customer relationships or cash flow enhancements;
- impair our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense and financial leverage to the extent we incur additional debt to finance acquisitions;
- incur or assume unanticipated liabilities, losses or costs associated with the aircraft that we acquire; or
- incur other significant charges, including asset impairment or restructuring charges.

The aircraft leasing industry is highly competitive.

The aircraft leasing industry is highly competitive. We encounter competition in the acquisition of aircraft from other entities such as airlines, aircraft manufacturers, financial institutions, aircraft brokers, public and private partnerships, investors and funds with more capital to invest in aircraft and other aircraft leasing companies that we do not currently consider our major competitors. We also face competition from entities that provide other forms of financing for airlines seeking to acquire aircraft, such as banks that make credit available for these purposes. Increasingly, financing is being made available by alternative lending and investment platforms, further increasing this risk.

Competition for a leasing transaction is based principally upon price, lease rates, delivery dates, lease terms, reputation, management expertise, aircraft age and condition, specifications and configuration and the availability of the types of aircraft necessary to meet the needs of the customer. Some of our competitors may have greater operating and financial resources and access to lower capital costs than we have and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments. In addition, some competing aircraft lessors may provide inducements to potential lessees that we cannot match. Furthermore, some competing aircraft lessors with a significant number of aircraft returned as a result of an airline bankruptcy (or other similar proceeding) may be willing to significantly reduce lease pricing, which could affect pricing dynamics across the industry.

Competition in the purchase and sale of used aircraft is based principally on the availability of used aircraft, price, the terms of the lease to which an aircraft is subject and the creditworthiness of the lessee, if any. We may not always be able to compete successfully with our competitors and other entities, which could have a material adverse effect on our financial condition, results of operations and growth prospects.

Moreover, industry consolidation may result in the emergence of competitors with enhanced scale, pricing power and other competitive capabilities. As a result of such potential consolidation, we may face increased competition.

We cannot assure you that we will be able to enter into profitable leases for any aircraft acquired.

We cannot assure you that we will be able to enter into profitable leases upon the return of aircraft upon the maturity or early termination of leases or the acquisition of the aircraft we purchase in the future. You must rely upon our management team's judgment and ability to evaluate the ability of lessees and other counterparties to perform their obligations to us. We cannot assure you that our management team will be able to perform such functions in a manner that will achieve our investment objectives, which would negatively affect our financial condition, cash flow, ability to pay debt service obligations and results of operations.

We will require a significant amount of cash to make planned capital expenditures and we may be unable to meet our debt and other obligations as they become due.

The aircraft leasing industry is capital intensive, and we will require a significant amount of cash to make planned capital expenditures. We have generally financed our aircraft purchases through available cash balances, debt financings and financial support from our shareholders. Our ability to meet our contractual obligations to airframe manufacturers for new aircraft that we have on order may require additional financing, which might not be available to us in sufficient amounts or on favorable terms and we cannot assure you that we will be able to refinance any of our existing debt on favorable terms, if at all. This, in turn, could adversely impact our financial condition, cash flow and results of operations.

As of September 30, 2025, our direct orderbook comprised of 141 Airbus A320 NEO family aircraft and 81 Boeing 737-MAX-8 aircraft scheduled for delivery between 2025 and 2031. In addition to our direct orderbook, as of September 30, 2025, we have entered into agreements for sale and leaseback as well as portfolio acquisitions for 9 Airbus narrow-body aircraft and 8 Boeing narrow-body aircraft. Our total capital expenditures as of 30 September 2025 (comprising both delivered and committed capital expenditures) for fiscal year 2025 is $2.8 billion and we have committed capital expenditures of $1.4 billion for fiscal year 2026. As of September 30, 2025, the combined purchase price of all commitments from 2025 to 2031 totalled $12.6 billion.

We may not continue to have access to the secured or unsecured debt markets in the future. We believe that our cash on hand, cash flows generated from operations, together with the cash generated from the above-mentioned financing arrangements should be sufficient for us to operate our business and repay our maturing debt obligations. If we are unable to raise sufficient cash, we may be unable to meet our debt obligations as they become due and to continue our operations as planned. Further, we may be unable to meet our aircraft purchase commitments as they become due, which could result in forfeiture of deposits, expose us to breach of contract claims by our lessees and manufacturers and adversely impact growth.

Our business depends on the ability of aircraft manufacturers to remain financially stable and to fulfill their contractual obligations.

We purchase and lease commercial aircraft of a size that are currently built predominately by two airframe manufacturers, Airbus and Boeing. In addition, only a limited number of engine manufacturers produce engines for the types of airframes that we purchase. As a result, we depend on these manufacturers remaining financially stable, producing aircraft and related components that meet our customers' demands, both in type and quantity, and fulfilling their contractual obligations to us. We cannot assure you of any of the foregoing. For example, in early August 2023, Pratt & Whitney announced that microscopic contaminants were found in a metal used in an engine type used on the Airbus A320neo family jets, and inspection and repair will require the temporary grounding of affected engines. Further, a number of Boeing aircraft types have been grounded several times due to development, manufacturing and/or quality control issues. For instance, the U.S. Federal Aviation Administration (the "FAA") grounded the 737 MAX-9 aircraft as a result of the Alaska Airlines incident in January 2024. There can be no assurance how negatively Boeing's and Airbus' financial performance (and the aviation market generally) have been or will be impacted including impacts from greater scrutiny of type certification, with potential retrospective scrutiny. In addition, there can be no assurance how negatively the delays in delivery of Boeing and Airbus aircraft will impact the financial performance of the air carrier operators of such aircraft.

Should the manufacturers fail to respond appropriately to changes in the market environment (including, but not limited to, certain related supply chain issues), fail to address manufacturing issues (or should new manufacturing issues arise) or fail to fulfill their contractual obligations, we may experience:

- missed or late delivery of aircraft ordered by us and a consequent inability to meet our contractual obligations to our lessees, resulting in lost or delayed revenues, lower growth rates and/or strained customer relationships;

- an inability to acquire aircraft and related parts on terms that will allow us to lease those aircraft to lessees at a profit, resulting in lower growth rates or a contraction in our fleet;

- a marketplace with too many aircraft available, creating downward pressure on demand for the aircraft in our fleet and reduced market lease rental rates and residual values;

- poor customer support from the manufacturers of aircraft and components resulting in reduced demand for such manufacturers' products, creating downward pressure on demand for the aircraft in our fleet produced by such manufacturers and reduced market lease rental rates and residual values for those aircraft; and

- a reduction in our competitiveness due to deep discounting by the manufacturers, which might lead to reduced market lease rental rates and residual values and might impact our ability to remarket or sell aircraft in our fleet.

Any of these circumstances could have a material adverse effect on our financial condition, cash flow and results of operations.

In the past, there have been well-publicized delays by airframe manufacturers in meeting stated delivery schedules for new aircraft programs. Although we may have the right to terminate a purchase agreement in the event of protracted manufacturing delays, subject to certain grace periods, if we experience delivery delays for new aircraft types or aircraft for which we have made future commitments (such as the Airbus A320NEO, A321NEO and Boeing 737 MAX), it could delay the receipt of contracted cash flows and, in some cases, affected lessees may be entitled to terminate their lease arrangements with respect to such aircraft if the delays extend beyond agreed-upon periods of time. Any such termination could negatively affect our financial condition, cash flow and results of operations.

In addition, new aircraft types may not deliver the anticipated performance improvements or could experience technical problems that result in the grounding of the aircraft, such as the fleetwide grounding of the Boeing 737 MAX family of aircraft by civil aviation authorities. In either event, the values and lease rates of such aircraft could be adversely affected.

Commercial airline accidents may disrupt air travel and reduce consumer confidence, potentially impacting demand for commercial flights

There have been multiple recent high-profile commercial aviation accidents in North America in January and February 2025. In January 2025, an American Airlines flight and a U.S. military Blackhawk helicopter collided mid-air. The following month, a Delta Air Lines flight crash-landed in Toronto. The compounding effect of the two back-to-back incidents and several incidents involving smaller airplanes have negatively affected confidence in air travel and may have a long-term impact on the U.S. airline industry.

Heightened media coverage and public sensitivity to aviation safety often result in temporary declines in air travel demand, particularly on domestic routes. In response, airlines may reduce flight frequencies, delay fleet expansions, or reevaluate lease and acquisition plans for new aircraft. Any such demand-driven operational adjustments may, in turn, impact the leasing market by reducing near-term appetite for additional aircraft capacity.

Moreover, depending on the outcomes of official safety investigations or subsequent regulatory responses (such as FAA directives, grounding of aircraft types, or enhanced maintenance protocols), there may be further operational or economic implications for specific models or manufacturers represented in our portfolio.

While air travel demand has historically rebounded after aviation incidents, the cumulative impact of multiple high-profile accidents within a short period may prolong consumer hesitation and create more persistent headwinds for the industry. As a result, investors should be aware of the potential for near- to medium-term disruptions in the commercial aviation sector that could have an adverse effect on our financial condition, cash flow and results of operations.

Backlogs and undersupply of new aircraft may impede our ability to grow our desired new build aircraft portfolio.

Boeing, Airbus and certain other manufacturers are significantly behind schedule on new deliveries and have a major backlog in their respective order books of many thousands of aircraft. As of September 30, 2025, Boeing reported a backlog of over 5,994 aircraft. As of September 30, 2025, Airbus reported a backlog of 8,665 aircraft. These and other manufacturers face significant production delays driven by, among other things, supply chain issues, geopolitical conflicts, energy supply issues, inflation, regulatory certification delays and constrained labor markets. Boeing and Airbus may also be affected by work stoppages or strikes, which could create significant production delays and increase backlog. For instance, in November 2024, Boeing faced a seven-week workman strike that halted most production of the 737 MAX aircraft. While Boeing has since resumed production of the 737 MAX aircraft, Boeing may be affected by such work stoppages in the future and any resulting backlog could have an adverse effect on our business. The backlog and related undersupply in new aircraft, especially in the more desirable aircraft we target for our portfolio, may make it harder for us to compete for new build aircraft, source and complete desirable financing transactions and effectively and profitably grow our business, any of which could have a material adverse effect on our financial condition, cash flow and results of operations.

The advent of superior aircraft technology or introduction of a new line of aircraft could cause our fleet of aircraft to become in less demand or obsolete.

As manufacturers introduce technological innovations and new types of aircraft and engines, certain aircraft in our existing aircraft portfolio may become less desirable to potential lessees or purchasers. Such technological innovations may increase the rate of obsolescence of existing aircraft faster than currently anticipated by our management or accounted for in our accounting policies. The availability of potential variants of new aircraft types may have an adverse effect on residual value and future lease rates of older aircraft types and variants. In addition, the imposition of more stringent noise or emissions standards and the development of more fuel-efficient engines could make aircraft in our portfolio less attractive for potential lessees and less valuable in the marketplace. Any of these risks could adversely affect our ability to lease or sell our aircraft on favorable terms or at all or our ability to charge rental amounts that we would otherwise seek to charge, all of which could have an adverse effect on our financial results and growth prospects.

If our aircraft are not properly maintained, their value may decline and we may not be able to lease, re-lease or sell such aircraft at favorable rates, if at all.

If our aircraft are not properly maintained, their value may decline and we may not be able to lease, re-lease or sell such aircraft at favorable rates, if at all. In addition, we may be exposed to increased maintenance costs for our aircraft due to a lessee's failure to properly maintain the aircraft or pay supplemental maintenance rent for such aircraft. Because we are not in possession of an aircraft when it is on lease to an airline, our ability to determine whether the airline is properly maintaining the aircraft is limited to periodic inspections. Our leases require the lessees of our aircraft to be responsible for maintenance of the aircraft. Failure of a lessee to perform required maintenance during the term of a lease could result in a diminution in the value of an aircraft, our inability to re-lease the aircraft at favorable rates, if at all, or a potential grounding of the aircraft, and likely will require us to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft to an acceptable condition prior to re-leasing or sale. Additionally, if a large number of aircraft are returned to us that we are unable to immediately re-lease, we would need to maintain and store those aircraft at our own cost.

Further, in the event that a lessee defaults under a lease, there can be no assurance that any security deposit or maintenance reserves provided by the lessee will be sufficient to cover the lessee's outstanding or unpaid lease obligations and maintenance requirements. Some of our leases do not provide for any maintenance reserve payments to be made by lessees as security and instead provide for adjustment payments to be made at the end of the lease term, in which case we take the credit risk that the lessee will not have adequate funds to meet its financial obligations upon the return of the relevant aircraft. In addition, maintenance reserves may not cover all required maintenance. Furthermore, there can be no assurance that lessees will meet their obligations to pay maintenance reserves or perform required scheduled maintenance and, in some circumstances, they may be relieved from performing these obligations in connection with the rejection of leases in bankruptcy and similar proceedings. For example, for the six months ended September 30, 2025, we incurred $2 million in asset impairment and write-off charges. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Any failure by our lessees to meet their obligations to perform required scheduled maintenance or their failure to maintain aircraft records or provide required records at the end of the lease term, may materially adversely affect the value of our aircraft, our financial condition, cash flow and results of operations and our ability to satisfy our debt obligations, including the notes.

Changes in fuel prices or labor costs could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us.

Historically, fuel prices and fuel availability have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events and currency exchange rates. For example, predominantly as a result of the Russia-Ukraine Conflict and resulting sanctions and export controls imposed on Russia, in 2022 oil prices and jet fuel prices rose to their highest levels since 2008 but subsequently decreased to pre-invasion level, and ongoing conflicts in the Middle East have periodically caused jet fuel price volatility. The cost of fuel represents a major expense to airlines that is not within their control, and significant increases in fuel costs or hedges that inaccurately assess the direction of fuel costs can materially and adversely affect their operating results, financial condition and ability to meet their obligations. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets increased fuel costs. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. The profitability and liquidity of those airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices if such airlines are required as a result to post cash collateral under hedge agreements. Furthermore, a sustained period of lower fuel costs may adversely affect regional economics that depend on oil revenue, including those in which our lessees operate. Any changes in fuel prices could result in our lessees being likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to us.

Labor costs also represent a major expense to airlines. The airline industry is labor intensive, requiring large numbers of pilots, flight attendants, mechanics and other skilled personnel, and, as a result, a lessee's financial performance is affected by the availability of qualified personnel and the cost of labor. Competition for trade-skilled labor is high, particularly in some of the geographic locations where our lessees operate. For instance, there are ongoing concerns about a shortage of qualified pilots globally. A lessee's inability to recruit, train and retain qualified employees, could impair its ability to operate efficiently and perform its contractual obligations. Strikes, work stoppages, or other types of conflicts with personnel relating to organized labor issues could arise as a lessee or any of its direct or indirect suppliers may have unionized work forces, any or all of which may have the effect of increasing a lessee's labor costs.

If fuel prices and labor costs increase, our lessees may incur higher costs and generate lower net revenues, which would adversely impact their financial positions. Inflation could also increase such costs for our lessees. Consequently, these conditions may:

- affect our lessees' ability to make rental and other lease payments;
- result in restructurings of the leases and repossessions of the corresponding aircraft;
- increase our costs of servicing and marketing our aircraft;
- impair our ability to re-lease our aircraft or otherwise dispose of our aircraft on a timely basis and/or at favorable rates;
- reduce the attractiveness of our aircraft relative to newer, more fuel-efficient aircraft; and
- reduce the proceeds received for our aircraft upon any disposition.

Sustained periods of financial strength and stability for certain airline customers may result in their purchasing their own aircraft or future aircraft deliveries, entering into fewer aircraft leases with us and/or competing with us, which may have an adverse effect on our business.

In addition to facing competition from other aircraft operating leasing companies, aircraft manufacturers, financial investors (including hedge funds and other funds and private equity firms) and tax lessors, we are also exposed to the risk that, during periods of strong demand for passenger travel and air cargo transportation services which typically lead to sustained periods of financial strength and stability for certain airline customers, we may face a reduction in demand for leasing of our aircraft as certain airline customers seek to purchase their own aircraft rather than entering into aircraft leasing arrangements. In addition, airline consolidation, the availability of investment capital, low jet fuel prices, industry liberalization or deregulation, removal of visa or travel restrictions and growth in new airline business models may also lead to periods of stronger financial performance by our airline customers. Airlines or other aircraft owners may also seek to lease out their own aircraft, thereby leading to increased supply for our aircraft.

Any or all of these factors could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our financial obligations as well as the value of the notes.

Airworthiness directives may affect a substantial number of aircraft in our fleet and we may be forced to bear a substantial portion of the cost of compliance.

In addition to the general aviation authority regulations and requirements regarding maintenance, our aircraft may be subject to further maintenance requirements imposed by airworthiness directives issued by aviation authorities. Airworthiness directives typically set forth particular special maintenance actions or modifications to certain aircraft types or models of aircraft that the owners or operators of aircraft must implement. Given the high concentrations of particular models of aircraft in our fleet, airworthiness directives might affect a substantial number of our aircraft. Our lessees are responsible for maintaining our aircraft as airworthy during the term of the relevant lease, and therefore are responsible for complying with airworthiness directives affecting our aircraft during the term of the relevant lease; however, in some leases we agree to bear a portion of the cost of such compliance if it exceeds a specified threshold. If lessees fail to satisfy their obligations, if we have undertaken some obligations as to airworthiness under a lease or if the aircraft is not subject to a lease, we may be forced to bear (or, to the extent required under the relevant lease, to share) the cost of any airworthiness directives compliance.

The effects of various environmental, health and safety laws and regulations may negatively affect the airline industry.

Many aspects of commercial airlines' operations, including aircraft and engine noise and emissions levels, are subject to comprehensive federal, state, local and foreign environmental, health and safety laws and regulations relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the protection of health and safety. Environmental, health and safety laws and regulations are subject to change, have tended to become more stringent over time and violations can result in substantial fines, permit revocation or other damages. There is also global pressure from consumers and governments alike for the aviation industry to reduce its environmental impact and reach "net zero targets" by 2050. This could result in a disruption to the industry for a period of time as new technologies are developed, new regulations are passed and as consumer attitudes towards air travel may change. This may have an impact on cashflows for a period. Moreover, investment in new technologies which are more fuel efficient, or in the development of sustainable aviation fuel or in carbon offset projects may lead to increased capital expenditures. Any or all of these factors could have a material adverse effect on the airline industry and on our business, financial condition and results of operations and our ability to meet our financial obligations as well as the value of the notes.

Governmental regulation of aircraft and engine noise and emissions levels apply based on where the relevant airframe is registered and where the relevant aircraft is operated. For example, the United States and the International Civil Aviation Organization (the "ICAO") each regulate the maximum noise level that an individual civil aircraft can emit by requiring aircraft to meet certain noise certification standards and have adopted stringent standards for noise levels that apply to engines manufactured or certified on or after January 1, 2006. In 2014, the ICAO adopted more stringent noise level standards for certain aircraft type designs, and the United States has adopted noise regulations to harmonize with the new ICAO standards. Currently, United States regulations do not require any phase-out of older aircraft that comply with the older standards, but the E.U. has established a framework for the imposition of operating limitations on aircraft that do not comply with the newer standards. There is also the risk of future penalties for not meeting environmental targets in line with our ESG strategy, which was released in December 2021, or in line with the Paris Agreement (as defined below).

In addition to noise restrictions, the United States and other jurisdictions have imposed limits on aircraft engine emissions, such as NO_x, CO and CO2, consistent with current ICAO standards that can restrict operational flexibility and decrease aircraft productivity. In 2016, the ICAO adopted the Carbon Offset and Reduction Scheme for International Aviation ("CORSIA"), a global market-based scheme aimed at reducing carbon dioxide emissions from international aviation that will become mandatory in 2027. At least 126 states, including the United States, have indicated that they will participate in the voluntary phase-in of CORSIA from January 1, 2024. Limitations on emissions could favor younger, more fuel-efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, on favorable terms, or at all. Until the technical rules are developed by ICAO, costs for compliance cannot be determined. The United States adopted rules to incorporate the new standards into domestic law.

The E.U. has included the aviation sector in its emissions trading scheme ("ETS"), and has attempted to apply the ETS to flights outside of European airspace. This effort has been opposed by the U.S. and other countries. The ETS is currently suspended for flights from or to non-European countries, but this exemption is extended only until 2027, by which time the ETS will be assessed by the E.U. after there is more clarity on the content and nature of CORSIA and the extent of participation by Europe's international partners. In the absence of a new amendment, the ETS would revert to its original full scope and include flights from or to non-European countries from 2027.

Additionally, in 2015, over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions at the United Nations Framework Convention on Climate (the "Paris Agreement"). However, on November 4, 2020, the United States withdrew from the Paris Agreement. In January 2021, after former President Joseph Biden was sworn into office as President of the United States, a series of executive orders were issued, which in part led to the United States again depositing an instrument of acceptance of the Paris Agreement. Recently, with President Trump's second term, the United States has again withdrawn from the Paris Agreement. The Paris Agreement does not expressly reference aviation, but could result in an adverse direct or indirect effect on the aviation industry as a whole. Such inconsistency in the American regulatory regime makes it harder to predict what business adaptations and requirements airlines will undertake to address climate change, or whether required to address it at all. Other countries are also considering withdrawing from the Paris Agreement. Such fluctuating policy positions on climate change could create uncertainty, could require repeated changes to internal policies and compliance practices and could cause significant differences in climate regulations based on jurisdiction, which could ultimately adversely affect our financial position, cash flows and results of operations.

Over time, it is likely that governments will adopt additional regulatory requirements and/or market-based policies that are intended to further reduce energy usage, emissions and noise levels from aircraft. Such initiatives may be based on concerns regarding climate change, energy security, public health, local impacts or other factors, and may also impact the global market for certain aircraft and cause behavioral shifts that result in decreased demand for air travel. These concerns could also result in greater limitations on the operation of our fleet, particularly aircraft equipped with older technology engines.

Compliance with current or future regulations relating to the use of sustainable aviation fuels, carbon offsets, alternative technology aircraft, taxes or duties could cause our lessees to incur higher costs and lead to higher ticket prices, which could mean lower demand for travel and adverse impacts on the financial condition of our lessees. Such compliance may also affect our lessees' ability to make rental and other lease payments and limit the market for aircraft in our portfolio, which could have other negative effects on our financial position.

Moreover, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer term changes in weather patterns and other climate-related events, could affect the airline industry and therefore, our operations and financial results. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change.

ESG matters may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting continues to be expected by investors, shareholders, regulatory agencies and other third parties. Certain organizations that provide corporate governance and other corporate risk information to investors have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or "sustainability" metrics. Some investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. Board diversity is an ESG topic that is, in particular, receiving heightened attention by investors, shareholders, lawmakers and listing exchanges. We may also face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third party rating services.

However, anti-ESG initiatives might serve as a counteracting concern in the future, particularly in light of recent executive orders issued by President Trump. In recent years anti-ESG sentiment has gained momentum in the United States, with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions, and could find support in President Trump's ESG Executive Order, regardless of the anticipated challenges to it. Further, some conservative groups and Republican state attorneys general have asserted that the Supreme Court's decision striking down race-based affirmative action in higher education in June 2023 should be analogized to private employment matters and private contract matters. Several new cases alleging discrimination based on similar arguments have been filed since the decision, which has escalated scrutiny of certain practices and initiatives related to diversity, equity, and inclusion, ("DEI"). This scrutiny may increase in light of President Trump's repealing of a 1965 Executive Order barring employment discrimination by federal contractors and new Executive Order issued on January 20, 2025 directing federal agencies to terminate DEI mandates, policies and programs, dissuading private companies from implementing them and suggesting the risk of legal actions or civil investigations for employers who do not comply (though specifications of what policies could merit investigation are not provided). The future impact of these actions on existing DEI regulations cannot be predicted at this time, particularly given that such new orders are likely to face legal challenges. However, in the interim, such anti-ESG and anti-DEI-related policies, legislation, initiatives, litigation, legal opinions, and scrutiny could result in additional compliance obligations or become the subject of investigations or enforcement actions.

In addition, on February 26, 2025, the Omnibus Simplification Package was published by the EU Commission, which seeks to significantly reduce the reporting requirements of businesses of their greenhouse gas

(“GHG”) emissions, and other environmental, social and governance actions. The entry qualification of businesses for CSRD purposes was raised in the proposal, from 250 employees to 1,000 employees, with an annual net turnover in excess of €450 million. Significant changes were also proposed to the Corporate Sustainability Due Diligence Directive and Taxonomy Regulation, in a further attempt to reduce reporting obligations on business and enhance competitiveness. Pending their approval by the European Parliament, and transposition into national legislation, the new qualification criteria would remove the reporting obligation from an estimated 80% of businesses who are currently mandated by the rule. The Omnibus Simplification Package is to be considered at the next session of the European Parliament in November 2025, and additional changes to its requirements are at risk.

Airline defaults under our leases could adversely affect us.

Our principal business is the acquisition and leasing of commercial aircraft to airlines. The ability of airlines to lease our aircraft and perform under our leases is affected by their financial strength and the risks facing airlines at any given time, including passenger air travel and cargo demand, geopolitical and other events such as war, regional conflicts and unrest, civil disturbances, acts of terrorism, outbreaks of epidemic diseases and natural disasters and the availability and price of jet fuel.

To the extent that our lessees are affected by these risk factors, we may experience:

- lower demand for the aircraft in our fleet, which results in lower market lease rental rates and lease margins;
- a higher incidence of lessee defaults, lease restructurings and aircraft repossessions; or
- difficulty in placing new and used aircraft on commercially acceptable terms when they become available, resulting in aircraft not earning revenue and the requirement for payments for storage, insurance, maintenance and other items.

If we repossess an aircraft after a lessee default, we may be required to incur significant unexpected costs. These costs likely would include legal and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of an aircraft, particularly if the lessee is in bankruptcy or contesting the proceedings to obtain possession and/or re-registration of the aircraft. In addition, during these proceedings, the relevant aircraft would likely not be generating revenue. We could also incur substantial maintenance, refurbishment or repair costs if a defaulting lessee fails to pay such costs and such maintenance, refurbishment or repairs are necessary to put the aircraft in suitable condition for re-lease or sale; storage costs associated with any aircraft that we repossess and are unable to immediately place with another lessee; costs associated with the payment of liens, taxes and other governmental charges on repossessed aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessee might have incurred in connection with the operation of its other aircraft; and other costs in connection with the physical repossession of the aircraft, including costs for pilots and other personnel and costs related to retrieving or recreating aircraft records required for registration of the aircraft and obtaining a certificate of airworthiness. Some of these costs may be substantial.

We may also suffer other adverse consequences as a result of a lessee default and the related termination of the lease and the repossession of the related aircraft. Our rights upon a lessee default are subject to requirements and conditions of applicable law, which may include the need to obtain a court order for repossession of the aircraft and/or consents for deregistration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, administration, insolvency or similar proceedings, additional limitations may apply. In addition, certain jurisdictions will give broad rights to a trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third-party, or will entitle the lessee or a third-party to retain possession of the aircraft without paying lease rentals or performing all or some of the obligations under the relevant lease. Accordingly, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft, in some cases for substantial periods of time.

Our aircraft and our operations may not be insured at all times as a result of lessees’ failure to maintain the required insurance during the course of a lease, lessees’ coverage limits becoming exhausted or lessees’ insurers excluding coverage for certain risks.

While we do not directly control the operation of aircraft, in certain jurisdictions aircraft lessors and/or owners are held strictly liable for losses resulting from the operation of aircraft or for illegal activities involving such aircraft, and in other jurisdictions aircraft lessors may be deemed liable on other theories of liability. Our customers are required under their leases to indemnify us for, and insure against, liabilities arising out of use and operation of the aircraft, including third-party claims for death or injury to persons and damage to property for which we may be deemed liable. Our lessees are also required to maintain public liability, property damage and hull all risks insurance on the aircraft at agreed upon levels and name us on such required insurances as an additional insured party. They are not, however, required to maintain political risk insurance. The hull insurance is typically subject to standard market hull deductibles based on aircraft type that generally range from $250,000 to $1,000,000 per aircraft. These deductibles may be higher or lower in some leases. Deductibles in hull insurance apply in case of repair but in the event of a total loss no deductible applies. Lessees usually have fleet-wide aggregate limits on war risk insurance though these limits may be lowered or subject to sub-limits and reduced notice periods for some countries, given the continuing dislocation of the hull war insurance market. Any hull insurance proceeds received in respect of such claims will be paid first to us or our financiers, in the event of a total loss of the aircraft, or, in the absence of a total loss of the aircraft, subject in some cases to minimum thresholds, to the lessee, to effect repairs. Proceeds of liability insurance for indemnification of third-party liabilities will be paid to the relevant third parties.

In addition, there are certain risks or liabilities that our lessees may face for which insurance coverage may be unavailable or for which the cost to obtain such coverage may be prohibitively expensive. For example, following the terrorist attacks of September 11, 2001, non-government aviation insurers significantly reduced the amount of insurance coverage available for claims resulting from acts of terrorism, war, dirty bombs, biohazardous materials, electromagnetic pulses or similar events. More recently, as a result of the Russia-Ukraine Conflict, adverse developments have been occurring in the aircraft insurance and re-insurance markets, including significant increases in premiums and the termination of certain coverages. Aviation insurers continue to exclude or restrict certain coverage in the affected region and incorporate other limitations on coverage (such as certain hull, hull war and confiscation coverage) and have increased premiums, compared to insurance coverage prior to the Russia-Ukraine Conflict. It is possible that certain coverages may be available only at increased premiums, for reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage required by aircraft lenders and lessors or by applicable governmental regulations, or not be available at all.

There can be no assurance that our lessees' insurance, including any available governmental supplemental coverage, will be sufficient to cover all types of claims that may be asserted against us. While we currently maintain certain contingent insurance coverage to provide protection where a lessee's insurance coverage may be unavailable or inadequate, such coverage may not be sufficient or may not be available in certain circumstances. Default by lessees in fulfilling their indemnification obligations, insolvency and/or financial default of the lessees' insurers may leave us exposed for hull losses or liability claims not covered by insurance. If we had to pay these losses directly, it could have a material adverse effect on our financial condition, cash flow and results of operations and our ability to satisfy our debt obligations, including the notes.

Our aircraft may not at all times be duly registered with the appropriate governmental civil aviation authority as a result of lessees failing to maintain such registration during the course of a lease.

Pursuant to the terms of our aircraft leases, our aircraft are required to be duly registered at all times with the appropriate governmental civil aviation authority. Under the laws of most jurisdictions, our aircraft are registered in the name of our lessees. In such case, the failure by a lessee to maintain the registration of any aircraft that is on lease would be a default under the applicable lease, entitling us to exercise our rights and remedies thereunder, but if an aircraft were to be operated without a valid registration, the relevant lessee or, in some cases, we, as the direct or indirect owner or lessor of the aircraft, might be subject to penalties, which could constitute or result in a lien being placed on such aircraft. Lack of registration could have other adverse effects, including grounding of the aircraft and loss of insurance. We cannot assure you that our lessees will always comply with their registration requirements imposed under the leases and applicable law.

If our lessees fail to appropriately discharge aircraft liens, we may be obliged to pay the debts secured by such aircraft liens.

In the ordinary course of business, liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, landing charges, crew wages, repairer's charges, salvage or other charges are likely, depending on the jurisdiction in question, to attach to aircraft that we have leased to a lessee. Such liens may secure substantial sums; in certain jurisdictions and for certain types of liens (particularly fleet liens), the sums secured may exceed the value of the particular aircraft to which such liens have attached. Although the obligation to pay the amounts secured by such liens is the responsibility of the lessees, if they fail to fulfill their obligations, liens may attach to the aircraft leased from us. In some jurisdictions, such liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft.

Until they are discharged (and all other liens on the airlines assets required to be discharged or satisfied to repossess have been discharged), the liens described above could impair our ability to repossess, re-lease or resell our affected aircraft or could impose a substantial cost in doing so. We cannot assure you that the lessees will comply with their obligations under the leases to discharge liens arising during the terms of the leases. If they do not, we may, in some cases, find it necessary to pay the claims secured by such liens in order to repossess the aircraft, which could have a material adverse effect on our financial condition, cash flow and results of operations.

If our lessees encounter financial difficulties and we restructure or terminate our leases, we are likely to obtain less favorable lease terms.

If a lessee delays, reduces or fails to make rental or maintenance payments when due, or otherwise encounters financial difficulties, we may elect or be required to restructure or terminate the lease. For instance, during the COVID-19 pandemic, SMBC Aviation Capital documented a number of rental deferrals and restructurings with customers.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations." A restructured lease will likely contain terms less favorable to us or economic concessions. If we are unable to agree on a restructuring deal and we terminate the lease, we may not receive all or any payments still outstanding, and we may be unable to re-lease the aircraft promptly and at favorable rates, if at all. If we are forced to perform a significant number of restructurings and terminations, the associated reduction in lease revenue could materially and adversely affect our financial condition, cash flow and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The appreciation of the U.S. dollar could negatively impact our lessees' ability to honor the terms of their leases, which are generally denominated in U.S. dollars, and may result in lost revenues and reduced net income.

Many of our lessees are exposed to currency risk due to the fact that they earn revenues in their local currencies while a significant portion of their liabilities and expenses are denominated in U.S. dollars, including their lease payments to us, as well as fuel, debt service, and other expenses. As of September 30, 2025, 87% of our portfolio by NBV consisted of assets on lease to customers who have their principal place of business outside the U.S. The ability of our lessees to make lease payments to us in U.S. dollars may be adversely impacted in the event of an appreciating U.S. dollar. This is particularly true for non-U.S. airlines whose operations are primarily domestic. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly as evidenced by the significant appreciation of the U.S. dollar in 2022. Should our lessees be unable to honor the terms of their leases due to the appreciation of the U.S. dollar, we may experience lost revenues and reduced net income.

Instability in the banking system or financial markets could impair our lessees' ability to finance their operations, which could affect their ability to comply with payment obligations to us.

Adverse changes in the global banking system or the global financial markets may have a material adverse effect on our business. Many of our lessees have expanded their airline operations through borrowings and some are highly leveraged. These lessees depend on banks and the capital markets to provide working capital and to refinance existing indebtedness. Global financial markets can be highly volatile and the availability of credit from financial markets and financial institutions can vary substantially. Events that adversely impact capital markets, such as bank failures and/or distressed bank consolidations, could lead to the imposition of stricter capital requirements on borrowers, reduce the general availability of credit or otherwise result in higher borrowing costs, limiting our lessees' abilities to finance their operations, which could affect their ability to meet payment obligations to us.

Existing and future litigation against us could materially and adversely affect our business, financial position, liquidity or results of operations.

From time to time in the future we may be a defendant in lawsuits relating to our business. We cannot accurately predict the ultimate outcome of any litigation due to its inherent uncertainties. These uncertainties may be increased by our exposure to different liability standards and legal systems internationally, including some that may be less developed and less predictable than those in advanced economies. An unfavorable outcome could materially and adversely affect our business, financial position, liquidity or results of operations. In addition, regardless of the outcome of any litigation, we may be required to devote substantial resources and executive time to the defense of such actions.

Our business and earnings may be adversely affected by general business, geopolitical and economic conditions throughout the world.

Our business and earnings may be adversely affected by general business and economic conditions throughout the world. A recession or worsening of economic conditions, or continued or worsening outbreaks of epidemic diseases, escalations of war, armed hostilities or conflicts (including the Russia-Ukraine Conflict and the current conflicts in the Middle East and Asia), terrorist attacks and any related geopolitical conditions, particularly if combined with high fuel prices, may have a material adverse effect on the ability of our lessees to meet their financial and other obligations under our leases. If our lessees default on their obligations to us under our leases, our financial condition, cash flow and results of operations could be materially and adversely affected. General business and economic conditions that could affect us include future possible epidemics, local, regional and global conflicts, including the Russia-Ukraine Conflict and the current conflicts in the Middle East and Asia, the level and volatility of short-term and long-term interest rates as well as global oil prices, inflation, employment levels, bankruptcies, supply chain and freight carrier issues caused by conflict or other events, demand for passenger and cargo air travel, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor confidence and the strength of the global, regional and local economies in which we operate.

Inconsistencies in trade policies may also adversely affect us. For example, under President Trump's first term, the U.S. had indicated support for certain restrictions on free trade. Although such free trade restrictions were not pursued in the following administration, President Trump has since indicated support for such restrictions in his second term and implemented increases on tariffs on goods imported into the U.S. from most nations globally, and particularly on goods imported into the U.S. from China, Canada, India and Brazil. In response, some jurisdictions have announced tariffs on various goods imported from the United States, including tariffs imposed by China on aircraft imported from the United States. Such inconsistencies in trade policies can cause uncertainty, could require us to repeatedly change our internal policies and compliance practices and could impact our business strategies, financial condition and results of operations.

In Europe, political uncertainty has created financial and economic uncertainty. For example, the economic consequences of the UK's exit from the European Union in January 2020 ("Brexit"), including the possible repeal of open-skies agreements, remain highly uncertain and could have a material adverse effect on our business. Further, many of the structural issues facing the E.U. following the global financial crisis of 2008 and Brexit remain, and problems could resurface that could affect market conditions, and, possibly, our business, financial results and liquidity, particularly if they lead to the exit of one or more countries from the European Monetary Union (the "EMU") or the exit of additional countries from the E.U. If one or more countries exited the EMU, there would be significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and it would likely lead to complex and lengthy disputes and litigation. Additionally, it is possible that political events in Europe could lead to the complete dissolution of the EMU or E.U. The partial or full breakup of the EMU or E.U. would be unprecedented and its impact highly uncertain, including with respect to our business.

We are subject to various risks and requirements associated with transacting business in multiple countries which could have a material adverse effect on our business, financial condition and financial results.

Our international operations expose us to obligations and risks under trade and economic sanctions and other restrictions imposed by the United States, Ireland, the E.U., the United Nations and other governments or organizations. Under these trade and economic sanctions and other restrictions, various government agencies may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned individuals or entities, and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of these laws or regulations could adversely impact our business, financial condition and financial results.

The U.S. Departments of Justice, Commerce, State and Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act ("FCPA"), and other federal statutes and regulations, including those established by the Office of Foreign Assets Control ("OFAC"). In addition, the U.K. Bribery Act of 2010 (the "Bribery Act") and the Irish Criminal Justice (Corruption Offences) Act 2018 (the "Corruption Offences Act") prohibits both domestic and international bribery, as well as bribery across both private and public sectors. An organization that "fails to prevent bribery" by anyone associated with the organization can be charged under the Bribery Act unless the organization can establish the defense of having implemented "adequate procedures" to prevent bribery. Similarly, under the Corruption Offences Act, a corporate body may be impugned with criminal liability for the corrupt actions of its agents unless it can prove that it "took all reasonable steps and exercised all due diligence to avoid the commission of the offence." A violation of these laws or regulations could adversely impact our business, financial condition and financial results.

The U.S., E.U., the UK, Switzerland, Japan, Canada and other jurisdictions have imposed sanctions in response to Russia's invasion of Ukraine, including sanctions that impact the airline industry. Certain jurisdictions have also suspended the granting of certain types of export licenses to Russia. Russia has imposed its own sanctions on certain individuals in the United States and may impose other sanctions on the United States and the European Union and/or certain businesses or individuals from these regions. We cannot ensure that the current sanctions or any further sanctions imposed by the European Union, the United States or other international interests against Russia or any other country, territory or person will not materially adversely affect our business, financial condition and financial results. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Russia Related Sanctions."

Additionally, other developments in U.S. laws and regulatory environment, including but not limited to executive orders such as Executive Order (E.O.) 13959, "Addressing the Threat from Securities Investments That Finance Communist Chinese Military Companies," may further restrict our ability to transact with certain China-based businesses and the customers and suppliers of such businesses.

We have implemented and maintain policies and procedures reasonably designed to promote compliance with applicable requirements of the FCPA and the Bribery Act as well as the Corruption Offences Act and other applicable anti-corruption laws and regulations, as well as applicable sanctions, export controls and anti-terrorism and anti-money laundering laws and regulations. We cannot ensure, however, that our directors, officers, consultants, employees or agents will not engage in conduct for which we may be held responsible, nor can we ensure that our business partners will not engage in conduct which could materially affect their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Moreover, while we believe that we have been in compliance with all applicable sanctions laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to change. Violations of the FCPA, the Bribery Act, the Corruption Offences Act, other anti-corruption laws and regulations, or sanctions, export controls, or anti-terrorism and anti-money laundering laws or regulations may result in severe criminal or civil penalties, and which could have a material adverse effect on our business, financial condition and financial results.

We may be indirectly subject to many of the economic, legal and political risks associated with emerging markets.

A portion of our fleet is leased to airlines in emerging market countries. Emerging market countries typically have less-developed economies and are often more vulnerable than other countries to economic and political problems. Emerging market countries also may have less developed legal systems, particularly with respect to aviation and leasing, and may make it more difficult to repossess an aircraft or otherwise assert our rights as lessor or owner in such jurisdiction. Emerging market countries may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. The occurrence of any of these events in markets served by any of our lessees and the resulting economic instability that may arise could have a material adverse effect on the value of our ownership interest in aircraft subject to leases in such countries, or the ability of our lessees that operate in these markets to meet their lease obligations.

Further, demand for aircraft is dependent on passenger and cargo traffic, which in turn is dependent on general economic conditions. As a result, weak or negative economic growth in emerging markets may have an indirect effect on the value of the assets that we acquire if airlines and other potential lessees are adversely affected. Pandemics and economic and geopolitical events may further exacerbate economic conditions if emerging markets ultimately face higher rates of infection and other difficulties (including difficulties related to vaccine availability and the ability to offer economic stimulus) compared to mature markets. For these and other reasons, our financial condition, cash flow and results of operations and ability to satisfy our debt obligations, including the notes, may be materially adversely affected by adverse economic and political developments in emerging market countries.

We might be unable to attract and retain key personnel.

The success of our business largely depends on our ability to attract and retain key personnel. Our senior management's reputation and relationships with financing parties, lessees and aircraft manufacturers are a critical element of our business. Strong competition exists for qualified personnel with demonstrated ability. Inability to retain key personnel, or to attract and retain additional qualified personnel, could have a material adverse effect on our financial condition, cash flow and results of operations.

Terrorist attacks or the fear of such attacks or civil unrest, even if not made directly on the airline industry, could adversely affect lessees and the airline industry.

Continued or future outbreaks or escalations of war, armed hostilities or conflicts (such as the Russia-Ukraine Conflict and the current conflicts in the Middle East and Asia), terrorist attacks, or the fear of such events, could decrease demand for air travel or increase the operating costs of our customers. The situations in Iraq, Afghanistan, Syria, Iran and throughout the Middle East, North Africa and Ukraine remain unsettled, and other international incidents, such as terrorist attacks in the United Kingdom, Belgium, France, Germany and Turkey, tension over North Korea's nuclear program and territorial disputes in East Asia and the Middle East, may lead to regional or broader international instability. Future terrorist attacks, war or armed hostilities, large protests or government instability, or the fear of such events, could further negatively impact the airline industry and may have an adverse effect on the financial condition and liquidity of our lessees, aircraft values and rental rates and may lead to lease restructurings or aircraft repossessions, all of which could adversely affect our financial results and growth prospects.

Terrorist attacks and geopolitical conditions have negatively affected the airline industry, and concerns about geopolitical conditions and further terrorist attacks could continue to negatively affect airlines (including our lessees) for the foreseeable future, as a result of various factors, including: (i) higher costs to the airlines due to increased security measures; (ii) losses in revenue and increased costs due to (a) safety concerns or the inconvenience of additional security measures required to address terrorist attacks and geopolitical conditions and (b) the imposition of sanctions and airspace closures as a result of war, armed hostilities or conflicts or terrorist attacks; (iii) decreases in passenger demand and revenue due to a decrease in travel; (iv) decrease in the value of aircraft due to the withdrawal from operation of a number of aircraft in a country or region that is the subject of or affected by sanctions or airspace closures; (v) the price and availability of jet fuel and the ability to obtain fuel hedges under current market conditions; (vi) higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, or at all; (vii) higher costs of aircraft insurance coverage for future 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; (viii) the ability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and (ix) special charges recognized by some airlines, such as those related to the impairment of aircraft and other long lived assets stemming from the above conditions.

A cyber-attack that bypasses our information technology, or IT, security systems, causing an IT security breach, may lead to a material disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Our business depends on the secure operation of our computer systems to manage, process, store and transmit information associated with aircraft leasing. We have, from time to time, experienced threats to our data and systems, including malware, email impersonation and business email compromise attempts. A cyber-attack could adversely impact our daily operations and lead to the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liability. These attacks are becoming increasingly sophisticated through the use of artificial intelligence and machine learning tools and tactics and are often well-funded, including in some cases by state sponsors. While we devote substantial resources to maintaining adequate levels of cyber security at a technical and procedural level, our resources and technical expertise may not be adequate to prevent targeted, highly sophisticated cyber-attacks and attackers.

We are subject to data security and privacy risks, including evolving laws and regulations and associated compliance efforts, which could negatively affect our results, operations or reputation.

We must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation ("GDPR"), which became effective on May 25, 2018. GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information also could result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Like in the European Union, a number of states in the U.S. (including California) have passed or are considering passing consumer privacy and personal data protection laws and regulations. Such laws and regulation will create additional obligations related to the protection of consumer personal data and may be costly for our clients or us to implement. There is also discussion in Congress of a new comprehensive federal data protection and privacy law to which we likely would be subject if it is enacted. Such new laws and proposed legislation, if passed, could have conflicting requirements that could make compliance challenging, require us to expend significant resources to come into compliance, and restrict our ability to process certain personal information. It is difficult to predict the full extent to which these laws may affect our or our customers' businesses.

We may use artificial intelligence, automated decision-making and machine learning technology (collectively, "Machine Learning Technology") in order to realize operating efficiencies in our business. Recent technological advances in Machine Learning Technology, including OpenAI's release of its ChatGPT application, pose risks to us. Our personnel, affiliates, or other third parties working with us or on our behalf could, unbeknownst to us, utilize Machine Learning Technology, including in ways that could subject us to potential liabilities. We could be further exposed to the risks of Machine Learning Technology if third-party service providers or any other counterparties with whom we interact, whether or not known to us, also use Machine Learning Technology in their business activities. Machine Learning Technology and its applications continue to develop rapidly, and it is impossible to predict the future risks that may arise from current or future use of Machine Learning Technology, including as a result of new laws that may be enacted to regulate the use of Machine Learning Technology. The introduction of the European Union Artificial Intelligence Act currently provides a regulatory framework for the use of Machine Learning Technology, including new legal requirements regarding our use of Machine Learning Technology.

Changes in interest rates may adversely affect our net income, particularly by increasing our cost of borrowing.

Like many leasing companies, we are subject to interest rate risk. We use a mix of fixed rate and floating rate debt to finance our business. The principal amount of our outstanding floating rate debt was $1.3 billion (net of swaps) as of September 30, 2025. Our cost of borrowing is affected by the interest rates that we obtain on our debt financings, which can fluctuate based on, among other things, general market conditions, the market's assessment of our credit risk, prevailing interest rates in the market, fluctuations in U.S. Treasury rates and other benchmark rates, changes in credit spreads or swap spreads, and the duration of the debt we issue. While we routinely enter into hedging transactions to mitigate this risk, those hedging transactions may not sufficiently insulate us from the impact of changes in interest rates and may cause us to forgo any benefit that might result from favorable fluctuations in such rates. In addition, we are exposed to the credit risk that the counterparties to our derivative contracts will default on their obligations. Please refer to "Qualitative Disclosures about Commercial and Market Risk" for further details on our interest rate risk. Our primary source of income is leases with multi-year fixed rates. A mismatch in the rates that we are obligated to pay to finance our business and the rents that accrue under leases can negatively impact our net income.

U.S. interest rates fluctuated through 2025 as tariffs, trade wars and the U.S. Government shutdown has led to market volatility. The U.S. Federal Reserve delivered a 25-basis point cut in late October 2025 as anticipated by the market. If interest rates increase, we will be obligated to make higher interest payments to the lenders of our floating rate debt, which will negatively impact our net income to the extent that those payments are not hedged. Increasing rates may also increase the cost of any new financing we may raise during this period, which could, if not hedged, impact our net income. Typically, we are not able to immediately offset this negative impact by increasing the rates on our leases. During the six months ended September 30, 2025, 94.6% of our rentals receivable was attributable to leases with fixed lease rates and 5.4% was derived from leases with lease rates tied to floating interest rates. As our leases are primarily for multiple years with fixed lease rates for the duration of the lease, we generally cannot increase the lease rates with respect to a particular aircraft until the expiration of the lease, even if the market is able to bear the increased lease rates. As a result, there will be a lag in our ability to adjust and pass on the costs of increasing interest rates. Rising interest rates may also have a negative impact on the financial condition of our lessees, who may find it more difficult to service their debt and obtain new financing on favorable terms. While most of our leases have fixed lease rates, some lessees do have floating rate leases, and rising interest rates may increase the risk of a lessee with floating rate lease rates defaulting as payments due to us increase.

We are also exposed to certain risks from interest rate decreases. Decreases in interest rates may adversely affect our interest revenue on cash deposits and our lease revenue. A decrease in interest rates would also cause a decrease in our lease revenue from leases with lease rates tied to floating interest rates. We could also experience reduced lease revenue from our fixed rate leases if interest rates decrease because these are based, in part, on prevailing interest rates at the time we enter into the lease. As a result, new fixed rate leases we enter into at a time of lower interest rates may be at lower lease rates than had no such interest rate decrease occurred, adversely affecting our lease revenue. This may be particularly harmful to our business if we incur debt at higher interest rates and enter into leases at a time of lower interest rates.

Inflationary pressure may have a negative impact on our financial results, including by diminishing the value of our leases.

After a sustained period of relatively low inflation rates, inflation rose above or near recent historical highs in the United States, the European Union, the United Kingdom and other countries for the year ended March 31, 2023. Although inflation rates have since decreased in the United States, inflation remains above the Federal Reserve System's goal of an annual 2% rate. High inflation has resulted in market volatility and uncertainty for global commerce. Although we are currently unable to determine to what extent continued inflation may impact us, future increased rates of inflation may have a number of adverse effects on our business. Inflation may increase the costs of goods, services and labor used in our operations, thereby increasing our expenses. To the extent that we derive our income from leases with fixed rates of payment, high rates of inflation will cause a greater decrease in the value of those payments than had the rates of inflation remained lower. Because our leases are generally for multi-year periods, there may be a lag in our ability to adjust the lease rates for a particular aircraft accordingly. High rates of inflation may also lead policymakers to attempt to decrease demand or to adopt higher interest rates to combat inflationary pressures, resulting in the risks detailed in "—Changes in interest rates may adversely affect our net income, particularly by increasing our cost of borrowing." Our suppliers and lessees may also be subject to material adverse effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption.

The Issuer and the Parent are Irish tax residents and we cannot assure you that the tax rate applicable to each entity will not change in the future.

The Issuer is a qualifying company within the meaning of section 110 of the Taxes Consolidation Act 1997 of Ireland (as amended) and as such is currently subject to Irish corporate tax on its taxable profits at a rate of 25% (for additional information, see "Certain Irish Tax Considerations"). The Parent is a company carrying on a trade in Ireland and as such is subject to Irish corporate tax on its net taxable income at a rate of 12.5%. There can be no assurance that the 25% tax rate or the 12.5% tax rate, as applicable, or the methodology for calculating the taxable income of the Issuer or the Parent, will not change in the future.

Consistent with the global minimum corporate tax rate initiative (discussed further below), Ireland has introduced a minimum effective corporate tax rate of 15% for "large" companies (i.e., certain companies with a global consolidated revenue above €750 million). Companies with a global consolidated revenue below €750 million should continue to be taxed at 12.5%. The Parent and the Issuer are expected to be part of a group with global consolidated revenues above €750 million, thereby attracting the 15% corporate tax rate.

In addition, any changes in the specific tax legislation could increase the effective tax rate applicable to the Parent and the Issuer.

The Base Erosion and Profit Shifting ("BEPS") initiative by the Organization for Economic Cooperation and Development ("OECD") may impact the effective tax rate of our Parent in future periods.

The OECD introduced an action plan in respect of base erosion and profit shifting (the "BEPS Action Plan"), which consisted of 15 action points to tackle tax-avoidance. These action points target tax avoidance measures such as hybrid instruments, excessive interest deductions, treaty shopping, and permanent establishment avoidance, among others.

Representatives from over 100 jurisdictions, including Ireland, have signed up to the Multilateral Instrument ("MLI"). The MLI seeks to implement agreed tax treaty-related measures combating tax avoidance into bilateral existing tax treaties without the need to renegotiate a new treaty. The MLI is now fully operational and in force in Ireland. Changes to Ireland's treaties which are now operational under the MLI include:

- a statement in the preamble to the treaty, confirming that the treaty is not being used for treaty-shopping purposes.

- inclusion of a principal purpose test ("PPT"), which, in simplistic terms, will disallow treaty benefits where the main purpose or one of the main purposes of structuring the transaction is to obtain the benefits of the treaty.

The MLI also includes provisions aiming to reduce the "dependent agent" permanent establishment threshold. While this change has not been inserted into Ireland's tax treaties under the MLI, there is a possibility that some countries could seek a bilateral re-negotiation on the point to change the dependent agent provisions in their tax treaty with Ireland. Any such change could take some time to be agreed and be subsequently ratified before it could come into effect.

Additional changes to tax law will be required in order to fully implement the BEPS Action Plan. At this moment, it is difficult to determine what BEPS actions the governments of the jurisdictions (including Ireland) in which our customers operate will take. Depending on the nature of the BEPS action plans adopted by the Irish and other government authorities, there may be adverse effect on the cash flows of the Issuer that would otherwise be available to make payments on the Notes.

The OECD also introduced a new program (referred to as "BEPS 2.0") with a view to creating an international consensus on new rules for the framework for international taxation, particularly for businesses with valuable intangible assets; however, the rules are anticipated to have a much wider scope than this. The BEPS 2.0 program is divided into two Pillars: Pillar 1 and Pillar 2. The stated aim of Pillar 1 is to move beyond the arm's length principle and the scope of current taxing rights which are limited to businesses with a physical presence in a country. The new rules, some of which have been adopted, would readjust the balance of taxing rights and multinational companies ("MNC") profit allocation between jurisdictions where MNC assets are owned and the markets where users / consumers are based.

Pillar 2 of BEPS 2.0 concerns the development of a minimum tax rate and set of rules (the "Global Anti-Base Erosion Rules") to provide a coordinated system to ensure that MNC's with revenues above €750 million pay a minimum level of tax of 15% on the income arising in each of the jurisdictions in which they operate. Similarly, the E.U. has adopted a minimum tax directive (the "E.U. Minimum Tax Directive") which largely conforms to the Global Anti-Base Erosion Rules. The E.U. Minimum Tax Directive will provide the primary basis for the enactment of the Pillar 2 agreement in Ireland, with the legislation being enacted through the Irish Finance (No.2) Act 2023. As of the date of this offering memorandum, the legislation has been enacted into Irish Law through the Irish Finance (No. 2) Act 2023, with the rules for Pillar 2 applying for accounting periods beginning on or after December 31, 2023. The first accounting period to which this is relevant for the Issuer and our Parent is the year ended March 31, 2025. These rules will likely impact the effective tax rate of the Issuer and our Parent in future periods which may affect your ability to receive payment on the notes. Several sets of guidance on the operation of Pillar 2 have been issued since the introduction of the Global Anti-Base Erosion Rules. Any further guidance or directives issued by the OECD or the EU could alter the operation of this tax and any such changes to how this tax operates could have an adverse impact on the effective tax rate of the Issuer and the Parent.

The E.U. Anti-Tax Avoidance proposals may impact the effective rate of tax of our Parent in future periods.

The E.U. Anti-Tax Avoidance Directive (the "E.U. ATAD") and the amending directive (the "E.U. ATAD 2") oblige all member states to introduce a number of anti-tax avoidance measures. The Directive lays down measures to combat tax avoidance practices that directly affect the functioning of the internal market. Many of these measures have been derived from the OECD's BEPS initiative and there are a number of similarities between the OECD proposals and E.U. ATAD and E.U. ATAD 2. However, even where there are common concepts between the OECD BEPS initiative and E.U. ATAD and E.U. ATAD 2, there are a number of differences in detail.

The E.U. ATAD calls for (i) restrictions on the deductibility of interest, (ii) measures in respect of certain hybrid transactions and instruments, (iii) an exit charge, (iv) a switch over rule, (v) controlled foreign company rules and (vi) a general anti-avoidance rule. While Ireland already had an appropriate general anti-avoidance rule in place prior to the publishing of the E.U. ATAD, other provisions modeled after the E.U. ATAD have been introduced into Irish law on a staggered basis over the last several years, including provisions intended to limit the deductibility of interest with effect from January 1, 2022, applying to accounting periods commencing on or after that date. Such rules provide that a restriction on deductibility of 'exceeding borrowing costs' of 30% of EBITDA will apply, where 'exceeding borrowing costs' means broadly, deductible interest expense in excess of taxable interest revenue. As a result, the Revenue Commissioners of Ireland (the "**Revenue Commissioners**") have introduced a number of relief measures and exemptions from these rules, including a *de minimus* exclusion, leasing income concessions and grouping provisions. For more information on the interest restriction rules and their potential applicability to the Issuer, see "Certain Irish Tax Considerations."

The E.U. ATAD 2 addresses hybrid mismatches and reverse hybrid mismatches. The rules under the E.U. ATAD 2 apply only in the case of a mismatch between a taxpayer and an "associated enterprise" or, in the case of "structured arrangements," between the parties involved (all terms as defined for the purpose of these rules).

For a discussion of the hybrid mismatch rules under the E.U. ATAD 2 and their potential applicability to the Issuer, see "Certain Irish Tax Considerations." The rules equally apply to our Parent and, to the extent that the rules apply to restrict deductibility of certain payments, this could have an impact on the effective tax rate of our Parent for future periods.

The FASTER Directive

On December 10, 2024, the EU Council adopted the proposal on the Faster and Safer Tax Relief of Excess Withholding Taxes Directive (the "FASTER Directive"). The FASTER Directive applies to dividends from publicly traded shares and, where applicable, interest from publicly traded bonds paid to registered owners who are resident for tax purposes outside a given EU Member State. Member States will be required to transpose the FASTER Directive into national law by December 31, 2028, with the rules becoming applicable as of January 1, 2030.

Until final Irish implementing legislation is published, the possible impact of the FASTER Directive on the notes is uncertain. It is expected that the final rules will provide for additional registration and reporting requirements for financial intermediaries. It is also possible that the FASTER Directive will impact the Irish tax treatment of the Issuer and the Parent.

We operate in multiple jurisdictions and may become subject to a wide range of income and other taxes.

We operate in multiple jurisdictions and may become subject to a wide range of income and other taxes. If we are unable to continue to execute our business in jurisdictions with favorable tax treatment, our operations may be subject to significant income and other taxes. Moreover, as our aircraft are operated by our lessees in multiple states and foreign jurisdictions, we may have a nexus or a taxable presence as a result of our aircraft landings in various states or foreign jurisdictions. Such landings may result in us being subject to various foreign, state and local taxes in such states or foreign jurisdictions.

We are indirectly wholly-owned by our shareholders.

Our shareholders (through subsidiaries and other equity investments) hold all of the equity of SMBC Aviation Capital and have appointed a majority of the board of directors of SMBC Aviation Capital and provide a majority of our funding. So long as our shareholders continue to own all of the equity of SMBC Aviation Capital, they will continue to be able to strongly influence or effectively control our decisions. Our shareholders may have economic or business interests or goals that are inconsistent with ours and could take actions that could adversely affect our business, financial condition and results of operations. For example, Sumitomo will, upon completion of the Sumisho Investment, hold a 37.50% economic interest in Sumisho and therefore indirectly the Air Lease delivered fleet, which could lead to other conflicts in the event of a difference of opinion between Sumitomo and us as co-investors in Sumisho.

In addition, none of our shareholders is a guarantor of the notes and holders of the notes do not have recourse to our shareholders if we fail to meet our payment obligations under the notes. If our shareholders are unable to continue to hold their equity investments, this could affect our organizational structure, potential future capital contributions or loans from our shareholders, our credit ratings (which are partly dependent on the fact that we are majority owned by SMFG) and the value of the notes, or our compliance with certain covenants governing our outstanding indebtedness, which could have a material adverse effect on our financial condition, cash flow and results of operations and our ability to satisfy our debt obligations, including the notes.

Conflicts of interest may arise between us and clients who will utilize our aircraft investment services, which could negatively affect our business interests, cash flow and results of operations.

Conflicts of interest may arise between us and third-party aircraft owners, financiers and operating lessors who hire us to perform aircraft investment services such as leasing, remarketing, lease management and sales services. These conflicts may arise because services we anticipate providing for these clients are also services we will provide for our own fleet, including the placement of aircraft with lessees. Our current fleet management services agreements provide, and we expect our future fleet management services agreements to provide, that we will use our reasonable commercial efforts in providing services, and include mechanics to manage any conflicts of interest. Nevertheless, despite these contractual provisions, competing with our fleet management clients in practice may result in strained relationships with them, which could negatively affect our business interests, cash flow and results of operations. Further, our serviced fleet will increase significantly as a result of the Sumisho Investment, which may also have the effect of exacerbating the risk that conflicts of interest arise.

Risks Relating to the Sumisho Investment

We may not realize the anticipated benefits of the servicing arrangement and Orderbook Acquisition.

Our servicing of a substantial majority of Sumisho Air Lease's aircraft leased to non-U.S. airlines on behalf of Sumisho Air Lease, and our acquisition of Air Lease's orderbook are expected to result in financial and operational benefits, including increased revenues, incomes, synergies and cost savings going forward. There can be no assurance, however, regarding when or the extent to which we will be able to realize these increased revenues, incomes, synergies, cost savings or other benefits. The anticipated benefits of the servicing arrangement and the Orderbook

Acquisition are subject to a number of uncertainties, including the ability to timely realize accretive benefits and the level of attrition from professionals licensed or associated with Air Lease. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could in turn materially and adversely affect our overall business, financial condition and operating results.

The Sumisho Investment may prove disruptive and could result in the transaction failing to meet our expectations.

In connection with the Sumisho Investment, we will acquire Air Lease's orderbook and will service its existing portfolio of aircraft leased to non-U.S. airlines. Upon consummation of the servicing arrangement and the Orderbook Acquisition, we will own, be committed to purchase or service over 1,700 aircraft, which will significantly increase the scale of our portfolio of owned and serviced aircraft. The process of expanding our operations to manage such an enlarged fleet may require a disproportionate amount of resources and management attention. Our management team may encounter unforeseen difficulties in managing this expansion. Our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention could affect our revenues and ability to achieve operational, financial and strategic objectives.

The Sumisho Investment could involve unknown risks that could harm our non-majority investment in Sumisho.

Our indirect acquisition of a non-majority interest in Air Lease through our investment in Sumisho may involve unknown risks. We cannot assure you that our customary due diligence investigations will identify all material issues that may be present with the Sumisho Investment, or that it would uncover all material issues, or that factors which may be outside of our control will not later arise. Even if our due diligence investigations successfully identify certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. We may be unable to adequately address the financial, legal and operational risks raised by our investment. The realization of any unknown risks could expose us to unanticipated costs and liabilities and prevent or limit us from realizing the projected benefits of the Sumisho Investment.

The Sumisho Investment could adversely impact our relationship with our customers and may result in the departure of key personnel.

Our customers may refrain from leasing or re-leasing our aircraft until they determine whether the Sumisho Investment will affect our business, including, but not limited to, the pricing of our leases, the availability of certain aircraft, and our customer support. Our customers may also choose to lease aircraft and purchase services from our competitors until they determine whether the Sumisho Investment will affect our business or our relationship with them. Uncertainty concerning potential changes to us and our business could also harm our ability to enter into agreements with new customers. In addition, key personnel may depart for a variety of reasons, including perceived uncertainty regarding the effect of the Sumisho Investment on their employment.

Significant costs have been, and will continue to be, incurred in connection with the Sumisho Investment including legal, accounting, tax, financial advisory and other costs.

We have incurred, and expect to continue to incur, significant costs in connection with the Sumisho Investment and integrating the orderbook of Air Lease into our business.

In addition, we have incurred a significant amount of transaction fees and other one-time costs related to the closing of the Sumisho Investment and additional unanticipated costs may yet be incurred as we integrate the servicing of the aircraft portfolio of Air Lease into our existing fleet.

In connection with the Orderbook Acquisition, we have assumed potential liabilities relating to Air Lease's orderbook, and we may not have identified all such liabilities and other risks.

In connection with the Orderbook Acquisition, we may not have identified and thereby assumed potential liabilities relating to Air Lease's orderbook. To the extent we have not identified such liabilities or to the extent the indemnifications obtained from other parties are insufficient to cover known liabilities, these liabilities could have a material adverse effect on our business, financial condition and results of operations.

There are a number of factors, certain of which are beyond our control, which may affect our ability to consummate the Sumisho Investment.

While Sumisho has entered into a Merger Agreement (as defined herein) with Air Lease, the consummation of the Merger (as defined herein) is subject to the satisfaction of various conditions, certain of which, including, though not limited to, the ability to secure the necessary regulatory approvals, are beyond Sumisho Air Lease's control.

In the event the Merger is not consummated, SMBC Aviation Capital, in its role as a Sumisho Investor, will incur certain transaction-related fees and one-time costs (such as its portion of the reverse termination fee), and may have also increased its level of indebtedness due to the Sumisho Investment, both of which may affect our business, financial condition and results of operations. See "The Sumisho Investment".

We are indirectly acquiring a non-majority interest in Air Lease, and we may face limited flexibility or potential conflicts of interest with the other investors in Air Lease.

Our participation in the Sumisho Investment with Sumitomo, Apollo and Brookfield may be subject to risks, including the following:

- We share approval rights over certain major decisions affecting the ownership or operation of Sumisho and any assets owned by Sumisho;
- We may need to contribute additional capital in order to preserve, maintain or grow Sumisho and its investments;
- The other investors in Sumisho may have economic or other business interests or goals that are inconsistent with our business interests or goals and this misalignment could affect our ability to fully benefit from the assets owned by Sumisho; and
- Disagreements with the other investors in Sumisho could result in litigation or arbitration that could be expensive and distracting to management and could delay important decisions.

Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

Sumisho Air Lease will have a significant amount of indebtedness, which could impact the value of and return on our investment.

Sumisho Air Lease will have a substantial amount of existing debt that will not be refinanced in connection with the Sumisho Investment and will incur additional indebtedness to consummate the Sumisho Investment, both of which could adversely affect its financial flexibility, operational performance and ability to generate sufficient cash flow. Such leverage may increase risks of default, reduce Sumisho Air Lease's ability to recognize expected returns and impact our ability to realize a return on our investment in Sumisho Air Lease.

Risks Relating to our Indebtedness and the Notes

The Issuer is a finance company dependent upon cash flow from the Parent and its subsidiaries to meet its obligations under the notes.

The Issuer is a special purpose finance company with no independent business operations. It has limited assets, no subsidiaries and no ability to generate revenue other than through the Parent. As such, the Issuer will be wholly dependent upon payments from the Parent to meet its obligations, including its obligations under the notes.

Various agreements governing the debt of the Parent and the Parent's subsidiaries may restrict and, in some cases may actually prohibit, the ability of those entities to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation and limit the amounts that some of the Parent's subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. The inability to transfer cash among entities within the Parent and the Parent's subsidiaries' respective restrictive groups may mean that even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity to another in their restricted group in order to make payments to the entity owing the obligations.

The notes and the guarantee are structurally subordinated to all future and existing obligations of the Parent's subsidiaries, which may affect your ability to receive payment on the notes.

The notes and the guarantee are the Issuer's and the Parent's respective unsecured general obligations and will be structurally subordinated to all future and existing obligations of the Parent's subsidiaries (other than the Issuer). As of the closing date, none of the Parent's subsidiaries will guarantee the notes. The notes and the guarantee will be structurally subordinated to all existing and future obligations, including indebtedness and preferred stock, of the Parent's subsidiaries (other than the Issuer). The claims of creditors of the Parent's subsidiaries, including trade creditors, will have priority as to the assets of the Parent's subsidiaries. As of September 30, 2025, the Parent's subsidiaries had $2.06 billion[10] of liabilities and indebtedness to which the notes and the guarantee would be structurally subordinated.

The Parent currently conducts a portion of its operations through its subsidiaries and some of its subsidiaries have significant liabilities. In addition, the Parent may create additional subsidiaries and conduct additional operations through its subsidiaries in the future and, accordingly, its subsidiaries' liabilities may increase. The Parent's cash flow and the Parent's and Issuer's ability to service their debt, including, respectively, the guarantee and the notes, therefore partially depends upon the earnings of the Parent's subsidiaries and the distribution of earnings, loans or other payments by those subsidiaries to the Parent.

The Parent's subsidiaries are separate and distinct legal entities and (other than the Issuer) have no obligation to pay any amounts due on the notes or, subject to existing or future contractual obligations between the Parent and its subsidiaries, to provide the Parent or the Issuer with funds for their respective payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by the Parent's subsidiaries to the Parent could be subject to statutory or contractual restrictions and taxes on distributions. Payments to the Parent by its subsidiaries will also be contingent upon the subsidiaries' earnings and business considerations. Any inability of the Parent's subsidiaries to make dividends or distributions to the Parent, whether by reason of financial difficulties or other restrictions, could have a material adverse effect on the Issuer's ability to service and repay its debt, including the notes.

The Parent's right to receive any assets of any of its subsidiaries upon liquidation or reorganization, and, as a result, the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. The indenture permits the Parent's subsidiaries to incur secured and unsecured debt and permits the Parent to establish additional subsidiaries in the future. In addition, even if the Parent were a creditor of any of its subsidiaries, the Parent's rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to indebtedness held by the Parent.

[10] Comprised of $1.36 billion of A preference shares and $700 million of B preference shares.

The Issuer's and the Parent's existing and future secured creditors will have prior claims on certain of their respective assets and, if a default occurs, the Issuer and the Parent may not have sufficient funds to fulfill their respective obligations under the notes and the guarantee.

The notes and the guarantee are the Issuer's and the Parent's respective unsecured general obligations and will rank equally in right of payment with their existing and future unsecured indebtedness. The notes and the guarantee are subject to prior claims on certain of the Issuer's and the Parent's assets by their respective existing and future secured creditors and the indenture permits each of the Issuer and the Parent to incur additional secured and unsecured debt.

In addition, the JBIC Facilities include a requirement that the Parent provide JBIC with such additional security for the outstanding loans thereunder (the "JBIC Facilities Lien") as JBIC may, in its sole discretion, require. If JBIC were to exercise such right under the JBIC Facilities, and depending on the amount of the JBIC Facilities Lien, all or a substantial portion of the Parent's assets could be pledged in the future to secure its obligations under the JBIC Facilities. JBIC has agreed that it will not request additional security from the Parent under each of the JBIC Facilities unless, in the reasonable opinion of JBIC, such request is necessary in order to protect the rights, interest and claims of JBIC under the relevant JBIC Facility and has further agreed that a request shall not be deemed to be reasonable when (i) in the case of the 2012 JBIC Facility, both (A) SMBC's absolute and unconditional guarantee of payment of the 2012 JBIC Facility remains in effect and (B) neither of S&P nor Fitch has assigned to SMBC a credit rating that is less than investment grade and (ii) in the case of the 2019 JBIC Facility, either (A) SMFG directly or indirectly holds at least 50% of the beneficial ownership of the Parent or (B) either S&P or Fitch has assigned to the Parent a credit rating that is at least investment grade. As of the date of this offering memorandum, each of SMBC and the Parent was rated investment grade by each of S&P and Fitch, however, we cannot assure you that SMBC and/or the Parent will not be subject to a future ratings downgrade below investment grade. JBIC has never requested the Parent to provide additional security for the JBIC Facilities and we believe that JBIC currently has neither the ability nor the intention to request any such additional security. For more information about the terms of the JBIC Facilities, see "Description of Other Financial Indebtedness—Amortizing Loan Facility with the Japanese Bank of International Cooperation."

In the event of the Parent's insolvency, bankruptcy, liquidation, reorganization, examinership, dissolution or other winding up, proceeds from the disposition of assets that secure debt, including the JBIC Facilities to the extent that JBIC has exercised its JBIC Facilities Lien right, will be available first, to pay (i) the claims of a limited category of preferential creditors, such as the claims of employees and certain taxes on a winding-up, and the remuneration, costs and expenses properly incurred by any liquidator to or examiner of the Issuer and/or the Parent (as the case may be) (which may include any borrowings made by an examiner to fund the Issuer's requirements for the duration of his appointment) that have been approved by the Irish High Court (see "—If the Issuer or the Parent is unable to pay its debts, an examiner may be appointed under Irish law to oversee the Issuer's or the Parent's operations" below) and (ii) the obligations on the debt secured by those secured assets. Holders of the notes will participate in the Parent's remaining assets ratably with all of its unsecured and unsubordinated creditors. If the Issuer and/or the Parent incurs any additional obligations that rank equally with the notes and/or the guarantee (as the case may be), the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed upon the insolvency, bankruptcy, liquidation, reorganization, examinership, dissolution or other winding up of the Issuer and/or the Parent (as the case may be). This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all these creditors, all or a portion of the notes then outstanding would remain unpaid.

As of September 30, 2025, the Parent and its subsidiaries had $70.8 million of secured indebtedness outstanding and, after giving effect to the possible imposition of a JBIC Facilities Lien in an amount equal to the entire outstanding amount of the JBIC Facilities as of such date, would have had $1.37 billion of secured indebtedness outstanding.

Certain of our debt agreements contain covenants that impose restrictions on us and our subsidiaries that may limit our flexibility to operate our business.

The agreements governing the Parent's debt, including any indentures, Export Credit Agency ("ECA") guaranteed financings, revolving credit facilities, term financing facilities, other commercial bank financings and other agreements impose operating and financial restrictions on its activities. These restrictions include certification to, compliance with or maintenance of certain financial tests and ratios, including certification of net worth and maintenance of interest expense coverage ratios, and limit or prohibit the Parent's and its subsidiaries' ability to, among other things:

- sell assets;
- incur additional indebtedness;
- create liens on assets;
- enter into transactions with affiliates;
- engage in mergers or consolidations; and
- change the business conducted by the borrowers and their respective subsidiaries.

These restrictions could seriously harm the Parent's ability to operate its business by, among other things, limiting its ability to take advantage of financing, amalgamation, merger and acquisition and other corporate opportunities.

Various risks, uncertainties and events beyond the Parent's control could affect its ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in the Parent's existing or future financing agreements would result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit debt holders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt and to terminate any commitments to lend. Under these circumstances, the Parent may have insufficient funds or other resources to satisfy all its obligations, including its obligations under the guarantee. In addition, the limitations imposed by financing agreements on the Parent's ability to incur additional debt and to take other actions may significantly impair its ability to obtain other financing.

The limited covenants applicable to the notes may not provide protection against some events or developments that may affect the Issuer's or Parent's ability to repay the notes or the guarantee or the trading prices for the notes.

The indenture governing the notes, among other things, does not:

- require the Issuer or the Parent to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the notes in the event that the Issuer or the Parent experiences significant adverse changes in its financial condition or results of operations;
- limit the Issuer's or the Parent's ability to incur indebtedness, including secured indebtedness (subject to compliance with the liens covenant), that is senior to or equal in right of payment to the notes;
- limit the Parent's subsidiaries' ability to incur secured (subject to compliance with the liens covenant) or unsecured indebtedness, which would be structurally senior to the notes;
- restrict the Issuer's or the Parent's ability to repurchase or prepay their securities;
- restrict the Issuer's or the Parent's ability to make investments; or
- restrict the Issuer's or the Parent's ability to pay dividends or repurchase or make other payments in respect of the Issuer's or the Parent's common stock or other securities ranking junior to the notes.

For these reasons, the limited protection investors are entitled to could have a material negative impact on the value of an investor's investment.

Our substantial level of indebtedness could impair our financial condition and the Parent's and the Issuer's ability to fulfill their debt obligations, including the notes and the guarantee.

We have substantial indebtedness. As of September 30, 2025, our total consolidated indebtedness was $15.8 billion. Our level of indebtedness and the covenants contained in the agreements governing our debt could have important consequences, including:

- making it more difficult for the Parent and the Issuer to satisfy their obligations with respect to the notes and the guarantee and our other indebtedness, which could in turn result in an event of default on such other indebtedness or the notes;

- impairing our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;

- requiring us to dedicate a substantial portion of cash flow from operations to debt service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;

- increasing our vulnerability to adverse economic and industry conditions;

- limiting flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- limiting your rights to receive payments under the notes if secured creditors have not been paid;

- placing us at a competitive disadvantage compared to our competitors that have proportionately less debt; and

- making us vulnerable to increases in interest rates.

Our policy is to align the leases and the underlying loan financing based on interest rate basis, currency and term, where feasible on an overall portfolio basis. Facilities are aligned in terms of interest rate basis; however, we do have leases that are not aligned by term. This is the nature of portfolio funding rather than match funding to specific leases and all are reviewed monthly; trading leases through the cycle will also have an impact on term alignment. As of September 30, 2025, our principal outstanding indebtedness was fully matched by currency, as we currently do not have any non-U.S. dollar denominated debt.

Despite the Parent's current indebtedness levels, the Parent or its subsidiaries (including the Issuer) may still be able to incur significantly more debt, which could exacerbate the risks associated with the Parent's substantial debt.

The Parent or its subsidiaries (including the Issuer) may be able to incur additional debt in the future. The terms of the Parent's financing facilities and the indenture governing the notes allows the Parent and its subsidiaries (including the Issuer) to incur substantial amounts of additional debt, subject to certain limitations.

The Issuer and the Parent may not be able to service their debt and meet their other cash needs, which will require a large amount of cash that may not be available.

The Issuer's and the Parent's ability to service their indebtedness, including the Issuer's ability to make scheduled payments of principal and interest on the notes, or to refinance their indebtedness, including the notes, will depend upon the Parent's future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond its control.

In addition, the Issuer's and the Parent's ability to borrow funds in the future to repay, refinance or make payments on their debt will depend on the satisfaction of the covenants in their term financing facilities and their agreements governing their other debt, including the indenture governing the notes, and other agreements they may enter into in the future, including securitizations. Many of our loan documents require that we maintain a specified interest expense coverage ratio of not less than 1.50 to 1.00. See "Description of Other Financial Indebtedness." The Issuer and the Parent cannot assure you that their businesses will generate sufficient cash flow from operations or that future borrowings will be available under term financing facilities or from other sources in an amount sufficient to pay their debt, including the notes, or other liquidity needs.

If the Issuer's and the Parent's cash flows and capital resources are insufficient to fund their debt service obligations, they may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance the notes or other indebtedness. The Issuer's and the Parent's ability to restructure or refinance their debt will depend on the condition of the capital markets and their financial condition at such time. Any refinancing of debt could be at higher interest rates and may require the Issuer and the Parent to comply with more onerous covenants, which could further restrict their business operations. Existing or future debt instruments may restrict the Issuer or the Parent from adopting some of these alternatives. These alternative measures may not be successful and may not permit the Issuer or the Parent to meet their scheduled debt service obligations.

If the Parent defaults on its obligations to pay other indebtedness, the Issuer may not be able to make payments on the notes.

Any default under certain agreements governing the Parent's other indebtedness that is not waived by the required holders of such indebtedness, and the remedies sought by the holders of such indebtedness, could leave the Issuer unable to pay principal or interest on the notes and could substantially decrease the market value of the notes. If the Parent is unable to generate sufficient cash flow and is otherwise unable to obtain funds necessary to meet required payments of principal or interest on such indebtedness, or if the Parent otherwise fails to comply with the applicable covenants, including financial and operating covenants, in those agreements governing its indebtedness, it could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, which in turn could trigger cross defaults under other agreements governing some of the Parent's other indebtedness. The Parent may not have, and may not be able to obtain, sufficient funds to pay any accelerated amounts, and it could be forced into bankruptcy or liquidation.

Changes in the credit ratings of the Parent, the Issuer or the notes may adversely affect the value and liquidity of the notes, the Issuer's and the Parent's borrowing costs and their ability to access capital markets.

Any credit ratings on the notes are limited in scope, are not a recommendation to buy, sell or hold the notes and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of any such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in each rating agency's judgment, circumstances so warrant. Any downgrade, placement on negative watch or change in outlook or anticipated changes or downgrades on the Issuer's or the Parent's debt credit ratings generally or the ratings on the notes could impact the trading prices for, or the liquidity of, the notes and adversely affect the Issuer's or the Parent's cost of borrowing, limit their access to the capital markets or result in more restrictive covenants in future debt agreements.

Redemption may adversely affect your return on the notes and you may have reinvestment risk.

The Issuer has the right to redeem some or all of the notes prior to maturity, as described under "Description of the Notes—Maturity, Optional Redemption" and "Description of the Notes—Optional Redemption for Changes in Withholding Taxes." The Issuer may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security and obligor at an effective rate as high as that of the notes.

The Issuer may not be able to repurchase the notes upon a Change of Control Triggering Event.

Our shareholders may have an interest in pursuing a sale, divesture, merger or other disposition of all or part of us that they believe could enhance their equity investments. Upon the occurrence of a Change of Control Triggering Event, as defined in "Description of the Notes—Repurchase at the Option of Holders," each holder of notes will have the right to require the Issuer to repurchase all or any part of such holder's notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including the date of repurchase. If the Issuer experiences a Change of Control Triggering Event, it cannot assure you that it would have sufficient financial resources available to satisfy its obligations to repurchase the notes. The Issuer's failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture governing the notes, which could result in defaults under the instruments governing the Parent's other indebtedness, including the acceleration of the payment of any borrowings thereunder, and have material adverse consequences for the Issuer, the Parent and the holders of the notes. See "Description of the Notes—Repurchase at the Option of Holders."

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of "substantially all" of our assets.

A Change of Control Triggering Event will require the Issuer to make an offer to repurchase all of the outstanding notes. One of the circumstances under which a Change of Control, which is a condition to a Change of Control Triggering Event, may occur is upon the sale or disposition of "all or substantially all" of the assets of the Parent. There is no precise established definition of the phrase "substantially all" under applicable law and the interpretation of that phrase will likely depend upon particular facts and circumstances. Accordingly, the ability of a holder of notes to require the Issuer to repurchase its notes as a result of a sale of less than all of the Issuer's assets to another person may be uncertain.

The Issuer may be unable to repay the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. The Issuer may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If upon the maturity date other arrangements prohibit the Issuer from repaying the notes, it could try to obtain waivers of such prohibitions under those arrangements, or it could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if the Issuer was not able to obtain such waivers or refinance these borrowings, it would be unable to repay the notes.

The Issuer and the Parent are not regulated by any securities, commodities or banking regulatory authority in Ireland or elsewhere, but they cannot assure you that no such laws may be applicable to them in the future.

The Issuer and the Parent believe that they are not required to be licensed or authorized under any current securities, commodities or banking laws of Ireland, their jurisdiction of incorporation, or any other jurisdictions, and none of the Parent's subsidiaries are subject to such regulation. There is no assurance, however, that laws or regulations will not change or that regulatory authorities in one or more jurisdictions may not take a contrary view regarding the applicability of any such laws to the Issuer, the Parent or its subsidiaries. If the Issuer, the Parent or its subsidiaries becomes subject to regulation, it could have an adverse impact on the Issuer, the Parent or the holders of the notes.

The Issuer and the Parent are organized in Ireland, and Irish law differs from U.S. law and may afford you less protection.

Holders of the notes may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. As a designated activity company and a limited company organized under the laws of Ireland, respectively, the Issuer and the Parent are subject to the Companies Acts, 2014 of Ireland (the "Irish Companies Act") and other provisions of Irish law. The Irish Companies Act differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors.

Under Irish law, the duties of directors and officers of a company are generally owed to the company only. Security holders of Irish companies generally do not have rights to take action against directors or officers of the company, except in limited circumstances. Officers of an Irish company must, in exercising their powers and performing their duties, among other things, act in good faith and in the best interests of the company and must exercise due care, skill and diligence. But because their fiduciary duty is owed to the company and directors and officers have no duty with respect to security holders directly, holders of the notes may not have the same protection provided under U.S. laws.

Judgments obtained in a court of the United States may not be enforceable in Ireland and it may be difficult to serve process on the Issuer and the Parent.

Each of the Issuer and the Parent is incorporated under the laws of Ireland. In addition, certain of the directors and officers of the Issuer and the Parent are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Issuer and the Parent are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer or the Parent, or to enforce against them in U.S. courts judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States.

The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland. A judgment of the U.S. courts will be enforced by the Irish courts if the following general requirements are met: (i) the procedural rules of the U.S. court must have been observed and the U.S. court must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, the Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (a) if the judgment is not for a definite sum of money; (b) if the judgment was obtained by fraud; (c) if the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (d) if the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland; (e) the judgment is inconsistent with a judgment of the Irish courts in respect of the same matter; or (f) if jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules.

The guarantee of the notes by the Parent may be voidable, subordinated or limited in scope under laws governing fraudulent transfers and insolvency.

The guarantee of the notes by the Parent may be subject to review under Irish law in the following circumstances:

- if the Parent, having become the subject of liquidation proceedings within six months of issuing the guarantee, or two years if the guarantee is given in favor of anyone who is, in relation to the Parent, a connected person (or, in each case, such longer period as the Irish courts consider just and equitable having regard to the circumstances of the act concerned), is made the subject of an application by the liquidator, on behalf of the Parent, to the Irish courts to void the guarantee on the grounds that the issuance of the guarantee constituted a preference over other creditors at a time when the Parent was insolvent; or

- if the Parent were wound up, the Irish courts, on the application of a liquidator or creditor, may, if it can be shown that the guarantee or any payments made thereunder constituted a fraud on the Parent, order a return of payments made by the Parent under the guarantee; or

- if the Parent having become insolvent, or deemed likely to become insolvent, is made the subject of court protection under the examinership procedure (see further below) and the court approves a scheme for the compromise of debts of the Parent.

In an insolvency of an Irish company, the claims of certain preferential creditors (including the Revenue Commissioners for certain unpaid taxes) will rank in priority to claims of unsecured creditors. If the Parent becomes subject to an insolvency proceeding and the Parent has obligations to creditors that are treated under Irish law as creditors that are senior relative to the holders of the notes, the holders of the notes may suffer losses as a result of their subordinated status during such insolvency proceeding.

If a court voided the guarantee or any payment under the guarantee of the notes as a result of a fraudulent transfer or held it unenforceable for any other reason, the rights of holders of the notes under the guarantee would be seriously undermined and such holders could cease to have any claim against the Parent under the guarantee of the notes.

If the Issuer or the Parent is unable to pay its debts, an examiner may be appointed under Irish law to oversee the Issuer's or the Parent's operations.

Both the Issuer and the Parent are resident in Ireland for tax purposes and their respective centers of main interest for the purposes of Regulation (E.U.) 2015/848 on insolvency proceedings (recast) is likely to be Ireland. If the Issuer or the Parent (each a "Relevant Company") is unable, or likely to be unable, to pay its debts, an examiner may be appointed to oversee that Relevant Company's operations and to facilitate its survival and the whole or any part of its business by formulating proposals for a compromise or scheme of arrangement. If an examiner has been appointed to a Relevant Company or any of its subsidiaries, the examinership may be extended to that Relevant Company and any of its related companies, including the Issuer and/or the Parent, even if the Relevant Company is not itself insolvent. There can be no assurance that either Relevant Company would be exempt from an extension of the examinership.

If an examiner is appointed to a Relevant Company, a protection period, which is not likely to exceed 100 days but which may be longer, will be imposed so that the examiner can formulate and implement his proposals for a compromise or scheme of arrangement. During the protection period, any enforcement action by a creditor is prohibited. In addition, the applicable Relevant Company would be prohibited from paying any debts existing at the time of the presentation of the petition to appoint an examiner. The appointment of an examiner may restrict the ability of the Issuer to make timely payments under the notes and holders may be unable to enforce their rights under the notes and/or, as applicable, may restrict the ability of the Parent to make timely payments under its guarantee and holders may be unable to enforce their rights under the guarantee. During the course of examinership, holders' rights under the notes and/or the guarantee may be affected by the examiner's exercise of his powers to, for example, repudiate a restriction or prohibition on further borrowings or the creation of a security interest. Further, a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer or the Parent to the holders of the notes irrespective of their views. In the event that a scheme of arrangement is not approved and the applicable Relevant Company subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of that Relevant Company and approved by the Irish High Court) and the claims of certain other creditors referred to above (including the Revenue Commissioners for certain unpaid taxes) will take priority over the amounts due by that Relevant Company to the holders of the notes.

Irish company law contains certain rules regarding the enforcement of guarantee in an examinership and in the event of the appointment of an examiner to the Issuer there are certain steps which the holder of the guarantee from the Parent will have to observe strictly in order to maintain its rights to enforce the obligations of the Parent under the guarantee. In this respect, a notice containing an offer by the holder of the guarantee to transfer to the Parent such holder's rights to vote on the examiner's proposals in respect of the Issuer must be served on the Parent within certain prescribed time limits. There is no flexibility in relation to the prescribed time limits and they must be strictly adhered to. If the creditor under the guarantee does not comply with the notification procedure, it may not enforce, by legal proceedings or otherwise, the obligations of the Parent in respect of the debts of the Issuer or pursuant to the guarantee.

Your ability to transfer the notes may be limited by the absence of an active trading market, and an active trading market may not develop for the notes.

The notes will be a new issue of securities for which there is no established public market. The Initial Purchasers have advised us that they intend to make a market in the notes as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to make a market in the notes and may discontinue their market-making activities at any time without notice. Application will be made to quote the notes on the official list of the CSX. Because the notes are being sold pursuant to an exemption from registration under applicable securities laws and, consequently, may not be publicly offered, sold or otherwise transferred in any jurisdiction where a registration may be required, no public market for the notes is expected to develop. See "Plan of Distribution." Therefore, we cannot assure you as to the development or liquidity of any trading market for the notes. The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of the notes;
- our operating performance and financial condition;
- the prospects for companies in our industry generally;
- the market for similar securities and the state of credit markets generally;
- the interest or ability of securities dealers (including due to regulatory developments) in making a market in the notes; and
- prevailing interest rates.

Holders of the notes will not be entitled to registration rights, and the Issuer does not currently intend to register the notes under applicable securities laws. There are restrictions on your ability to transfer or resell the notes without registration under applicable securities laws.

The notes are being offered and sold pursuant to an exemption from registration under U.S. and applicable state securities laws and the Issuer does not plan to register the notes under any U.S. and applicable state securities laws in the future. You may transfer or resell notes in the U.S. only in a transaction registered under, or exempt from the registration requirements of, the U.S. and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "Transfer Restrictions."

We are not providing all of the information that would be required if the notes were being registered with the SEC.

This offering memorandum does not include all of the information that would be required if we were registering the notes with the SEC. For instance, in an offering registered with the SEC we would be required to include pro forma financial information giving effect to the Sumisho Investment and the Order Book Acquisition, as well as the incurrence of any debt to finance these transactions. In light of the nature of these transactions and their contemplated effect on our financial statements, no pro forma information is provided. This lack of information could impair your ability to evaluate your investment in the notes.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately $ million after deducting the Initial Purchasers' discount but excluding estimated offering expenses. We intend to use the net proceeds from the offering of the notes for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

THE SUMISHO INVESTMENT

Air Lease Merger

On September 1, 2025, Sumisho Air Lease Corporation Designated Activity Company ("Sumisho"), a holding company newly-formed and to be owned directly or indirectly by SMBC AC, Sumitomo Corporation ("Sumitomo"), affiliates of Apollo Capital Management, L.P. ("Apollo") and affiliates of Brookfield Asset Management Ltd. ("Brookfield" and, collectively, the "Sumisho Investors"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Air Lease Corporation ("Air Lease") and an indirect wholly owned subsidiary of Sumisho, Takeoff Merger Sub Inc. ("Merger Sub"), pursuant to which Merger Sub will merge with and into Air Lease (the "Merger"), with Air Lease surviving as an indirect wholly owned subsidiary of Sumisho (the "Sumisho Investment"). The Merger is expected to close in the first half of 2026.

Upon closing, the economic interests of the four Sumisho Investors in Sumisho, the new parent company established for the specific purpose of acquiring Air Lease, will be as follows: Sumitomo (37.50%); SMBC Aviation Capital (24.99%); Apollo (18.75%), and Brookfield (18.75%). Under the Merger Agreement, Sumisho will pay $65 per share of all outstanding Air Lease shares, which is a total valuation of approximately $7.4 billion for 100% of common equity of Air Lease (the "Merger Consideration"). Approximately $5.4 billion of the Merger Consideration will be funded by equity investments from the Sumisho Investors, which includes an approximately $1.4 billion equity investment from the Company, with the remainder of the $7.4 billion of Merger Consideration funded by debt of Sumisho and its subsidiaries, none of which will have recourse to the Company or its subsidiaries. Upon consummation of this transaction, Air Lease will become known as 'Sumisho Air Lease Corporation' (or "Sumisho Air Lease").

Both SMBC Aviation Capital and Sumisho Air Lease underwent ratings evaluation processes: SMBC Aviation Capital's ratings were confirmed at A- with S&P and BBB+ with Fitch; and Sumisho Air Lease's ratings were confirmed at BBB with S&P, BBB with Fitch and A- with Kroll. Confirmation of Sumisho Air Lease's investment grade ratings will ensure that the change of control provisions under Air Lease's outstanding bonds will not be triggered.

Consummation of the Merger is subject to customary conditions, including without limitation, (i) approval by the shareholders of Air Lease, (ii) (a) the expiration or termination of the waiting period under the HSR Act, which expired on November 7, 2025, (b) the receipt of approval under CFIUS, (iii) the approvals of or filings with, and the expiration or termination of waiting periods required by certain non-U.S. governmental entities, (iv) the absence of any applicable law, judgment, or other legal restraint or prohibition or binding order or determination by any governmental entity that prevents, makes illegal or prohibits the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (v) the accuracy of each party's representations and warranties (subject to certain qualifications) in the Merger Agreement, (vi) each party's performance in all material respects of its obligations under the Merger Agreement and (vii) the absence of the occurrence of a material adverse effect on Air Lease after the date of the Merger Agreement.

The Merger Agreement contains specified termination rights for each of the parties with termination fees payable by the parties upon termination under certain circumstances. Specifically, Air Lease will pay Sumisho a termination fee of $225,000,000 (i) if Air Lease terminates the Merger Agreement in favor of a superior proposal, (ii) if Sumisho terminates the Merger Agreement due to an adverse recommendation change, or (iii) if Air Lease terminates the Merger Agreement after receiving an alternative proposal and enters into a definitive agreement to consummate such alternative proposal within twelve (12) months of the termination.

Sumisho will be required to pay Air Lease a reverse termination fee of $350,000,000 if (i) either Sumisho or Air Lease terminates the Merger Agreement due to a final, non-appealable legal restraint which results from the failure to obtain any required regulatory approval, or (ii) if the Merger is not consummated on or before June 1, 2026 (after giving effect to any extension) by the parties and, in the case of either clause (i) or (ii), at the time of termination the only conditions to closing not satisfied are the conditions relating to the receipt of regulatory approvals and the absence of legal restraint (unless Air Lease's breach of the Merger Agreement was the primary cause of the failure of the applicable conditions to be satisfied).

Sumisho obtained commitment letters from lenders for up to an aggregate amount of approximately $12.1 billion in debt financing, none of which requires the debt to be recourse to the Company and its subsidiaries. The Merger is not subject to any financing contingency.

Air Lease Orderbook Transfer

Concurrent with closing, it is expected that the Company will acquire Air Lease's then outstanding OEM orderbook which is comprised of 228 aircraft as of September 30, 2025, with delivery dates ranging through 2030 (the "Orderbook Acquisition"). As of September 30, 2025, SMBC Aviation Capital's and Air Lease's orderbooks have a combined value of $28 billion. Under the Merger Agreement, Air Lease has agreed to provide commercially reasonable cooperation to Sumisho to facilitate the Orderbook Acquisition. Upon consummation of the Orderbook Acquisition, the Company would be sole holder of the rights to acquire the then undelivered aircraft comprising the Air Lease orderbook and not the other Sumisho Investors. The receipt of third-party consents to such transfer is not a condition to consummation of the Merger and if such approvals are not obtained prior to consummation the Merger, the Air Lease order book will be held by Sumisho.

Servicing Agreement

In connection with the Sumisho Investment, SMBC Aviation Capital will enter into an agreement with Sumisho, and certain of its subsidiaries, to act as exclusive servicer of Sumisho Air Lease's aircraft leased to non-U.S. airlines (the "Servicing Agreement"). The remaining and future aircraft leased to U.S. airlines will continue to be serviced by Sumisho Air Lease internally. Under the Servicing Agreement, SMBC Aviation Capital will be responsible for the provision of commercial, technical and risk management services for the relevant aircraft within Sumisho Air Lease's fleet leased to non-U.S. airlines.

Accounting Considerations

We will expect to account for the initial acquisition of our interest in and subsequent capital contribution to Sumisho at cost as an Investment in Associate on our Statement of Financial Position. After the Effective Time we expect to account for our 24.99% share of the profits or loss of Sumisho using the equity method, reflected as Income/Loss from Associates on the Statement of Profit or Loss and Comprehensive Income below Profit From Operating Activities.

We expect to recognize servicing fees received from Sumisho as Other Revenue. In addition, if we finance our portion of the equity investment to Sumisho with debt, such debt will increase our finance expense in the Statement of Profit or Loss and Comprehensive Income.

Upon consummation of the Order Book Acquisition, we will recognize an asset in an amount equal to the consideration paid for the pre-delivery payments already made with respect to the aircraft at cost and will disclose future commitments associated with future pre-delivery payments. For additional information on our accounting policies related to pre-delivery payments see Note 1(r) to our consolidated financial statements.

CAPITALIZATION

The following tables set forth our total financial obligations, shareholder equity and total capitalization as of September 30, 2025, on a historical basis and on an as adjusted basis to give effect to the issuance of the notes offered hereby (after deducting Initial Purchaser's discount including estimated offering expenses). The information presented in the table below should be read in conjunction with "Use of Proceeds" and "Description of Other Financial Indebtedness" and SMBC Aviation Capital's consolidated historical financial statements and the notes thereto, appearing elsewhere in this offering memorandum.

Unless otherwise indicated, any references to "as adjusted" figures or figures provided on an "as adjusted basis" give effect to this offering and the use of proceeds therefrom.

	As of September 30, 2025	
	Actual	As Adjusted
Financial obligations		
Loan amounts due to third-party undertakings (JBIC Facilities and other term loans from third parties)	$5,170,554	$5,170,554
Loan amounts due to parent group undertakings[(1)]	5,947,904	5,947,904
Other debt securities issues (2028 Notes[(2)])	498,871	498,871
Other debt securities issues (2026 Notes[(3)])	499,207	499,207
Other debt securities issues (2028 Notes[(4)])	647,511	647,511
Other debt securities issues (2033 Notes[(5)])	992,479	992,479
Other debt securities issues (2029 Notes[(6)])	647,441	647,441
Other debt securities issues (2034 Notes[(7)])	843,325	843,325
Other debt securities issues (2030 Notes[(8)])	496,657	496,658
Notes offered hereby[(9)]	-	
Total external financial obligations	$15,743,949	$
Shareholder equity		
Share capital	2,249,513	2,249,513
Other components of equity	452,859	452,859
Retained earnings	3,516,964	3,516,964
Total equity	6,219,336	6,219,336
Total capitalization	$21,963,285	$

(1) For more information on loan amounts due to parent group undertakings see "Description of Other Financial Indebtedness—Shareholder Loans."

(2) The $500.0 million in aggregate principal amount of 2.300% senior notes due 2028 issued on June 15, 2021 and the $650.0 million in aggregate principal amount of 5.45% senior notes due 2028 issued on May 3, 2023 (together, the "2028 Notes") are shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligations which are $500.0 million and $650 million, respectively.

(3) The $500.0 million in aggregate principal amount of 1.900% senior notes due 2026 issued on October 15, 2021 (the "2026 Notes") is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $500.0 million.

(4) The $650.0 million in aggregate principal amount of 5.450% senior notes due 2028 issued on May 3, 2023 (the "2028 Notes") is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $650.0 million.

(5) The $1.0 billion in aggregate principal amount of 5.700% senior notes due 2033 issued on July 25, 2023 (the "2033 Notes") is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $1.0 billion.

(6) The $650.0 million in aggregate principal amount of 5.300% senior notes due 2029 issued on April 3, 2024 (the "2029 Notes") is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $650.0 million.

(7) The $850.0 million in aggregate principal amount of 5.500% senior notes due 2034 issued on April 3, 2024 (the "2034 Notes") is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $850.0 million.

(8) The $500.0 million in aggregate principal amount of 5.100% senior notes due 2030 issued on April 1, 2025 (the “2030 Notes”) is shown net of unamortized facility fees. The amount included in our consolidated financial statements therefore does not reflect the contractual obligation which is $500.0 million.

(9) Amount represents the aggregate principal of the notes in this offering and has been adjusted for estimated facility fees of $.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements included elsewhere in this offering memorandum. Unless otherwise indicated or the context otherwise requires, "SMBC Aviation Capital", "we", "us", and "our" refer to SMBC Aviation Capital Limited and its direct and indirect subsidiaries, the term "Issuer" refers only to SMBC Aviation Capital Finance DAC and the term "Parent" refers only to SMBC Aviation Capital Limited.

Overview

SMBC Aviation Capital is one of the world's leading aircraft operating lease companies. In operation since 2001, we have an owned and serviced fleet valued at $32.9 billion, comprising 488 owned and 260 serviced aircraft.

Our direct order book is 100% narrow-body and is comprised of the newest technology in terms of operational efficiency and environmental friendliness. The airline industry is increasingly focused on addressing the environmental impact of its operations which we expect will result in the retirement of older, higher emission aircraft. Maintaining a portfolio focused on young, fuel-efficient aircraft assets is critical to long term profit stability and our increased focus on sustainability.

We are disciplined in terms of the commercial jet aircraft in which we invest, focusing on young, liquid, in-demand assets which have large production runs, the widest installed base and are flown by most airlines around the world. We acquire these aircraft either directly through orders with the original equipment manufacturers ("OEMs"), through sale and leaseback transactions ("SLB") with airlines, through portfolio purchases from other lessors or, on occasion, through highly strategic merger and acquisition ("M&A") opportunities. Our strategy is to recalibrate our focus on different acquisition channels at different points in the industry cycle to optimize overall returns.

We also believe that our focus on liquid aircraft, being aircraft that have a large installed base and deep operator base, will reduce earnings volatility and maximize risk adjusted returns over the longer term. This strategy has resulted in a portfolio as of September 30, 2025, that is comprised almost entirely of the Airbus A220, A320CEO/NEO family, Airbus A330 NEO, Airbus A350, Boeing 737-800/MAX 8 and Boeing 787 aircraft.

We lease our aircraft to a diverse group of operators, both geographically and by business type. As of September 30, 2025, we had 103 airline customers in 50 different countries worldwide and a balanced geographical mix comprised of 37.8% Europe, Middle East and Africa, 30.5% the Americas and 31.7% Asia.

We augment our core leasing business through a combination of marketing our shareholders' wider aircraft finance product offerings, for which we receive referral fees, and utilizing our extensive lease management platform to provide fleet management services to aircraft investors for a management fee. These fleet management services are similar to those we perform with respect to our owned fleet and include inter alia leasing, remarketing for sale or lease, lease administration and provision of technical oversight.

We trade our aircraft assets frequently to optimize returns and manage risk, ensuring that our portfolio stays young and attractive to our airline and investor customer base. Since inception, we have sold over 600 aircraft to more than 160 third-party investors, reflecting the strength of our aircraft trading platform and our ability to access liquidity across a broad spectrum of global investors throughout the economic cycle.

Over 24 years in business, we maintain a young and liquid portfolio of owned aircraft with a weighted average age of 5.6 years and a weighted average remaining lease-term of 6.8 years as of September 30, 2025.

It is the combination of our disciplined investment strategy, focused risk management and balance sheet strength, together with our experienced management team and strong shareholder support that underpins our strong investment grade ratings. Our strong credit ratings in turn facilitate our access to a broad range of competitively priced financing sources, providing us with a strong liquidity base and increased funding optionality in all market conditions.

Recent Developments

The Sumisho Investment

On September 1, 2025, Sumisho, a holding company newly-formed and to be owned directly or indirectly by the Sumisho Investors, entered into the Merger Agreement with Air Lease and an indirect wholly owned subsidiary of Sumisho, Merger Sub, pursuant to which Merger Sub will merge with and into Air Lease (the "Merger"), with Air Lease surviving as an indirect wholly owned subsidiary of Sumisho (the "Sumisho Investment").

Upon consummation of this transaction, Air Lease will become known as 'Sumisho Air Lease Corporation' (or "Sumisho Air Lease") aligning its brand with that of its largest shareholder, Sumitomo Corporation or Sumitomo Shoji Kaisha in Japanese. Currently, a total of 27 companies of which Sumitomo Corporation is a major shareholder carry the name 'Sumisho'.

The Sumisho Investors will pay $65 per share of all outstanding Air Lease shares, which is a total valuation of approximately $7.4 billion for 100% of common equity of Air Lease (the "Merger Consideration"). Approximately $5.4 billion of the Merger Consideration will be funded by equity investments from the Sumisho Investors, which includes an approximately $1.4 billion equity investment from the Company, with the remainder of the $7.4 billion of Merger Consideration funded by debt of Sumisho and its subsidiaries, none of which will have recourse to the Company or its subsidiaries.

Upon closing, the economic interests of the four Sumisho Investors in Sumisho Air Lease will be as follows: Sumitomo (37.50%); SMBC Aviation Capital (24.99%); Apollo (18.75%), and Brookfield (18.75%).

Upon consummation of this transaction, SMBC Aviation Capital will become servicer of Sumisho Air Lease's aircraft leased to non-U.S. airlines. The remaining and future aircraft leased to U.S. airlines will continue to be serviced by Sumisho Air Lease internally. Concurrent with closing, it is expected that the Company will also acquire Air Lease's then outstanding OEM orderbook, which is comprised of 228 aircraft as of September 30, 2025, with delivery dates ranging through 2030 (the "Orderbook Acquisition"). As of September 30, 2025, SMBC Aviation Capital's and Air Lease's orderbooks have a combined value of $28 billion.

Upon closing, SMBC Aviation Capital will become one of the largest servicers of commercial passenger aircraft in the world with an owned, serviced and committed fleet comprising more than 1,700 aircraft valued at over $92 billion as of September 30, 2025. The Company is also expected, following closing, to have sole ownership rights in the sector's largest lessor committed pipeline of aircraft with contractual delivery dates through 2030 and the industry's largest active airline customer list comprising more than 170 global operators as of September 30, 2025. This will optimally position us to capitalize on airline and investor demand and deliver real value for our shareholders and co-investors.

Both SMBC Aviation Capital and Sumisho Air Lease underwent ratings evaluation processes: SMBC Aviation Capital's ratings were confirmed at A- with S&P and BBB+ with Fitch; and Sumisho Air Lease's ratings were confirmed at BBB with S&P, BBB with Fitch and A- with Kroll. Confirmation of Sumisho Air Lease's investment grade ratings will ensure that the change of control provisions under Air Lease's outstanding bonds will not be triggered.

Receipt of Insurance Settlement Proceeds in respect of Certain Russian Aircraft

In compliance with applicable sanctions imposed on the Russian Federation ("Russia"), and certain Russian persons and entities, following its invasion of Ukraine, SMBC Aviation Capital sought to repossess all of our aircraft from Russian airlines. We successfully grounded and took redelivery of one of our aircraft in the days following the Russian invasion of Ukraine. In the year ended March 31, 2022, we recognized a full write-off in respect of the net book value of the aircraft that are lost in Russia of $1.67 billion. Taking into account security held over those assets, this resulted in a net economic impact of $1.45 billion during the year ended March 31, 2022.

As of September 30, 2025, the Group had successfully recovered a total of $1.41 billion through insurance settlement proceeds in respect of certain aircraft previously leased to certain Russian airlines. All insurance settlements were carried out in full compliance with all applicable laws, sanctions and regulations.

We will continue our efforts to seek to mitigate our losses in respect of aircraft, which are lost in Russia and were formerly on lease to other Russian airlines.

We have not recognized any insurance claim receivables as of September 30, 2025 as the timing and amount of recoveries under applicable insurance policies were uncertain as at that date.

ESG Strategy

The airline industry is increasingly focused on addressing the environmental impact of its operations, and SMBC Aviation Capital intends to make a meaningful contribution in that regard. We see this as imperative but also as a source of competitive advantage and are committing resources to ensure that this is embedded into our business strategy and core product offering.

SMBC Aviation Capital launched our inaugural Environmental, Social & Governance ("ESG") Strategy in December 2021, and is currently progressing its next iteration to cover the period out to 2030.

Our refreshed ESG strategy will be published in Q1 2026 and will set out our sustainability commitments, not only for our business and customers but also for our staff, investors and shareholders.

The strategy will be characterized by clear objectives under the "E", the "S" and the "G" pillars respectively. Those objectives will center on new technology targets, sustainable aviation fuel, sustainable finance, our corporate social responsibility agenda, supporting diversity and inclusion across the business and strong corporate governance.

(i) Summary Financial and Operational Performance

The business generated a profit before tax of $408.3 million for the six months ended September 30, 2025 (six months ended September 30, 2024: $274.6 million), or $383.9 million when adjusted for certain one-time income and charges including the receipt of Russian and other insurance settlement proceeds (six months ended September 30, 2024: $286.9 million).

Market conditions remain highly constructive and continue to create ample opportunity to place new aircraft from our direct orderbook with world-leading operators at attractive economics and trade aircraft into the secondary market. We are capitalizing on those opportunities to drive the continued optimization of our portfolio, accelerate the growth of our serviced portfolio and drive the continued upward trajectory of our financial performance.

As of September 30, 2025 our orderbook comprised 239 Airbus A320NEO and B737MAX family aircraft with deliveries ranging out to 2031. As of September 30, 2025, we had forward placed commitments totaling $7.4 billion representing 60% of our entire orderbook including over 90% of all deliveries occurring through the end of 2027.

The same market dynamics are also supporting asset values and driving greater investor demand. We are seeing an increased number of opportunities to trade our aircraft, which we will pursue if they align with our strategy. In addition to the 41 aircraft we sold in the period, we also signed letters of intent/contracts for the sale of a further 25 units, 13 of which have been classified as held for sale as of September 30, 2025.

As a result of our acquisition and sales activity, 76%[11] of our portfolio is comprised of the newest technology aircraft (Airbus A220, Airbus A320neo family, Airbus A330 NEO variants, Airbus A350 variants, Boeing 737-MAX8 and Boeing B787 variants).

(ii) Balance Sheet

As of September 30, 2025, our shareholders provide $13.4[12] billion credit approved senior unsecured revolving debt facilities and $0.6 billion of term loans to the business which constitute a key balance sheet strength. At September 30, 2025, $10.3 billion of these facilities were undrawn.

Our Total Net Leverage[13] and Third-Party Net Leverage[14] was 2.35x and 1.39x respectively at September 30, 2025, which compares to 2.90x and 1.71x respectively at September 30, 2024.

Our A-/BBB+ credit ratings from Standard and Poor's ("S&P") and Fitch Ratings, reflect our strong credit profile and materially enhances our third-party fundraising capability.

Our ability to access both shareholder and third-party funding sources provides us with a strong, unsecured liquidity base that provides efficient, flexible funding to the business and mitigates liquidity and refinancing risk, historically one of the aircraft leasing industry's primary balance sheet risks.

The combination of shareholder funding (with a tenor of up to 12 years) and the third-party unsecured bond / term loan markets provides access to a full spectrum of debt tenors, allowing us to match the tenor of our debt facilities to that of our leases, minimizing mismatch risk.

As of September 30, 2025, we had $14.4 billion in unrestricted cash, undrawn, unsecured third-party facilities and shareholder credit approved flexible lines of credit.

Factors Affecting Results of Operations

Our results of operations have been affected and will continue to be affected by a variety of factors, including those set out below. Please see "Risk Factors" for a discussion of other factors that might affect our results of operations.

Utilization of Our Aircraft

Our business depends on the continual leasing and remarketing of our aircraft in order to generate sufficient revenues to finance our growth and operations, pay our debt service obligations and generate positive cash flows from operations. Our ability to lease and remarket our aircraft will depend in part on general market and competitive conditions at the time the initial leases are entered into and the time of their expiry or early termination. The ability of our airline lessees to discharge their obligations under the relevant leases will depend in part on general market conditions and demand for air travel on an ongoing basis.

Size and Mix of Our Fleet

Continued growth in our revenues and profit from operating activities depend upon our ability to grow the size of our portfolio. The overall size of our fleet of aircraft held for lease is the primary driver for lease rental income, on the one hand, and depreciation and interest expense, on the other. The mix of aircraft types and age impact our lease rental income and depreciation, as customer demand for certain types of aircraft determines the lease rental rates

[11] Weighted by net book value as of September 30, 2025.
[12] Excludes $2.3 billion of third-party funding, including $1.98 billion provided by the Japan Bank for International Cooperation ("JBIC"), received through our shareholder.
[13] Total borrowings of $15.7 billion less unrestricted cash of $1.2 billion / total equity of $6.2 billion.
[14] Total external financial obligations of $9.8 billion less unrestricted cash of $1.2 billion / total equity of $6.2 billion. (Total external financial obligations exclude the $2.3 billion of third-party funding, including $1.98 billion provided by JBIC received through our shareholder).

generated from leasing or re-leasing the aircraft and older aircraft will depreciate more rapidly under our accounting policies and are generally more susceptible to risk of asset impairment.

Terms of Our Purchase Commitments and Lease Agreements

The price we pay for aircraft and the rental rates for lease transactions and sale and leaseback transactions, which may be affected by general market and competitive conditions and factors that are outside of our control, impact our ability to generate profit from operating activities.

Financial Market Conditions and the Availability and Cost of Debt

Interest expense is our most significant cash expense and the cost of new financing or re-financing impacts our total comprehensive income. Our exposure to interest rate risk arises primarily from loans and borrowings, finance lease payables to third parties and related parties, finance lease receivables from third parties and related parties and lease rental income and expenses. As of September 30, 2025 we had $4.7 billion in floating rate debt outstanding. As of March 31, 2025 and March 31, 2024, we had $4.9 billion in floating rate debt outstanding (including, in each case, $300 million subordinated debt).

Our ability to incur debt to fund fleet growth and to refinance amortization and debt maturities also significantly impacts our results. We are indirectly wholly owned by SMFG and Sumitomo Corporation. If our ownership arrangement changes or our shareholders cease to provide us with funding for our operations, it could have a material impact on our financial condition, cash flow and results of operations.

Market Conditions in the Airline and Aircraft Operating Lease Industries

Market conditions affect our ability to negotiate favorable terms in new leases, including higher lease rentals and longer lease terms, and our ability to sell aircraft on favorable terms in order to generate gains on sale or minimize losses. Market conditions also impact appraised values for aircraft, which, in turn, may affect advance rates for secured financings and our asset impairment analyses.

Sale of Aircraft

We sell aircraft to manage risk in our portfolio and to generate gains on sale. If market or other conditions limit our ability to sell aircraft, the size and mix of our fleet may change, with the potential impact described above. Sales prices for our aircraft will affect the gain on sale we are able to generate.

Ability of Our Customers to Meet Their Lease Obligations

Payments generated by performing customers drive our lease rental income. If a customer fails to perform, lease rental income may be negatively impacted and we may incur other operating expenses should we repossess and redeploy the affected aircraft.

Experienced Management Team with a Proven Track Record Over Cycles

Our senior management team has worked together over 24 years to successfully guide our company through two industry economic cycles and the sale of the business. Our highly experienced team, which has an average of close to 30 years of experience each in all facets of the aircraft leasing industry, has developed and applied a consistent, disciplined business strategy of investing in liquid aircraft types and developing robust operational processes, procedures and risk management frameworks to manage our portfolio. In addition, the experience of our senior management team has allowed us to develop and maintain deep, long-standing relationships with the key decision makers at major airlines, aircraft manufacturers, aviation financiers and aviation investors. The inability to retain our senior management team could have a material adverse effect on our financial condition, cash flow and results of operations.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on (i) our unaudited consolidated financial statements for the three and six months ended September 30, 2025 and (ii) our audited consolidated financial statements as of and for the years ended March 31, 2025, March 31, 2024 and March 31, 2023, which have been prepared in accordance with IFRS-EU. The preparation of financial statements in conformity with IFRS-EU requires management to make use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of our reporting and the amount of income and expenses during the reported period.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates. A summary of our significant accounting policies is presented in the notes to our audited consolidated financial statements. Critical accounting policies and estimates are defined as those that are both important to the portrayal of our financial position and results and require our subjective judgments, estimates and assumptions. Our most critical accounting policies and significant estimates, assumptions and judgments are described below.

Associates

Associates are those entities in which we have significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which we have joint control, whereby the have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Business Combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group (as defined below) acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

Plant and Equipment

Aircraft

Purchased aircraft are included under property, plant and equipment and initially recorded at cost. Such costs include borrowing costs that are directly attributable to the acquisition of aircraft prior to delivery. Subsequent to recognition, purchased aircraft are stated at cost less accumulated depreciation and any recognized asset impairment loss. Modifications, equipment and all other costs associated with placing the aircraft in service are capitalized. The cost of aircraft is stated net of manufacturers' credits. Expenditure for additions and improvements is capitalized. Expenditure for maintenance and repairs, unless drawn from maintenance reserves, is charged to the statement of comprehensive income.

The carrying values of aircraft are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Pre-Delivery Payments

Pre-delivery payments ("PDPs") are recorded at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalized as incurred, unless production of an aircraft is deemed to have been suspended, in which case capitalization is suspended until production resumes in advance of delivery. As aircraft which are subject to PDPs are delivered, all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment. The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid.

Depreciation

Assets are depreciated over their estimated useful economic lives to their residual values. Management believes the true useful economic life of a new commercial aircraft to an entity operating the aircraft is generally 25 years from the date of manufacture. However, it is our business practice to trade aircraft at regular intervals. As such, we estimate the residual value allowing for the expected physical condition or utility of the aircraft at five year intervals after taking account of the redelivery condition intended in an associated lease. We reset our residual value at each five year point or at lease end, if sooner. We estimate the residual value of office equipment, fixtures and fittings at three to ten years from the date when brought into use. Fully depreciated assets are retained in our financial statements until they are no longer in use.

The residual values, useful life and depreciation method are reviewed and adjusted, as appropriate, at each year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The effects of any revision are recognized in our statement of comprehensive income when the changes arise.

Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in our statement of comprehensive income in the period the asset is derecognized.

Non-current assets held for sale

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Lease component assets and liabilities

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognized as either lease component assets or liabilities which are amortized over the remaining lease term.

Finance lease receivables

A finance lease is recognized when there is a contractual right to the asset's cash flows and derecognized when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

Loans receivable and advances to OEMs

Loan receivables and advances to OEMs are measured on initial recognition at fair value, and subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in our profit or loss except income tax on items recognized outside the profit or loss, which are credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period/year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the date of reporting.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the date of reporting.

Impairment of Non-Financial Assets (Including Aircraft)

Long-term tangible and intangible assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value in use includes cash flow projections of contracted and estimated lease rentals, with probabilities assigned to such cash flows where expected outcomes may vary. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

Maintenance Reserves

Normal maintenance and repairs, airframe and engine overhauls and compliance with return conditions of the aircraft leased pursuant to operating leases are provided by and paid for by the lessees. Certain lease agreements require the lessees to make maintenance reserve contributions to us, which subsequently can be drawn on to pay for certain maintenance events.

We cannot and do not return more monies than lessees contribute to the maintenance reserve account. All cash maintenance reserves collected under these lease agreements are recognized as liabilities on our statement of financial position during the time of the lease. At the end of the lease, excess supplemental income from the maintenance reserve account, along with any redelivery payment from or to the lessee, is recognized as revenue in our statement of comprehensive income in accordance with International Accounting Standard ("IAS") 37 – Provisions, Contingent Liabilities and Contingent Assets. Contemporaneously with the recognition of maintenance income, we depreciate the asset to reflect its actual physical condition at lease end. Generally, this end of lease revenue and depreciation recognition results in no net end of lease profit and leaves the asset on our statement of financial position at a value closely correlated to its physical condition.

Lease Incentive Assets and Lessor Contributions

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognized for this amount, and it is amortized over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

Borrowing Costs

Borrowing costs consist of interest and other costs that we incur in connection with the borrowing of funds. Borrowing costs are expensed in the period to which they relate.

Specifically, borrowing costs are capitalized as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure of the asset and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially completed for their intended use or sale.

Additionally, we borrow to finance certain PDPs for aircraft under construction. The interest incurred on such borrowings is capitalized and included in the cost of the aircraft, except for the interest incurred for aircraft PDPs arising from lease commitments on which we earn income. Capitalization of interest ceases when the aircraft is delivered.

We currently have interest rate swaps in place to hedge our exposure to interest rate movements. As of September, 30, 2025, 100.0% (by value) of our swaps currently in place are effectively hedged for the purposes of IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") and, as such, any movements in value are reserve accounted with any hedging ineffectiveness recognized through the Net trading income/(expense) line of our statement of comprehensive income.

Break costs associated with prepayment of loans and breaking derivatives are also charged to borrowing costs in our statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duties.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating leases with step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals. Rentals received but unearned under lease agreements are recorded as payments received on account in trade and other payables.

At each reporting date, we assess whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Inflation

Inflation affects our lease rentals, asset values and costs, including administration expenses and other expenses. We do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

New Accounting Pronouncements and Developments

The following new standards approved by the IASB have been applied in preparing our unaudited condensed consolidated interim financial statements as of and for the three and six months ended September 30, 2025 included in this Offering Memorandum:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

These standards, other than Amendments to IAS 12, had no impact on the Group. For Amendments to IAS 12, the Group applied the relief from deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in May 2023.

The adoption of Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) had no impact on the statement of financial position as related balances qualify for offset under paragraph 74 of IAS 12.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to us, but were not effective at September 30, 2025, and have not been applied in preparing these financial statements:

- Classification of Liabilities as Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These are all effective for annual periods beginning on or after January 1, 2025 (unless otherwise noted). We have taken the decision not to adopt these amended standards and interpretations early. The impact of these amended standards and interpretations is not expected to be material.

Description of Key Line Items

Set forth below is a description of the key line items in our consolidated statement of profit and loss and other comprehensive income.

Income

Revenue

Our primary source of income is revenue received from aircraft operating leases with airlines. Lease revenue includes monthly lease rentals and maintenance income.

Our lessees typically pay rent monthly in advance. Lease rentals are contracted on either a fixed rate or floating rate basis. For fixed rate leases, the rental is typically fixed at the time of execution of lease contract or just prior to the delivery date by reference to a swap rate in line with the term of the lease. For floating rate leases, rents are typically reset every three or six months by reference to either three or six-month U.S. dollar SOFR. While delivery earlier in the year will generate more revenue, more depreciation and finance expenses will also be incurred.

Unutilized maintenance reserves and redelivery adjustments received from the airline at expiry of a lease are taken as a credit to revenue in the profit and loss. At the same time, a similar amount of additional depreciation is expensed to the profit and loss to reflect the physical condition of the asset.

We also receive aircraft management fees for services provided to aircraft owners for a variety of services, including invoicing and collections, monitoring insurance renewals, monitoring letter of credit renewals, utilization reporting and tracking, technical inspections, transition planning and management, lease placement, sales and marketing and other related services. Fees are typically structured as a percentage of periodic rentals and we receive additional fees for lease placement or sales services.

Other Operating Income

Profit on disposal of property, plant and equipment is derived from sale proceeds and related maintenance reserves retained by us, less net book value (inclusive of lease incentive assets and lessor contributions where relevant) of the relevant aircraft and any sales expenses incurred.

Expenses

Depreciation

Assets are depreciated over their estimated useful economic lives to their residual values. We estimate the residual value allowing for the expected physical condition or utility of the aircraft at five year intervals after taking account of the redelivery condition intended in an associated lease. We reset our residual value at each five year point or at lease end, if sooner.

Asset Impairment Charge

Asset impairment charges reflect the excess of net book value of the aircraft over corresponding recoverable amounts.

Credit Impairment Charge

If management judge that the collectability of rental due under a relevant aircraft operating lease is unlikely, we will continue to recognize the rental income until the lease has been modified or terminated and also recognize an offsetting expected credit impairment charge in respect of the relevant amount of the unpaid rent, effectively removing the income from our profit and loss statement. In the event that the rent obligation is discharged by the lessee, we will write back the previous credit impairment charge taken.

Operating Expenses

Operating expenses are principally comprised of administration expenses, which largely consist of staff costs, marketing and traveling expenses, general office expenses, operating lease expenses, technical service expenses and professional fees.

Staff costs are comprised mainly of gross salary, bonuses, employer's defined pension contribution payments, employer's social welfare / pension liabilities and staff benefits. We currently have short-term and long-term staff incentive plans in place. Our short-term incentive plan bonus is payable to our employees when certain key performance indicator targets (mainly financial and some operational targets) for each year are met. Bonus payments are made over a pre-determined period. The bonus is accrued and recognized in our statement of comprehensive income in the period in which the employees render their services to us.

Our long-term incentive plan is payable to selected employees based on the achievement of certain key performance targets (mainly financial and some operational targets) at the end of a pre-determined period. Bonuses are accrued and recognized in our statement of comprehensive income in the period in which the employees render their services to us. Payment of accrued bonus will be made over a period after each pre-determined period.

Net Finance Costs

Finance costs relate primarily to interest income and expense, fair value changes to ineffective portion of derivative financial instruments and other charges on our loans and borrowings and finance lease payables, which are not capitalized as part of property, plant and equipment, as explained in our critical accounting policies.

Tax Expense

Tax expense is recorded in our profit or loss, except for any income tax on items recognized outside our profit or loss, which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period/year, arising in profit in other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the date of our reporting.

Income tax mainly relates to provisions for deferred tax liabilities and is mainly attributable to temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the date of our reporting.

Results of Operations Data

	Six Months ended September 30		Year ended March 31		
	2025	2024	2025	2024	2023
	(in thousands of U.S. dollars)				
Income					
Lease revenue	1,027,928	956,356	1,934,552	1,906,918	1,347,962
Other revenue	3,145	5,606	9,600	7,408	9,072
Total revenues	1,031,073	961,962	1,944,152	1,914,326	1,357,034
Other operating income	113,530	12,901	663,379	832,834	51,617
	1,144,603	974,863	2,607,531	2,747,160	1,408,651
Operating expenses					
Depreciation	(313,840)	(309,908)	(597,717)	(672,934)	(413,633)
Asset impairment	(1,793)	(12,494)	(30,553)	(69,019)	(70,260)
Credit impairment (charge) / credit	(7,862)	20,116	20,592	11,545	(31,693)
Operating expenses	(99,958)	(92,993)	(162,491)	(152,777)	(182,333)
Profit from operating activities	721,330	579,584	1,837,362	1,863,975	710,732
Finance income	142,065	168,220	314,492	319,244	265,864
Finance expense	(455,098)	(473,227)	(979,032)	(988,618)	(635,114)
					-
Net finance costs	(313,033)	(305,007)	(664,540)	(669,374)	(369,250)
Profit before taxation	408,297	274,577	1,172,822	1,194,601	341,482
Tax expense	(62,554)	(44,413)	(178,886)	(159,899)	(45,371)
Profit from continuing operations	345,743	230,164	993,936	1,034,702	296,111
Other comprehensive income					
Cash flow hedges - effective portion of changes in fair value	(21,364)	(89,834)	(55,806)	31,894	113,317
Cash flow hedges - reclassified to profit or loss	(1,515)	(1,563)	(3,155)	(1,197)	737
Movement in fair value of equity investments at FVTOCI	1,208	-	-	1,356	(1,356)
Tax on other comprehensive income	2,709	11,425	7,368	(3,837)	(14,257)
Other comprehensive (expense)/ income, net of tax	(18,962)	(79,972)	(51,573)	28,216	98,441
Total comprehensive income	326,781	150,192	942,363	1,062,918	394,552

Six Months Ended September 30, 2025 Compared to Six Months Ended September 30, 2024

Profit before tax of $408.3 million was generated for the six months ended September 30, 2025 including $24.4 million certain one-time income and charges including the receipt of Russian and other insurance settlement proceeds (six months ended September 30, 2024: $274.6 million including $12.3 million one-time charges).

The increased profitability of $133.7 million was mainly due to a combination of:

i. $71.6 million (7.5%) increase in lease revenue, driven by the growth of the portfolio and higher maintenance income on the back of greater redelivery activity,
ii. $54.4 million increase in profit on disposal,
iii. $36.7 million increase in Russian and other insurance proceeds and one-time income and charges,
iv. $23.8 million (6.6%) decrease in net finance costs excluding the effects of break gains; partially offset by
v. $27.8 million (138.2%) increase in credit impairment charge; and
vi. $3.9 million (1.3%) increase in depreciation due to higher redelivery adjustments in the period, offset by lower depreciation on owned aircraft due to higher sales.

Income

Lease revenue increased by $71.6 million (7.5%) to $1.0 billion for the six months ended September 30, 2025 (six months ended September 30, 2024: $956.4 million). Average operating lease assets grew by 1.0% for the six months ended September 30, 2025 compared to the six months ended September 30, 2024.

Maintenance income increased by $69.0 million to $78.9 million for the six months ended September 30, 2025 (six months ended September 30, 2024: $9.9 million) driven by the higher level of end of lease payments upon the re-lease and extension of aircraft.

Other revenue, which consists mostly of ongoing aircraft management fees, decreased by $2.5 million to $3.1 million for the six months ended September 30, 2025 (six months ended September 30, 2024: $5.6 million).

Other Operating Income

Other operating income is comprised of profit on disposal of aircraft, arranger fee, other fee income and insurance proceeds.

We trade aircraft for a variety of reasons including for portfolio management purposes as well as for profit. A profit on disposal of aircraft of $62.4 million was generated on the sale of 41 aircraft for the period (six months ended September 30, 2024: $8.0 million profit on disposal was generated on the sale of 12 aircraft). Additionally, contracts and / or Letters of Intent for a further 25 aircraft sales were signed as of September 30, 2025, which we expect to close in the coming periods.

As well as Russian insurance proceeds, other operating income in the current period also includes insurance proceeds received in respect of an aircraft for which a total loss was declared following inspection, by relevant insurance assessors, of damage that was sustained due to a heavy landing.

Expenses

Depreciation

Depreciation increased by $3.9 million (1.3%) to $313.8 million for the six months ended September 30, 2025, compared to $309.9 million for the six months ended September 30, 2024, due to higher redelivery adjustments in the period, offset by lower depreciation on owned aircraft due to higher sales.

Operating expenses

Operating expenses increased by $7.0 million (7.5%) to $100.0 million during the six months ended September 30, 2025 from $93.0 million in the six months ended September 30, 2024 due to higher professional fees and staffing costs.

Asset impairment

Asset impairment charge decreased by $10.7 million to $1.8 million for the six months ended September 30, 2025, compared to $12.5 million impairment charge for the six months ended September 30, 2024. The charges for the current period reflect management's prudent approach in the revisions of estimated future cash flows in relation to certain owned aircraft due to come off lease as well as anticipated sales.

Credit Impairment Charge / (Reversal)

The credit impairment charge increased by $27.8 million to $7.7 million for the six months ended September 30, 2025 (six months ended September 30, 2024: $20.1 million reversal). The charges for the current period reflect management's prudent judgement on the recoverability of receivables from certain customers. The reversal in the prior period reflects the conservative nature of the provisions taken during the COVID-19 pandemic being unwound due to better than anticipated performance of specific customers.

Net Finance Costs

Net finance costs for the period include break gains on the repayment of debt of $25.3 million for the six months ended September 30, 2025 (six months ended September 30, 2024: $56.8 million). Net finance costs (before break gains) decreased by 6.6% from $361.8 million in the six months ended September 30, 2024, to $338.0 million in the six months ended September 30, 2025. The decrease reflects the deleveraging achieved over the last year which resulted in a $801.5 million decrease in the average debt balance.

Tax Expense

Tax expense increased by $18.1 million, from $44.4 million in the six months ended September 30, 2024, to $62.6 million in the six months ended September 30, 2025, due to the increased profitability.

Year Ended March 31, 2025 Compared to Year Ended March 31, 2024

Profit before tax of $1.2 billion was generated for the year ended March 31, 2025 ("Fiscal 24") including $610.0 million certain one-time income and charges including the receipt of Russian insurance settlement proceeds (year ended March 31, 2024 ("Fiscal 23"): $1.2 billion including $734.8 million certain one-time income and charges including the receipt of Russian insurance settlement proceeds).

The change in profitability of $21.8 million was mainly due to a combination of:

i. $59.5 million (3.1%) increase in rental receivable, net of credit related impairment, driven by the continued expansion of the portfolio,
ii. $75.2 million (11.2%) decrease in depreciation mainly due to lower redelivery adjustments in the current year;
iii. $38.5 million (55.7%) decrease in asset impairment; and
iv. $4.8 million (0.7%) decrease in net finance costs; offset by
v. $124.7 million decrease in Russian insurance proceeds and one time income and charges.

Revenue

Rentals receivable, net of credit related impairments, increased by $59.5 million (3.1%) to $2.0 billion for Fiscal 24 (Fiscal 23: $1.9 billion) driven by the continued expansion of the portfolio.

Maintenance income increased by $21.4 million to $51.3 million for Fiscal 24(Fiscal 23: $29.9 million) driven by the higher level of end of lease payments recorded in the period.

Other revenue, which consists mostly of ongoing aircraft management fees, increased by $2.2 million to $9.6 million for Fiscal 24, (Fiscal 23: $7.4 million) due to the growth in our managed portfolio.

Other Operating Income

Other operating income is comprised of profit on disposal of aircraft, arranger fee, other fee income and Russian insurance proceeds.

We trade aircraft for a variety of reasons including for portfolio management purposes as well as for profit. A profit on disposal of aircraft, adjusted for break gains, of $88.7 million was generated on the sale of aircraft for Fiscal 24 (Fiscal 23: $148.5 million adjusted profit on disposal was generated on the sale of aircraft). Additionally, contracts and / or Letters of Intent for a further 33 aircraft sales were signed as at March 31, 2025, which we expect to close in the coming periods.

Expenses

Depreciation

Depreciation decreased by $75.2 million (11.2%) to $597.7 million for Fiscal 24, compared to $672.9 million for Fiscal 23 mainly due to lower redelivery adjustments in Fiscal 24.

Operating expenses

Operating expenses increased by $9.7 million (6.4%) to $162.5 million in Fiscal 24 from $152.8 million in Fiscal 23 due to higher staff costs and additional legal and other administrative expenses.

Asset Impairment

Asset impairment charge decreased by $38.5 million to $30.6 million for Fiscal 24, compared to a charge of $69.0 million for Fiscal 23. The charges for the current and prior period reflect management's prudent approach in the revisions of estimated future cash flows in relation to certain owned aircraft due to come off lease.

Credit Impairment Charge

The credit impairment reversal increased by $9.0 million to $20.6 million for Fiscal 24 (Fiscal 23 $11.5 million reversal). The reversal reflects the conservative nature of the provisions taken during the COVID-19 pandemic the unwinding of which now is underpinned by the better than anticipated performance of specific customers and is driving the strong cash collection rates across our portfolio.

Net Finance Costs

Net finance costs for the period include break gains on the repayment of debt of $58.4 million for Fiscal 24 (Fiscal 23: $68.3 million). Net finance costs (before break gains) decreased by 2.0% from $737.6 million in Fiscal 23, to $722.9 million in Fiscal 24. The decrease reflects the deleveraging achieved over the last year which resulted in a $356.9 million decrease in the average debt balance. Including break gains, our net finance costs fell by 0.7% from $669.4 million in Fiscal 23, to $664.5 million in Fiscal 24.

Tax Expense

Tax expense increased by $19.0 million, from $159.9 million in Fiscal 23, to $178.9 million in Fiscal 24, due to the implementation of a minimum 15% tax rate. Ireland has enacted the EU Minimum Tax Directive into domestic legislation and we are in scope for the accounting year beginning April 1, 2024, which in principle requires the Company to have a minimum effective tax rate of 15%.

Year Ended March 31, 2024 Compared to Year Ended March 31, 2023

Profit before tax of $1.2 billion ($459.8 million before Russian insurance settlement proceeds net of related charges) was generated for Fiscal 23, compared to $341.5 million for Fiscal 22.

The increased profitability, before Russian insurance settlement proceeds, was mainly due to a combination of:

i. $559.0 million (41.5%) increase in lease revenue driven by the higher lease yields and 31.2% increase in our average aircraft asset base;
ii. $41.0 million increase in profit on disposal including break gains;
iii. $43.2 million decrease in credit impairment charges;
iv. $1.2 million (1.8%) decrease in asset impairment; partially offset by
v. $259.3 million (62.7%) increase in depreciation due mainly to the greater size of our portfolio; and
vi. $198.1 million increase in net finance costs (before break gains).

Revenue

Lease revenue increased by $559.0 million (41.5%) to $1.9 billion for Fiscal 23 (Fiscal 22: $1.4 billion) mainly due to the scale of our organic and inorganic acquisition activity which resulted in a 31.2% increase in average operating lease aircraft assets, and higher lease rates driven by a combination of the improved operating environment and higher interest rate environment.

Maintenance income increased by $31.8 million to $29.9 million for Fiscal 23 (Fiscal 22: expense of $1.9 million) primarily due to a higher level of redelivery payments in Fiscal 23.

Other revenue, which consists mostly of ongoing aircraft management fees, decreased by $1.7 million to $7.4 million for Fiscal 23, (Fiscal 22: $9.1 million) mainly as a result of lower fee income from affiliates and related entities.

Other Operating Income

Other operating income is comprised of profit on disposal of aircraft, arranger fee and other fee income, including Russian insurance settlement proceeds.

We trade aircraft for a variety of reasons including for portfolio management purposes as well as for profit. A profit on disposal of aircraft, including break gains, of $148.5 million was generated on the sale of 42 aircraft for Fiscal 23 (Fiscal 22: $107.5 million, profit on disposal was generated on the sale of 36 aircraft). We also arranged the sale of a further six aircraft to investors during Fiscal 23. Additionally, contracts and / or Letters of Intent for a further 15 aircraft sales were signed as of March 31, 2024, which we expect to close in the coming periods.

Expenses

Asset Impairment

Asset impairment charges decreased by $1.2 million to $69.0 million for Fiscal 23 compared to $70.3 million for Fiscal 22. The charge for Fiscal 23 reflects management's prudent approach in the revisions of estimated future cash flows in relation to certain owned aircraft due to come off lease and potential maintenance exposures in cases where management concerns exist, as well as anticipated sales.

Credit Impairment Charge

Credit impairment charges decreased by $43.2 million to a $11.5 million reversal for Fiscal 23 (Fiscal 22: $31.7 million charge for the year). The credit impairment reversal relates mainly to a specific airline restructuring in

Fiscal 23, where the associated security exceeded the lost revenue. The charge in Fiscal 22 reflected management judgement on the recoverability of receivables.

Net Finance Costs

Net finance costs (before break gains) increased by 36.7% from $539.6 million in Fiscal 22, to $737.6 million in Fiscal 23. The increase reflects the higher funding costs associated with the financing of the $5.0 billion increase in average aircraft assets during Fiscal 23 and the higher interest rate environment.

Tax Expense

Tax expense increased by $114.5 million, from $45.4 million in Fiscal 22, to $159.9 million in Fiscal 23, due to the higher level of overall profitability, including the Russian insurance settlement proceeds, and an increase in our effective tax rate from 13.3% to 13.4% due to the geographic spread of profitability in Fiscal 23.

Condensed Consolidated Statement of Financial Position Data

	As of September 30	As of March 31		
	2025	2025	2024	2023
		(in thousands of U.S. dollars)		
Non-current assets				
Property, plant and equipment	22,040,708	22,417,142	21,654,266	21,747,591
Intangible assets	3,066	3,752	4,259	3,921
Advances to OEMS	-	-	-	25,087
Finance lease and loan receivables	492,642	613,909	521,482	560,907
Investment in associate	9,954	7,783	4,242	
Lease incentive assets	184,381	189,125	167,545	140,880
Derivative financial instruments	8,628	15,258	42,666	80,492
	22,739,379	23,246,969	22,394,460	22,558,878
Current assets				
Advances to OEMS	146,180	146,180	72,629	19,743
Assets held for sale	397,542	356,902	278,054	245,280
Finance lease and loan receivables	42,986	49,463	39,424	32,262
Trade and other receivables	258,486	344,411	222,429	281,450
Cash and cash equivalents	1,172,771	717,476	1,035,602	738,220
Lease incentive assets	56,250	95,879	52,423	43,775
Derivative financial instruments	15	545	9,434	806
	2,074,230	1,710,856	1,709,995	1,361,536
Total assets	24,813,609	24,957,825	24,104,455	23,920,414
Equity				
Share capital	2,249,513	2,249,513	2,249,513	2,249,513
Other components of equity	452,859	471,821	523,394	495,178
Retained earnings	3,516,964	3,172,221	2,279,435	1,346,883
Total equity	6,219,336	5,892,555	5,052,342	4,091,574
Non-current liabilities				
Trade and other payables	1,121,154	1,088,832	1,079,609	1,112,607

Borrowings	13,921,188	14,207,833	15,046,879	16,501,753
Deferred tax liabilities	633,615	586,053	491,556	341,933
Derivative financial instruments	38,269	24,103	3,764	50,074
Subordinated liabilities	-	300,000	300,000	300,000
	15,714,226	16,206,821	16,921,808	18,306,367
Current liabilities				
Liabilities associated with assets held for sale	99,581	69,614	33,717	26,824
Trade and other payables	957,668	1,074,634	913,378	711,208
Borrowings	1,822,761	1,714,201	1,183,210	784,441
Derivative financial instruments	37	-		-
	2,880,047	2,858,449	2,130,305	1,522,473
Total liabilities	18,594,273	19,065,270	19,052,113	19,828,840
Total equity and liabilities	24,813,609	24,957,825	24,104,455	23,920,414

Assets

Total assets are comprised primarily of aircraft operating lease assets, aircraft classified as finance lease and loan receivables, aircraft pre-delivery payments ("PDPs"), advances to OEMs, cash, trade and other receivables and assets held for sale.

Total assets decreased by $144.2 million (0.6%), from $25.0 billion at March 31, 2025, to $24.8 billion at September 30, 2025. This was primarily driven by i) the continued depreciation of our asset base of $313.8 million in the period and ii) the sale of 41 aircraft from our portfolio generating proceeds of $1.4 billion, partially offset by the purchase of additional aircraft assets in the ordinary course of business and the funding of PDPs totaling $1.2 billion.

Net lease receivables, included in Trade and other receivables, decreased by $1.3 million primarily due to the continued improvement in payment performance by airlines during the period.

The trading of older aircraft assets and depreciation charges, offset by the delivery of new aircraft in the six months ended September 30, 2025, resulted in a decrease in net book value of aircraft of $0.5 billion to $21.6 billion, including aircraft classified as finance lease and loan receivables and aircraft classified as held for sale.

Aircraft assets under operating lease and aircraft classified as held for sale of $21.1 billion were $355.1 million lower compared to March 31, 2025, with aircraft classified as finance lease and loan receivables totaling $508.9 million at period end ($639.6 million at March 31, 2025).

Assets held for sale are classified as such based on a combination of i) sale contracts or letters of intent that have been signed, and ii) the completion of the sale of these aircraft are considered to be highly probable and are expected to complete within 12 months of classification as held for sale.

Liabilities

Total liabilities decreased by $0.5 billion (2.5%), from $19.1 billion at March 31, 2025, to $18.6 billion at September 30, 2025. Total debt decreased by $0.5 billion from $16.2 billion at March 31, 2025, to $15.7 billion at September 30, 2025.

Maintenance Reserves

Normal maintenance and repairs, airframe and engine overhauls and compliance with return conditions of the aircraft placed on operating leases are provided by and paid for by the lessees.

Certain lease agreements require the lessees to make maintenance reserve contributions to us, which subsequently can be drawn on to pay for certain maintenance events carried out.

These maintenance reserves are accounted for as a liability on our statement of financial position. If a lessee performs scheduled maintenance of the aircraft, we are required to reimburse the lessee for qualifying scheduled maintenance payments. We may incur additional maintenance expenditure in the future in the event a lessee fails to meet its maintenance obligations under the lease agreement and the actual maintenance exposure on the aircraft exceeds the maintenance reserves held as a liability by us.

Unutilized maintenance reserves and redelivery adjustments received from the airline at expiry of a lease are retained and recorded as income. At the same time, a similar amount of additional depreciation is expensed to reflect the physical condition of the asset.

Maintenance reserves, held in cash and including those associated with assets held for sale, increased by \$28.7 million (3.8%) from \$759.3 million at March 31, 2025, to \$788.0 million at September 30, 2025, primarily due to the acquisition of new aircraft. We also held letters of credit in relation to rental and maintenance exposure of \$480.4 million (31 March 2025: \$490.7 million).

Liquidity and Capital Resources

Our primary sources of liquidity are bank balances, cash generated by aircraft leasing operations, proceeds from aircraft sales and debt financings. Our business is capital intensive, requiring significant investments in order to expand our aircraft fleet during periods of growth and to improve and maintain our existing fleet. The cash flows from our operations, particularly our revenues from operating leases, have historically provided a significant portion of the liquidity for these investments.

In the past, we have also met our liquidity and capital resource needs by utilizing several sources, including:

i. lines of credit, unsecured term financings, shareholder funding, secured borrowings supported by export credit agencies for new aircraft acquisitions and bond financings; and

ii. equity contributions from our shareholders.

Going forward, we expect to continue to seek liquidity from these sources. While we continue to focus on unsecured debt, we may selectively consider secured financing for a portion of our financing needs. As of September 30, 2025, 99.6% of total debt financings were unsecured.

As of September 30, 2025, we were, in all material respects, in compliance with all applicable covenants in our financial instruments.

We believe that cash on hand, payments to be received from lessees and other funds to be generated from operations, future borrowings for aircraft, standby revolving credit facilities and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months, including payments due under our aircraft purchase obligations, required principal and interest payments under our long-term debt facilities, expected capital expenditures and lessee maintenance payment reimbursement.

Cash Flows Data

	Six Months ended September 30,		**Year ended March 31,**		
	2025	**2024**	**2025**	**2024**	**2023**
	(in thousands of U.S. dollars)				

Profit before tax	408,297	274,577	1,172,822	1,194,601	341,482
Adjustments for:					
Depreciation of property, plant and equipment	313,840	309,908	597,717	672,934	413,633
Impairment charge of property, plant and equipment	1,793	12,494	30,553	69,019	70,260
Amortisation of computer software intangible assets	686	846	1,549	1,390	1,158
Lease incentive asset amortisation	38,308	28,583	94,971	50,737	40,574
Credit impairment charge / (credit)	7,682	(20,116)	(20,592)	(11,545)	31,693
Net interest expense	305,831	304,684	666,612	670,153	367,506
Profit on disposal of assets held under operating leases	(62,379)	(7,955)	(30,325)	(57,020)	(29,736)
	1,014,058	903,021	2,513,307	2,590,269	1,236,570
Decrease / (Increase) in receivables	78,043	(2,541)	(56,348)	129,588	18,502
(Decrease) / increase in payables	(103,932)	(24,880)	(76,342)	4,402	238,553
Cash generated by operations	988,169	875,600	2,380,617	2,724,259	1,493,625
Income taxes paid	(4,115)	(25,949)	(66,224)	(17,786)	(1,532)
Interest paid	(330,554)	(273,204)	(662,264)	(670,192)	(279,130)
Net cash from operating activities	653,500	576,447	1,652,129	2,036,281	1,212,963
Investing activities					
Proceeds on disposal of property, plant and equipment	1,351,940	411,155	1,897,799	1,565,943	1,230,805
Purchases of property, plant and equipment	(1,070,881)	(1,704,570)	(3,453,315)	(2,140,610)	(2,941,763)
Purchases of intangible assets	-	(317)	(1,042)	(1,728)	(1,479)
Purchase of investments	-	-	-	-	(1,310,327)
Net cash from / (used in) investing activities	281,059	(1,293,732)	(1,556,558)	(576,395)	(3,022,764)
Financing activities					
Proceeds from issuance of share capital	-	-	-	-	1,362,000
Dividends paid	-	-	(102,150)	(102,150)	-
Payments to restricted cash accounts	(20,100)	(34,200)	-	-	-
Proceeds from indebtedness	531,639	1,864,255	1,862,498	2,169,519	4,355,582
Repayments of indebtedness	(1,010,663)	(1,653,699)	(2,173,449)	(3,229,783)	(4,162,957)
Net cash (used in) / from financing activities	(499,124)	176,356	(413,101)	(1,162,414)	1,554,625
Effect of exchange rate changes on unrestricted cash and cash equivalents	(240)	57	(596)	(90)	(878)
Net increase / (decrease) in unrestricted cash and cash equivalents	435,195	(540,872)	(318,126)	297,382	(256,054)
Unrestricted Cash and cash equivalents at beginning of the period	717,476	1,035,602	1,035,602	738,220	994,274
Unrestricted Cash and cash equivalents at end of the period	1,152,671	494,730	717,476	1,035,602	738,220
Restricted Cash as reported	20,100	34,200	-	-	-
Total Cash and cash equivalents	1,172,771	528,930	717,476	1,035,602	738,220

Six months ended September 30, 2025 Compared to Six Months Ended September 30, 2024

Cash generated by operations was $988.2 million in the period, an increase of $112.6 million compared to $875.6 million for the six months ended September 30, 2024.

During the six months ended September 30, 2025, cash was generated from a number of sources including:

- proceeds from aircraft disposals of $1.4 billion;
- net cash from operating activities of $0.7 billion; and
- proceeds from indebtedness of $0.5 billion.

Net cash from investing activities was $0.3 billion in the period, an increase of $1.6 billion compared to $1.3 billion used in investing activities for the prior period. This was primarily due to a $940.8 million increase in the disposal of property plant and equipment in the current period and a $633.7 million decrease in the purchase of property, plant and equipment.

Net cash used in financing activities was $499.1 million for the period, compared to a net cash from financing activities of $176.4 million for the prior period. This movement of $675.5 million was mainly due to lower proceeds from indebtedness in the current period, partially offset by lower repayments of indebtedness.

Year Ended March 31, 2025 Compared to Year Ended March 31, 2024

Cash generated by operations was $2.4 billion in Fiscal 24, a decrease of $0.3 billion compared to $2.7 billion for Fiscal 23.

During Fiscal 24, cash was generated from a number of sources including:

- proceeds from indebtedness of $1.9 billion;
- net cash from operating activities of $1.7 billion; and
- proceeds from aircraft disposals of $1.9 billion.

Net cash used in investing activities was $1.6 billion in Fiscal 24, an increase of $1.0 billion compared to $576.4 million for Fiscal 23. This was primarily due to a $1.3 billion increase in purchase of property, plant and equipment to $3.5 billion.

Net cash used in financing activities was $0.4 billion for Fiscal 24, compared to a net cash used in financing activities of $1.2 billion for Fiscal 23. This decrease of $0.8 billion was mainly due to lower settlements of debt in the current year.

Year Ended March 31, 2024 Compared to Year Ended March 31, 2023

The cash generated by operations was $2.7 billion in Fiscal 23, an increase of $1.2 billion compared to $1.5 billion for Fiscal 22, mainly due to the Russian insurance settlement proceeds received in Fiscal 23.

During Fiscal 23, cash was generated from a number of sources including:

- net cash from operating activities of $2.0 billion;
- proceeds from indebtedness of $2.2 billion; and
- proceeds from aircraft disposals of $1.6 billion.

Net cash used in investing activities was $576.4 million in Fiscal 23, a decrease of $2.4 billion compared to $3.0 billion for Fiscal 22. This was primarily due to the Goshawk acquisition investment in Fiscal 22 of $1.3 billion and a $801.2 million decrease in purchase of property, plant and equipment to $2.1 billion. Proceeds on disposal of property, plant and equipment increased by $335.1 million to $1.6 billion.

Net cash used in financing activities was $1.2 billion for Fiscal 23, compared to a net cash of $1.6 billion from financing activities for Fiscal 22. This decrease of $2.7 billion was mainly due the settlement of debt from surplus cash balances and an equity injection of $1.4 billion received in Fiscal 22.

Debt Obligations

We raise debt financing from our shareholders and external sources for the purpose of funding the purchase of aircraft, payment to the OEMs of PDPs for aircraft, the repayment of existing debt and for general corporate purposes. 77%[15] of our total debt financing at September 30, 2025 has been sourced from external sources. Our external debt has been raised through a combination of issuance of unsecured bonds and unsecured term loans in the banking market and a secured loan guaranteed by a European ECA. We also have unsecured revolving credit facilities available for short to medium term financing requirements and liquidity management.

We have a strong preference for funding our business on an unsecured basis given the operational flexibility this approach provides and our status as one of the most active traders of aircraft in the industry. 99.6% of total debt financings is unsecured as of September 30, 2025.

The ECA financing is our sole secured facility. We plan to make increasing use of corporate recourse borrowings by continuing to expand our unsecured investor base.

The following table provides a summary of our secured and unsecured debt financings as of September 30, 2025:

Debt Obligation	Collateral	Outstanding Borrowing ($'000)	Number of aircraft	Final Stated Maturity
Secured Debt Financings:				
Export Credit Agency Supported Financing	Interests in aircraft, cash collateral, aircraft leases, beneficial interests in aircraft owning/leasing entities and related interests	66,515	2	2035
Total secured debt financings		66,515		
Unsecured Debt Financings:				
Parent group undertakings	None	3,647,904[16]	—	Between 2019 and 2034
Third party undertakings[17]	None	12,029,530[18]	—	Between 2020 and 2035
Total unsecured debt financings		15,677,434		
Total debt financings		15,743,949		

Bank and Bond Financing

As of September 30, 2025, we had unsecured loans totaling $15.7 billion, of which $3.6 billion was sourced from shareholder entities, $7.5 billion was sourced from third-party financial institutions and $4.6 billion was raised from our corporate bond offerings.

[15] Includes $2.3 billion of third-party funding, including $1.98 billion of funding provided by JBIC, received through our shareholder.
[16] Excludes $2.3 billion of third-party funding, including $1.98 billion of funding provided by JBIC, received through our shareholder.
[17] The JBIC facility ranks pari passu with our other existing unsecured debt. SMBC guarantees the JBIC facility. Should the guarantee cease to remain in effect or should SMBC be assigned a credit rating of less than investment grade by an international rating agency, JBIC has the right to call for additional security for the outstanding amounts owed to it under the facility (note that removal of the guarantee or downgrading of SMBC does not automatically create any charge over our assets).
[18] Includes $2.3 billion of third-party funding, including $1.98 billion of funding provided by JBIC, received through our shareholder.

Unsecured Revolving Credit Facilities

As of September 30, 2025, we had undrawn borrowing capacity of $9.9 billion from Sumitomo Mitsui Banking Corporation (“SMBC”) under our credit approved shareholder revolving credit facility. This amount is available up to September 30, 2026, at which time we expect that it will be extended for a further 12 months.

As of September 30, 2025, we also had $3.0 billion of borrowing capacity under our third-party revolving credit and term facilities, $120 million available up to July 10, 2026, $710 million available up to October 26, 2027, $1.0 billion available up to August 17, 2026 and $1.1 billion available up to July 18, 2029. We expect to extend or increase these facilities over time.

Secured Debt Financing

Loans Guaranteed by European ECAs

As of September 30, 2025, we had $66.5 million in export credit financing outstanding (net of unamortized facility fees), which was used to finance two aircraft. This facility is provided by a bank against the guarantee of an export credit agency.

Derivatives

Our revenues from operating leases are generated from the rental and maintenance payments we receive from our lessees. These rental payments are generally fixed, but may be fixed or floating with respect to leases entered into in the future. In general, we may be exposed to risks associated with fluctuations in interest rates because the debt used to finance our aircraft assets accrues interest at floating rates, while the lease revenue on some of these aircraft may be fixed. Our policy is to minimize this exposure to interest rate risk for the full term of the lease through the use of interest rate swaps and other derivative instruments.

Derivative financial instruments are used to manage exposure to changes in interest rates and foreign currencies. Derivative financial instruments are not held or issued for trading or speculative purposes.

All derivative financial instruments are required to be recorded as either assets or liabilities in the consolidated statements of financial position and are recorded at fair value. If certain conditions are met, a derivative financial instrument may be specifically designated as a hedge. Fair value changes in derivative financial instruments that are not designated as hedges or do not qualify as hedges are included in earnings. As of September 30, 2025, there are no derivative financial instruments designated as being in a fair value hedge relationship.

On the date we enter into a derivative financial instrument our management designates the derivative as a hedge for an identified exposure if it qualifies.

All relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions, are formally documented at inception. In this documentation, a hedged item is specifically identified and how the hedging instrument is expected to hedge the risks related to the hedged item is stated.

We formally assess the effectiveness of our hedging relationships both at the time of inception and on a quarterly basis in accordance with our risk management policy. For all qualifying and highly effective cash flow hedges, the changes in the fair value of the derivatives are recorded as Other Comprehensive Income to the extent effective.

We attempt to limit our credit exposure by dealing with creditworthy counterparties. In addition, before entering into each agreement and periodically throughout the period a financial instrument is owned, we review each counterparty to evaluate its financial stability.

Contractual Obligations

As of September 30, 2025, we have direct aircraft orders in place with Airbus for 90 A320NEO aircraft and 51 A321NEO aircraft, and direct orders in place with Boeing for 81 737-MAX-8 aircraft. In addition to these direct orders, we have sale-leaseback capital commitments for eight Boeing and nine Airbus aircraft.

As of September 30, 2025, the combined purchase price of these firm orders totalled $12.6 billion and scheduled delivery dates are between 2025 and 2031. These contracted obligations are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable.

The following table sets out our future obligations in respect of aircraft purchase commitments and unsecured debt arrangements with third parties and group companies:

	As of September 30, 2025—$'000			
	Total	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Unsecured Debt—Third party undertakings	9,729,529,892[19]	975,000,000	6,753,726,001	2,000,803,891
Unsecured Debt—Group Undertakings	5,947,904,106	842,361,997	2,143,024,109	2,962,518,000
Export Credit Agency Financing	66,515,365	5,399,069	24,182,947	36,933,349
Aircraft Capital Commitment	12,626,555,590	2,210,635,519	9,333,065,275	1,082,854,797
	28,370,504,953	4,033,396,585	18,253,998,332	6,083,110,037

Off-Balance Sheet Arrangements

Other than aircraft purchase commitments we do not have any off-balance sheet arrangements.

Qualitative Disclosures about Commercial and Market Risk

Commercial Risk

The airline industry is cyclical and highly competitive. Our aircraft are under operating leases where the cost of the aircraft is expected to be substantially recovered over the term of the leases. The oversupply of a specific type of aircraft in the market could depress aircraft lease rates and values, which would affect re-lease rates. The supply and demand of aircraft is affected by various cyclical factors including:

i. passenger air travel and air cargo demand;

ii. fuel prices;

iii. maintenance costs;

iv. technological innovation and the introduction of a new generation of aircraft types;

v. government and environmental regulations; and

vi. geopolitical issues.

[19] Does not include $2.3 billion of third-party funding, including $1.98 billion of funding provided by JBIC and received through our shareholder, SMFL. For more information, see "Description of Other Financial Indebtedness—Shareholder Loans—Shareholder Acquisition Facility."

Market Risk

Market risk represents the risk of changes in value of a financial instrument caused by fluctuations in interest rates and foreign exchange rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the following market risks:

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our exposure to interest rate risk arises primarily from loans and borrowings, finance lease payables to third parties and related parties, finance lease and loan receivables from third parties and related parties and lease rental income and expenses.

Our policy is to minimize cash flow and interest rate risk by managing our funding in both duration and interest basis on similar terms to our overall portfolio of leasing transactions, using floating-to-fixed interest rate swaps where appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. As of September 30, 2025, and March 31, 2025, 29.7% and 30.7% of our debt was secured on a floating rate basis respectively. This compares with 5.0% of our portfolio, as measured by net book value, which was leased on a floating rate as of September 30, 2025. Taking into consideration the economic effect of these interest rate swaps and other derivative instruments converting our hedged borrowings from floating rates to fixed rates, the effective proportion of floating rate debt to our overall debt was 8.0% as of September 30, 2025.

At March 31, 2025, if interest rates on financial assets or liabilities with variable interest rates shifted by 10 basis points, the underlying post-tax profit for the year would have been $0.2 million lower/higher; other components of equity would have been $9.0 million lower/higher as a result of a decrease/increase in the fair value of cash flow hedge reserve.

We obtain financing primarily through bank borrowings and capital market fundraising. Our objective is to obtain the most favorable interest rates available on acceptable terms and conditions.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due. Any maturity mismatch within the overall long-term structure of our assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of our liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. We are exposed to credit risk in the carrying amounts of trade and other receivables, derivative financial instruments, advances to OEMs, fixed deposits and cash and bank balances.

Credit risk on lease receivables is managed within the SMBC Aviation Capital group to enable us to achieve appropriate risk versus reward performance while maintaining credit risk exposure in line with approved risk appetite on an entity basis. Our credit risk on liquid funds is limited because our counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit impairment charge is determined by classifying lessees into four categories, Category 1 being the lowest risk and Category 4 the highest risk with an appropriate provision percentage ascribed to each category depending on payment performance. The Group’s leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair, maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas.

We continue to monitor the economic environment of our customers including those who have entered lease restructurings (both as part of or separate to formal restructuring processes) as well as taking actions to limit its credit exposures. Credit loss provisions were revised during the reporting period in line with the changing economic and lessee specific circumstances. All lessees who entered bankruptcy protection, administration (or similar arrangements) during the prior financial year are included in Category 4.

Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We minimize cash flow currency risk by ensuring our leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. For the six months ended September 30, 2025, and the six months ended September 30, 2024, 100% of our lease revenues were denominated in U.S. dollars. As of September 30, 2025 we had no currency swaps in place.

All of our financial instruments are primarily in U.S. dollars. However, certain bank accounts and receivables and payables are denominated in Euro, Japanese Yen, Chinese Yuan and Sterling.

BUSINESS OVERVIEW

SMBC Aviation Capital forms part of the wider Sumitomo family aircraft financing group and is one of the world's leading aircraft operating lease companies. In operation since 2001, we are one of the largest operating lessors globally, with an owned and serviced fleet valued at $32.9 billion as of September 30, 2025, comprising 488 owned and 260[20] serviced aircraft.

Our success over our 24 years of operations has been achieved through our disciplined approach to asset investment which focuses on maintaining a fleet comprising the most liquid, and in-demand aircraft types available. Our approach seeks to ensure that our portfolio is in demand with the largest number of operators, in the most jurisdictions globally, maximising the options available to us to lease, re-lease or trade aircraft at any given point in time. This supports our ability to generate stable long-term contracted cash flows and attractive risk adjusted returns. As of September 30, 2025, we have accumulated retained earnings of $3.5 billion.

Our orderbook focuses on new technology aircraft, including the Airbus A320neo family and the Boeing MAX family aircraft. We believe that maintaining a portfolio of young, fuel-efficient and liquid aircraft assets is key to long-term profit stability and aviation sustainability.

We are disciplined in terms of the commercial jet aircraft in which we invest, focusing on young, liquid, in-demand assets which have large production runs, the widest installed base and which are flown by most airlines around the world. We acquire these aircraft either directly through orders with the OEMs, through SLB transactions with airlines, through portfolio purchases from other lessors or, on occasion, through strategic M&A opportunities. Our strategy is to recalibrate our emphasis on different acquisition channels at different points in the industry cycle to optimize overall returns.

We believe that our focus on aircraft liquidity will continue to reduce earnings volatility in a long-run normalized operating environment and maximize risk adjusted returns over time. This strategy has resulted in a portfolio as of September 30, 2025 that is comprised almost entirely of what we believe to be the most liquid aircraft available, such as the Airbus A220 family aircraft, Airbus A320ceo/neo family aircraft, Airbus A330neo family aircraft, Airbus A350 family aircraft, Boeing 737NG/MAX family aircraft and Boeing 787 family aircraft.

We are a global business, headquartered in Dublin, Ireland, with representatives in Japan, China, Hong Kong, Singapore, Europe and the United States. Our global presence provides local access to airline customers, aircraft investors and capital providers in key geographic regions. We lease our aircraft to a diverse group of operators, both geographically and by business type. As of September 30, 2025, we had 103 airline customers in 50 different countries worldwide with a balanced geographical mix comprised of 37.8% in Europe, Middle East and Africa, 30.5% in the Americas and 31.7% in Asia (in each case, weighted by NBV as of September 30, 2025).

We trade our aircraft assets frequently to optimize returns and manage risk, ensuring that our portfolio stays young and attractive to our airline and investor customer base. Since our inception in 2001, we have sold over 600 aircraft from our owned portfolio to over 160 trading counterparties as of September 30, 2025, reflecting the strength of our aircraft trading platform and our ability to access and develop liquidity across a broad spectrum of global investors throughout the economic cycle.

Throughout our 24 years in business, we have maintained one of the youngest portfolios of owned aircraft among investment grade leasing companies[21], with a weighted average age of 5.6 years and a weighted average remaining lease-term of 6.8 years as of September 30, 2025.

SMBC Aviation Capital is a key pillar of our shareholders international expansion strategy and as a result, we receive significant financial support from the shareholder group. In aggregate, the shareholders' total commitment to SMBC Aviation Capital stands at $20.19 billion as of September 30, 2025 on a combined debt and equity basis. We augment our core leasing business through a combination of marketing our shareholders' wider aircraft finance

[20] Including 2 aircraft for affiliated companies.

[21] Based on publicly available information concerning the fleets of Air Lease Corporation, BOC Aviation, AerCap Holdings N.V., Aircastle Limited, Dubai Aerospace Enterprise, Avolon and Aviation Capital Group.

product offerings, for which we receive referral fees, and utilizing our extensive lease management platform to provide aircraft investment services to a broad range of investors, capital providers and JV partners for a management fee. These aircraft investment services are similar to those we perform with respect to our owned fleet and include *inter alia* leasing, remarketing for sale or lease, lease administration and provision of technical oversight. Our actively serviced portfolio is now valued at $5.2 billion as of September 30, 2025.

The business generated a profit before tax of $408.3 million for the six months ended September 30, 2025, as compared to a profit before tax of $274.6 million for the six months ended September 30, 2024. Our profitability reflects the greater scale of our balance sheet, strength of the market backdrop globally for aircraft financing and the resulting high level of activity across all sections of our business.

It is the combination of our disciplined investment strategy, focused risk management and balance sheet strength, together with our experienced management team and strong shareholder support that underpins our investment grade ratings. Our strong credit ratings in turn facilitate our access to a broad range of competitively priced financing sources, providing us with a strong liquidity base and increased funding optionality in all market conditions.

Ownership and History

Our company commenced operating leasing services in May 2001 when we were acquired by RBSG. In June 2012, we were acquired by a consortium led by SMBC, with our ultimate parent becoming SMFG. SMFG beneficially owns 66% of our equity, is a G-SIB (Global Systemically Important Bank), and is one of the largest banking groups in Japan. A G-SIB is a designation given to a financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity. SMFG has a senior unsecured rating of A- from S&P and A- from Fitch. Sumitomo Corporation, rated A- by S&P and Baa1 by Moody's, is one of the largest Japanese general trading companies and the beneficial owner of the remaining 34% of our equity.

SMBC Aviation Capital is strategically important to SMFG's vision for the next decade to become a global financial group due to its track record of generating consistent profitable U.S. dollar based returns from a diversified, global customer base and by introducing SMFG to business opportunities in new jurisdictions. This was the context in which SMFG acquired our business.

Our shareholders provide significant financial support to our business, with an aggregate amount of $20.19 billion of capital provided as of September 30, 2025, which consists of $3.65 billion[22] of drawn unsecured loan amounts due to parent group undertakings, $6.22 billion[23] of total equity and undrawn shareholder funding of $10.32 billion under the SMBC Aviation Capital Revolving Credit Agreement.

As part of its internationalization strategy, SMFG, in particular, focuses on strengthening its business in Asia in order to capitalize on the high medium to long-term growth potential of Asia's emerging countries. One of SMFG's main goals has been to steadily create a business platform in Asia. SMBC Aviation Capital's platform and customer relationships support this goal, given that, due to strong passenger growth, the Asian region is expected to account for an increasing proportion of the global aircraft financing opportunities in the next 20 years.

SMBC Aviation Capital operates independently but is well-integrated with its shareholders, both from a business and governance perspective, with senior shareholder executives holding a majority of the positions on the board of directors of SMBC Aviation Capital. SMFG and Sumitomo Corporation have a long track record and knowledge in the aviation sector and, in particular, have been active in the commercial debt market and arranging tax equity products for domestic Japanese investors. SMBC Aviation Capital is now utilized as the platform to maximize SMFG's aircraft financing capabilities.

Since April 2014, we have been working with our shareholders under a cooperation framework that is designed to integrate the marketing of the entire SMFG and Sumitomo Corporation product offering to airlines and investors globally. This initiative is a core component of our shareholders' business strategy, allowing us to

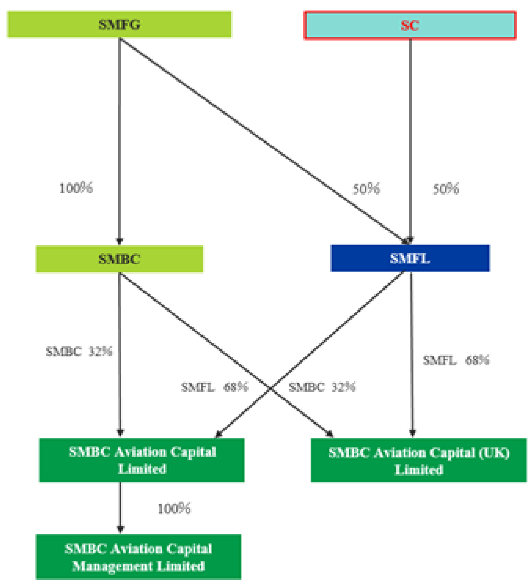
[22] Figure excludes $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.
[23] This amount includes $3.5 billion in retained earnings.

differentiate our company from other market participants by offering a broader product proposition to our airline and investor customers. Our marketing team, in conjunction with specialist teams from SMFG and Sumitomo Corporation, offer customers a full suite of financing options including operating leases, Japanese tax leasing structures, debt financing, engine leasing and asset management services. In management's view, this maximizes our relevance to our customer base, resulting in deeper customer relationships than would be possible for a typical "one product" leasing company.

In November 2018, SMBC Aviation Capital received a further capital investment of $1 billion, consisting of $700 million in preferred share capital issued to SMFL and SMBC, and the $300 million unsecured subordinated loan from SMBC. The $300 million unsecured subordinated loan from SMBC was repaid in April 2025. In parallel, SMFL became a 50:50 joint venture between SMFG and Sumitomo Corporation. Our shareholders' beneficial ownership in SMBC Aviation Capital remained unchanged as a result of the reorganization. We received $1.36 billion of preferred share capital from our shareholders in December 2022 to support the Goshawk Transaction. The capital investment by our shareholders demonstrates their commitment to and support of our ongoing strategy and success.

Following the capital investment, SMBC Aviation Capital continues to remain strategically important to SMFG with a common brand, board composition and integrated strategy. SMBC Aviation Capital will also continue to be a key growth driver for SMFG's international business.

The following chart depicts the current ownership structure of SMBC Aviation Capital.



Ultimate Share Holding Percentage

SMFG: 66% SC: 34%

SMFG	Sumitomo Mitsui Financial Group	Bank Holding Company
SMBC	Sumitomo Mitsui Banking Corporation	Bank
SMFL	Sumitomo Mitsui Finance & Leasing	Lease & Finance
SC	Sumitomo Corporation	Trading Company

Financing Strategy

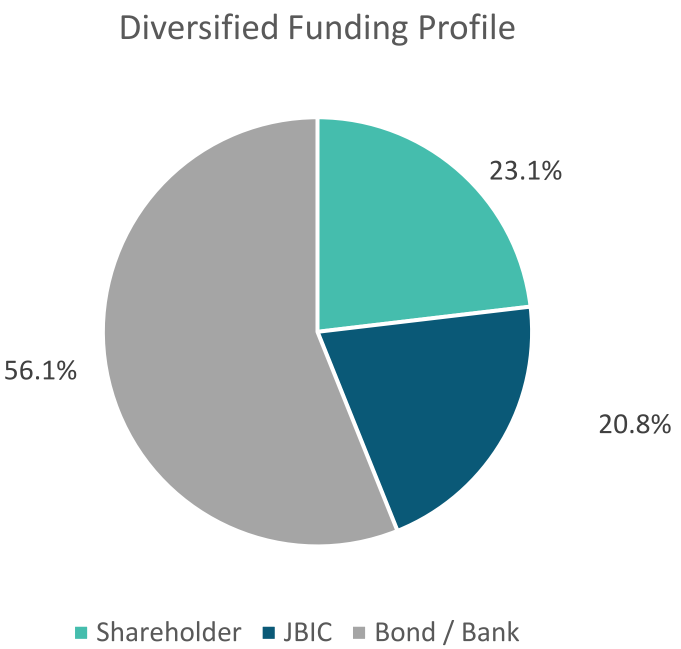
In addition to our business strategies described above, the successful implementation of our financing strategy is a critical component of the success and growth of our business, leveraging off our strong external credit ratings. The overall objective of our financing strategy is to provide the capital to grow our business through arrangements that provide us with a competitive cost of capital, maximize flexibility in strategic choice and minimize risks relating to changes in market conditions and liquidity.

As of September 30, 2025, 100% of our equity capital and 23.1%[24] of our total borrowings were provided by our shareholders. In addition, our Japanese ownership has enhanced our ability to tap into other sources of debt

[24] Figure excludes $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.

financing available from Japanese financial institutions. As of September 30, 2025, 26.5%[25] of our total borrowings were provided by term loans from non-shareholder Japanese institutions.

As of September 30, 2025, the funding profile of the business consisted of 23.1%[26] shareholder debt, 20.8% of debt provided by JBIC and the remaining 56.1% from capital market issuances and third party bank financing.



In line with our business plan, the expectation is that our shareholders will continue to be our single largest funding provider. However, a key element of our strategy is to utilize the third-party bank and bond markets during periods of strong liquidity, turning to the capacity available within our shareholder lending facilities during periods of dislocation in the financing markets. This strategy enables us to deliver on our counter-cyclical approach to asset investment by capitalizing on attractive aircraft acquisition opportunities in the sale and lease back markets when access to capital is either restricted or prohibitively expensive for others.

As of September 30, 2025, 29.5% of our debt (21.1% of our capital requirements) was provided by the issuance of the 2026 Notes, the 2028 Notes, the 2029 Notes, the 2030 Notes, the 2033 Notes, the 2034 Notes and the 2030 Notes. We may also consider in the future issuing notes or incurring loans or other indebtedness secured by aircraft and/or related assets, depending on prevailing market conditions and other considerations we deem relevant. For more information about our debt obligations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt Obligations."

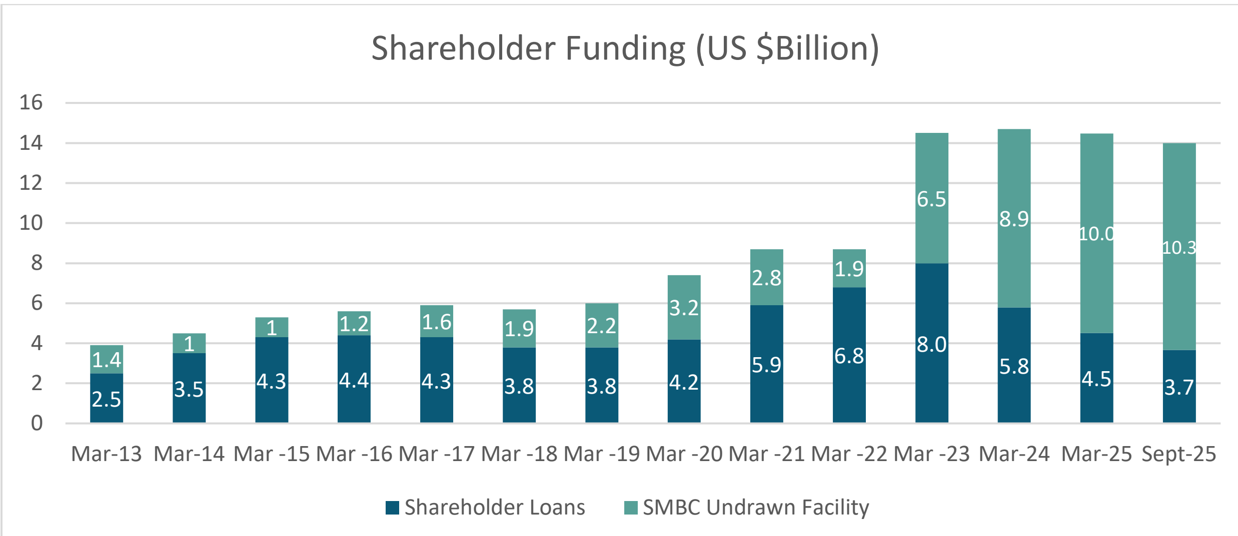
As of September 30, 2025, 99.6% of our debt was unsecured. Our near fully unencumbered balance sheet reduces constraints on selling aircraft, which we believe complements our strategy of actively trading our aircraft assets for portfolio management purposes. The issuance of unsecured notes is in line with our objectives of diversifying funding sources while maintaining flexibility in managing our aircraft portfolio.

[25] This is adjusted to include $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.

[26] Figure excludes $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.

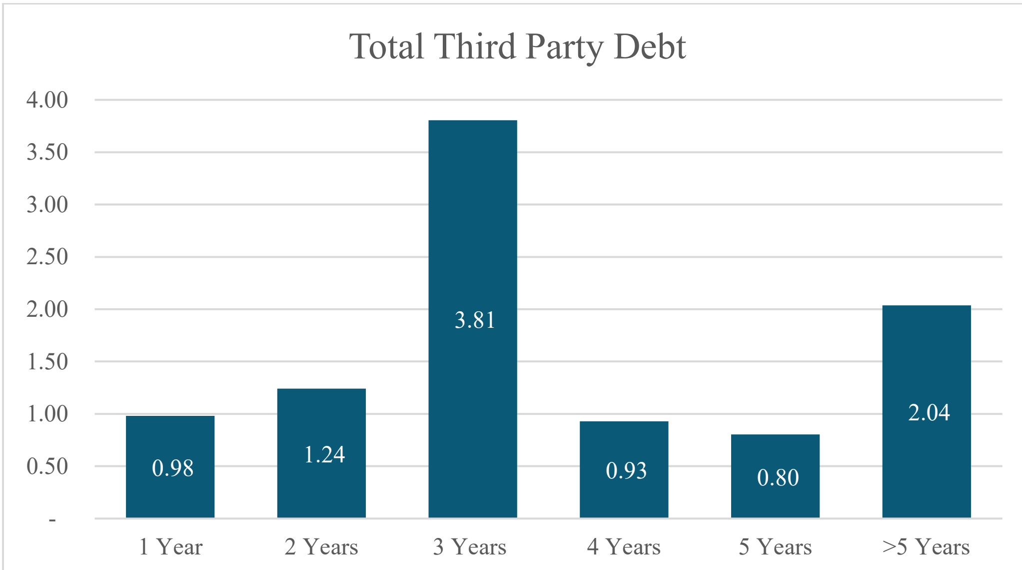
It is also our intention to further diversify our sources of financing by building borrowing relationships with international financial institutions. Although we intend to favor unsecured borrowings in the future, depending on market conditions, we may also enter into term loans for the acquisition of a proportion of our aircraft that are secured by the acquired aircraft and, in some cases, may be supported by third-party credit guarantees from agencies such as the Ex-Im Bank and European Export Credit Agencies ("ECAs").

In addition to the $3.65 billion[27] of drawn unsecured shareholder loans, as of September 30, 2025, SMBC Aviation Capital had undrawn shareholder funding of $10.32 billion available under the SMBC Aviation Capital Revolving Credit Agreement. When combined with the $2.96 billion of capacity available under our undrawn third-party credit facilities and $1.15 billion of unrestricted cash, we had $14.4 billion of available liquidity as of September 30, 2025.



[27] Figure excludes $2.3 billion of third-party debt, including $1.98 billion received from JBIC, structured through our shareholder, SMFL.

The revolving nature of the majority of our shareholder debt significantly mitigates our refinancing risk. As of September 30, 2025, the average third-party debt repayable over the next 5 years is $1.55 billion per annum. Third-party debt maturities due over the next twelve months is $980 million.



Hedging Policy

Our objective is to align our funding sources across all lease cash flows. In general, we are exposed to three sources of mismatch between leases and funding:

Interest rate risk—the risk cash inflows from leases do not adjust in line with cash outflows from funding as interest rates change.

Foreign exchange risk—the risk cash inflows from leases do not adjust in line with cash outflows from funding as foreign exchange rates change.

Liquidity risk—the risk the long-term nature of our leases is not matched with appropriate long-term funding.

Our objective is to minimize our exposure to these risks. To achieve this, we are aided by having access to SMBC's capital markets subsidiary, which provides attractive, commercial terms to hedge the funding of our activities.

Most of our leases are fixed rate (95.0%) meaning as of September 30, 2025, leases with respect to 5.0% of our owned portfolio, measured by NBV, provided for the lease rentals to be paid on a floating rate basis. We seek to align fixed rate debt funding to fixed rate leases and floating rate debt funding to floating rate leases.

Our financial instruments are primarily in U.S. dollars. Certain bank accounts are held in Euro, Sterling, Japanese Yen and Hong Kong Dollar while certain receivables and payables are also denominated in these currencies. All our leases are denominated in U.S. dollars and funded by U.S dollar denominated borrowings and equity resulting in minimal foreign exchange rate risk for us.

To the extent that lease and funding flows materially do not match, we use our internal trading lines with SMBC to allow us to execute interest rate and cross currency swaps where appropriate to reduce that risk.

Finally, to minimize liquidity risk, the maturity of our funding sources is aligned on an average basis and to the extent possible with contracted lease maturities. We carefully evaluate and monitor our debt maturity profile to ensure that our refinancing requirements are well-dispersed, without any debt maturity spike in any single year. As of September 30, 2025, the notional principal on our interest rate swaps was $3.4 billion.

We believe our capital and hedging structure is efficient and prudent given the nature of our long-term aircraft assets and leases, is consistent with our goal of minimizing refinancing risks and our strategy of generating consistent and stable cash flows and profitability and provides us with flexibility to capitalize on market opportunities as they arise. Further diversification of funding sources by gaining access to the unsecured markets through issuance of notes will enhance our financing flexibility. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and “Description of Other Financial Indebtedness” for more information on our sources of financing.

Portfolio

As of September 30, 2025, we had an owned portfolio of 488 aircraft, a serviced fleet of 260 aircraft (including 2 aircraft for affiliated companies) and 239 future purchase commitments (222 on direct order with OEM’s and 17 sale and leaseback), as demonstrated in the table below. Our direct orders and sale and leaseback contracts are comprised of 150 Airbus and 89 Boeing narrow-body aircraft which are to be delivered between 2025 and 2031.

Aircraft Type	Owned Aircraft	Affiliated Company Owned Aircraft	Serviced Aircraft	Committed Aircraft	Total Number
Airbus A320CEO family	84	1	52		137
Airbus A320NEO family	222		82	150	454
Airbus A350 family	14		11		25
Boeing 737NG family	89	1	45		135
Boeing 737MAX family	63		41	89	193
Boeing 787 family	11		18		29
Other	5		9	2	14
Total	**488**	**2**	**258**	**239**	**987**

The characteristics of our owned and committed fleet reflect what we believe to be one of the most disciplined approaches to aircraft acquisition in the aircraft leasing industry:

1. **Aircraft Type**: Our portfolio is comprised almost entirely of what we believe are the most liquid and investor friendly aircraft types, comprising the Airbus A220 Airbus A320ceo/neo, Airbus A330 neo Airbus A350, Boeing 737NG/MAX and Boeing 787 families of aircraft.

2. **Fleet Age**: Our fleet had a weighted average age by NBV of 5.6 years as of September 30, 2025.

3. **Lessee Type**: Our portfolio is diversified by type of airline, with low-cost carriers representing 53% of our fleet and established full-service network carriers representing 45% of our fleet as of September 30, 2025.

4. **Lessee Region**: Our portfolio has a balanced geographical mix, comprised of 29.9% Developed and Emerging Europe, 8.0% the Middle East and Africa, 30.5% the Americas and 31.7% Asia weighted by NBV as of September 30, 2025.

5. **Lessee Concentration**: We have a broad array of lessees, with no lessee representing more than 6.3% of our portfolio as of September 30, 2025.

6. **Long-Term Cash Flows**: Our lease maturities are staggered to ensure that there is no concentration of maturities in any particular period. As of September 30, 2025, our portfolio had a weighted average remaining lease term by NBV of 6.8 years, providing a long-term contracted revenue base.

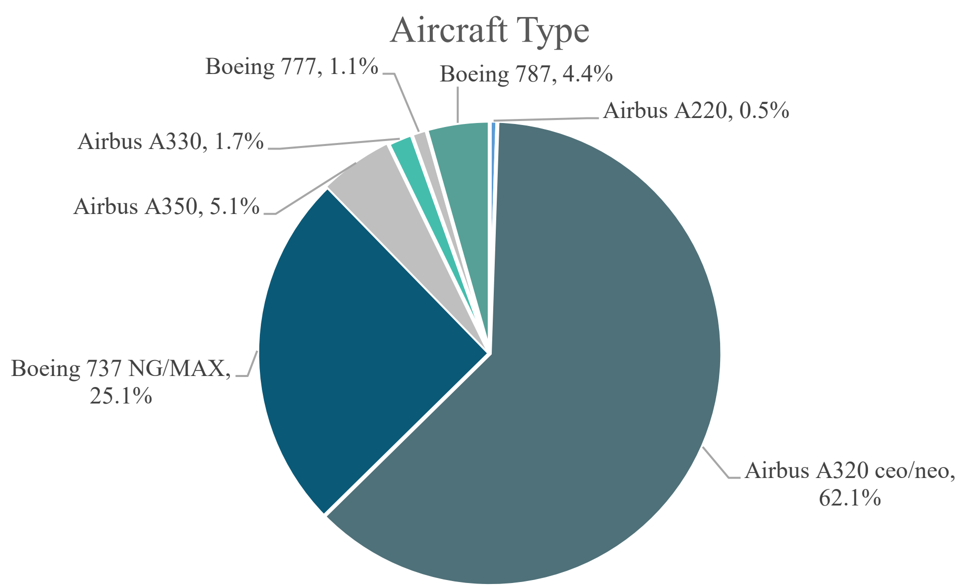
7. **Strategically Important Order Book**: Our direct orders are strategically important as they give us access to highly sought-after, next generation, fuel-efficient aircraft. Our order book represents an important element of our strategy for portfolio transition to new technology.

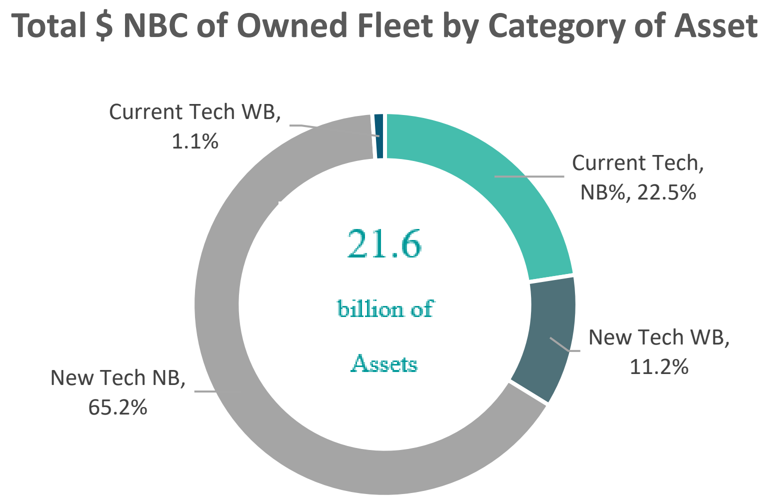
8. **Strong Trading Expertise**: The principle of active aircraft sales is central to our portfolio strategy and allows us to maintain the low average age of our fleet and manage airline concentrations, asset residual value and lease remarketing risk.

9. **Risk Management Approach**: Risk management is core to our business. Over our more than 24 year history, we have had prudent approach towards risk management which has led to minimal levels of default in a normal operating environment, and in efficient resolution of restructurings arising as a result of the COVID-19 pandemic.

Aircraft Type

In selecting aircraft to acquire, our primary focus is on the liquidity of the asset. We seek to acquire the most popular and in demand aircraft- in production today. As of September 30, 2025, our owned portfolio was comprised of Airbus A220-300 (0.5%), Airbus A320ceo/neo family (62.1%), Boeing 737 NG/MAX (25.1%), Airbus A350 (5.1%), Airbus A330 neo (1.7%), Boeing 777 (1.1%) and Boeing 787 (4.4%) aircraft, as shown in the first chart below. Of these aircraft types, 65.2% are new technology narrow-body, 11.2% are new technology wide-body, 22.5% are existing technology narrow-body and 1.1% are existing technology widebody, as shown in the second chart below.





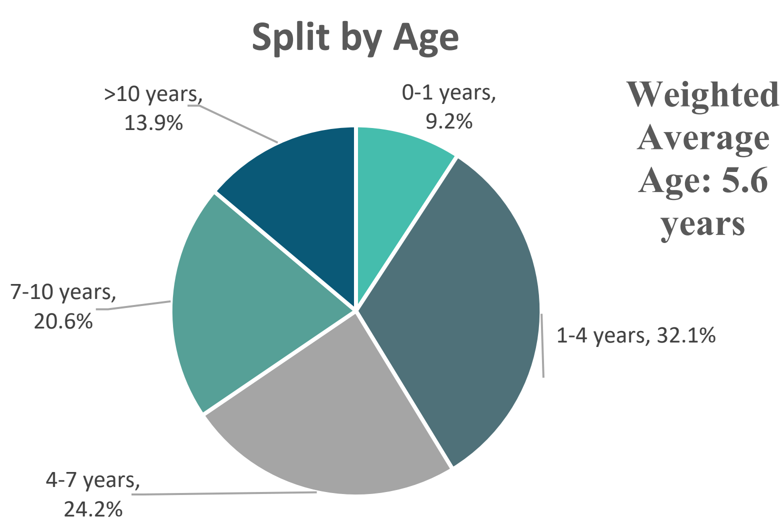
Source: SMBC Aviation Capital (Weighted by NBV).

This disciplined approach to asset selection and our focus on the most liquid aircraft types with large operator bases that are popular among airlines globally maximizes placement opportunities with airlines when aircraft are coming off lease.

Fleet Age

As of September 30, 2025, the average age of our owned aircraft portfolio, weighted by NBV, was 5.6 years. Younger, modern-technology aircraft are more desirable than older aircraft to many lessees because of their fuel efficiency, lower maintenance costs and longer remaining useful lives.

The following graph shows the split by age of our aircraft as of September 30, 2025.

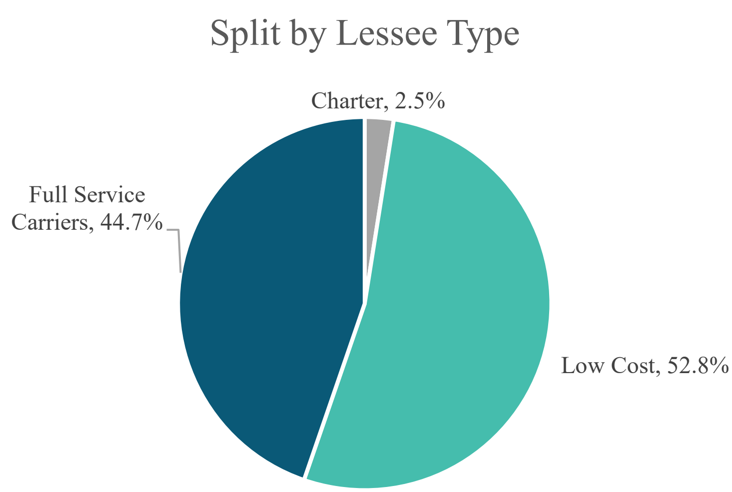


Source: SMBC Aviation Capital (Weighted by NBV).

Lessee Type

We believe creating diversity across business model, geography and lessee mitigates the potential risk of volatility or a material reduction in cash flows by reducing our exposure to any particular sector of the global aviation market. As of September 30, 2025, we had 103 airline clients in 50 countries worldwide.

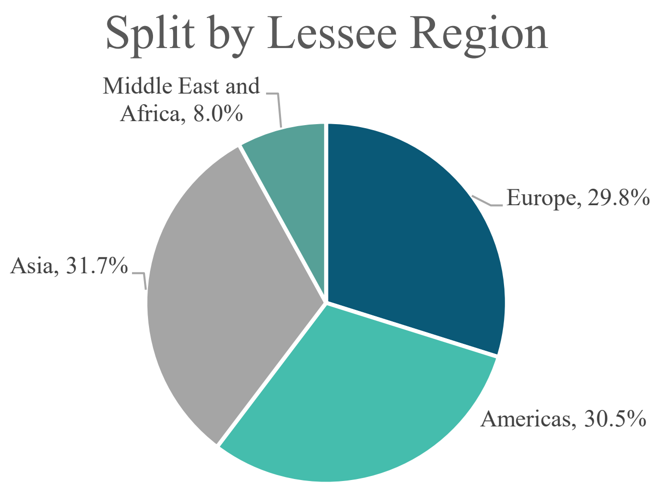
Our owned portfolio is diversified by type of airline, with low-cost carriers and established full-service network carriers (defined as airlines that focus on providing a wide range of pre-flight and on-board services, including different service classes, and connecting flights) ("FSCs") representing 53% and 45% of our fleet, respectively, as of September 30, 2025. The following table demonstrates the percentage of each lessee by type.



Source: SMBC Aviation Capital (Weighted by NBV).

Lessee Region

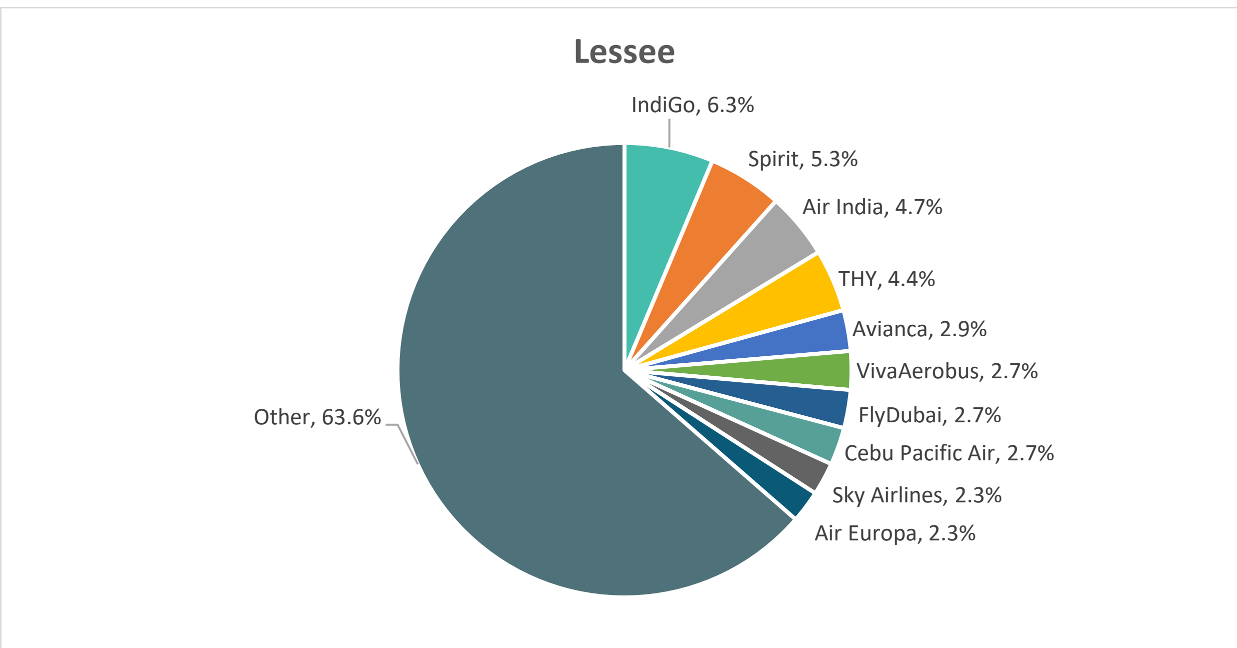
We manage our portfolio to facilitate lessee diversity by geographic region. The geographical mix of our portfolio was 29.9% Developed and Emerging Europe, 8.0% the Middle East and Africa, 30.5% the Americas and 31.7% Asia weighted by NBV as of September 30, 2025. The following chart shows our aircraft lessee concentration by region.



Source: SMBC Aviation Capital (Weighted by NBV).

Lessee Concentration

As of September 30, 2025, no single lessee accounted for more than 6.3% of the NBV of our owned aircraft portfolio. Our five and ten largest lessees comprised 23.6% and 36.4%, respectively, of the total NBV of our aircraft as of September 30, 2025. Our diversified lessee base limits our risk to our counterparties. The following chart illustrates our top 10 lessees as of September 30, 2025.



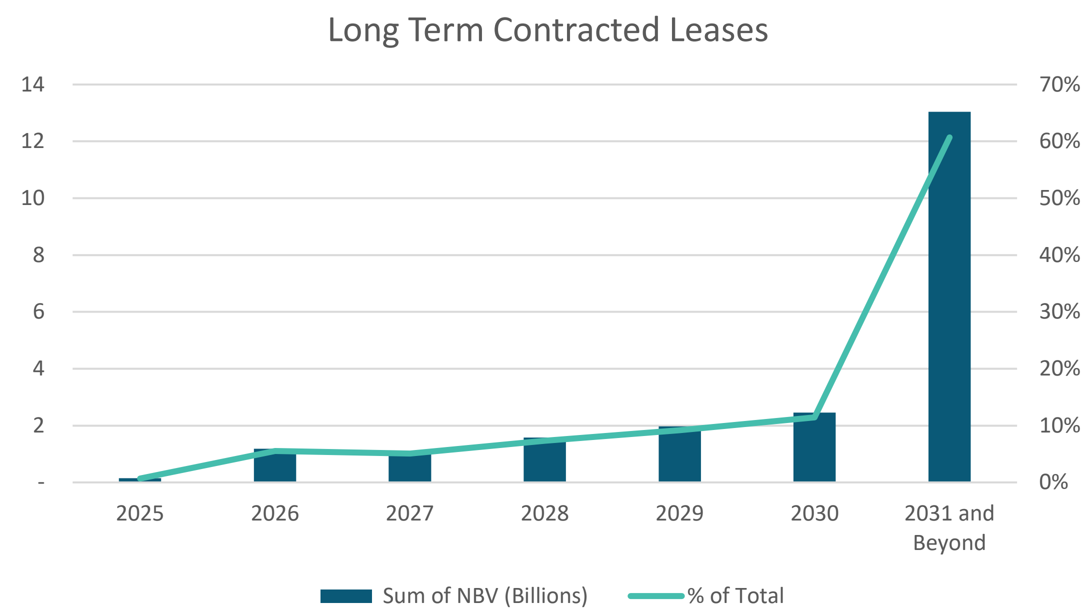
Source: SMBC Aviation Capital (Weighted by NBV).

Long-Term Cash Flows

Our fleet lease maturity concentrations are managed as part of our portfolio risk strategy, with lease maturities staggered to ensure that there is no "wall of maturities" in any particular period, which has resulted in lease maturities in any single year not exceeding 16.5% (2034) of our lease portfolio. Staggering lease maturities reduces our exposure to market cyclicality.

Our lease maturity profile is managed primarily through a combination of a targeted aircraft trading strategy focused on aircraft with relatively short lease terms remaining and leveraging our strong airline relationships to extend initial lease terms. As of September 30, 2025, our owned portfolio had a weighted average remaining lease term by NBV of 6.8 years, providing us with a long-term contracted revenue base with contracted cash flows from our delivered aircraft of $13.3 billion, equating to 84% of all debt outstanding as of September 30, 2025, not including future interest.

The following table shows the maturities of our leases as of September 30, 2025, weighted by NBV.



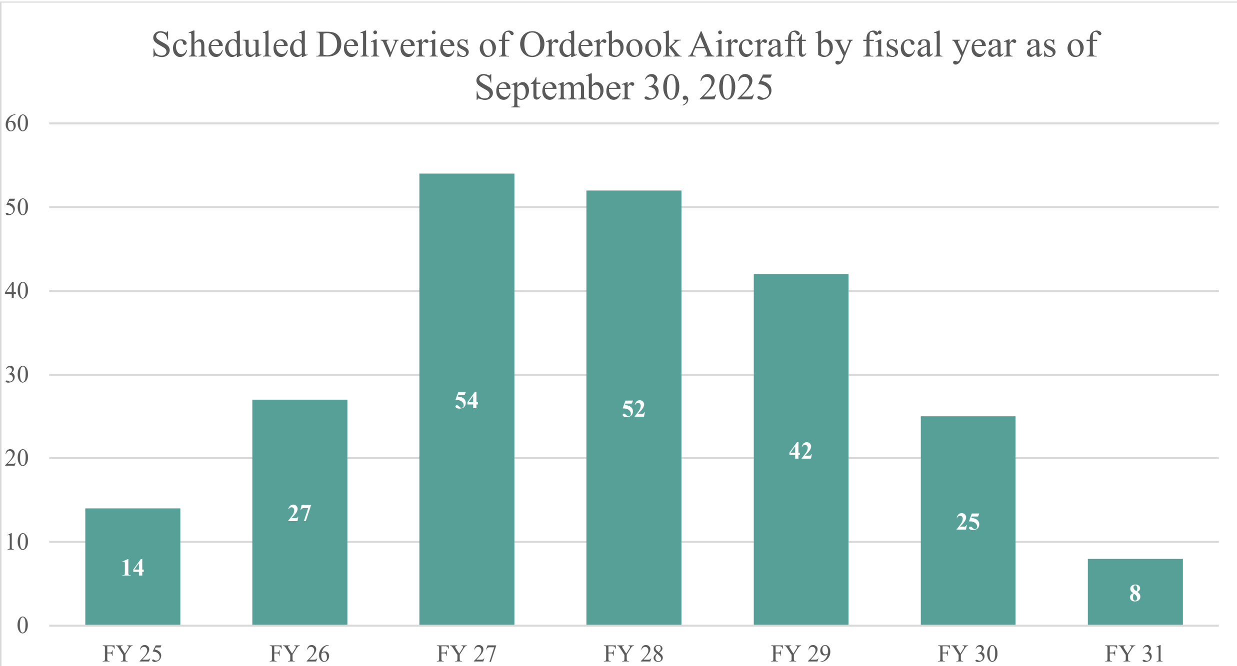
Source: SMBC Aviation Capital (Weighted by NBV).

Strategically Important Order Book

The experience and judgment of our senior management team, combined with the financial standing of our shareholders, provides OEMs with comfort in executing purchase agreements for large scale orders and is instrumental in achieving competitive pricing for our procurement program. We have a strong track record of placing aircraft directly ordered from the OEMs.

Our direct orders are strategically important because they provide us with access to highly sought-after, next generation, fuel-efficient aircraft. The selection of these aircraft types is consistent with our strategy of focusing on the most liquid, efficient assets with a diverse airline user base and our management expects our orders will be attractive to our customers, providing a stable stream of revenue while complementing activities in the SLB market and portfolio purchases.

As of September 30, 2025, we had commitments to acquire 222 direct order aircraft, including 90 A320neo aircraft, 51 A321neo aircraft and 81 737-MAX-8 aircraft. In addition to our direct orderbook, we have entered into agreements for sale and leaseback and portfolio acquisitions for 9 Airbus narrow-body aircraft and 8 Boeing narrow-body aircraft.



Source: SMBC Aviation Capital.

Strong Trading Expertise

Sales of aircraft assets are central to our portfolio strategy. We are an active trader of aircraft, having disposed of over 600 aircraft to over 160 trading counterparties as of September 30, 2025. We have an experienced team of aircraft trading professionals dedicated to disposing of our aircraft assets and cultivating relationships across a broad spectrum of investors globally.

A successful sales strategy over this sustained time period begins with disciplined procurement, purchasing the correct aircraft at an attractive price and placing aircraft on well-structured leases with good customers. We believe our disciplined approach to asset selection, focusing on the most liquid aircraft types, facilitates a higher proportion of trading activity relative to the majority of our peers.

An active aircraft trading program provides an effective portfolio management tool to maintain the low average age of our fleet and manage airline concentrations, asset residual value and lease remarketing risk while enabling us to trade in scale with our airline customers and recycle and redeploy capital on new aircraft opportunities.

Aircraft sales are also a source of fee income from associated aircraft investment servicing opportunities. As of September 30, 2025, we manage 260 aircraft[28] (market value of $11.3 billion[29]) on behalf of affiliated companies and third parties, a large proportion of whom are investors to whom we have sold an operating lease asset but who do not have an operating lease management platform.

[28] Including 2 aircraft for affiliated companies.
[29] Half-life value of aircraft as determined by AVITAS.

As part of our long-term disposal strategy, we intend to continue to leverage our shareholders' network of relationships in the Japanese domestic market to sell a greater proportion of aircraft into the Japanese investor market.

Risk Management Approach

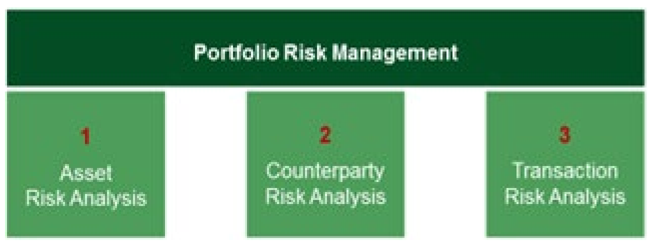
Risk management is core to our business. Every investment decision made by us is considered in the context of risk management, with a view to creating value consistently over the long term. The experience of our management and staff is fundamental to our risk management expertise.

We have adopted a "3 Pillar" framework approach to risk management. The three fundamental components of this framework are:

i. asset risk management;

ii. counterparty risk management; and

iii. transaction risk management.



Utilizing this 3 Pillar approach, we analyze our portfolio and inform our strategic decision making to optimize our portfolio risk-reward return. Over our more than 24 year history, this three pillar approach has been validated by the high utilization of our fleet (99.5% since 2005)[30].

Asset Risk Management

Our asset risk is assessed with the assistance of proprietary models that form the heart of our quantitative risk management. We have enhanced these models over a span of 24 years utilizing advanced mathematical analysis and our management's decades of experience to provide internal forecasts of aircraft future values, aircraft supply and demand, aircraft liquidity and investor appeal.

Our in-house aircraft future value model projects current and future values, and associated standard deviations, for aircraft by type, specification and year of manufacture. These projections are based on the forecast value curve and volatility for the selected aircraft type, which are derived from extensive regression analysis of historic aircraft trades and relevant inputs from the supply and demand model, together with estimates for current replacement cost and future aircraft price inflation. The aircraft future value model supports our pricing decisions and provides key inputs to the Monte Carlo model (see "—Transaction Risk Analysis" below). By supporting an independent view of future values for all aircraft types and specifications, the aircraft future value model avoids reliance on external appraisal firms.

Inputs and assumptions for all models are reviewed and updated quarterly at an Asset Value Committee attended by senior management and representatives of our shareholders.

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[30] Aircraft subject to lease average is calculated as the ratio of the NBV of on lease aircraft at the end of each fiscal year to the total NBV of all aircraft at the end of such year.

Counterparty Risk Management

There are four primary elements of counterparty risk:

- **Credit Risk**: We have a qualitative and quantitative approach to evaluating the creditworthiness of our airline counterparties. Detailed financial analysis is at the center of the assessment, but substantial additional weight is given to factors including the political and macroeconomic environment, competitive environment, market position, management depth and quality, regulatory landscape, ESG, cash flow health via stress testing and sensitivity to macro factors including volatility of FX, interest rates, fuel and carbon prices. Our counterparty grading model allows for each airline to be assessed on a consistent basis, taking account of financial and nonfinancial criteria. A risk analyst is assigned to each of our airline counterparties based on geographic location to allow that analyst to develop a deeper understanding of the broader region in which the airline operates. Proactive anticipation of potential problems is facilitated at a regular "Watch Forum" at which customers are identified that may present future credit problems. The Watch Forum is attended by representatives of our shareholders, our management team and our Portfolio Risk Management department. We are also exposed to credit risk with respect to undrawn balances of our financing agreements. All such undrawn balances are with or backed by highly rated financial institutions.

- **Concentration Risk:** The size and value of our exposures to counterparties, regions, countries and assets (including types, vintages and remaining lease term) are actively analyzed, discussed and reported within a Portfolio Governance Group consisting of senior staff members from SMBC Aviation Capital and our shareholding entities. The group meets on a regular basis to discuss these exposures and to agree on approach toward such exposures.

- **Technical Risk**: As the lessee is responsible for maintenance of the aircraft during the lease, our Technical team assesses the technical risk prior to lease commencement. In addition, the team conducts periodic inspections of our aircraft throughout the terms of the leases. The Technical team is closely connected to a global network of maintenance, repair and overhaul facilities and various industry suppliers that can provide further early insight into potential problems at an airline and can help us to be prepared to act quickly in the event of a repossession and release of an aircraft.

- **Legal Repossession Risk**: Legal repossession risk assessment is carried out by our Commercial Negotiation and Execution team and our portfolio Risk Management team as well as a network of reputable international law firms through ongoing jurisdiction reviews in relation to lease enforcement and repossession.

These methods ensure that informed opinions on counterparty risk are developed, allowing us to understand fully the risk we assume while also ensuring we are well positioned to foresee risk issues that may arise with existing customers.

Transaction Risk Management

We use a multi-disciplinary deal team structure to consider and address all aspects of a transaction and to optimize transaction quality. Each deal team is comprised of a representative from each of the primary functional departments. These departments reflect on the commercial, technical, legal, economic and counterparty aspects of each transaction and the ongoing contractual management and tradability of the deal. This multi-disciplinary structure establishes pools of expertise and experience within deal teams, ensuring that we have the capability to fully consider every aspect of a transaction.

Quantitative and qualitative analysis that incorporates select aspects of a transaction is summarized in a positioning paper prepared by the deal team which is then presented to management for each individual transaction and helps to inform views on transaction quality. We have developed a proprietary model which applies Monte Carlo statistical analysis and considers characteristics including asset type, future asset values, rental, security deposits, maintenance reserves, re-delivery conditions, credit quality and lessee jurisdiction, producing a single measure of the risk-adjusted return of a proposed deal, further facilitating the objective cross-comparison of various deals based on a single metric.

Key Lease Terms

Under our operating leases, lessees bear the risks and rewards of operating the aircraft, while we retain title and bear the risks and rewards of owning the aircraft.

Our leases have a stated, fixed lease term, with terms that generally align with scheduled major maintenance events. Typical lease terms are between 5 and 12 years, with leases for new aircraft often in the 9-to-12-year range. Shorter lease terms are more common for used aircraft in some circumstances. Although a lessee may have an extension option, early termination option or a purchase option, such options are typically associated with aircraft coming to the end of their useful economic life and, as such, are not prevalent in our portfolio. Our leases also typically require airlines to be responsible for the implementation of airworthiness directives issued by applicable regulatory authorities. In some cases, we agree to make a contribution towards the costs of the implementation of the airworthiness directives, with such payment usually being made at the end of the lease term.

Our lessees typically pay rent monthly in advance. Lease rentals are contracted on either a fixed rate or floating rate basis. For fixed rate leases, the rental is typically fixed on or before execution of the lease contract or just prior to the delivery date by reference to a swap rate in line with the term of the lease. For floating rate leases, rents are typically reset every three or six months by reference to either three- or six-month USD SOFR. As of September 30, 2025, leases with respect to 5% of our owned portfolio, measured by NBV, provided for the lease rentals to be paid on a floating rate basis.

We typically hold a security deposit or letter of credit to secure the performance of the lessee's obligations under the lease, which may be applied against those obligations in the event of a lessee default. The quantum of any security deposit or letter of credit varies according to the credit quality of the lessee as well as the associated jurisdictional risk but is generally equivalent to between zero- and ten-months' rent. In some cases, we may also obtain credit support from a third-party for a lessee's obligations under a lease.

Our lease agreements require the aircraft to be maintained in accordance with standards benchmarked with the relevant airworthiness authority and/or aircraft manufacturer. At the end of the lease term, the lessee must return the aircraft in a pre-agreed minimum condition that will generally allow the aircraft to enter service with its next operator. We are typically entitled to receive maintenance payments from our lessees, which represent the maintenance value of cycles, hours or calendar time consumed on the airframe, engines and certain other high-value components of the aircraft. Some lessees make these maintenance payments in the form of monthly "maintenance reserve" payments during the term of the lease. Other lessees make a lump sum "return compensation" payment at lease expiry. During the lease, we account for these maintenance payments as a liability on our statement of financial position to the extent we are required to reimburse the lessee following a qualifying maintenance event.

All aircraft are leased on a "dry" basis, with the lessees responsible for all operating expenses such as fuel, crew, flight charges and insurance. In addition, all aircraft maintenance and repairs are the responsibility of the lessees. However, if the lessee pays maintenance reserves, we will typically agree to contribute to the cost of major maintenance events to the extent we have collected maintenance reserves from that lessee or, in some cases, from a previous lessee.

The lessee is generally required to "gross-up" lease payments where such payments are subject to withholding or other taxes, except for taxes on our net income and withholdings that arise out of transfers of the aircraft by us. The lessee is also required to indemnify us for certain other tax liabilities relating to the lease and the aircraft, including value added taxes and stamp duties. Our leases generally provide that the lessee's payment obligations are absolute and unconditional under all circumstances.

Other Revenue Generating Activity

As a complementary product offering to our SLB arrangements, we also occasionally agree with our customers to fund their PDPs to OEMs for future aircraft delivery commitments. In such a situation, we would typically require the relevant customer to pay us a return on the funded portion of the PDP or a higher lease rental to compensate us for making the PDP.

In addition, we utilize our in-house expertise in lease management, technical management and aircraft leasing and sales, when disposing of aircraft to third-party investors who do not have an operating lease platform and provide lease management services in return for a fee. Such services may include:

i. invoicing and collections;

ii. accounting services;

iii. monitoring insurance renewals;

iv. monitoring letter of credit renewals;

v. utilization reporting and tracking;

vi. technical inspections;

vii. transition planning and management;

viii. lease placement marketing;

ix. sales marketing; and

x. lease enforcement oversight.

Fees for our third-party lease management services are typically structured as a percentage of periodic rentals. Additional fees may apply for lease placement or sales services. This area of our business generates fee income with minimal capital investment, as it utilizes existing resources and expertise.

We had 260 aircraft under management for affiliated companies and third parties as of September 30, 2025. We will continue to examine strategic opportunities to grow our aircraft asset management business as they arise.

Insurance

We require our lessees to carry casualty and liability insurance customary in the air transportation industry, including comprehensive liability insurance, aircraft all-risk hull insurance and war-risk insurance. We require evidence of insurance to be provided to us prior to delivery of an aircraft to the lessee and on expiry of insurance coverages thereafter. Casualty insurance is required to be maintained at levels typically in excess of our NBV for the aircraft and liability policies are required to provide coverage at industry standard levels. Our lessees are required to pay insurance premiums for these coverages.

In late 2005, the international aviation insurance market unilaterally introduced exclusions for physical damage to aircraft hulls caused by dirty bombs, bio-hazardous materials and electromagnetic pulsing. These exclusions generally apply to the insurance policies covering our aircraft. Exclusions for the same type of perils may be introduced in the future into liability policies.

The Russia-Ukraine Conflict has driven changes in the aircraft insurance and reinsurance markets. This includes the termination of certain coverages and restriction of coverage for certain geographical areas including Russia and Ukraine. For example, Hull War insurers are charging increased premiums to have confiscation coverage included upon renewal and therefore, although still available, confiscation coverage now has lower aggregate limits than those that were available prior to the Russia-Ukraine Conflict.

Separately, we currently purchase contingent and possessed liability insurance and contingent and possessed hull insurance on all aircraft in our owned fleet and maintain other insurance covering the specific needs of our business operations. While we believe our insurance is consistent with what has historically been customary for our industry as to coverage and amount, adverse developments have been occurring in the aircraft insurance and reinsurance markets, including significant increases in premiums and the restriction of certain coverages as a result of the Russia-Ukraine Conflict.

There can be no assurance that our lessees and aircraft will be adequately insured against all risks, that lessees will at all times comply with their obligations to maintain insurance or provide the notices required thereunder in respect of any claims, that any particular claim will be paid or that lessees will be able to obtain adequate insurance coverage at commercially reasonable rates in the future. See "Risk Factors—Risks Related to Our Business and the Aircraft Leasing Industry—Our aircraft and our operations may not be insured at all times as a result of lessees' failure to maintain the required insurance during the course of a lease, lessees' coverage limits becoming exhausted or lessees' insurers excluding coverage for certain risks, which could have a material adverse effect on our financial condition, cash flow and results of operations."

Government Regulation

The air transportation industry is highly regulated. Because we do not operate aircraft in commercial service, we are generally not directly subject to most of these laws and regulations. However, our lessees are subject to extensive regulation under the laws of the jurisdictions in which they are registered or under which they operate. These laws govern, among other things, the registration, operation, maintenance and condition of aircraft. Certain jurisdictions impose strict liability on the owners of aircraft, even if such owners do not operate the aircraft.

Most of our aircraft are registered in the jurisdictions in which the lessees are certified as air operators. As a result, the aircraft are subject to the airworthiness and other standards imposed by these jurisdictions. Laws affecting the airworthiness of aircraft generally are designed to ensure that all aircraft and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Aircraft manufacturers may also issue their own recommendations or requirements, compliance with which are generally required under our leases.

Each lessee is responsible for complying with airworthiness directives with respect to aircraft operated by it (whether owned or leased) and is required to maintain the aircraft's airworthiness. 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, we may have to bear the cost of such compliance. Under certain of our leases, we have agreed to share with the lessees the cost of complying with material obligations under future airworthiness directives (or similar requirements).

In addition to these direct cost expenditures, which may be substantial, significant new requirements with respect to noise standards, emissions standards, import restrictions and other aspects of aircraft or their operation could cause the value of our owned aircraft portfolio to decrease. Additional governmental regulations relating to noise and emissions levels, or relating to import restrictions or other matters, may be imposed not only by the jurisdictions in which our aircraft are registered but also in other jurisdictions where our aircraft operate or where we may wish to place our aircraft on lease.

In addition, most countries' aviation laws require aircraft to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair. To the extent that our aircraft are not leased or a lessee defaults in effecting such compliance, we will likely be required to comply with such requirements at our expense.

Further, the U.S., the E.U., the UK, Switzerland, Japan, Canada and other countries throughout the world have imposed economic sanctions in response to Russia's invasion of Ukraine. In full compliance with applicable sanctions, we terminated the leasing of all aircraft on lease to Russian airlines in March 2022.

SMBC Sustainability Strategy

At SMBC Aviation Capital, we are an ambitious, people-focused aircraft leasing business; driven by the principle of partnership and uniquely positioned to meet our customers' evolving needs. We understand that the aviation industry plays a vital role in connecting people, cultures and economies around the world. As a major global aircraft lessor, we are positioned at that intersection of mobility, sustainability and innovation.

With this level of influence comes a responsibility to conduct our business in a way that contributes positively to society, the environment and upholds the highest standards of corporate governance.

We see playing a leadership role in sustainability both as an imperative but also as a source of competitive advantage and embedding sustainability into our business strategy and core product offering.

Our refreshed ESG strategy will set out our sustainability commitments, not only for our business and customers but also for our staff, investors and shareholders. The strategy will be characterised by clear objectives under the "E", the "S" and the "G" pillars respectively. Those objectives will centre on new technology targets, leading advocacy efforts on SAF, sustainable finance, our corporate social responsibility agenda, supporting diversity and inclusion across the business, strong corporate governance and sustainability reporting.

We are committed to assisting our airline customers to reduce their carbon emissions through the leasing and financing of the most technologically advanced and fuel-efficient aircraft on the market and to transition our fleet to up to 80% new technology aircraft by 2030. We are also exploring additional available decarbonization pathways for our industry including the use of Sustainable Aviation Fuels (SAF).

As part of SMBC Aviation Capital's commitment to leading the sector's efforts in ESG and delivering sustainable solutions for the aviation industry We have partnered with Trinity College Dublin to create a Sustainable Aviation Fuel Research Facility at our Dublin headquarters, Fitzwilliam 28. The state-of-the-art Research Facility is playing a crucial role in identifying and validating potential new sustainable aviation fuels. The research will help to scale up production and increase supply of SAF over the coming years, essential to aviation's decarbonisation journey.

The Trinity College Dublin (TCD) SAF Research Facility, is the delivery partner of the EU SAF Clearing House, a European Union Aviation Safety Agency (EASA) programme and is playing a critical role in that research effort.

We delivered two separate sustainability-linked financing instrument in 2023, with terms of these facilities linked to the Company's future performance against sustainability-linked Key Performance Indicators (KPIs), which focus on carbon emissions intensity per RPK of its owned fleet (an environmental KPI) and gender diversity across currently under-represented levels of seniority in the business (a social KPI). In 2024, we also entered into an export credit agency financing arrangement pursuant to the 2024 HSBC ECA Facility, certain commercial terms of which are linked to our sustainability performance targets. See "Description of Other Financial Indebtedness".

We also continue to make progress on our social strategy by investing in people and promoting diversity and inclusion internally and in the broader community. This is evidenced by our continued focus on the development and well-being of our people, alongside commitments to balanced representation in our business.

Our values-led Corporate, Social, Responsibility ("CSR") is tailored to reflect our commitment to giving back to our communities at both local and international levels by contributing to vulnerable groups, investing in our local communities and engaging our staff.

In 2025, SMBC Aviation Capital published its 3rd TCFD aligned report on a voluntary basis in respect of the year ended March 31, 2024. This sets out our commitments to improving and increasing the reporting of climate related financial information. In line with the TCFD framework, SMBC Aviation Capital has set out new governance structures to manage climate risk within our business, has identified relevant climate related risks and opportunities ("CROs"), how we will embed CROs as part of our risk management process and has disclosed our full Scope 1, 2 and 3 GHG emissions. It is our intention to reduce our carbon emissions, both through our own operations and through collaboration with our value chain. To further this intention, we have relocated to an office with a Leed 4.1 gold rating.

We recognise our role in shaping the sustainability trajectory of the aviation sector and have aligned our responsible business activities to the UN Sustainable Development Goals specifically in relation to climate and social progress.

Over the coming years, we are committed to the delivery of our ESG strategy and to collaborating across the aviation industry to ensure that we are playing our part to realize our collective ambition of achieving net zero by 2050.

Competition

The acquisition, leasing and sale of aircraft are highly competitive. We face competition from aircraft manufacturers, banks, financial institutions, other leasing companies, aircraft brokers and airlines. Competition for acquisition or leasing transactions is based on a number of factors, including price, delivery dates, lease rates, lease terms, other lease provisions, aircraft condition, the availability of finance and the availability in the marketplace of similar aircraft.

Competition in the acquisition, leasing and sale of used aircraft is based principally on the availability of used aircraft, price and the terms of the lease to which an aircraft is subject and the creditworthiness of the lessee.

Barriers to entry are relatively low in the aircraft acquisition, leasing and sales markets for new and used aircraft. We face competition from other established leasing companies, smaller players and new entrants, with these competitors often focusing on particular market segments. For example, larger lessors are generally more focused on acquiring newer aircraft and include competitors such as AerCap Holdings NV, BOC Aviation, Aviation Capital Group, CDB Aviation and Avolon Holdings Limited. When leasing or selling used aircraft, we may compete with these same companies and also with a broader group, including ICBC Leasing, Dubai Aerospace Enterprise, Aircastle Limited, Avilease and other players that may rely on private equity or other private funding, such as Carlyle Aviation and Castlelake.

We believe that we are able to compete effectively in aircraft acquisition, leasing and sales activities because of our significant scale, our strong OEM relationships, our access to competitively priced debt capital, the support provided by our shareholders, the reputation and experience of our management team, our rigorous and proactive risk management policies, our global customer base and good customer relationships and our extensive contacts in the aircraft acquisition, leasing and sales markets.

Employees

We currently have 289 direct employees as well as 14 representatives as of September 30, 2025. We provide certain employee benefits including retirement, health, life, disability and accident insurance coverage benefits to our permanent employees. None of our employees are represented by a union or collective bargaining agreements. We believe that we have good employment relationships with our staff.

Legal Proceedings

In November 2022, we commenced litigation in the Irish courts against our insurers in respect of the aircraft lost in Russia, following a refusal by our insurers to indemnify us for our losses. As announced to the Irish Court at a public hearing on April 29, 2025, the Company has discontinued its Irish court proceedings having reached a series of commercial resolutions with all defendant parties, the terms of which are confidential.

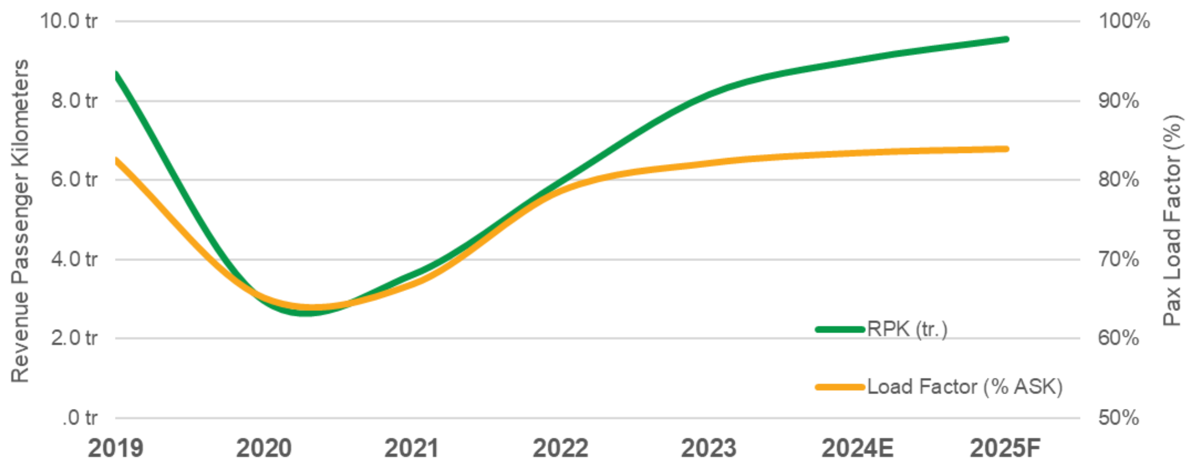
Further, in October 2023, we commenced litigation in the UK courts against the insurers and reinsurers under the airlines' insurance and reinsurance policies in respect of aircraft lost in Russia, without prejudice to the claims against our insurers in the Irish courts. We either did not issue or subsequently discontinued litigation in the UK courts in respect of airlines and/or aircraft with whom or in respect of which we concluded insurance settlements. The Company is continuing with its operator policy proceedings in the UK High Court with the remaining defendant parties.

Other than these litigations, neither we nor any of our subsidiaries are currently involved in any material litigation nor, to the best of our knowledge, is any material litigation currently threatened against us or any of our subsidiaries.

INDUSTRY

Air Traffic Demand

The air transport industry has historically been cyclical and affected by exogenous events. The global air passenger market has been negatively impacted twice in the 30 years pre-Covid (9/11 terrorist attack and the Global Financial Crisis) but recovered to its long-term growth within three years. The outbreak of COVID-19 in 2020 posed an unprecedented shock to air travel and resulted in a prolonged recovery. According to the International Air Transport Association (IATA), global traffic measured in Revenue Passenger Kilometres (RPK) recovered to the 2019 level in 2024 with further growth forecast in 2025. The global average load factor has also recovered and now exceeds 2019.



Source: IATA Global Outlook for Air Transport June 2025

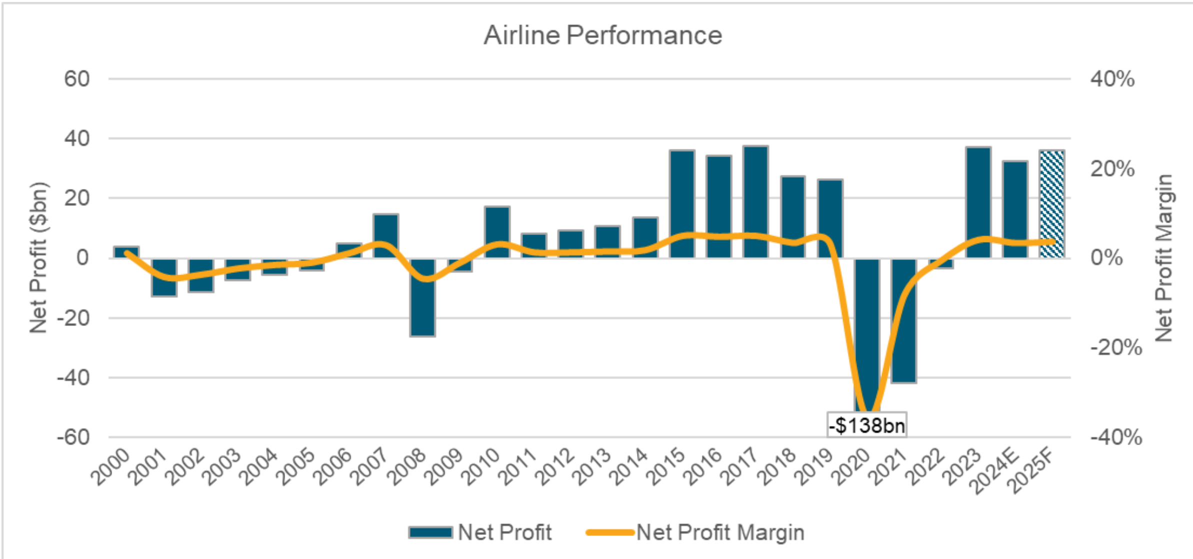
Global GDP is expected to grow at 2.5% compound annual growth rate (CAGR) between 2024 and 2044 according to Airbus and S&P Global. Global population and in particular, the middle-class population are expected to increase by 1.3 billion and 1.5 billion respectively during the same period. Similarly, Airbus forecast air passenger traffic to rebound in the short term until 2027, followed by up to 3.6% CAGR from 2027 to 2044.

Similar to Airbus, IATA also expects continuous growth in air traffic going forward with the total number of air passengers to increase by 5.8% in 2025. The Asia Pacific region is likely to show highest improvement followed by Europe and Middle East.

Airline Profitability

IATA forecasts an improvement in profitability for 2025 compared to 2024 with a net profit of $36 billion USD. Over the past twenty years, only 2017 and 2023 are slightly higher in profitability. Net Profit Margin is expected to be 3.7%, an increase of 0.3% over 2024.

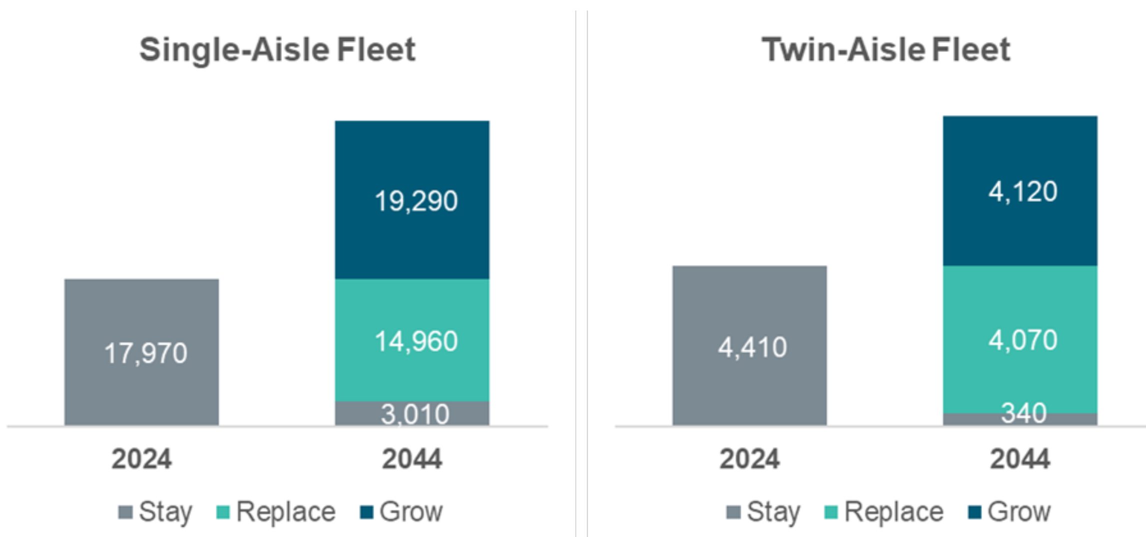
Lower fuel prices are helping to counterbalance the impact of headwinds in the industry. With fuel representing 30% of airlines' cost base, this decrease has aided profitability. Airlines have reacted to supply chain disruptions by improving operational efficiency and maximising fleet utilisation. As airlines continue to unbundle offerings, ancillary revenue is expected to be a significant contributor to revenue.



Source: IATA Global Outlook for Air Transport June 2025

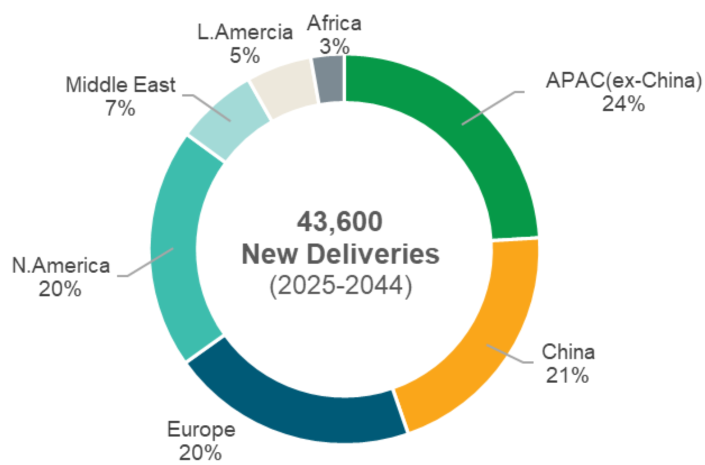
Global Commercial Fleet

According to Airbus, as of 2024, there were 22,380 passenger aircraft around the globe including 17,970 single-aisle aircraft and 4,410 twin-aisle aircraft.



Source: Airbus Global Market Forecast 2025-2044

In the next two decades, more than 40,000 new aircraft are forecast to be delivered globally. Boeing's Current Market Outlook (CMO) for 2025 forecasts 43,600 aircraft to be delivered between 2025 and 2044, replacing 21,110 existing aircraft with a further 22,490 for growth. According to its Global Market Forecast (GMF), Airbus assumes 43,420 new deliveries during the same period, with 18,930 deliveries for replacement leading to net increase of 24,480 aircraft worldwide. This implies new deliveries of c.33,000 single-aisle aircraft and c.8,000 twin-aisle aircraft.



Source: Boeing Commercial Market Outlook 2025

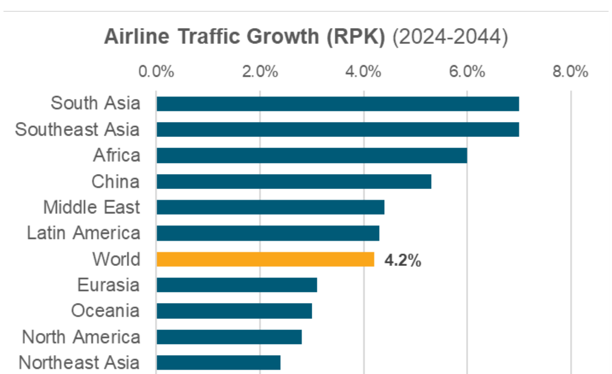
Boeing forecasts that Asia Pacific (excl. China) market will receive the largest number of new aircraft with 10,490 deliveries, followed by China alone receiving 9,000 aircraft and Europe with 8,910 aircraft.

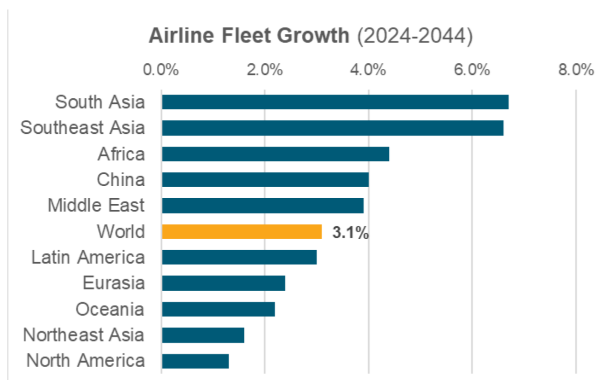
Asia Pacific regions including China is the largest region by fleet size and likely to experience higher growth in terms of both passenger traffic and aircraft deliveries in next 20 years. According to Boeing, air passenger traffic in South and Southeast Asia are expected to grow above 7% CAGR between 2025 and 2044. During this period, the fleet size is also anticipated to increase from c.2,200 to c.8,000 including c.8,100 new deliveries.

The North American market is the second largest region in terms of its fleet size in 2024 at c.8,000 aircraft. Although its average airline fleet growth rate is expected to 1.3% until 2044, the region is expected to take new deliveries of c.6,600 single-aisle jets and c.900 twin-aisle jets during the forecasted time horizon, reaching the fleet size to 10,475 by 2044.

Europe and CIS region had 6,710 aircraft in their fleet in 2024 and is forecast to receive more than c.8.900 aircraft in the next two decades, outgrowing North America as the second largest market in terms of fleet size following Asia Pacific region (including China) by 2044.

Other regions including Africa and Middle East are also expected to grow above the global fleet growth rate of 3.1% for the next 20 years.





Source: Boeing Commercial Market Outlook 2025

Supply Constraint on New Deliveries

OEMs and their suppliers reduced production capacity amid the COVID-19 pandemic due to the uncertainty in the pace of the recovery in air traffic. Although air transport demand has recovered strongly, OEMs have faced difficulties in ramping up production. KPMG, in its Aviation Leaders Report 2025, has addressed multiple factors including labor shortages, scarcity of raw materials and rising energy costs. According to analysis by IATA the average age of the global fleet was 14.8 years in 2024 up from 13.6 years which was the average age of the global fleet between 1990 and 2024. IATA states that the lack of new aircraft supply has pushed up lease rates of single-aisle aircraft by 20-30% compared to 2019 levels.

Although the OEMs continue to suffer from supply chain issues, they are showing signs of ramping up new aircraft production. As of the end of September 2025, Boeing has delivered 440 aircraft this year to date. This is a notable increase compared to 291 new deliveries during the same period last year. Airbus delivered 507 aircraft during the first three quarters of 2025, which is a slight increase from the previous year’s figure of 497.

We believe that our large portfolio of highly liquid aircraft types along with an orderbook of fuel-efficient aircraft from Airbus and Boeing leaves us well positioned to support airlines in the current supply constrained market environment.

MANAGEMENT

The following table sets forth certain information concerning the current executive directors and non-executive directors of the Parent as of the date of this offering memorandum.

Executive Directors

Name	Age	Title and Position
Peter Barrett	59	Chief Executive Officer, SMBC Aviation Capital
Catharine Ennis	63	Chief Legal Officer & Company Secretary, SMBC Aviation Capital
Barry Flannery	56	Chief Commercial Officer, SMBC Aviation Capital
David Swan	56	Chief Operating and Sustainability Officer, SMBC Aviation Capital
Aisling Kenny	42	Chief Financial Officer, SMBC Aviation Capital

Non-Executive Directors

Name	Age	Title and Position
Noriyuki Hiruta	58	Executive Officer, Deputy Head of Transportation Business Unit, SMFL
Testsuro Imaeda	63	President, SMFL
Shinichiro Watanabe	61	Senior Managing Executive Officer, Head of Transportation Business Unit, SMFL
Takao Kusaka..............................	61	Managing Executive Officer, Group CEO, Transportation & Construction Systems Group, Sumitomo Corporation
Ichiro Tatara	51	General Manager, Commercial Aviation SBU, Sumitomo Corporation
Hirokazu Okado	49	General Manager, Aviation and Maritime Strategy Department, SMBC
Tatsuya Toyama	57	Executive Officer & General Manager, Transportation Business Planning Dept, SMFL
Yoshihiro Hyakutome	60	Deputy President Executive Officer & Co-Head of Global Banking Unit, SMBC

Directors

The board of directors of the Parent is comprised of thirteen directors, five of whom are executive directors appointed from the management group of SMBC Aviation Capital and eight of whom are shareholder-appointed non-executive directors. Set forth below is a description of the business positions of each of the directors listed above.

Executive Directors

Peter Barrett, Chief Executive Officer, SMBC Aviation Capital

Peter joined SMBC Aviation Capital as Chief Operating Officer in 2001 and was appointed to the board of directors of the Parent in the same year. Peter was subsequently appointed Chief Executive Officer in 2004. Peter has been active in aircraft leasing and finance for more than 35 years, initially working for Guinness Peat Aviation ("GPA") where he specialized in aircraft cross border tax leasing and financing. After GPA, Peter joined KBC Bank as Head of Aerospace Finance, later becoming Chief Operating Officer for the bank's international operations out of Ireland.

Peter holds a Bachelor of Civil Engineering from University College Cork.

Catharine Ennis, Chief Legal Officer & Company Secretary, SMBC Aviation Capital

Catharine joined SMBC Aviation Capital as Chief Legal Officer in 2002 and was appointed to the board of directors of the Parent in 2004. Catharine subsequently assumed the role of Company Secretary in 2007. Her current responsibilities include Legal, Compliance and Human Resources. Catharine previously worked for Airbus Finance Company Limited with the Airbus Customer Finance team, specializing in securitization, capital markets and structured finance transactions. Prior to joining Airbus, Catharine worked in the capital markets divisions of GE Capital Aviation Services and GPA and was part of the team that brought the first aircraft portfolio securitization to the market.

Catharine qualified as a solicitor with Dublin law firm Mason Hayes and Curran and holds a Bachelor of Civil Law and a diploma in European Law from University College Dublin.

Barry Flannery, Chief Commercial Officer, SMBC Aviation Capital

Barry began his career as a chartered accountant with Coopers and Lybrand in Dublin and the Cayman Islands. He joined the company that became SMBC Aviation Capital in 1997 as Director of Finance. He then spent two years with responsibility for Airline Marketing in Asia. From 2001, he led the Business and Risk Management team which was responsible for investment analysis and risk management. He was promoted to Head of Structured Solutions in 2003 with responsibility for capital markets activities including aircraft trading, aircraft financing and distribution and tax based structures. He was appointed to the board of directors of the Parent as Chief Financial Officer in 2007 with responsibility for corporate finance, treasury, financial reporting and information technology. Barry was subsequently appointed Chief Commercial Officer in June 2021 and has responsibility for (i) all commercial activities in the business, (ii) every aspect of the customer relationship and (iii) the entire asset management cycle of the aircraft portfolio.

Barry holds a Bachelor of Arts in Psychology and Economics from Trinity College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

David Swan, Chief Operating and Sustainability Officer, SMBC Aviation Capital

David joined SMBC Aviation Capital in 2002 and was originally responsible for Airline Marketing in Europe, the Middle East & Africa region. David was promoted to Head of Operations in 2004 before being appointed as Chief Operating Officer and joining the board of directors of the Parent in 2007. His responsibilities cover the operation, risk and asset management of SMBC Aviation Capital's global aircraft leasing business. With over 25 years of industry experience, David has also held various international banking roles as Asia-Pacific Regional Head & Global Head of Aviation Finance at KBC Bank and was based in Hong Kong for five years establishing and leading an aircraft and project finance business. David has also recently assumed executive responsibility for SMBC Aviation Capital's sustainability and ESG initiatives since being appointed Chief Operating and Sustainability Officer in January 2023.

David holds a Bachelor of International Business & Economics from Trinity College Dublin and has completed various Executive Management Programs at Harvard Business School and London Business School. In 2017, he stepped down from the board of directors of the International Society of Transport Aircraft Trading ("ISTAT") following a six year term and was elected to the board of the ISTAT Foundation, until stepping down in 2021. David was also appointed to the Executive Board of Financial Services Ireland in 2017 and to the Supervisory Board of SMBC Aero Engine Lease B.V. in 2019. David was the chair of Aircraft Leasing Ireland ("ALI") from its inception in July 2018 until July 2020 and continues to work on some specific initiatives, in his capacity as the founding chair. David currently serves on certain industry, government and boards and advisory committees including the Board of Trustees' of Airlink, Inc. and the Finance Committee of the University of Dublin, Trinity College of Dublin.

Aisling Kenny, Chief Financial Officer, SMBC Aviation Capital

Aisling started her career as a chartered accountant with Ernst & Young in Dublin. She joined SMBC Aviation Capital in 2012 as Senior Vice President, Finance, managing the finance function, with responsibility for financial reporting and financial operations. From 2017 to 2018, Aisling held the role of Head of Funding and Corporate Tax on an interim basis, with responsibility for SMBC Aviation Capital's third-party funding program, investor relations and its tax department. In 2021, she spent a year working in the Restructuring team of SMBC

Aviation Capital, with responsibility for the negotiation of airline restructurings. In November 2021, Aisling was appointed Chief Financial Officer with responsibility for corporate finance, treasury, financial reporting, tax and information technology and was appointed to the board of directors of the Parent in 2022. Prior to joining SMBC Aviation Capital, Aisling held a management position in the Banking and Leasing audit department of Ernst &Young.

Aisling holds a Bachelor of Commerce and a Masters in Accounting, both from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

Non-Executive Directors

Noriyuki Hiruta, Executive Officer, Deputy Head of Transportation Business Unit, SMFL

Noriyuki joined Sumitomo Corporation in 1989. After gaining exposure to a wide range of experience in Japan and earning an MBA in the United States in 1998, he was appointed to Manager, Business Promotion Team, Leasing Business Dept, Sumitomo Corporation in April 2009 and then moved to Aircraft Leasing Team No. 1, Leasing Business Dept, Sumitomo Corporation as Manager in April 2010. In June 2012, he was appointed to joint General Manager, Aviation Capital Dept, SMFL and promoted to General Manager, Pan-EU Aerospace Business Dept, Sumitomo Corporation Europe in October 2014. He was appointed to General Manager, Aircraft & Engine Leasing Dept, Sumitomo Corporation in April 2017 and moved to Lease & Business Development Dept, Sumitomo Corporation as General Manager in 2021. Most recently he was appointed to Executive Officer, Deputy Head of Transportation Business Unit, SMFL in April 2023 and moved to Dublin to assume his current role as Chairman and member of the board of directors of the Parent in May of the same year.

Noriyuki holds a Bachelor of Economics from the University of Osaka and a Master of Business Administration from the University of Chicago.

Tetsuro Imaeda, President, SMFL

Tetsuro joined Sumitomo Bank in 1986 and became General Manager, Corporate Banking Dept.-I, Americas Division, SMBC in 2009. Tetsuro held various managerial positions in Tokyo and Singapore before being appointed as Managing Executive Officer and Head of Europe, Middle East and Africa Division, SMBC, CEO, Sumitomo Mitsui Banking Corporation Europe Limited in 2016. In 2020, he was promoted to Director and Senior Managing Executive Officer, Compliance Dept., SMBC and Senior Managing Executive Officer, Group CCO, SMFG. In 2023, he was promoted Director and Deputy President, Co-Head of Global Banking Unit, SMBC and Deputy President and Executive Officer, Co-Head of Global Business Unit, SMFG. Most recently he was appointed as President of SMFL and joined the board of directors of the Parent in June 2025.

Tetsuro holds a Bachelor of Law from the University of Tokyo.

Shinichiro Watanabe, Senior Managing Executive Officer, Head of Transportation Business Unit, SMFL

Shinichiro joined Sumitomo Bank in 1987 and moved to the Corporate Research Department in 1992 where he worked in offices in Osaka, London and Tokyo over the course of 17 years. During this time, in 2007, Shinichiro was appointed Deputy Head of a global research team at SMBC which consisted of 200 analysts in Tokyo, Osaka, New York, London, Singapore, Hong Kong and Shanghai. In 2010, Shinichiro moved to the Corporate Banking Department as Head of Japan Airlines' "work-out" team. Shinichiro then made a further move to Special Credits – Americas Division for SMBC where he was appointed Managing Director in 2011. In July of the same year, Shinichiro was appointed as a project leader in the sale of RBS Aviation Capital to SMBC and, in 2012, was appointed to General Manager of Aviation Capital Department where he was responsible for the integration of SMBC Aviation Capital into the SMBC group. In 2014, Shinichiro was appointed as General Manager of Global Aircraft Finance Department at SMBC and remained as General Manager when it was renamed as Global Aviation and Maritime Finance Department in 2016. Shinichiro then was promoted to Executive Officer in April 2017. Shinichiro was appointed to the board of directors of the Parent in April 2018 and in May 2018, he was appointed as Managing Executive Officer, Head of Aviation & Maritime Business Division of SMFL (renamed as the Transportation Business Unit of SMFL in April

2019). Most recently Shinichiro was promoted to Senior Managing Executive Officer, Head of Transportation Business Unit, SMFL in April 2022.

Shinichiro holds a Bachelor of Economics from Kyoto University and a Bachelor of Philosophy, Politics and Economics from the University of Oxford. Shinichiro also has a certificate in Executive Management Program from the University of Tokyo.

Takao Kusaka, Managing Executive Officer, Group CEO, Transportation & Construction Systems Group, Sumitomo Corporation

Takao joined Sumitomo Corporation in 1989, and was appointed as Manager, Aerospace & Defense, Sumitomo Corporation of America (Los Angeles) in 1998. He was promoted to Executive Director, Aerospace & Defense, Sumitomo Corporation of America (New York) in 2009. In 2015, Takao commenced working at Sumisho Aero-Systems Corporation as President & CEO, and assumed the role until the appointment as General Manager, Aerospace Dept., Sumitomo Corporation in 2017. He was promoted to Corporate Officer, Deputy General Manager, Lease, Ship & Aerospace Business Division in 2019. He moved to Planning & Coordination Dept. as Corporate Officer, General Manager in 2020, and was promoted to Assistant to General Manager, Transportation & Construction Systems Business Unit in 2021. Takao was further promoted from Assistant to General Manager, Lease, Ship & Aerospace Business Division in 2022 and also joined the board of directors of the Parent in 2022. Takao currently serves as Group CEO of the Transportation and Construction Systems Group at Sumitomo Corporation.

Takao holds a Masters Degree in Aeronautical Engineering from the University of Tokyo.

Ichiro Tatara, General Manager, Commercial Aviation SBU, Sumitomo Corporation

Ichiro joined Sumitomo Corporation in 1997 and seconded to Taiwan Rolling Stock Co, Ltd. in 2005. In 2012, he was promoted to Manager, Civil Aviation Aerospace Department and was seconded to Sumisho Aero Engine Lease B.V. as Managing Director & CEO in 2014. In 2018, he was appointed Assistant General Manager, Aircraft & Engine Leasing Department, and was seconded to the Planning Department, SMFL as Deputy General Manager in 2018. In 2019, he moved to the Aviation Business Development Section, SMFL as General Manager and was appointed General Manager, Commercial Aviation Department (now the Aviation SBU), Sumitomo Corporation, in 2021.

Ichiro holds a Bachelor of Faculty of Integrated Human Studies from Kyoto University.

Hirokazu Okado, General Manager, Aviation and Maritime Strategy Department, SMBC

Hirokazu joined Sumitomo Bank in 2000 and was seconded to the Structured Finance Department at SMBC Europe (London) from 2007 until 2012. In 2012, he moved to the Project Finance Department in Tokyo as Vice President. In 2017, he was appointed Director, Structured Finance Department, SMBC Europe (London), and was promoted to Managing Director, International & Structured Finance Department in 2021. He currently serves as General Manager of the Aviation and Maritime Strategy Department, SMBC and was appointed to the board of directors of the Parent in April 2024.

Hirokazu holds a Bachelor of Economics from the University of Tokyo.

Tatsuya Toyama, Executive Officer & General Manager, Transportation Business Planning Dept, SMFL

Tatsuya joined the Sumitomo Bank in 1991 and was temporarily transferred to the Ministry of Foreign Affairs in 1994. In 1996, he rejoined Sumitomo Bank and started his career in its International Banking Unit and was then seconded to its New York Branch, in its real estate finance operations from 2003 until 2008. In 2011, he was transferred to the Planning Department (Asia Pacific Division) in Singapore and was promoted to Joint General Manager in 2012. In 2014, he was assigned to the Cross Functional Team in Singapore, and was promoted to General Manager, Planning Department (Asia Pacific Division) in 2016. In 2017, he was appointed Principal Officer & General Manager, Canada Branch and was appointed Country Head (Vietnam) & General Manager, Hanoi Branch. In 2023, he was appointed General Manager, Transportation Business Planning Department, SMFL and was promoted to Corporate Officer & General Manager, Transportation Business Planning Department in 2024. Tatsuya joined the board of directors of the Parent in April 2024. In 2025, he was promoted to Executive Officer & General Manager, Transportation Business Planning Dept., SMFL.

Tatsuya holds a Bachelor of Laws from Kyoto University.

Yoshihiro Hyakutome, Deputy President Executive Officer & Co-Head of Global Banking Unit, SMBC

Yoshihiro joined Sumitomo Bank in 1988 and held managerial positions in the special credit, corporate finance, structured finance, and leasing finance departments in the US from 1993 until 2011. In 2011, he was promoted to General Manager of Business Development for the International Banking Unit and moved to the Emerging Markets Business Department as General Manager in 2013. In 2017, he was appointed to General Manager of the Planning Department for the International Banking Unit and promoted to Managing Executive Officer and Deputy Head of the Asia Growing Markets Division for SMBC Group in 2018. In 2019, he was appointed Managing Executive Officer, CEO of SMBC Americas Division, and CEO of SMBC Americas Holdings, Inc and promoted to Senior Managing Executive Officer and Group Chief Compliance Officer for SMBC Group in 2022. In 2024, he was appointed Senior Managing Executive Officer & Co-Head of Global Banking Unit, SMBC and he joined the board of directors of the Parent in April 2024. In 2025, he was promoted to Deputy President Executive Officer.

Yoshihiro holds a Bachelor of Arts from Osaka University of Foreign Studies and an MBA from the Kellogg School of Management at Northwestern University. He attended the University of Wisconsin-Madison as the Japanese Government's Ministry of Education Scholar during 1986-1987.

Executive Team

Please see above for a description of the business positions held by our executive team, which is comprised of Peter Barrett, Catharine Ennis, Barry Flannery, David Swan and Aisling Kenny.

DESCRIPTION OF OTHER FINANCIAL INDEBTEDNESS

The following is a summary of the material provisions of our outstanding financial indebtedness and is not intended to be a complete description.

2024 Global Syndication Term Loan and Revolving Credit Facilities

On April 19, 2024, our Hong Kong subsidiary, SMBC Aviation Capital Hong Kong 2 Limited (as borrower) and SMBC Aviation Capital (as guarantor) entered into a term and revolving facilities agreement (the "2024 Global Syndication Term Loan and Revolving Credit Facilities Agreement") with Citigroup Global Markets Asia Limited as Global Coordinator, and the other financial institutions party thereto.

The Global Syndication Term Loan and Revolving Credit Facilities Agreement provides for (i) a term loan facility of $322.5 million (the "Global Syndication Term Loan") and (ii) a revolving credit facility of up to $967.5 million (the "Global Syndication Revolving Credit Facility"), available for utilization from signing until one month prior to the final maturity date.

On June 21, 2024, we entered into a syndication agreement to increase the commitment of (i) the Global Syndication Term Loan to $375 million and (ii) the Global Syndication Revolving Credit Facility to $1.125 billion.

As of September 30, 2025, there was an outstanding balance of $300 million under the Global Syndication Term Loan. The Global Syndication Revolving Credit Facility was undrawn as of September 30, 2025. The facilities mature on June 27th, 2029.

Covenants

The 2024 Global Syndication Term Loan and Revolving Credit Facilities Agreement contains certain covenants and undertakings, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- change of business;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

Events of Default

The 2024 Global Syndication Term Loan and Revolving Credit Facilities Agreement contains customary events of default.

HSBC ECA Facilities

On November 1, 2024, Ishikari Aviation Leasing Limited (the "Borrower") entered into a secured ECA loan agreement with The Hong Kong and Shanghai Banking Corporation Limited, as ECA lender (the "2024 HSBC ECA Facility"), and on April 8, 2025, the Borrower entered into a second secured ECA loan agreement with The Hong Kong and Shanghai Banking Corporation Limited, as ECA lender (the "2025 HSBC ECA Facility, and together with the 2024 HSBC ECA Facility, the "HSBC ECA Facilities"). The HSBC ECA Facilities each contemplate an aircraft acquisition financing in the form of the Borrower's purchase of one aircraft from its seller and leasing the purchased aircraft immediately to SMBC Aviation Capital. The 2024 HSBC ECA Facility and the 2025 HSBC ECA Facility provide for an ECA commitment of $39 million and $36 million respectively, each in the form of a dollar term loan, on customary ECA financing terms. The loans availed under the HSBC ECA Facilities are amortized quarterly over a period of 10.5 years from the date of drawdown on a *"mortgage style"* basis, with interest accruing at a floating rate (plus a margin) per annum. The HSBC ECA Facilities contain customary events of default and no material restrictive covenants, other than with respect to a prohibition on exporting the subject aircraft to or for use in Russia or Belarus. As of September 30, 2025, there was one aircraft financed under the 2024 HSBC ECA Facility, with an outstanding balance of $36 million, and there was one aircraft financed under the 2025 HSBC ECA Facility, with an outstanding balance of $35 million.

2023 Sustainability Linked Term Loan Facility with Bank of Communications (Hong Kong) Limited

On September 11, 2023, we entered into an unsecured $150.0 million term facility agreement with Bank of Communications (Hong Kong) Limited, as mandated lead arranger, agent and sustainability coordinator and the other financial institutions party thereto. As of September 30, 2025, $150.0 million was drawn under the 2023 Sustainability Linked Term Loan Facility. The facility has a maturity date of September 14, 2028. The 2023 Sustainability Linked Term Loan Facility contains customary events of default and does not contain any restrictive covenants.

Covenants

The 2023 Sustainability Linked Term Loan Facility contains certain covenants and undertakings, subject to customary exceptions and qualifications, including (but not limited to):

○ maintenance of interest expense coverage ratio at or above 1.50 to 1.00;

○ incurrence of liens;

○ incurrence of indebtedness of subsidiaries;

○ consolidations, mergers and sales of assets, liquidation and dissolution;

○ change of business;

○ hedging agreements;

○ transactions with affiliates;

○ changes to fiscal year end;

○ anti-terrorism and sanctions regulations;

○ financial reports;

○ maintenance of properties and insurance; and

○ change of control.

The 2023 Sustainability Linked Loan is our first sustainability linked financing instrument established by SMBC Aviation Capital, with terms of the facility linked to the Company's future performance against two sustainability-linked Key Performance Indicators (KPIs) – an environmental KPI relating to carbon emissions intensity per RPK of its owned fleet and a social KPI relating to gender diversity across currently under-represented levels of seniority in the business.

2023 DBJ Term Loan Facility

On July 10, 2023, we entered into a term loan facility agreement with Development Bank of Japan Inc., as lender (the "2023 DBJ Term Loan Facility"). The 2023 DBJ Term Loan Facility provides for a non-amortizing term loan credit facility of up to $100.0 million. It is an unsecured facility, which accrues interest at a rate per annum of USD Term SOFR plus a margin. As of September 30, 2025, $100.0 million was drawn under the 2023 DBJ Term Loan Facility. The facility maturity date is July 18, 2028.

Covenants

The 2023 DBJ Term Loan Facility contains certain covenants and undertakings, subject to customary exceptions and qualifications, including (but not limited to):

○ maintenance of interest expense coverage ratio at or above 1.50 to 1.00;

○ incurrence of liens;

○ incurrence of indebtedness of subsidiaries;

○ consolidations, mergers and sales of assets, liquidation and dissolution;

○ change of business;

○ hedging agreements;

○ transactions with affiliates;

○ changes to fiscal year end;

○ anti-terrorism and sanctions regulations;

○ financial reports;

○ maintenance of properties and insurance; and

○ change of control.

Events of Default

The 2023 DBJ Term Loan Facility contains customary events of default.

2022 Term Loan Facility

On October 17, 2022, we entered into a term loan credit agreement with Bank of America N.A., as administrative agent (the "2022 Term Loan Facility"). The 2022 Term Loan Facility provides for a non-amortizing term loan credit facility of up to $200.0 million. It is an unsecured facility, which accrues interest at a rate per annum of USD Term SOFR plus a margin. As of September 30, 2025, $200.0 million was drawn under the 2022 Term Loan Facility. The maturity date is December 19, 2025.

Covenants

The 2022 Term Loan Facility Agreement governing the 2022 Term Loan Facility contains certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

Events of Default

The 2022 Term Loan Facility contains customary events of default.

2022 Global Syndication Term Loan and Revolving Credit Facilities

On September 26, 2022, SMBC Aviation Capital, and our Hong Kong subsidiary, SMBC Aviation Capital Hong Kong 2 Limited, entered into a term and revolving facilities agreement (the "2022 Global Syndication Term Loan and Revolving Credit Facilities Agreement") with Australia and New Zealand Banking Group Limited (ANZ) and Citigroup Global Markets Asia Limited (Citi) acted as Joint Global Co-ordinators, and together with seven banks, including DBS Bank Ltd., The Korea Development Bank, Oversea-Chinese Banking Corporation Limited, BNP Paribas, CaixaBank, S.A., Cathay United Bank, and Industrial and Commercial Bank of China Limited, London Branch acted as Mandated Lead Arrangers and Bookrunners. The Hongkong and Shanghai Banking Corporation Limited acted as a Senior Mandated Lead Arranger, and Apple Bank for Savings, China Everbright Bank Co., Ltd., Hong Kong Branch and KeyBank joined as Mandated Lead Arrangers at the senior syndication phase of the transaction. Subsequently, 19 banks joined the general syndication phase of the transaction.

The 2022 Global Syndication Term Loan and Revolving Credit Facilities Agreement provides for (i) a term loan facility of $1.294 billion (the "Global Syndication Term Loan") and (ii) a revolving credit facility of up to $431.25 million (the "Global Syndication Revolving Credit Facility" and, together with the Global Syndication Term Loan, the "Global Syndication Term Loan and Revolving Credit Facilities"), available for utilization from signing until one month prior to the final maturity date. On November 29, 2022, we entered into a syndication agreement to increase the commitment of (i) the Global Syndication Term Loan up to $1.83 billion and (ii) the Global Syndication Revolving Credit Facility up to $710 million. As of September 30, 2025, $1.83 billion was drawn under the Global

Syndication Term Loan and $710 million remained undrawn under the Global Syndication Revolving Credit Facility. The facilities mature on October 26, 2027.

Covenants

The Global Syndication Term Loan and Revolving Credit Facilities Agreement contains certain covenants and undertakings, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- change of business;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

Events of Default

The Global Syndication Term Loan and Revolving Credit Facilities Agreement contains customary events of default.

2022 Syndication Term Loan Facility

On June 1, 2022, we entered into an unsecured $260.0 million term facility agreement with Industrial and Commercial Bank of China Limited (London Branch) as mandated lead arranger, bookrunner and coordinator, Bank of Communications (Hong Kong) Limited and China Citic Bank Corporation Limited (London Branch), as mandated lead arranger and bookrunners (the "2022 Syndication Term Loan Facility"). The 2022 Syndication Term Loan Facility contains customary events of default and does not contain any restrictive covenants. As of September 30, 2025, $260.0 million was drawn under the 2022 Syndication Term Loan Facility. The facility matures on June 23, 2027.

Covenants

The 2022 Syndication Term Loan Facility contains certain covenants and undertakings, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;

- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- change of business;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

2019 Revolving Credit Facility

On July 12, 2019, we entered into a revolving credit agreement with Bank of America N.A., as administrative agent (the "2019 Revolving Credit Agreement"). The 2019 Revolving Credit Agreement provides for a revolving credit facility of up to $120.0 million, which may be increased to $170.0 million. As a result of a number of extensions, the final maturity date is currently July 12, 2027. As of September 30, 2025, the 2019 Revolving Credit Facility was undrawn.

Covenants

The 2019 Revolving Credit Agreement governing the 2019 Revolving Credit Facility contains certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

Events of Default

The 2019 Revolving Credit Facility contains customary events of default.

2015 Revolving Credit Facility

On August 14, 2015, we entered into a revolving credit agreement with JPMorgan Chase Bank, N.A., Citibank Europe plc, Credit Agricole Corporate and Investment Bank, Goldman Sachs Bank USA and Royal Bank of Canada, as lenders, and JPMorgan Chase Bank, N.A., as administrative agent (as amended, the "2015 Revolving Credit Agreement"). In November 2023, the facility (the "2015 Revolving Credit Facility") was amended to increase borrowing capacity by an additional $400 million for total capacity under the facility of $1.0 billion. As a result of a number of extensions, the 2015 Revolving Credit Facility is scheduled to mature on August 16, 2027. As of September 30, 2025, the 2015 Revolving Credit Facility was undrawn.

Covenants

The 2015 Revolving Credit Agreement governing the 2015 Revolving Credit Facility contains certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- incurrence of liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution;
- hedging agreements;
- transactions with affiliates;
- changes to fiscal year end;
- anti-terrorism and sanctions regulations;
- financial reports;
- maintenance of properties and insurance; and
- change of control.

Events of Default

The 2015 Revolving Credit Facility contains customary events of default.

Shareholder Loans

Shareholder Acquisition Facility

Between January and February 2023, we entered into four English-law governed loan agreements with our shareholder, SMFL (one of which has been repaid in accordance with its terms), for aggregate borrowings of $2.5 billion (together, the "Shareholder Acquisition Facility"), as summarized below.

- On January 25, 2023, for an amount of $1.5 billion and maturing on December 14, 2032;

- ○ On February 16, 2023, for an amount of $500 million and maturing on February 20, 2030;
- ○ On February 16, 2023, for an amount of $300 million and maturing on February 20, 2026;

A portion of the proceeds from the Shareholder Acquisition Facility were used to repay the SMFL Bridge Loan Facility in February 2023 and for other uses related to the Goshawk Transaction. $2.1 billion of the $2.5 billion loan was funded by SMFL with proceeds received from JBIC intended to fund, in part, the Goshawk Transaction.

2023 Shareholder Sustainability Linked Term Loan Facility

On December 11, 2023, SMBC Aviation Capital Limited entered into an unsecured amortising $100 million term loan agreement with Sumitomo Mitsui Banking Corporation, New York Branch. It is an unsecured facility, which accrues interest at a rate per annum of USD Term SOFR plus a margin. As of September 30, 2025, there was an outstanding balance of $67.5 million under the facility. The term loan has a maturity date of March 28, 2029. The 2023 Shareholder Sustainability Linked Term Loan Facility contains customary events of default and does not have any restrictive covenants.

The 2023 Shareholder Sustainability Linked Term Loan is our second sustainability linked financing instrument established by SMBC Aviation Capital, with terms of the facility linked to the Company's future performance against two sustainability-linked Key Performance Indicators (KPIs) – an Environmental KPI in relation to carbon emissions intensity per RPK of its owned fleet and a social KPI regarding gender diversity across currently under-represented levels of seniority in the business.

SMBC NY Term Loan

On March 10, 2021, we entered into a $500 million unsecured non-amortizing term loan facility with Sumitomo Mitsui Banking Corporation, (NY Branch) (the "SMBC NY Term Loan"). The SMBC NY Term Loan is a five year facility and was drawn down on March 15, 2021. The SMBC NY Term Loan contains customary events of default and does not contain any restrictive covenants.

SMBC Trust Revolving Credit Agreement

On July 28, 2020, we entered into a new $400 million revolving loan agreement with SMBC Trust Bank Ltd (the "SMBC Trust Revolving Credit Agreement"). As a result of a number of extensions, the last available drawdown date is September 30, 2026. As of September 30, 2025, the SMBC Trust Revolving Credit Agreement facility was undrawn. The SMBC Trust Revolving Credit Agreement contains customary events of default and does not contain any restrictive covenants.

SMBC Aviation Capital Revolving Credit Facility

On June 1, 2012, we entered into an uncommitted and revolving credit agreement with SMBC (as amended, the "SMBC Aviation Capital Revolving Credit Agreement"). The SMBC Aviation Capital Revolving Credit Agreement provides for a revolving credit facility (the "SMBC Aviation Capital Revolving Credit Facility") with an initial amount of up to $2.0 billion. In June 2018, this facility was further amended and restated and increased to up to $6.4 billion, and SMBC Aviation Capital Netherlands B.V and SMBC Aviation Capital (UK) Limited were added as borrowers. In June 2019, the facility was increased to up to $7.7 billion. On September 30, 2020, this facility was extended for 12 months and SMBC Aviation Hong Kong 3 Limited was added as a borrower. On May 25, 2022 the facility was increased to up to $13.0 billion. On September 29, 2023, this facility was extended for a further 12 months to a final maturity date of September 30, 2039. On September 30, 2024, the facility was amended to restate and include only SMBC Aviation Capital Limited and SMBC Aviation Capital (UK) Limited as borrowers. In addition, the facility was extended for a further 12 months to a final maturity date of September 30, 2040. As of September 30, 2025, there is an undrawn balance of $9.9 billion under this facility. There are $1.5 billion of forward starting loans entered into for drawdown between October 1, 2025 and May 15, 2026. On October 1, 2025, two of the forward starting loans for $100 million each were drawn down, and on November 5, 2025, one of the forward starting loans for $100 million was drawn down. Any drawdowns occurring during the Availability Period may be termed out on drawdown for a period of up to 15 years to match the relevant lease term attaching to the aircraft that the drawdown is notionally financing. The SMBC Aviation Capital Revolving Credit Agreement contains customary events of default and does not contain any restrictive covenants.

Facilities with the Japanese Bank of International Cooperation

2019 JBIC Facility

On November 29, 2019, we entered into a $1.0 billion senior unsecured facility due 2029 with the Japan Bank for International Cooperation ("JBIC") (as amended, the "2019 JBIC Facility") pursuant to a loan agreement, dated as of November 29, 2019 (as amended, the "2019 JBIC Loan Agreement"), between the Parent and JBIC. The 2019 JBIC Facility can be drawn down up to 2 years after the signing date. As of September 30, 2025, we had $900 million drawn under the 2019 JBIC Facility. The 2019 JBIC Facility accrues interest at USD SOFR plus a margin per annum. There is no SMBC guarantee of the facility.

Covenants

The 2019 JBIC Facility contains certain covenants and repeating representations, subject to customary exceptions and qualifications, including (but not limited to):

- the creation or existence of encumbrances outside of the ordinary course of business;
- material disposals of assets;
- asset covenant requiring that a minimum level of aircraft SMBC Aviation Capital committed to purchase as of November 29, 2019 remain in its ownership for the life of facility
- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- sanctions;
- restrictions on mergers; and
- compliance and reporting with respect to environmental and social considerations.

Events of Default and Prepayment Events

The 2019 JBIC Facility contains customary events of default.

We are required to prepay the 2019 JBIC Facility if, in the sole judgment of JBIC, we are in breach of the environmental/social covenant described above or any requirement imposed by JBIC in accordance with its Environmental Guidelines. We may voluntarily elect to prepay the 2019 JBIC Facility at any time at the face amount plus a prepayment premium of 0.5% of the principal amount of the 2019 JBIC Facility, plus accrued and unpaid interest to, and including, the prepayment date.

In addition, the 2019 JBIC Facility includes a requirement that we provide JBIC with such additional security for the outstanding loans thereunder (the "2019 JBIC Facility Lien") as JBIC may, in its sole discretion, require. JBIC has agreed that it will not request any 2019 JBIC Facility Lien from us unless, in the reasonable opinion of JBIC, such request is necessary in order to protect the rights, interest and claims of JBIC under the 2019 JBIC Loan Agreement, and has further agreed that a request shall not be deemed to be reasonable when either (A) SMFG directly or indirectly holds at least 50% of the beneficial ownership or (B) either S&P or Fitch has assigned to SMBC Aviation Capital a credit rating that is at least investment grade.

2012 JBIC Facility

On June 7, 2012, we entered into a $3.0 billion senior unsecured facility due 2027 with JBIC (as amended, the "2012 JBIC Facility" and, together with the 2019 JBIC Facility, the "JBIC Facilities") pursuant to a loan agreement, dated as of June 7, 2012 (as amended, the "2012 JBIC Loan Agreement"), between the Parent and JBIC. The 2012 JBIC Facility is fully and unconditionally guaranteed by SMBC and accrues interest at USD SOFR plus a margin per annum. As of September 30, 2025, we had $400.0 million outstanding under the 2012 JBIC Facility.

Covenants

The 2012 JBIC Facility contains certain covenants and repeating representations, subject to customary exceptions and qualifications, including (but not limited to):

○ the creation or existence of encumbrances outside of the ordinary course of business;

○ material disposals of assets;

○ restrictions on mergers; and

○ compliance and reporting with respect to environmental and social considerations.

Events of Default and Prepayment Events

The 2012 JBIC Facility contains customary events of default, in addition to:

○ an event of default triggered by any change in any respect to the beneficial ownership of the Parent's share capital as it exists on the date of this offering memorandum;

○ a cross-default without a threshold and including intra-group indebtedness; and

○ a material adverse change provision.

We are required to prepay the 2012 JBIC Facility if, in the sole judgment of JBIC, we are in breach of the environmental/social covenant described above or any requirement imposed by JBIC in accordance with its Environmental Guidelines. We may voluntarily elect to prepay the 2012 JBIC Facility at any time at the face amount plus a prepayment premium of 0.5% of the principal amount of the Facility, plus accrued and unpaid interest to, and including, the prepayment date.

In addition, the 2012 JBIC Facility includes a requirement that we provide JBIC with such additional security for the outstanding loans thereunder (the "2012 JBIC Facility Lien") as JBIC may, in its sole discretion, require. JBIC has agreed that it will not request any 2012 JBIC Facility Lien from us under the 2012 JBIC Loan Agreement unless, in the reasonable opinion of JBIC, such request is necessary in order to protect the rights, interest and claims of JBIC under the JBIC Loan Agreement, and has further agreed that a request shall not be deemed to be reasonable when both (A) SMBC's absolute and unconditional guarantee of payment of the 2012 JBIC Facility remains in effect and (B) none of S&P, Fitch or Moody's has assigned to SMBC a credit rating that is less than investment grade. JBIC has never requested the Parent to provide additional security for the 2012 JBIC Facility and we believe that JBIC currently has neither the ability nor the intention to request any such additional security.

Term Loans with Norinchukin Bank

We currently have three non-amortizing term loan facilities (collectively, the "Norinchukin Term Loans") with the Norinchukin Bank, London Branch ("Norinchukin"). All other previous term loans with Norinchukin have been repaid in full.

On June 28, 2021, we entered into a $100.0 million non-amortizing term loan facility with Norinchukin (the "Norinchukin Term Loan 8"). The Norinchukin Term Loan 8 is unsecured and accrues interest at a rate per annum equal to USD SOFR plus a margin. The Norinchukin Term Loan 8 matures on June 30, 2026.

On July 12, 2021, we entered into a $100.0 million non-amortizing term loan facility with Norinchukin (the "Norinchukin Term Loan 9"). The Norinchukin Term Loan 9 is unsecured and accrues interest at a rate per annum equal to a fixed margin. The Norinchukin Term Loan 9 matures on July 14, 2026.

On October 3, 2022, we entered into a $200.0 million non-amortizing term loan facility with Norinchukin (the "Norinchukin Term Loan 10"). The Norinchukin Term Loan 10 is unsecured and accrues interest at a rate per annum equal to USD Term SOFR plus a margin. The Norinchukin Term Loan 10 matures on October 5, 2029.

Covenants

The Norinchukin Term Loans contain certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

○ financial reports;

○ semi-annual certification confirming certain financial metrics;

○ change of control;

○ nature of business; and

○ mergers, consolidation and sale of assets.

Events of Default

The Norinchukin Term Loans contain customary events of default.

SMTB Term Loans

We have entered into three non-amortizing term loan facilities (collectively, the "SMTB Term Loans") with Sumitomo Mitsui Trust Bank, Limited (London Branch).

On September 28, 2018, we signed a loan agreement with Sumitomo Mitsui Trust Bank, Limited (London Branch) (the "SMTB Term Loan 2"), which provides for a $200.0 million non-amortizing term loan facility to be utilized within three years of the signing of the loan agreement. During the initial three year period, the facility is also revolving in nature. The SMTB Term Loan 2 is unsecured and has the option to accrue interest at a fixed or floating rate plus a margin. The SMTB Term Loan 2 will mature on the 10^{th} anniversary of the signing of the loan agreement. As of September 30, 2025, $200 million was drawn under the SMTB Term Loan 2.

On December 21, 2022, we signed a loan agreement with Sumitomo Mitsui Trust Bank, Limited (London Branch) (the "SMTB Term Loan 3"), which provides for a $100.0 million non-amortizing term loan facility to be utilized within 45 days of the signing of the loan agreement. The SMTB Term Loan 3 is unsecured with a fixed interest rate. As of September 30, 2025, $100 million was drawn under the SMTB Term Loan 3. The maturity date is January 19, 2028.

Covenants

The SMTB Term Loans contain certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- financial reports;
- semi-annual certification confirming certain financial metrics;
- change of control;
- nature of business; and
- mergers, consolidation and sale of assets.

Events of Default

The SMTB Term Loans contain customary events of default.

Senior Unsecured Notes

2026 Notes

On October 15, 2021, the Issuer issued $500.0 million in aggregate principal amount of 1.900% senior unsecured notes maturing on October 15, 2026. Interest on the 2026 Notes is payable on April 15 and October 15 each year, beginning on April 15, 2022. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

2028 Notes

On June 15, 2021, the Issuer issued $500.0 million in aggregate principal amount of 2.300% senior unsecured notes maturing on June 15, 2028. Interest on the 2.300% senior unsecured notes is payable on June 15 and December 15 each year, beginning on December 15, 2021. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

On May 3, 2023, the Issuer issued $650 million in aggregate principal amount of 5.45% senior unsecured notes maturing on May 3, 2028. Interest on the 5.450% senior unsecured notes is payable on May 3 and November 3 each year, beginning on November 3, 2023. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

2029 Notes

On April 3, 2024, the Issuer issued $650 million in aggregate principal amount of 5.300% senior unsecured notes maturing on April 3, 2029. Interest on the 5.300% senior unsecured notes is payable on April 3 and October 3 each year, beginning on October 3, 2024. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

2030 Notes

On April 1, 2025, the Issuer issued $500 million in aggregate principal amount of 5.100% senior unsecured notes maturing on April 1, 2030. Interest on the 5.100% senior unsecured notes is payable on April 1 and October 1 each year, beginning on October 1, 2025. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

2033 Notes

On July 25, 2023, the Issuer issued $1.0 billion in aggregate principal amount of 5.700% senior unsecured notes maturing on July 25, 2033. Interest on the 5.700% senior unsecured notes is payable on January 25 and July 25 each year, beginning on January 25th, 2024. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

2034 Notes

On April 3, 2024, the Issuer issued $850 million in aggregate principal amount of 5.550% senior unsecured notes maturing on April 3, 2034. Interest on the 5.550% senior unsecured notes is payable on April 3 and October 3 each year, beginning on October 3, 2024. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Covenants

The indenture governing the 2026 Notes, the 2028 Notes, the 2029 Notes, the 2030 Notes, the 2033 Notes and the 2034 Notes, which is the same indenture that governs the notes offered hereby, contains certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- limitations on liens;
- limitations on the conduct of the business of the Issuer;
- financial reports; and
- merger, sale of assets and dissolution.

Events of Default

The indenture governing the 2026 Notes, the 2028 Notes, the 2029 Notes, the 2030 Notes, the 2033 Notes and the 2034 Notes contains customary events of default.

Private Shelf Notes

On February 16, 2021, we entered into a $300.0 million private shelf agreement with a US Private Placement Investment Management company (the “2021 Private Shelf Agreement”) with pricing terms to be determined at the time of issuance. On July 13, 2023, there was a Third Amendment to update the private shelf agreement amount to $400 million. Pursuant to the 2021 Private Shelf Agreement, we issued $165.0 million in aggregated principal amount of 2.61% senior unsecured notes due July 28, 2031 (the “Private Shelf Notes”).

Covenants

The 2021 Private Shelf Agreement governing the Private Shelf Notes, contains certain covenants, subject to customary exceptions and qualifications, including (but not limited to):

- maintenance of interest expense coverage ratio at or above 1.50 to 1.00;
- limitations on liens;
- incurrence of indebtedness of subsidiaries;
- consolidations, mergers and sales of assets, liquidation and dissolution
- hedging agreements; and
- transactions with affiliates.

Events of Default

The 2021 Private Shelf Agreement governing the Private Shelf Notes contains customary events of default.

DESCRIPTION OF THE NOTES

The Issuer will issue $ aggregate principal amount of % senior notes due 2035 (the "Notes"), guaranteed (the "Guarantee" and, together with the Notes, the "Securities") by the Parent as described herein.

The Securities are securities issued pursuant to that certain indenture dated as of July 19, 2016 (the "Base Indenture"), among the Issuer, the Parent and Computershare Trust Company, National Association as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by an officers' certificate to be dated as of the date of issuance of the Securities (the "Issue Date") (the "Officers' Certificate" and, together with the Base Indenture, the "Indenture"). The Indenture is not required to be nor is it qualified under the United States Trust Indenture Act of 1939, as amended (the "TIA"), and the Indenture does not incorporate provisions of the TIA by reference. The following description is only a summary of the material provisions of the Indenture and the Notes. This description does not include all of the provisions of the Indenture.

In this section of the offering memorandum only, unless otherwise noted, references to the "Parent" refer to SMBC Aviation Capital Limited and references to the "Issuer" refer to SMBC Aviation Capital Finance DAC. Certain capitalized terms used in this section of the offering memorandum are defined under "—Certain Definitions" at the end of this section. In addition, references to the "Notes" or the "Securities" refer to, and only to, the Notes or the Securities, unless specifically stated otherwise.

General

The Notes will be the general unsecured obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future unsecured and unsubordinated indebtedness. The Issuer is a subsidiary of the Parent created for the purpose of issuing debt securities from time to time (including the Notes), and does not, nor is expected to, have any assets of its own other than one or more loans to the Parent of proceeds of debt offerings by the Issuer, including the Notes, and assets of a *de minimis* nature. The obligations of the Issuer under the Notes will be fully and unconditionally guaranteed by the Parent with such Guarantee ranking equal in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Parent. The Guarantee will be effectively subordinated to the Parent's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The Securities will not provide holders with any direct claims on the assets of any of the Parent's other Subsidiaries and will be effectively subordinated to any and all liabilities of the Parent's other Subsidiaries, in each case to the extent of such Subsidiaries' assets. As of September 30, 2025, we had consolidated total unsecured indebtedness of $15.7 billion. In addition, our JBIC Facilities include a requirement that the Parent provide JBIC with such additional security for the outstanding loans thereunder as JBIC may, in its sole discretion upon the occurrence of certain events, require. After giving effect to the possible imposition of a lien on the Parent's assets in an amount equal to the entire outstanding amount of the JBIC Facilities as of September 30, 2025, we would have had $1.37 billion of secured indebtedness. JBIC has never requested the Parent to provide additional security for the JBIC Facilities loans and we believe that JBIC currently has neither the ability nor the intention to request any such additional security. For more information about the JBIC Facilities, see "Description of Other Financial Indebtedness—Amortizing Loan Facility with the Japan Bank for International Cooperation."

The Indenture does not limit the Parent's ability, or the ability of its Subsidiaries, to incur additional indebtedness.

The Indenture provides for the issuance of the Securities and sets forth the duties of the Trustee. The Parent may cause the Issuer, from time to time, without notice to, or consent of, the holders of the Securities, to create and issue other series of debt securities under the Indenture; provided, however, that any additional notes (the "Additional Notes") will have separate CUSIP numbers unless such Additional Notes are fungible with the original notes for U.S. federal income tax purposes. Subject to the limitations included in the Indenture, the Issuer may, without the consent of the holders, issue Additional Notes under the Indenture on the same terms and conditions (except as to the date of original issuance or the first interest payment date) as the Notes being offered pursuant to this offering memorandum The Indenture does not limit the aggregate principal amount of Securities (or other debt securities) that may be issued thereunder. Any series of debt securities, including the Securities offered hereby, may be reopened, and additional debt securities of such reopened series may be issued and treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Issuer will issue the Notes in a private transaction that is not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."

Listing

Application will be made to quote the Notes on the official list of the CSX.

Principal and Interest

In this offering, the Issuer will issue $ in aggregate principal amount of the Notes.

The Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

Interest on the Notes will accrue at the rate of % per annum, payable semiannually in arrears on and of each year, beginning on , 2026 (each, an "Interest Payment Date"). The Issuer will make each payment of interest to the holders of record on the immediately preceding and , respectively, in the case of the Notes, whether or not such date is a business day.

Interest on the Notes will accrue from the most recent date on which interest has been paid, or, if no interest has been paid, from and including the date of issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Guarantee

The obligations of the Issuer under the Indenture and the Notes will be fully and unconditionally guaranteed by the Parent.

The Guarantee will terminate upon defeasance or discharge of the Notes, as provided in "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Additional Amounts

If any withholding or deduction for or on account of any present or future taxes, duties, assessments or other government charges (or interest on any of the foregoing) of whatsoever nature will be imposed, levied, collected, withheld or assessed by Ireland or any political subdivision thereof, or any governmental authority of any jurisdiction in which the Issuer or Parent is then incorporated or organized or otherwise resident or carrying on a trade or business for tax purposes and any political subdivision thereof (a "Relevant Jurisdiction") on payments of principal (and premium, if any) and interest on the Notes by the Issuer and the Parent, the Issuer and the Parent will pay to holders of the Notes all additional amounts that may be necessary so that the net amount of each payment of interest or principal (including any premium paid upon redemption of such Notes) received by the holder will not be less than the amount such holder would have received if such taxes, duties, assessments or other governmental charges (or interest on any of the foregoing) had not been imposed, levied, collected, withheld, assessed or deducted.

The Issuer's and the Parent's obligations to pay additional amounts is subject to several important exceptions, however. Neither the Issuer nor the Parent will pay additional amounts to any holder for, or solely on account of, any of the following:

(1) any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder or beneficial holder of a Note and the Relevant Jurisdiction, including such holder or beneficial owner (a) being or having been a citizen or resident thereof, (b) maintaining or having maintained an office, permanent establishment, or branch subject to taxation therein or (c) being or having been present or engaged in a trade or business therein (other than the mere receipt of a payment on or holding of, or the enforcement of rights or remedies under, the Notes or the Guarantee);

(2) any estate, inheritance, gift, value added, sales, use, excise, transfer or similar taxes, assessments or other governmental charges imposed with respect to a Note;

(3) any taxes, duties, assessments or other governmental charges imposed because the holder or any other person fails to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or any beneficial owner of a Note, if compliance is required by statute, rule, regulation or by the published official interpretation of applicable tax law by the taxing authorities of the Relevant Jurisdiction or by an applicable income tax treaty, which is in effect and to which the applicable jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and the Issuer or the Parent has given the holders or beneficial owners of the Notes at least 30 days' written notice that such information and identification is required to be provided;

(4) any taxes, duties, assessments or other governmental charges not payable by way of deduction or withholding from payments on or with respect to a Note;

(5) any payment on a Note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of a Note; or

(6) in respect of any combination of the above.

Notwithstanding anything to the contrary under this Section "—Additional Amounts," neither the Issuer nor the Parent nor any Paying Agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code") (and any current and future regulations or official interpretations thereof) ("FATCA"), any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreements implementing the foregoing or any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement, including the laws of Ireland implementing FATCA.

In addition to the foregoing, the Issuer and the Parent will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) that are levied by the Relevant Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Guarantee, the Indenture or any other document or instrument referred to therein, or enforcement of, the Notes or the Guarantee (other than on or in connection with a transfer of the Notes other than the initial resale of the Notes by the Initial Purchasers).

The Issuer or the Parent will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of the Relevant Jurisdiction's taxes in respect of which the Issuer or the Parent have paid any additional amount. The Issuer or the Parent will make copies of such documentation available to the holders of the Notes or the relevant Paying Agent.

In the event that additional amounts actually paid with respect to the Notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder or beneficial owner of such Notes, and, as a result thereof such holder or beneficial owner is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder or beneficial owner shall, by accepting such Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to the Issuer and the Parent, provided that such assignment or transfer places such holder or beneficial owner in no worse position than had no such withholding tax been imposed.

Any reference in this offering memorandum, the Indenture, the Notes or the Guarantee to principal, premium, interest or any other amount payable in respect of the Notes by the Issuer or the Guarantee by the Parent will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this "—Additional Amounts" section.

Maturity, Optional Redemption

The Notes will mature on , 2035 (the "Stated Maturity Date"). In addition to as described below under "—Optional Redemption for Changes in Withholding Taxes," the Notes will be redeemable, in whole or in part, at the Issuer's option, at any time prior to the Par Call Date, at a redemption price equal to the greater of (x) 100% of the principal amount thereof to be redeemed or (y) the sum of the present values of the Remaining Scheduled Payments that would be due if the Notes to be redeemed matured on the Par Call Date, discounted to the Redemption Date, on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months), at the Treasury Rate plus basis points, plus, in either case, accrued and unpaid interest, if any, to, but not including, the Redemption Date on the principal amount of the Notes to be redeemed. From and after the Par Call Date, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date.

Notice of any redemption will be mailed at least ten days but not more than 60 days before the Redemption Date to each registered holder of any of the Notes to be redeemed. Unless the Issuer defaults in the payment of the redemption price and accrued interest, on and after the Redemption Date, interest will cease to accrue on the Notes or any portion thereof called for redemption. On or before the Redemption Date, the Issuer will deposit with a Paying Agent, or the Trustee, sufficient funds to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate (and in accordance with the procedures of the Depository).

The notice of redemption that relates to any Note that is redeemed in part only will state the portion of the principal amount thereof to be redeemed. Any redemption of the Notes at the Issuer's option may, if so provided in the applicable redemption notice, be made subject to the satisfaction of one or more conditions precedent.

Optional Redemption for Changes in Withholding Taxes

If, as a result of (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Relevant Jurisdiction after the later of (i) the date the Notes are issued and (ii) the date such Relevant Jurisdiction became a Relevant Jurisdiction (such later date, the "Relevant Time") or (2) any amendment to or change in the official interpretation of applicable tax law by the Relevant Jurisdiction's tax authorities or application of such laws, rules or regulations after the Relevant Time, the Issuer or the Parent becomes obligated, or will become obligated, in each case after taking all commercially reasonable measures to avoid this requirement, to pay additional amounts as described in "—Additional Amounts," then, at the Issuer's option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount of the Notes, plus accrued and unpaid interest and any such additional amounts due thereon up to, but not including, the Redemption Date; provided, however, that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Issuer or the Parent would be obligated to pay these additional amounts if a payment on the Notes were then due and (2) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect. For the avoidance of doubt, commercially reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or Parent.

Prior to the publication of any notice of redemption pursuant to this provision, the Issuer will deliver to the Trustee:

(1) a certificate signed by one of the Issuer's duly authorized representatives stating that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing that the above listed conditions precedent have occurred; and

(2) an opinion of outside legal counsel of recognized standing qualified under the laws of the Relevant Jurisdiction to the effect that the Issuer or the Parent, as applicable, has or will become obligated to pay such additional amounts as a result of such change or amendment.

This notice, once delivered by the Issuer to the Trustee, will be irrevocable.

The Issuer will give notice of any redemption it proposes as described in this "—Optional Redemption for Changes in Withholding Taxes" section in the same manner as provided in the "—Maturity, Optional Redemption" section above.

Mandatory Redemption, Exchange and Purchase

Except as set forth below under "—Repurchase at the Option of Holders," the Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. The Issuer or the Parent may at any time and from time to time purchase Notes in the open market or otherwise at any price, subject to applicable law.

The Issuer or the Parent may at any time make offers to the holders to exchange their Notes for other notes issued by the Issuer, the Parent or by any other Person.

Repurchase at the Option of Holders

If a Change of Control accompanied by a Ratings Event (a "Change of Control Triggering Event") occurs at any time, unless the Issuer has exercised its right to redeem the Notes as described above under "—Optional Redemption," each holder of the Notes will have the right to require the Issuer to repurchase all or any part (in denominations of \$200,000 or integral multiples of \$1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control offer on the terms set forth in the Indenture at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, or, at the Issuer's option, prior to any Change of Control but after the public announcement of the Control of Control, unless the Issuer has otherwise exercised its right to redeem the Notes, it will deliver a notice to each holder describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent (the "Change of Control Payment Date"), pursuant to the procedures required by the Indenture and described in such notice. The notice, if sent prior to the date of consummation of the Change of Control, will state that the Change of Control offer is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date. Unless the Issuer defaults in such payment, all Notes accepted for payment pursuant to the Change of Control offer will cease to accrue interest after such payment date.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions in the Indenture applicable to a Change of Control offer, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under such provisions by virtue of such compliance.

On the payment date in relation to a Change of Control offer the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control offer;

(2) prior to 10:00 a.m. New York City time, deposit with the Paying Agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly deliver to each holder of Notes properly tendered the purchase price for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of \$200,000 or an integral multiple of \$1,000 in excess thereof.

The Issuer will publicly announce the results of the Change of Control offer on or as soon as practicable after the Change of Control payment date.

The provisions described above that require the Issuer to make a Change of Control offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a merger, takeover, recapitalization or any other transaction.

Notwithstanding anything to the contrary in the Indenture applicable to a Change of Control offer made by the Issuer, the Issuer will not be required to make a Change of Control offer upon a Change of Control Triggering Event if a third-party makes the Change of Control offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control offer or the Issuer has exercised its right to redeem the Notes as described above under "—Maturity, Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw the Notes in a Change of Control offer, and the Issuer, or any third-party making a Change of Control offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer will have the right, upon not less than 20 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control offer described above have passed at the time the notice is issued, to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date.

Notwithstanding anything to the contrary contained herein, a Change of Control offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control offer is made.

Certain Covenants

Limitations on Liens

Except as provided below, neither the Parent nor the Issuer will, nor will they permit any Subsidiary to, at any time pledge or otherwise subject to any Lien any of their or such Subsidiary's property, tangible or intangible, real or personal (hereinafter "property") securing Relevant Indebtedness, without thereby expressly securing the Notes (together, if the Parent or the Issuer so chooses, with any other securities entitled to the benefit of a similar covenant) equally and ratably with any and all other Relevant Indebtedness, including any guarantee, secured by such Lien, so long as any such other Relevant Indebtedness shall be so secured and the Parent and the Issuer covenant that if and when any such Lien is created, the Notes will be so secured thereby; provided, that, this restriction shall not apply to any Lien on any property existing as of the date of issuance of the Notes or to the following Liens securing Relevant Indebtedness, including any guarantee:

(1) any Lien on Aircraft Assets and Capital Stock in any Special Purpose Aircraft Financing Entity (a) existing at the time of acquisition of such property or the entity owning such property (including acquisition through merger or consolidation), or (b) given to secure the payment of all or any part

of the purchase, lease or acquisition thereof or the cost of construction, repair, refurbishment, modification or improvement of Aircraft Assets and Capital Stock in any Special Purpose Aircraft Financing Entity;

(2) a banker's lien or right of offset of the holder of such indebtedness in favor of any lender of moneys or holder of commercial paper of the Parent, the Issuer or any Subsidiary in the ordinary course of business on moneys of the Parent, the Issuer or such Subsidiary deposited with such lender or holder in the ordinary course of business; and

(3) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien existing on the Issue Date or referred to in the foregoing clauses, including in connection with the refinancing of indebtedness of the Parent, the Issuer and any Subsidiary secured by such Lien.

This covenant does not limit Liens that do not secure Relevant Indebtedness.

Any Lien that is granted to secure the Notes pursuant to the preceding two paragraphs will be automatically released and discharged at the same time as the release (other than through the exercise of remedies with respect thereto) of each Lien that gave rise to such obligation to secure the Notes under the preceding two paragraphs.

Limitation on the Conduct of Business of the Issuer

In addition to the other restrictions set forth in the Indenture, the Indenture provides that the Issuer may not become liable for any material obligations or engage in any significant business activities other than in connection with serving as an Issuer of the Notes or as an issuer or borrower in connection with financing activities (including financing activities with third parties and among the Parent and its Subsidiaries and providing credit support (including guarantees and Liens) to the extent otherwise permitted under the Indenture), together with activities reasonably related thereto. Except in accordance with "—Merger, Sale of Assets and Dissolution," the Parent will not sell or otherwise dispose of any shares of Capital Stock of the Issuer and will not permit the Issuer, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock or to otherwise cease to be a direct Wholly Owned Subsidiary of the Parent.

Reports

So long as the Notes remain outstanding:

(1) The Parent will furnish or cause to be furnished to the Trustee, or to any holder of the Notes upon the request of the holder, annual consolidated financial statements audited by the Parent's independent public accountants within 120 days after the end of the Parent's fiscal year, and unaudited quarterly consolidated financial statements (consisting of a statement of financial position and statement of comprehensive income for the fiscal quarter or quarters then ended and the corresponding fiscal quarter or quarters from the prior year) within 60 days after the end of each of the first three fiscal quarters of each fiscal year. The Parent will make such information available to the Trustee and holders of the Notes, and also to prospective investors in the Notes and market makers in the Notes affiliated with any Initial Purchaser, by (A) posting to the website of the Parent or on any password-protected online data system or (B) otherwise providing substantially comparable availability of such reports (as determined by the Parent in good faith) (it being understood that, without limitation, making such reports available on a private electronic information service shall constitute substantially comparable availability). For the avoidance of doubt, the Parent will furnish or cause to be furnished to any holder certain annual or quarterly consolidated financial statements requested by such holder. Such annual and quarterly financial statements will be prepared in accordance with IFRS-E.U. and be accompanied by a "management discussion and analysis" of the results of operations and liquidity and capital resources of the Parent and its Subsidiaries on a consolidated basis for the periods presented in a level of detail comparable

to the management discussion and analysis of the results of operations and liquidity and capital resources of the Parent and its Subsidiaries contained in this offering memorandum.

(2) the Parent will provide the Trustee copies of all public filings made by the Issuer or the Parent with any securities exchange or securities regulatory agency or authority within 30 business days of such filing (the Trustee shall have no responsibility to determine whether any such public filings have been made); and

(3) The Parent and the Issuer will furnish or cause to be furnished to any holder of a Note or to any prospective purchaser designated by such a holder, upon the request of the holder, the business and financial information called for under paragraph (d)(4) of Rule 144A of the Securities Act, so long as the Notes are not freely transferable under the Securities Act by Persons who are not "affiliates." Reports by the Parent and the Issuer delivered to the Trustee or made available by posting to the website of the Parent should be considered for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Merger, Sale of Assets and Dissolution

Neither the Issuer nor the Parent will consolidate or merge with or into or wind up into (whether or not the Parent or the Issuer is the surviving corporation), in one or more related transactions, any Person unless:

(1) the resulting or surviving Person (the "Successor Company") is the Issuer, the Parent, a Wholly Owned Subsidiary of the Parent or a Person organized and existing under the laws of a Permitted Jurisdiction;

(2) the Successor Company (if other than the Issuer or the Parent) expressly assumes all of the obligations of the Parent or the Issuer under the Notes or the applicable Guarantee, as applicable, and the Indenture pursuant to a supplemental indenture;

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) the Issuer and the Parent shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, winding up or disposition, and such supplemental indenture, if any, comply with the Indenture.

The Parent will not sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the Parent's properties and assets, in one or more related transactions, to any Person unless:

(1) the Person receiving the sale, assignment, conveyance, transfer, lease or disposition is a Wholly Owned Subsidiary of the Parent or a Person organized and existing under the laws of a Permitted Jurisdiction;

(2) the Person receiving the sale, assignment, conveyance, transfer, lease or disposition expressly assumes all of the obligations of the Parent under the Guarantee and the Indenture pursuant to a supplemental indenture;

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) the Parent shall have delivered to the Trustee an officers' certificate and an opinion of counsel, stating that such sale, assignment, conveyance, transfer, lease or disposition, and such supplemental indenture, if any, comply with the Indenture.

For the purpose of these covenants, Aircraft Asset leasing in the ordinary course of business of the Parent, the Issuer or any of the Parent's Subsidiaries shall not be considered the leasing of "all or substantially all" of the Parent's or the Issuer's consolidated assets.

Neither the Parent nor the Issuer will liquidate or dissolve other than in connection with a transaction permitted by this "—Merger, Sale of Assets and Dissolution" covenant.

Events of Default

The Indenture defines an Event of Default with respect to the Notes as being any one of the following occurrences:

(1) the failure to pay any installment of interest on the Notes when due and payable, and the continuation of its failure to pay for 30 days or more;

(2) the failure to pay all or any part of the principal of (or premium, if any, on) the Notes when due at maturity, when due upon redemption, or when due by declaration or otherwise;

(3) a default in the performance of or compliance with any of the covenants described above under "Repurchase at the Option of Holders" or "Merger, Sale of Assets and Dissolution;"

(4) a default in the performance of any other covenant contained in the Indenture or any Note continued for 90 days after written notice to the Issuer and the Parent by the Trustee, or written notice to each of the Issuer, the Parent and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) a default under any mortgage, indenture (including the Indenture) or instrument under which Indebtedness for borrowed money (other than any Indebtedness owed to any Subsidiary or that is, by its terms, recourse only to specific assets) of the Parent is issued or is secured or evidenced or the payment of which is guaranteed by the Parent, which default constitutes a failure by the Parent to pay principal of such Indebtedness in an amount exceeding $100 million at the final stated maturity date (other than as a result of acceleration), after expiration of any applicable grace periods or results in the Parent's Indebtedness for borrowed money (other than any Indebtedness owed to any Subsidiary or that is, by its terms, recourse only to specific assets) in the aggregate of $100 million or more being accelerated or becoming due and payable before the date on which it would otherwise become due and payable, and such acceleration is not rescinded or annulled or such Indebtedness for borrowed money is not discharged within 60 days after written notice to the Issuer and the Parent by the Trustee, or written notice to each of the Issuer, the Parent and the Trustee by the holders of at least 25% in principal amount of the outstanding Notes; or

(6) certain events in bankruptcy, insolvency, reorganization, receivership or liquidation, whether voluntary or involuntary with respect to the Parent; or

(7) the Guarantee ceases to be in full force and effect in any material respect (except as contemplated by this "Description of the Notes") or the Parent denies or disaffirms its obligations under the Indenture or the Guarantee.

If an Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the Notes to be due and payable immediately. However, the holders of a majority in principal amount of the outstanding Notes, by written notice to the Issuer, the Parent and the Trustee, may rescind and annul such declaration and its consequences if: (a) the Issuer or the Parent has paid or deposited with the Trustee a sum sufficient to pay all overdue interest on all Notes, all principal of (and premium, if any) on the Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal (and premium, if any) and (to the extent permitted by applicable law) all interest upon overdue interest in respect of the Notes, if any, and (b) all Events of Default with respect to the Notes, other than the nonpayment of amounts that have become due solely by reason of such declaration, have been cured, waived or otherwise remedied. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holder of any Note will not have any right to institute any proceeding with respect to the Indenture or remedies thereunder, unless:

(1) the holder previously gives the Trustee written notice of an Event of Default that is continuing with respect to the Notes held by such holder;

(2) the holders of not less than 25% in principal amount of the outstanding Notes have made written request to the Trustee and offered the Trustee indemnity satisfactory to it against the costs, losses, expenses or liabilities to institute such proceeding as Trustee; and

(3) the Trustee has failed to institute such proceeding for 60 days after its receipt of such notice and offer of indemnity and the Trustee has not been given inconsistent direction during such 60-day period by holders of a majority in principal amount of Notes at the time outstanding.

However, the right of any holder of any Note to institute suit for enforcement of any payment of principal (and premium, if any) and interest on such Note on or after the applicable due date may not be impaired or affected without such holder's consent.

The holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or for exercising any trust or power conferred on the Trustee with respect to the Notes. However, the Trustee may refuse to follow any direction that conflicts with any rule of law or the Indenture. Before proceeding to exercise any right or power under the Indenture at the direction of such holders, the Trustee shall receive security or indemnity satisfactory to it from such holders against the costs, losses, expenses and liabilities which could be incurred in compliance with any such direction. The Trustee may withhold from holders of the Notes notice of any continuing default (except a default in payment of principal (or premium, if any) or interest) if it determines that withholding notice is in their interests.

The Issuer and the Parent are required to furnish to the Trustee within 120 days after the end of each fiscal year a certificate from the Parent's principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge that (a) no Event of Default or (b) no event that, with the giving of notice, the passage of time, or both, would constitute an Event of Default, has occurred and is continuing at such time. If an event specified in (a) or (b) has occurred, the certificate shall specify all such events and the nature and status thereof and what action the Issuer plans to take to cure such default or Event of Default.

Amendment, Supplement and Waiver of the Indenture and the Notes

The Issuer and the Parent, together with the Trustee, may amend or supplement the Indenture, the Notes and the Guarantee with respect to the series of securities that constitutes the Notes with the consent of the holders of a majority in principal amount of the outstanding Notes, voting as a single class. The holders of not less than a majority in principal amount of the outstanding Notes may, on behalf of the holders of such Notes, waive (i) compliance by the Issuer and the Parent with certain covenants or other provisions of the Indenture, the Notes and the Guarantee with respect to the series of securities that constitutes the Notes and (ii) any past default with respect to the series of securities that constitutes the Notes and the related consequences, except that a default in the payment of principal of (and premium, if any) or interest on any Note cannot be modified or amended without the consent of the holder of each affected outstanding Note. However, neither the Issuer nor the Parent may enter into any amendment, supplement or waiver without the consent of the holders of all affected Notes if the amendment, supplement or waiver would:

(1) change the Stated Maturity Date or any installment of principal or interest on any Note;

(2) reduce the principal amount payable of the rate of interest on, any additional amounts payable on or any premium payable upon the redemption of, any Note;

(3) adversely affect any right of repayment at the option of the holder of any Note, following the occurrence of a Change of Control Triggering Event with respect to such Change of Control Triggering Event;

(4) make any Note payable in a currency other than that stated in the Note;

(5) impair the right of any holder of any Note to institute suit for the enforcement of any payment with respect to such Note on or after the Stated Maturity Date thereof;

(6) reduce the percentage in principal amount of outstanding Notes whose holders must consent to any amendment, supplement or waiver; or

(7) amend, change or modify any provision of the Indenture that would cause the Notes or the Guarantee not to be pari passu in right of payment with the Issuer's or the Parent's existing unsecured and unsubordinated indebtedness in a manner adverse to the holders of such Notes.

The Notes will not be considered outstanding, and therefore not eligible to vote, if the Issuer has deposited or set aside in trust for you money for their payment or redemption including under circumstances where they have been defeased as described below in "—Legal Defeasance and Covenant Defeasance" or discharged as described below in "—Satisfaction and Discharge." The Issuer and the Parent, together with the Trustee, may, without the consent of any holder of Notes, amend or supplement the Indenture for purposes that include:

(1) to evidence the Issuer's or the Parent's succession by another Person and the assumption by any such successor of the covenants in the Indenture, the Notes and the Guarantee;

(2) to add covenants or any additional Event of Default for the benefit of the holders of the Notes (or any other series of securities under the Indenture);

(3) to surrender any right or power conferred upon the Issuer or the Parent;

(4) to change or eliminate any provision of the Indenture if such change or elimination is effective only when there are no Notes outstanding issued prior to such change or elimination and entitled to the benefit of such provision;

(5) to secure the Notes (or any other series of securities under the Indenture);

(6) to establish the form or terms of any other series of securities as permitted under the Indenture;

(7) to add to, delete from or revise the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of debt securities, other than the Notes;

(8) to evidence the appointment of a successor trustee with respect to the Notes (or any other series of notes) and to add to or change any of the provisions of the Indenture as may be necessary to provide for or facilitate the administration of the trusts thereunder by more than one trustee;

(9) to cure any ambiguity, omission or defect or to correct or supplement any provision of the Indenture, the Notes or the Guarantee that is inconsistent with other provisions;

(10) to make any provision which does not materially adversely affect the interests of the holders of the Notes; or

(11) to conform the text of the Indenture or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim, or substantially verbatim, recitation of a provision of the Indenture, the Notes or the Guarantee (as provided for in an Officers Certificate to the Trustee).

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have discharged all of its and the Parent's obligations with respect to the outstanding Notes and the Guarantee ("Legal Defeasance"), other than:

(1) its obligation to register, transfer and exchange certificated Notes;

(2) its obligations with respect to mutilated, destroyed, lost or stolen certificated Notes;

(3) its obligations to maintain an office or agency in the place designated for payment of the Notes and with respect to the treatment of funds held by Paying Agents;

(4) its obligation to prepare and exchange definitive Notes for any temporary Notes issued, if any;

(5) its obligation to hold, or cause the Paying Agent to hold, money in trust for the payment of principal (and premium, if any) and interest due on outstanding Notes for the benefit of such holders;

(6) certain obligations to the Trustee; and

(7) certain obligations arising in connection with such discharge of obligations.

In addition, the Issuer may, at its option and at any time, elect to have its and the Parent's obligations released with respect to the Notes and the Guarantee with respect to certain covenants that are described in the Indenture, including the covenants described in this Description of the Notes under the headings "—Certain Covenants" or "—Repurchase at the Option of Holders" ("Covenant Defeasance"), and thereafter any omission to comply with such obligations shall not constitute an Event of Default or an event which, after notice or lapse of time or both, would become an Event of Default with respect to the Notes and the Guarantee. In the event Covenant Defeasance occurs, certain events (excluding the Issuer's or the Parent's failure to pay any amount with respect to the Notes or the Issuer's or the Parent's bankruptcy, insolvency, receivership, reorganization or insolvency) described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes.

The conditions the Issuer must satisfy to exercise Legal Defeasance or Covenant Defeasance include the following:

(1) The Issuer or the Parent must have irrevocably deposited with the Trustee, in trust for the benefit of the holders of the Notes, cash in U.S. dollars or U.S. Government Obligations or a combination thereof, in an amount sufficient (without reinvestment) to pay at maturity or redemption the entire amount of principal (and premium, if any) and interest on the Notes, and to pay any mandatory sinking fund or analogous payments (provided that, in the case of a Redemption Date, if the amount of cash or U.S. Government Obligations that the Issuer or Parent must have irrevocably deposited cannot be definitively calculated, the Issuer or the Parent must have irrevocably deposited an amount of cash or U.S. Government Obligations that will generate enough cash to pay principal (and premium, if any) and interest in full, without discounting, to the Redemption Date, it being understood that any excess amounts will be returned to the Issuer or, at the Issuer's direction, the Parent, promptly following the Redemption Date).

(2) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the Notes or the Guarantee shall have occurred and be continuing on the date the Issuer makes the deposit (other than an Event of Default arising in connection with the substantially contemporaneous borrowing of funds to fund such deposit and the granting of any security interest securing such borrowing, in each case, other than in contemplation of an event of the type described under clause (6) of "Events of Default") or, for certain purposes, during the period ending on the 91st day after the date of such deposit, or on the day after the expiration of any longer preference periods.

(3) The Legal Defeasance or Covenant Defeasance will not cause the Trustee to have a conflicting interest as referred to in the Indenture.

(4) The Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture (other than an Event of Default arising in connection with the substantially contemporaneous borrowing of funds to fund such deposit and the granting of any security interest securing such borrowing, other than in contemplation of an event of the type described under clause (6) of "Events of Default") or other material agreements or instruments or cause the Notes, if listed on a national securities exchange, to be delisted.

In the case of Legal Defeasance, the Issuer is also required to deliver to the Trustee an opinion of counsel stating that the Issuer has received a direct ruling from the IRS, or such a public ruling has been published, or since the date of the Indenture there has been a change in the applicable federal income tax law, such that the beneficial owners of the outstanding Notes to be defeased will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance. The opinion must state that the beneficial owners of the outstanding Notes to be defeased will be subject to U.S. federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such Legal Defeasance had not occurred.

In the case of Covenant Defeasance, the Issuer is required to deliver to the Trustee an opinion of counsel to the effect that the beneficial owners of the outstanding Notes for which such Covenant Defeasance is proposed will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

In either case, the U.S. Government Obligations may not be callable or redeemable at the option of the issuer of such U.S. Government Obligations. The Issuer will deliver a depository receipt issued by a bank, as defined in Section 3(a)(2) of the Securities Act, as custodian with respect to such U.S. Government Obligation or a specific payment of principal of or interest on such U.S. Government Obligation held by the custodian for the account of the Trustee, as holder of such depository receipt. The custodian shall not be authorized to make any deduction from any amount payable to the holder of the depository receipt except as required by law.

Satisfaction and Discharge

The Indenture will cease to be of further effect with respect to the Notes and the Guarantee, and the Trustee, upon the Issuer's demand and at the Issuer's expense, will execute appropriate instruments acknowledging the satisfaction and discharge of the Indenture with respect to the Notes and the Guarantee upon compliance with certain conditions, including:

(1) the Issuer or the Parent having paid all sums payable by the Issuer or the Parent under the Indenture with respect to the Notes and the Guarantee, as and when the same shall be due and payable;

(2) the Issuer having delivered to the Trustee for cancellation all Notes theretofore authenticated under the Indenture; or

(3) all Notes outstanding under the Indenture not theretofore delivered to the Trustee for cancellation shall have become due and payable, whether on the Stated Maturity Date or on a Redemption Date, or are by their terms to become due and payable within one year, and the Issuer or the Parent shall have irrevocably deposited with the Trustee sufficient cash or U.S. Government Obligations that will generate enough cash to pay principal (and premium, if any) and interest, at the Stated Maturity Date or Redemption Date, as the case may be, of all Notes outstanding under the Indenture (provided that, in the case of a Redemption Date, if the amount of cash or U.S. Government Obligations that the Issuer or Parent must have irrevocably deposited cannot be definitively calculated, the Issuer or the Parent must have irrevocably deposited an amount of cash or U.S. Government Obligations that will generate enough cash to pay principal (and premium, if any) and interest in full, without

discounting, to the Redemption Date, it being understood that any excess amounts will be returned to the Issuer or, at the Issuer's direction, the Parent, promptly following the Redemption Date).

Limited Liability of Certain Persons

The Indenture provides that none of the Issuer's or the Parent's past, present or future incorporators, stockholders, directors, officers or employees, or of any successor corporation or any of the Issuer or the Parent's Affiliates, shall have any personal liability in respect of the Issuer's or the Parent's obligations under the Indenture, the Notes or the Guarantee by reason of his, her or its status as an incorporator, stockholder, director, officer or employee. Each holder of the Notes, by accepting a Note, waives and releases all such liability. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the U.S. Securities and Exchange Commission (the "Commission") that any such waiver is against public policy.

Notices

Notices to the holders of the Notes will be given by mail at the addresses of such holders as they appear in the registry of the Notes or in accordance with the depositary's procedures for notes held in book entry form.

The Trustee

Computershare Trust Company, National Association acts as the Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee may resign at any time upon 60 days prior written notice (or less if the Issuer and the Parent agree and a successor Trustee is appointed in accordance with the provisions of the Indenture). The Trustee may be removed by us under certain limited circumstances specified in the Indenture, including if the Trustee is insolvent or bankrupt. If the Trustee resigns, is removed or if a vacancy occurs in the office of the Trustee for any reason, a successor Trustee shall be appointed in accordance with the provisions of the Indenture.

In addition to the arrangements with the Trustee pursuant to the Indenture, the Notes and the Guarantee, the Issuer and the Parent may maintain bank accounts, borrow money and have other commercial banking, investment banking and other business relationships with the Trustee and/or its Affiliates in the course of the Issuer's or the Parent's business.

Governing Law

The Indenture is, and the Notes and the Guarantee will be, governed by and construed in accordance with the laws of the State of New York, without giving effect to applicable principles of conflicts of law to the extent that application of the law of another jurisdiction would be required thereby.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the executed Indenture following the closing date of this offering without charge by writing to SMBC Aviation Capital Limited, Fitzwilliam 28, Dublin 2, Ireland, Attention: Head of Funding and Corporate Tax Group.

Certain Definitions

Certain significant terms which will be defined in the Indenture are set forth below:

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Parent.

“Aircraft Assets” means (x) aircraft, airframes, engines (including spare engines), propellers, parts and other operating assets and PDPs relating to any of the items in this clause (x) and (y) intermediate or operating leases relating to any of the items in the foregoing clause (x).

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with IFRS-E.U.

“Capital Stock” of a Person means equity interests in such Person, including any ordinary shares, preference shares, common stock, preferred stock, limited liability or partnership interests (whether general or limited), and all warrants or options with respect to, or other rights to purchase, the foregoing, but excluding other indebtedness (other than preferred stock) convertible into equity.

“Change of Control” means the occurrence of any of the following:

(1) any event, transaction or series of related transactions whereby a “person” or “group” (as those terms are used in Section 13(d) of the Exchange Act), other than any of the Permitted Holders, becomes the direct “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of a majority in the aggregate of the total voting power of the Parent’s Voting Stock, whether as a result of the issuance of securities by the Parent, any merger, consolidation, liquidation or dissolution of the Parent, or any direct or indirect transfer of securities issued by the Issuer or the Parent by the then beneficial owners or otherwise (for purposes of this clause, the beneficial owners shall be deemed to beneficially own any Voting Stock of a Person held by any other Person so long as the beneficial owners beneficially own (as so defined), directly or indirectly, in the aggregate a majority of the voting power of the Voting Stock of the Parent);

(2) the adoption of a plan relating to the Parent’s liquidation or dissolution; or

(3) the Parent’s merger or consolidation with or into another Person or the merger of another Person with or into the Parent, or the sale of all or substantially all of the Parent’s assets (determined on a consolidated basis in accordance with IFRS-E.U.) to another Person, in each case, other than a transaction in which the survivor or transferee is a Person whose Voting Stock is at least majority beneficially owned by the Permitted Holders.

"Comparable Treasury Issue" means the U.S. Treasury security selected by one of the Reference Treasury Dealers appointed by the Parent as having a maturity comparable to the Par Call Date, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to the Par Call Date.

"Comparable Treasury Price" means, with respect to any Redemption Date for the Notes:

(1) the average of at least four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations; or

(2) if the Issuer obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations obtained by the Issuer.

"ECA Indebtedness" means any indebtedness incurred in order to fund the deliveries of Aircraft Assets, which indebtedness is guaranteed by one or more Export Credit Agencies, including guarantees thereof by the Parent or any of its Subsidiaries.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Export Credit Agencies" means collectively, the export credit agencies or other governmental authorities that provide export financing of Aircraft Assets (including, but not limited to, the Brazilian Development Bank, Compagnie Francaise d'Assurance pour le Commerce Exterieur, His Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department, Euler-Hermes Kreditversicherungs AG, the Export-Import Bank of the United States, the Export Development Canada or any successor thereto).

"Fitch" means Fitch Rating Service, Inc., and its successors.

"Governmental Authority" means:

(1) the government of:

i. the U.S. or any State or other political subdivision thereof, or

ii. any other jurisdiction in which the Parent or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any of the Parent's properties or any of the properties of any of the Parent's Subsidiaries, or

(2) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"IFRS-E.U." means International Financial Reporting Standards as adopted by the European Union, as applicable to the Parent as of the date hereof.

"Indebtedness" means, with respect to any Person, at any time, without duplication,

(1) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(2) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(3) all liabilities appearing on its balance sheet in accordance with IFRS-E.U. in respect of Capital Leases;

(4) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(5) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money); and

(6) any guarantee of such Person with respect to liabilities of a type described in any of clauses (1) through (5) hereof.

"Investment Grade Rating" means any of: (1) a rating equal to or higher than BBB− (or the equivalent) by S&P, (2) a rating equal to or higher than BBB− (or the equivalent) by Fitch or (3) a rating equivalent to an Investment Grade Rating, as that term is defined for each of S&P and Fitch, for any other Rating Agency that provides a rating of the Notes.

"IRS" means the Internal Revenue Service of the U.S., a bureau of the U.S. Department of Treasury.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Par Call Date" means , 20 (the date that is months prior to the Stated Maturity Date).

"Paying Agent" means Computershare Trust Company, National Association, and its successors and assigns, and/or any Person the Issuer appoints as Paying Agent.

"Permitted Holders" means any of Sumitomo Mitsui Financial Group, Sumitomo Corporation and their respective Subsidiaries, without regard to any person or group that may be a beneficial owner of Sumitomo Mitsui Financial Group or Sumitomo Corporation.

"Permitted Jurisdiction" means any of the United States, any state thereof, the District of Columbia, or any territory thereof, any member state of the Pre-Expansion European Union, Norway, Switzerland, Bermuda, the Cayman Islands, Japan and Singapore.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"Pre-Expansion European Union" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"Preferred Stock" means any class of Capital Stock of a Person that is preferred over any other class of Capital Stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

"Property" or "Properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"Rating Agencies" means S&P, Fitch and, subsequent to the date of the Indenture, shall include any other credit rating agency that provides a rating of the Notes, so long as that credit rating agency is properly registered with, and recognized by, the Commission as a valid nationally recognized statistical rating organization pursuant to Section 15E of the Exchange Act at all times that such credit rating agency provides a rating of the Notes.

"Ratings Event" means that at any time within 60 days (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) from the date of the public notice of a Change of Control or of the Parent's intention or that of any Person to effect a Change of Control, the rating on the Notes is lowered, and the Notes are rated below an Investment Grade Rating, by (1) one Rating Agency if the Notes are rated by two or fewer Rating Agencies or (2) at least a majority of such Rating Agencies if the Notes are rated by three or more Rating Agencies; provided, that a Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Ratings Event for purposes of the definition of Change of Control Triggering Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Parent and the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Ratings Event).

"Redemption Date" means the date specified as such in a notice given by the Issuer to the holders of the Notes.

"Reference Treasury Dealer" means each of SMBC Nikko Securities America, Inc., Goldman Sachs & Co. LLC, Citigroup Global Markets Inc., a Primary Treasury Dealer (as defined below) selected by Credit Agricole Securities (USA) Inc., RBC Capital Markets, LLC and BofA Securities, Inc. and one or more Primary Treasury Dealers appointed by the Parent and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), the Parent will substitute therefor another nationally recognized Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Issuer, of the bid and asked prices of the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such Redemption Date.

"Relevant Indebtedness" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures or other similar securities that are for the time being quoted, listed or ordinarily dealt in on any securities exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness. For the avoidance of doubt, any amounts owed in relation to ECA Indebtedness or otherwise guaranteed by one or more Export Credit Agencies will not constitute Relevant Indebtedness notwithstanding that such amounts are incurred or guaranteed directly or indirectly by the Issuer, the Parent or any Subsidiary.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; provided, however, that, if such Redemption Date is not an Interest Payment Date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such Redemption Date.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. and its successors.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Special Purpose Aircraft Financing Entity" means any of the Parent's Subsidiaries or other entities formed for the purpose of purchasing or financing Aircraft Assets, related moneys and deposits and other related assets incidental thereto.

"Subsidiary" means (x) any corporation, association or similar business entity (other than a partnership, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors or trustees thereof (or Persons performing similar functions) or (y) any partnership, limited liability company, trust or similar entity of which more than 50% of the capital accounts, distribution rights or total equity, as applicable, is, in the case of clauses (x) and (y), at the time owned, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Parent.

"Treasury Rate" means, with respect to any Redemption Date for a Note, the rate per annum equal to the semi annual equivalent yield to maturity, as determined by a Reference Treasury Dealer appointed by the Parent, of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date. The Treasury Rate will be calculated on and as of the third business day preceding the Redemption Date.

"U.S." means United States.

"U.S. Government Obligations" means securities that are:

(1) direct obligations of the U.S. for the payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the U.S., the payment of which is unconditionally guaranteed as a full faith and credit obligation by the U.S.

"Voting Stock" means, with respect to any Person, Capital Stock (including shares, interests, membership interests, participations or other equivalents, however designated, in the equity of such Person) of any class or kind having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"We" or "our" means the parent, SMBC Aviation Capital Limited

"Wholly Owned Subsidiary" means, with respect to any Subsidiary of a Person, that all of the shares of Capital Stock or other ownership interests of such Subsidiary (except director's qualifying shares and, in the case of any Subsidiary in a jurisdiction outside the U.S., shares not exceeding 5% of total shares) are at the time, directly or indirectly, owned by such Person.

BOOK-ENTRY, DELIVERY AND FORM

The certificates representing the notes will be issued in fully registered form without interest coupons. The notes sold in reliance on Rule 144A initially will be represented by permanent global notes in fully registered form without interest coupons (each a “Restricted Global Note”) and will be deposited with the Trustee as custodian for DTC, as depositary, and registered in the name of a nominee of such depositary.

The notes sold in offshore transactions in reliance on Regulation S initially will be represented by permanent global notes in fully registered form without interest coupons (each, a “Regulation S Global Note” and, together with the Restricted Global Notes, the “Global Notes”) and will be deposited with the Trustee as custodian for DTC, as depositary, and registered in the name of a nominee of such depositary. Prior to the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “distribution compliance period”), a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the Trustee of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A. Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note whether before, on or after such time, only upon receipt by the Trustee of a written certification to the effect that such transfer is being made in accordance with Regulation S.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the legend regarding such restrictions set forth therein, in the indenture and as set forth under the heading “Transfer Restrictions” herein. QIBs or non-U.S. purchasers may elect to take a Certificated Security (as defined below under “Certificated Securities”) instead of holding their interests through the Global Notes, which certificated notes will be ineligible to trade through DTC (collectively referred to herein as the “Non-Global Purchasers”) only in the limited circumstances described below. Upon the transfer to a QIB of any Certificated Security initially issued to a Non-Global Purchaser, such Certificated Security will, unless the transferee requests otherwise or the Global Notes have previously been exchanged in whole for Certificated Securities, be exchanged for an interest in the Global Notes. For a description of the restrictions on transfer of Certificated Securities and any interest in the Global Notes, see “Transfer Restrictions.”

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depositary (“participants”) and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Such accounts initially will be designated by or on behalf of the Initial Purchasers and ownership of beneficial interests in the Global Notes will be limited to participants or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC’s procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, and premium (if any) and interest (including additional interest, if any) on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of the Issuer, the Parent, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest (including additional interest, if any) on, the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way through DTC's same-day funds system in accordance with DTC rules and will be settled in same-day funds. If a holder requires physical delivery of a Certificated Security, such holder must transfer its interest in a Global Note, in accordance with the normal procedures of DTC and with the procedures set forth in the indenture.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the Global Notes for Certificated Securities, which it will distribute to its participants and which will be legended as set forth under the heading "Transfer Restrictions."

DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Parent, the Trustee or any paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons ("Certificated Securities") only in the following limited circumstances:

- DTC notifies the Issuer and the Parent that it is unwilling or unable to continue as depositary for the Global Notes and the Issuer and the Parent fail to appoint a successor depositary within 90 days of such notice, or
- there shall have occurred and be continuing an event of default with respect to the notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions."

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes will be limited to such extent.

Exchanges Between Regulation S Notes and Restricted Global Notes

Prior to the expiration of the distribution compliance period, beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Restricted Global Notes only if:

(1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that the notes are being transferred to a person:

   (a) who the transferor reasonably believes to be a QIB within the meaning of Rule 144A;

   (b) purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A; and

   (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, whether before or after the expiration of the distribution compliance period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) (and any other documentation requested by the Trustee) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the distribution compliance period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Notes and a corresponding increase in the principal amount of the Restricted Global Notes or vice versa, as applicable. Any beneficial interest in one Global Note that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the notes. The discussion addresses only persons that purchase notes in the original offering at their issue price, hold the notes as capital assets (generally, assets held for investment), and, if they are U.S. Holders (as defined below), use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, tax exempt organizations, dealers, traders who elect to mark their investment to market, persons required to accelerate the recognition of any item of gross income as a result of such income being recognized on an "applicable financial statement," and persons holding the notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or non-U.S. taxes, the Medicare tax on net investment income or federal alternative minimum tax. Prospective investors should note that no rulings have been, or are expected to be, sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE FEDERAL, STATE AND LOCAL LAWS OF THE UNITED STATES, THE LAWS OF IRELAND AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States,
- a corporation organized in or under the laws of the United States or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a note other than a U.S. Holder.

The treatment of partners in a partnership that owns notes may depend on the status of such partners and the status and activities of the partnership, and such partnerships should consult their own tax advisors about the consequences to their partners of an investment in the notes.

Characterization of the Notes

The Issuer intends to take the position that the notes are indebtedness for U.S. federal income tax purposes. No ruling regarding the notes has been sought or received by the IRS, however, and there can be no assurance that the IRS will agree with the foregoing treatment. Prospective purchasers should consult their tax advisors with respect to the proper tax treatment of the notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a note that would change the yield of the note. See "Description of the Notes—Repurchase at the Option of Holders". This obligation may implicate the provisions of Treasury Regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury Regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the notes are not CPDIs. The Issuer's determination that the notes are not CPDIs is binding on a U.S. Holder unless the U.S. Holder discloses a contrary position to the IRS in the manner that is required by applicable Treasury Regulations. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such notes before the resolution of the contingency. If the notes are not CPDIs but such contingent payments are made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any additional amounts with respect to withholding tax on the notes (including the amount of tax withheld from payments of interest and additional amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and additional amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the notes and any additional amounts generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income tax withheld on interest payments on the notes. The rules governing the foreign tax credit are complex and Treasury Regulations have imposed additional requirements that must be met for a foreign tax to be creditable. IRS notices provide temporary relief from certain of these requirements if the notice is applied consistently to all foreign taxes paid during the relevant taxable year until the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that the foreign tax is not a creditable tax or the U.S. Holder does not elect to claim a foreign tax credit with respect to any foreign income taxes paid or accrued during the taxable year. There are substantial limitations to the deductibility of taxes for non-corporate U.S. Holders. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a note, a U.S. Holder generally will recognize a taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount that the U.S. Holder paid for the note. Any such gain or loss generally will be a capital gain or loss and generally will be a long-term capital gain or loss if the note has been held for more than one year at the time of its sale, exchange or other taxable disposition (including redemption). Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Subject to the discussion of backup withholding and FATCA below, and of further discussion of FATCA in "Certain Irish Tax Considerations—FATCA Implementation in Ireland" below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and additional amounts on, or any gain with respect to, the notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net basis with respect to interest and additional amounts received in respect of the notes or a gain realized on the sale, exchange or other taxable disposition (including redemption) of the notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of a gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, notes (including additional amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding (currently at a 24% rate) may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the notes.

FATCA Withholding

Pursuant to FATCA, a "foreign financial institution" may be required to withhold U.S. tax on certain passthru payments made on or after the date that is two years after the date of publication of final regulations defining the term "foreign passthru payment" to the extent such payments are treated as attributable to certain U.S. source payments unless a Non-U.S. Holder complies with applicable certification procedures to establish that they are not subject to FATCA withholding. In addition, obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign passthru payment" are filed generally will be "grandfathered" and exempt from withholding unless the obligations are materially modified after that date. Many non-U.S. governments, including the government of Ireland, have entered into agreements with the United States to implement FATCA in a manner that alters the rules described above. Holders should therefore consult their own tax advisors on how these rules may apply to their investment in the notes. In the event any withholding under FATCA is imposed with respect to any payments on the notes, no additional amounts will be paid to compensate for the withheld amount.

Prospective investors should consult their tax advisors about the potential application of FATCA.

For additional information regarding the implementation of FATCA into Irish law, see "Certain Irish Tax Considerations—FATCA Implementation in Ireland".

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

CERTAIN IRISH TAX CONSIDERATIONS

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of the notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. The summary relates only to the position of persons who are the absolute beneficial owners of the notes and may not apply to certain classes of persons such as dealers in securities.

The summary is based upon Irish tax laws and the practice of the Revenue Commissioners at the date of this offering memorandum, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only.

Prospective investors in the notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposal of the notes including, in particular, the effect of any state or local tax laws.

Definitions

For the purposes of this Irish taxation section, terms have the meanings as set out below:

A "Relevant Territory" is:

(a) a member state of the E.U. other than Ireland;

(b) not being such a member state, a territory with which Ireland has signed a double taxation agreement that is in effect; or

(c) not being a territory referred to at (a) or (b), a territory with which Ireland has signed a double taxation agreement that is not yet in effect but that will come into effect upon completion of the procedures set out in section 826(1) of the Taxes Consolidation Act 1997 of Ireland, as amended (the "TCA 1997").

A "Return Agreement" is a Specified Agreement whereby payments due under the Specified Agreement are dependent on the results of the Issuer's business or any part of the Issuer's business.

A "Specified Agreement" means any agreement, arrangement or understanding that:

(a) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof; and

(b) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

A "Specified Person" means

(a) a company which directly or indirectly controls the Issuer, is controlled by the Issuer, or is controlled by a third-party which also directly or indirectly controls the Issuer; or

(b) a person or connected persons from whom assets were acquired or to whom the Issuer has made loans or advances or to whom loans or advances held by the Issuer were made or with whom the Issuer has entered into Specified Agreements, where the aggregate value of such assets, loans, advances or agreements represents not less than 75% of the aggregate value of the qualifying assets of the Issuer.

(c) With regard to "control" as noted in (a) above, a person has control of a company where that person has:

(i) the power to secure:

(A) by means of the holding of shares or in the possession of voting power in or in relation to that or any other company, or

(B) by virtue of any powers conferred by the constitution, articles of association, or other document regulating that or any other company,

that the affairs of the company are concluded in accordance with the wishes of that person, or,

(ii) significant influence over the company and holds, directly or indirectly, more than:

(A) 20% of the issued share capital

(B) 20% of the principal value of any securities issued by the company which are profit participating notes, or

(C) the right to 20% of the interest or other distributions payable in respect of any securities issued by the company which are profit participating notes.

Taxation of the Issuer

Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5 per cent in relation to trading income, 25 per cent in relation to income that is not income from a trade and 33 per cent in relation to non-trading capital gains. However, section 110 of the TCA 1997 provides for particular treatment in relation to qualifying companies. A qualifying company means a company:

(a) which is resident in Ireland;

(b) which either acquires qualifying assets from a person, holds, manages or both holds and manages, qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;

(c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both, including in the case of plant and machinery acquired by the qualifying company, a business of leasing that plant and machinery;

(d) which, apart from activities ancillary to that business, carries on no other activities;

(e) which has notified an authorized officer of the Revenue Commissioners in the prescribed format and within the relevant time limit that it intends to be such a qualifying company; and

(f) the market value of all qualifying assets held, managed, or both held and managed, by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than EUR 10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered into (which is itself a qualifying asset),

but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm's length apart from in relation to certain interest payments.

For this purpose, qualifying assets include assets which consist of, or of an interest (including a partnership interest) in financial assets, commodities or plant and machinery. Therefore, the Issuer expects that its assets should be qualifying assets for the purposes of section 110 of the TCA 1997.

The Issuer is currently and is expected to remain a qualifying company for the purpose of section 110 of the TCA 1997. As a qualifying company for the purpose of section 110 of the TCA 1997, profits arising from the Issuer's activities are chargeable to corporation tax under Case III of Schedule D of the TCA 1997 (which is applicable to non-trading income) at a rate of 25 per cent. However, for that purpose those profits are computed in accordance with the provisions applicable to Case I of Schedule D of the TCA 1997 (which is applicable to trading income).

In connection with notes issued, the interest on the notes will not be deductible where:

(a) the interest represents more than a reasonable commercial return on the principal outstanding (to the extent that the interest is in excess of a reasonable commercial return) or is dependent on the results of the Issuer's business; and

(b)

(i) at the time the interest is paid on the notes, the Issuer is in possession, or aware, of information that can reasonably be taken to indicate that the payment is part of a scheme or arrangement the main benefit or one of the main benefits of which is the obtaining of a tax relief or the reduction of a tax liability the benefit of which would be expected to accrue to a person who, in relation to the Issuer, is a Specified Person; or

(ii) the interest is paid to a person that:

(A) is not resident in Ireland; and

(B) is not a pension fund, government body or other person resident in a Relevant Territory who, under the laws of that Relevant Territory, is exempted from tax which generally applies to profits, income or gains in that territory (except where the person is a Specified Person), and

(C) that income is not subject, without any reduction computed by reference to the amount of such interest, to a tax under the laws of a Relevant Territory, which generally applies to profits, income or gains received in the Relevant Territory by persons from outside the Relevant Territory.

The provisions at (b)(ii) above, will not apply in respect of an interest payment in respect of a quoted Eurobond within the meaning of section 64 of the TCA 1997 ("Quoted Eurobond") or a wholesale debt instrument within the meaning of section 246A of the TCA 1997 ("Wholesale Debt Instrument"), except where the interest is paid to a Specified Person and at the time the Quoted Eurobond or Wholesale Debt Instrument was issued, the Issuer was in possession, or aware, of information, including information about any arrangement or understanding in relation to ownership of the Quoted Eurobond or the Wholesale Debt Instrument after that time, which could reasonably be taken to indicate that interest which would be payable in respect of that Quoted Eurobond or Wholesale Debt Instrument would not be subject, without any reduction computed by reference to the amount of such interest, to a tax in a Relevant Territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

For the purposes of the above, it is expected that the notes will be Quoted Eurobonds (see further details at "Taxation of Holders of Notes—Withholding Taxes") within the meaning of section 64 of the TCA 1997.

Where a payment is made out of the assets of the Issuer under a Return Agreement that is dependent on the results of the Issuer's business or any part of its business and that interest would not be deducted in computing the profits or gains of the Issuer if the payment was to be treated for the purposes of the TCA 1997 (other than section 246 thereof) as a payment of interest in respect of securities of the Issuer other than a Quoted Eurobond or a Wholesale Debt Instrument that was dependent on the results of the Issuer's business, that payment shall not be deducted.

Separately, subject to a number of exceptions, there are additional restrictions on the deductibility of interest paid by a qualifying company within the meaning of section 110 of the TCA that is profit dependent or exceeds a reasonable commercial return to the extent that interest is paid in connection with the holding or managing of certain assets by the qualifying company. As the Issuer will not be engaged in a "specified property business" (within the meaning of section 110 of the TCA), these rules should not apply to its business.

Pillar Two

Finance (No.2) Act 2023 enacted the EU Minimum Tax Directive (otherwise known as 'Pillar Two') in Ireland. The relevant legislation transposing the Directive into Irish law is specifically included in Part 4A TCA 1997. The rules aim to ensure that large groups (with a turnover of €750 million or more in at least two of the last four years) incur a minimum 15% effective tax rate ("ETR") on a jurisdiction-by-jurisdiction basis. The implementation of the 15% ETR applies to periods commencing on or after December 31, 2023.

Irish tax legislation provides for three taxes which act as implementation mechanisms to collect any top-up tax under the Global Anti-Base Erosion ("GLoBE") rules as follows:

- the Income Inclusion Rule top-up tax (IIR);
- the Undertaxed Profits Rule top-up tax (UTPR); and
- Qualified Domestic Top-up Tax (QDTT).

As to which tax applies will be dependent on the particular group structure in question. The rules are complex and have application for Issuer, our Parent and the rest of our group, depending on their jurisdiction of tax residency. With respect to Issuer explicitly, we would anticipate that for the purposes of Irish tax legislation, it should be classified as a "*constituent entity"* under the rules (being an entity that is a member of an MNC group with turnover in excess of €750m) and will need to consider its ETR based on the GLoBE rules for any potential top-up tax. In this regard, Issuer may be required to pay a Qualified Domestic Top-up Tax in Ireland to bring its ETR up to 15%. On the basis that Issuer is taxed at 25% on the margin it earns (as noted above), we would anticipate the Pillar Two rules may not have a material impact on Issuer itself. Our Parent and wider group will be impacted to varying degrees.

In August 2025, the Revenue Commissioners updated the Revenue's Online Service ("ROS") facility to allow MNC groups operating in Ireland to register for Pillar Two taxes via ROS. Entities located in Ireland which are subject to the IIR, UTPR or the QDTT rules must register with the Revenue Commissioners within 12 months of the end of the first fiscal year they come within scope. Non-compliance is subject to a fixed penalty of €10,000 per entity.

The Pillar Two rules apply to the Issuer and its accounts prepared from 1 January 2024. As the ultimate parent of the Issuer has 31 March year end, the first fiscal year in scope for the Issuer is the period from 1 April 2024 to 31 March 2025, and all Irish entities within the Issuer group must register on or before 31 March 2026. The Revenue Commissioners are currently in the process of writing to taxpayers who they believe have such a registration obligation and informing them of this obligation.

Transfer Pricing

Ireland’s current transfer pricing rules align fully with the 2022 OECD Transfer Pricing Guidelines.

Some of the key elements of the Irish rules include:

- Alignment with the 2022 OECD Transfer Pricing Guidelines with some de-minimis thresholds for transfer pricing documentation purposes;
- transfer pricing rules apply to non-trading income and to capital transactions and very limited application of the grandfathering rules in place prior to 1 January 2020;
- transfer pricing rules apply to Section 110 entities (with the exception of Profit Participating Notes ("PPNs"));
- transfer pricing documentation requirements set out as part of BEPS Action 13, including the preparation of both a Master File (where total revenue of the MNE group exceeds €250 million) and a Local file (where total revenue of the MNE group is at or above €50 million);
- requirement to consider and demonstrate that the quantum of debt in an entity is arm's length;
- specific transfer pricing documentation penalties where taxpayers do not provide when requested within 30 days of such a request, transfer pricing documentation; and
- the application of the Authorized OECD Approach to the attribution of income to a branch of a non-resident company operating in Ireland for chargeable periods commencing on or after 1 January 2022.

Therefore, all related party transaction entered into by the Issuer must be on an arm's length basis (with the exception of profit participating notes) with appropriate documentation in place to support the same.

Under the new transfer pricing rules, the Issuer is also required to have relevant transfer pricing documentation (i.e. a master and/or a local file) available for inspection if requested by the Revenue Commissioners within 30 days of written request should they meet the relevant thresholds outlined above.

Irish Anti-Hybrid Legislation

Ireland has implemented the anti-hybrid measures in EU ATAD and EU ATAD 2 with effect to payments made on or after January 1, 2020, and the reverse hybrid rules with effect to payments made on or after January 1, 2022.

It is not expected that the reverse hybrid rules as implemented into Irish law should be relevant to the taxation of the Issuer as the Issuer is a company subject to corporation tax in Ireland.

The anti-hybrid rules cover four (4) broad types of hybrid mismatch situations: hybrid mismatches that result from payments under a financial instrument; hybrid mismatches that are the consequence of differences in the allocation of payments made to a hybrid entity or permanent establishment (including as a result of payments to a disregarded permanent establishment); hybrid mismatches that result from payments made by a hybrid entity to its owner or deemed payments between the head office and permanent establishment or between two or more permanent establishments; lastly, double deduction outcomes resulting from payments made by a hybrid entity or permanent establishment. ATAD 2 also provides for measures to counteract imported mismatches, i.e. it provides for the disallowance of a deduction if the corresponding income from that payment is set off directly or indirectly, against a deduction that arises under a hybrid mismatch giving rise to a double deduction or a deduction without inclusion between third countries (i.e. non-EU member states).

The anti-hybrid rules only apply in respect of transactions between associated enterprises unless the transaction is considered a structured arrangement. In summary, associated enterprises are defined broadly as enterprises where:

(a) One enterprise has at least 25% of the share capital of the other, or if no share capital, 25% of the ownership rights in the other.

(b) One enterprise is entitled to exercise not less than 25% of the voting power of the other.

(c) One entity is entitled to receive at least 25% of the profits distributed, if a company, or 25% share of the profits, if an entity other than a company.

(d) Another enterprise is in relation to the two enterprises an associated enterprise under any of the above tests.

(e) Both enterprises are consolidated into a set of financial accounts (or would be consolidated if consolidated accounts were prepared under IAS) and are not entities that are fair valued or held for sale.

(f) One enterprise has significant influence in the management of the other enterprise. Significant influence under this test appears to point only towards the highest level of decision making, i.e., the board.

The 25% threshold is increased to 50% in respect of double deduction mismatches, hybrid entity mismatches, permanent establishment mismatches, and imported mismatches.

A structured arrangement involves a transaction or series of transactions whereby the mismatch outcome is priced into the arrangement or the arrangement was designed to give rise to a mismatch outcome. It is not expected that the current transaction should be considered a structured arrangement.

Provided that the ultimate holder of the notes does not consolidate the Issuer into its group financial statements (and would not do so if it prepared consolidated financial statements under IAS), then it is unlikely to be an associated enterprise on the basis that it holds no equity ownership interests, no voting rights, is not acting together with another enterprise with respect to voting rights, share ownership or similar ownership rights, has no influence over the decisions, appointments, resignations of the directors of the Issuer and its limited veto rights are unlikely to be considered voting power in the Issuer. Further consideration would need to be given as to whether the ultimate note holder would be considered to be associated with the Issuer via ownership of the note and whether it could be considered to exert significant influence over the management of the Issuer.

We would anticipate that the consequences of the implementation of these rules for the Issuer could be:

- The notes should be considered to be financial instruments. Even where the eventual holders of the notes were considered to be associated with the Issuer, there should be no deduction without inclusion outcome under the financial instrument mismatch provision provided the full amount of interest paid by the Issuer to the note holders is taxed in each investor's country of residence in a tax period commencing no more than 12 months after the end of the period in which the deduction was taken, or it would be reasonable to consider that it will be taxed in a tax period subsequent to that period and the terms applicable to the payment are those that would apply to a transaction made at arm's length.

- While it would generally be expected that there should be no imported mismatches, it may be required to assess the ultimate source of funds to conclude on this issue.

- Neither the Issuer nor any of its Irish tax resident group should be considered to be a hybrid entity.

- There should be no tax residency mismatches as the Issuer and its Irish tax resident group will only be tax resident in Ireland.

- There should be no hybrid transfers.

Irish Interest Limitation Legislation

The interest limitation rules operate to impose a restriction on the deductibility of "exceeding borrowing costs" (which is the excess of "deductible interest equivalent" over "taxable interest equivalent") to 30% of earnings before interest, tax, depreciation and amortisation (EBITDA). Importantly "EBITDA" in the context of the Irish interest limitation rules has a particular meaning as defined within the legislation.

However, there are a number of exemptions and carve-outs from the interest limitation rules which may limit the impact of the rules on companies. The exemptions provided under the Irish interest limitation rules include the following:

- For as long as the Irish taxpayer is not in an Irish Interest Group within the meaning of the rules (see below), where the Irish taxpayer's exceeding borrowing costs are less than €3 million on an annual basis, often referred to as the *de minimis exemption*. This is a "cliff edge" test in that once the exceeding borrowing costs exceed the de-minimis amount, the full amount of exceeding borrowing costs are within the scope of the rules. However, should the exceeding borrowing costs not exceed €3 million, the interest limitation rules should not apply to the company provided it is not in an Irish Interest Group. A company must make an election to be in an Irish Interest Group for Irish tax purposes.

- Where a company is a standalone company, being a company that has no associated enterprises (within the meaning of paragraphs (a) to (d) of the anti-hybrid legislation commentary above) or permanent establishments and is not consolidated for financial statements purposes with any other entity. In these circumstances, the standalone entity should not be subject to the interest limitation rules.

- Interest in respect of Long-Term Public Infrastructure Projects, being a project to provide, upgrade, operate or maintain a 'large-scale asset' (as defined for the purpose of the Irish interest limitation rules) in the general public interest, is not within the scope of the rules.

- Interest on legacy debt, broadly, debt the terms of which were agreed before June 17, 2016, is not within the scope of the rules.

In addition to the exemptions from Irish interest limitation rules, there are group provisions that provide relief from the rules. These include the following:

- <u>Worldwide Group:</u> This refers to a consolidated worldwide group for accounting purposes. The indebtedness of the overall Worldwide group may provide relief from the rules by virtue of the:

    - The equity ratio rule - This ratio considers the ratio of equity to total assets. Provided the taxpayer's equity to asset ratio is equal to, or no more than two percentage points greater or less than the equity to asset ratio of the consolidated worldwide group, the interest limitation rules will not apply to restrict the deductibility of interest for the individual taxpayer.

    - The group ratio rule - The group ratio rule considers the group's exceeding borrowing costs as a percentage of the consolidated EBITDA for the group. If the group's percentage is higher than 30%, the taxpayer may use the higher figure when applying the deductibility restriction to exceeding borrowing costs (i.e., the threshold for a restriction on deductibility to apply may be higher than 30%).

<u>Single Company Worldwide Group</u>: A single worldwide group is defined as a company that is not:

- A member of a worldwide group,
- A member of an interest group, or
- A standalone entity.

When a company is considered to be a single company worldwide group, the equity ratio rule and group ratio rule outlined above in respect of worldwide groups can be availed of subject to certain adjustments for transactions with associated enterprises (within the meaning of paragraphs (a) to (f) above) as prescribed in the legislation which, in broad terms may mean that, provided the company is not funded by such an associated enterprise, there may be no restriction.

Irish Interest Group: Irish tax resident entities can form an Irish Interest Group and be viewed as a single taxpayer for interest limitation rules purposes. An Irish Interest Group is defined as comprising of companies that are within the charge to Irish corporation tax and are:

- members of the same worldwide group, or
- where not members of the same worldwide group, deemed to be members of the same group within the provision of S.411 TCA 1997, and
- have elected to be members of the Irish Interest Group.

The election to form an Irish Interest Group must be made on or before the corporation tax return due date for the accounting period to which the election is first made and the election shall apply for a period of at least three years from the beginning of the accounting period in which the election was made.

We would anticipate that the consequences of the implementation of these rules will impact the Issuer. However, it would be generally expected that the matching interest income and expense would give rise to minimal exceeding borrowing costs for the Issuer. The Issuer's group relationship with the Parent and the creation of an Irish Interest Group would likely impact the analysis.

Irish Value-Added Tax ("VAT")

Ireland generally imposes VAT on the supply of goods and services. There should be no Irish VAT payable in respect of payments in consideration for the issue of the Notes or transfer of the Notes.

The Issuer is part of the VAT group currently in place between the Parent and its Irish tax resident subsidiaries. On this basis, intra-group supplies of services such as VAT exempt financing services between group members should be ignored and any Irish VAT that may become payable by a member of the Irish VAT group in connection with any services received from service providers in Ireland or abroad (in the latter case on a reverse charge basis) should be eligible to be reclaimed on the assumption that invoices addressed to any VAT group member relate to costs attributable to a business activity (for VAT purposes) of the relevant company which do not include the provision of VAT exempt supplies of goods or services by that company. Members of a VAT group are jointly and severally liable for that VAT group's liabilities.

Stamp Duty

If the Issuer is a qualifying company within the meaning of section 110 of the TCA 1997 (the Issuer is currently such a qualifying company and it is expected that the Issuer will continue to be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the notes, provided that the money raised by the issue of the notes is used in the course of the Issuer's business.

Taxation of Holders of Notes

Income Tax

In general, residents of Ireland are liable to Irish taxation on their worldwide income whereas, non-residents of Ireland are only liable to Irish taxation on their Irish source income, including income from the notes and in such circumstances, subject to the exemptions outlined below. All persons are under a statutory obligation to account for

Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Irish tax resident companies will, in general, be subject to corporation tax on income from the Notes. The standard rate of tax applicable to the trading profits of companies is 12.5%. The rate of corporation tax applicable to non-trading income is 25%. In certain circumstances, a surcharge of 20% can apply to investment income earned by Irish tax resident companies which are considered to be "close companies" for Irish tax purposes. Certain persons are exempt from Irish tax on all income and gains including approved charities and pension funds.

Interest paid on the notes will have an Irish source and therefore interest earned on such notes will be regarded as Irish source income for the purpose of Irish tax. Accordingly, pursuant to general Irish tax rules and in the absence of any of the applicable exemptions applying, a non-Irish resident person in receipt of such income would be technically liable to Irish income tax (and, if received by an individual, to the universal social charge where their Irish source income exceeds (currently) €13,000 in the tax year). Non-Irish resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (which is currently 20 per cent). Therefore, any withholding tax suffered should be equal to and in satisfaction of the full income tax liability (as the current rate of interest withholding tax corresponds to the standard rate). Non-Irish resident companies operating in Ireland through a branch or agency of the company in Ireland to which the income is attributable would be subject to Irish corporation tax. Irish domiciled individuals who are neither resident nor ordinary tax resident in Ireland may be subject to the domicile levy as a consequence of owning the notes.

There is an exemption from Irish income tax under section 198 of the TCA 1997 in certain circumstances.

These circumstances include:

(a) where interest is paid by a qualifying company within the meaning of section 110 of the TCA 1997 to a person that is not a resident of Ireland and that person is a resident of a Relevant Territory;

(b) where interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company that is a resident of a Relevant Territory and, either

  (i) such Relevant Territory imposes a tax that applies generally to interest receivable in that territory by companies from sources outside that Relevant Territory; or

  (ii) the interest paid is exempted from the charge to Irish income tax under a double taxation treaty that is in effect, or if not yet in effect, that has been signed between Ireland and the territory of which the company is a resident for tax purposes; or

(c) where the interest is exempt from withholding tax because it is payable on a Quoted Eurobond (see “Withholding Taxes” below) and is paid by a company to:

  (i) a person who is not a resident of Ireland and is a resident of a Relevant Territory; or

  (ii) a company controlled, whether directly or indirectly, by persons resident in a Relevant Territory under the law of that Relevant Territory, and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or

  (iii) a company the principal class of shares of which is substantially and regularly traded on a stock exchange in Ireland, on a recognized stock exchange in a Relevant Territory or on such other stock exchange as is approved by the Minister for Finance of Ireland.

For the purposes of section 198 of the TCA 1997, a person is a resident of a Relevant Territory if:

(a) unless specified otherwise, in the case where the Relevant Territory is a territory which has entered into a double taxation treaty with Ireland that has the force of law under the procedures set out in section 826(1) of the TCA 1997 or that will have the force of law on the completion of the procedures set out in section 826(1), the person is regarded as being a resident of that Relevant Territory under that double taxation treaty; and

(b) in any other case, the person is by virtue of the law of the Relevant Territory resident for the purposes of tax in that Relevant Territory.

Interest on the notes which does not fall within the above exemptions is within the charge to Irish income tax.

Withholding Taxes

In general, withholding tax (currently 20 per cent as noted above) must be deducted from payments of yearly Irish source interest made by the Issuer. However, Irish tax legislation provides a range of exemptions from this obligation to operate withholding tax.

Section 64 of the TCA 1997 ("Section 64") provides for the payment of interest on a Quoted Eurobond without deduction of tax in certain circumstances. A Quoted Eurobond is defined in Section 64 as a security which:

(a) is issued by a company;

(b) is quoted on a recognized stock exchange (the Cayman Islands Stock Exchange is a recognized stock exchange for this purpose); and

(c) carries a right to interest.

There is no obligation to withhold tax on Quoted Eurobonds where:

(a) the person by or through whom the payment is made is not in Ireland, or

(b) the payment is made by or through a person in Ireland, and

(i) the Quoted Eurobond is held in a recognized clearing system (DTC is a recognized clearing system for this purpose); or

(ii) the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

Notes which are quoted on the official list of the Cayman Islands Stock Exchange or another stock exchange recognized for Irish tax purposes and cleared through a recognized clearing system will qualify as Quoted Eurobonds and the payment of interest in respect of such notes should be capable of being made without withholding tax, regardless of where the holder of notes is resident. We also anticipate that interest payments on the notes will be made by the Trustee, a paying agent located outside of Ireland. Accordingly, as long as this is the case (i.e., the notes are cleared through a recognized clearing system or the Trustee is located outside of Ireland and the notes remain quoted on the official list of the Cayman Islands Stock Exchange or another stock exchange recognized for Irish tax purposes), the exemption from withholding tax on Quoted Eurobonds described above should apply to payments of interest on the notes, without the need for written declarations.

Separately, section 246 of the TCA 1997 ("Section 246") provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of section 110 of the TCA 1997 to a person resident in a Relevant Territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Section 246 also provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a Relevant

Territory and either (i) such Relevant Territory imposes a tax which generally applies to interest receivable in that territory by companies from sources outside the Relevant Territory or (ii) the interest paid is exempted from the charge to Irish income tax under a double taxation treaty that is in effect, or, if not yet in effect, that has been signed between Ireland and the territory in which the company is resident for tax purposes except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency.

To date, Ireland has signed a double tax treaty with each of Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Botswana, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Ghana (signed but not yet in effect), Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Kazakhstan, Kenya (signed but not yet in effect), Korea (Rep. of), Kosovo, Kuwait, Latvia, Liechtenstein (signed but not yet in effect), Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Oman, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Vietnam and Zambia. Negotiations for new agreements with Uruguay and for a Protocol to the existing Double Taxation Agreement with Mexico have concluded.

Outbound Payments

Finance (No.2) Act 2023 included new rules on the tax treatment of outbound payments of interest, royalties, and the making of distributions in certain circumstances where the recipient is an associated entity located in a specified territory. For these purposes, an associated entity means an instance where one entity holds more than 50% of the issued share capital, ownership rights, voting rights or entitlement to profits of the other entity, or one entity has definite influence in the management of the other entity. Where a third entity meets the ownership test or the definite influence test in respect of the payor and payee entities, then the payor and payee will be considered associated for these purposes. A specified territory in this regard includes jurisdictions listed on Annex I of the revised EU list of non-cooperative jurisdictions for tax purposes in addition to certain zero-tax jurisdictions.

Where applicable, the rules seek to disapply certain withholding tax exemptions (including the Quoted Eurobond exemption noted above) which may have applied in respect of the relevant payment. There are exceptions from the application of these rules on Quoted Eurobond interest payments where it is "reasonable to consider" that the payor is not and should not be aware that any portion of the interest is made to an associated entity.

The Issuer does not expect to make any payment of interest to an associated entity resident in a specified territory and as such we would anticipate that the implementation of these rules should have no substantial impact on the Issuer.

Encashment Tax

Interest on any note which qualifies for exemption from withholding tax on interest as a Quoted Eurobond (see above) realized or collected by an agent in Ireland on behalf of a holder of notes will generally be subject to an encashment tax at a prescribed rate of 25%. This is unless the beneficial owner of the note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland. In addition, an exemption applies where the payment is made to a company where that company is beneficially entitled to that income and is or will be within the charge to corporation tax in respect of that income.

Deposit Interest Retention Tax (DIRT)

Interest on the notes should not be liable to DIRT on the basis that the Issuer is not a 'Relevant Deposit Taker' as defined in section 256 of the TCA 1997.

Capital Gains Tax (CGT)

A holder of notes should not be subject to Irish taxes on capital gains provided that such a holder of notes is neither resident nor ordinarily resident in Ireland and such a holder of notes does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the notes are attributable. In the case of a person who is either resident or ordinarily resident in Ireland, the disposal or redemption of the notes may be liable to Irish capital gains tax at a rate of 33 per cent (currently), with an allowance being available for acquisition costs and certain incidental costs of disposal.

Capital Acquisitions Tax

Capital acquisitions tax ("CAT") comprises principally gift and inheritance tax. A gift or inheritance of the notes will come within the charge to CAT if either:

(i) the disponer or the beneficiary in relation to the gift or inheritance is resident or ordinarily resident in Ireland. For the purposes of CAT, under current legislation, a non-Irish domiciled person will not be treated as being resident or ordinarily resident in Ireland for CAT purposes except where that person has been resident in Ireland for the purposes of Irish tax for 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls; or

(ii) the notes are regarded as property situated in Ireland. For example, if the notes are registered then they will be regarded as Irish property if the principal register of proprietary interests is maintained in Ireland, or, if in bearer form, if the instrument of ownership is located in Ireland.

On the basis that the notes are registered then they will be regarded as property situated in Ireland if the principal register of proprietary interests is maintained in Ireland. Consequently, a transfer of the notes would be within the charge to CAT regardless of the residence position of the disponer and the beneficiary.

Gifts and inheritances from spouses are exempt from Irish CAT. The rate of CAT is currently 33% and is payable if the taxable value of the gift or inheritance exceeds certain tax-free thresholds. The appropriate tax-free threshold depends on (1) the relationship between the disponer and the beneficiary and (2) the aggregation of the values of previous gifts and inheritances received by the beneficiary from persons within the same group threshold.

The person who receives the gift or inheritance is generally accountable for any CAT due.

Domicile Levy

Irish domiciled individuals who are neither resident nor ordinarily tax resident in Ireland may be subject to the domicile levy as a consequence of owning the Notes.

EU Mandatory Disclosure

The sixth European Union (EU) Directive on Administration Cooperation (the Directive) introduces a new mandatory reporting regime in respect of certain "reportable cross-border arrangements". Under these rules, intermediaries and, in some cases, taxpayers have an obligation to automatically report to their local tax authorities on reportable cross-border arrangements which concern taxes imposed by an EU Member State (other than VAT, customs duties and social security contributions) and which involve one or more of a list of specified hallmarks.

For arrangements:

(a) made available for implementation;

(b) ready for implementation; or

(c) the first implementation step of which was taken on or after 1 January 2021, returns will be required within 30 days after the reporting obligation is triggered.

Consequently, intermediaries are obliged to collect information on such reportable cross-border arrangements for the purposes of reporting them to the Revenue Commissioners. The scope of the legislation is very broad. The advisors of the Parent will need to consider to what extent a "reportable cross border arrangement" arises in the context of the issuance of the notes and may be required to disclose the issuance to the Revenue Commissioners.

Automatic Exchange of Financial Account Information for Tax Purposes

The automatic exchange of information regime implemented under Council Directive 2011/16/E.U. on Administrative Cooperation in the Field of Taxation (as amended by Council Directive 2014/107/E.U.) ("DAC2") provides for the implementation among E.U. member states (and certain third countries that have entered into information exchange agreements) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the Common Reporting Standard ("CRS") introduced by the Organization for Economic Cooperation and Development as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions have committed to collect detailed information to be shared with other jurisdictions annually.

CRS is implemented in Ireland pursuant to the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, S.I. 583 of 2015, made under section 891F of the TCA 1997.

DAC2 is implemented in Ireland pursuant to the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations of 2015, S.I. No. 609 of 2015 made under section 891G of the TCA 1997.

Pursuant to these Regulations, reporting financial institutions are required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all non-Irish and non-U.S. accountholders in respect of their accounts/note holding. The returns for such reporting financial institutions must be submitted by June 30 annually. The information must include, among other things, details of the name, address, taxpayer identification number ("TIN"), place of residence and, in the case of accountholders who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with tax authorities in other E.U. member states (and in certain third countries subject to the terms of Information Exchange Agreements entered into with those countries) and jurisdictions which implement the CRS. The Issuer is not currently and does not, as a result of the issuance of the notes, expect to constitute a reporting financial institution as defined in terms of CRS rules.

Prospective investors should consult their tax advisors about the potential application of CRS and DAC2.

FATCA Implementation in Ireland

The obligations of Irish financial institutions under FATCA are covered by the provisions of the Ireland/US Intergovernmental Agreement ("IGA") (signed in December 2012) and the Financial Accounts Reporting (United States of America) Regulations 2014, as amended ("the Regulations"). Under the IGA and the Regulations, any Irish financial institutions as defined under the IGA are required to report annually to the Revenue Commissioners details on its US accountholders including the name, address and TIN and certain other details. Such institutions have been required to amend their account on-boarding procedures in order to easily identify US new accountholders and report this information to the Revenue Commissioners. Based on the IGA and current Revenue Commissioners guidance, the Issuer is not, and does not, as a result of the issuance of notes, expect to constitute a FFI.

CERTAIN ERISA CONSIDERATIONS

Section 406 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), prohibit employee benefit plans subject to ERISA ("ERISA Plans"), as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, "Plans"), from engaging in certain transactions involving "plan assets" (within the meaning of ERISA) with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("Parties in Interest") with respect to Plans. Any of the Issuer, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, SMBC Aviation Capital, the Initial Purchasers, or any of their respective affiliates (each, a "Transaction Party") may be a Party in Interest with respect to certain Plans. Where any of the Transaction Parties is a Party in Interest with respect to a Plan (either directly or by reason of our ownership of our subsidiaries), the purchase and holding of the notes by or on behalf of the Plan may be a prohibited transaction under Section 406 of ERISA and Section 4975 of the Code, unless exemptive relief were available under an applicable prohibited transaction exemption.

Accordingly, the notes (or any interest therein) may not be purchased or held by any Plan, any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under one or more Prohibited Transaction Class Exemptions ("PTCE"), including PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, issued by the United States Department of Labor or another applicable prohibited transaction exemption or exception. Any purchaser or holder of the notes or any interest therein will be deemed to have represented by its purchase and holding thereof that (a) either (i) it is not (and for so long as it holds the notes or interest therein will not be) a Plan or a Plan Asset Entity and is not (and for so long as it holds the notes or interest therein will not be) purchasing the notes (or any interest therein) on behalf of or with "plan assets" of any Plan, or a governmental plan or church plan subject to any laws or rules that are similar to the prohibited transaction provisions of ERISA or the Code or (ii) its purchase and holding of the notes or any interest therein is eligible for the exemptive relief available under an applicable exemption or exception from the prohibitions under Section 406 of ERISA and Section 4975 of the Code (or, in the case of such a governmental or church plan, will not violate any such similar laws or rules) and (b) it will not sell or otherwise transfer the notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations and agreements with respect to its purchase and holding of the notes.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to these "prohibited transaction" rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or documents. Fiduciaries or other persons considering purchasing the notes on behalf of such a plan should consult with their counsel regarding these other applicable laws, rules or documents.

Due to the complexity of the applicable rules, it is particularly important that fiduciaries or other persons considering purchasing the notes on behalf of a Plan, a Plan Asset Entity or with "plan assets" of any Plan consult with their counsel regarding the relevant provisions of ERISA and the Code and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, or another applicable prohibited transaction exemption or exception.

None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the notes by any Plan or Plan Asset Entity.

Each Purchaser or transferee of any notes or (or any interest therein) that is a Plan or a Plan Asset Entity will be deemed to represent, warrant and agree that (i) none of the Transaction Parties or other persons that provide marketing services, nor any of their affiliates, has provided, and none of them will provide, any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Plan or Plan Asset Entity ("Plan Fiduciary"), has relied as a primary basis in connection with its decision to invest in the notes, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan, Plan Asset Entity or the Plan Fiduciary in connection with the Plan's or Plan Asset Entity's acquisition of the notes unless a statutory or administrative exemption applies (all of the applicable conditions of which are satisfied) or the transaction is not otherwise prohibited; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the notes.

PLAN OF DISTRIBUTION

SMBC Nikko Securities America, Inc., Goldman Sachs International, Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., RBC Capital Markets, LLC and BofA Securities, Inc. are acting as joint book-running managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser has severally and not jointly agreed to purchase, and the Issuer has agreed to sell to each Initial Purchaser, the principal amount of the notes set forth opposite the Initial Purchaser's name.

Initial Purchasers	Principal Amount of Notes
SMBC Nikko Securities America, Inc.	$
Goldman Sachs International	
Citigroup Global Markets Inc.	
Credit Agricole Securities (USA) Inc.	
RBC Capital Markets, LLC	
BofA Securities, Inc.	
Total	$

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the notes if they purchase any of the notes.

The Initial Purchasers propose to resell the notes at the offering price set forth on the cover page of this offering memorandum within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the notes is offered may be changed at any time without notice.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In connection with sales outside the United States made in reliance on Regulation S, the Initial Purchasers have agreed that they will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchaser's distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the Issue Date. The Initial Purchasers will send to each dealer to whom they sells such notes during such 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Issuer and the Parent have agreed that, on or prior to the closing date, neither the Issuer nor the Parent, without the prior written consent of the representatives, will offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by the Issuer or the Parent. The representatives, in their sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice.

The notes will constitute a new class of securities with no established trading market. We cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes.

In connection with the offering, the Initial Purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the Initial Purchasers of a greater number of notes than they are required to purchase in the offering.
- Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchasers for its own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

The Initial Purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. In addition, affiliates of some of the Initial Purchasers are lenders, and in some cases agents or managers for the lenders, under our 2024 Global Syndication Term Loan and Revolving Credit Facilities Agreement, 2022 Global Syndication Term Loan and Revolving Credit Facilities Agreement and 2015 Revolving Credit Agreement. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include the Initial Purchasers or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, one of our affiliates, SMBC Nikko Securities America, Inc., is an Initial Purchaser in this transaction.

The Issuer and the Parent have agreed to indemnify the Initial Purchasers under the purchase agreement against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

The offering of the notes by the Initial Purchasers is subject to receipt and acceptance of the notes and subject to the Initial Purchasers’ right to reject any order in whole or in part.

The Issuer expects to deliver the notes against payment for the notes on or about , 2025, which will be the business day following the date of the pricing of the notes (such settlement date being referred to as T+). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market are required to settle in one business day, unless otherwise expressly agreed to by the parties at the time of the transaction. Accordingly, purchasers who wish to trade notes prior to the business day prior to the settlement date will be required, by virtue of the fact that the notes initially will settle in T+ , to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to the business day prior to the settlement date should consult their advisors.

Notice to Prospective Investors in the European Economic Area

EU PRIIPs Regulation; Prohibition of Sales to EEA Retail Investors

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129, as may be amended from time to time (as amended, the "EU Prospectus Regulation"). This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any EU retail investor in the European Economic Area (the "EEA"). For these purposes, (a) an EU retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/E.U. (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently, no key information document required by Regulation (E.U.) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the notes or otherwise making them available to EU retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is for distribution only to, and is only directed at, persons who (i) are persons falling within the categories of "investment professionals" as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons described in article 48(2) of the Financial Promotion Order being individuals who have certified their net worth in the form and as required by the Financial Promotion Order, or (iii) are persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. This offering memorandum may not be forwarded or distributed to any person in the UK which is not a relevant person.

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "UK Prospectus Regulation").

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (iii) not a qualified investor as defined in Article 2(e) of Regulation (EU)

2017/1129 (as amended) as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market

Solely for the purposes of Goldman Sachs International's (the "UK Manufacturer") product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA ("UK MiFIR"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a "distributor") should take into consideration the UK Manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the UK Manufacturer's target market assessment) and determining appropriate distribution channels.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements*, *Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglaise seulement.

Notice to Prospective Investors in Ireland

No action may be taken with respect to the notes in Ireland otherwise than in conformity with the provisions of (a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) of Ireland ("MiFID Regulations"), or any codes of conduct issued in connection therewith and the provisions of the Investor Compensation Act 1998 of Ireland (as amended), (b) the Companies Act 2014 of Ireland (as amended), the Central Bank Acts 1942 to 2025 of Ireland (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) and (c) Regulation (E.U) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (as amended), the European Union (Prospectus) Regulations 2019, Regulation (E.U.) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (as amended), the European Union (Market Abuse) Regulations 2016 of Ireland (as amended) and any rules and guidance issued under Section 1363 or Section 1370 of Companies Act 2014 of Ireland by the Central Bank of Ireland.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes has been or may be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the "FIEA") in reliance upon the exemption from the registration requirements by qualifying the private placement to qualified institutional investors only as provided for in "i" of Article 2, Paragraph 3, Item 2 of the FIEA. A transferor of the notes shall not transfer or resell them except where a transferee is a qualified institutional investor under Article 10 of the Cabinet Office Ordinance concerning Definitions provided in Article 2 of the Financial Instruments and Exchange Act of Japan (the Ministry of Finance Ordinance No. 14 of 1993, as amended). Otherwise, the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except pursuant to any other exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Notice to Prospective Investors in Switzerland

The offering of the notes is not a public offering in Switzerland. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("FinSA"). This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland. The notes offered hereby will not be listed on the SIX Swiss Exchange Ltd or on any other trading venue (exchange or multilateral trading facility) in Switzerland, and, therefore, the documents relating to the notes offered hereby, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the FinSA and the listing rules of the SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or any other Swiss trading venue.

Neither this offering memorandum nor any other offering or marketing material relating to the offering nor the notes have been or will be filed with or approved by any Swiss regulatory authority. The notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the notes will not benefit from protection or supervision by such authority.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing the notes, you will be deemed to have made the following acknowledgments, representations to and agreements with the Issuer, the Parent and the Initial Purchasers:

You acknowledge that:

- the notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

- the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth below.

- You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of the Issuer or the Parent, that you are not acting on their behalf and that either:

- you are a QIB (as defined in Rule 144A under the Securities Act) and are purchasing the notes for your own account or for the account of another QIB, and you are aware that the Initial Purchasers are selling the notes to you in reliance on Rule 144A; or

- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the notes in an offshore transaction in accordance with Regulation S.

You acknowledge that none of the Issuer, the Parent or the Initial Purchasers nor any person representing the Issuer, the Parent or the Initial Purchasers has made any representation to you with respect to the Issuer, the Parent or the offering or sale of the notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials and you agree that you have had access to such financial and other information concerning the Issuer, the Parent and the notes as you have deemed necessary in connection with your decision to purchase the notes, including an opportunity to ask questions of and request information from the Initial Purchasers, the Issuer and the Parent.

You represent that you are purchasing the notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule l44A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the notes, and each subsequent holder of the notes by its acceptance of the notes will agree, that until the end of the Resale Restriction Period (as defined below), the notes may be offered, sold or otherwise transferred only:

(a) to the Parent, the Issuer or any subsidiary thereof;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a QIB that is purchasing for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales to non-U.S. persons in offshore transactions within the meaning of Regulation S under the Securities Act and in accordance with the laws applicable to it in the jurisdiction in which such purchase is made; or

(e) under any other available exemption from the registration requirements of the Securities Act.

Subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control and, in each case, in compliance with the securities laws of any applicable U.S. state or any other applicable jurisdiction.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the closing date and the last date that the Issuer, the Parent or any of their affiliates were the owner of the notes or any predecessor of the notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends (except in the case of our affiliates);

- the Issuer, the Parent and the Trustee reserve the right to require in connection with any offer, sale or other transfer of the notes under clauses (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer, the Parent and the Trustee; and

- each note will contain a legend substantially to the following effect:

THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR IN THE CASE OF RULE 144A NOTES, AND 40 DAYS IN THE CASE OF REGULATION S NOTES, AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE PARENT, THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH THE LAWS APPLICABLE TO SUCH PURCHASER IN THE JURISDICTION IN WHICH SUCH PURCHASE IS MADE OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

You agree that you will give to each person to whom you transfer notes notice of any restrictions on transfer of such notes.

You also acknowledge that (A) you either (i) are not (and for so long as the notes or any interest therein are held will not be) and are not acting on behalf of (and for so long as the notes or any interest therein are held will not be acting on behalf of) an "employee benefit plan" as defined in and subject to Title I of ERISA, a "plan" described in Section 4975(e)(1) and subject to Section 4975 of the Code, or a person investing "plan assets" (within the meaning of ERISA), any entity whose underlying assets are deemed for purposes of ERISA or the Code to include "plan assets" by reason of an employee benefit plan's or plan's investment in the entity or a governmental plan or church plan subject to any laws or rules that are similar to the prohibited transaction provisions of ERISA or the Code, or (ii) represent that your purchase and holding of the notes or any interest therein is eligible for the exemptive relief available under an applicable exemption or exception from the prohibitions under Section 406 of ERISA and Section 4975 of the Code (or, in the case of such a governmental or church plan, will not violate any such similar laws or rules) and (B) you will not sell or otherwise transfer the notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations and agreements with respect to its purchase and holding of the notes and any interest therein.

You acknowledge that each note will contain a legend substantially to the following effect:

EACH PURCHASER OR TRANSFEREE OF ANY NOTES (OR ANY INTEREST THEREIN) THAT IS A PLAN OR A PLAN ASSET ENTITY WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) NONE OF THE TRANSACTION PARTIES OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, NOR ANY OF THEIR AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE ON WHICH IT, OR ANY FIDUCIARY OR OTHER PERSON INVESTING THE ASSETS OF THE PLAN OR PLAN ASSET ENTITY ("PLAN FIDUCIARY"), HAS RELIED AS A PRIMARY BASIS IN CONNECTION WITH ITS DECISION TO INVEST IN THE NOTES, AND THEY ARE NOT OTHERWISE ACTING AS A FIDUCIARY, AS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE PLAN, THE PLAN ASSET ENTITY OR THE PLAN FIDUCIARY IN CONNECTION WITH THE PLAN'S OR PLAN ASSET ENTITY'S ACQUISITION OF THE NOTES UNLESS A STATUTORY OR ADMINISTRATIVE EXEMPTION APPLIES (ALL OF THE APPLICABLE CONDITIONS OF WHICH ARE SATISFIED) OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED ; AND (II) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THE NOTES.

You acknowledge that the Issuer, the Parent, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the notes is no longer accurate, you will promptly notify the Issuer, the Parent and the Initial Purchasers. If you are purchasing any of the notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

You confirm that none of the Issuer, the Parent or the Initial Purchasers, nor any person acting on the Issuer, the Parent or the Initial Purchasers' behalf, has offered to sell the notes by, and that it has not been made aware of the offering of the notes by, any form of general solicitation or general advertising.

You acknowledge that the Trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Issuer, the Parent and the Trustee that the restrictions set forth in this section have been complied with.

LEGAL MATTERS

The validity of the notes offered hereby and certain legal matters in connection with this offering will be passed upon for us by Milbank LLP as to matters of U.S. Federal and New York law and McCann FitzGerald LLP as to matters of Irish law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Clifford Chance US LLP.

INDEPENDENT AUDITORS

The consolidated financial statements of SMBC Aviation Capital Limited as of March 31, 2025, 2024 and 2023 and for each of the years then ended included in this offering memorandum have been audited by KPMG, independent auditors, as stated in their reports appearing herein.

With respect to the unaudited interim financial information of SMBC Aviation Capital Limited as of and for the three and six months ended September 30, 2025, included herein, KPMG, independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit, and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Air Lease Corporation as of December 31, 2024 and 2023, and for each of the years in the three-year period ended December 31, 2024, incorporated by reference in this offering memorandum, have been audited by KPMG LLP, an independent registered public accounting firm, as stated in their reports incorporated by reference herein.

AVAILABLE INFORMATION

This offering memorandum summarizes documents that are not delivered herewith. Copies of certain documents are available at your request, without charge, for physical inspection from SMBC Aviation Capital Limited at Fitzwilliam 28, Dublin 2, Ireland, including, for as long as the notes shall be outstanding, the Certificate of Incorporation on Change of Name of the Parent, dated June 8, 2012 and the Certificate of Incorporation on Conversion to a Private Company Limited by Shares, dated September 14, 2016, the Constitution of the Parent, the Certificate of Incorporation of the Issuer, dated February 10, 2016, the Constitution of the Issuer, SMBC Aviation Capital's annual reports and the indenture governing the notes.

Neither the Issuer nor the Parent is subject to the information requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each of the Issuer and the Parent agree that, for so long as it is not subject to the information requirements of the Exchange Act, upon the request of any holder of the notes, or by any holder of an interest in a global note representing the notes, it will furnish, or cause to be furnished, to such holder or to a prospective purchaser of such notes designated by such holder, the information specified in Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with resales of the notes.

You should rely only upon the information provided in this offering memorandum. The Issuer and the Parent have not authorized anyone to provide you with different information. You should not assume that the information in this offering memorandum is accurate as of any date other than the date of this offering memorandum.

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SMBC Aviation Capital Limited

Unaudited Consolidated Financial Statements
for the Three and Six Months Ended September 30, 2025 and as of September 30, 2025

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SMBC AVIATION CAPITAL LIMITED ("THE GROUP")

Conclusion

We have been engaged by SMBC Aviation Capital Limited ("the Group") to review the Group's condensed set of consolidated interim financial statements in the interim financial report for the three and six months ended 30 September 2025 which comprises condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and a summary of material accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated interim financial statements in the interim financial report for the three and six months ended 30 September 2025 is not prepared, in all material respects in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as adopted by the EU.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors.

The Directors are responsible for preparing the condensed set of consolidated interim financial statements included in the interim financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Group for the year ended 31 March 2025 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of consolidated interim financial statements in the interim financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group for our review work, for this report, or for the conclusions we have reached.

KPMG 11 November 2025

Chartered Accountants
1 Harbourmaster Place,
IFSC,
Dublin 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended 30 September 2025

	Note	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
CONTINUING OPERATIONS					
Income					
Lease revenue	2	515,603	476,364	1,027,928	956,356
Other revenue	2	1,792	2,894	3,145	5,606
Total revenues		517,395	479,258	1,031,073	961,962
Other operating income	3	63,807	6,852	113,530	12,901
		581,202	**486,110**	**1,144,603**	**974,863**
Operating expenses					
Depreciation	7	(170,810)	(144,775)	(313,840)	(309,908)
Asset impairment	7	-	(12,494)	(1,793)	(12,494)
Credit impairment (charge) / credit	11	(7,137)	18,672	(7,682)	20,116
Operating expenses	4	(53,156)	(48,318)	(99,958)	(92,993)
PROFIT FROM OPERATING ACTIVITIES		**350,099**	**299,195**	**721,330**	**579,584**
Finance income	5	70,469	85,424	142,065	168,220
Finance expense	5	(237,843)	(270,339)	(455,098)	(473,227)
NET FINANCE COSTS		**(167,374)**	**(184,915)**	**(313,033)**	**(305,007)**
PROFIT BEFORE TAXATION		**182,725**	**114,280**	**408,297**	**274,577**
Tax expense	6	(28,130)	(20,446)	(62,554)	(44,413)
PROFIT FROM CONTINUING OPERATIONS		**154,595**	**93,834**	**345,743**	**230,164**
OTHER COMPREHENSIVE INCOME / (LOSS)					
Cash flow hedges - effective portion of changes in fair value		(2,347)	(91,140)	(21,364)	(89,834)
Cash flow hedges - reclassified to profit or loss		(756)	(780)	(1,515)	(1,563)
Fair value through other comprehensive income		-	-	1,208	-
Tax on other comprehensive income		388	11,490	2,709	11,425
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX		**(2,715)**	**(80,430)**	**(18,962)**	**(79,972)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**151,880**	**13,404**	**326,781**	**150,192**

The notes on pages 11 to 29 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2025

	Note	30 September 2025 US $'000	31 March 2025 US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	22,040,708	22,417,142
Intangible assets		3,066	3,752
Finance lease and loan receivables	9	492,642	613,909
Investment in associates		9,954	7,783
Lease incentive assets	12	184,381	189,125
Derivative financial instruments		8,628	15,258
		22,739,379	23,246,969
CURRENT ASSETS			
Advances to OEMs		146,180	146,180
Assets held for sale	13	397,542	356,902
Finance lease and loan receivables	9	42,986	49,463
Trade and other receivables	11	258,486	344,411
Cash and cash equivalents	10	1,172,771	717,476
Lease incentive assets	12	56,250	95,879
Derivative financial instruments		15	545
		2,074,230	1,710,856
TOTAL ASSETS		24,813,609	24,957,825
EQUITY			
Share capital	17	2,249,513	2,249,513
Other components of equity	18	452,859	471,821
Retained earnings		3,516,964	3,171,221
TOTAL EQUITY		6,219,336	5,892,555
NON-CURRENT LIABILITIES			
Trade and other payables	14	1,121,154	1,088,832
Borrowings	15	13,921,188	14,207,833
Deferred tax liabilities		633,615	586,053
Derivative financial instruments		38,269	24,103
Subordinated liabilities	16	-	300,000
		15,714,226	16,206,821
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	13	99,581	69,614
Trade and other payables	14	957,668	1,074,634
Borrowings	15	1,822,761	1,714,201
Derivative financial instruments		37	-
		2,880,047	2,858,449
TOTAL LIABILITIES		18,594,273	19,065,270
TOTAL EQUITY AND LIABILITIES		24,813,609	24,957,825

The notes on pages 11 to 29 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 September 2025

	Note	Share Capital US $'000	Other Reserves (incl. Share Premium) US $'000	Cash Flow Hedge Reserve US $'000	Retained earnings US $'000	Total Equity US $'000
BALANCE AT 1 APRIL 2024		2,249,513	470,555	52,839	2,279,435	5,052,342
Total comprehensive income						
Profit from continuing operations		-	-	-	230,164	230,164
Other comprehensive income / (loss) for the period, net of tax		-	-	(79,972)	-	(79,972)
		-	-	(79,972)	230,164	150,192
BALANCE AT 30 SEPTEMBER 2024	17 / 18	2,249,513	470,555	(27,133)	2,509,599	5,202,534
BALANCE AT 1 APRIL 2025	17 / 18	2,249,513	470,555	1,266	3,171,221	5,892,555
Total comprehensive income						
Profit from continuing operations		-	-	-	345,743	345,743
Other comprehensive income / (loss) for the period, net of tax		-	1,057	(20,019)	-	(18,962)
		-	1,057	(20,019)	345,743	326,781
BALANCE AT 30 SEPTEMBER 2025	17 / 18	2,249,513	471,612	(18,753)	3,516,964	6,219,336

The notes on pages 11 to 29 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three and six months ended 30 September 2025

	Note	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
PROFIT BEFORE TAX		408,297	274,577
Adjustments for:			
Depreciation of property, plant and equipment	7	313,840	309,908
Impairment charge of property, plant and equipment	7	1,793	12,494
Amortisation of computer software intangible assets		686	846
Lease incentive asset amortisation	2	38,308	28,583
Credit impairment charge / (credit) on trade debtors		7,682	(20,116)
Net interest expense		305,831	304,684
Profit on disposal of assets held under operating leases	3	(62,379)	(7,955)
		1,014,058	903,021
Decrease / (increase) in receivables		78,043	(2,541)
(Decrease) / increase in payables		(103,932)	(24,880)
CASH GENERATED BY OPERATIONS		988,169	875,600
Income taxes paid		(4,115)	(25,949)
Interest paid		(330,554)	(273,204)
NET CASH FROM OPERATING ACTIVITIES		653,500	576,447
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,351,940	411,155
Purchases of property, plant and equipment		(1,070,881)	(1,704,570)
Purchases of intangible assets		-	(317)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		281,059	(1,293,732)
FINANCING ACTIVITIES			
Receipts (to) / from restricted cash accounts		(20,100)	(34,200)
Proceeds from indebtedness		531,639	1,864,255
Repayments of indebtedness		(1,010,663)	(1,653,699)
NET CASH (USED IN) / FROM FINANCING ACTIVITES		(499,124)	176,356
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(240)	57
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		435,195	(540,872)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD / YEAR		717,476	1,035,602
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD / YEAR	10	1,152,671	494,730
Unrestricted cash and cash equivalents as above	10	1,152,671	494,730
Restricted cash as reported	10	20,100	34,200
Total cash and cash equivalents	10	1,172,771	528,930

The notes on pages 11 to 29 are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. MATERIAL ACCOUNTING POLICIES

SMBC Aviation Capital (the "Company") is a company incorporated and domiciled in Ireland. The address of its registered office is Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland.

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS in accordance with IAS 34.

The accounting policies and presentation applied by the Group in the preparation of these Unaudited Condensed Consolidated Interim Financial Statements are consistent with those set out on pages 17 to 24 of the Group's Consolidated Financial Statements for the year ended 31 March 2025.

a. Basis of preparation

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. Highlights of the principal accounting policies are set out below, the full listing of which can be found in the Group's Consolidated Financial Statements for the year ended 31 March 2025 as noted above.

The Unaudited Condensed Consolidated Interim Financial Statements as at and for the three and six months ended 30 September 2025 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"), as issued by the International Accounting Standards Board and as adopted by the European Union, and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS in accordance with IAS 34. They do not include all the information and disclosures necessary for a complete set of IFRS compliant financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Group financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 March 2025.

These financial statements should be read in conjunction with the Group's audited financial statements as at and for the year ended 31 March 2025, which were prepared in accordance with IFRS Accounting Standards and the IFRS Interpretations Committee ("IFRIC") interpretations as adopted by the European Union ("EU") and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

These Unaudited Condensed Consolidated Interim Financial Statements do not comprise statutory accounts within the meaning of the Companies Act 2014. The statutory accounts for the year ended 31 March 2025 were approved by the Board of Directors on 21 May 2025, and contained an unqualified audit report.

The Company's functional currency is the US Dollar, being the currency of the airline industry in which the Group operates. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollar unless otherwise stated.

These financial statements have been prepared on a going concern basis and in accordance with IFRS as adopted by the European Union.

b. Estimates and judgements

The preparation of Unaudited Condensed Consolidated Interim Financial Statements requires the Group to make estimates and judgements that impact the reported amounts of assets and liabilities, income and expense.

During the period, the Group applied the following assumptions involved in the Group's accounting policies:

Note 7 - Property, Plant and Equipment:

The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discounts rates. The discount rate used in the measurement of impairment was 6% in the current period. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Note 11 – Trade and Other Receivables:

The Group recognises an expected credit loss for financial assets in accordance with IFRS 9 – Financial Instruments. The material judgements in respect of lease receivables, loan receivables and finance lease receivables include the estimation of both the timing and quantum of expected losses. The Group assigns a credit rating to each counterparty which is determined to be predictive of the probability of default and loss given default, having considered collateral arrangements, relevant external ratings, the financial result and position of the airline customer and the experienced credit judgment of the dedicated credit analyst team.

There have been no significant changes to the Group's approach to, and methods of, making critical accounting estimates and judgements compared to those applied at 31 March 2025, as set out on page 18 of the Group's Consolidated Financial Statements for the year ended 31 March 2025.

c. **Basis of consolidation**

The Unaudited Condensed Consolidated Interim Financial Statements include the interim Financial Statements of the Company and all of its subsidiaries, for the three and six month periods ended and as at 30 September 2025. The Group does not have investments in joint ventures as defined in IFRS.

d. **Business combinations**

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

e. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

f. **New standards adoption and amendments to IFRS**

The following new standards approved by the IASB have been applied in preparing these financial statements:

– IFRS 17 Insurance Contracts

– Disclosure of Accounting Policies (Amendments to IAS 1)

– Definition of Accounting Estimates (Amendments to IAS 8)

– Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)

– Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)

– International Tax Reform – Pillar Two Model Rules (Amendments to IAS12)

These standards, other than Amendments to IAS 12, had no impact on the Group. For Amendments to IAS 12, the Group applied the relief from deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in May 2023.

The Group provided new disclosures about its exposure to these taxes (note 6), while the adoption of Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) had no impact on the statement of financial position as related balances qualify for offset under paragraph 74 of IAS 12.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to the Group and Company, but were not effective at 30 September 2025, and have not been applied in preparing these financial statements:

– Classification of Liabilities as Current (Amendments to IAS 1)

– Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

– Non-current Liabilities with Covenants (Amendments to IAS 1)

– Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

– Lack of Exchangeability (Amendments to IAS 21)

– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group is currently considering the impact of these amended standards and interpretations.

g. **Financial risk factors**

The Group's activities expose it to a variety of financial risks: asset risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Unaudited Condensed Consolidated Interim Financial Statements do not include all financial risk information and disclosures required in annual financial statements; they should be read in conjunction with the Group's Consolidated Financial Statements as at and for the year ended 31 March 2025. There have been no changes in any risk management policies since the year end.

2. REVENUE

	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
Operating lease revenue				
Lease rentals	494,380	496,248	987,358	975,012
Lease incentive amortisation (see note 12)	(16,314)	(13,243)	(38,308)	(28,583)
Maintenance income / (charge)	37,537	(6,641)	78,878	9,927
Lease revenue	515,603	476,364	1,027,928	956,356
Fee income				
Aircraft management fees	1,792	2,894	3,145	5,606
Other revenue	1,792	2,894	3,145	5,606
	517,395	479,258	1,031,073	961,962

Maintenance income includes redelivery payments received during the three and six months ended 30 September 2025, which increased compared to the three and six months ended 30 September 2024 due to a higher level of redelivery activity.

3. OTHER OPERATING INCOME

	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
Profit on disposal of property, plant and equipment	43,068	2,172	62,379	7,955
Other operating income	20,739	4,680	51,151	4,946
	63,807	6,852	113,530	12,901

Profit on disposal of property, plant and equipment increased in the three and six months ended 30 September 2025 compared to the three and six months ended 30 September 2024 due to an increase in aircraft trading activity. Other operating income in the three months ended 30 September 2025 included insurance proceeds received in respect of an aircraft that sustained significant damage during heavy landing resulting in a total loss being declared after assessment by relevant insurance assessors, while the six months ended 30 September 2025 also included additional insurance settlement proceeds (note 7) received in respect of aircraft previously leased to certain Russian airlines.

4. OPERATING EXPENSES

	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
Administration expenses	(52,816)	(47,915)	(99,272)	(92,147)
Amortisation of intangible assets	(340)	(403)	(686)	(846)
	(53,156)	(48,318)	(99,958)	(92,993)

Administration expenses increased during the three and six months ended 30 September 2025 compared to the three and six months ended 30 September 2024 due to higher professional fees and staffing costs.

5. NET FINANCE COSTS

	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
Finance income:				

Interest income on swaps	51,174	65,613	103,068	125,968
Interest income on finance lease and loan receivables	14,554	14,157	29,693	28,592
Interest income on deposits	4,741	5,654	9,304	13,660
Total finance income	70,469	85,424	142,065	168,220
Finance expense:				
Interest expense on swaps	(43,543)	(46,362)	(87,919)	(88,405)
Interest expense on borrowings	(189,598)	(219,393)	(357,530)	(379,610)
Interest expense on security deposits	(192)	(38)	(385)	(38)
Less: Interest capitalised to the cost of aircraft (see note 15)	9,999	8,998	19,402	17,985
Bank charges, guarantee & other fees on borrowings	(14,509)	(13,544)	(28,666)	(23,159)
Total finance expense	(237,843)	(270,339)	(455,098)	(473,227)
Net finance expense	(167,374)	(184,915)	(313,033)	(305,007)

6. TAXATION

	3 months ended 30 September 2025 US $'000	3 months ended 30 September 2024 US $'000	6 months ended 30 September 2025 US $'000	6 months ended 30 September 2024 US $'000
a Analysis of Tax Charge For The Period				
Current tax charge:				
- Current period	906	3,737	1,737	5,091
- Pillar Two top-up tax	4,506	2,786	10,065	6,567
	5,412	6,523	11,802	11,658
Deferred tax - origination and reversal of temporary differences:				
- Current period	22,718	13,923	50,752	32,755
Tax charge	28,130	20,446	62,554	44,413
b Factors Affecting The Tax Charge For The Period				
Profit before tax subject to tax at 12.5% (2024: 12.5%)	180,217	111,439	402,585	262,708
Profit before tax subject to tax at 25% (2024: 25%)	176	77	307	165
Profit before tax subject to tax at 17% (2024: 17%)	46	46	93	88
Profit / (loss) before tax subject to tax at 16.5% (2024: 16.5%)	(409)	320	219	436
Profit before tax subject to tax at 8.25% (2024: 8.25%)	2,695	2,398	5,093	11,180
	182,725	114,280	408,297	274,577
Tax on profit at the rate of 12.5% (2024: 12.5%)	22,527	13,930	50,323	32,839
Tax on profit at the rate of 25% (2024: 25%)	44	19	77	41
Tax on profit at the rate of 17% (2024: 17%)	7	8	15	15
Tax on profit / (loss) at the rate of 16.5% (2024: 16.5%)	(68)	53	36	72
Tax on profit at the rate of 8.25% (2024: 8.25%)	222	197	420	922
Pillar Two top-up tax	4,506	2,786	10,065	6,567
Other differences	892	3,453	1,618	3,957
Permanent difference - non-taxable income	-	-	-	-
Permanent difference - disallowed expenses	-	-	-	-
Tax charge	28,130	20,446	62,554	44,413

On 15 December 2022, the Council of the European Union formally adopted the OECD's Pillar Two Directive. The EU Minimum Tax Directive implements a minimum 15% tax rate on certain multinational enterprises in line with the OECD's Pillar Two Model Rules. Ireland enacted the EU Minimum Tax Directive into domestic legislation and the Company has been in scope since the year ended 31 March 2025. The Company recognised a current tax expense of $10.0 million ($4.5 million in the three months ended 30 September 2025) in respect of the Pillar Two top-up tax (three months ended 30 September 2024: $2.8 million; six months ended 30 September 2024: $6.6 million) in this regard. Additional guidance is expected from the OECD on the operation of Pillar Two and this could impact the Company's future effective tax rate. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

7. PROPERTY, PLANT AND EQUIPMENT

	Aircraft for hire under operating leases US $'000	Pre- Delivery Payments ("PDPs") US $'000	Office equipment and fixtures & fittings US $'000	Right-of-use assets US $'000	Total US $'000
COST					
At 1 April 2024	23,910,782	1,112,334	45,504	87,890	25,156,510
Additions	3,160,579	302,648	1,569	-	3,464,796
Transfers	252,008	(252,008)	-	-	-
Written off	-	-	(3,617)	(28,123)	(31,740)
Disposals	(2,128,912)	-	-	-	(2,128,912)
Transfer to assets held for sale (see note 13)	(499,431)	-	-	-	(499,431)
At 31 March 2025	24,695,026	1,162,974	43,456	59,767	25,961,223
Additions	932,691	234,266	1,042	1,249	1,169,248
Transfers	229,300	(229,300)	-	-	-
Disposals	(1,018,844)	-	(1,185)	-	(1,020,029)
Transfer to assets held for sale (see note 13)	(480,788)	-	-	-	(480,788)
At 30 September 2025	24,357,385	1,167,940	43,313	61,016	25,629,654
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2024	3,472,485	-	12,800	16,959	3,502,244
Charge for the period	589,813	-	3,676	4,228	597,717
Impairment for the period	30,553	-	-	-	30,553
Written off	-	-	-	(9,549)	(9,549)
Disposals	(423,878)	-	-	-	(423,878)
Transfer to assets held for sale (see note 13)	(153,006)	-	-	-	(153,006)
At 31 March 2025	3,515,967	-	16,476	11,638	3,544,081
Charge for the period	309,776	-	1,486	2,578	313,840
Impairment for the period	1,793	-	-	-	1,793
Disposals	(209,104)	-	-	-	(209,104)
Transfer to assets held for sale (see note 13)	(61,664)	-	-	-	(61,664)
At 30 September 2025	3,556,768	-	17,962	14,216	3,588,946
CARRYING AMOUNT					
Net Book Value at 30 September 2025	20,800,617	1,167,940	25,351	46,800	22,040,708
Net Book Value at 31 March 2025	21,179,059	1,162,974	26,980	48,129	22,417,142

The value of lease and maintenance component assets included in above is $1.28 billion (31 March 2025: $1.48 billion). These lease and maintenance component assets arose from the purchase of second hand aircraft and are accounted for in accordance with our policy as set out in note 1(e) of these financial statements and note 1(m) of the Group's Consolidated Financial Statements for the year ended 31 March 2025.

During the period, assets in the Group with a carrying value of $85.4 million (year ended 31 March 2025: $663.1 million) and average age of 12.4 years (year ended 31 March 2025: 10.2 years) were subject to impairment partly due to lower realisable values and an assessment of the value of the cash flows of the leases attached discounted at a rate of 6% (year ended 31 March 2025: 6%).

The carrying amount before impairment of these aircraft of $87.2 million (year ended 31 March 2025: $693.7 million) was determined to be higher than the value in use, maintenance adjusted current market value or fair value less costs to sell (where a letter of intent to sell exists) of $85.4 million (year ended 31 March 2025: $663.1 million) and an impairment loss of $1.8 million (year ended 31 March 2025: $30.6 million) was recognised during the period. The current and prior year charges related to aircraft where the net book values were in excess of either its respective value in use or maintenance adjusted current market value as set out below.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations, including reduced lease rentals for airlines that have entered restructuring proceedings. In certain instances these cash flow projections may also include potential cash outflows in respect of near-term scheduled maintenance events. Cash flow assumptions applied for these lease restructurings, and for customers with ongoing restructuring negotiations, have been assessed and the estimated outcomes have been included in line with the customer specific circumstances. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions, or in the case of potential repossessions on an 'as is' physical condition. The impairment loss recognised takes account of both the value in use, the maintenance adjusted current market value and the fair value less costs to sell of the relevant aircraft.

The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid. There was no impairment on PDPs in the current or prior period.

On 30 September 2025, the Group classified qualifying assets with a carrying value of $368.9 million (year ended 31 March 2025: $346.4 million) as assets held for sale as they met the relevant criteria (see note 13).

The Group recognised a write off of $1.62 billion in the year ended 31 March 2022, representing 100% of the carrying value of the 34 aircraft lost in Russia. Those aircraft were the subject of litigation commenced in the Irish Courts and some of the aircraft are also the subject of litigation before the UK Courts (see details at Russian Sanctions section of Management Review).

During the current period ended 30 September 2025, as well as the years ended 31 March 2025 and 31 March 2024, the Group received insurance settlement proceeds (note 3) in respect of certain of its aircraft previously leased to certain Russian airlines totalling $1.41 billion. The amounts represent settlements of the Group's insurance claims under (i) the relevant airlines' insurance and reinsurance policies relating to relevant aircraft and associated engines and (ii) under the Group's own insurance policies relating to relevant aircraft and associated engines. The insurance settlements and receipt of the insurance settlement proceeds were carried out in full compliance with all applicable laws, sanctions and regulations and have been approved by the U.S. Department of Commerce and the U.S. Department of the Treasury.

8. FINANCIAL INSTRUMENTS

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

	Carrying Value US $'000	**Fair Value US $'000**
30 September 2025		
Financial assets at fair value through profit or loss:		
Derivative financial instruments	8,643	8,643
Financial assets measured at amortised cost:		
Advances to OEMs	146,180	146,180
Finance lease and loan receivables	535,628	536,917
Trade and other receivables	258,486	258,486
Cash and cash equivalents	1,172,771	1,172,771
Financial assets	2,121,708	2,122,997
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	38,306	38,306
Financial liabilities measured at amortised cost:		
Trade and other payables	2,178,403	2,178,403
Borrowings	15,743,949	15,577,088
Financial liabilities	17,960,658	17,793,797

31 March 2025	Carrying Value US $'000	Fair Value US $'000
Financial assets at fair value through profit or loss:		
Derivative financial instruments	15,803	15,803
Financial assets measured at amortised cost:		
Advances to OEMs	146,180	146,180
Finance lease and loan receivables	663,372	663,460
Trade and other receivables	344,411	344,411
Cash and cash equivalents	717,476	717,476
Financial assets	1,887,242	1,887,330
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	24,103	24,103
Financial liabilities measured at amortised cost:		
Trade and other payables	2,233,080	2,233,080
Borrowings	15,922,034	15,670,495
Subordinated liabilities	300,000	293,353
Financial liabilities	18,479,217	18,221,031

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Cash and cash equivalents - The fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Advances to OEMs measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

9. FINANCE LEASES AND LOAN RECEIVABLES

	30 September 2025 US $'000	31 March 2025 US $'000
Current		
Fixed rate receivables		
Finance leases	4,923	6,924
Floating rate receivables		
Loan receivables	38,063	42,539
	42,986	49,463
Non-current		
Fixed rate receivables		
Finance leases	54,674	51,385
Floating rate receivables		
Loan receivables	437,968	562,524
	492,642	613,909
Total finance lease and loan receivables	535,628	663,372
The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:		
Less than 1 year	8,164	7,354
1-2 years	31,430	34,739
2-3 years	2,676	2,676
3-4 years	2,676	2,676
4-5 years	2,676	2,676
5+ years	20,963	22,301
Total undiscounted lease payments receivable	68,585	72,422
Unearned finance income	(8,988)	(14,113)
Net investment in finance leases	59,597	58,309

Finance lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases two aircraft for which substantially all of the risks and rewards of ownership have transferred, resulting in the classification of these arrangements as finance leases. The Group has also entered into a small number of sub-leases as lessor that are considered to be finance leases. These sub-leases represent components of properties surplus to the Group's own requirements.

Loan receivables

The Group acquired twelve aircraft in recent years, which were placed with airline customers. These leases do not meet the definition of a lease under IFRS 16 and therefore the amounts are classified as loan receivables.

Finance income in the period on the net investment in finance leases and loan receivables totalled $29.7 million (six months ended 30 September 2024: $28.6 million; see note 5).

10. CASH AND CASH EQUIVALENTS

	30 September 2025 US $'000	31 March 2025 US $'000
Bank account	28,386	32,728
Bank account with parent group undertakings	6,318	5,337
Short-term deposits with parent group undertakings	1,138,067	679,411
	1,172,771	717,476
Restricted cash	(20,100)	-

Cash and cash equivalents net of restricted cash	1,152,671	717,476

Included in the table above is restricted cash, when applicable, relating to a collateral call account for derivatives and secured debt facilities.

11. TRADE AND OTHER RECEIVABLES

	September 30 2025 US $'000	31 March 2025 US $'000
Trade debtors	54,075	33,733
Deferred lease receivables	21,665	35,815
Credit impairment provisions	(13,635)	(6,193)
Net lease receivables	62,105	63,355
Amounts due from parent group undertakings	-	26,478
Prepayments	111,905	94,259
Other debtors	84,476	160,319
	258,486	344,411
Age analysis of trade debtors		
Less than one month	24,349	7,091
One to two months	4,434	2,105
More than two months	25,292	24,537
	54,075	33,733

Analysis of exposure to credit risk and credit impairment provisions for trade debtors as at:

	Expected credit loss provision %		30 September 2025		31 March 2025	
	31 December 2025 %	31 March 2025 %	Gross carrying amount US $'000	Impairment loss US $'000	Gross carrying amount US $'000	Impairment loss US $'000
Category 1	0.1%	0.1%	19,644	22	8,424	67
Category 2	1.8%	1.8%	8	-	1,497	1
Category 3	7.6%	7.6%	5,490	-	3,197	1
Category 4	33% - 100%	15% - 100%	28,933	13,613	20,615	6,124
			54,075	13,635	33,733	6,193

Net lease receivables have increased during the period due to a general increase in the underlying business as well as the re-entry of one of our airline customers into bankruptcy protection proceedings. The credit impairment charge in the current period of $7.7 million (six months ended 30 September 2024: release of $20.1 million) reflect ongoing operations as well as the impact of aforementioned proceedings. The credit impairment charge is determined by classifying lessees into four categories with an appropriate provision percentage ascribed to each category depending on payment performance.

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair, maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. As at 30 September 2025, the Group held letters of credit in relation to lease rentals and maintenance exposures of $480.4 million (31 March 2025: $490.7 million) in addition to $977.2 million of cash security deposits and maintenance reserves (31 March 2025: $937.5 million; see note 14).

12. LEASE INCENTIVE ASSETS

	30 September 2025 US $'000	31 March 2025 US $'000
Lease incentive assets	285,004	219,968
Amortised during the period / year	(38,308)	(94,971)
Additions of lease incentive assets	46,665	194,964
Sold during the period / year	(24,479)	(24,481)
Transfer to assets held for sale	(28,251)	(10,476)
	240,631	285,004
Analysed as:		
Current lease incentive assets (amortising within 12 months)	56,250	95,879
Non-current lease incentive assets (amortising after 12 months)	184,381	189,125
	240,631	285,004

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (see note 2).

13. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

The Group's aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	30 September 2025 US $'000	31 March 2025 US $'000
Assets held for sale		
Property, plant and equipment – aircraft	368,931	346,426
Lease incentive assets	28,611	10,476
	397,542	356,902
Liabilities associated with assets held for sale		
Security deposits	6,726	10,684
Maintenance reserve	55,048	40,019
Lessor contributions	37,807	18,911
	99,581	69,614
	297,961	287,288

At 30 September 2025, the Group classified 13 aircraft (31 March 2025: ten aircraft) as held-for-sale as the Group had agreements for the sale of these aircraft in place which met the requirement to be classified as held-for-sale. The Group generally continues to recognise lease rental income on all aircraft in this classification, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

14. TRADE AND OTHER PAYABLES

	30 September 2025 US $'000	31 March 2025 US $'000
Security deposits	182,470	167,564
Maintenance reserve	732,995	719,278
Lessor contributions	317,738	401,812
Prepaid lease rentals and fee income received	143,831	154,240
Trade creditors	50,943	32,388
Accrued interest - third party undertakings	153,113	157,449
Amounts due to parent group undertakings	289,789	288,271
Collateral cash received	-	4,859
Other creditors	207,943	237,605

	2,078,822	2,163,466
Analysed as:		
Non-current trade and other payables (payable after 12 months)	1,121,154	1,088,832
Current trade and other payables (payable within 12 months)................	957,668	1,074,634
	2,078,822	2,163,466

As described in note 1(u) of the Group's Consolidated Financial Statements for the period ended 31 March 2025, the Group enters into derivative transactions with counterparties, which may be subject to bilateral collateral agreements. The Group monitors the fair value of its derivative transactions on a daily basis, with additional collateral paid or received as necessary.

Analysis of Group trade and other payables:

As at 30 September 2025	**Due < 12 months US $'000**	**Due > 12 months US $'000**	**Total US $'000**
Security deposits	5,229	177,241	182,470
Maintenance reserve	39,083	693,912	732,995
Lessor contributions	145,039	172,699	317,738
Prepaid lease rentals and fee income received	143,831	-	143,831
Trade creditors	50,943	-	50,943
Accrued interest - third party undertakings	153,113	-	153,113
Amounts due to parent group undertakings	282,317	7,472	289,789
Other creditors	138,113	69,830	207,943
	957,668	1,121,154	2,078,822

As at 31 March 2025	**Due < 12 months US $'000**	**Due > 12 months US $'000**	**Total US $'000**
Security deposits	5,392	162,172	167,564
Maintenance reserve	80,678	638,600	719,278
Lessor contributions	178,924	222,888	401,812
Prepaid lease rentals and fee income received	154,240	-	154,240
Trade creditors	32,388	-	32,388
Accrued interest - third party undertakings	157,449	-	157,449
Amounts due to parent group undertakings	288,271	-	288,271
Collateral cash received	4,859	-	4,859
Other creditors	172,433	65,172	237,605
	1,074,634	1,088,832	2,163,466

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

15. BORROWINGS

	30 September 2025 US $'000	**31 March 2025 US $'000**
Loan amounts due to third party undertakings	5,170,554	5,476,322

Loan amounts due to parent group undertakings	5,947,904	6,319,227
Other debt securities issued	4,625,491	4,126,485
	15,743,949	15,922,034
The borrowings are repayable as follows:		
On demand or within one year	1,822,761	1,714,201
In the second year	1,357,275	1,245,106
In the third to fifth year inclusive	7,563,658	7,480,970
After five years	5,000,255	5,481,757
	15,743,949	15,922,034
Less: Amounts due for settlement within 12 months	(1,822,761)	(1,714,201)
Amounts due for settlement after 12 months	13,921,188	14,207,833

As at 30 September 2025, the Group had $14.4 billion of available capacity in place through a combination of undrawn shareholder funding ($10.3 billion), third party availability ($3.0 billion) and unrestricted cash balances. The Group has short-term debt repayment obligations (due within 12 months) totalling $1.8 billion and other current liabilities of $1.1 billion. The short-term debt obligations include shareholder funding repayments of $842 million, which will become available as additional capacity on repayment. The Group also had purchase commitments consisting of direct orders and sale-leaseback commitments totalling $2.2 billion due to fall due within a year (note 20).

The Group closed the sale of $500 million of its 5.10% senior unsecured notes due 2030 on 1 April 2025. At 30 September 2025, the Group had the following notes in issuance:

- $500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021
- $500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021
- $650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023
- $1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023
- $650 million of its 5.30% senior unsecured notes due 2029 issued on 3 April 2024
- $850 million of its 5.55% senior unsecured notes due 2034 issued on 3 April 2024
- $500 million of its 5.10% senior unsecured notes due 2030 issued on 1 April 2025

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

The amount of borrowing costs that were capitalised to the cost of aircraft in the six months ended 30 September 2025 in the Group was $19.4 million (year ended 31 March 2025: $35.3 million; six months ended 30 September 2024: $18.0 million; note 7). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Reconciliation of cash and non-cash movements of Group borrowings:

			Non-cash changes		
	As at 1 April 2025 US $'000	**Net cash flows in the period US $'000**	**Fair value Changes US $'000**	**Amortisation of issuing costs US $'000**	**As at 30 September 2025 US $'000**
Floating rate borrowings					
Loan amounts due to third party undertakings	4,812,488	(205,973)	-	-	4,606,515

Loan amount due to parent group Undertakings	77,500	(10,000)	-	-	67,500
	4,889,988	(215,973)	-	-	4,674,015
Fixed rate borrowings					
Loan amount due to parent group Undertakings	6,241,727	(361,323)	-	-	5,880,404
Loan amounts due to third party Undertakings	663,834	(100,000)	-	205	564,039
Other debt securities issued.....	4,126,485	498,272	-	734	4,625,491
	15,922,034	(179,024)	-	939	15,743,949

Terms, conditions and analysis of Group borrowings before impact of derivatives:

As at 30 September 2025	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Floating rate borrowings					
Loan amounts due to third party Undertakings	5.57	2025-2035	880,399	3,726,116	4,606,515
Loan amount due to parent group	5.75	2025-2035	20,000	47,500	67,500
			900,399	3,773,616	4,674,015
Fixed rate borrowings					
Loan amount due to parent group Undertakings	4.36	2026-2035	822,362	5,058,042	5,880,404
Loan amounts due to third party Undertakings	2.74	2026-2031	100,000	464,039	564,039
Other debt securities issued......	4.74	2026-2034	-	4,625,491	4,625,491
			1,822,761	13,921,188	15,743,949

As at 30 September 2025, the average interest rate on floating rate borrowings after the impact of derivatives is 5.23% (31 March 2025: 5.25%).

As at 31 March 2025	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Floating rate borrowings					
Loan amounts due to third party Undertakings…………………..…	5.69	2025-2035	772,721	4,039,767	4,812,488
Loan amount due to parent group Undertakings…………………...	5.90	2028-2029	20,000	57,500	77,500
			792,721	4,097,267	4,889,988
Fixed rate borrowings					
Loan amount due to parent group Undertakings…………………...	4.42	2026-2035	822,646	5,419,081	6,241,727
Loan amounts due to third party Undertakings…………………...	2.92	2025-2031	98,834	565,000	663,834
Other debt securities issued	4.70	2026-2034	-	4,126,485	4,126,485
			1,714,201	14,207,833	15,922,034

16. SUBORDINATED LIABILITIES

	Average interest rate %	Year of maturity	30 September 2025 US $'000	31 March 2025 US $'000
$300 million floating rate loan due to parent group undertakings........	-	-	-	300,000
			-	300,000

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity date of the loan had since been extended to February 2041, but was fully settled by the Company in April 2025.

17. SHARE CAPITAL

	30 September 2025 $	31 March 2025 $
Issued, called up and fully paid:		
Ordinary shares of $1 each..	187,512,800	187,512,800
A Preference shares of $1 each....................................	1,362,000,000	1,362,000,000
B Preference shares of $1 each....................................	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

	30 September 2025	31 March 2025
	Number of shares	
Issued, called up and fully paid:		
Ordinary shares of $1 each..	187,512,800	187,512,800
A Preference shares of $1 each....................................	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

18. OTHER COMPONENTS OF EQUITY

	30 September 2025 US $'000	31 March 2025 US $'000
Share premium	261,102	261,102
	261,102	261,102
Capital contribution..	207,486	207,486
Other reserve	1,967	1,967
Fair value through other comprehensive income.........	1,057	-
Cash flow hedge reserve...	(18,753)	1,266
Other components of equity	452,859	471,821

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of $207,486,000 in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as shareholder.

As described in note 1(c) of the Group's Consolidated Financial Statements as at and for the year ended 31 March 2025, for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.; now liquidated) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by $2.633 million at 31 March 2013, with a related increase in deferred tax liabilities of $0.658 million. The difference, a net amount of $1.967 million being a transaction with shareholder, was reflected in the other reserve.

19. RELATED PARTIES

The Group's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). All transactions with related parties continue to be made on terms equivalent to those that prevail in arm's length transactions. There has been no significant change in related party relationships during the period under review.

20. CAPITAL COMMITMENTS

The Group currently have a number of existing orders with Airbus and Boeing. The most significant of these orders were placed during the year ended 31 March 2015 when the Group placed an order for 110 A320neo aircraft and 5 A321ceo aircraft with Airbus and 90 Boeing 737 MAX 8 aircraft with Boeing respectively. The Group placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018.

Between May 2020 and March 2021, as the impact of the Covid-19 pandemic became clear, a number of agreements were concluded with both Airbus and Boeing to cancel a small number of existing orders, but also to defer the delivery of a large number of imminent deliveries by up to five years, with the latest deferred delivery now scheduled for 2027.

An additional agreement was concluded in May 2021 with Boeing for the purchase of a further 14 aircraft, while the Group's acquisition of Goshawk in December 2022 resulted in the addition of its existing order book with Boeing and Airbus of 20 aircraft each to the Group's total open order book.

More recently, the Group concluded an agreement with Boeing in September 2023 for the purchase of an additional 25 737 MAX aircraft with delivery dates in 2028 – 2029, while on 9 November 2023, the Group concluded an agreement with Airbus for the purchase of an additional 60 A320neo aircraft with delivery dates in 2029 – 2031.

The combined remaining purchase commitment for orders total $12.6 billion, including existing sale-leaseback and other capital commitments of $0.7 billion (31 March 2025: $1.0 billion), and delivery dates are currently scheduled between 2025 and 2031 of which $2.2 billion relates to expected delivery dates within the next twelve months.

All commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable. The Group also retains the ability to convert variants specified in existing orders up to the date of delivery and has done so on a number of occasions to facilitate market requirements.

Separately, the Company announced on 2 September 2025, in conjunction with Sumitomo Corporation, Apollo Capital Management, L.P. ("Apollo") and Brookfield Asset Management Ltd. ("Brookfield), that they had reached an agreement (the "Merger Agreement") to acquire Air Lease Corporation ("ALC"). The acquisition will be executed through a new holding company, named Sumisho Air Lease Corporation Designated Activity Company ("Sumisho Air Lease"), owned by the four parties, which will indirectly acquire all the outstanding shares of ALC at $65.00 per share in cash. The Company will hold 24.99% of the economic interest of this new holding company, resulting in an expected purchase price of $1.8 billion based on the total valuation of approximately $7.4 billion. Upon completion of the acquisition, the Company will also acquire ALC's aircraft on order.

If the acquisition is not consummated on account of required regulatory approvals not being granted or obtained and there being no other impediment to the consummation of the acquisition, a reverse termination fee will be payable by Sumisho Air Lease to ALC of $350 million, subject to the terms and conditions of the Merger Agreement. The reverse termination fee would be funded in part by the Company.

21. CONTINGENT LIABILITIES

Apart from the reverse termination fee described in note 20 above, the Group had no other contingent liabilities at 30 September 2025 (31 March 2025: $nil).

22. SUBSEQUENT EVENTS

No significant events affecting the Group have occurred since 30 September 2025, which require adjustment to or disclosure in the Unaudited Condensed Consolidated Interim Financial Statements.

The Directors approved these Unaudited Condensed Consolidated Interim Financial Statements on 11 November 2025.

23. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Directors approved these Unaudited Condensed Consolidated Interim Financial Statements on 11 November 2025.

SMBC Aviation Capital Limited

Audited consolidated financial statements
as of and for the year ended March 31, 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMBC AVIATION CAPITAL LIMITED

Report on the audit of the financial statements

(1) Opinion

We have audited the financial statements of SMBC Aviation Capital Limited ("the Company") and its consolidated undertakings (together "the Group") for the year ended 31 March 2025 set out on pages 10 to 60, which comprise the Consolidated statement of profit or loss and comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and related notes, including the summary of material accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

(2) Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(3) Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

(4) Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

– we have not identified material misstatements in the directors' report;

– in our opinion, the information given in the directors' report is consistent with the financial statements;

– in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

(5) Opinions on other matters prescribed by the Companies Act 2014

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

(6) Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

(7) Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

(8) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/

(9) The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Terence Coveney
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

21 May 2025

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 31 March 2025

	Note	Year ended 31 March 2025 US $'000	Year ended 31 March 2024 US $'000
CONTINUING OPERATIONS			
Income			
Lease revenue	2	1,934,552	1,906,918
Other revenue	2	9,600	7,408
Total revenues	2	1,944,152	1,914,326
Other operating income	3	663,379	832,834
		2,607,531	**2,747,160**
Operating expenses			
Depreciation	9	(597,717)	(672,934)
Operating lease asset impairment charge	9	(30,553)	(69,019)
Credit impairment credit / (charge)	15	20,592	11,545
Operating expenses	4	(162,491)	(152,777)
PROFIT FROM OPERATING ACTIVITIES		**1,837,362**	**1,863,975**
Finance income	7	314,492	319,244
Finance expense	7	(979,032)	(988,618)
NET FINANCE COSTS		**(664,540)**	**(669,374)**
PROFIT BEFORE TAXATION		**1,172,822**	**1,194,601**
Tax expense	8	(178,886)	(159,899)
PROFIT FROM CONTINUING OPERATIONS		**993,936**	**1,034,702**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges - effective portion of changes in fair value	13	(55,806)	31,894
Cash flow hedges - reclassified to profit or loss		(3,135)	(1,197)
Movement in fair value of equity investments at FVTOCI		-	1,356
Tax on other comprehensive income		7,368	(3,837)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR, NET OF TAX		**(51,573)**	**28,216**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**942,363**	**1,062,918**

All income relates to continuing operations. All profits and total comprehensive income for the current and preceding financial year are attributable to the owners of the company. The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 21 May 2025

A Kenny
Director
Date: 21 May 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2025	Note	31 March 2025	31 March 2024
		US $'000	US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	22,417,142	21,654,266
Intangible assets		3,752	4,259
Finance lease and loan receivables	14	613,909	521,482
Investment in associates		7,783	4,242
Lease incentive assets	17	189,125	167,545
Derivative financial instruments	12	15,258	42,666
		23,246,969	22,394,460
CURRENT ASSETS			
Advances to OEMs		146,180	72,629
Assets held for sale	18	356,902	278,054
Finance lease and loan receivables	14	49,463	39,424
Trade and other receivables	15	344,411	222,429
Cash and cash equivalents	16	717,476	1,035,602
Lease incentive assets	17	95,879	52,423
Derivative financial instruments	12	545	9,434
		1,710,856	1,709,995
TOTAL ASSETS		24,957,825	24,104,455
EQUITY			
Share capital	24	2,249,513	2,249,513
Other components of equity	25	471,821	523,394
Retained earnings		3,171,221	2,279,435
TOTAL EQUITY		5,892,555	5,052,342
NON-CURRENT LIABILITIES			
Trade and other payables	19	1,088,832	1,079,609
Borrowings	20	14,207,833	15,046,879
Deferred tax liabilities	22	586,053	491,556
Derivative financial instruments	12	24,103	3,764
Subordinated liabilities	23	300,000	300,000
		16,206,821	16,921,808
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	69,614	33,717
Trade and other payables	19	1,074,634	913,378
Borrowings	20	1,714,201	1,183,210
		2,858,449	2,130,305
TOTAL LIABILITIES		19,065,270	19,052,113
TOTAL EQUITY AND LIABILITIES		24,957,825	24,104,455

The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 21 May 2025

A Kenny
Director
Date: 21 May 2025

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2025	Note	31 March 2025	31 March 2024
		US $'000	US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	20,550,212	17,663,597
Intangible assets		3,752	4,259
Finance lease and loan receivables	14	1,349,394	3,089,586
Investment in subsidiaries	10	1,569,488	1,572,278
Investment in associates		7,783	4,242
Lease incentive assets	17	189,125	167,545
Derivative financial instruments	12	15,258	42,666
		23,685,012	22,544,173
CURRENT ASSETS			
Advances to OEMs		146,180	72,629
Assets held for sale	18	359,848	216,985
Loan receivables	14	73,962	163,980
Trade and other receivables	15	357,159	240,396
Cash and cash equivalents	16	697,201	981,860
Lease incentive assets	17	95,879	52,423
Derivative financial instruments	12	545	9,434
		1,730,774	1,737,707
TOTAL ASSETS		25,415,786	24,281,880
EQUITY			
Share capital	24	2,249,513	2,249,513
Other components of equity	25	469,854	521,427
Profit or loss account		3,088,166	2,266,276
TOTAL EQUITY		5,807,533	5,037,216
NON-CURRENT LIABILITIES			
Trade and other payables	19	879,700	729,748
Borrowings	20	14,221,312	15,785,064
Deferred tax liabilities	22	559,307	434,736
Derivative financial instruments	12	24,103	3,764
Subordinated liabilities	23	300,000	300,000
		15,984,422	17,253,312
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	69,614	14,422
Trade and other payables	19	1,840,016	1,493,720
Borrowings	20	1,714,201	483,210
		3,623,831	1,991,352
TOTAL LIABILITIES		19,608,253	19,244,664
TOTAL EQUITY AND LIABILITIES		25,415,786	24,281,880

The accompanying notes form an integral part of these financial statements.

P Barrett	A Kenny
Director	Director
Date: 21 May 2025	Date: 21 May 2025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2025	Note	Share Capital	Other Reserves (incl. Share Premium)	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
		US $'000	US $'000	US $'000	US $'000	US $'000
BALANCE AT 31 MARCH 2023		2,249,513	469,199	25,979	1,346,883	4,091,574
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	1,034,702	1,034,702
Other comprehensive income for the year	25	-	1,356	26,860	-	28,216
		-	1,356	26,860	1,034,702	1,062,918
BALANCE AT 31 MARCH 2024		2,249,513	470,555	52,839	2,279,435	5,052,342
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	993,936	993,936
Other comprehensive expense for the year	25	-	-	(51,573)	-	(51,573)
		-	-	(51,573)	993,936	942,363
BALANCE AT 31 MARCH 2025........		2,249,513	470,555	1,266	3,171,221	5,892,555

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 March 2025	Note	Share Capital	Other Reserves (incl. Share Premium)	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
		US $'000	US $'000	US $'000	US $'000	US $'000
BALANCE AT 31 MARCH 2023.......		2,249,513	467,610	25,979	1,263,769	4,006,871
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	1,104,657	1,104,657
Other comprehensive income for the year	25	-	978	26,860	-	27,838
		-	978	26,860	1,104,657	1,132,495
BALANCE AT 31 MARCH 2024.......		2,249,513	468,588	52,839	2,266,276	5,037,216
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	964,667	964,667
Transferred from merged subsidiaries...					(40,627)	(40,627)
Other comprehensive expense for the year	25	-	-	(51,573)	-	(51,573)
		-	-	(51,573)	924,040	872,467
BALANCE AT 31 MARCH 2025		2,249,513	468,588	1,266	3,088,166	5,807,533

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2025	Note	Year ended 31 March 2025	Year ended 31 March 2024
		US $'000	US $'000
PROFIT BEFORE TAX		1,172,822	1,194,601
Adjustments for:			
Depreciation of property, plant and equipment	9	597,717	672,934
Impairment of property, plant and equipment	9	30,553	69,019
Amortisation of computer software intangible assets	4	1,549	1,390
Lease incentive asset amortization	17	94,971	50,737
Credit impairment (credit) / charge on trade debtors	15	(20,592)	(11,545)
Net interest expense		666,612	670,153
Profit on disposal of assets held under operating leases	3	(30,325)	(57,020)
		2,513,307	2,590,269
(Increase) / decrease in receivables		(56,348)	129,588
(Decrease) / increase in payables		(76,342)	4,402
CASH GENERATED BY OPERATIONS		2,380,617	2,724,259
Income taxes paid		(66,224)	(17,786)
Interest paid		(662,264)	(670,192)
NET CASH FROM OPERATING ACTIVITIES		1,652,129	2,036,281
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,897,799	1,565,943
Purchases of property, plant and equipment		(3,453,315)	(2,140,610)
Purchases of intangible assets		(1,042)	(1,728)
NET CASH USED IN INVESTING ACTIVITIES:		(1,556,558)	(576,395)
FINANCING ACTIVITIES			
Dividends paid		(102,150)	(102,150)
Proceeds from indebtedness		1,862,498	2,169,519
Repayments of indebtedness		(2,173,449)	(3,229,783)
NET CASH USED IN FINANCING ACTIVITIES		(413,101)	(1,162,414)
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(596)	(90)
NET (DECREASE) / INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS		(318,126)	297,382
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		1,035,602	738,220
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	717,476	1,035,602
Unrestricted cash and cash equivalents as above	16	717,476	1,035,602
Restricted cash as reported	16	-	-
Total cash and cash equivalents	16	717,476	1,035,602

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2025	Note	Year ended 31 March 2025	Year ended 31 March 2024
		US $'000	US $'000
PROFIT BEFORE TAX		1,130,473	1,253,651
Adjustments for:			
Depreciation of property, plant and equipment	9	447,242	382,991
Impairment of property, plant and equipment	9	26,618	56,127
Amortisation of computer software intangible assets	4	1,549	1,390
Lease incentive asset amortization	17	94,971	50,737
Credit impairment (credit) / charge on trade debtors	15	(12,931)	(25,046)
Dividend income		(22,000)	(60,000)
Net interest expense		564,500	380,096
Profit on disposal of assets held under operating leases		(20,384)	(47,607)
		2,210,038	1,992,339
(Increase) / decrease in receivables		(193,053)	1,054,354
Increase / (decrease) in payables		161,961	97,541
CASH GENERATED BY OPERATIONS		2,178,946	3,144,234
Income taxes paid		(23,766)	-
Interest paid		(560,920)	(369,193)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		1,594,260	2,775,041
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,361,582	1,556,530
Purchases of property, plant and equipment		(4,875,572)	(4,078,232)
Purchases of intangible assets		(1,042)	(1,728)
(Net investment in) / net income from subsidiaries		21,250	(774,438)
Loans repaid by / (provided to) subsidiaries		1,853,948	2,366,302
NET CASH USED IN INVESTING ACTIVITIES:		(1,639,834)	(931,566)
FINANCING ACTIVITIES			
Dividends paid		(102,150)	(102,150)
Proceeds from indebtedness		34,988	532,500
Repayments of indebtedness		(171,343)	(1,950,514)
NET CASH USED IN FINANCING ACTIVITIES		(238,505)	(1,520,164)
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(580)	196
NET (DECREASE) / INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS		(284,659)	323,507
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		981,860	658,353
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	697,201	981,860
Unrestricted cash and cash equivalents as above	16	697,201	981,860
Restricted cash as reported	16	-	-
Total cash and cash equivalents	16	697,201	981,860

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES

SMBC Aviation Capital Limited is a company incorporated and domiciled in Ireland. The address of its registered office is Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland.

a. Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. The principal accounting policies are set out below.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements.

The Company's functional currency is the US Dollar, being the currency of the primary economic environment in which the Company operates. The presentation currency for the Group and Company is US Dollar. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollars unless otherwise stated.

The accounts are prepared on a going concern basis and in accordance with IFRS as adopted by the European Union.

The Group's activities are capital intensive by their nature, and have been funded with a combination of equity and debt capital provided by its shareholders and third party debt financing. The ability of the Group to continue to operate is dependent upon (among other matters) its ability to meet (i) its debt repayment obligations under the respective loan agreements as set out in note 20 'Borrowings' and (ii) its future aircraft purchases as set out in note 28 'Capital Commitments'. The Group has considerable financial resources (see undrawn facilities as described in note 21 'Financial Risk Management') together with long-term lease contracts with airline operators across different geographic areas (see note 26 'Operating Lease Arrangements as Lessor'). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In determining the going concern basis of preparation of the financial statements, the Directors have also considered the impact of sanctions on Russia (see note 9 'Property, plant and equipment'). The Directors have considered the cash position, existing equity and resources available to the Group, which, along with related forecasts, provide comfort over the sustainability of the Group and Company.

b. Estimates and judgements

The preparation of Financial Statements in conformity with IFRS as adopted by the EU requires management to make use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the reported amount of income and expenses during the reported period.

In particular, the judgements and assumptions involved in the Group and Company's accounting policies which have the most significant effect on the amounts recognised in the Financial Statements are as follows:

Note 9 - Property, Plant and Equipment:

The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discount rates. The discount rate used in the measurement of impairment was 6% in the current period. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Note 15 – Credit impairment provisions

The Group recognises an expected credit loss for financial assets in accordance with IFRS 9 – Financial Instruments. The material judgements in respect of lease receivables, loan receivables and finance lease receivables include the estimation of both the timing and quantum of expected losses. The Group assigns a credit rating to each counterparty which is determined to be predictive of the probability of default and loss given default, having considered collateral arrangements, relevant external ratings, the financial result and position of the airline customer and the experienced credit judgment of the dedicated credit analyst team.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates.

c. **Basis of consolidation**

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries, drawn up to 31 March 2025. The Group does not have investments in joint ventures as defined in IFRS.

In applying IFRS 10, the standard introduced a single consolidation model for all entities based on control which requires consolidation where the Company has power over the entity, exposure or rights to returns from involvement with the entity and the ability to use power to affect returns. The financial statements of an entity are included in the Consolidated Financial Statements from the date that this control commences until the date that this control ceases.

The Consolidated Financial Statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

(a) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account. All subsidiaries have coterminous financial year ends. The accounting policies of all subsidiaries are consistent with the policies adopted by the Group. Intragroup transactions, intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. All of the Company's subsidiaries are wholly owned by the Company and, as such, there are no non-controlling interests to present separately in the Consolidated Financial Statements.

(b) Common control transactions

Business combinations under common control are accounted for in the consolidated financial statements prospectively from the date the Group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the financial statements of the transferor. Assets and liabilities are adjusted, if necessary, to reflect Group accounting policies and any difference between the net assets acquired, based on book values adjusted for accounting policy differences, is reflected in other reserves.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

d. **Business combinations**

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

e. **Investment in subsidiaries**

Investments in subsidiary undertakings are stated in the Company Statement of Financial Position at cost, less any provision for impairment.

f. **Income under finance and operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At each reporting date, the Group assesses whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Rentals received, but unearned under lease agreements are recorded as 'Prepaid lease rentals' in trade and other payables.

g. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

h. **Fee income**

Arranger fee income earned on the sale and purchase of managed aircraft is recognised on completion of the sale when the aircraft has been accepted by the customer and no further services remain to be completed. Ongoing aircraft management fees are recognised in the accounting period in which the services are rendered.

i. **Borrowing costs**

Borrowing costs attributable to the acquisition of aircraft not yet delivered are capitalised as part of aircraft cost, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. All other borrowing costs are recognised as an expense in the period in which they are incurred.

j. **Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside the income statement which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

k. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

i. As a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Group and Company's net investment outstanding in respect of the leases.

ii. As a lessee

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measure at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group and Company's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group and Company present lease liabilities in 'trade and other payables' in the statement of financial position.

l. **Foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the profit or loss for the period.

m. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets are depreciated to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their estimated useful economic lives, as follows:

Aircraft for hire under operating leases

– to the next useful economic life ("UEL") point, maximum of 5 years

Office equipment and fixtures & fittings

– 3 to 10 years from date when brought into use

It is the Group and Company's practice to hold aircraft for an average period of 5 years. Because of this, the Group and Company estimates the future market value (residual value) at 5 year intervals which correspond to UEL points.

Aircraft are depreciated to their residual values. Residual values are determined based on estimated values at the end of the useful lives of the aircraft assets.

Estimated residual values based on contractual return conditions of the aircraft are reviewed at each reporting date. This review includes the expected maintenance condition of the asset and any excess maintenance reserves expected to be available on maturity of the lease. Where estimated residual values are found to have changed significantly, this is recorded prospectively and depreciation charges over the remaining useful life are adjusted to take account of the revised estimate.

The carrying amounts of the Group and Company's aircraft are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the profit or loss.

Under IAS 39, the Group and Company avail of the own-use exemption in relation to certain capital commitments.

n. Maintenance component assets

Maintenance component asset represents the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The maintenance component asset is not depreciated, but capitalised to the operating lease asset at the end of the lease.

o. Inventory

Inventory consists primarily of engines and airframes which are valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and airframes. Costs are allocated using the relationship of the cost of the engine or airframe to estimated retail sales value at the time of purchase.

p. Intangible assets

Intangible assets are initially recognised at cost which is their fair value at the date of acquisition or capitalisation of related staff costs. Subsequently intangible assets are carried at cost less any accumulated amortisation and impairment. Cost is amortised on a straight-line basis over their estimated useful lives which vary from two years to ten years. Carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

q. Impairment of non-financial assets

Long-term tangible and intangible assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use.

Value in use includes cash flow projections of contracted and estimated lease rentals, with probabilities assigned to such cash flows where expected outcomes may vary. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

r. Pre-delivery payments

Pre-delivery payments (“PDPs”) are recorded in the Consolidated Statement of Financial Position at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalised as incurred, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. As aircraft which are subject to PDPs are delivered, all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment. The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid.

s. Non-current assets and liabilities held for sale

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

t. Financial instruments

The Group and Company’s financial assets are categorised as either ‘financial assets measured at amortised cost’ or ‘financial assets at fair value through the profit or loss’. The appropriate classification is determined based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. Financial assets measured at amortised cost include ‘loan receivables’, ‘advances to OEMs’, ‘trade and other receivables’ and ‘cash and cash equivalents’ in the Consolidated Statement of Financial Position.

Financial assets at fair value through other comprehensive income include investments in equity instruments which are not held for trading. All other financial assets are classified as measured at fair value through profit or loss (“FVTPL”).

The Group and Company’s financial liabilities are categorised as either ‘financial liabilities measured at amortised cost’ or ‘financial liabilities at fair value through the profit or loss’. Financial liabilities measured at amortised cost includes ‘borrowings’, ‘obligations under finance leases’ and ‘trade and other payables’ in the Consolidated Statement of Financial Position.

A financial asset is recognised in the Consolidated Statement of Financial Position only when the Group becomes party to its contractual provisions. The purchase of financial assets is recognised using trade date accounting. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership. Financial liabilities are initially recognised at fair value, less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Group has recognised the hedging instruments set out note 13 at fair value, which are exposed to the Secured Overnight Financing Rate (“SOFR”). The Group also has certain floating rate liabilities where the reference rate are linked to SOFR.

u. **Derivatives and hedge accounting**

The Group and Company has entered into various financial instruments (derivatives) to manage foreign exchange and interest rate risk. Derivatives include swaps, forwards and options.

All derivatives are recognised on the Consolidated Statement of Financial Position at their fair value (market value). Market 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 method of recognising the resulting gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument.

Non-hedging derivatives are classified at fair value through the profit or loss. Gains and losses arising from changes in fair value of a non-hedging derivative are recognised as they arise in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under trading income/expense.

The Group and Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group and Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group and Company makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to the profit or loss in the same period as the hedged cash flows affect the profit or loss, and in the same line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

When a derivative is designated as the hedging instrument in a fair value hedge, changes in fair value are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discounted hedge of a forecast transaction the cumulative amount recognised in Other Comprehensive Income from the period when the hedge was effective is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the profit or loss as a reclassification adjustment. If the criteria for hedge accounting cease to be met in relation to a fair value hedge, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

Determination of fair values of derivative financial instruments and financial liabilities in fair value hedge relationships

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Group and Company's pricing and valuation methods are managed in conjunction with Sumitomo Mitsui Banking Corporation Capital Markets Inc.

The current pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk and liquidity risk.

v. **Provisions**

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

w. **Amounts receivable under finance leases**

A finance lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

x. **Loans receivable and advances to OEMs**

Loan receivables and advances to OEMs are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

y. **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

z. **Restricted cash**

Restricted cash includes cash held by the Group and Company which is ring-fenced or used as security for specific financing arrangements and to which the Group and Company does not have unfettered access.

aa. **Lease incentive accounting**

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognised for this amount, and it is amortised over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

bb. **Obligations under finance issues**

Assets held under finance leases are recognised as assets of the Group and Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

cc. **Maintenance reserves**

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position. At the end of the lease any excess is taken to revenue. Excess supplemental income from maintenance reserve is only recognised as revenue in the income statement when the Group and Company settles the full obligation in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

dd. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

ee. **Pensions**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as the related service is received from the employee.

ff. **Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

gg. **Profit from operating activities**

Operating profit is stated before charging or crediting investment income and finance costs.

hh. **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. **New standards adoption and amendments to IFRS**

The following new standards approved by the IASB have been applied in preparing these financial statements:

– Classification of Liabilities as Current (Amendments to IAS 1)

– Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

– Non-current Liabilities with Covenants (Amendments to IAS 1)

– Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

These standards had no impact on the Group. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to the Group and Company, but were not effective at 31 March 2025, and have not been applied in preparing these financial statements:

– The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21)

– Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendments to IFRS 9)

– Annual Improvements to IFRS – Volume 11

– IFRS 18 Presentation and Disclosure in Financial Statements

– IFRS 19 Subsidiaries without Public Accountability: Disclosures

These are all effective for annual periods beginning on or after 1 January 2025 (unless otherwise noted). The Group and Company have taken the decision not to adopt these amended standards and interpretations early. The impact of these amended standards and interpretations is not expected to be material.

2 REVENUE

	Year ended 31 March 2025	**Year ended 31 March 2024**
	US $'000	**US $'000**
Operating lease revenue		
Lease rentals	1,978,218	1,927,778
Lease incentive amortisation (note 17)	(94,971)	(50,737)
Maintenance income	51,305	29,877
Lease revenue	1,934,552	1,906,918

	Year ended 31 March 2025	Year ended 31 March 2024
	US $'000	US $'000
Fee income		
Aircraft management fees	9,600	7,408
Other revenue	9,600	7,408
	1,944,152	1,914,326

Maintenance income include redelivery payments received during the period, which increased compared to the prior period due to a higher level of redelivery activity.

Included in operating lease revenue above are the following amounts:		
Contingent rentals	34,677	77,393

The contingent element relates to lease rentals that are variable based on market interest rates and certain lease amendment agreements. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

	Year ended 31 March 2025	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2024
	US $'000	%	US $'000	%
Total rentals receivable distribution by geographical region:				
Emerging Asia	532,141	26.9	493,511	25.6
South America	308,602	15.6	269,889	14.0
Developed Europe	371,905	18.8	427,967	22.2
Emerging Europe	90,998	4.6	69,400	3.6
Asia	197,822	10.0	219,767	11.4
Middle East & Africa	181,996	9.2	177,356	9.2
North America	294,754	14.9	269,888	14.0
	1,978,218	100.0	1,927,778	100.0

The basis for disclosing revenue distribution by geographical region is that the portfolio is managed by region rather than by country.

3 OTHER OPERATING INCOME

	Year ended 31 March 2025	Year ended 31 March 2024
	US $'000	US $'000
Profit on disposal of property, plant and equipment	30,325	57,020
Other operating income	633,054	775,814
	663,379	832,834

Profit on disposal of property, plant and equipment decreased in the current period due to lower average gains per transaction despite higher aircraft trading activity.

Other operating income in the current period include insurance settlement proceeds of $630.0 million (year ended 31 March 2024: $755.8 million (note 9)) received or recognised in respect of aircraft previously leased to certain Russian airlines.

4 OPERATING EXPENSES

	Year ended 31 March 2025	Year ended 31 March 2024
	US $'000	US $'000
Administration expenses	(160,942)	(151,387)
Amortisation of computer software intangible assets	(1,549)	(1,390)
	(162,491)	(152,777)

Operating expenses increased during the year due to higher staff costs (note 6) and additional legal and other administrative expenses.

5 PROFIT FROM OPERATING ACTIVITIES

	Year ended 31 March 2025	Year ended 31 March 2024
	US $'000	US $'000
Operating profit has been arrived at after charging:		
Depreciation	597,717	672,934
Operating lease asset impairment charge	30,553	69,019
Credit impairment credit / (charge)	(20,592)	(11,545)
Group service fee	5,672	7,883
Auditors remuneration	1,721	1,589
Staff costs (note 6)	95,033	85,383
Other operating expenses	60,887	57,210
Foreign exchange (gain) / loss	(1,589)	(299)
Auditor's remuneration:		
Audit of the Group financial statements	645	794
Audit of the Subsidiary financial statements	259	310
Other assurance services	188	181
Other non-audit services	-	-
Tax advisory services	629	304
	1,721	1,589
Depreciation related to the Company	1,184	1,086

6 STAFF COSTS

	Year ended 31 March 2025	Year ended 31 March 2024
	US $'000	US $'000
Staff costs	80,951	72,874
Social security costs	8,384	7,431
Other pension costs	5,698	5,078
	95,033	85,383

Staff costs increased due to higher staff numbers, while no staff costs were capitalised during the year (year ended 31 March 2024: $nil). The average number of people in the organisation during the financial year was 280 (2024: 268), consisting of both direct employees and representatives, of which 96 staff members were dedicated to commercial & strategy functions (2024: 100), 59 to operational (2024: 65) an the remainder to finance, compliance and other support functions.

7 NET FINANCE COSTS

	Year ended 31 March 2025 US $'000	Year ended 31 March 2024 US $'000
Finance income:		
Interest income on swaps	235,742	235,874
Interest income on finance lease and loan receivables	55,751	59,333
Interest income on deposits	22,999	24,037
Total interest income	314,492	319,244

	Year ended 31 March 2025 US $'000	Year ended 31 March 2024 US $'000
Finance expense:		
Interest expense on swaps	(175,242)	(164,178)
Interest expense on borrowings	(794,180)	(804,035)
Less: Interest capitalised to the cost of aircraft (see note 20)	35,325	30,202
Bank charges, guarantee & other fees on borrowings	(44,935)	(50,607)
Total interest expense and related charges	(979,032)	(988,618)
Net interest expense	(664,540)	(669,374)

Interest expense on borrowings is disclosed net of break gains related to derivatives and liability management of $58.4 million (year ended 31 March 2024: $68.3 million).

8 TAXATION

	Year ended 31 March 2025 US $'000	Year ended 31 March 2024 US $'000
a ANALYSIS OF TAX CHARGE FOR THE YEAR		
Current tax charge:		
- Current year	48,013	14,356
- Pillar Two top-up tax	28,958	-
	76,971	14,356
Deferred tax - origination and reversal of temporary differences:		
- Current year	101,915	145,543
Tax charge	178,886	159,899
b FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
Profit before tax subject to tax at 12.5% (2024: 12.5%)	1,154,756	1,184,599
Profit before tax subject to tax at 25% (2024: 25%)	316	1,952
Profit before tax subject to tax at 17% (2024: 17%)	254	131
Profit before tax subject to tax at 16.5% (2024: 16.5%)	1,084	517
Profit before tax subject to tax at 8.25% (2024: 8.25%)	16,412	7,402
	1,172,822	1,194,601
Tax on profit at the rate of 12.5% (2024: 12.5%)	144,345	148,075
Tax on profit at the rate of 25% (2024: 25%)	79	488
Tax on profit at the rate of 17% (2024: 17%)	42	22
Tax on profit at the rate of 16.5% (2024: 16.5%)	179	85
Tax on profit at the rate of 8.25% (2024: 8.25%)	1,354	611

Pillar Two top-up tax	28,958	-
Other differences	3,346	2,179
Permanent difference - non-taxable income	-	(13)
Permanent difference - disallowed expenses	583	8,452
Tax charge	178,886	159,899

On 15 December 2022, the Council of the European Union formally adopted the OECD's Pillar Two Directive. The EU Minimum Tax Directive implements a minimum 15% tax rate on certain multinational enterprises in line with the OECD's Pillar Two Model Rules. Ireland has enacted the EU Minimum Tax Directive into domestic legislation and the Company is in scope for the year ended 31 March 2025. The Company recognised a current tax expense of $28.9 million in respect of the Pillar Two top-up tax (year ended 31 March 2024: $nil) in this regard. Additional guidance is expected from the OECD on the operation of Pillar Two and this could impact the Company's future effective tax rate. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

9 PROPERTY, PLANT AND EQUIPMENT

	Group Aircraft for hire under operating leases	Group Pre- Delivery Payments	Group Office equipment and fixtures & fittings	Group Right-of-use assets	Group Total
	US $'000	US $'000	US $'000	US $'000	US $'000
COST					
At 1 April 2023	24,750,614	982,062	13,576	92,619	25,838,871
Additions	1,947,613	364,725	31,928	960	2,345,226
Transfers	234,453	(234,453)	-	-	-
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(1,648,097)	-	-	(5,689)	(1,653,786)
Transfer to assets held for sale (see note 18)	(301,639)	-	-	-	(301,639)
At 31 March 2024	23,910,782	1,112,334	45,504	87,890	25,156,510
Additions	3,160,579	302,648	1,569	-	3,464,796
Transfers	252,008	(252,008)	-	-	-
Written off	-	-	(3,617)	(28,123)	(31,740)
Disposals	(2,128,912)	-	-	-	(2,128,912)
Transfer to assets held for sale (see note 18)	(499,431)	-	-	-	(499,431)
At 31 March 2025	24,695,026	1,162,974	43,456	59,767	25,961,223
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2023	4,069,131	-	12,305	9,844	4,091,280
Charge for the year	664,379	-	495	8,060	672,934
Impairment charge for the year	69,019	-	-	-	69,019
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(232,245)	-	-	(945)	(233,190)
Transfer to assets held for sale (see note 18)	(25,637)	-	-	-	(25,637)
At 31 March 2024	3,472,485	-	12,800	16,959	3,502,244
Charge for the year	589,813	-	3,676	4,228	597,717
Impairment charge for the year	30,553	-	-	-	30,553
Written off	-	-	-	(9,549)	(9,549)
Disposals	(423,878)	-	-	-	(423,878)
Transfer to assets held for sale (see note 18)	(153,006)	-	-	-	(153,006)
At 31 March 2025	3,515,967	-	16,476	11,638	3,544,081
CARRYING AMOUNT					
Net Book Value at 31 March 2025	21,179,059	1,162,974	26,980	48,129	22,417,142
Net Book Value at 31 March 2024	20,438,297	1,112,334	32,704	70,931	21,654,266

During the year, assets in the Group with a carrying value of $663.1 million (year ended 31 March 2024: $1.52 billion) and average age of 10.2 years (year ended 31 March 2024: 8.9 years) were assessed for impairment as evidence existed that suggested the economic performance of the aircraft is or will be worse than expected. Impairment was measured by determining the recoverable amount for each aircraft, being the higher of its (i) fair value less costs to sell and (ii) value in use, being the present values of cashflows from the leases attached to the aircraft (including as restructured lease cash flows related to aircraft where lessees were in default or restructuring processes) and the expected residual values from the realisation of the aircraft at lease-end when discounted at a rate of 6% (year ended 31 March 2024: 6%).

The carrying amount before impairment of these aircraft of $693.7 million (year ended 31 March 2024: $1.59 billion) was determined to be higher than the value in use, maintenance adjusted current market value or fair value less costs to sell of $663.1 million (year ended 31 March 2024: $1.52 billion) and an impairment loss of $30.6 million (year ended 31 March 2024: $69.0 million) was recognised during the year. The current and prior year charges related to aircraft where the net book values were in excess of either its respective value in use or maintenance adjusted current market value as set out below.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations, including reduced lease rentals for airlines that have entered restructuring processes. In certain instances these cash flow projections may also include potential cash outflows in respect of near-term scheduled maintenance events. Cash flow assumptions applied for these lease restructurings and for customers with ongoing restructuring negotiations, have been assessed and the highly probable outcomes have been included in line with the customer specific circumstances. If future cash flows were to deviate from current negotiations to worst-case cash flows at market rates, the impact on impairment would be deemed not material. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions, or in the case of potential repossessions on an 'as is' physical condition. The impairment loss recognised takes account of both the value in use and the maintenance adjusted current market value of the relevant aircraft.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated time on the ground, estimated residual values, economic conditions, technology and airline demand for particular aircraft variants. These estimated cashflows were discounted at 6% (year ended 31 March 2024: 6%) per annum.

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase in the discount rate used
- 5% decrease in the future lease rental cashflows of each aircraft
- 5% decrease in the residual value of aircraft at end of its useful economic life
- 3 month increase in the estimated time on the ground between leases

None of the above movements in risk variables would have resulted in a material impact on the impairment charge for property, plant and equipment for the current or prior year.

The value of lease and maintenance component assets included in above is $1.48 billion (31 March 2024: $1.49 billion). These lease and maintenance component assets arose from the purchase of second hand aircraft and the Goshawk acquisition and are accounted for in accordance with our policy as set out in note 1(n). There were no assets subject to obligations under finance leases at 31 March 2025 or 31 March 2024.

At 31 March 2025 the Group owned 510 aircraft, including aircraft classified as finance lease and loan receivables. The Group has one aircraft off-lease at year-end and 24 aircraft on lease which are scheduled to complete their lease term within the next twelve months. There were ten aircraft held for sale at 31 March 2025 (31 March 2024: eight).

The Group recognised a write off of $1.62 billion in the year ended 31 March 2022, representing 100% of the carrying value of the 34 aircraft lost in Russia. Those aircraft were the subject of litigation commenced in the Irish Courts and some of the aircraft are also the subject of litigation before the UK Courts (see details at Russian Sanctions section of Directors' Report).

During the current and prior year, the Group received insurance settlement proceeds (note 3) in respect of certain of its aircraft previously leased to certain Russian airlines. The amounts represent settlements of the Group's insurance claims (i) under the relevant airlines' insurance and reinsurance policies relating to relevant aircraft and associated engines and (ii) under the Group's own insurance policies relating to relevant aircraft and associated engines. The insurance settlements and receipt of the insurance settlement proceeds were carried out in full compliance with all applicable laws, sanctions and regulations and have been approved by the U.S. Department of Commerce and the U.S. Department of the Treasury.

	Company Aircraft for hire under operating leases	Company Pre-Delivery Payments	Company Office equipment and fixtures & fittings	Company Right-of-use assets	Company Total
	US $'000	US $'000	US $'000	US $'000	US $'000
COST					
At 1 April 2023	18,425,995	982,062	13,558	86,574	19,508,189
Additions	3,710,379	364,725	31,929	862	4,107,895
Transfers	234,453	(234,453)	-	-	-
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(1,474,579)	-	-	-	(1,474,579)
Transfer to assets held for sale (see note 18)	(233,486)	-	-	-	(233,486)
At 31 March 2024	19,590,600	1,112,334	45,487	87,436	20,835,857
Additions	4,581,502	302,648	1,569	-	4,885,719
Transfers	252,008	(252,008)	-	-	-
Written off	-	-	(3,617)	(27,669)	(31,286)
Disposals	(1,456,133)	-	-	-	(1,456,133)
Transfer to assets held for sale (see note 18)	(502,897)	-	-	-	(502,897)
At 31 March 2025	22,465,080	1,162,974	43,439	59,767	23,731,260
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2023	4,005,645	-	12,289	9,283	4,027,217
Charge for the year	375,268	-	494	7,229	382,991
Impairment charge for the year	56,127	-	-	-	56,127
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(203,358)	-	-	-	(203,358)
Transfer to assets held for sale (see note 18)	(18,555)	-	-	-	(18,555)
At 31 March 2024	3,142,965	-	12,783	16,512	3,172,260
Charge for the year	439,346	-	3,676	4,220	447,242
Impairment charge for the year	26,618	-	-	-	26,618
Written off	-	-	-	(9,094)	(9,094)
Disposals	(302,452)	-	-	-	(302,452)
Transfer to assets held for sale (see note 18)	(153,526)	-	-	-	(153,526)
At 31 March 2025	3,152,951	-	16,459	11,638	3,181,048
CARRYING AMOUNT					
Net Book Value at 31 March 2025	19,312,129	1,162,974	26,980	48,129	20,550,212
Net Book Value at 31 March 2024	16,447,635	1,112,334	32,704	70,924	17,663,597

10 INVESTMENT IN SUBSIDIARIES - COMPANY

	31 March 2025	31 March 2024
	US $'000	US $'000
At cost	1,569,488	1,572,278

The Company's significant subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

Owned by the Company:	Nature of business:	Country of incorporation:
SMBC Aviation Capital Ireland Leasing 3 Limited (1)	Leasing	Ireland
SMBC Aviation Capital Finance Designated Activity Company (1)	Debt issuance	Ireland
SMBC Aviation Capital Management Limited (2)......................................	Leasing	Ireland
SMBC Aviation Capital Hong Kong Limited (3)..	Leasing	China
SMBC Aviation Capital Hong Kong 3 Limited (3)....................................	Leasing	China

Registered addresses of entities above, denoted by reference attached to each entity name:

1) Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland

2) 32 Molesworth Street, Dublin 2, Ireland

3) 31 & 32/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong

Movements during the year:	US $'000
At 1 April 2023..	728,700
Addition during the year..	859,058
Repayment of investment	(15,480)
At 31 March 2024..	1,572,278
Addition during the year..	16,905
Subsidiaries merged during the period	(19,695)
At 31 March 2025..	1,569,488

The Company received dividend totalling $22.0 million (2024: $60.0 million) from subsidiary companies during the year.

During the year ended 31 March 2025, a number of subsidiaries of the Company were merged into the Company, with associated asset, liability and retained earnings balances absorbed into the Company's existing respective balances.

The Company's significant subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

11 FINANCIAL INSTRUMENTS

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

At 31 March 2025	Group Carrying Value US $'000	Group Fair Value US $'000	Company Carrying Value US $'000	Company Fair Value US $'000
Financial assets at fair value through profit or loss				
Derivative financial instruments	15,803	15,803	15,803	15,803
Financial assets measured at amortised cost...........				
Advances to OEMs	146,180	146,180	146,180	146,180
Finance lease and loan receivables.....................	663,372	663,460	1,423,356	1,588,134

Trade and other receivables	344,411	344,411	357,159	357,159
Cash and cash equivalents	717,476	717,476	697,201	697,201
Financial assets	1,887,242	1,887,330	2,639,699	2,804,477
Financial liabilities at fair value through profit or loss	24,103	24,103	24,103	24,103
Derivative financial instruments				
Financial liabilities measured at amortised cost:				
Trade and other payables	2,233,080	2,233,080	2,789,330	2,789,330
Borrowings	15,922,034	15,670,495	15,935,513	15,704,725
Subordinated liabilities	300,000	293,353	300,000	293,353
Financial liabilities	18,479,217	18,221,031	19,048,946	18,811,511

At 31 March 2024	Group Carrying Value US $'000	Group Fair Value US $'000	Company Carrying Value US $'000	Company Fair Value US $'000
Financial assets at fair value through profit or loss	52,100	52,100	52,100	52,100
Derivative financial instruments				
Financial assets measured at amortised cost				
Advances to OEMs	72,629	72,629	72,629	72,629
Finance lease and loan receivables	560,906	561,413	3,253,566	3,690,496
Trade and other receivables	222,429	222,429	240,396	240,396
Cash and cash equivalents	1,035,602	1,035,602	981,860	981,860
Financial assets	1,943,666	1,944,173	4,600,551	5,037,481
Financial liabilities at fair value through profit or loss	3,764	3,764	3,764	3,764
Derivative financial instruments				
Financial liabilities measured at amortised cost:				
Trade and other payables	2,026,704	2,026,704	2,237,890	2,237,890
Borrowings	16,230,089	15,441,268	16,268,274	15,468,676
Subordinated liabilities	300,000	289,967	300,000	289,967
Financial liabilities	18,560,557	17,761,703	18,809,928	18,000,297

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Cash and cash equivalents - the fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Finance lease and loan receivables measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Advances to OEMs measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

12 DERIVATIVES AT FAIR VALUE

All derivatives held at the reporting date are with Sumitomo Mitsui Banking Corporation Capital Markets Inc., and are in US Dollars only. All derivatives entered into are for hedging purposes and are carried at fair value. Those derivatives that do not meet IAS39 hedge accounting criteria are held for economic hedging purposes. The value of derivatives designated as cash flow hedge relationships is $8.3 million (2024: $48.3 million). The value of derivative assets designated as fair value hedge relationships is $nil (2024: $nil). The total amount of the change in fair value estimated in the profit or loss during the period was $nil (2024: $nil) in respect of certain ineffective cashflow hedges and a $nil (2024: $nil) in respect of certain ineffective fair values hedges.

	Group Notional	**Group Fair values**		**Company Notional**	**Company Fair values**	
At 31 March 2025	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,629,474	15,803	(24,103)	3,629,474	15,803	(24,103)
Total	3,629,474	15,803	(24,103)	3,629,474	15,803	(24,103)
At 31 March 2024						
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,600,234	52,100	(3,764)	3,600,234	52,100	(3,764)
Total	3,600,234	52,100	(3,764)	3,600,234	52,100	(3,764)

Summary	**Group 31 March 2025 US $'000**	**Group 31 March 2024 US $'000**	**Company 31 March 2025 US $'000**	**Company 31 March 2024 US $'000**
Assets due within one year	545	9,434	545	9,434
Assets due after one year	15,258	42,666	15,258	42,666
Liabilities due within one year	-	-	-	-
Liabilities due after one year	(24,103)	(3,764)	(24,103)	(3,764)
Total	(8,300)	48,336	(8,300)	48,336

13 HEDGE ACCOUNTING

The Group and Company uses interest rate swaps to hedge the interest rate risks arising from receipt of variable interest receivables on leases.

The fair values of derivatives designated as cash flow hedges are as follows:

(d) Group

	Notional contract amount	Fair values	
		Assets	Liabilities
At 31 March 2025	**US $'000**	**US $'000**	**US $'000**
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,629,474	15,803	(24,103)
	3,629,474	15,803	(24,103)
At 31 March 2024			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,600,234	52,100	(3,764)
	3,600,234	52,100	(3,764)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1 year	In the 2nd year	3 to 5 years	Over 5 years
At 31 March 2025	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Cash inflows	186,540	146,773	158,418	2,680
Cash outflows	(173,360)	(155,428)	(166,251)	(2,749)

During the financial year ended 31 March 2025, $55.8 million (2024: $31.9 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedge. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Other Comprehensive Income (2024: $nil).

(e) Company

	Notional contract amount	Fair values	
		Assets	Liabilities
At 31 March 2025	**US $'000**	**US $'000**	**US $'000**
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,629,474	15,803	(24,103)
	3,629,474	15,803	(24,103)
At 31 March 2024			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,600,234	52,100	(3,764)
	3,600,234	52,100	(3,764)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1	In the 2nd	3 to 5	Over 5

At 31 March 2025	year US $'000	year US $'000	years US $'000	years US $'000
Cash inflows	186,540	146,773	158,418	2,680
Cash outflows	(173,360)	(155,428)	(166,251)	(2,749)

During the financial year ended 31 March 2025, $55.8 million (2024: $31.9 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedge. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Other Comprehensive Income (2024: $nil).

Analysis of effective portion of changes in fair value of cash flow hedges	**Group Year ended 31 March 2025** **US $'000**	**Group Year ended 31 March 2024** **US $'000**	**Company Year ended 31 March 2025** **US $'000**	**Company Year ended 31 March 2024** **US $'000**
Derivatives in place for the full year	24,887	53,698	24,887	53,698
Derivatives matured during the year	(72,051)	(22,654)	(72,051)	(22,654)
Derivatives entered into during the year	(8,642)	850	(8,642)	850
Effective portion of changes in fair value of cash flow hedges	(55,806)	31,894	(55,808)	31,894
Tax effect	6,976	(3,987)	6,976	(3,987)
	(48,830)	27,907	(48,830)	27,907

14 FINANCE LEASES AND LOAN RECEIVABLES

	Group 31 March 2025 **US $'000**	**Group 31 March 2024** **US $'000**	**Company 31 March 2025** **US $'000**	**Company 31 March 2024** **US $'000**
Current				
Fixed rate receivables				
Finance leases	6,924	3,546	3,175	-
Loan receivables	-	-	2,523	2,523
Floating rate receivables				
Loan receivables	42,539	35,878	68,264	161,457
Non-current				
Fixed rate receivables				
Finance leases	51,385	34,570	20,564	-
Loan receivables	-	-	140,177	66,995
Floating rate receivables				
Loan receivables	562,524	486,912	1,188,653	3,022,591
	613,909	521,482	1,349,394	3,089,586
Total finance lease and loan receivables	663,372	560,906	1,423,356	3,253,566

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

	Group 31 March 2025 **US $'000**	**Group 31 March 2024** **US $'000**	**Company 31 March 2025** **US $'000**	**Company 31 March 2024** **US $'000**
Less than 1 year	7,354	6,372	982	-
1-2 years	34,739	6,372	2,394	-
2-3 years	2,676	32,345	2,676	-
3-4 years	2,676	-	2,676	-
4-5 years	2,676	-	2,676	-

5+ years	22,301	-	22,301	-
Total undiscounted lease payments receivable	72,422	45,089	33,705	-
Unearned finance income	(14,113)	(6,973)	(9,966)	-
Net investment in finance leases	58,309	38,116	23,739	-

Finance lease receivables - Group:

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases two aircraft for which substantially all of the risks and rewards of ownership have transferred, resulting in the classification of these arrangements as finance leases. Finance income in the period on the net investment in leases totalled $55.8 million (31 March 2024: $59.3 million; see note 7). Collateral for these finance leases are the relevant leased aircraft.

Finance lease receivables - Company:

The Company has also entered into a small number of sub-leases as lessor that are considered to be finance leases. These sub-leases represent components of properties surplus to the Group's own requirements.

Loan receivables - Group:

The Group acquired 11 aircraft in recent years, which were placed with airline customers. These leases do not meet the definition of a lease under IFRS 16 and therefore the amounts are classified as loan receivables.

Loan receivables - Company:

Loans receivable by the Company consist of funding provided to its subsidiary undertakings in the normal course of their leasing activities and are considered fully recoverable.

The expected credit loss of the Group's finance lease and loan receivables is assessed based on historic loss rates and the carrying value of the finance lease receivable net of collateral held. No material expected credit loss has been recognised on the Group's finance lease and loan receivables.

15 TRADE AND OTHER RECEIVABLES

	Group 31 March 2025	**Group 31 March 2024**	**Company 31 March 2025**	**Company 31 March 2024**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Trade debtors	33,733	89,674	14,828	42,805
Deferred lease receivables	35,815	42,253	26,944	42,253
Credit impairment provisions	(6,193)	(48,061)	(6,193)	(31,712)
Net lease receivables	63,355	83,866	35,579	53,346
Amounts due from parent group undertakings	26,478	16,717	83,645	85,440
Prepayments	94,259	101,369	75,750	85,857
Other debtors	160,319	20,477	162,185	15,753
	344,411	222,429	357,159	240,396
Age analysis of net trade debtors				
Less than one month	7,091	10,950	6,081	3,478
One to two months	2,105	10,279	2,153	7,148
More than two months	24,537	68,445	6,594	32,179
	33,733	89,674	14,828	42,805

Most airline customers continue to experience improved performance, which, in addition to the conclusion of a restructuring during the period, have resulted in lower trade receivables. The credit impairment reversal in the current period of $20.6 million (year ended 31 March 2024: reversal of $11.5 million) was impacted by the decrease in receivables and other factors noted above. The credit impairment charge is determined by classifying lessees into four categories with an appropriate provision percentage ascribed to each category depending on payment performance (note 21(d)).

Other debtors include inventory of engines and airframes totalling $3.8 million (31 March 2024: $3.8 million) as well as an amount of insurance proceeds receivable, which was received in April 2025.

16 CASH AND CASH EQUIVALENTS

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Bank account	32,728	54,500	12,453	758
Bank account with parent group undertakings	5,337	14,947	5,337	14,947
Short-term deposits with parent group undertakings	679,411	966,155	679,411	966,155
	717,476	1,035,602	697,201	981,860
Restricted cash	-	-	-	-
Cash and cash equivalents net of restricted cash	717,476	1,035,602	697,201	981,860

17 LEASE INCENTIVE ASSETS

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Lease incentive assets	219,968	184,655	219,968	184,655
Amortised during the year (note 2)	(94,971)	(50,737)	(94,971)	(50,737)
Additions of lease incentive assets	194,964	112,947	194,964	112,947
Release of lease incentive assets on disposal of aircraft	(24,481)	(24,844)	(24,481)	(24,844)
Transfer to assets held for sale (note 18)	(10,476)	(2,053)	(10,476)	(2,053)
	285,004	219,968	285,004	219,968
Current lease incentive assets (amortising within 12 months)	95,879	52,423	95,879	52,423
Non-current lease incentive assets (amortising after 12 months)	189,125	167,545	189,125	167,545
	285,004	219,968	285,004	219,968

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (note 2).

18 ASSETS AND LIABILITIES HELD FOR SALE

The aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Assets held for sale				
Property, plant and equipment – aircraft	346,426	276,001	349,372	214,932
Lease incentive assets	10,476	2,053	10,476	2,053
	356,902	278,054	359,848	216,985
Liabilities associated with assets held for sale				

Security deposits	10,684	3,185	10,684	1,913
Maintenance reserve	40,019	25,956	40,019	9,729
Lessor contributions	18,911	4,576	18,911	2,780
	69,614	33,717	69,614	14,422
	287,288	244,337	290,234	202,563

At 31 March 2025, the Group classified ten aircraft (31 March 2024: eight) as held-for-sale as the Group had agreements for the sale of these aircraft which met the requirement to be classified as held-for-sale. The Group generally continues to recognise lease rental income on all aircraft in this classification, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

19 TRADE AND OTHER PAYABLES

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Security deposits	167,564	153,901	152,172	115,895
Maintenance reserves	719,278	665,138	583,173	329,925
Lessor contributions	401,812	333,645	334,878	309,212
Prepaid lease rentals and fee income received	154,240	148,552	138,126	115,436
Trade creditors	32,388	50,407	32,397	35,612
Accrued interest - third party undertakings	157,449	139,305	79,002	94,056
Amounts due to parent group undertakings	288,271	201,842	1,170,330	926,697
Collateral cash received	4,859	66,800	4,859	66,800
Other creditors	237,605	233,397	224,779	229,835
	2,163,466	1,992,987	2,719,716	2,223,468
Analysed as:				
Non-current trade and other payables (payable after 12 months)	1,088,832	1,079,609	879,700	729,748
Current trade and other payables (payable within 12 months)	1,074,634	913,378	1,840,016	1,493,720
	2,163,466	1,992,987	2,719,716	2,223,468

Analysis of Group trade and other payables:

	Due < 12 months	Due > 12 months	Total
At 31 March 2025	US $'000	US $'000	US $'000
Security deposits	5,392	162,172	167,564
Maintenance reserve	80,678	638,600	719,278
Lessor contributions	178,924	222,888	401,812
Prepaid lease rentals and fee income received	154,240	-	154,240
Trade creditors	32,388	-	32,388
Accrued interest - third party undertakings	157,449	-	157,449
Amounts due to parent group undertakings	288,271	-	288,271
Collateral cash received	4,859	-	4,859
Other creditors	172,433	65,172	237,605
	1,074,634	1,088,832	2,163,466

	Due < 12 months	Due > 12 months	Total
At 31 March 2024	US $'000	US $'000	US $'000
Security deposits	7,182	146,719	153,901
Maintenance reserve	63,703	601,435	665,138

Lessor contributions	77,042	256,603	333,645
Prepaid lease rentals and fee income received	148,552	-	148,552
Trade creditors	50,407	-	50,407
Accrued interest - third party undertakings	139,305	-	139,305
Amounts due to parent group undertakings	201,842	-	201,842
Collateral cash received	66,800	-	66,800
Other creditors	158,545	74,852	233,397
	913,378	1,079,609	1,992,987

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

20 BORROWINGS

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Loan amounts due to third party undertakings	5,476,322	5,503,350	4,420,696	4,585,225
Loan amounts due to parent group undertakings	6,319,227	7,593,453	6,319,227	7,593,453
Loan amounts due to subsidiaries	-	-	5,195,590	4,089,596
Other debt securities issued	4,126,485	3,133,286	-	-
	15,922,034	16,230,089	15,935,513	16,268,274
The borrowings are repayable as follows:				
On demand or within one year	1,714,201	1,183,210	1,714,201	483,210
In the second year	1,245,106	1,673,281	1,245,106	1,873,281
In the third to fifth year inclusive	7,480,970	6,197,471	7,480,970	4,568,331
After five years	5,481,757	7,176,127	5,495,236	9,343,452
	15,922,034	16,230,089	15,935,513	16,268,274
Less: Amounts due for settlement within 12 months	(1,714,201)	(1,183,210)	(1,714,201)	(483,210)
Amounts due for settlement after 12 months	14,207,833	15,046,879	14,221,312	15,785,064

As at 31 March 2025, the Group had $13.7 billion of available capacity in place through a combination of undrawn shareholder funding ($10.0 billion), third party availability ($3.0 billion) and unrestricted cash balances. The Group has short-term debt repayment obligations (due within 12 months) totalling $1.7 billion and other current liabilities of $1.1 billion. The short-term debt obligations include shareholder funding repayments of $842.6 million, which will become available as additional capacity on repayment. The Group also had purchase commitments consisting of direct orders and sale-leaseback commitments totalling $2.8 billion due to fall due within a year (note 28).

The Group closed the sale of $650 million of its 5.30% senior unsecured notes due 2029 as well as the sale of $850 million of its 5.55% senior unsecured notes due 2034 on 3 April 2024. At 31 March 2025, the Group had the following notes in issuance:

– $500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021

– $500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021

– $650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023

– $1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023

- $650 million of its 5.30% senior unsecured notes due 2029 issued on 3 April 2024
- $850 million of its 5.55% senior unsecured notes due 2034 issued on 3 April 2024

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

All borrowings are unsecured, interest-bearing at market related interest rates determined by each facility's respective term, collateral and counterparty.

The amount of borrowing costs that were capitalised to the cost of aircraft in the period in the Group was $35.3 million (year ended 31 March 2024: $30.2 million; note 11). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Reconciliation of cash and non-cash movements of Group borrowings:

	As at 1 April 2024	Cash flows in the period	Non-cash changes: Fair value changes	Non-cash changes: Amortisation of issuing costs	As at 31 March 2025
	US $'000	US $'000	US $'000	US $'000	US $'000
Floating rate borrowings................					
Loan amounts due to third party undertakings	4,840,000	(27,512)	-	-	4,812,488
Loan amount due to parent group undertakings	97,500	(20,000)	-	-	77,500
	4,937,500	(47,512)	-	-	4,889,988
Fixed rate borrowings....................					
Loan amount due to parent group undertakings	7,495,953	(1,254,226)	-	-	6,241,727
Loan amounts due to third party undertakings	663,350	-	-	484	663,834
Other debt securities issued	3,133,286	990,787	-	2,412	4,126,485
	16,230,089	(310,951)	-	2,896	15,922,034

Terms, conditions and analysis of Group borrowings before impact of derivatives:

At 31 March 2025	Average interest rate	Year of maturity	Due < 12 months	Due > 12 months	Total
	%		US $'000	US $'000	US $'000
Floating rate borrowings....................					
Loan amounts due to third party undertakings...............................	5.69	2025-2035	772,721	4,039,767	4,812,488
Loan amount due to parent group undertakings...............................	5.90	2028-2029	20,000	57,500	77,500
			792,721	4,097,267	4,889,988
Fixed rate borrowings........................					
Loan amount due to parent group undertakings...............................	4.42	2026-2035	822,646	5,419,081	6,241,727
Loan amounts due to third party undertakings...............................	2.92	2025-2031	98,834	565,000	663,834
Other debt securities issued	4.70	2026-2034	-	4,126,485	4,126,485
			1,714,201	14,207,833	15,922,034

As at 31 March 2025, the average interest rate on floating rate borrowings after the impact of derivatives is 5.25% (31 March 2024: 5.35%).

	Average interest rate	Year of maturity	Due < 12 months	Due > 12 months	Total
At 31 March 2024	%		US $'000	US $'000	US $'000
Floating rate borrowings....................					
Loan amounts due to third party undertakings...............................	6.74	2025-2029	400,000	4,440,000	4,840,000
Loan amount due to parent group undertakings...............................	6.97	2028-2029	20,000	77,500	97,500
			420,000	4,517,500	4,937,500
Fixed rate borrowings.........................					
Loan amount due to parent group undertakings...............................	4.61	2024-2035	263,210	7,232,743	7,495,953
Loan amounts due to third party undertakings...............................	2.92	2025-2031	-	663,350	663,350
Other debt securities issued	4.16	2024-2033	500,000	2,633,286	3,133,286
			1,183,210	15,046,879	16,230,089

21 FINANCIAL RISK MANAGEMENT

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board of Directors, in conjunction with the Transportation Business Planning Department ("TBPD") on behalf of the Consortium, develops and monitors the Group and Company's risk management policies which are established to identify and analyse the risks faced by the Group and Company, which include:

a. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company seek to minimise cash flow currency risk by ensuring its leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. The Group and Company have no currency swaps in place at year-end.

All financial instruments are in US dollars with the exception of the following: certain bank accounts held in Euro and Sterling as well as certain receivables and payables in Euro and Sterling. There was no material change in the currency risk of the Group and Company during the period.

The carrying amounts of other currency denominated monetary assets and liabilities are as follows:

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Euro assets...	301,091	207,753	271,004	185,038
Sterling assets..	18,655	16,473	18,365	16,100
Japanese yen assets	3,967	2,997	2,154	1,695
Hong Kong dollar assets	8,419	4,988	7,115	4,427
Euro liabilities	(247,097)	(199,702)	(200,482)	(177,309)
Sterling liabilities	(6,684)	(5,886)	(6,681)	(5,813)
Japanese yen liabilities	(1,601)	(512)	(1,022)	(464)
Hong Kong dollar liabilities	(6,516)	(3,517)	(164)	(284)

Chinese yuan liabilities	(383)	(135)	(383)	(135)

At 31 March 2025, if the foreign currency, on the balances disclosed above, weakened/strengthened against the US dollar by 5% with all other variables held constant, the underlying post-tax profit for the Group for the year would have been $3.5 million lower / higher, and for the Company would have been $4.5 million lower / higher, mainly as a result of foreign exchange gains/losses on retranslation of Euro denominated cash balances, payables and other receivables.

b. **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company's policy is to seek to minimise cash flow interest rate risk when entering into leasing transactions by the use of appropriate matched funding, including the use of derivative financial instruments. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. There was no material change in the interest rate risk of the Group and Company during the period.

At the end of the reporting period the interest rate profile of the Group and Company's interest-bearing financial instruments was as follows:

Interest rate risk:	**Group 31 March 2025**	**Group 31 March 2024**	**Company 31 March 2025**	**Company 31 March 2024**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Financial assets				
- variable rate	605,063	522,790	1,256,917	3,184,048
- fixed rate	815,627	1,076,900	923,757	1,108,302
- non-interest bearing	466,552	343,976	459,025	308,201
Total Financial Assets	1,887,242	1,943,666	2,639,699	4,600,551
Financial liabilities				
- variable rate	5,189,988	5,237,500	5,203,468	4,319,375
- fixed rate	11,032,046	11,292,589	11,032,045	12,248,899
- non-interest bearing	2,257,183	2,030,468	2,813,433	2,241,654
Total Financial Liabilities	18,479,217	18,560,557	19,048,946	18,809,928

The Group and Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 March 2025, if interest rates on financial assets or liabilities with variable interest rates shifted by 10bps, the underlying post-tax profit for the year would have been $0.2 million lower / higher; other components of equity would have been $9.0 million lower / higher as a result of a decrease/increase in the fair value of cash flow hedge reserves. The weighted average fixed rate for the interest rate swap portfolio was 5.03%.

c. **Liquidity Risk**

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 March 2025, the Group had put in place $13.7 billion of available capacity through a combination of undrawn shareholder funding ($10.0 billion), third party availability ($3.0 billion) and unrestricted cash balances. Any maturity mismatch within the overall long-term structure of the Group and Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Group and Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise. Operating cash flows remained stable in the current year, which, along with available liquidity capacity, has ensured that there was no material change in the liquidity risk of the Group and Company during the period.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Group Carrying value 31 March 2025	Group Contracted cashflows 31 March 2025	Group Carrying value 31 March 2024	Group Contracted cashflows 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Liabilities associated with assets held for sale.....	69,614	69,614	33,717	33,717
Trade and other payables....................................	2,009,226	2,009,226	1,844,435	1,844,435
Obligations under finance leases	-	-	-	-
Borrowings...	15,922,034	17,316,192	16,230,089	19,879,785
Subordinated liabilities.......................................	300,000	309,624	300,000	685,357
Interest rate swaps	24,103	497,788	3,764	554,689
	18,324,977	20,202,444	18,412,005	22,997,983

	Group Less than 1 year	Group 1 to 2 years	Group 3 to 5 years	Group Over 5 years
	US $'000	US $'000	US $'000	US $'000
At 31 March 2025				
Non-derivative financial instruments Liabilities associated with assets held for sale........................	(69,614)	-	-	-
Trade and other payables.......................................	(920,394)	(130,151)	(514,629)	(444,054)
Borrowings..	(2,807,199)	(1,897,433)	(8,808,004)	(3,803,556)
Subordinated liabilities..	(309,624)	-	-	-
Total non-derivative financial instruments outflows...	(4,106,831)	(2,027,584)	(9,322,633)	(4,247,610)
Derivative financial instruments (gross)................				
Interest Rate Swaps				
Net Settled – inflow...	13,180	-	-	-
Net Settled – outflow...	-	(8,654)	(7,832)	(69)
Total Outflows...	(4,093,651)	(2,036,238)	(9,330,465)	(4,247,679)

	Group Less than 1 year	Group 1 to 2 years	Group 3 to 5 years	Group Over 5 years
	US $'000	US $'000	US $'000	US $'000
At 31 March 2024				
Non-derivative financial instruments				
Liabilities associated with assets held for sale.....	(33,717)	-	-	-
Trade and other payables....................................	(764,826)	(118,128)	(442,779)	(518,702)
Borrowings...	(2,929,295)	(2,284,954)	(7,448,537)	(7,216,999)
Subordinated liabilities.......................................	(28,726)	(25,038)	(68,574)	(563,019)
Total non-derivative financial instruments outflows..	(3,756,564)	(2,428,120)	(7,959,890)	(8,298,720)
Derivative financial instruments (gross).............				
Interest Rate Swaps				
Net Settled – inflow...	59,233	13,628	-	436
Net Settled – outflow...	-	-	(8,632)	-

Total Outflows	(3,697,331)	(2,414,492)	(7,968,522)	(8,298,284)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

	Company Carrying value 31 March 2025	Company Contracted cashflows 31 March 2025	Company Carrying value 31 March 2024	Company Contracted cashflows 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Liabilities associated with assets held for sale	69,614	69,614	33,717	33,717
Trade and other payables	2,581,590	2,581,590	2,108,032	2,108,032
Borrowings	15,935,513	17,329,671	16,268,274	19,917,970
Subordinated liabilities	300,000	309,624	300,000	685,357
Interest rate swaps	24,103	497,788	3,764	554,689
	18,910,820	20,788,287	18,713,787	23,299,765

	Company Less than 1 year	Company 1 to 2 years	Company 3 to 5 years	Company Over 5 years
	US $'000	US $'000	US $'000	US $'000
At 31 March 2025				
Non-derivative Financial Instruments Liabilities associated with assets held for sale	(69,614)	-	-	-
Trade and other payables	(1,701,890)	(128,285)	(394,333)	(357,082)
Borrowings	(2,820,678)	(1,897,433)	(8,808,004)	(3,803,556)
Subordinated liabilities	(309,624)	-	-	-
Total Non-derivative Financial Instruments Outflows	(4,901,806)	(2,025,718)	(9,202,337)	(4,160,638)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	13,180	-	-	-
Net Settled – outflow	-	(8,654)	(7,832)	(69)
Total Outflows	(4,888,626)	(2,034,372)	(9,210,169)	(4,160,707)

	Company Less than 1 year	Company 1 to 2 years	Company 3 to 5 years	Company Over 5 years
	US $'000	US $'000	US $'000	US $'000
At 31 March 2024				
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(33,717)	-	-	-
Trade and other payables	(1,378,284)	(113,486)	(259,548)	(356,712)
Borrowings	(2,967,480)	(2,284,954)	(7,448,537)	(7,216,999)
Subordinated liabilities	(28,726)	(25,038)	(68,574)	(563,019)
Total Non-derivative Financial Instruments Outflows	(4,408,207)	(2,423,478)	(7,776,659)	(8,136,730)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	59,233	13,628	-	436
Net Settled – outflow	-	-	(8,632)	-
Total Outflows	(4,348,974)	(2,409,850)	(7,785,291)	(8,136,294)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

d. **Credit Risk**

Credit risk is the risk arising from the possibility that the Group and Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed with oversight from the Aircraft Credit Department ("ACCD") to enable the Group and Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a portfolio basis. The key principles of credit risk management set out in the Framework include:

- Approval of credit exposure must be granted prior to any advance or extension of credit.

- An appropriate credit risk assessment of the customer and related credit facilities must be undertaken prior to approval of credit exposure. This must include an assessment of, amongst others, the purpose of the credit and sources of repayment, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.

- Credit risk authority must be specifically granted in writing to all individuals involved in the granting of credit approval, whether this is exercised personally or collectively as part of a credit committee. These individuals must act independently and with balanced commercial judgement in exercising credit authority.

- Where credit authority is exercised personally, the individual must not have any responsibility or accountability for business revenue origination.

- All credit exposures, once approved, must be effectively monitored and managed and reviewed periodically against approved guidelines. Review occurs at least annually, with lower quality exposures being subject to a greater frequency of analysis and assessment.

- Customers with emerging credit problems must be identified early and classified accordingly. Remedial actions must be implemented promptly to minimise the potential loss to the Company and consideration given whether to transfer customers with credit problems to a specialised problem management or recovery unit.

- Portfolio analysis and reporting must be used to identify and manage credit risk concentrations and credit risk quality.

The Group's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables ($344.4 million of which $63.4 million relate to lease receivables) resulting from its leasing activities, advances to OEMs ($146.2 million) and cash and cash equivalents (bank accounts totalling $717.5 million; including $684.7 million with group companies). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group did not recognise an impairment allowance as the potential allowance was deemed to be immaterial.

At 31 March 2025, the Group's significant cash and deposit counterparties were:

	US $'000
SMBC (credit rating A (S&P))	684,748

Citibank (credit rating A+ (S&P))	32,728
	717,476

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. At 31 March 2025, the Group was exposed to trade debtors of $33.7 million (2024: $89.7 million) and deferred lease receivables of $35.8 million (2024: $42.3 million), and held a provision for expected credit losses against these for $6.2 million (2024: $48.1 million). At the same date, the Group also held letters of credit in relation to lease rentals and maintenance exposures of $490.7 million (2024: $530.0 million) in addition to $937.5 million of cash security deposits and maintenance reserves (2024: $848.2 million; see note 19).

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables and gross of collateral held.

The table below provides an analysis of exposure to credit risk and ECLs for trade receivables as at:

	Expected credit loss provision %		**Group 31 March 2025**		**Group 31 March 2024**	
	31 March 2025	**31 March 2023**	**Gross carrying amount**	**Impairment loss**	**Gross carrying amount**	**Impairment loss**
	%	**%**	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Category 1	0.1%	0.2%	8,424	67	146	-
Category 2	1.8%	1.1%	1,497	1	-	-
Category 3	7.6%	7.2%	3,197	1	3,646	86
Category 4	15% - 100%	33% - 100%	20,615	6,124	85,882	47,975
			33,733	6,193	89,674	48,061

	Expected credit loss provision %		**Group 31 March 2025**		**Group 31 March 2024**	
	31 March 2025	**31 March 2024**	**Gross carrying amount**	**Impairment loss**	**Gross carrying amount**	**Impairment loss**
	%	**%**	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Category 1	0.1%	0.2%	4,048	66	50	-
Category 2	1.8%	1.1%	756	-	-	-
Category 3	7.6%	7.2%	3,197	-	776	86
Category 4	15% - 100%	33% - 100%	6,827	6,127	41,979	31,626
			14,828	6,193	42,805	31,712

The Group and Company classifies financial assets and calculate respective expected credit losses by reference to the categories noted above, with Category 1 being the lowest risk and Category 4 the highest risk. Classification is determined by a combination of previous default rates and estimated future losses based on credit grading, current economic situation and the increasing level of receivables of each lessee. Category 4 for the Group includes gross trade receivables of $0.6 million, $1.3 million, $18.5 million and $0.2 million with applicable credit loss provision rates of 15%, 33%, 50% and 100% respectively.

The Group and Company continues to monitor the economic environment of its customers as well as taking actions to limit its credit exposures. The table above reflects lower overall receivable and provisioning balances at year-end due to improved airline trading conditions, while the Group and Company continues to monitor its credit exposure and manage any lessee concentrations.

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Impairment Losses	Group US $'000	Company US $'000
The movement in the provision for expected credit losses in respect of financial assets is as follows:		
Balance at 1 April 2023	66,945	58,839
Credit impairment credit on financial assets	(11,545)	(25,046)
Trade debtors written off	(7,339)	(2,081)
Balance at 31 March 2024	48,061	31,712
Credit impairment charge on financial assets	(20,592)	(12,931)
Trade debtors written off	(21,276)	(12,588)
Balance at 31 March 2025	6,193	6,193

The Group provision for expected credit losses include a provision of $6.2 million in relation to lease receivables (31 March 2024: $48.0 million).

e. **Concentration Risk**

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The largest exposure to a single lessee based on net book value of delivered aircraft is 6.8%.

f. **Technical, Maintenance and Environmental Risk**

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks on an ongoing basis.

g. **Asset Value Risk**

Asset value risk is the risk that internal and external factors may adversely affect the inherent value of any asset held. Material judgements also apply in respect of property, plant and equipment and include the identification and subsequent measurement of impairment, which relies on a measurement of estimated cash flows and residual values. A decrease in estimated future cash flows or residual values may result in additional impairment of related assets.

h. **Capital Management**

The Group and Company is a member of a group with regulatory disciplines over the use of its capital. Although the Group and Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the Statement of Financial Position.

22 DEFERRED TAX

Movements during the year:	Group US $`000	Company US $`000
At 1 April 2023	341,933	299,715
Charge to income from continuing operations (note 8)	145,543	148,994
Charge to other comprehensive income	243	(17,810)
Acquired as part of business combination	3,837	3,837

At 31 March 2024	491,556	434,736
Charge to income from continuing operations (note 8)	101,915	138,728
Transfers of trade from subsidiaries	(50)	(6,789)
Charge to other comprehensive income	(7,368)	(7,368)
At 31 March 2025	586,053	559,307

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Deferred tax assets	3,049	582	3,049	582
Deferred tax liabilities	(589,102)	(492,138)	(562,356)	(435,318)
	(586,053)	(491,556)	(559,307)	(434,736)

Full provision has been made for the potential amount of deferred taxation shown below:

	Group 31 March 2025	Group 31 March 2024	Company 31 March 2025	Company 31 March 2024
	US $'000	US $'000	US $'000	US $'000
Accelerated capital allowances on assets financed, less carried forward tax losses - net deferred tax liability	(585,872)	(484,008)	(559,126)	(427,188)
Fair value adjustments on financial instruments - deferred tax asset	3,049	582	3,049	582
Fair value adjustments on financial instruments - deferred tax liability	(3,230)	(8,130)	(3,230)	(8,130)
	(586,053)	(491,556)	(559,307)	(434,736)

The Group has estimated tax losses of $5.9 billion (31 March 2024: $6.5 billion) which are available for set-off against future taxable income. These tax losses have arisen from the Group entities incurring operational tax losses. This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities.

23 SUBORDINATED LIABILITIES

	Average interest rate %	Year of maturity	Group & Company 31 March 2025 US $'000	Group & Company 31 March 20234 US $'000
$300 million floating rate loan due to parent group undertakings	8.43	2041	300,000	300,000
			300,000	300,000

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity date of the loan has since been extended to February 2041, but was settled early during April 2025 with the agreement of both parties.

24 SHARE CAPITAL

	31 March 2025 US $	31 March 2024 US $

Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	2,362,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

In December 2022, the Company converted existing preference shares to B preference shares and increased its authorised share capital by 1.362 billion non-voting 7.5% non-cumulative A preference shares.

At the same time, and as part of the purchase of Goshawk Leasing, the Company issued 1.362 billion new A preference shares at par to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") in such proportions that the shareholding of SMFL and SMBC would remain the same.

	31 March 2025 US $	**31 March 2024 US $**
Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	2,362,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

25 OTHER COMPONENTS OF EQUITY

	Group 31 March 2025 US $'000	**Group 31 March 2024 US $'000**	**Company 31 March 2025 US $'000**	**Company 31 March 2024 US $'000**
Share premium	261,102	261,102	261,102	261,102
	261,102	261,102	261,102	261,102
Capital contribution	207,486	207,486	207,486	207,486
Other reserve	1,967	1,967	-	-
Fair value through other comprehensive income	-	-	-	-
Cash flow hedge reserve	1,266	52,839	1,266	52,839
Total other reserves	471,821	523,394	469,854	521,427

The Company issued 18,751,307 new ordinary shares of $1 each at a premium of $12.9245 per share to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") as part of the shareholder restructuring in November 2018.

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of $207.5 million in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as the shareholder.

As described in note 1(c), for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.; now liquidated) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by $2.633 million at 31 March 2013, with a related increase in deferred tax liabilities of $0.658 million. The difference, a net amount of $1.967 million being a transaction with shareholder, was reflected in the other reserve.

The cash flow hedge reserve reflects changes in the mark-to-market value of cash flow hedge accounted derivatives, driven by market rates, and the amortisation of de-designated cash flow hedges.

26 OPERATING LEASE ARRANGEMENTS AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases, which include variable lease payments based on rent as at the reporting date, are as follows:

	Group 31 March 2025 US $'000	Group 31 March 2024 US $'000	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Within one year	2,038,208	1,934,417	1,856,696	1,553,940
In the second year	2,184,205	1,966,913	2,016,443	1,632,820
In the third year	2,255,239	1,865,882	2,110,862	1,568,904
In the fourth year	2,115,734	1,732,383	2,002,976	1,495,811
In the fifth year	1,930,501	1,550,428	1,843,717	1,359,642
After five years	8,787,414	5,528,006	8,615,199	5,209,246
	19,311,301	14,578,029	18,445,893	12,820,363

27 RELATED PARTIES

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as documented in the accounting policy note 1(c). A listing of the Company's significant subsidiaries is included in note 10. Transactions to and from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27, Consolidated and Separate Financial Statements.

The Group and Company's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). The table below provides a list of any outstanding balances at year end and any transactions entered into during the financial year with the parent companies and its subsidiaries.

	Group 31 March 2025 US $'000	Group 31 March 2024 US $'000	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Transactions with parent companies:				
Sumitomo Mitsui Finance and Leasing Co., Ltd				
Transactions during the period:				
Fee income	2,732	1,311	2,732	1,311

	Group 31 March 2025 US $'000	Group 31 March 2024 US $'000	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Interest expense	120,127	121,872	120,127	121,872
Dividend paid	(69,462)	(69,462)	(69,462)	(69,462)
Operating expenses	8,562	6,698	8,562	6,698
Balances at period end:				
Borrowings	2,292,600	2,490,697	2,292,600	2,490,697
Sundry creditors	(13,224)	(14,439)	(13,224)	(14,439)
Transactions with associate companies:				
Aviation Management Co., Ltd.				
Transactions during the period:				
Fee income	2,745	2,457	2,745	2,450
SMBC Aviation Capital (UK) Limited				
Transactions during the period:				
Lease rental income	14,119	11,985	14,119	11,985
Fee income	8	602	8	602
Interest expense	-	1,773	-	1,773
Balances at period end:				
Amounts due to group undertakings	223,711	165,672	223,711	165,672
SMBC Capital Markets Inc.				
Transactions during the period:				
Interest income / (expense)	53,633	67,289	53,633	67,289
Balances at period end:				
Cash held on behalf of	(4,859)	(66,800)	(4,859)	(66,800)
Derivative Financial Instruments	2,526	(66,221)	2,526	(66,221)
SMBC Trust Bank				
Transactions during the period:				
Interest expense	99,644	160,235	99,644	160,235
Balances at period end:				
Borrowings	2,432,503	2,938,339	2,432,503	2,938,339
Amounts due to group undertakings	10,905	13,500	10,905	13,500
SMBC Bank International plc				
Transactions during the period:				
Fee income	2,461	2,328	2,461	2,328
Interest income	710	6,097	710	6,097
Operating expense	(48)	-	(48)	-
Balances at period end:				
Cash	1,626	2,846	1,626	2,845
Sundry debtors	1,522	1,753	1,522	1,753
SMBC (Japan)				
Transactions during the period:				
Dividend paid	(32,688)	(32,688)	(32,688)	(32,688)
Operating expenses	6,211	14,680	6,211	14,680
Balances at period end:				
Amounts due to group undertakings	2,009	8,513	2,009	8,513

SMBC (New York)				
Transactions during the period:				
Interest expense	56,922	75,880	56,922	75,880
Balances at period end:				
Borrowings	2,286,724	2,455,114	2,286,724	2,455,114
Cash	683,122	978,257	683,122	978,257
Amounts due to group undertakings	19,462	48,429	19,462	48,429
SMFL (China) Co., Ltd.				
Transactions during the period:				
Operating expenses	593	326	593	326
Balances at period end:				
Other Debtors / (Creditors)	(3)	209	(3)	209
SMFL (Singapore) Pte. Ltd.				
Transactions during the period:				
Operating expenses	450	499	450	499
Balances at period end:				
Other Debtors / (Creditors)	-	118	-	118
SMBC Aero Engine Lease B.V.				
Transactions during the period:				
Fee income	-	1,882	-	1,882
Shanghai General SMFL Co., Ltd.				
Transactions during the period:				
Operating expenses	1,334	614	1,334	614
Balances at period end:				
Other Creditors	1,013	143	1,013	143
SMBC Leasing and Finance, Inc.				
Transactions during the period:				
Operating expenses	562	2,160	562	2,160
Balances at period end:				
Other Creditors	3,020	2,160	3,020	1,066
Sumitomo Mitsui Finance Dublin Ltd.				
Transactions during the period:				
Operating (expense) / income	(72)	-	(72)	-
SMBC Bank EU AG				
Transactions during the period:				
Operating (expense) / income	-	(276)	-	(276

	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Transactions with subsidiaries		
SMBC Aviation Capital Management Limited		
Transactions during the period:		
Lease rental income	666	-
Fee income	6,495	27,889

	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Interest income	63,638	293,902
Balances at period end:		
Amounts due from group undertakings	(91,804)	2,053,900
SMBC Aviation Capital Ireland Leasing 3 Limited		
Transactions during the period:		
Fee income	3,435	3,318
Interest income	42,780	43,691
Fees related to borrowings	566	-
Dividend income	22,000	15,000
Balances at period end:		
Amounts due from group undertakings	617,659	521,437
SMBC Aviation Capital Netherlands B.V.		
Transactions during the period:		
Fee expense	2,403	2,592
Interest expense	-	1,011
Dividend income	-	45,000
Balances at period end:		
Amounts due to group undertakings	2,881	3,276
SMBC Aviation Capital Paris Leasing 2 SARL		
Transactions during the period:		
Fee expense	995	1,241
Balances at period end:		
Amounts due to group undertakings	(563)	(501)
SMBC Aviation Capital Hong Kong Limited		
Transactions during the period:		
Fee expense	3,686	3,560
Balances at period end:		
Amounts due from group undertakings	1,375	3,031
SMBC Aviation Capital Hong Kong 2 Limited		
Transactions during the period:		
Interest expense	76,433	62,793
Fee expense	8,750	3,947
Balances at period end:		
Amounts due to group undertakings	1,054,756	921,634
SMBC Aviation Capital Hong Kong 3 Limited		
Transactions during the period:		
Interest income	3,528	2,796
Balances at period end:		
Amounts due from group undertakings	109,943	29,236
SMBC Aviation Capital Singapore Pte. Ltd.		
Transactions during the period:		
Fee expense	3,721	-

	Company 31 March 2025 US $'000	Company 31 March 2024 US $'000
Balances at period end:		
Amounts due to group undertakings	1,466	1,049
SMBC Aviation Capital Finance Designated Activity Company		
Transactions during the period:		
Fee expense	52	14
Interest expense	199,936	119,813
Balances at period end:		
Amounts due to group undertakings	4,200,041	3,174,711

The Group closed the sale of $650 million of its 5.30% senior unsecured notes due 2029 as well as the sale of $850 million of its 5.55% senior unsecured notes due 2034 on 3 April 2024. At 31 March 2025, the Group had the following notes in issuance:

- $500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021
- $500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021
- $650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023
- $1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023
- $650 million of its 5.30% senior unsecured notes due 2029 issued on 3 April 2024
- $850 million of its 5.55% senior unsecured notes due 2034 issued on 3 April 2024

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

The amounts outstanding are unsecured and will be settled in cash. No other guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Key management personnel include directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management is shown below and includes no retirement compensation paid during the year ended 31 March 2025 (year ended 31 March 2024: $Nil):

	31 March 2025 US $'000	31 March 2024 US $'000
Salaries and other short-term employee benefits	11,119	10,883
Post-employment benefits	505	493
Other long-term benefits	18,837	1,711
Total	30,461	13,087

28 CAPITAL COMMITMENTS

The Group currently have a number of existing orders with Airbus and Boeing. The most significant of these orders were placed during the year ended 31 March 2015 when the Group placed an order for 110 A320neo aircraft and 5 A321ceo aircraft with Airbus and 90 Boeing 737 MAX 8 aircraft with Boeing respectively. The Group placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018.

Between May 2020 and March 2021, as the impact of the Covid-19 pandemic became clear, a number of agreements were concluded with both Airbus and Boeing to cancel a small number of existing orders, but also to defer the delivery of a large number of imminent deliveries by up to five years, with the latest deferred delivery now scheduled for 2027.

An additional agreement was concluded in May 2021 with Boeing for the purchase of a further 14 aircraft, while the Group's acquisition of Goshawk in December 2022 resulted in the addition of its existing order book with Boeing and Airbus of 20 aircraft each to the Group's total open order book.

More recently, the Group concluded an agreement with Boeing in September 2023 for the purchase of an additional 25 737 MAX aircraft with delivery dates in 2028 – 2029, while on 9 November 2023, the Group concluded an agreement with Airbus for the purchase of an additional 60 A320neo aircraft with delivery dates in 2029 – 2031.

The combined remaining purchase commitment for orders total $13.8 billion, including existing sale-leaseback and other capital commitments of $1.0 billion (31 March 2024: $0.9 billion), and delivery dates are currently scheduled between 2025 and 2031 of which $2.8 billion relates to expected delivery dates within the next twelve months.

All commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable.

29 CONTINGENT LIABILITIES

The Group and Company had no contingent liability at 31 March 2025 (31 March 2024: $nil).

30 SUBSEQUENT EVENTS

On 1 April 2025, the Group closed the issue of $500 million of its 5.10% senior unsecured notes due 2030 (the "Notes") through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC. The Notes are fully and unconditionally guaranteed by SMBC Aviation Capital Limited and proceeds from the offering will be used for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

On the same date, the Group also received insurance settlement proceeds, which had been recognised as an amount receivable as at 31 March 2025 as the timing and amount of those recoveries were certain as at that date.

No other significant events affecting the Group and Company have occurred since 31 March 2025, which require adjustment to or disclosure in the Consolidated Financial Statements.

31 APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these Financial Statements on 21 May 2025.

ACRONYMS AND ABBREVIATIONS

ACCD	Aircraft Credit Department
ceo	Current engine option
CGU	Cash generating unit
Companies Act/ The Act	Companies Act 2014
Company	SMBC Aviation Capital Limited
Consortium	SMFG and SC
CSR	Corporate Social Responsibility
ECL	Expected credit loss
EU	European Union
Financial Statements	The Group and Company financial statements
Goshawk	Goshawk Aviation
Group	SMBC Aviation Capital Limited and its subsidiaries
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
IT	Information technology
JOLCO	Japanese operating lease with call option
Managed entity	SMBC Aviation Capital (UK) Limited
MSN	Manufacturers Serial Number
neo	New engine option
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
PDP	Pre-delivery payment
ROU	Right of use
Russia	Russian Federation

S&P	Standard & Poor’s
SC	Sumitomo Corporation
SMBC	Sumitomo Mitsui Banking Corporation
SMFG	Sumitomo Mitsui Financial Group
SMFL	Sumitomo Mitsui Finance and Leasing Company, Ltd.
SOFR	Secured Overnight Financing Rate
Structured entity	PDP financing company
TCFD	Task Force on Climate-Related Financial Disclosures
TBPD	Transportation Business Planning Department
UEL	Useful economic life
UK	United Kingdom
USA	United States of America

SMBC Aviation Capital Limited

Audited consolidated financial statements
as of and for the year ended March 31, 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMBC AVIATION CAPITAL LIMITED

Report on the audit of the financial statements

(1) Opinion

We have audited the financial statements of SMBC Aviation Capital Limited ("the Company") and its consolidated undertakings (together "the Group") for the year ended 31 March 2024 set out on pages 10 to 62, which comprise the Consolidated statement of profit or loss and comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

(2) Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(3) Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

(4) Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit , we report that:

- we have not identified material misstatements in the directors' report;

- in our opinion, the information given in the directors' report is consistent with the financial statements;

- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

(5) Opinions on other matters prescribed by the Companies Act 2014

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

(6) Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

(7) Respective responsibilities and restrictions on use

(8) Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

(9) Auditor's responsibilities for the audit of the financial **statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/

(10) The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Terence Coveney 4 June 2024
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Note	Year ended 31 March 2024 US $'000	Year ended 31 March 2023 US $'000
CONTINUING OPERATIONS			
Income			
Lease revenue	3	1,906,918	1,347,962
Other revenue	3	7,408	9,072
Total revenues	3	1,914,326	1,357,034
Other operating income	4	832,834	51,617
		2,747,160	**1,408,651**
Operating expenses			
Depreciation	10	(672,934)	(413,633)
Operating lease asset impairment charge	10	(69,019)	(70,260)
Credit impairment credit / (charge)	16	11,545	(31,693)
Operating expenses	5	(152,777)	(182,333)
PROFIT FROM OPERATING ACTIVITIES		**1,863,975**	**710,732**
Finance income	8	319,244	265,864
Finance expense	8	(988,618)	(635,114)
NET FINANCE COSTS		**(669,374)**	**(369,250)**
PROFIT BEFORE TAXATION		**1,194,601**	**341,482**
Tax expense	9	(159,899)	(45,371)
PROFIT FROM CONTINUING OPERATIONS		**1,034,702**	**296,111**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges - effective portion of changes in fair value	14	31,894	113,317
Cash flow hedges - reclassified to profit or loss		(1,197)	737
Movement in fair value of equity investments at FVTOCI		1,356	(1,356)
Tax on other comprehensive income		(3,837)	(14,257)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**28,216**	**98,441**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,062,918**	**394,552**

All income relates to continuing operations. All profits and total comprehensive income for the current and preceding financial year are attributable to the owners of the company. The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 4 June 2024

A Kenny
Director
Date: 4 June 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2024	Note	31 March 2024	31 March 2023
		US $'000	US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	21,654,266	21,747,591
Intangible assets		4,259	3,921
Advances to OEMs		-	25,087
Finance lease and loan receivables	15	521,482	560,907
Investment in associates		4,242	-
Lease incentive assets	18	167,545	140,880
Derivative financial instruments	13	42,666	80,492
		22,394,460	22,558,878
CURRENT ASSETS			
Advances to OEMs		72,629	19,743
Assets held for sale	19	278,054	245,280
Finance lease and loan receivables	15	39,424	32,262
Trade and other receivables	16	222,429	281,450
Cash and cash equivalents	17	1,035,602	738,220
Lease incentive assets	18	52,423	43,775
Derivative financial instruments	13	9,434	806
		1,709,995	1,361,536
TOTAL ASSETS		24,104,455	23,920,414
EQUITY			
Share capital	25	2,249,513	2,249,513
Other components of equity	26	523,394	495,178
Retained earnings		2,279,435	1,346,883
TOTAL EQUITY		5,052,342	4,091,574
NON-CURRENT LIABILITIES			
Trade and other payables	20	1,079,609	1,112,607
Borrowings	21	15,046,879	16,501,753
Deferred tax liabilities	23	491,556	341,933
Derivative financial instruments	13	3,764	50,074
Subordinated liabilities	24	300,000	300,000
		16,921,808	18,306,367
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	19	33,717	26,824
Trade and other payables	20	913,378	711,208
Borrowings	21	1,183,210	784,441
		2,130,305	1,522,473
TOTAL LIABILITIES		19,052,113	19,828,840
TOTAL EQUITY AND LIABILITIES		24,104,455	23,920,414

The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 4 June 2024

A Kenny
Director
Date: 4 June 2024

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2024	Note	31 March 2024	31 March 2023
		US $'000	US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	17,663,597	15,480,972
Intangible assets		4,259	3,921
Advances to OEMs		-	25,087
Loan receivables	15	3,089,586	4,370,113
Investment in subsidiaries	11	1,572,278	728,700
Investment in associates		4,242	-
Lease incentive assets	18	167,545	140,880
Derivative financial instruments	13	42,666	80,492
		22,544,173	20,830,165
CURRENT ASSETS			
Advances to OEMs		72,629	19,743
Assets held for sale	19	216,985	245,280
Loan receivables	15	163,980	1,249,755
Trade and other receivables	16	240,396	295,883
Cash and cash equivalents	17	981,860	658,353
Lease incentive assets	18	52,423	43,775
Derivative financial instruments	13	9,434	806
		1,737,707	2,513,595
TOTAL ASSETS		24,281,880	23,343,760
EQUITY			
Share capital	25	2,249,513	2,249,513
Other components of equity	26	521,427	493,589
Profit or loss account		2,266,276	1,263,769
TOTAL EQUITY		5,037,216	4,006,871
NON-CURRENT LIABILITIES			
Trade and other payables	20	729,748	583,671
Borrowings	21	15,785,064	16,660,653
Deferred tax liabilities	23	434,736	299,715
Derivative financial instruments	13	3,764	50,074
Subordinated liabilities	24	300,000	300,000
		17,253,312	17,894,113
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	19	14,422	26,824
Trade and other payables	20	1,493,720	631,511
Borrowings	21	483,210	784,441
		1,991,352	1,442,776
TOTAL LIABILITIES		19,244,664	19,336,889
TOTAL EQUITY AND LIABILITIES		24,281,880	23,343,760

The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 4 June 2024

A Kenny
Director
Date: 4 June 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2024	Note	Share Capital	Other Reserves (incl. Share Premium)	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
		US $'000	US $'000	US $'000	US $'000	US $'000
BALANCE AT 31 MARCH 2022		887,513	470,555	(73,818)	1,050,772	2,335,022
Issue of preference shares		1,362,000	-	-	-	1,362,000
Total comprehensive income						
Profit for the year		-	-	-	296,111	296,111
Other comprehensive income for the year..	27	-	(1,356)	99,797	-	98,441
		-	(1,356)	99,797	296,111	394,552
BALANCE AT 31 MARCH 2023		2,249,513	469,199	25,979	1,346,883	4,091,574
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	1,034,702	1,034,702
Other comprehensive income for the year..	26	-	1,356	26,860	-	28,216
		-	1,356	26,860	1,034,702	1,062,918
BALANCE AT 31 MARCH 2024............		2,249,513	470,555	52,839	2,279,435	5,052,342

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 March 2024	Note	Share Capital	Other Reserves (incl. Share Premium)	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
		US $'000	US $'000	US $'000	US $'000	US $'000
BALANCE AT 31 MARCH 2022.....		887,513	468,588	(73,818)	985,855	2,268,138
Issue of preference shares		1,362,000	-	-	-	1,362,000
Total comprehensive income						
Profit for the year		-	-	-	277,914	277,914
Other comprehensive income for the year..	27	-	(978)	99,797	-	98,819
		-	(978)	99,797	277,914	376,733
BALANCE AT 31 MARCH 2023.....		2,249,513	467,610	25,979	1,263,769	4,006,871
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	1,104,657	1,104,657
Other comprehensive income for the year..	26	-	978	26,860	-	27,838
		-	978	26,860	1,104,657	1,132,495
BALANCE AT 31 MARCH 2024		2,249,513	468,588	52,839	2,266,276	5,037,216

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024	Note	Year ended 31 March 2024	Year ended 31 March 2023
		US $'000	US $'000
PROFIT BEFORE TAX		1,194,601	341,482
Adjustments for:			
Depreciation of property, plant and equipment	10	672,934	413,633
Impairment of property, plant and equipment	10	69,019	70,260
Amortisation of computer software intangible assets		1,390	1,158
Lease incentive asset amortisation	18	50,737	40,574
Credit impairment (credit) / charge on trade debtors	16	(11,545)	31,693
Net interest expense		670,153	367,506
Profit on disposal of assets held under operating leases	4	(57,020)	(29,736)
		2,590,269	1,236,570
Decrease in receivables		129,588	18,502
Increase in payables		4,402	238,553
CASH GENERATED BY OPERATIONS		2,724,259	1,493,625
Income taxes paid		(17,786)	(1,532)
Interest paid		(670,192)	(279,130)
NET CASH FROM OPERATING ACTIVITIES		2,036,281	1,212,963
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,565,943	1,230,805
Purchases of property, plant and equipment		(2,140,610)	(2,941,763)
Purchases of intangible assets		(1,728)	(1,479)
Net investment in business combination	2	-	(1,310,327)
NET CASH USED IN INVESTING ACTIVITIES:		(576,395)	(3,022,764)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	1,362,000
Dividends paid		(102,150)	-
Proceeds from indebtedness		2,169,519	4,355,582
Repayments of indebtedness		(3,229,783)	(4,162,957)
NET CASH (USED IN) / FROM FINANCING ACTIVITES		(1,162,414)	1,554,625
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(90)	(878)
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		297,382	(256,054)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		738,220	994,274
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17	1,035,602	738,220
Unrestricted cash and cash equivalents as above	17	1,035,602	738,220
Restricted cash as reported	17	-	-
Total cash and cash equivalents	17	1,035,602	738,220

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2024	Note	Year ended 31 March 2024	Year ended 31 March 2023
		US $'000	US $'000
PROFIT BEFORE TAX		1,253,651	320,900
Adjustments for:			
Depreciation of property, plant and equipment	10	382,991	350,078
Impairment of property, plant and equipment	10	56,127	70,260
Amortisation of computer software intangible assets		1,390	1,158
Lease incentive asset amortisation	18	49,481	40,574
Credit impairment (credit) / charge on trade debtors	16	(25,046)	23,586
Dividend income		(60,000)	-
Net interest expense		380,096	291,655
Profit on disposal of assets held under operating leases		(47,607)	(30,005)
		1,991,083	1,068,206
Decrease / (increase) in receivables		1,055,610	(1,218,772)
Increase / (decrease) in payables		97,541	(548,117)
CASH GENERATED BY OPERATIONS		3,144,234	(698,683)
Income taxes paid		-	(1)
Interest paid		(369,193)	(274,417)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		2,775,041	(973,101)
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,556,530	1,231,074
Purchases of property, plant and equipment		(4,078,232)	(2,386,857)
Purchases of intangible assets		(1,728)	(1,479)
Investment in subsidiary		(774,438)	(672,003)
Loans repaid by / (provided to) subsidiaries		2,366,302	(301,418)
NET CASH USED IN INVESTING ACTIVITIES:		(931,566)	(2,130,683)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	1,362,000
Dividends paid		(102,150)	-
Proceeds from indebtedness		532,500	4,713,955
Repayments of indebtedness		(1,950,514)	(3,293,926)
NET CASH (USED IN) / FROM FINANCING ACTIVITES		(1,520,164)	2,782,029
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		196	(343)
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		323,507	(322,098)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		658,353	980,451
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17	981,860	658,353
Unrestricted cash and cash equivalents as above	17	981,860	658,353
Restricted cash as reported	17	-	-
Total cash and cash equivalents	17	981,860	658,353

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

SMBC Aviation Capital Limited is a company incorporated and domiciled in Ireland. The address of its registered office is Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

a. **Basis of preparation**

The Consolidated Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. The principal accounting policies are set out below.

The Consolidated Financial Statements of the Company have been prepared in accordance with IFRSs as adopted by the EU. The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements.

The Company's functional currency is the US Dollar, being the currency of the primary economic environment in which the Company operates. The presentation currency for the Group and Company is US Dollar. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollars unless otherwise stated.

The accounts, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with IFRS as adopted by the European Union.

The Group's activities are capital intensive by their nature, and have been funded with a combination of equity and debt capital provided by its shareholders and third party debt financing. The ability of the Group to continue to operate is dependent upon (among other matters) its ability to meet (i) its debt repayment obligations under the respective loan agreements as set out in note 22 'Borrowings' and (ii) its future aircraft purchases as set out in note 29 'Capital Commitments'. The Group has considerable financial resources (see undrawn facilities as described in note 22 'Financial Risk Management') together with long-term lease contracts with airline operators across different geographic areas (see note 27 'Operating Lease Arrangements as Lessor'). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In determining the going concern basis of preparation of the financial statements, the Directors have also considered the impact of sanctions on Russia (see note 10 'Property, plant and equipment'). The Directors have considered the cash position, existing equity and resources available to the Group, which, along with related forecasts, provide comfort over the sustainability of the Group and Company. The Directors continue to keep the situation and the impact on the Group under review, with the support of the key service providers.

b. **Estimates and judgements**

The preparation of Financial Statements in conformity with IFRS as adopted by the EU requires management to make use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the reported amount of income and expenses during the reported period.

In particular, the judgements and assumptions involved in the Group and Company's accounting policies which have the most significant effect on the amounts recognised in the Financial Statements are as follows:

Note 2 – Business Combinations:

In order to account for the acquisition of Goshawk on 21 December 2022, the Group measured the assets acquired and liabilities assumed at fair value in accordance with the guidance issued under IFRS 3, 'Business Combinations'. The most significant assets acquired relate to aircraft held for lease which are recognised at fair value based on the maintenance adjusted current market values obtained from independent appraisers.

Note 10 - Property, Plant and Equipment:

The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discount rates. The discount rate used in the measurement of impairment was 6% in the current period. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Note 16 – Credit impairment provisions

The Group recognises an expected credit loss for financial assets in accordance with IFRS 9 – Financial Instruments. The material judgements in respect of lease receivables, loan receivables and finance lease receivables include the estimation of both the timing and quantum of expected losses. The Group assigns a credit rating to each counterparty which is determined to be predictive of the probability of default and loss given default, having considered collateral arrangements, relevant external ratings, the financial result and position of the airline customer and the experienced credit judgment of the dedicated credit analyst team.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates.

c. **Basis of consolidation**

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries, drawn up to 31 March 2024. The Group does not have investments in joint ventures as defined in IFRS.

In applying IFRS 10, the standard introduced a single consolidation model for all entities based on control which requires consolidation where the Company has power over the entity, exposure or rights to returns from involvement with the entity and the ability to use power to affect returns. The financial statements of an entity are included in the Consolidated Financial Statements from the date that this control commences until the date that this control ceases.

The Consolidated Financial Statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

(a) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account. All subsidiaries have coterminous financial year ends. The accounting policies of all subsidiaries are consistent with the policies adopted by the Group. Intragroup transactions, intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. All of the Company's subsidiaries are wholly owned by the Company and, as such, there are no non-controlling interests to present separately in the Consolidated Financial Statements.

(b) Common control transactions

Business combinations under common control are accounted for in the consolidated financial statements prospectively from the date the Group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the financial statements of the transferor. Assets and liabilities are adjusted, if necessary, to reflect Group accounting policies and any difference between the net assets acquired, based on book values adjusted for accounting policy differences, is reflected in other reserves.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

d. **Business combinations**

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

e. **Investment in subsidiaries**

Investments in subsidiary undertakings are stated in the Company Statement of Financial Position at cost, less any provision for impairment.

f. **Income under finance and operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At each reporting date, the Group assesses whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Rentals received, but unearned under lease agreements are recorded as 'Prepaid lease rentals' in trade and other payables.

g. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

h. **Fee income**

Arranger fee income earned on the sale and purchase of managed aircraft is recognised on completion of the sale when the aircraft has been accepted by the customer and no further services remain to be completed. Ongoing aircraft management fees are recognised in the accounting period in which the services are rendered.

i. **Borrowing costs**

Borrowing costs attributable to the acquisition of aircraft not yet delivered are capitalised as part of aircraft cost, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. All other borrowing costs are recognised as an expense in the period in which they are incurred.

j. **Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside the income statement which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

k. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

i. As a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Group and Company's net investment outstanding in respect of the leases.

ii. As a lessee

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measure at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group and Company's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group and Company present lease liabilities in 'trade and other payables' in the statement of financial position.

l. **Foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the profit or loss for the period.

m. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets are depreciated to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their estimated useful economic lives, as follows:

Aircraft for hire under operating leases

- to the next useful economic life ("UEL") point, maximum of 5 years

Office equipment and fixtures & fittings

- 3 to 10 years from date when brought into use

It is the Group and Company's practice to hold aircraft for an average period of 5 years. Because of this, the Group and Company estimates the future market value (residual value) at 5 year intervals which correspond to UEL points.

Aircraft are depreciated to their residual values. Residual values are determined based on estimated values at the end of the useful lives of the aircraft assets.

Estimated residual values based on contractual return conditions of the aircraft are reviewed at each reporting date. This review includes the expected maintenance condition of the asset and any excess maintenance reserves expected to be available on maturity of the lease. Where estimated residual values are found to have changed significantly, this is recorded prospectively and depreciation charges over the remaining useful life are adjusted to take account of the revised estimate.

The carrying amounts of the Group and Company's aircraft are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the profit or loss.

Under IAS 39, the Group and Company avail of the own-use exemption in relation to certain capital commitments.

n. **Maintenance component assets**

Maintenance component asset represents the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The maintenance component asset is not depreciated, but capitalised to the operating lease asset at the end of the lease.

o. **Inventory**

Inventory consists primarily of engines and airframes which are valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and airframes. Costs are allocated using the relationship of the cost of the engine or airframe to estimated retail sales value at the time of purchase.

p. **Intangible assets**

Intangible assets are initially recognised at cost which is their fair value at the date of acquisition or capitalisation of related staff costs. Subsequently intangible assets are carried at cost less any accumulated amortisation and impairment. Cost is amortised on a straight-line basis over their estimated useful lives which vary from two years to ten years. Carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

q. **Impairment of non-financial assets**

Long-term tangible and intangible assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value in use includes cash flow projections of contracted and estimated lease rentals, with probabilities assigned to such cash flows where expected outcomes may vary. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

r. **Pre-delivery payments**

Pre-delivery payments ("PDPs") are recorded in the Consolidated Statement of Financial Position at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalised as incurred, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. As aircraft which are subject to PDPs are delivered, all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment. The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid.

s. **Non-current assets and liabilities held for sale**

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

t. **Financial instruments**

The Group and Company's financial assets are categorised as either 'financial assets measured at amortised cost' or 'financial assets at fair value through the profit or loss'. The appropriate classification is determined based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. Financial assets measured at amortised cost include 'loan receivables', 'advances to OEMs', 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated Statement of Financial Position.

Financial assets at fair value through other comprehensive income include investments in equity instruments which are not held for trading. All other financial assets are classified as measured at fair value through profit or loss ("FVTPL").

The Group and Company's financial liabilities are categorised as either 'financial liabilities measured at amortised cost' or 'financial liabilities at fair value through the profit or loss'. Financial liabilities measured at amortised cost includes 'borrowings', 'obligations under finance leases' and 'trade and other payables' in the Consolidated Statement of Financial Position.

A financial asset is recognised in the Consolidated Statement of Financial Position only when the Group becomes party to its contractual provisions. The purchase of financial assets is recognised using trade date accounting. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership. Financial liabilities are initially recognised at fair value, less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other interbank offered rates ('IBORs') became a priority for global regulators. During the current year, the Group and Company migrated all contracts that referenced LIBOR to the Secured Overnight Financing Rate ("SOFR"), which replaced LIBOR. The Group has recognised the hedging instruments set out note 14 at fair value, which are exposed to the impact of SOFR. The Group also has certain floating rate liabilities where the reference rate were linked to LIBOR. These contracts were also transitioned to SOFR during the current year with no material impact.

u. **Derivatives and hedge accounting**

The Group and Company has entered into various financial instruments (derivatives) to manage foreign exchange and interest rate risk. Derivatives include swaps, forwards and options.

All derivatives are recognised on the Consolidated Statement of Financial Position at their fair value (market value). Market 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 method of recognising the resulting gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument.

Non-hedging derivatives are classified at fair value through the profit or loss. Gains and losses arising from changes in fair value of a non-hedging derivative are recognised as they arise in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under trading income/expense.

The Group and Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group and Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group and Company makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to the profit or loss in the same period as the hedged cash flows affect the profit or loss, and in the same line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

When a derivative is designated as the hedging instrument in a fair value hedge, changes in fair value are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discounted hedge of a forecast transaction the cumulative amount recognised in Other Comprehensive Income from the period when the hedge was effective is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the profit or loss as a reclassification adjustment. If the criteria for hedge accounting cease to be met in relation to a fair value hedge, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

Determination of fair values of derivative financial instruments and financial liabilities in fair value hedge relationships

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Group and Company's pricing and valuation methods are managed in conjunction with Sumitomo Mitsui Banking Corporation Capital Markets Inc.

The current pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk and liquidity risk.

v. **Provisions**

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

w. **Amounts receivable under finance leases**

A finance lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

x. **Loans receivable and advances to OEMs**

Loan receivables and advances to OEMs are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

y. **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

z. **Restricted cash**

Restricted cash includes cash held by the Group and Company which is ring-fenced or used as security for specific financing arrangements and to which the Group and Company does not have unfettered access.

aa. **Lease incentive accounting**

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognised for this amount, and it is amortised over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

bb. **Obligations under finance leases**

Assets held under finance leases are recognised as assets of the Group and Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

cc. **Maintenance reserves**

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position. At the end of the lease any excess is taken to revenue. Excess supplemental income from maintenance reserve is only recognised as revenue in the income statement when the Group and Company settles the full obligation in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

dd. Lease component assets and liabilities

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

ee. Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as the related service is received from the employee.

ff. Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

gg. Profit from operating activities

Operating profit is stated before charging or crediting investment income and finance costs.

hh. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. New standards adoption and amendments to IFRS

The following new standards approved by the IASB have been applied in preparing these financial statements:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS12)

These standards, other than Amendments to IAS 12, had no impact on the Group. For Amendments to IAS 12, the Group applied the relief from deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in May 2023.

The Group provided new disclosures about its exposure to these taxes (note 9), while the adoption of *Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)* had no impact on the statement of financial position as related balances qualify for offset under paragraph 74 of IAS 12.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to the Group and Company, but were not effective at 31 March 2024, and have not been applied in preparing these financial statements:

- Classification of Liabilities as Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These are all effective for annual periods beginning on or after 1 January 2024 (unless otherwise noted). The Group and Company have taken the decision not to adopt these amended standards and interpretations early. The impact of these amended standards and interpretations is not expected to be material.

2. BUSINESS COMBINATIONS

During the prior year, on 21 December 2022, the Company acquired 100% of Goshawk Management Limited and associated corporate assets (together "Goshawk"), the Dublin-based global aircraft lessor. Goshawk Management Limited has subsequently been renamed SMBC Aviation Capital Management Limited.

The acquisition has allowed the Group to accelerate its growth through acquiring a high quality, narrowbody focused portfolio and generate strong profitability for its shareholders in the coming cycle while providing scale and an industry leading position.

The total consideration paid in cash was $1.67 billion, funded from the issuance of additional preference shares (note 25) and shareholder funding (note 21). The Company has assessed the fair value of the assets acquired and liabilities assumed in the acquisition which resulted in no material goodwill.

The following table summarises management's assessment of the fair value of the material assets acquired and liabilities assumed at the acquisition date:

	21 December 2022
	US $'000
Property, plant and equipment of which:	
Aircraft for hire under operating leases	6,246,208
Other property, plant and equipment	251,241
Trade and other receivables	56,516
Cash and cash equivalents	356,159
Other assets	12,031
Total assets	6,922,155
Loan amounts due to third party undertakings	(1,798,082)
Maintenance reserve	(358,770)
Lessor contributions	(82,926)
Security deposits	(51,989)
Deferred tax	(42,574)
Other creditors and deferred income	(84,992)
Total liabilities	(2,419,333)
Fair value of net assets	4,502,822
Funding provided to settle existing debt	(2,836,336)
Consideration paid	(1,666,486)
Goodwill	-

(c) Revenue and profit contribution

Revenue from leases included in the statement of comprehensive income contributed by the acquired business since 21 December 2022 was $179.5 million in the year ended 31 March 2023. The acquired business also contributed net income of $21.8 million for the year ended 31 March 2023.

Had the acquisition occurred on 1 April 2022, management estimates the Group's consolidated revenue from leases would have been $1.84 billion and the Group's consolidated profit before tax for the year ended 31 March 2023 would have been $418.1 million.

(d) Acquisition related costs

Costs related to the acquisition and integration of Goshawk of $26.7 million were included in general and administrative expenses (note 6) in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows for the year ended 31 March 2023.

(11) Application of acquisition method of accounting

The Group applied the acquisition method of accounting and measured the identifiable assets acquired and the liabilities assumed at fair value at the closing date. The fair value measurement of each major asset acquired and liability assumed is as set out below.

(a) Aircraft for hire under operating leases

The Group determined the fair value of acquired aircraft held for lease as of the closing date using the maintenance adjusted current market values obtained from independent appraisers and in certain cases management made specific judgements for aircraft.

(b) Other property, plant and equipment

PDP balances were recognised at carrying value as there was deemed to be no variance between carrying value and fair value.

Cash and cash equivalents

Both the cash and cash equivalents were recognised at their carrying value as there was no variance between carrying value and fair value.

(c) Loan amounts due to third party undertakings

The fair value of loans and borrowings was estimated using quoted market prices where available. The fair value of certain debt without quoted market prices is estimated using discounted cash flow analysis based on current market prices for similar type debt instruments.

(d) Maintenance reserves

The fair value of maintenance reserves relating to pre-acquisition usage is determined by calculating the present value of expected cash outflows during the lease term consisting of expected reimbursements of maintenance reserves at the time of the forecasted maintenance event. Present value is calculated using relevant US treasury rates plus the risk inherit in the liability (based on forecasted dated of maintenance event).

3. REVENUE

	Year ended 31 March 2024	Year ended 31 March 2023
	US $'000	US $'000
Operating lease revenue		
Rentals receivable	1,927,778	1,390,481
Lease incentive amortisation (note 18)	(50,737)	(40,574)
Maintenance income / (expense)	29,877	(1,945)
Lease revenue	1,906,918	1,347,962
Fee income		
Aircraft management fees	7,408	9,072
Other revenue	7,408	9,072
	1,914,326	1,357,034

Rentals receivable increased due to the inclusion of the first full year's operational results of Goshawk Management Limited (subsequently been renamed SMBC Aviation Capital Management Limited; "Goshawk acquisition"), which was acquired on 21 December 2022. Maintenance income include redelivery payments received during the period, which increased compared to the prior period due to a higher level of redelivery activity. Maintenance income in the prior year also included certain cost provisions for maintenance events relating to certain off-lease aircraft.

Included in operating lease revenue above are the following amounts:		
Contingent rentals	77,393	76,354

The contingent element relates to lease rentals that are variable based on market interest rates and certain lease amendment agreements. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023
	US $'000	%	US $'000	%
Total rentals receivable distribution by geographical region:				
Emerging Asia	493,511	25.6	380,992	27.4
South America	269,889	14.0	250,287	18.0
Developed Europe	427,967	22.2	278,096	20.0
Emerging Europe	69,400	3.6	34,762	2.5
Asia	219,767	11.4	143,220	10.3
Middle East & Africa	177,356	9.2	122,362	8.8
North America	269,888	14.0	180,762	13.0
	1,927,778	100.0	1,390,481	100.0

The basis for disclosing revenue distribution by geographical region is that the portfolio is managed by region rather than by country.

4. OTHER OPERATING INCOME

	Year ended 31 March 2024	Year ended 31 March 2023
	US $'000	US $'000
Profit on disposal of property, plant and equipment	57,020	29,736
Other operating income	775,814	21,881
	832,834	51,617

Profit on disposal of property, plant and equipment increased in the current period due to increased aircraft trading activity.

Other operating income in the current period include insurance settlement proceeds of $755.8 million (note 10) received in respect of aircraft previously leased to certain Russian airlines. Other operating income in the prior year include $3.3 million received by the Group in respect of letters of credit which were drawn down and received as part of the termination of leasing of aircraft with Russian airlines.

5. OTHER OPERATING EXPENSES

	Year ended 31 March 2024	Year ended 31 March 2023
	US $'000	US $'000
Administration expenses	(151,387)	(181,175)
Amortisation of computer software intangible assets	(1,390)	(1,158)
	(152,777)	(182,333)

Operating expenses decreased during the year due to once-off acquisition costs included in the prior year (note 2).

6. PROFIT / LOSS FROM OPERATING ACTIVITIES

	Year ended 31 March 2024	Year ended 31 March 2023
	US $'000	US $'000
Operating loss / profit has been arrived at after charging:		
Depreciation	672,934	413,633
Asset impairment charge	69,019	70,260
Credit impairment (credit) / charge	(11,545)	31,693
Group service fee	7,883	11,742
Auditors remuneration	1,589	1,983
Staff costs (note 7)	85,383	90,544
Other operating expenses	57,210	84,538
Foreign exchange (gain) / loss	(299)	2,046

Operating expenses in the prior year included $26.7 million of acquisition costs related to the acquisition and integration of Goshawk (note 2).

Auditors remuneration:		
Audit of the Group financial statements	794	616
Audit of the Subsidiary financial statements	310	297
Other assurance services	181	382
Other non-audit services	-	-
Tax advisory services	304	688
	1,589	1,983
Of which related to the Company	1,086	1,407

7. STAFF COSTS

	Year ended 31 March 2024	Year ended 31 March 2023
	US $'000	US $'000
Staff costs	72,874	79,446
Social security costs	7,431	6,741
Other pension costs	5,078	4,357
	85,383	90,544

Staff costs decreased due to completion payments as part of the Goshawk acquisition in the prior year, while no staff costs were capitalised during the year (year ended 31 March 2023: $nil). The average number of people in the organisation during the financial year was 268 (2023: 230), consisting of both direct employees and representatives, of which 100 staff members were dedicated to commercial & strategy functions (2023: 80), 65 to operational (2023: 88) and the remainder to finance, compliance and other support functions.

8. NET FINANCE COSTS

	Year ended 31 March 2024	Year ended 31 March 2023
Finance income:	US $'000	US $'000
Interest income on swaps	235,874	196,937
Interest income on finance lease and loan receivables	59,333	47,811
Interest income on deposits	24,037	21,116
Total interest income	319,244	265,864

	Year ended 31 March 2024	Year ended 31 March 2023
Finance expense:	US $'000	US $'000
Interest payable on swaps	(164,178)	(195,807)
Interest payable on borrowings	(804,035)	(430,267)
Less: Interest capitalised to the cost of aircraft (see note 21)	30,202	23,036
Bank charges, guarantee & other fees on borrowings	(50,607)	(32,076)
Total interest payable and related charges	(988,618)	(635,114)
Net interest payable	(669,374)	(369,250)

Interest payable on borrowings is disclosed net of break gains related to derivatives and liability management of $68.3 million (year ended 31 March 2023: $170.3 million).

9. TAXATION

	Year ended 31 March 2024	Year ended 31 March 2023
a ANALYSIS OF TAX CHARGE FOR THE YEAR	US $'000	US $'000
Current tax charge:		
- Current year	14,356	2,742
Deferred tax - origination and reversal of temporary differences:		
- Current year	145,543	42,629
Tax charge / (credit)	159,899	45,371
b FACTORS AFFECTING THE TAX CHARGE/(CREDIT) FOR THE YEAR		
Profit before tax subject to tax at 12.5% (2023: 12.5%)	1,184,599	333,440
Profit before tax subject to tax at 25% (2023: 25%)	1,952	2,824
Profit before tax subject to tax at 17% (2023: 17%)	131	-
Profit before tax subject to tax at 16.5% (2023: 16.5%)	517	434
Profit before tax subject to tax at 8.25% (2023: 8.25%)	7,402	4,784
	1,194,601	341,482
Tax on profit at the rate of 12.5% (2023: 12.5%)	148,075	41,680
Tax on profit at the rate of 25% (2023: 25%)	488	709
Tax on profit at the rate of 17% (2023: 17%)	22	-
Tax on profit at the rate of 16.5% (2023: 16.5%)	85	72
Tax on profit at the rate of 8.25% (2023: 8.25%)	611	395
Other differences	2,179	(119)
Permanent difference - non-taxable income	(13)	(302)
Permanent difference - disallowed expenses	8,452	2,936
Tax charge	159,899	45,371

On 15 December 2022, the Council of the European Union formally adopted the OECD's Pillar Two Directive. The EU Minimum Tax Directive implements a minimum 15% tax rate on certain multinational enterprises in line with the OECD's Pillar Two Model Rules. Ireland has enacted the EU Minimum Tax Directive into domestic legislation and the Company will be in scope for the accounting year beginning 1 April 2024, which in principle will require the Company to have a minimum effective tax rate of 15%. Additional guidance is expected from the OECD on the operation of Pillar Two and this could impact the Company's future effective tax rate. We are continuing to assess the impact of the Pillar Two rules on future periods for the Company.

10. PROPERTY, PLANT AND EQUIPMENT

	Group Aircraft for hire under	Group Pre-Delivery Payments	Group Office equipment	Group Right-of-use assets	Group Total

	operating leases		and fixtures & fittings		
	US $'000	US $'000	US $'000	US $'000	US $'000
COST					
At 1 April 2022	16,860,129	834,923	13,038	12,740	17,720,830
Additions	3,122,367	214,138	538	76,796	3,413,839
Transfers	312,551	(312,551)	-	-	-
Acquired as part of business combination (see note 2)	6,246,208	245,552	-	5,689	6,497,449
Disposals	(1,471,968)	-	-	(2,606)	(1,474,574)
Transfer to assets held for sale (see note 19)	(318,673)	-	-	-	(318,673)
At 31 March 2023	24,750,614	982,062	13,576	92,619	25,838,871
Additions	1,947,613	364,725	31,928	960	2,345,226
Transfers	234,453	(234,453)	-	-	-
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(1,648,097)	-	-	(5,689)	(1,653,786)
Transfer to assets held for sale (see note 19)	(301,639)	-	-	-	(301,639)
At 31 March 2024	23,910,782	1,112,334	45,504	87,890	25,156,510
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2022	3,971,188	-	11,800	8,282	3,991,270
Charge for the year	408,960	-	505	4,168	413,633
Impairment charge for the year	70,260	-	-	-	70,260
Disposals	(291,836)	-	-	(2,606)	(294,442)
Transfer to assets held for sale (see note 19)	(89,441)	-	-	-	(89,441)
At 31 March 2023	4,069,131	-	12,305	9,844	4,091,280
Charge for the year	664,379	-	495	8,060	672,934
Impairment charge for the year	69,019	-	-	-	69,019
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(232,245)	-	-	(945)	(233,190)
Transfer to assets held for sale (see note 19)	(25,637)	-	-	-	(25,637)
At 31 March 2024	3,472,485	-	12,800	16,959	3,502,244
CARRYING AMOUNT					
Net Book Value at 31 March 2024	20,438,297	1,112,334	32,704	70,931	21,654,266
Net Book Value at 31 March 2023	20,681,483	982,062	1,271	82,775	21,747,591

During the year ended 31 March 2023, the Group acquired 154 aircraft and other fixed assets as part of its acquisition of Goshawk.

During the year, assets in the Group with a carrying value of $1.52 billion (year ended 31 March 2023: $1.48 billion) and average age of 8.9 years (year ended 31 March 2023: 8.4 years) were assessed for impairment as evidence existed that suggested the economic performance of the aircraft is or will be worse than expected. Impairment was measured by determining the recoverable amount for each aircraft, being the higher of its (i) fair value less costs to sell and (ii) value in use, being the present values of cashflows from the leases attached to the aircraft (including as restructured lease cash flows related to aircraft where lessees were in default or restructuring processes) and the expected residual values from the realisation of the aircraft at lease-end when discounted at a rate of 6% (year ended 31 March 2023: 6%).

The carrying amount before impairment of these aircraft of $1.59 billion (year ended 31 March 2023: $1.55 billion) was determined to be higher than the value in use, maintenance adjusted current market value or fair value less costs to sell of $1.52 billion (year ended 31 March 2023: $1.48 billion) and an impairment loss of $69.0 million (year ended 31 March 2023: $70.3 million) was recognised during the year. The current and prior year charges related to aircraft where the net book values were in excess of either its respective value in use or maintenance adjusted current market value as set out below.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations, including reduced lease rentals for airlines that have entered restructuring processes. In certain instances these cash flow projections may also include potential cash outflows in respect of near-term scheduled maintenance events. Cash flow assumptions applied for these lease restructurings and for customers with ongoing restructuring negotiations, have been assessed and the highly probable outcomes have been included in line with the customer specific circumstances. If future cash flows were to deviate from current negotiations to worst-case cash flows at market rates, the impact on impairment would be deemed not material. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions, or in the case of potential repossessions on an 'as is' physical condition. The impairment loss recognised takes account of both the value in use and the maintenance adjusted current market value of the relevant aircraft.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated time on the ground, estimated residual values, economic conditions, technology and airline demand for particular aircraft variants. These estimated cashflows were discounted at 6% (year ended 31 March 2023: 6%) per annum.

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase in the discount rate used
- 5% decrease in the future lease rental cashflows of each aircraft
- 5% decrease in the residual value of aircraft at end of its useful economic life
- 3 month increase in the estimated time on the ground between leases

None of the above movements in risk variables would have resulted in a material impact on the impairment charge for property, plant and equipment for the current or prior year.

The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid. There was no impairment on PDPs in the current or prior period.

The value of lease and maintenance component assets included in above is $1.49 billion (31 March 2023: $558.7 million). These lease and maintenance component assets arose from the purchase of second hand aircraft and the Goshawk acquisition and are accounted for in accordance with our policy as set out in note 1(n). There were no assets subject to obligations under finance leases at 31 March 2024 or 31 March 2023.

At 31 March 2024 the Group owned 496 aircraft, including aircraft classified as finance lease and loan receivables. The Group has ten aircraft off-lease at year-end and 24 aircraft on lease which are scheduled to complete their lease term within the next twelve months. There were eight aircraft held for sale at 31 March 2024 (31 March 2023: seven).

The Group recognised a write off of $1.62 billion in the period ended 31 March 2022, representing 100% of the carrying value of 34 aircraft lost in Russia. These aircraft are the subject of a claim for a total loss under applicable insurance and are now also the subject of litigation commenced in the Irish Courts. Some of the aircraft are also the subject of litigation before the UK Courts.

During the current period under review, the Group received insurance settlement proceeds (note 4) in respect of certain of its aircraft previously leased to certain Russian airlines. The amounts represent settlements of the Group's insurance claims under the relevant airlines' insurance and reinsurance policies relating to relevant aircraft and associated engines. The insurance settlements and receipt of the insurance settlement proceeds were carried out in full compliance with all applicable laws, sanctions and regulations and have been approved by the U.S. Department of Commerce and the U.S. Department of the Treasury.

	Company Aircraft for hire under operating leases	Company Pre-Delivery Payments	Company Office equipment and fixtures & fittings	Company Right-of-use assets	Company Total
	US $'000	US $'000	US $'000	US $'000	US $'000

COST					
At 1 April 2022	16,811,046	834,923	13,020	9,778	17,668,767
Additions	3,093,039	214,138	538	76,796	3,384,511
Transfers	312,551	(312,551)	-	-	-
Acquired as part of business combination (see note 2)	-	245,552	-	-	245,552
Disposals	(1,471,968)	-	-	-	(1,471,968)
Transfer to assets held for sale (see note 19)	(318,673)	-	-	-	(318,673)
At 31 March 2023	18,425,995	982,062	13,558	86,574	19,508,189
Additions	3,710,379	364,725	31,929	862	4,107,895
Transfers	234,453	(234,453)	-	-	-
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(1,474,579)	-	-	-	(1,474,579)
Transfer to assets held for sale (see note 19)	(233,486)	-	-	-	(233,486)
At 31 March 2024	19,590,600	1,112,334	45,487	87,436	20,835,857
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2022	3,970,955	-	11,785	5,416	3,988,156
Charge for the year	345,707	-	504	3,867	350,078
Impairment charge for the year	70,260	-	-	-	70,260
Disposals	(291,836)	-	-	-	(291,836)
Transfer to assets held for sale (see note 19)	(89,441)	-	-	-	(89,441)
At 31 March 2023	4,005,645	-	12,289	9,283	4,027,217
Charge for the year	375,268	-	494	7,229	382,991
Impairment charge for the year	56,127	-	-	-	56,127
Written off	(1,072,162)	-	-	-	(1,072,162)
Disposals	(203,358)	-	-	-	(203,358)
Transfer to assets held for sale (see note 19)	(18,555)	-	-	-	(18,555)
At 31 March 2024	3,142,965	-	12,783	16,512	3,172,260
CARRYING AMOUNT					
Net Book Value at 31 March 2024	16,447,635	1,112,334	32,704	70,924	17,663,597
Net Book Value at 31 March 2023	14,420,350	982,062	1,269	77,291	15,480,972

11. INVESTMENT IN SUBSIDIARIES – COMPANY

	31 March 2024	31 March 2023
	US $'000	US $'000
At cost	1,572,278	728,700

The Company's significant subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

Owned by the Company:	Nature of business:	Country of incorporation:
SMBC Aviation Capital Ireland Leasing 3 Limited (1)	Leasing	Ireland
SMBC Aviation Capital Finance Designated Activity Company (1)	Debt issuance	Ireland
SMBC Aviation Capital Management Limited (2)	Leasing	Ireland
SMBC Aviation Capital Hong Kong Limited (4)	Leasing	China
SMBC Aviation Capital Hong Kong 3 Limited (4)	Leasing	China

Registered addresses of entities above, denoted by reference attached to each entity name:

1) Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland

2) 32 Molesworth Street, Dublin 2, Ireland

3) 31 & 32/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong

Movements during the year:	US $'000
At 1 April 2022	56,697
Addition during the year	672,003

At 31 March 2023	728,700
Additions during the year	859,058
Repayment of investment	(15,480)
At 31 March 2024	1,572,278

During the prior year, the Company received a total dividend of $60.0 million (2023: $nil) from two subsidiary companies.

12. FINANCIAL INSTRUMENTS

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

At 31 March 2024	**Group Carrying Value**	**Group Fair Value**	**Company Carrying Value**	**Company Fair Value**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Financial assets at fair value through profit or loss Derivative financial instruments	52,100	52,100	52,100	52,100
Financial assets measured at amortised cost ...				
Advances to OEMs	72,629	72,629	72,629	72,629
Finance lease and loan receivables	560,906	561,413	3,253,566	3,690,496
Trade and other receivables	222,429	222,429	240,396	240,396
Cash and cash equivalents	1,035,602	1,035,602	981,860	981,860
Financial assets	1,943,666	1,944,173	4,600,551	5,037,481
Financial liabilities at fair value through profit or loss Derivative financial instruments	3,764	3,764	3,764	3,764
Financial liabilities measured at amortised cost:				
Trade and other payables	2,026,704	2,026,704	2,237,890	2,237,890
Borrowings	16,230,089	15,441,268	16,268,274	15,468,676
Subordinated liabilities	300,000	289,967	300,000	289,967
Financial liabilities	18,560,557	17,761,703	18,809,928	18,000,297

At 31 March 2023	**Group Carrying Value**	**Group Fair Value**	**Company Carrying Value**	**Company Fair Value**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Financial assets at fair value through profit or loss Derivative financial instruments	81,298	81,298	81,298	81,298
Financial assets measured at amortised cost				
Advances to OEMs	44,830	42,224	44,830	42,224
Finance lease and loan receivables	593,169	593,170	5,619,868	5,928,270
Trade and other receivables	281,450	281,450	295,883	295,883
Cash and cash equivalents	738,220	738,220	658,353	658,353
Financial assets	1,738,967	1,736,362	6,700,232	7,006,028
Financial liabilities at fair value through profit or loss Derivative financial instruments	50,074	50,074	50,074	50,074
Financial liabilities measured at amortised cost:				
Trade and other payables	1,850,639	1,850,639	1,242,006	1,242,006
Borrowings	17,286,194	18,494,649	17,445,094	18,934,427
Subordinated liabilities	300,000	280,382	300,000	280,382
Financial liabilities	19,486,907	20,675,744	19,037,174	20,506,889

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 Unobservable inputs for the asset or liability

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Cash and cash equivalents - the fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Finance lease and loan receivables measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Advances to OEMs measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

13. DERIVATIVES AT FAIR VALUE

All derivatives held at the reporting date are with Sumitomo Mitsui Banking Corporation Capital Markets Inc., and are in US Dollars only. All derivatives entered into are for hedging purposes and are carried at fair value. Those derivatives that do not meet IAS39 hedge accounting criteria are held for economic hedging purposes. The value of derivatives designated as cash flow hedge relationships is $48.3 million (2023: $31.2 million). The value of derivative assets designated as fair value hedge relationships is $nil (2023: $nil). The total amount of the change in fair value estimated in the profit or loss during the period was $nil (2023: $nil) in respect of certain ineffective cashflow hedges and a $nil (2023: $nil) in respect of certain ineffective fair values hedges.

	Group Notional	**Group Fair values**		**Company Notional**	**Company Fair values**	
At 31 March 2024	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,600,234	52,100	(3,764)	3,600,234	52,100	(3,764)
	3,600,234	52,100	(3,764)	3,600,234	52,100	(3,764)
Total	3,600,234	52,100	(3,764)	3,600,234	52,100	(3,764)
At 31 March 2023						
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)

	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)
Total	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
Summary	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Assets due within one year	9,434	806	9,434	806
Assets due after one year	42,666	80,492	42,666	80,492
Liabilities due within one year	-	-	-	-
Liabilities due after one year	(3,764)	(50,074)	(3,764)	
Total	48,336	31,224	48,336	31,224

14. HEDGE ACCOUNTING

The Group and Company uses interest rate swaps to hedge the interest rate risks arising from receipt of variable interest receivables on leases.

The fair values of derivatives designated as cash flow hedges are as follows:

(e) Group

	Notional contract amount	Fair values	
		Assets	Liabilities
At 31 March 2024	**US $'000**	**US $'000**	**US $'000**
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,600,234	52,100	(3,764)
	3,600,234	52,100	(3,764)
At 31 March 2023			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	4,435,907	81,298	(50,074)
	4,435,907	81,298	(50,074)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1 year	In the 2nd year	3 to 5 years	Over 5 years
At 31 March 2024	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Cash inflows	211,552	154,232	241,296	12,274
Cash outflows	(152,319)	(140,604)	(249,928)	(11,837)

During the financial year ended 31 March 2024, $31.9 million (2023: $113.3 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedges. There was no amount recognised as hedge ineffectiveness in the Statement of Other Comprehensive Income (2023: $nil).

(f) Company

	Notional contract amount	Fair values	
		Assets	Liabilities
At 31 March 2024	**US $'000**	**US $'000**	**US $'000**

Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,600,234	52,100	(3,764)
	3,600,234	52,100	(3,764)
At 31 March 2023			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	4,435,907	81,298	(50,074)
	4,435,907	81,298	(50,074)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1 year	**In the 2nd year**	**3 to 5 years**	**Over 5 years**
At 31 March 2024	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Cash inflows	211,552	154,232	241,296	12,274
Cash outflows	(152,319)	(140,604)	(249,928)	(11,837)

During the financial year ended 31 March 2024, $31.9 million (2023: $113.3 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedge. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Other Comprehensive Income (2023: $nil).

Analysis of effective portion of changes in fair value of cash flow hedges	**Group Year ended 31 March 2024**	**Group Year ended 31 March 2023**	**Company Year ended 31 March 2024**	**Company Year ended 31 March 2023**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Derivatives in place for the full year	53,698	102,330	53,698	102,330
Derivatives matured during the year	(22,654)	58,506	(22,654)	58,506
Derivatives entered into during the year	850	(47,519)	850	(47,519)
Effective portion of changes in fair value of cash flow hedges	31,894	113,317	31,894	113,317
Tax effect	(3,987)	(14,165)	(3,987)	(14,165)
	27,907	99,152	27,907	99,152

15. FINANCE LEASES AND LOAN RECEIVABLES

	Group 31 March 2024	**Group 31 March 2023**	**Company 31 March 2024**	**Company 31 March 2023**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Current				
Fixed rate receivables				
Finance leases	3,546	3,218	-	-
Loan receivables	-	-	2,523	2,523
Floating rate receivables				
Loan receivables	35,878	29,044	161,457	1,247,232
	39,424	32,262	163,980	1,249,755
Non-current				
Fixed rate receivables				
Finance leases	34,570	37,652	-	-
Loan receivables	-	-	66,995	69,518
Floating rate receivables				
Loan receivables	486,912	523,255	3,022,591	4,300,595
	521,482	560,907	3,089,586	4,370,113
Total finance lease and loan receivables	560,906	593,169	3,253,566	5,619,868

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

Less than 1 year	6,372	6,329	-	-
1-2 years	6,372	6,225	-	-
2-3 years	32,345	6,225	-	-
3-4 years	-	32,170	-	-
4-5 years	-	-	-	-
Total undiscounted lease payments receivable	45,089	50,949		
Unearned finance income	(6,973)	(10,079)	-	-
Net investment in finance leases	38,116	40,870	-	-

Finance lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases two aircraft for which substantially all of the risks and rewards of ownership have transferred, resulting in the classification of these arrangements as finance leases. Finance income in the period on the net investment in leases totalled $59.3 million (31 March 2023: $47.8 million; see note 8). Collateral for these finance leases are the relevant leased aircraft.

Loan receivables - Group:

The Group acquired ten aircraft in recent years, which were placed with airline customers. These leases do not meet the definition of a lease under IFRS 16 and therefore the amounts are classified as loan receivables.

Loan receivables - Company:

Loans receivable by the Company consist of funding provided to its subsidiary undertakings in the normal course of their leasing activities and are considered fully recoverable.

The expected credit loss of the Group's finance lease and loan receivables is assessed based on historic loss rates and the carrying value of the finance lease receivable net of collateral held. No material expected credit loss has been recognised on the Group's finance lease and loan receivables.

16. TRADE AND OTHER RECEIVABLES

	Group 31 March 2024	**Group 31 March 2023**	**Company 31 March 2024**	**Company 31 March 2023**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Trade debtors	89,674	159,677	42,805	98,295
Deferred lease receivables	42,253	53,587	42,253	53,587
Credit impairment provisions	(48,061)	(66,945)	(31,712)	(58,839)
Net lease receivables	83,866	146,319	53,346	93,043
Amounts due from parent group undertakings	16,717	6,999	85,440	89,297
Prepayments	101,369	99,824	85,857	89,276
Other debtors	20,477	28,308	15,753	24,267
	222,429	281,450	240,396	295,883
Age analysis of net trade debtors				
Less than one month	10,950	19,175	3,478	12,758
One to two months	10,279	9,833	7,148	5,686
More than two months	68,445	130,669	32,179	79,851
	89,674	159,677	42,805	98,295

Most airline customers continue to experience improved performance post-Covid, which, in addition to the conclusion of a restructuring during the period, have resulted in lower trade receivables. The credit impairment reversal in the current period of $11.5 million (year ended 31 March 2023: charge of $31.7 million) was impacted by the decrease and other factors noted above. The credit impairment charge is determined by classifying lessees into four categories with an appropriate provision percentage ascribed to each category depending on payment performance (note 22(d)).

Other debtors include inventory of engines and airframes totalling $3.8 million (31 March 2023: $5.2 million).

17. CASH AND CASH EQUIVALENTS

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Bank account	54,500	83,693	758	3,826
Bank account with parent group undertakings	14,947	16,711	14,947	16,711
Short-term deposits with parent group undertakings	966,155	637,816	966,155	637,816
	1,035,602	738,220	981,860	658,353
Restricted cash	-	-	-	-
Cash and cash equivalents net of restricted cash	1,035,602	738,220	981,860	658,353

18. LEASE INCENTIVE ASSETS

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Lease incentive assets	184,655	88,152	184,655	88,152
Amortised during the year (note 3)	(50,737)	(40,574)	(50,737)	(40,574)
Additions of lease incentive assets	112,947	167,719	112,947	167,719
Release of lease incentive assets on disposal of aircraft	(24,844)	(14,594)	(24,844)	(14,594)
Transfer to assets held for sale (note 19)	(2,053)	(16,048)	(2,053)	(16,048)
	219,968	184,655	219,968	184,655
Current lease incentive assets (amortising within 12 months)	52,423	43,775	52,423	43,775
Non-current lease incentive assets (amortising after 12 months)	167,545	140,880	167,545	140,880
	219,968	184,655	219,968	184,655

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (note 3).

19. ASSETS AND LIABILITIES HELD FOR SALE

The aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Assets held for sale				
Property, plant and equipment – aircraft	276,001	229,232	214,932	229,232
Lease incentive assets	2,053	16,048	2,053	16,048
	278,054	245,280	216,985	245,280
Liabilities associated with assets held for sale				

Security deposits	3,185	3,420	1,913	3,420
Maintenance reserve	25,956	4,033	9,729	4,033
Lessor contributions	4,576	19,371	2,780	19,371
	33,717	26,824	14,422	26,824
	244,337	218,456	202,563	218,456

At 31 March 2024, the Group classified eight aircraft (31 March 2023: seven) as held-for-sale as the Group had agreements for the sale of these aircraft which met the requirement to be classified as held-for-sale. The Group generally continues to recognise lease rental income on all aircraft in this classification, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

20. TRADE AND OTHER PAYABLES

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Security deposits	153,901	154,848	115,895	102,683
Maintenance reserves	665,138	692,056	329,925	296,936
Lessor contributions	333,645	294,597	309,212	217,089
Prepaid lease rentals and fee income received	148,552	148,552	115,436	99,916
Trade creditors	50,407	33,651	35,612	17,954
Accrued interest - third party undertakings	139,305	109,573	94,056	80,307
Amounts due to parent group undertakings	201,842	144,961	926,697	165,241
Collateral cash received	66,800	41,800	66,800	41,800
Other creditors	233,397	203,777	229,835	193,256
	1,992,987	1,823,815	2,223,468	1,215,182
Analysed as:				
Non-current trade and other payables (payable after 12 months)	1,079,609	1,112,607	729,748	583,671
Current trade and other payables (payable within 12 months)	913,378	711,208	1,493,720	631,511
	1,992,987	1,823,815	2,223,468	1,215,182

Analysis of Group trade and other payables:

	Due < 12 months	Due > 12 months	Total
At 31 March 2024	US $'000	US $'000	US $'000
Security deposits	7,182	146,719	153,901
Maintenance reserve	63,703	601,435	665,138
Lessor contributions	77,042	256,603	333,645
Prepaid lease rentals and fee income received	148,552	-	148,552
Trade creditors	50,407	-	50,407
Accrued interest - third party undertakings	139,305	-	139,305
Amounts due to parent group undertakings	201,842	-	201,842
Collateral cash received	66,800	-	66,800
Other creditors	158,545	74,852	233,397
	913,378	1,079,609	1,992,987

	Due < 12 months	Due > 12 months	Total
At 31 March 2023	US $'000	US $'000	US $'000
Security deposits	11,858	142,990	154,848

Maintenance reserve	75,531	616,525	692,056
Lessor contributions	29,828	264,769	294,597
Prepaid lease rentals and fee income received	148,087	465	148,552
Trade creditors	33,651	-	33,651
Accrued interest - third party undertakings	109,573	-	109,573
Amounts due to parent group undertakings	144,961	-	144,961
Other creditors	41,800	-	41,800
	115,919	87,858	203,777
	711,208	1,112,607	1,823,815

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

21. BORROWINGS

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Loan amounts due to third party undertakings	5,503,350	5,502,868	4,585,225	4,584,743
Loan amounts due to parent group undertakings	7,593,453	9,789,094	7,593,453	9,789,093
Loan amounts due to subsidiaries	-	-	4,089,596	3,071,258
Other debt securities issued	3,133,286	1,994,232	-	-
	16,230,089	17,286,194	16,268,274	17,445,094
The borrowings are repayable as follows:				
On demand or within one year	1,183,210	784,441	483,210	784,441
In the second year	1,673,281	1,243,166	1,873,281	1,243,166
In the third to fifth year inclusive	6,197,471	5,735,348	4,568,331	5,735,348
After five years	7,176,127	9,523,239	9,343,452	9,682,139
	16,230,089	17,286,194	16,268,274	17,445,094
Less: Amounts due for settlement within 12 months	(1,183,210)	(784,441)	(483,210)	(784,441)
Amounts due for settlement after 12 months	15,046,879	16,501,753	15,785,064	16,660,653

As at 31 March 2024, the Group had $12.2 billion of available capacity in place through a combination of undrawn shareholder funding ($8.9 billion), third party availability ($2.2 billion) and unrestricted cash balances. The Group has short-term debt repayment obligations (due within 12 months) totalling $1.2 billion and other current liabilities of $947.1 million. The short-term debt obligations include shareholder funding repayments of $283.2 million, which will become available as additional capacity on repayment. The Group also had purchase commitments consisting of direct orders and sale-leaseback commitments totalling $1.9 billion due to fall due within a year (note 29).

The Group closed the sale of $650 million of its 5.45% senior unsecured notes due 2028 on 3 May 2023 as well as the sale of $1.0 billion of its 5.70% senior unsecured notes due 2033 on 18 July 2023. At 31 March 2024, the Group had the following notes in issuance:

– $500 million of its 3.55% senior unsecured notes due 2024 issued on 15 April 2019

– $500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021

– $500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021

– $650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023

– $1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.
All borrowings are unsecured, interest-bearing at market related interest rates determined by each facility's respective term, collateral and counterparty.

The amount of borrowing costs that were capitalised to the cost of aircraft in the period in the Group was $30.2 million (year ended 31 March 2023: $23.0 million; note 10). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Reconciliation of cash and non-cash movements of Group borrowings:

			Non-cash changes		
	As at 1 April 2023	**Cash flows in the period**	**Fair value changes**	**Amortisation of issuing costs**	**As at 31 March 2024**
	US $'000	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Floating rate borrowings................					
Loan amounts due to third party undertakings	4,840,000	-	-	-	4,840,000
Loan amount due to parent group undertakings	736,482	(638,982)	-	-	97,500
	5,576,482	(638,982)	-	-	4,937,500
Fixed rate borrowings....................					
Loan amount due to parent group undertakings	9,052,612	(1,556,659)	-	-	7,495,953
Loan amounts due to third party undertakings	662,868	482	-	-	663,350
Other debt securities issued	1,994,232	1,150,000	-	(10,946)	3,133,286
	17,286,194	(1,045,159)	-	(10,946)	16,230,089

Terms, conditions and analysis of Group borrowings before impact of derivatives:

At 31 March 2024	**Average interest rate %**	**Year of maturity**	**Due < 12 months US $'000**	**Due > 12 months US $'000**	**Total US $'000**
Floating rate borrowings...............................					
Loan amounts due to third party undertakings..	6.74	2025-2029	400,000	4,440,000	4,840,000
Loan amount due to parent group undertakings..	6.97	2028-2029	20,000	77,500	97,500
			420,000	4,517,500	4,937,500
Fixed rate borrowings...................................					
Loan amount due to parent group undertakings..	4.61	2024-2035	263,210	7,232,743	7,495,953
Loan amounts due to third party undertakings..	2.92	2025-2031	-	663,350	663,350
Other debt securities issued	4.16	2024-2033	500,000	2,633,286	3,133,286
			1,183,210	15,046,879	16,230,089

As at 31 March 2024, the average interest rate on floating rate borrowings after the impact of derivatives is 5.35% (31 March 2023: 4.98%).

At 31 March 2023	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Floating rate borrowings............................					
Loan amounts due to third party undertakings	5.97	2024-2029	200,000	4,640,000	4,840,000
Loan amount due to parent group undertakings	7.62	2029-2033	28,678	707,804	736,482
			228,678	5,347,804	5,576,482
Fixed rate borrowings................................					
Loan amount due to parent group undertakings	4.94	2023-2035	55,929	8,996,683	9,052,612
Loan amounts due to third party undertakings	2.92	2025-2031	-	662,868	662,868
Other debt securities issued	2.97	2023-2028	499,834	1,494,398	1,994,232
			784,441	16,501,753	17,286,194

22. FINANCIAL RISK MANAGEMENT

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board of Directors, in conjunction with the Transportation Business Planning Department ("TBPD") on behalf of the Consortium, develops and monitors the Group and Company's risk management policies which are established to identify and analyse the risks faced by the Group and Company, which include:

a. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company seek to minimise cash flow currency risk by ensuring its leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. The Group and Company have no currency swaps in place at year-end.

All financial instruments are in US dollars with the exception of the following: certain bank accounts held in Euro and Sterling as well as certain receivables and payables in Euro and Sterling. There was no material change in the currency risk of the Group and Company during the period.

The carrying amounts of other currency denominated monetary assets and liabilities are as follows:

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Euro assets..	207,753	45,603	185,038	29,422
Sterling assets...	16,473	389	16,100	219
Japanese yen assets..	2,997	5,767	1,695	4,789
Hong Kong dollar assets..	4,988	4,750	4,427	3,077
Euro liabilities	(199,702)	(115,798)	(177,309)	(98,893)
Sterling liabilities	(5,886)	(1,167)	(5,813)	(1,166)
Japanese yen liabilities	(512)	(5,002)	(464)	(4,892)
Hong Kong dollar liabilities	(3,517)	(7,636)	(284)	(201)
Chinese yuan liabilities..	(135)	(459)	(135)	(459)

At 31 March 2024, if the foreign currency, on the balances disclosed above, weakened/strengthened against the US dollar by 5% with all other variables held constant, the underlying post-tax profit for the Group for the year would have been $1.1 million lower / higher, and for the Company would have been $1.1 million lower / higher, mainly as a result of foreign exchange gains/losses on retranslation of Euro denominated cash balances, payables and other receivables.

b. **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company's policy is to seek to minimise cash flow interest rate risk when entering into leasing transactions by the use of appropriate matched funding, including the use of derivative financial instruments. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. There was no material change in the interest rate risk of the Group and Company during the period.

At the end of the reporting period the interest rate profile of the Group and Company's interest-bearing financial instruments was as follows:

Interest rate risk:	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $'000	US $'000	US $'000	US $'000
Financial assets				
- variable rate	522,790	552,299	3,184,048	5,547,827
- fixed rate	1,076,900	723,516	1,108,302	754,687
- non-interest bearing	343,976	463,152	308,201	397,718
Total Financial Assets	1,943,666	1,738,967	4,600,551	6,700,232
Financial liabilities				
- variable rate	5,237,500	5,876,482	4,319,375	6,035,382
- fixed rate	11,292,589	11,709,712	12,248,899	11,709,712
- non-interest bearing	2,030,468	1,900,713	2,241,654	1,292,080
Total Financial Liabilities	18,560,557	19,486,907	18,809,928	19,037,174

The Group and Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 March 2024, if interest rates on financial assets or liabilities with variable interest rates shifted by 10bps, the underlying post-tax profit for the year would have been $0.4 million lower / higher; other components of equity would have been $7.7 million lower / higher as a result of a decrease/increase in the fair value of cash flow hedge reserves. The weighted average fixed rate for the interest rate swap portfolio was 4.70%.

c. **Liquidity Risk**

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 March 2024, the Group had put in place $12.2 billion of available capacity through a combination of undrawn shareholder funding ($8.9 billion), third party availability ($2.2 billion) and unrestricted cash balances. Any maturity mismatch within the overall long-term structure of the Group and Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Group and Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise. Operating cash flows have increased in the current year, which, along with available liquidity capacity, has ensured that there was no material change in the liquidity risk of the Group and Company during the period.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Group Carrying value 31 March 2024 US $'000	Group Contracted cashflows 31 March 2024 US $'000	Group Carrying value 31 March 2023 US $'000	Group Contracted cashflows 31 March 2023 US $'000
Liabilities associated with assets held for sale	33,717	33,717	26,824	26,824
Trade and other payables	1,844,435	1,844,435	1,675,263	1,675,263
Obligations under finance leases	-	-	-	-
Borrowings	16,230,089	19,879,785	17,286,194	21,887,820
Subordinated liabilities	300,000	685,357	300,000	678,375
Interest rate swaps	3,764	554,689	50,074	746,891
	18,412,005	22,997,983	19,338,355	25,015,173

	Group Less than 1 year US $'000	Group 1 to 2 years years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
At 31 March 2024				
Non-derivative financial instruments Liabilities associated with assets held for sale	(33,717)	-	-	-
Trade and other payables	(764,826)	(118,128)	(442,779)	(518,702)
Borrowings	(2,929,295)	(2,284,954)	(7,448,537)	(7,216,999)
Subordinated liabilities	(28,726)	(25,038)	(68,574)	(563,019)
Total non-derivative financial instruments outflows	(3,756,564)	(2,428,120)	(7,959,890)	(8,298,720)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	59,233	13,628	-	436
Net Settled – outflow	-	-	(8,632)	-
Total Outflows	(3,697,331)	(2,414,492)	(7,968,522)	(8,298,284)

	Group Less than 1 year US $'000	Group 1 to 2 years years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
At 31 March 2023				
Non-derivative financial instruments				
Trade and other payables	(26,824)	-	-	-
Obligations under finance leases	(563,123)	(148,646)	(355,344)	(608,154)
Borrowings	(2,450,177)	(1,926,950)	(7,335,200)	(10,175,493)
Subordinated liabilities	(28,027)	(25,204)	(66,797)	(558,347)
Total non-derivative financial instruments outflows	(3,068,151)	(2,100,800)	(7,757,341)	(11,341,994)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	57,709	14,406	-	-
Net Settled – outflow	-	-	(58,771)	(1,609)
Total Outflows	(3,010,442)	(2,086,394)	(7,816,112)	(11,343,603)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

	Company Carrying value 31 March 2024 US $'000	Company Contracted cashflows 31 March 2024 US $'000	Company Carrying value 31 March 2023 US $'000	Company Contracted cashflows 31 March 2023 US $'000

Liabilities associated with assets held for sale	33,717	33,717	26,824	26,824
Trade and other payables	2,108,032	2,108,032	1,115,266	1,115,266
Obligations under finance leases	-	-	-	-
Borrowings	16,268,274	19,917,970	17,445,094	21,954,870
Subordinated liabilities	300,000	685,357	300,000	678,375
Interest rate swaps	3,764	554,689	50,074	746,891
	18,713,787	23,299,765	18,937,258	24,522,226

	Company Less than 1 year US $'000	Company 1 to 2 years years US $'000	Company 3 to 5 years US $'000	Company Over 5 years US $'000
At 31 March 2024				
Non-derivative Financial Instruments Liabilities associated with assets held for sale	(33,717)	-	-	-
Trade and other payables	(1,378,284)	(113,486)	(259,548)	(356,712)
Borrowings	(2,967,480)	(2,284,954)	(7,448,537)	(7,216,999)
Subordinated liabilities	(28,726)	(25,038)	(68,574)	(563,019)
Total Non-derivative Financial Instruments Outflows	(4,408,207)	(2,423,478)	(7,776,659)	(8,136,730)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	59,233	13,628	-	436
Net Settled – outflow	-	-	(8,632)	-
Total Outflows	(4,348,974)	(2,409,850)	(7,785,291)	(8,136,294)

	Company Less than 1 year US $'000	Company 1 to 2 years years US $'000	Company 3 to 5 years US $'000	Company Over 5 years US $'000
At 31 March 2023				
Non-derivative Financial Instruments				
Trade and other payables	(26,824)	-	-	-
Obligations under finance leases	(531,596)	(148,646)	(355,344)	(79,682)
Borrowings	(2,593,566)	(1,927,448)	(7,335,200)	(10,098,656)
Subordinated liabilities	(28,027)	(25,204)	(66,797)	(558,347)
Total Non-derivative Financial Instruments Outflows	(3,180,013)	(2,101,298)	(7,757,341)	(10,736,685)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	57,709	14,406	-	-
Net Settled - outflow	-	-	(58,771)	(1,609)
Total Outflows	(3,122,304)	(2,086,892)	(7,816,112)	(10,738,294)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

d. **Credit Risk**

Credit risk is the risk arising from the possibility that the Group and Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed with oversight from the Aircraft Credit Department ("ACCD") to enable the Group and Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a portfolio basis. The key principles of credit risk management set out in the Framework include:

- Approval of credit exposure must be granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and related credit facilities must be undertaken prior to approval of credit exposure. This must include an assessment of, amongst others, the purpose of the credit and sources of repayment, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority must be specifically granted in writing to all individuals involved in the granting of credit approval, whether this is exercised personally or collectively as part of a credit committee. These individuals must act independently and with balanced commercial judgement in exercising credit authority.
- Where credit authority is exercised personally, the individual must not have any responsibility or accountability for business revenue origination.
- All credit exposures, once approved, must be effectively monitored and managed and reviewed periodically against approved guidelines. Review occurs at least annually, with lower quality exposures being subject to a greater frequency of analysis.
- Customers with emerging credit problems must be identified early and classified accordingly. Remedial actions must be implemented promptly to minimise the potential loss to the Company and consideration given whether to transfer customers with credit problems to a specialised problem management or recovery unit.
- Portfolio analysis and reporting must be used to identify and manage credit risk concentrations and credit risk quality.

The Group's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables ($222.4 million of which $83.9 million relate to lease receivables) resulting from its leasing activities, advances to OEMs ($72.6 million) and cash and cash equivalents (bank accounts totalling $1.04 billion; including $981.1 million with group companies). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group did not recognise an impairment allowance as the potential allowance was deemed to be immaterial.

At 31 March 2024, the Group's significant cash and deposit counterparties were:

	US $'000
SMBC (credit rating A (S&P))	981,102
Citibank (credit rating A+ (S&P))	54,500
	1,035,602

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. At 31 March 2024, the Group was exposed to trade debtors of $89.7 million (2023: $159.7 million) and held a provision for expected credit losses against these for $48.1 million (2023:

$66.9 million). At the same date, the Group also held letters of credit in relation to lease rentals and maintenance exposures of $530.0 million (2023: $488.3 million) in addition to $848.2 million of cash security deposits and maintenance reserves (2023: $854.4 million; see note 20).

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables and gross of collateral held.

The table below provides an analysis of exposure to credit risk and ECLs for trade receivables as at:

	Expected credit loss provision %		**Group 31 March 2024**		**Group 31 March 2023**	
	31 March 2024	**31 March 2023**	**Gross carrying amount**	**Impairment loss**	**Gross carrying amount**	**Impairment loss**
	%	**%**	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Category 1	0.2%	0.2%	146	-	8,600	-
Category 2	1.1%	1.1%	-	-	3,024	-
Category 3	7.2%	7.2%	3,646	86	8,328	-
Category 4	33% - 100%	33% - 100%	85,882	47,975	139,725	66,945
			89,674	48,061	159,677	66,945

	Expected credit loss provision %		**Group 31 March 2024**		**Group 31 March 2023**	
	31 March 2024	**31 March 2023**	**Gross carrying amount**	**Impairment loss**	**Gross carrying amount**	**Impairment loss**
	%	**%**	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Category 1	0.2%	0.2%	50	-	8,600	-
Category 2	1.1%	1.1%	-	-	2,387	-
Category 3	7.2%	7.2%	776	86	926	-
Category 4	33% - 100%	33% - 100%	41,979	31,626	86,382	58,839
			42,805	31,712	98,295	58,839

The Group and Company classifies financial assets and calculate respective expected credit losses by reference to the categories noted above, with Category 1 being the lowest risk and Category 4 the highest risk. Classification is determined by a combination of previous default rates and estimated future losses based on credit grading, current economic situation and the increasing level of receivables of each lessee. Category 4 for the Group includes gross trade receivables of $14.0 million, $37.4 million and $34.4 million with applicable credit loss provision rates of 33%, 50% and 100% respectively.

The Group and Company continues to monitor the economic environment of its customers as well as taking actions to limit its credit exposures. The table above reflects lower overall receivable and provisioning balances at year-end due to improved airline trading conditions, while the Group and Company continues to monitor its credit exposure and manage any lessee concentrations.

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Impairment Losses	**Group US $'000**	**Company US $'000**
The movement in the provision for expected credit losses in respect of financial assets is as follows:		
Balance at 1 April 2022	35,253	35,253
Credit impairment credit on financial assets	31,693	23,586
Trade debtors written off	(1)	-
Balance at 31 March 2023	66,945	58,839
Credit impairment charge on financial assets	(11,545)	(25,046)
Trade debtors written off	(7,339)	(2,081)

Balance at 31 March 2024	48,061	31,712

The Group provision for expected credit losses include a provision of $48.0 million in relation to lease receivables (31 March 2023: $66.8 million).

e. **Concentration Risk**

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The largest exposure to a single lessee based on net book value of delivered aircraft is 5.2%.

f. **Technical, Maintenance and Environmental Risk**

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks on an ongoing basis.

g. **Asset Value Risk**

Asset value risk is the risk that internal and external factors may adversely affect the inherent value of any asset held. Material judgements also apply in respect of property, plant and equipment and include the identification and subsequent measurement of impairment, which relies on a measurement of estimated of cash flows and residual values. A decrease in estimated future cash flows or residual values may result in additional impairment of related assets.

h. **Capital Management**

The Group and Company is a member of a group with regulatory disciplines over the use of its capital. Although the Group and Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the Statement of Financial Position.

23. DEFERRED TAX

	Group	Company
Movements during the year:	US $`000	US $`000
At 1 April 2022	242,473	242,473
Charge to income from continuing operations (note 9)	42,629	42,985
Charge to other comprehensive income	14,257	14,257
Acquired as part of business combination	42,574	-
At 31 March 2023	341,933	299,715
Charge to income from continuing operations (note 9)	145,543	148,994
Transfers of trade from subsidiaries	243	(17,810)
Charge to other comprehensive income	3,837	3,837
At 31 March 2024	491,556	434,736

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $`000	US $`000	US $`000	US $`000
Deferred tax assets	582	6,451	582	6,451
Deferred tax liabilities	(492,138)	(348,384)	(435,318)	(306,166)
	(491,556)	(341,933)	(434,736)	(299,715)

Full provision has been made for the potential amount of deferred taxation shown below:

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	US $`000	US $`000	US $`000	US $`000
Accelerated capital allowances on assets financed, less carried forward tax losses - net deferred tax liability	(484,008)	(338,222)	(427,188)	(296,004)
Fair value adjustments on financial instruments - deferred tax asset	582	6,451	582	6,451
Fair value adjustments on financial instruments - deferred tax liability	(8,130)	(10,162)	(8,130)	(10,162)
	(491,556)	(341,933)	(434,736)	(299,715)

The Group has estimated tax losses of $6.5 billion (31 March 2023: $7.8 billion) which are available for set-off against future taxable income. These tax losses have arisen from the Group entities incurring operational tax losses. This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities.

24. SUBORDINATED LIABILITIES

			Group & Company	
	Average interest rate %	Year of maturity	31 March 2024 US $'000	31 March 2023 US $'000
$300 million floating rate loan due to parent group undertakings	9.39	2040	300,000	300,000
			300,000	300,000

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity date of the loan has since been extended to February 2040 and can be extended further with the agreement of both parties.

25. SHARE CAPITAL

	31 March 2024 US $	31 March 2023 US $
Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	2,362,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

In December 2022, the Company converted existing preference shares to B preference shares and increased its authorised share capital by 1.362 billion non-voting 7.5% non-cumulative A preference shares.

At the same time, and as part of the purchase of Goshawk Leasing, the Company issued 1.362 billion new A preference shares at par to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") in such proportions that the shareholding of SMFL and SMBC would remain the same.

	31 March 2024	31 March 2023
	Number of shares	
Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	2,362,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	1,362,000,000
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	2,249,512,800

26. OTHER COMPONENTS OF EQUITY

	Group 31 March 2024 US $'000	Group 31 March 2023 US $'000	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
Share premium	261,102	261,102	261,102	261,102
	261,102	261,102	261,102	261,102
Capital contribution	207,486	207,486	207,486	207,486
Other reserve	1,967	1,967	-	-
Fair value through other comprehensive income	-	(1,356)	-	(978)
Cash flow hedge reserve	52,839	25,979	52,839	25,979
Total other reserves	523,394	495,178	521,427	493,589

The Company issued 18,751,307 new ordinary shares of $1 each at a premium of $12.9245 per share to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") as part of the shareholder restructuring in November 2018.

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of $207.5 million in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as the shareholder.

As described in note 1 c, for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.; now liquidated) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by $2.633 million at 31 March 2013, with a related increase in deferred tax liabilities of $0.658 million. The difference, a net amount of $1.967 million being a transaction with shareholder, was reflected in the other reserve.

The cash flow hedge reserve reflects changes in the mark-to-market value of cash flow hedge accounted derivatives, driven by market rates, and the amortisation of de-designated cash flow hedges.

27. OPERATING LEASE ARRANGEMENTS AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases, which include variable lease payments based on rent as at the reporting date, are as follows:

	Group 31 March 2024 US $'000	Group 31 March 2023 US $'000	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
Within one year	1,934,417	1,913,409	1,553,940	1,280,351
In the second year	1,966,913	1,849,845	1,632,820	1,265,923
In the third year	1,865,882	1,702,427	1,568,904	1,205,618
In the fourth year	1,732,383	1,548,146	1,495,811	1,134,565
In the fifth year	1,550,428	1,429,807	1,359,642	1,090,810
After five years	5,528,006	4,632,392	5,209,246	3,997,688
	14,578,029	13,076,026	12,820,363	9,974,955

28. RELATED PARTIES

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as documented in the accounting policy note 1c. A listing of the Company's significant subsidiaries is included in note 11. Transactions to and from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27, Consolidated and Separate Financial Statements.

The Group and Company's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). The table below provides a list of any outstanding balances at year end and any transactions entered into during the financial year with the parent companies and its subsidiaries. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

	Group 31 March 2024 US $'000	Group 31 March 2023 US $'000	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
Transactions with parent companies:				
Sumitomo Mitsui Finance and Leasing Co., Ltd				
Transactions during the period:				
Fee income	1,311	4,055	1,311	4,055
Interest expense	121,872	25,455	121,872	25,455
Dividend paid	(69,462)	-	(69,462)	-
Operating expenses	6,698	4,928	6,698	4,928
Balances at period end:				
Borrowings	2,490,697	2,487,109	2,490,697	2,487,109
Sundry creditors	(14,439)	(11,018)	(14,439)	(11,018)
Transactions with associate companies:				
Aviation Management Co., Ltd.				
Transactions during the period:				
Fee income	2,457	2,392	2,450	2,385
SMBC Aviation Capital (UK) Limited				
Transactions during the period:				
Lease rental income	11,985	14,269	11,985	14,269
Fee income	602	1,189	602	1,189
Interest expense	1,773	1,698	1,773	1,698
Balances at period end:				
Amounts due to group undertakings	165,672	102,719	165,672	102,719
SMBC Capital Markets Inc.				
Transactions during the period:				
Interest income / (expense)	67,289	(2,928)	67,289	(2,928)
Balances at period end:				
Cash held on behalf of	(66,800)	(41,800)	(66,800)	(41,800)
Derivative Financial Instruments	(66,221)	(45,045)	(66,221)	(45,045)
SMBC Trust Bank				
Transactions during the period:				
Interest expense	160,235	147,335	160,235	147,335
Balances at period end:				
Borrowings	2,938,339	2,873,660	2,938,339	2,873,660

Amounts due to group undertakings	13,500	18,916	13,500	18,916
SMBC Bank International plc				
Transactions during the period:				
Fee income	2,328	-	2,328	-
Interest income	6,097	12,053	6,097	12,053
Operating expense	-	(40)	-	(40)
Balances at period end:				
Cash	2,846	6,039	2,845	6,038
Sundry debtors	1,753	-	1,753	-
SMBC (Japan)				
Transactions during the period:				
Dividend paid	(32,688)	-	(32,688)	-
Operating expenses	14,680	10,504	14,680	10,504
Balances at period end:				
Amounts due to group undertakings	8,513	5,500	8,513	5,500
SMBC (New York)				
Transactions during the period:				
Interest expense	75,880	46,423	75,880	46,423
Balances at period end:				
Borrowings	2,455,114	4,715,433	2,455,114	4,715,433
Cash	978,257	648,487	978,257	648,487
Amounts due to group undertakings	48,429	25,043	48,429	25,043
SMFL (China) Co., Ltd.				
Transactions during the period:				
Operating expenses	326	583	326	583
Balances at period end:				
Other Debtors / (Creditors)	209	(133)	209	(133)
SMFL (Singapore) Pte. Ltd.				
Transactions during the period:				
Operating expenses	499	513	499	513
Balances at period end:				
Other Debtors / (Creditors)	118	(126)	118	(126)
SMBC Aero Engine Lease B.V.				
Transactions during the period:				
Fee income	1,882	-	1,882	-
Shanghai General SMFL Co., Ltd.				
Transactions during the period:				
Operating expenses	614	656	614	656
Balances at period end:				
Other Creditors	143	162	143	162

	Group 31 March 2024 US $'000	Group 31 March 2023 US $'000	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
SMBC Leasing and Finance, Inc.				
Transactions during the period:				
Operating expenses	2,160	3,950	2,160	3,950
Balances at period end:				
Other Creditors	1,066	1,265	1,066	1,265
SMBC Bank EU AG				
Transactions during the period:				
Operating (expense) / income	(276)	95	(276)	95

Transactions with subsidiaries	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
SMBC Aviation Capital Management Limited		
Transactions during the period:		
Fee income	27,889	8,991
Interest income	293,902	88,990
Balances at period end:		
Amounts due from group undertakings	2,053,900	5,033,410

	Company 31 March 2024 US $'000	Company 31 March 2023 US $'000
SMBC Aviation Capital Ireland Leasing 3 Limited		
Transactions during the period:		
Fee income	3,318	2,004
Interest income	43,691	31,888
Dividend income	15,000	-
Balances at period end:		
Amounts due from group undertakings	521,437	557,090
SMBC Aviation Capital Netherlands B.V.		
Transactions during the period:		
Fee expense	2,592	4,482
Interest expense	1,011	3,641
Dividend income	45,000	-
Balances at period end:		
Amounts due to group undertakings	3,276	62,432
SMBC Aviation Capital Paris Leasing 2 SARL		
Transactions during the period:		
Fee expense	1,241	1,150
Balances at period end:		
Amounts due to group undertakings	(501)	(197)
SMBC Aviation Capital Hong Kong Limited		
Transactions during the period:		
Fee expense	3,560	3,518
Balances at period end:		
Amounts due from group undertakings	3,031	3,727
SMBC Aviation Capital Hong Kong 2 Limited		
Transactions during the period:		
Interest expense	62,793	23,674
Fee expense	3,947	2,766
Balances at period end:		
Amounts due to group undertakings	921,634	917,202
SMBC Aviation Capital Hong Kong 3 Limited		
Transactions during the period:		
Interest income	2,796	1,253
Balances at period end:		
Amounts due from group undertakings	29,236	25,436
SMBC Aviation Capital Singapore Pte. Ltd.		
Balances at period end:		
Amounts due to group undertakings	1,049	-
SMBC Aviation Capital Finance Designated Activity Company		
Transactions during the period:		
Fee expense	14	16
Interest expense	119,813	66,908
Balances at period end:		
Amounts due to group undertakings	3,174,711	2,014,793

The Group closed the sale of $650 million of its 5.45% senior unsecured notes due 2028 on 3 May 2023 as well as the sale of $1.0 billion of its 5.70% senior unsecured notes due 2033 on 18 July 2023. At 31 March 2024, the Group had the following notes in issuance:

– $500 million of its 3.55% senior unsecured notes due 2024 issued on 15 April 2019

– $500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021

– $500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021

– $650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023

– $1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

The amounts outstanding are unsecured and will be settled in cash. No other guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

In addition, the Group has also engaged with The Community Foundation for Ireland, a registered charity, to assist with specific corporate social responsibility projects. While The Community Foundation for Ireland is disclosed as a related party due to an existing relationship between its Board of Trustees and the Company's Board of Directors, all services will be provided to the Group on terms equivalent to those that prevail in arm's length transactions for the duration of the projects.

Key management personnel include directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management is shown below and includes no retirement compensation paid during the year ended 31 March 2024 (year ended 31 March 2023: $1.6 million):

	31 March 2024 US $'000	**31 March 2023 US $'000**
Salaries and other short-term employee benefits	10,883	14,134
Post-employment benefits	493	486
Other long-term benefits	1,711	825
Total	13,087	15,445

29. CAPITAL COMMITMENTS

The Group currently have a number of existing orders with Airbus and Boeing. The most significant of these orders were placed during the year ended 31 March 2015 when the Group placed an order for 110 A320neo aircraft and 5 A321ceo aircraft with Airbus and 90 Boeing 737 MAX 8 aircraft with Boeing respectively. The Group placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018.

Between May 2020 and March 2021, as the impact of the Covid-19 pandemic became clear, a number of agreements were concluded with both Airbus and Boeing to cancel a small number of existing orders, but also to defer the delivery of a large number of imminent deliveries by up to five years, with the latest deferred delivery now scheduled for 2027.

An additional agreement was concluded in May 2021 with Boeing for the purchase of a further 14 aircraft, while the Group's acquisition of Goshawk in December 2022 resulted in the addition of its existing order book with Boeing and Airbus of 20 aircraft each to the Group's total open order book.

More recently, the Group concluded an agreement with Boeing in September 2023 for the purchase of an additional 25 737 MAX aircraft with delivery dates in 2028 – 2029, while on 9 November 2023, the Group concluded an agreement with Airbus for the purchase of an additional 60 A320neo aircraft with delivery dates in 2029 – 2031.

The combined remaining purchase commitment for orders total $14.4 billion, including existing sale-leaseback and other capital commitments of $0.9 billion (31 March 2023: $Nil), and delivery dates are currently scheduled between 2024 and 2031 of which $1.9 billion relates to expected delivery dates within the next twelve months.

All commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable.

30. CONTINGENT LIABILITIES

The Group and Company had no contingent liability at 31 March 2024 (31 March 2023: $nil).

31. SUBSEQUENT EVENTS

On 4 April 2024, the Group closed the issue of a combined value of $1.5 billion of its 5.30% and 5.55% senior unsecured notes due 2029 and 2034 (the "Notes") through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC. The Notes are fully and unconditionally guaranteed by SMBC Aviation Capital Limited and proceeds from the offering will be used for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

On 30 April 2024, Mr T. Imaeda, Mr K. Tanaka and Mr N. Hirose resigned as Directors. On the same day, Mr Y. Hyakutome, Mr T. Toyama and Mr H. Okado were appointed as Directors.

No other significant events affecting the Group and Company have occurred since 31 March 2024, which require adjustment to or disclosure in the Consolidated Financial Statements.

32. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these Financial Statements on 4 June 2024.

SMBC Aviation Capital Limited

Audited consolidated financial statements
as of and for the year ended March 31, 2023

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SMBC AVIATION CAPITAL LIMITED

Report on the audit of the financial statements

(1) Opinion

We have audited the financial statements of SMBC Aviation Capital Limited (“the Company”) and its consolidated undertakings (together “the Group”) for the year ended 31 March 2023 set out on pages 10 to 61, which comprise the Consolidated statement of profit or loss and comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2023 and of the Group’s profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

(2) Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (“ISAs (Ireland)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (“IAASA”), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(3) Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

(4) Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

– we have not identified material misstatements in the directors' report;

– in our opinion, the information given in the directors' report is consistent with the financial statements;

– in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

(5) Opinions on other matters prescribed by the Companies Act 2014

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

(6) Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

(7) Respective responsibilities and restrictions on use

(8) Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

(9) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013%2D1cf6%2D458b%2D9b 8f%2Da98202dc9c3a/Descriptionofauditorsresponsiblitiesfora udit.pdf

(10) The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Killian Croke
for and on behalf of KPMG
Chartered Accountants, Statutory
Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

23 May 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 US $'000	Year ended 31 March 2022 US $'000
CONTINUING OPERATIONS			
Income			
Lease revenue	3	1,347,962	1,371,721
Other revenue	3	9,072	10,833
Total revenues	3	1,357,034	1,382,554
Other operating income	4	51,617	124,276
		1,408,651	**1,506,830**
Operating expenses			
Depreciation	10	(413,633)	(484,213)
Operating lease asset impairment and write-off charge	10	(70,260)	(1,686,034)
Credit impairment (charge) / credit	17	(31,693)	35,364
Financial asset impairment	8	-	(16,592)
Operating expenses	5	(182,333)	(104,167)
PROFIT / (LOSS) FROM OPERATING ACTIVITIES		**710,732**	**(748,812)**
Finance income	8	265,864	108,155
Finance expense	8	(635,114)	(475,236)
Net trading gain	8	-	576
NET FINANCE COSTS		**(369,250)**	**(366,505)**
PROFIT / (LOSS) BEFORE TAXATION		**341,482**	**(1,115,317)**
Tax (expense) / credit	9	(45,371)	140,418
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**296,111**	**(974,899)**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges - effective portion of changes in fair value	14	113,317	231,245
Cash flow hedges - reclassified to profit or loss		737	781
Movement in fair value of equity investments at FVTOCI		(1,356)	-
Tax on other comprehensive income		(14,257)	(29,003)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**98,441**	**203,023**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**394,552**	**(771,876)**

All income relates to continuing operations. All profits and total comprehensive income for the current and preceding financial year are attributable to the owners of the company. The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 23 May 2023

A Kenny
Director
Date: 23 May 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Note	31 March 2023 US $'000	31 March 2022 US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	21,747,591	13,729,560
Intangible assets		3,921	3,601
Advances to OEMs	15	25,087	44,771
Finance lease and loan receivables	16	560,907	586,982
Lease incentive assets	19	140,880	68,383
Derivative financial instruments	13	80,492	24,851
		22,558,878	14,458,148
CURRENT ASSETS			
Advances to OEMs	15	19,743	563,585
Assets held for sale	20	245,280	34,787
Finance lease and loan receivables	16	32,262	46,021
Trade and other receivables	17	281,450	212,299
Cash and cash equivalents	18	738,220	994,274
Lease incentive assets	19	43,775	19,769
Derivative financial instruments	13	806	-
		1,361,536	1,870,735
TOTAL ASSETS		23,920,414	16,328,883
EQUITY			
Share capital	26	2,249,513	887,513
Other components of equity	27	495,178	396,737
Retained earnings		1,346,883	1,050,772
TOTAL EQUITY		4,091,574	2,335,022
NON-CURRENT LIABILITIES			
Trade and other payables	21	1,112,607	464,223
Borrowings	22	16,501,753	11,301,193
Deferred tax liabilities	24	341,933	242,473
Derivative financial instruments	13	50,074	106,737
Subordinated liabilities	25	300,000	300,000
		18,306,367	12,414,626
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	20	26,824	2,773
Trade and other payables	21	711,208	421,778
Borrowings	22	784,441	1,154,478
Derivative financial instruments	13	-	206
		1,522,473	1,579,235
TOTAL LIABILITIES		19,828,840	13,993,861
TOTAL EQUITY AND LIABILITIES		23,920,414	16,328,883

The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 23 May 2023

A Kenny
Director
Date: 23 May 2023

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Note	31 March 2023 US $'000	31 March 2022 US $'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	15,480,972	13,680,611
Intangible assets		3,921	3,601
Advances to OEMs	15	25,087	44,771
Loan receivables	16	4,370,113	636,720
Investment in subsidiaries	11	728,700	56,697
Lease incentive assets	19	140,880	68,383
Derivative financial instruments	13	80,492	24,851
		20,830,165	14,515,634
CURRENT ASSETS			
Advances to OEMs	15	19,743	563,585
Assets held for sale	20	245,280	34,787
Loan receivables	16	1,249,755	47,311
Trade and other receivables	17	295,883	214,698
Cash and cash equivalents	18	658,353	980,451
Lease incentive assets	19	43,775	19,769
Derivative financial instruments	13	806	-
		2,513,595	1,860,601
TOTAL ASSETS		23,343,760	16,376,235
EQUITY			
Share capital	26	2,249,513	887,513
Other components of equity	27	493,589	394,770
Profit or loss account		1,263,769	985,855
TOTAL EQUITY		4,006,871	2,268,138
NON-CURRENT LIABILITIES			
Trade and other payables	21	583,671	450,972
Borrowings	22	16,660,653	11,395,489
Deferred tax liabilities	24	299,715	242,473
Derivative financial instruments	13	50,074	106,737
Subordinated liabilities	25	300,000	300,000
		17,894,113	12,495,671
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	20	26,824	2,773
Trade and other payables	21	631,511	454,969
Borrowings	22	784,441	1,154,478
Derivative financial instruments	13	-	206
		1,442,776	1,612,426
TOTAL LIABILITIES		19,336,889	14,108,097
TOTAL EQUITY AND LIABILITIES		23,343,760	16,376,235

The accompanying notes form an integral part of these financial statements.

P Barrett
Director
Date: 23 May 2023

A Kenny
Director
Date: 23 May 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2023

	Note	Share Capital US $'000	Other Reserves (incl. Share Premium) US $'000	Cash Flow Hedge Reserve US $'000	Retained Earnings US $'000	Total Equity US $'000
BALANCE AT 31 MARCH 2021...		887,513	470,555	(276,841)	2,025,671	3,106,898
Total comprehensive income						
Loss for the year................................		-	-	-	(974,899)	(974,899)
Other comprehensive income for the year..	27	-	-	203,023	-	203,023
		-	-	203,023	(974,899)	(771,876)
BALANCE AT 31 MARCH 2022...		887,513	470,555	(73,818)	1,050,772	2,335,022
Issue of preference shares		1,362,000	-	-	-	1,362,000
Total comprehensive income						
Profit for the year		-	-	-	296,111	296,111
Other comprehensive income for the year..	27	-	(1,356)	99,797	-	98,441
		-	(1,356)	99,797	296,111	394,552
BALANCE AT 31 MARCH 2023...		2,249,513	469,199	25,979	1,346,883	4,091,574

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 March 2023

	Note	Share Capital US $'000	Other Reserves (incl. Share Premium) US $'000	Cash Flow Hedge Reserve US $'000	Retained Earnings US $'000	Total Equity US $'000
BALANCE AT 31 MARCH 2021...		887,513	468,588	(276,841)	1,982,363	3,061,623
Total comprehensive income						
Loss for the year................................		-	-	-	(996,508)	(996,508)
Other comprehensive income for the year..	27	-	-	203,023	-	203,023
		-	-	203,023	(996,508)	(793,485)
BALANCE AT 31 MARCH 2022...		887,513	468,588	(73,818)	985,855	2,268,138
Issue of preference shares		1,362,000	-	-	-	1,362,000
Total comprehensive income						
Profit for the year		-	-	-	277,914	277,914
Other comprehensive income for the year..	27	-	(978)	99,797	-	98,819
		-	(978)	99,797	277,914	376,733
BALANCE AT 31 MARCH 2023...		2,249,513	467,610	25,979	1,263,769	4,006,871

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 US $'000	Year ended 31 March 2022 US $'000
PROFIT / (LOSS) BEFORE TAX		341,482	(1,115,317)
Adjustments for:			
Depreciation of property, plant and equipment	10	413,633	484,213
Impairment and write-off of property, plant and equipment	10	70,260	1,686,034
Amortisation of computer software intangible assets		1,158	857
Lease incentive asset amortisation	19	40,574	18,760
Credit impairment charge / (credit) on trade debtors	17	31,693	(35,364)
Financial asset impairment		-	16,592
Net interest expense		367,506	366,489
Movement in fair value of derivatives not in a hedge relationship and other fair value hedges		-	(576)
Profit on disposal of assets held under operating leases	4	(29,736)	(69,327)
		1,236,570	1,352,361
Decrease in receivables		18,502	28,750
Increase / (decrease) in payables		238,553	(187,884)
CASH GENERATED BY OPERATIONS		1,493,625	1,193,227
Income taxes paid		(1,532)	(586)
Interest paid		(279,130)	(380,128)
NET CASH FROM OPERATING ACTIVITIES		1,212,963	812,513
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,230,805	965,918
Purchases of property, plant and equipment		(2,941,763)	(3,140,904)
Purchases of intangible assets		(1,479)	(1,376)
Net investment in business combination	2	(1,310,327)	-
NET CASH USED IN INVESTING ACTIVITIES:		(3,022,764)	(2,176,362)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		1,362,000	-
Receipts from restricted cash accounts		-	361,700
Repayment of obligations under finance leases		-	(5,752)
Proceeds from indebtedness		4,355,582	2,947,802
Repayments of indebtedness		(4,162,957)	(1,399,635)
NET CASH FROM FINANCING ACTIVITIES		1,554,625	1,904,115
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(878)	(1,347)
NET (DECREASE) / INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS		(256,054)	538,919
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		994,274	455,355
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18	738,220	994,274
Unrestricted cash and cash equivalents as above	18	738,220	994,274
Restricted cash as reported	18	-	-
Total cash and cash equivalents	18	738,220	994,274

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 US $'000	Year ended 31 March 2022 US $'000
PROFIT / (LOSS) BEFORE TAX		320,900	(1,138,884)
Adjustments for:			
Depreciation of property, plant and equipment	10	350,078	481,705
Impairment and write-off of property, plant and equipment	10	70,260	1,686,034
Amortisation of computer software intangible assets		1,158	857
Lease incentive asset amortisation	19	40,574	18,760
Credit impairment charge / (credit) on trade debtors	17	23,586	(35,364)
Financial asset impairment		-	16,592
Net interest expense		291,655	366,772
Movement in fair value of derivatives not in a hedge relationship and other fair value hedges		-	(576)
Profit on disposal of assets held under operating leases		(30,005)	(70,910)
		1,068,206	1,324,986
(Increase) / decrease in receivables		(1,218,772)	188,666
Decrease in payables		(548,117)	(250,783)
CASH GENERATED BY OPERATIONS		(698,683)	1,262,869
Income taxes paid		(1)	-
Interest paid		(274,417)	(382,361)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		(973,101)	880,508
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1,231,074	857,623
Purchases of property, plant and equipment		3,557,888	(3,042,161)
Purchases of intangible assets		(1,479)	(1,376)
Investment in subsidiary		(672,003)	-
Net investment in business combination		(1,310,327)	-
Loans provided to subsidiaries		(4,935,836)	(173,401)
NET CASH USED IN INVESTING ACTIVITIES:		(2,130,683)	(2,359,315)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		1,362,000	-
Receipts from restricted cash accounts		-	361,700
Repayment of obligations under finance leases		-	(5,752)
Proceeds from indebtedness		4,713,955	2,992,097
Repayments of indebtedness		(3,293,926)	(1,338,294)
NET CASH FROM FINANCING ACTIVITIES		2,782,029	2,009,751
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		(343)	(686)
NET (DECREASE) / INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS		(322,098)	530,258
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		980,451	450,193
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18	658,353	980,451
Unrestricted cash and cash equivalents as above	18	658,353	980,451
Restricted cash as reported	18	-	-
Total cash and cash equivalents	18	658,353	980,451

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

SMBC Aviation Capital Limited is a company incorporated and domiciled in Ireland. The address of its registered office is IFSC House, IFSC, Dublin 1, Ireland.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

a. Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. The principal accounting policies are set out below.

The Consolidated Financial Statements of the Company have been prepared in accordance with IFRSs as adopted by the EU. The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements.

The Company's functional currency is the US Dollar, being the currency of the primary economic environment in which the Company operates. The presentation currency for the Group and Company is US Dollar. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollars unless otherwise stated.

The accounts, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with IFRS as adopted by the European Union.

The Group's activities are capital intensive by their nature, and have been funded with a combination of equity and debt capital provided by its shareholders and third party debt financing. The ability of the Group to continue to operate is dependent upon (among other matters) its ability to meet (i) its debt repayment obligations under the respective loan agreements as set out in note 22 'Borrowings' and (ii) its future aircraft purchases as set out in note 30 'Capital Commitments'. The Group has considerable financial resources (see undrawn facilities as described in note 23 'Financial Risk Management') together with long-term lease contracts with airline operators across different geographic areas (see note 28 'Operating Lease Arrangements as Lessor'). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In determining the going concern basis of preparation of the financial statements, the Directors have also considered the impact of sanctions on Russia (see note 10 'Property, plant and equipment') and ongoing developments in the Covid-19 situation on the Group and its customers. The Directors have considered the cash position, existing equity and resources available to the Group, which, along with related forecasts, provide comfort over the sustainability of the Group and Company. If the effects of either the Russian situation or the Covid-19 outbreak are deeper or more prolonged than currently expected, there would be a likely impact on future reporting periods. The Directors continue to keep the situation and the impact on the Group under review, with the support of the key service providers.

b. Estimates and judgements

The preparation of Financial Statements in conformity with IFRS as adopted by the EU requires management to make use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the reported amount of income and expenses during the reported period.

In particular, the judgements and assumptions involved in the Group and Company's accounting policies which have the most significant effect on the amounts recognised in the Financial Statements are as follows:

Note 2 – Business Combinations:

In order to account for the acquisition of Goshawk on 21 December 2022, the Group measured the assets acquired and liabilities assumed at fair value in accordance with the guidance issued under IFRS 3, 'Business Combinations'. The most significant assets acquired relate to aircraft held for lease which are recognised at fair value based on the maintenance adjusted current market values obtained from independent appraisers.

Note 10 - Property, Plant and Equipment:

The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discount rates. The discount rate used in the measurement of impairment was 6% in the current period. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Note 17 – Credit impairment provisions

The Group recognises an expected credit loss for financial assets in accordance with IFRS 9 – Financial Instruments. The material judgements in respect of lease receivables, loan receivables and finance lease receivables include the estimation of both the timing and quantum of expected losses. The Group assigns a credit rating to each counterparty which is determined to be predictive of the probability of default and loss given default, having considered collateral arrangements, relevant external ratings, the financial result and position of the airline customer and the experienced credit judgment of the dedicated credit analyst team.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates.

c. **Basis of consolidation**

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries, drawn up to 31 March 2023. The Group does not have investments in associates or joint ventures as defined in IFRS.

In applying IFRS 10, the standard introduced a single consolidation model for all entities based on control which requires consolidation where the Company has power over the entity, exposure or rights to returns from involvement with the entity and the ability to use power to affect returns. The financial statements of an entity are included in the Consolidated Financial Statements from the date that this control commences until the date that this control ceases.

The Consolidated Financial Statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

(a) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account. All subsidiaries have coterminous financial year ends. The accounting policies of all subsidiaries are consistent with the policies adopted by the Group. Intragroup transactions, intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. All of the Company's subsidiaries are wholly owned by the Company and, as such, there are no non-controlling interests to present separately in the Consolidated Financial Statements.

(b) Common control transactions

Business combinations under common control are accounted for in the consolidated financial statements prospectively from the date the Group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the financial statements of the transferor. Assets and liabilities are adjusted, if necessary, to reflect Group accounting policies and any difference between the net assets acquired, based on book values adjusted for accounting policy differences, is reflected in other reserves.

d. **Business combinations**

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

e. **Investment in subsidiaries**

Investments in subsidiary undertakings are stated in the Company Statement of Financial Position at cost, less any provision for impairment.

f. **Income under finance and operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At each reporting date, the Group assesses whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Rentals received, but unearned under lease agreements are recorded as 'Prepaid lease rentals' in trade and other payables.

g. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

h. **Fee income**

Arranger fee income earned on the sale and purchase of managed aircraft is recognised on completion of the sale when the aircraft has been accepted by the customer and no further services remain to be completed. Ongoing aircraft management fees are recognised in the accounting period in which the services are rendered.

i. **Borrowing costs**

Borrowing costs attributable to the acquisition of aircraft not yet delivered are capitalised as part of aircraft cost, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. All other borrowing costs are recognised as an expense in the period in which they are incurred.

j. **Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside the income statement which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

k. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

i. As a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group and Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Group and Company’s net investment outstanding in respect of the leases.

ii. As a lessee

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measure at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group and Company’s incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group and Company present lease liabilities in 'trade and other payables' in the statement of financial position.

l. **Foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the profit or loss for the period.

m. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets are depreciated to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their estimated useful economic lives, as follows:

Aircraft for hire under operating leases

– to the next useful economic life ("UEL") point, maximum of 5 years

Office equipment and fixtures & fittings

– 3 to 10 years from date when brought into use

It is the Group and Company's practice to hold aircraft for an average period of 5 years. Because of this, the Group and Company estimates the future market value (residual value) at 5 year intervals which correspond to UEL points.

Aircraft are depreciated to their residual values. Residual values are determined based on estimated values at the end of the useful lives of the aircraft assets.

Estimated residual values based on contractual return conditions of the aircraft are reviewed at each reporting date. This review includes the expected maintenance condition of the asset and any excess maintenance reserves expected to be available on maturity of the lease. Where estimated residual values are found to have changed significantly, this is recorded prospectively and depreciation charges over the remaining useful life are adjusted to take account of the revised estimate.

The carrying amounts of the Group and Company's aircraft are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the profit or loss.

Under IAS 39, the Group and Company avail of the own-use exemption in relation to certain capital commitments.

n. **Maintenance component assets**

Maintenance component asset represents the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The maintenance component asset is not depreciated, but capitalised to the operating lease asset at the end of the lease.

o. **Inventory**

Inventory consists primarily of engines and airframes which are valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and airframes. Costs are allocated using the relationship of the cost of the engine or airframe to estimated retail sales value at the time of purchase.

p. **Intangible assets**

Intangible assets are initially recognised at cost which is their fair value at the date of acquisition or capitalisation of related staff costs. Subsequently intangible assets are carried at cost less any accumulated amortisation and impairment. Cost is amortised on a straight-line basis over their estimated useful lives which vary from two years to ten years. Carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

q. **Impairment of non-financial assets**

Long-term tangible and intangible assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value in use includes cash flow projections of contracted and estimated lease rentals, with probabilities assigned to such cash flows where expected outcomes may vary. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

r. **Pre-delivery payments**

Pre-delivery payments ("PDPs") are recorded in the Consolidated Statement of Financial Position at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalised as incurred, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. As aircraft which are subject to PDPs are delivered, all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment. The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid.

s. **Non-current assets and liabilities held for sale**

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

t. **Financial instruments**

The Group and Company's financial assets are categorised as either 'financial assets measured at amortised cost' or 'financial assets at fair value through the profit or loss'. The appropriate classification is determined based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. Financial assets measured at amortised cost include ‘loan receivables’, ‘advances to OEMs’, ‘trade and other receivables’ and ‘cash and cash equivalents’ in the Consolidated Statement of Financial Position.

Financial assets at fair value through other comprehensive income include investments in equity instruments which are not held for trading. All other financial assets are classified as measured at fair value through profit or loss (“FVTPL”).

The Group and Company’s financial liabilities are categorised as either ‘financial liabilities measured at amortised cost’ or ‘financial liabilities at fair value through the profit or loss’. Financial liabilities measured at amortised cost includes ‘borrowings’, ‘obligations under finance leases’ and ‘trade and other payables’ in the Consolidated Statement of Financial Position.

A financial asset is recognised in the Consolidated Statement of Financial Position only when the Group becomes party to its contractual provisions. The purchase of financial assets is recognised using trade date accounting. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership. Financial liabilities are initially recognised at fair value, less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other interbank offered rates (‘IBORs’) has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes. The Group has recognised the hedging instruments set out note 14 at fair value, which are exposed to the impact of LIBOR. The Group also has certain floating rate liabilities where the reference rate is linked to LIBOR. The Group has established a transition plan to ensure a smooth transition to alternative reference rates and has engaged with counterparties to include appropriate fallback provisions in its floating rate liabilities and hedging derivatives. New standard guidance (namely “Interest Rate Benchmark Reform Phase 2, Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16”) became effective for annual periods on or after 1 January 2021 and the Group believes that the impact for future accounting periods will not be material.

u. **Derivatives and hedge accounting**

The Group and Company has entered into various financial instruments (derivatives) to manage foreign exchange and interest rate risk. Derivatives include swaps, forwards and options.

All derivatives are recognised on the Consolidated Statement of Financial Position at their fair value (market value). Market 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 method of recognising the resulting gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument.

Non-hedging derivatives are classified at fair value through the profit or loss. Gains and losses arising from changes in fair value of a non-hedging derivative are recognised as they arise in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under trading income/expense.

The Group and Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group and Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group and Company makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to the profit or loss in the same period as the hedged cash flows affect the profit or loss, and in the same line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

When a derivative is designated as the hedging instrument in a fair value hedge, changes in fair value are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discounted hedge of a forecast transaction the cumulative amount recognised in Other Comprehensive Income from the period when the hedge was effective is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the profit or loss as a reclassification adjustment. If the criteria for hedge accounting cease to be met in relation to a fair value hedge, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

Determination of fair values of derivative financial instruments and financial liabilities in fair value hedge relationships

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Group and Company's pricing and valuation methods are managed in conjunction with Sumitomo Mitsui Banking Corporation Capital Markets Inc.

The current pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk and liquidity risk.

v. **Provisions**

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

w. **Amounts receivable under finance leases**

A finance lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

x. **Loans receivable and advances to OEMs**

Loan receivables and advances to OEMs are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

y. **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

z. **Restricted cash**

Restricted cash includes cash held by the Group and Company which is ring-fenced or used as security for specific financing arrangements and to which the Group and Company does not have unfettered access.

aa. **Lease incentive accounting**

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognised for this amount, and it is amortised over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

bb. **Obligations under finance leases**

Assets held under finance leases are recognised as assets of the Group and Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

cc. **Maintenance reserves**

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position. At the end of the lease any excess is taken to revenue. Excess supplemental income from maintenance reserve is only recognised as revenue in the income statement when the Group and Company settles the full obligation in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

dd. **Lease component assets and liabilities**

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

ee. **Pensions**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as the related service is received from the employee.

ff. **Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

gg. Profit from operating activities

Operating profit is stated before charging or crediting investment income and finance costs.

hh. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. New standards adoption and amendments to IFRS

There were no new accounting standards / amendments to standards effective for annual periods beginning 1 January 2022 apart from minor amendments to IFRSs through both standalone amendments and through the *Annual Improvements to IFRS Standards 2018 – 2020* cycle. None of these had a significant impact on reported results or disclosures.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to the Group and Company, but were not effective at 31 March 2023, and have not been applied in preparing these financial statements:

- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current and Disclosure of Accounting policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)

These are all effective for annual periods beginning on or after 1 January 2023 (unless otherwise noted). The Group and Company have taken the decision not to adopt these amended standards and interpretations early. The impact of these amended standards and interpretations is not expected to be material.

2. BUSINESS COMBINATIONS

On 21 December 2022, the Company acquired 100% of Goshawk Management Limited and associated corporate assets (together "Goshawk"), the Dublin-based global aircraft lessor. Goshawk Management Limited has subsequently been renamed SMBC Aviation Capital Management Limited.

The acquisition has allowed the Group to accelerate its growth through acquiring a high quality, narrowbody focused portfolio and generate strong profitability for its shareholders in the coming cycle while providing scale and an industry leading position.

The total consideration paid in cash was $1.67 billion, funded from the issuance of additional preference shares (note 26) and shareholder funding (note 22). The Company has assessed the fair value of the assets acquired and liabilities assumed in the acquisition which resulted in no material goodwill.

The following table summarises management's assessment of the fair value of the material assets acquired and liabilities assumed at the acquisition date:

	21 December 2022 US $'000
Property, plant and equipment of which:	
Aircraft for hire under operating leases	6,246,208
Other property, plant and equipment	251,241
Trade and other receivables	56,516
Cash and cash equivalents	356,159
Other assets	12,031
Total assets	6,922,155
Loan amounts due to third party undertakings	(1,798,082)
Maintenance reserve	(358,770)
Lessor contributions	(82,926)
Security deposits	(51,989)
Deferred tax	(42,574)
Other creditors and deferred income	(84,992)
Total liabilities	(2,419,333)
Fair value of net assets	4,502,822
Funding provided to settle existing debt	(2,836,336)
Consideration paid	(1,666,486)
Goodwill	-

(c) Revenue and profit contribution

Revenue from leases included in the statement of comprehensive income contributed by the acquired business since 21 December 2022 was $179.5 million. The acquired business also contributed net income of $21.8 million for the period.

Had the acquisition occurred on 1 April 2022, management estimates the Group's consolidated revenue from leases would have been $1.84 billion and the Group's consolidated profit before tax for the year would have been $418.1 million.

(d) Acquisition related costs

Costs related to the acquisition and integration of Goshawk of $26.7 million are included in general and administrative expenses (note 6) in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows.

(11) Application of acquisition method of accounting

The Group applied the acquisition method of accounting and measured the identifiable assets acquired and the liabilities assumed at fair value at the closing date. The fair value measurement of each major asset acquired and liability assumed is as set out below.

(a) Aircraft for hire under operating leases

The Group determined the fair value of acquired aircraft held for lease as of the closing date using the maintenance adjusted current market values obtained from independent appraisers and in certain cases management made specific judgements for aircraft.

(b) Other property, plant and equipment

PDP balances were recognised at carrying value as there was deemed to be no variance between carrying value and fair value.

Cash and cash equivalents

Both the cash and cash equivalents were recognised at their carrying value as there was no variance between carrying value and fair value.

(c) Loan amounts due to third party undertakings

The fair value of loans and borrowings was estimated using quoted market prices where available. The fair value of certain debt without quoted market prices is estimated using discounted cash flow analysis based on current market prices for similar type debt instruments.

(d) Maintenance reserves

The fair value of maintenance reserves relating to pre-acquisition usage is determined by calculating the present value of expected cash outflows during the lease term consisting of expected reimbursements of maintenance reserves at the time of the forecasted maintenance event. Present value is calculated using relevant US treasury rates plus the risk inherit in the liability (based on forecasted dated of maintenance event).

3. Revenue

	Year ended 31 March 2023 US $'000	**Year ended 31 March 2022 US $'000**
Operating lease revenue		
Rentals receivable	1,390,481	1,157,170
Lease incentive amortisation (note 19)	(40,574)	(18,760)
Maintenance (expense) / income	(1,945)	233,311
Lease revenue	1,347,962	1,371,721
Fee income		
Aircraft management fees	9,072	10,833
Other revenue	9,072	10,833
	1,357,034	1,382,554

Maintenance income in the prior year above include $149.3 million recognised following the termination of leasing with Russian airlines in relation to the release of maintenance reserves held at the time, including $76.3 million received by the Group in respect of letters of credit which were drawn down and received as part of this termination. Maintenance income in the current year include $1.9 million of a similar nature. Separately, the release of other related balances resulted in additional operating lease revenue in the prior year of $12.3 million, consisting of prepaid rentals receivable of $9.0 million and maintenance income from the release of lessor contributions of $6.3 million, offset by accelerated lease incentive amortisation of $3.0 million.

Included in operating lease revenue above are the following amounts:		
Contingent rentals	76,354	48,545

The contingent element relates to lease rentals that are variable based on market interest rates and certain lease amendment agreements. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

	Year ended 31 March 2023 US $'000	**Year ended 31 March 2023 %**	**Year ended 31 March 2022 US $'000**	**Year ended 31 March 2022 %**

Total rentals receivable distribution by geographical region:				
Emerging Asia	376,820	27.1	306,650	26.5
South America	250,287	18.0	208,291	18.0
Developed Europe	282,268	20.3	218,705	18.9
Emerging Europe	34,762	2.5	153,904	13.3
Asia	143,220	10.3	97,202	8.4
Middle East & Africa	122,362	8.8	70,587	6.1
North America	180,762	13.0	101,831	8.8
	1,390,481	100.0	1,157,170	100.0

The basis for disclosing revenue distribution by geographical region is that the portfolio is managed by region rather than by country.

4. Other Operating Income

	Year ended 31 March 2023 US $'000	Year ended 31 March 2022 US $'000
Profit on disposal of property, plant and equipment	29,736	69,327
Other operating income	21,881	54,949
	51,617	124,276

Profit on disposal of property, plant and equipment decreased in the current year despite higher trading volumes, reflecting a continuation of increasing aircraft trading activity but with lower average profit per disposal. Other operating income in the prior year include partial recovery amounts related to the sale of the Group's interest in the pre-petition claims against some its lessees by way of sub-participation.

Other operating income for the prior period include $20.3 million recognised following the termination of leasing with Russian airlines in relation to the release of security deposits and other related balances. This amount in the prior period also includes $17.4 million received by the Group in respect of letters of credit which were drawn down and received as part of this termination, with amount of $3.3 million also in respect of letters of credit received during the current period. Other operating income in the current year include $3.3 million of a similar nature.

5. Other Operating Expenses

	Year ended 31 March 2023 US $' 000	Year ended 31 March 2022 US $ 000
Administration expenses	(181,175)	(103,310)
Amortisation of computer software intangible assets	(1,158)	(857)
	(182,333)	(104,167)

Operating expenses increased during the year due to higher staff costs (note 7) as well as higher legal and other professional fees, including acquisition costs (note 2), and insurance costs incurred.

6. Profit / Loss from Operating Activities

	Year ended 31 March 2023 US $' 000	Year ended 31 March 2022 US $' 000
Operating loss / profit has been arrived at after charging:		
Depreciation	413,633	484,213
Asset impairment charge	70,260	1,686,034
Credit impairment charge / (credit)	31,693	(35,364)
Financial asset impairment (i)	-	16,592

Group service fee	11,742	13,042
Auditors remuneration	1,983	1,216
Staff costs (note 7)	90,544	65,710
Other operating expenses (ii)	84,538	33,725
Foreign exchange loss	2,046	591

(i) Financial asset impairment in the prior year represents amounts written off, which were previously recognised to reflect the fair value of certain sale and leaseback transactions with Russian airlines.

(ii) Operating expenses includes $26.7 million of acquisition costs related to the acquisition and integration of Goshawk (note 2).

Auditors remuneration:		
Audit of the Group financial statements	616	570
Audit of the Subsidiary financial statements	297	71
Other assurance services	382	142
Other non-audit services	-	-
Tax advisory services	688	433
	1,983	1,216
Of which related to the Company	1,407	989

7. Staff Costs

	Year ended 31 March 2023	Year ended 31 March 2022
	US $'000	US $'000
Staff costs	79,446	55,315
Social security costs	6,741	6,195
Other pension costs	4,357	4,200
	90,544	65,710

Staff costs increased due to higher staff numbers as well as discretionary costs and completion payments as part of the Goshawk acquisition, while no staff costs were capitalised during the year (year ended 31 March 2022: $nil). The average number of people in the organisation during the financial year was 230 (2022: 203), consisting of both direct employees and representatives, of which 80 staff members were dedicated to commercial & strategy functions (2022: 45), 88 to operational (2022: 84) and the remainder to finance, compliance and other support functions.

8. Net Finance Costs

	Year ended 31 March 2023	Year ended 31 March 2022
Finance income:	**US $'000**	**US $'000**
Interest income on swaps	196,937	77,780
Interest income on finance lease and loan receivables	47,811	29,871
Interest income on deposits	21,116	504
Total interest income	265,864	108,155

	Year ended 31 March 2023	Year ended 31 March 2022
Finance expense:	**US $'000**	**US $'000**
Interest payable on swaps	(195,807)	(169,629)
Interest payable on borrowings	(430,267)	(305,919)
Less: Interest capitalised to the cost of aircraft (see note 22)	23,036	23,688

Bank charges, guarantee & other fees on borrowings	(32,076)	(23,376)
Total interest payable and related charges	(635,114)	(475,236)
Net interest payable	(369,250)	(367,081)

Interest payable on borrowings is disclosed net of break gains related to derivatives and liability management of $170.3 million (year ended 31 March 2022: losses of $0.8 million). Interest payable on borrowings is also shown net of interest income on advances to OEMs, in excess of associated funding costs, of $6.9 million (year ended 31 March 2022: $8.9 million), which resulted from the restructuring of PDPs during the previous year (note 15).

Net trading income:		
Fair value movement on interest rate swaps in qualifying hedging relationships	-	(1,373)
Fair value movement on fixed rate borrowings issued in qualifying hedging relationships	-	1,949
Net gain from financial instruments at fair value (note 22)	-	576

The portion of the net income from financial instruments carried at fair value relating to the ineffective portion of the fair value hedges at 31 March 2023 is $nil (year ended 31 March 2022: $0.58 million).

Financial asset impairment	-	(16,592)

Financial assets were recognised previously to reflect the fair value of certain sale and leaseback transactions with Russian airlines, which were then impaired in the prior year following the termination of leasing with Russian airlines.

9. Taxation

	Year ended 31 March 2023	Year ended 31 March 2022
a ANALYSIS OF TAX CHARGE FOR THE YEAR	US $'000	US $'000
Current tax charge:		
- Current year	2,742	1,952
Deferred tax - origination and reversal of temporary differences:		
- Current year	42,629	(142,370)
Tax charge / (credit)	45,371	(140,418)
b FACTORS AFFECTING THE TAX CHARGE/(CREDIT) FOR THE YEAR		
Profit / (loss) before tax subject to tax at 12.5% (2022: 12.5%)	333,440	(1,126,941)
Profit before tax subject to tax at 28% (2022: 28%)	84	80
Profit before tax subject to tax at 25% (2022: 25%)	2,740	1,353
Profit before tax subject to tax at 16.5% (2022: 16.5%)	434	439
Profit before tax subject to tax at 8.25% (2022: 8.25%)	4,784	9,752
	341,482	(1,115,317)
Tax on profit / (loss) at the rate of 12.5% (2022: 12.5%)	41,680	(140,868)
Tax on profit at the rate of 28% (2022: 28%)	24	22
Tax on profit at the rate of 25% (2022: 25%)	685	338
Tax on profit at the rate of 16.5% (2022: 16.5%)	72	72
Tax on profit at the rate of 8.25% (2022: 8.25%)	395	805
Other differences	(119)	(25)
Adjustment to assessed loss brought forward	-	(16)
Permanent difference - non-taxable income	(302)	(748)
Permanent difference - disallowed expenses	2,936	2
Tax charge / (credit)	45,371	(140,418)

10. Property, Plant and Equipment

	Group Aircraft for hire under operating leases	Group Pre-Delivery Payments	Group Office equipment and fixtures & fittings	Group Right-of-use assets	Group Total
	US $'000	US $'000	US $'000	US $'000	US $'000
COST					
At 1 April 2021	14,613,989	974,258	12,669	12,055	15,612,971
Additions	2,798,632	403,879	369	685	3,203,565
Transfers	543,214	(543,214)	-	-	-
Disposals	(1,054,428)	-	-	-	(1,054,428)
Transfer from assets held for sale (see note 20)	(41,278)	-	-	-	(41,278)
At 31 March 2022	16,860,129	834,923	13,038	12,740	17,720,830
Additions	3,122,367	214,138	538	76,796	3,413,839
Transfers	312,551	(312,551)	-	-	-
Acquired as part of business combination (see note 2)	6,246,208	245,552	-	5,689	6,497,449
Disposals	(1,471,968)	-	-	(2,606)	(1,474,574)
Transfer to assets held for sale (see note 20)	(318,673)	-	-	-	(318,673)
At 31 March 2023	24,750,614	982,062	13,576	92,619	25,838,871
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2021	1,958,100	-	11,340	5,509	1,974,949
Charge for the year	480,980	-	460	2,773	484,213
Impairment charge for the year	1,686,034	-	-	-	1,686,034
Disposals	(147,435)	-	-	-	(147,435)
Transfer from assets held for sale (see note 20)	(6,491)	-	-	-	(6,491)
At 31 March 2022	3,971,188	-	11,800	8,282	3,991,270
Charge for the year	408,960	-	505	4,168	413,633
Impairment and write-off charges for the year	70,260	-	-	-	70,260
Disposals	(291,836)	-	-	(2,606)	(294,442)
Transfer to assets held for sale (see note 20)	(89,441)	-	-	-	(89,441)
At 31 March 2023	4,069,131	-	12,305	9,844	4,091,280
CARRYING AMOUNT					
Net Book Value at 31 March 2023	20,681,483	982,062	1,271	82,775	21,747,591
Net Book Value at 31 March 2022	12,888,941	834,923	1,238	4,458	13,729,560

During the period, the Group acquired 154 aircraft and other right of use assets as part of its acquisition of Goshawk.

During the year, assets in the Group with a carrying value of $1.48 billion (year ended 31 March 2022: $1.45 billion) and average age of 8.4 years (year ended 31 March 2022: 6.8 years) were assessed for impairment as evidence existed that suggested the economic performance of the aircraft is or will be worse than expected. Impairment was measured by determining the recoverable amount for each aircraft, being the higher of its (i) fair value less costs to sell and (ii) value in use, being the present values of cashflows from the leases attached to the aircraft (including as restructured lease cash flows related to aircraft where lessees were in default or restructuring processes) and the expected residual values from the realisation of the aircraft at lease-end when discounted at a rate of 6% (year ended 31 March 2022: 5%).

The carrying amount before impairment of these aircraft of $1.55 billion (year ended 31 March 2022: $1.52 billion) was determined to be higher than the value in use, maintenance adjusted current market value or fair value less costs to sell of $1.48 billion (year ended 31 March 2022: $1.45 billion) and an impairment loss of $70.3 million (year ended 31 March 2022: $69.5 million) was recognised during the year. The prior year charge related to lessees who were in default or undergoing restructuring processes due to the Covid pandemic and aircraft where the net book values were in excess of either its respective value in use or maintenance adjusted current market value as set out below.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations, including reduced lease rentals for airlines that have entered restructuring processes. In certain instances these cash flow projections may also include potential cash outflows in respect of near-term scheduled maintenance events. Cash flow assumptions applied for these lease restructurings and for customers with ongoing restructuring negotiations, have been assessed and the highly probable outcomes have been included in line with the customer specific circumstances. If future cash flows were to deviate from current negotiations to worst-case cash flows at market rates, the impact on impairment would be deemed not material. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions, or in the case of potential repossessions on an 'as is' physical condition. The impairment loss recognised takes account of both the value in use and the maintenance adjusted current market value of the relevant aircraft.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated time on the ground, estimated residual values, economic conditions, technology and airline demand for particular aircraft variants. These estimated cashflows were discounted at 6% (year ended 31 March 2022: 5%) per annum.

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

– 0.5% increase in the discount rate used

– 5% decrease in the future lease rental cashflows of each aircraft

– 5% decrease in the residual value of aircraft at end of its useful economic life

– 3 month increase in the estimated time on the ground between leases

None of the above movements in risk variables would have resulted in a material impact on the impairment charge for property, plant and equipment for the current or prior year.

The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid. There was no impairment on PDPs in the current or prior period.

The value of lease and maintenance component assets included in above is $558.66 million (31 March 2022: $109.19 million). These lease and maintenance component assets arose from the purchase of second hand aircraft and the Goshawk acquisition and are accounted for in accordance with our policy as set out in note 1(n). There were no assets subject to obligations under finance leases at 31 March 2023 or 31 March 2022.

At 31 March 2023 the Group owned 497 aircraft, including aircraft classified as finance lease and loan receivables. The Group has eight aircraft off-lease at year-end and 21 aircraft on lease which are scheduled to complete their lease term within the next twelve months. As noted above, the Group also has 34 aircraft lost in Russia, which have not been redelivered despite the termination of leasing during February 2022. There were seven aircraft held for sale at 31 March 2023 (31 March 2022: one).

The Group's 34 aircraft which are lost in Russia, continue to be flown by Russian airlines despite the leasing being terminated and the requested return of such aircraft by the Group. The Group continue to be deprived of the use, possession and control of these aircraft. While the Group retain legal title to the aircraft, it was determined that the Group no longer had control of the aircraft which remain in Russia and are lost to the Group. Those aircraft are the subject of a claim for a total loss under applicable insurance and are now also the subject of litigation commenced in the Irish Courts against Insurers. Consequently, the Group recognised a write off of $1.62 billion in the prior period ended 31 March 2022, representing 100% of the carrying value of the 34 aircraft lost in Russia.

	Company Aircraft for hire under operating leases	Company Pre-Delivery Payments	Company Office equipment and fixtures & fittings	Company Right-of-use assets	Company Total
	US $'000	US $'000	US $'000	US $'000	US $'000
COST					
At 1 April 2021	14,451,732	974,258	12,652	9,093	15,447,735
Additions	2,798,632	403,879	368	685	3,203,564
Transfers	543,214	(543,214)	-	-	-
Disposals	(941,254)	-	-	-	(941,254)
Transfer from assets held for sale (see note 20)	(41,278)	-	-	-	(41,278)
At 31 March 2022	16,811,046	834,923	13,020	9,778	17,668,767
Additions	3,093,039	214,138	538	76,796	3,384,511
Transfers	312,551	(312,551)	-	-	-
Acquired as part of business combination (see note 2)	-	245,552	-	-	245,552
Disposals	(1,471,968)	-	-	-	(1,471,968)
Transfer to assets held for sale (see note 20)	(318,673)	-	-	-	(318,673)
At 31 March 2023	18,425,995	982,062	13,558	86,574	19,508,189
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2021	1,957,069	-	11,328	3,321	1,971,718
Charge for the year	479,153	-	457	2,095	481,705
Impairment charge for the year	1,686,034	-	-	-	1,686,034
Disposals	(144,810)	-	-	-	(144,810)
Transfer from assets held for sale (see note 20)	(6,491)	-	-	-	(6,491)
At 31 March 2022	3,970,955	-	11,785	5,416	3,988,156
Charge for the year	345,707	-	504	3,867	350,078
Impairment charge for the year	70,260	-	-	-	70,260
Disposals	(291,836)	-	-	-	(291,836)
Transfer to assets held for sale (see note 20)	(89,441)	-	-	-	(89,441)
At 31 March 2023	4,005,645	-	12,289	9,283	4,027,217
CARRYING AMOUNT					
Net Book Value at 31 March 2023	14,420,350	982,062	1,269	77,291	15,480,972
Net Book Value at 31 March 2022	12,840,091	834,923	1,235	4,362	13,680,611

11. Investment in Subsidiaries – Company

	31 March 2023	31 March 2022
	US $'000	US $'000
At cost	728,700	56,697

The Company's significant subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

Owned by the Company:	Nature of business:	Country of incorporation:

SMBC Aviation Capital Ireland Leasing 3 Limited (1)	Leasing	Ireland
SMBC Aviation Capital Finance Designated Activity Company (1)	Debt issuance	Ireland
SMBC Aviation Capital Management Limited (2)	Leasing	Ireland
SMBC Aviation Capital Netherlands B.V. (3)	Leasing	Netherlands
SMBC Aviation Capital Hong Kong Limited (4)	Leasing	China
SMBC Aviation Capital Hong Kong 3 Limited (4)	Leasing	China

On 21 December 2022, the Company acquired 100% of Goshawk Management Limited and associated corporate assets (together "Goshawk"), the Dublin-based global aircraft lessor. Goshawk Management Limited has subsequently been renamed SMBC Aviation Capital Management Limited (note 2).

Registered addresses of entities above, denoted by reference attached to each entity name:

1) IFSC House, IFSC, Dublin 1, Ireland

2) 32 Molesworth Street, Dublin 2, Ireland

3) Strawinskylaan 907, 1077 XX Amsterdam, The Netherlands

4) 31 & 32/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong

Movements during the year:	**US $'000**
At 1 April 2021	56,697
Addition during the year	0
At 31 March 2022	56,697
Addition during the year	672,003
At 31 March 2023	728,700

12. Financial Instruments

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

At 31 March 2023	**Group Carrying Value US $'000**	**Group Fair Value US $'000**	**Company Carrying Value US $'000**	**Company Fair Value US $'000**
Financial assets at fair value through profit or loss Derivative financial instruments	81,298	81,298	81,298	81,298
Financial assets measured at amortised cost				
Advances to OEMs	44,830	42,224	44,830	42,224
Finance lease and loan receivables	593,169	593,170	5,619,868	5,928,270
Trade and other receivables	281,450	281,450	295,883	295,883
Cash and cash equivalents	738,220	738,220	658,353	658,353
Financial assets	1,738,967	1,736,362	6,700,232	7,006,028
Financial liabilities at fair value through profit or loss Derivative financial instruments	50,074	50,074	50,074	50,074
Financial liabilities measured at amortised cost:				
Trade and other payables	1,850,639	1,850,639	1,242,006	1,242,006
Borrowings	17,286,194	18,494,649	17,445,094	18,934,427

Subordinated liabilities	300,000	280,382	300,000	280,382
Financial liabilities	19,486,907	20,675,744	19,037,174	20,506,889

At 31 March 2022	Group Carrying Value US $'000	Group Fair Value US $'000	Company Carrying Value US $'000	Company Fair Value US $'000
Financial assets at fair value through profit or loss Derivative financial instruments	24,851	24,851	24,851	24,851
Financial assets measured at amortised cost				
Advances to OEMs	608,356	604,046	608,356	604,046
Finance lease and loan receivables	633,003	634,982	684,031	784,808
Trade and other receivables	212,299	212,299	214,698	214,698
Cash and cash equivalents	994,274	994,274	980,451	980,451
Financial assets	2,472,783	2,470,452	2,512,387	2,608,854
Financial liabilities at fair value through profit or loss Derivative financial instruments	106,943	106,943	106,943	106,943
Financial liabilities measured at amortised cost:				
Trade and other payables	888,775	888,775	908,714	908,714
Borrowings	12,455,671	13,376,441	12,549,967	13,805,906
Subordinated liabilities	300,000	332,138	300,000	332,138
Financial liabilities	13,751,389	14,704,297	13,865,624	15,153,701

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 Unobservable inputs for the asset or liability

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Cash and cash equivalents - the fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Finance lease and loan receivables measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Advances to OEMs measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.

The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

13. Derivatives at Fair Value

All derivatives held at the reporting date are with Sumitomo Mitsui Banking Corporation Capital Markets Inc., and are in US Dollars only. All derivatives entered into are for hedging purposes and are carried at fair value. Those derivatives that do not meet IAS39 hedge accounting criteria are held for economic hedging purposes. The value of derivatives designated as cash flow hedge relationships is $31.22 million (2022: $82.09 million). The value of derivative assets designated as fair value hedge relationships is $nil (2022: $nil). The total amount of the change in fair value estimated in the profit or loss during the period was $nil (2022: $nil) in respect of certain ineffective cashflow hedges and a $nil (2022: $0.58 million gain) in respect of certain ineffective fair values hedges.

	Group Notional	Group Fair values		Company Notional	Company Fair values	
At 31 March 2023	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**	**Contract US $'000**	**Assets US $'000**	**Liabilities US $'000**
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)
	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)
Total	4,435,907	81,298	(50,074)	4,435,907	81,298	(50,074)
At 31 March 2022						
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,984,347	24,851	(106,943)	3,984,347	24,851	(106,943)
	3,984,347	24,851	(106,943)	3,984,347	24,851	(106,943)
Total	3,984,347	24,851	(106,943)	3,984,347	24,851	(106,943)

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
Summary	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Assets due within one year	806	-	806	-
Assets due after one year	80,492	24,851	80,492	24,851
Liabilities due within one year	-	(206)	-	(206)
Liabilities due after one year	(50,074)	(106,737)	(50,074)	(106,737)
Total	31,224	(82,092)	31,224	(82,092)

14. Hedge Accounting

The Group and Company uses interest rate swaps to hedge the interest rate risks arising from receipt of variable interest receivables on leases.

The fair values of derivatives designated as cash flow hedges are as follows:

(a) Group

	Notional contract amount	Fair values	
		Assets	**Liabilities**
At 31 March 2023	**US $'000**	**US $'000**	**US $'000**

Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	4,435,907	81,298	(50,074)
	4,435,907	81,298	(50,074)
At 31 March 2022			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,984,347	24,851	(106,943)
	3,984,347	24,851	(106,943)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1 year	In the 2nd year	3 to 5 years	Over 5 years
At 31 March 2023	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Cash inflows	230,246	172,423	320,977	34,980
Cash outflows	(172,537)	(158,016)	(379,748)	(36,589)

During the financial year ended 31 March 2023, $113.3 million (2022: $231.2 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedges. There was no amount recognised as hedge ineffectiveness in the Statement of Other Comprehensive Income (2022: $nil).

(b) Company

	Notional contract amount	Fair values	
		Assets	Liabilities
At 31 March 2023	**US $'000**	**US $'000**	**US $'000**
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	4,435,907	81,298	(50,074)
	4,435,907	81,298	(50,074)
At 31 March 2022			
Derivatives designated as hedging instruments in cash flow hedges Interest rate swaps	3,984,347	24,851	(106,943)
	3,984,347	24,851	(106,943)

The time periods in which the hedge cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

	Less than 1 year	In the 2nd year	3 to 5 years	Over 5 years
At 31 March 2022	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Cash inflows	230,246	172,423	320,977	34,980
Cash outflows	(172,537)	(158,016)	(379,748)	(36,589)

During the financial year ended 31 March 2023, $113.3 million (2022: $231.2 million) was recognised in the Statement of Other Comprehensive Income relating to the effective portion of cash flow hedge. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Other Comprehensive Income (2022: $nil).

	Group Year ended 31 March	Group Year ended 31 March	Company Year ended 31 March	Company Year ended 31 March

Analysis of effective portion of changes in fair value of cash flow hedges	**2023**	**2022**	**2023**	**2022**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Derivatives in place for the full year	102,330	228,934	102,330	228,934
Derivatives matured during the year	58,506	943	58,506	943
Derivatives entered into during the year	(47,519)	1,368	(47,519)	1,368
Effective portion of changes in fair value of cash flow hedges	113,317	231,245	113,317	231,245
Tax effect	(14,165)	(28,906)	(14,165)	(28,906)
	99,152	202,339	99,152	202,339

15. Advances to OEMS

	Group 31 March 2023	**Group 31 March 2022**	**Company 31 March 2023**	**Company 31 March 2022**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Advances to Boeing				
Current	19,743	563,585	19,743	563,585
Non-current	25,087	44,771	25,087	44,771
	44,830	608,356	44,830	608,356

During the year ended 31 March 2021, various amounts of previously paid PDPs were reclassified as an advance to Boeing (note 10) due to the deferral and cancellation of a number of existing orders (note 30). These amounts are available as a credit against the purchase of other Boeing aircraft, goods or services or ultimately against the purchase of the deferred aircraft, earn interest and any unused balances relating to these agreements become repayable between 2023 - 2024. Credits totalling $563.4 million were applied against direct order and sale and leaseback deliveries during the current period and prior years.

In accordance with the requirements of IFRS 9 and the approach outlined in Note 1(x), the Group performed a review of future estimated cashflows related to the advances to OEMs. Based on this review a remeasurement of $0.41 million has been recognised. This remeasurement is for accounting purposes only and on a legal basis the amount outstanding at period-end is $44.4 million.

16. Finance Leases and Loan Receivables

	Group 31 March 2023	**Group 31 March 2022**	**Company 31 March 2023**	**Company 31 March 2022**
	US $'000	**US $'000**	**US $'000**	**US $'000**
Current				
Fixed rate receivables				
Finance leases	3,218	18,889	-	-
Loan receivables	-	-	2,523	19,790
Floating rate receivables				
Loan receivables	29,044	27,132	1,247,232	27,521
	32,262	46,021	1,249,755	47,311
Non-current				
Fixed rate receivables				
Finance leases	37,652	34,781	-	-
Loan receivables	-	-	69,518	72,041
Floating rate receivables				
Loan receivables	523,255	552,201	4,300,595	564,679
	560,907	586,982	4,370,113	636,720
Total finance lease and loan receivables	593,169	633,003	5,619,868	684,031

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

Less than 1 year	6,329	22,665	-	-
1-2 years	6,225	4,667	-	-
2-3 years	6,225	4,667	-	-
3-4 years	32,170	4,667	-	-
4-5 years	-	30,611	-	-
Total undiscounted lease payments receivable	50,949	67,277		
Unearned finance income	(10,079)	(13,607)	-	-
Net investment in finance leases	40,870	53,670	-	-

Finance lease receivables

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases two aircraft for which substantially all of the risks and rewards of ownership have transferred, resulting in the classification of these arrangements as finance leases. Finance income in the period on the net investment in leases totalled $47.81 million (31 March 2022: $29.87 million; see note 8). Collateral for these finance leases are the relevant leased aircraft.

Loan receivables - Group:

The Group acquired ten aircraft in recent years, which were placed with airline customers. These leases do not meet the definition of a lease under IFRS 16 and therefore the amounts are classified as loan receivables.

Loan receivables - Company:

Loans receivable by the Company consist of funding provided to its subsidiary undertakings in the normal course of their leasing activities.

The expected credit loss of the Group's finance lease and loan receivables is assessed based on historic loss rates and the carrying value of the finance lease receivable net of collateral held. No material expected credit loss has been recognised on the Group's finance lease and loan receivables.

17. Trade and Other Receivables

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Trade debtors	159,677	115,582	98,295	116,393
Deferred lease receivables	53,587	61,352	53,587	61,352
Credit impairment provisions	(66,945)	(35,253)	(58,839)	(35,253)
Net lease receivables	146,319	141,681	93,043	142,492
Amounts due from parent group undertakings	6,999	13,028	89,297	20,234
Prepayments	99,824	37,037	89,276	34,632
Other debtors	28,308	20,553	24,267	17,340
	281,450	212,299	295,883	214,698
Age analysis of net trade debtors				
Less than one month	19,175	14,255	12,758	15,066
One to two months	9,833	12,014	5,686	12,014
More than two months	130,669	89,313	79,851	89,313
	159,677	115,582	98,295	116,393

Despite most airline customers continuing to have improved payment performance, net lease receivables have increased mainly due to the acquisition of Goshawk, which included trade receivables of $56.5 million. In addition, some airlines continue to have reduced operations and, in some cases, continue to have grounded aircraft. Separately, one of our airline customers also entered into bankruptcy proceedings during the year. The credit impairment charge in the current period of $31.7 million (year ended 31 March 2022: reversal of $35.4 million) was impacted by the increase and other factors noted above. The credit impairment charge is determined by classifying lessees into four categories with an appropriate provision percentage ascribed to each category depending on payment performance (note 23(d)).

Other debtors include inventory of engines and airframes totalling $5.2 million (31 March 2022: $4.5 million).

18. Cash and Cash Equivalents

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Bank account	83,693	19,654	3,826	5,831
Bank account with parent group undertakings	16,711	76,859	16,711	76,859
Short-term deposits with parent group undertakings	637,816	897,761	637,816	897,761
	738,220	994,274	658,353	980,451
Restricted cash	-	-	-	-
Cash and cash equivalents net of restricted cash	738,220	994,274	658,353	980,451

19. Lease Incentive Assets

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Lease incentive assets	88,152	21,952	88,152	21,952
Amortised during the year (note 3)	(40,574)	(18,760)	(40,574)	(18,760)
Additions of lease incentive assets	167,719	84,960	167,719	84,960
Release of lease incentive assets on disposal of aircraft	(14,594)	-	(14,594)	-
Transfer to assets held for sale (note 20)	(16,048)	-	(16,048)	-
	184,655	88,152	184,655	88,152
Current lease incentive assets (amortising within 12 months)	43,775	19,769	43,775	19,769
Non-current lease incentive assets (amortising after 12 months)	140,880	68,383	140,880	68,383
	184,655	88,152	184,655	88,152

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (note 3).

20. Assets and Liabilities Held For Sale

The aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Assets held for sale				
Property, plant and equipment – aircraft	229,232	34,787	229,232	34,787

Lease incentive assets	16,048	-	16,048	-
	245,280	34,787	245,280	34,787
Liabilities associated with assets held for sale				
Security deposits	3,420	-	3,420	-
Maintenance reserve	4,033	2,773	4,033	2,773
Lessor contributions	19,371	-	19,371	-
	26,824	2,773	26,824	2,773
	218,456	32,014	218,456	32,014

At 31 March 2023, the Group classified seven aircraft (31 March 2022: one) as held-for-sale as the Group had agreements for the sale of these aircraft which met the requirement to be classified as held-for-sale. The Group generally continues to recognise lease rental income on all aircraft in this classification, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

21. Trade and Other Payables

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Security deposits	154,848	104,831	102,683	102,772
Maintenance reserves	692,056	283,052	296,936	271,155
Lessor contributions	294,597	108,486	217,089	108,486
Prepaid lease rentals and fee income received	148,552	106,895	99,916	104,671
Trade creditors	33,651	16,876	17,954	16,505
Accrued interest - third party undertakings	109,573	39,831	80,307	15,565
Amounts due to parent group undertakings	144,961	128,121	165,241	202,380
Collateral cash received	41,800	-	41,800	-
Other creditors	203,777	97,910	193,256	84,407
	1,823,815	886,002	1,215,182	905,941
Analysed as:				
Non-current trade and other payables (payable after 12 months)	1,112,607	464,224	583,671	450,972
Current trade and other payables (payable within 12 months)	711,208	421,778	631,511	454,969
	1,823,815	886,002	1,215,182	905,941

Analysis of Group trade and other payables:

	Due < 12 months	Due > 12 months	Total
At 31 March 2023	US $'000	US $'000	US $'000
Security deposits	11,858	142,990	154,848
Maintenance reserve	75,531	616,525	692,056
Lessor contributions	29,828	264,769	294,597
Prepaid lease rentals and fee income received	148,087	465	148,552
Trade creditors	33,651	-	33,651
Accrued interest - third party undertakings	109,573	-	109,573
Amounts due to parent group undertakings	144,961	-	144,961
Collateral cash received	41,800	-	41,800
Other creditors	115,919	87,858	203,777
	711,208	1,112,607	1,823,815

	Due < 12 months	Due > 12 months	Total

At 31 March 2022	US $'000	US $'000	US $'000
Security deposits	420	104,411	104,831
Maintenance reserve	42,366	240,686	283,052
Lessor contributions	24,213	84,273	108,486
Prepaid lease rentals and fee income received	103,892	3,003	106,895
Trade creditors	16,876	-	16,876
Accrued interest - third party undertakings	39,831	-	39,831
Amounts due to parent group undertakings	124,370	3,750	128,120
Other creditors	69,810	28,100	97,910
	421,778	464,223	886,001

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

22. Borrowings

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Loan amounts due to third party undertakings	5,502,868	3,453,766	4,584,743	3,113,766
Loan amounts due to parent group undertakings	9,789,094	6,510,365	9,789,093	6,510,364
Loan amounts due to subsidiaries	-	-	3,071,258	2,925,837
Other debt securities issued	1,994,232	2,491,540	-	-
	17,286,194	12,455,671	17,445,094	12,549,967
The borrowings are repayable as follows:				
On demand or within one year	784,441	1,154,478	784,441	1,154,478
In the second year	1,243,166	1,043,481	1,243,166	1,043,481
In the third to fifth year inclusive	5,735,348	4,283,386	5,735,348	4,283,386
After five years	9,523,239	5,974,326	9,682,139	6,068,622
	17,286,194	12,455,671	17,445,094	12,549,967
Less: Amounts due for settlement within 12 months	(784,441)	(1,154,478)	(784,441)	(1,154,478)
Amounts due for settlement after 12 months	16,501,753	11,301,193	16,660,653	11,395,489

As at 31 March 2023, the Group had $9.1 billion of available capacity in place through a combination of undrawn shareholder funding ($6.5 billion), third party availability ($1.8 billion) and unrestricted cash balances. The Group has short-term debt repayment obligations (due within 12 months) totalling $784.4 million and other current liabilities of $738.0 million. The short-term debt obligations include shareholder funding repayments of $84.6 million, which will become available as additional capacity on repayment.

The Group closed the sale of $500 million of its 3.00% senior unsecured notes due 2022 on 19 July 2017, the sale of $500 million of its 4.125% senior unsecured notes due 2023 on 30 July 2018, the sale of $500 million of its 3.55% senior unsecured notes due 2024 on 15 April 2019, the sale of $500 million of its 2.30% senior unsecured notes due 2028 on 15 June 2021 and the sale of $500 million of its 1.90% senior unsecured notes due 2026 on 15 October 2021 through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

All borrowings are unsecured, interest-bearing at market related interest rates determined by each facility's respective term, collateral and counterparty.

The amount of borrowing costs that were capitalised to the cost of aircraft in the period in the Group was $23.0 million (year ended 31 March 2022: $23.7 million; note 10). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Reconciliation of cash and non-cash movements of Group borrowings:

	As at 1 April 2022	Cash flows in the period	Non-cash changes Fair value changes	Non-cash changes Amortisation of issuing costs	As at 31 March 2023
	US $'000	US $'000	US $'000	US $'000	US $'000
Floating rate borrowings					
Loan amounts due to third party undertakings..........................	2,890,000	1,950,000	-	-	4,840,000
Loan amount due to parent group undertakings	2,527,759	(1,791,277)	-	-	736,482
	5,417,759	158,723	-	-	5,576,482
Fixed rate borrowings					
Loan amount due to parent group undertakings................	3,982,606	5,070,006	-	-	9,052,612
Loan amounts due to third party undertakings	563,766	99,102	-	-	662,868
Other debt securities issued.......	2,491,540	(500,000)	-	2,692	1,994,232
	12,455,671	4,827,831	-	2,692	17,286,194

Terms, conditions and analysis of Group borrowings before impact of derivatives:

At 31 March 2023	Average interest rate %	Year of maturity	Due < 12 months US $'000	Due > 12 months US $'000	Total US $'000
Floating rate borrowings					
Loan amounts due to third party undertakings	5.97	2024-2029	200,000	4,640,000	4,840,000
Loan amount due to parent group undertakings.................	7.62	2029-2033	28,678	707,804	736,482
			228,678	5,347,804	5,576,482
Fixed rate borrowings					
Loan amount due to parent group undertakings.................	4.94	2023-2035	55,929	8,996,683	9,052,612
Loan amounts due to third party undertakings	2.92	2025-2031	-	662,868	662,868
Other debt securities issued........	2.97	2023-2028	499,834	1,494,398	1,994,232
			784,441	16,501,753	17,286,194
Floating rate borrowings					
Loan amounts due to third party undertakings	1.20	2022-2029	460,000	2,430,000	2,890,000
Loan amount due to parent group undertakings.................	2.86	2023-2033	59,730	2,468,029	2,527,759
			519,730	4,898,029	5,417,759
Fixed rate borrowings					
Loan amount due to parent group undertakings.................	4.10	2022-2034	134,911	3,847,695	3,982,606
Loan amounts due to third party undertakings	2.61	2025-2031	-	563,766	563,766
Other debt securities issued........	2.98	2022-2028	499,837	1,991,703	2,491,540
			1,154,478	11,301,193	12,455,671

23. Financial Risk Management

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board of Directors, in conjunction with the Transportation Business Planning Department ("TBPD") on behalf of the Consortium, develops and monitors the Group and Company's risk management policies which are established to identify and analyse the risks faced by the Group and Company, which include:

a. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company seek to minimise cash flow currency risk by ensuring its leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. The Group and Company have no currency swaps in place at year-end.

All financial instruments are in US dollars with the exception of the following: certain bank accounts held in Euro and Sterling as well as certain receivables and payables in Euro and Sterling. There was no material change in the currency risk of the Group and Company during the period.

The carrying amounts of other currency denominated monetary assets and liabilities are as follows:

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Euro assets	45,603	10,172	29,422	8,914
Sterling assets	389	11	219	11
Japanese yen assets	5,767	10,937	4,789	397
Euro liabilities	(115,798)	(12,907)	(98,893)	(10,812)
Sterling liabilities	(1,167)	(1,386)	(1,166)	(1,386)
Japanese yen liabilities	(5,002)	(11,297)	(4,892)	(853)
Chinese yuan liabilities	(459)	(471)	(459)	(471)

At 31 March 2023, if the foreign currency, on the balances disclosed above, weakened/strengthened against the US dollar by 5% with all other variables held constant, the underlying post-tax profit for the Group for the year would have been $3.5 million lower / higher, and for the Company would have been $3.4 million lower / higher, mainly as a result of foreign exchange gains/losses on retranslation of Euro denominated cash balances, payables and other receivables.

b. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company's policy is to seek to minimise cash flow interest rate risk when entering into leasing transactions by the use of appropriate matched funding, including the use of derivative financial instruments. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IAS 39. There was no material change in the interest rate risk of the Group and Company during the period.

At the end of the reporting period the interest rate profile of the Group and Company's interest-bearing financial instruments was as follows:

Interest rate risk:	Group	Group	Company	Company

	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	US $'000	US $'000	US $'000	US $'000
Financial assets				
- variable rate	552,299	579,333	5,547,827	592,200
- fixed rate	723,516	1,559,787	754,687	1,597,948
- non-interest bearing	463,152	333,663	397,718	322,239
Total Financial Assets	1,738,967	2,472,783	6,700,232	2,512,387
Financial liabilities				
- variable rate	5,876,482	5,717,759	6,035,382	5,812,055
- fixed rate	11,709,712	7,037,912	11,709,712	7,037,912
- non-interest bearing	1,900,713	995,718	1,292,080	1,015,657
Total Financial Liabilities	19,486,907	13,751,389	19,037,174	13,865,624

The Group and Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 March 2023, if interest rates on financial assets or liabilities with variable interest rates shifted by 10bps, the underlying post-tax profit for the year would have been $0.1 million lower / higher; other components of equity would have been $4.7 million lower / higher as a result of a decrease/increase in the fair value of cash flow hedge reserves. The weighted average fixed rate for the interest rate swap portfolio was 3.37%.

c. Liquidity Risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 March 2023, the Group had put in place $9.1 billion of available capacity through a combination of undrawn shareholder funding ($6.5 billion), third party availability ($1.8 billion) and unrestricted cash balances. Any maturity mismatch within the overall long-term structure of the Group and Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Group and Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise. While operating cash flows have decreased in the current year due to continued aircraft acquisitions, available liquidity capacity has ensured that there was no material change in the liquidity risk of the Group and Company during the period.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Group Carrying value 31 March 2023	Group Contracted cashflows 31 March 2023	Group Carrying value 31 March 2022	Group Contracted cashflows 31 March 2022
	US $'000	US $'000	US $'000	US $'000
Liabilities associated with assets held for sale	26,824	26,824	2,773	2,773
Trade and other payables	1,675,263	1,675,263	779,107	779,107
Obligations under finance leases	-	-	-	-
Borrowings	17,286,194	21,887,820	12,455,671	14,752,823
Subordinated liabilities	300,000	678,375	300,000	596,987
Interest rate swaps	50,074	746,891	106,943	1,118,441
	19,338,355	25,015,173	13,644,494	17,250,131

	Group Less than 1 year US $'000	Group 1 to 2 years years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
At 31 March 2023				
Non-derivative financial instruments				

Liabilities associated with assets held for sale	(26,824)	-	-	-
Trade and other payables	(563,123)	(148,646)	(355,344)	(608,154)
Borrowings	(2,450,177)	(1,926,950)	(7,335,200)	(10,175,493)
Subordinated liabilities	(28,027)	(25,204)	(66,797)	(558,347)
Total non-derivative financial instruments outflows	(3,068,151)	(2,100,800)	(7,757,341)	(11,341,994)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	57,709	14,406	-	-
Net Settled – outflow	-	-	(58,771)	(1,609)
Total Outflows	(3,010,442)	(2,086,394)	(7,816,112)	(11,343,603)

	Group Less than 1 year US $'000	Group 1 to 2 years US $'000	Group 3 to 5 years US $'000	Group Over 5 years US $'000
At 31 March 2022				
Non-derivative financial instruments				
Trade and other payables	(2,773)	-	-	-
Obligations under finance leases	(317,886)	(72,115)	(164,893)	(224,215)
Borrowings	(1,542,195)	(1,483,877)	(5,301,941)	(6,424,810)
Subordinated liabilities	(15,078)	(21,238)	(60,652)	(500,019)
Total non-derivative financial instruments outflows	(1,877,932)	(1,577,230)	(5,527,486)	(7,149,044)
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	-	10,903	-	-
Net Settled – outflow	(49,030)	-	(23,478)	(46,339)
Total Outflows	(1,926,962)	(1,566,327)	(5,550,964)	(7,195,383)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

	Company Carrying value 31 March 2023 US $'000	Company Contracted cashflows 31 March 2023 US $'000	Company Carrying value 31 March 2022 US $'000	Company Contracted cashflows 31 March 2022 US $'000
Liabilities associated with assets held for sale	26,824	26,824	2,773	2,773
Trade and other payables	1,115,266	1,115,266	801,270	801,270
Obligations under finance leases	-	-	-	-
Borrowings	17,445,094	21,954,870	12,549,967	14,822,161
Subordinated liabilities	300,000	678,375	300,000	596,987
Interest rate swaps	50,074	746,891	106,943	1,118,441
	18,937,258	24,522,226	13,760,953	17,341,632

	Company Less than 1 year US $'000	Company 1 to 2 years US $'000	Company 3 to 5 years US $'000	Company Over 5 years US $'000
At 31 March 2023				
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(26,824)	-	-	-
Trade and other payables	(531,596)	(148,646)	(355,344)	(79,682)
Borrowings	(2,593,566)	(1,927,448)	(7,335,200)	(10,098,656)
Subordinated liabilities	(28,027)	(25,204)	(66,797)	(558,347)

Total Non-derivative Financial Instruments Outflows	(3,180,013)	(2,101,298)	(7,757,341)	(10,736,685)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	57,709	14,406	-	-
Net Settled – outflow	-	-	(58,771)	(1,609)
Total Outflows	(3,122,304)	(2,086,892)	(7,816,112)	(10,738,294)

	Company Less than 1 year US $'000	**Company 1 to 2 years years US $'000**	**Company 3 to 5 years US $'000**	**Company Over 5 years US $'000**
At 31 March 2022				
Non-derivative Financial Instruments				
Trade and other payables	(2,773)	-	-	-
Obligations under finance leases	(353,300)	(72,115)	(164,893)	(210,960)
Borrowings	(1,632,671)	(1,483,877)	(5,302,438)	(6,403,175)
Subordinated liabilities	(15,078)	(21,238)	(60,652)	(500,019)
Total Non-derivative Financial Instruments Outflows	(2,003,822)	(1,577,230)	(5,527,983)	(7,114,154)
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled – inflow	-	10,903	-	-
Net Settled – outflow	(49,030)	-	(23,478)	(46,339)
Total Outflows	(2,052,852)	(1,566,327)	(5,551,461)	(7,160,493)

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

d. Credit Risk

Credit risk is the risk arising from the possibility that the Group and Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed with oversight from the Aircraft Credit Department ("ACCD") to enable the Group and Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a portfolio basis. The key principles of credit risk management set out in the Framework include:

– Approval of credit exposure must be granted prior to any advance or extension of credit.

– An appropriate credit risk assessment of the customer and related credit facilities must be undertaken prior to approval of credit exposure. This must include an assessment of, amongst others, the purpose of the credit and sources of repayment, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.

– Credit risk authority must be specifically granted in writing to all individuals involved in the granting of credit approval, whether this is exercised personally or collectively as part of a credit committee. These individuals must act independently and with balanced commercial judgement in exercising credit authority.

– Where credit authority is exercised personally, the individual must not have any responsibility or accountability for business revenue origination.

– All credit exposures, once approved, must be effectively monitored and managed and reviewed periodically against approved guidelines. Review occurs at least annually, with lower quality exposures being subject to a greater frequency of analysis and assessment.

- Customers with emerging credit problems must be identified early and classified accordingly. Remedial actions must be implemented promptly to minimise the potential loss to the Company and consideration given whether to transfer customers with credit problems to a specialised problem management or recovery unit.

- Portfolio analysis and reporting must be used to identify and manage credit risk concentrations and credit risk quality.

The Group's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables ($281.5 million of which $146.3 million relate to lease receivables) resulting from its leasing activities, advances to OEMs ($44.8 million; note 15) and cash and cash equivalents (bank accounts totalling $738.2 million; including $654.5 million with group companies). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group did not recognise an impairment allowance as the potential allowance was deemed to be immaterial.

At 31 March 2023, the Group's significant cash and deposit counterparties were:

	US $'000
SMBC (credit rating A (S&P))	654,527
Citibank (Credit rating A+ (S&P))	83,693
	738,220

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. At the financial year end March 2023, the Group was exposed to trade debtors of $159.7 million (2022: $115.6 million) and held a provision for expected credit losses against these for $66.9 million (2022: $35.3 million). As at 31 March 2023, the Group held letters of credit in relation to lease rentals and maintenance exposures of $488.3 million (31 March 2022: $283.9 million) in addition to $854.4 million of cash security deposits and maintenance reserves (31 March 2022: $390.6 million; see note 21).

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables and gross of collateral held.

The table below provides an analysis of exposure to credit risk and ECLs for trade receivables as at:

	Expected credit loss Provision %		Group 31 March 2023		Group 31 March 2022	
	31 March 2023 %	31 March 2022 %	Gross carrying amount US $'000	Impairment loss US $'000	Gross carrying amount US $'000	Impairment loss US $'000
Category 1	0.2%	0.2%	8,600	-	440	-
Category 2	1.1%	1.2%	3,024	-	351	-
Category 3	7.2%	8.4%	8,328	-	70,373	4,298
Category 4	33% - 100%	33% - 100%	139,725	66,945	44,418	30,955
			159,677	66,945	115,582	35,253

	Expected credit loss		Company		Company	

	Provision %		31 March 2023		31 March 2022	
	31 March 2023 %	31 March 2022 %	carrying amount US $'000	Impairment loss US $'000	Gross carrying amount US $'000	Impairment loss US $'000
Category 1	0.2%	0.2%	8,600	-	440	-
Category 2	1.1%	1.2%	2,387	-	351	-
Category 3	7.2%	8.4%	926	-	70,373	4,298
Category 4	33% - 100%	33% - 100%	86,382	58,839	44,418	30,955
			98,295	58,839	115,582	35,253

The Group and Company classifies financial assets and calculate respective expected credit losses by reference to the categories noted above, with Category 1 being the lowest risk and Category 4 the highest risk. Classification is determined by a combination of previous default rates and estimated future losses based on credit grading, current economic situation and the increasing level of receivables of each lessee. Category 4 for the Group includes gross trade receivables of $20.0 million, $63.1 million and $56.7 million with applicable credit loss provision rates of 33%, 50% and 100% respectively.

The Group and Company continues to monitor the economic environment of its customers including those who have entered lease restructurings (both as part of or separate to formal restructuring processes) during the Covid pandemic, those who have subsequently exited such lease restructurings, as well as taking actions to limit its credit exposures. Credit loss provisions were revised during the reporting period in line with the changing economic and lessee specific circumstances.

A number of airline customers agreed restructured leases and / or exited lease restructurings during the year, which resulted in the write-off of certain balances that originated in the pre-restructuring period. However, the Group partially recovered amounts related to the sale of the Group's interest in the pre-petition claims against some of its lessees by way of sub-participation (note 4). The table above reflects the lower overall receivable and provisioning balances at year-end, while the Group and Company continues to monitor its credit exposure and manage any lessee concentrations.

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Impairment Losses	Group US $'000	Company US $'000
The movement in the provision for expected credit losses in respect of financial assets is as follows:		
Balance at 1 April 2021	152,937	152,937
Credit impairment credit on financial assets	(35,364)	(35,364)
Trade debtors written off..	(82,320)	(82,320)
Balance at 31 March 2022..	35,253	35,253
Credit impairment charge on financial assets..	31,693	23,586
Trade debtors written off..	(1)	-
Balance at 31 March 2023..	66,945	58,839

The Group provision for expected credit losses include a provision of $66.8 million in relation to lease receivables (31 March 2022: $33.5 million).

e. Concentration Risk

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The largest exposure to a single lessee based on net book value of delivered aircraft is 4.9%.

f. Technical, Maintenance and Environmental Risk

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks on an ongoing basis.

g. Asset Value Risk

Asset value risk is the risk that internal and external factors may adversely affect the inherent value of any asset held. Material judgements also apply in respect of property, plant and equipment and include the identification and subsequent measurement of impairment, which relies on a measurement of estimated of cash flows and residual values. A decrease in estimated future cash flows or residual values may result in additional impairment of related assets.

h. Capital Management

The Group and Company is a member of a group with regulatory disciplines over the use of its capital. Although the Group and Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the Statement of Financial Position.

24. Deferred Tax

Movements during the year:	Group US $'000	Company US $'000
At 1 April 2021	355,840	355,848
Charge to income from continuing operations (note 9)	(142,370)	(142,378)
Charge to other comprehensive income	29,003	29,003
At 31 March 2022	242,473	242,473
Charge to income from continuing operations (note 9)	42,629	42,985
Charge to other comprehensive income	14,257	14,257
Acquired as part of business combination (see note 2)	42,574	-
At 31 March 2023	341,933	299,715

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Deferred tax assets	6,451	13,652	6,451	13,652
Deferred tax liabilities	(348,384)	(256,125)	(306,166)	(256,125)
	(341,933)	(242,473)	(299,715)	(242,473)

Full provision has been made for the potential amount of deferred taxation shown below:

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Accelerated capital allowances on assets financed, less carried forward tax losses - net deferred tax liability	(338,222)	(253,018)	(296,004)	(253,018)
Fair value adjustments on financial instruments - deferred tax asset	6,451	13,652	6,451	13,652
Fair value adjustments on financial instruments - deferred tax liability	(10,162)	(3,107)	(10,162)	(3,107)
	(341,933)	(242,473)	(299,715)	(242,473)

The Group has estimated tax losses of $7.77 billion (31 March 2022: $3.22 billion) which are available for set-off against future taxable income. These tax losses have arisen from the Group entities incurring operational tax losses.

This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities.

25. Subordinated Liabilities

			Group & Company	
	Average interest rate %	Year of maturity	31 March 2023 US $'000	31 March 2022 US $'000
$300 million floating rate loan due to parent group undertakings	9.18	2039	300,000	300,000
			300,000	300,000

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity date of the loan has since been extended to February 2039 and can be extended further with the agreement of both parties.

26. Share capital

	31 March 2023 US $	31 March 2022 US $
Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	-
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	1,000,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	-
B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	887,512,800

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

In December 2022, the Company converted existing preference shares to B preference shares and increased its authorised share capital by 1.362 billion non-voting 7.5% non-cumulative A preference shares.

At the same time, and as part of the purchase of Goshawk Leasing, the Company issued 1.362 billion new A preference shares at par to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") in such proportions that the shareholding of SMFL and SMBC would remain the same.

	31 March 2023	31 March 2022
	Number of shares	
Authorised:		
Ordinary shares of $1 each	300,000,000	300,000,000
A Preference shares of $1 each	1,362,000,000	-
B Preference shares of $1 each	700,000,000	700,000,000
	2,362,000,000	1,000,000,000
Issued, called up and fully paid:		
Ordinary shares of $1 each	187,512,800	187,512,800
A Preference shares of $1 each	1,362,000,000	-

B Preference shares of $1 each	700,000,000	700,000,000
	2,249,512,800	887,512,800

27. Other Components of Equity

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Share premium	261,102	261,102	261,102	261,102
	261,102	261,102	261,102	261,102
Capital contribution	207,486	207,486	207,486	207,486
Other reserve	1,967	1,967	-	-
Fair value through other comprehensive income	(1,356)	-	(978)	-
Cash flow hedge reserve	25,979	(73,818)	25,979	(73,818)
Total other reserves	495,178	396,737	493,589	394,770

The Company issued 18,751,307 new ordinary shares of $1 each at a premium of $12.9245 per share to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") as part of the shareholder restructuring in November 2018.

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of $207.5 million in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as the shareholder.

As described in note 1 c, for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.; now liquidated) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by $2.633 million at 31 March 2013, with a related increase in deferred tax liabilities of $0.658 million. The difference, a net amount of $1.967 million being a transaction with shareholder, was reflected in the other reserve.

The cash flow hedge reserve reflects changes in the mark-to-market value of cash flow hedge accounted derivatives, driven by market rates, and the amortisation of de-designated cash flow hedges.

28. Operating Lease Arrangements as Lessor

The future minimum lease payments receivable under non-cancellable operating leases, which include variable lease payments based on rent as at the reporting date, are as follows:

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Within one year	1,913,409	1,122,826	1,280,351	1,118,242
In the second year	1,849,845	1,144,279	1,265,923	1,136,924
In the third year	1,702,427	1,091,783	1,205,618	1,082,271
In the fourth year	1,548,146	1,042,513	1,134,565	1,028,529
In the fifth year	1,429,807	965,881	1,090,810	951,310
After five years	4,632,392	3,967,962	3,997,688	3,899,849
	13,076,026	9,335,244	9,974,955	9,217,125

29. Related Parties

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as documented in the accounting policy note 1c. A listing of the Company's significant subsidiaries is included in note 11. Transactions to and from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27, Consolidated and Separate Financial Statements.

The Group and Company's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). The table below provides a list of any outstanding balances at year end and any transactions entered into during the financial year with the parent companies and its subsidiaries. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Transactions with parent companies:				
Sumitomo Mitsui Finance and Leasing Co., Ltd				
Transactions during the period:				
Fee income	4,055	132	4,055	132
Interest expense	25,455	-	25,455	-
Operating expenses	4,928	4,537	4,928	4,537
Balances at period end:				
Borrowings	2,487,109	-	2,487,109	-
Sundry creditors	(11,018)	(4,107)	(11,018)	(4,107)
Transactions with associate companies:				
Aviation Management Co., Ltd.				
Transactions during the period:				
Fee income	2,392	2,351	2,385	2,197
Balances at period end:				
Sundry debtors	-	-	-	-
SMBC Aviation Capital (UK) Limited				
Transactions during the period:				
Lease rental income	14,269	14,343	14,269	14,343
Fee income	1,189	1,362	1,189	1,362
Balances at period end:				
Amounts due to group undertakings	102,719	64,007	102,719	64,007
SMBC Capital Markets Inc.				
Transactions during the period:				
Gain on derivative fair value	-	1,373	-	1,373
Interest expense	2,928	92,433	2,928	92,433
Balances at period end:				
Cash held on behalf of	(41,800)	-	(41,800)	-
Derivative Financial Instruments	(45,045)	98,864	(45,045)	98,864

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
SMBC Trust Bank				
Transactions during the period:				
Interest expense	147,335	97,745	147,335	97,745
Balances at period end:				
Borrowings	2,873,660	3,293,670	2,873,660	3,293,670
Amounts due to group undertakings	18,916	13,227	18,916	13,227
SMBC Bank International plc				

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Transactions during the period:				
Fee income	-	1,500	-	1,500
Interest income	12,053	-	12,053	-
Operating expense	(40)	(52)	(40)	(52)
Balances at period end:				
Cash	6,039	12,190	6,038	12,189
Sundry debtors	-	1,500	-	1,500
SMBC (Japan)				
Transactions during the period:				
Operating expenses	10,504	12,281	10,504	12,281
Balances at period end:				
Amounts due to group undertakings	5,500	5,497	5,500	5,497
SMBC (New York)				
Transactions during the period:				
Interest expense	46,423	133,768	46,423	133,768
Balances at period end:				
Borrowings	4,715,433	3,516,694	4,715,433	3,516,694
Cash	648,487	962,429	648,487	962,429
Amounts due to group undertakings	25,043	15,961	25,043	15,961
SMBC (Paris)				
Transactions during the period:				
Interest expense	-	273	-	273
Balances at period end:				
Obligations under Finance Leases	-	-	-	-
Non-current liabilities	-	-	-	-
SMFL (China) Co., Ltd.				
Transactions during the period:				
Operating expenses	583	613	583	613
Balances at period end:				
Other Creditors	133	117	133	117

	Group 31 March 2023 US $'000	Group 31 March 2022 US $'000	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
SMFL (Singapore) Pte. Ltd.				
Transactions during the period:				
Operating expenses	513	942	513	942
Balances at period end:				
Other Creditors	126	104	126	104
Shanghai General SMFL Co., Ltd.				
Transactions during the period:				
Operating expenses	656	795	656	795
Balances at period end:				
Other Creditors	162	173	162	173
SMBC Leasing and Finance, Inc.				
Transactions during the period:				
Operating expenses	3,950	4,350	3,950	4,350
Balances at period end:				
Other Creditors	1,265	1,171	1,265	1,171
SMBC Bank EU AG				
Transactions during the period:				

Operating income	95	60	95	60

	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
Transactions with subsidiaries		
SMBC Aviation Capital Management Limited		
Transactions during the period:		
Fee income	8,991	-
Interest income	88,990	-
Balances at period end:		
Amounts due from group undertakings	5,033,410	-
SMBC Aviation Capital Ireland Leasing 3 Limited		
Transactions during the period:		
Fee income	2,004	1,435
Interest income	31,888	16,569
Balances at period end:		
Amounts due from group undertakings	557,090	617,076
SMBC Aviation Capital Netherlands B.V.		
Transactions during the period:		
Fee expense	4,482	3,658
Interest expense	3,641	2,840
Balances at period end:		
Amounts due to group undertakings	62,432	200,060

	Company 31 March 2023 US $'000	Company 31 March 2022 US $'000
SMBC Aviation Capital Paris Leasing 2 SARL		
Transactions during the period:		
Fee expense	1,150	1,184
Balances at period end:		
Amounts due to group undertakings	(197)	(338)
SMBC Aviation Capital Hong Kong Limited		
Transactions during the period:		
Fee expense	3,518	891
Balances at period end:		
Amounts due from group undertakings	3,727	3,903
SMBC Aviation Capital Hong Kong 2 Limited		
Transactions during the period:		
Interest expense	23,674	2,573
Fee expense	2,766	2,050
Balances at period end:		
Amounts due to group undertakings	917,202	198,780
SMBC Aviation Capital Hong Kong 3 Limited		
Transactions during the period:		
Interest income	1,253	3,440
Balances at period end:		
Amounts due from group undertakings	25,436	29,088
SMBC Aviation Capital Finance Designated Activity Company		
Transactions during the period:		
Fee expense	16	13
Interest expense	66,908	73,670

Balances at period end:		
Amounts due to group undertakings	2,014,793	2,515,244

The Group closed the sale of $500 million of its 2.65% senior unsecured notes due 2021 on 19 July 2016, the sale of $500 million of its 3.00% senior unsecured notes due 2022 on 19 July 2017, the sale of $500 million of its 4.125% senior unsecured notes due 2023 on 30 July 2018 and the sale of $500 million of its 3.55% senior unsecured notes due 2024 on 15 April 2019, the sale of $500 million of its 2.30% senior unsecured notes due 2028 on 15 June 2021 and the sale of $500 million of its 1.90% senior unsecured notes due 2026 on 15 October 2021 through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. All issuances are fully and unconditionally guaranteed by SMBC Aviation Capital Limited. The impact on borrowings is set out in note 22, with the notes due in 2021 and 2022 settled on maturity.

The amounts outstanding are unsecured and will be settled in cash. No other guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

In addition, the Group has also engaged with The Community Foundation for Ireland, a registered charity, to assist with specific corporate social responsibility projects. While The Community Foundation for Ireland is disclosed as a related party due to an existing relationship between its Board of Trustees and the Company's Board of Directors, all services will be provided to the Group on terms equivalent to those that prevail in arm's length transactions for the duration of the projects.

Key management personnel include directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management is shown below and includes retirement compensation paid during the year ended 31 March 2023 of $1.6 million (year ended 31 March 2022: $nil):

	31 March 2023 US $'000	**31 March 2022 US $'000**
Salaries and other short-term employee benefits	14,134	6,955
Post-employment benefits	486	468
Other long-term benefits	825	1,277
Total	15,445	8,700

30. Capital Commitments

During the year ended 31 March 2015, the Group placed firm orders with Airbus and Boeing. The Airbus order consisted of 110 A320neo aircraft (of which 20 have subsequently been converted to A321neos) and 5 A321ceo aircraft, while the Boeing order consisted of 90 Boeing 737 MAX 8 aircraft. The Group also placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018 and have existing sale-leaseback capital commitments totalling $nil (31 March 2022: $0.8 billion).

In addition, during the year the Group also acquired existing direct orders with both Airbus and Boeing as part of the Goshawk acquisition, adding a mix of 20 Airbus A320neos and A321neos and 20 Boeing 737 MAX 8 to the Group's existing direct order book, with delivery dates between 2024 and 2027.

The combined remaining purchase commitment for orders total $9.8 billion and delivery dates are currently scheduled between 2023 and 2027 of which $2.0 billion relates to expected delivery dates within the next twelve months. These delivery dates continue to be impacted by delays that built up during the Covid-19 pandemic, which have impacted on certain assembly and supplier facilities.

The scheduled delivery dates also reflect an agreement concluded in May 2020 with Boeing to defer the delivery of 68 aircraft from their original delivery dates in 2020 - 2022 to 2025 - 2027 and an agreement concluded in December 2020 with Boeing to cancel the delivery of 21 aircraft, with existing PDPs already paid for these aircraft reclassified as an advance to Boeing (note 15). Furthermore, an agreement was concluded with Airbus in July 2020 to defer the delivery of 23 aircraft from their original delivery dates in 2021 - 2022 to 2021 - 2026, with an additional agreement concluded with Airbus in March 2021 to defer the delivery of 46 aircraft from their original delivery dates in 2021 -

2025 to 2022 - 2026. Lastly, an additional agreement was concluded in May 2021 with Boeing for the purchase of a further 14 aircraft. All commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable.

31. Contingent Liabilities

The Group and Company had no contingent liability at 31 March 2023 (31 March 2022: $nil).

32. Subsequent Events

On 3 May 2023, the Group closed the issue of $650 million of its 5.45% senior unsecured notes due 2028 (the "Notes") through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC. The Notes are fully and unconditionally guaranteed by SMBC Aviation Capital Limited and proceeds from the offering will be used for general corporate purposes, which may include, among other things, the purchase of aircraft and the repayment of existing indebtedness.

On 23 May 2023, Mr T. Tanaka and Mr. A. Fukutome resigned as Directors. On the same day, Mr N. Hiruta and Mr T. Imaeda were appointed as Directors.

No other significant events affecting the Group and Company have occurred since 31 March 2023, which require adjustment to or disclosure in the Consolidated Financial Statements.

33. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these Financial Statements on 23 May 2023.

THE ISSUER AND THE PARENT

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SMBC Aviation Capital Finance DAC

$ % Senior Notes due 2035

Guaranteed by SMBC Aviation Capital Limited

PRELIMINARY OFFERING MEMORANDUM

, 2025

Joint Book-Running Managers

SMBC Nikko	**Goldman Sachs International**	**Citigroup**	**Credit Agricole CIB**	**RBC Capital Markets**	**BofA Securities**