

Aircastle (Ireland) Designated Activity Company

**Directors' report and financial statements
for the year ended 29 February 2024**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 29 February 2024**

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COMPANY INFORMATION

DIRECTORS	Sarah Clarkin Paul O'Callaghan
SECRETARY	Sarah Clarkin
REGISTERED OFFICE	20 Kildare Street Dublin 2. (effective 17 April 2023) 8 Fitzwilliam Place Dublin 2. (up until 16 April 2023)
REGISTERED NUMBER	513581
SOLICITOR	A & L Goodbody Solicitors 25/28 North Wall Quay I.F.S.C. Dublin 1.
BANKER	Citibank Europe plc, 1 North Wall Quay, Dublin 1.
AUDITOR	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2.

DIRECTORS' REPORT

for the year ended 29 February 2024

The Directors present herewith their report and audited financial statements for Aircastle (Ireland) Designated Activity Company for the year ended 29 February 2024. The comparative financial statements were presented for the year ended 28 February 2023.

PRINCIPAL ACTIVITIES, RISKS AND UNCERTAINTIES

The principal activity of the Company is the leasing of aircraft to international airlines.

The principal risks are set out below.

Asset risk

Asset risk is the risk of deterioration in the underlying value of the aircraft. The Company bears the risk of re-leasing or selling aircraft in the portfolio that are subject to operating leases at the end of their lease terms. This risk is mitigated by the operational strategy of management. The Directors also look to mitigate this risk by collecting maintenance income and/or collecting security deposits/letters of credit where appropriate.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises primarily from the amounts due from holding and related companies. For other financial assets (including cash at bank and in hand), the Company aims to minimise credit risk by transacting with high credit rating counterparties.

Currency risk

The functional currency of the aviation industry is predominantly USD and the majority of our lease payments are denominated in USD. We incur expenses denominated primarily in USD and Euro, the latter of which largely comprises of personnel costs. Although we have not yet entered into foreign currency hedges, if our foreign currency exposure increases, we may enter into hedging transactions in the future to mitigate this risk. The Company's exposure to currency risk at 29 February 2024 is not significant (2023: not significant).

Interest rate risk

The Company manages its exposure to interest rate risk by having a fixed rate of interest on its financial liabilities. Due to a fixed rate on its financial liabilities, the Company is not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by budgeting and ongoing monitoring of cash and other liquid assets.

Geopolitical and economic risk

The Company leases aircraft to airlines throughout the world exposing it to (i) many and varying economic, social, legal and geopolitical risks, (ii) instability in key markets and (iii) global health pandemics. The Directors continue to monitor sanctions, export controls and geopolitical developments and evaluate the potential impact of such items on the Company's future performance, position and growth potential.

Climate Change

There are inherent climate-related risks wherever the Company's business is conducted. Changes in market dynamics, stakeholder expectations, local, national and international climate change policies, all have the potential to disrupt business and operations. Various jurisdictions have announced sustainability initiatives that, among other things, aim to reduce carbon emissions, explore sustainable aviation fuels and establish sustainability measures and targets. Failure to address climate change

DIRECTORS' REPORT

for the year ended 29 February 2024 (Continued)

could result in greater exposure to economic and other risks and impact our ability to adhere to developing climate goals.

KEY PERFORMANCE INDICATORS

The principal key performance indicators used by management to monitor performance are as follows: (i) total revenues, (ii) operating profit from continuing operations, (iii) flight equipment held for lease, net, including acquisitions and disposals, and (iv) fleet utilization.

REVIEW OF RESULTS AND DEVELOPMENT OF THE BUSINESS

The profit and loss account for the year ended 29 February 2024 and the balance sheet at that date are set out on pages 13 and 14. The profit on ordinary activities for the year before taxation amounted to US\$48,214,000 (2023: US\$78,830,000). After recording a tax charge of US\$8,205,000 (2023: tax credit of US\$5,959,000), a profit of US\$40,009,000 (2023: US\$84,789,000) is transferred to reserves. The Directors expect the Company to remain profitable in 2025.

DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend for the year (2023: US\$Nil).

GOING CONCERN

The Company's financial statements for the year ended 29 February 2024 have been prepared on a going concern basis. The Directors anticipate that the assets will continue to generate enough cash flow on an ongoing basis to meet the Company's liabilities as they fall due.

The Directors have considered the going concern basis of preparation of the financial statements. In making their assessment, the Directors have considered the ability of Aircastle Limited, the ultimate parent undertaking, and its subsidiaries (the "Group") and the Company to service its obligations from available cash flows. The Company has received a letter of support from the ultimate parent undertaking confirming that it will continue to support the Company for a period of at least twelve months from date of signing of these financial statements should such support be required. Given the financial support from the ultimate parent undertaking, the Directors are satisfied that the Company is adequately resourced to continue in existence for the foreseeable future and that a material uncertainty in relation to the Company's ability to continue as a going concern does not exist.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The Directors and secretary who served at the period-end are set out on page 1 of these financial statements. Neither the Directors, nor the secretary, who held office on 29 February 2024 and 28 February 2023 had interests in shares, or debentures of the Company or other group undertakings or date of appointment if later, requiring disclosure in the Directors' Report pursuant to Section 329 of the Companies Act 2014.

TRANSACTIONS WITH DIRECTORS AND OFFICERS

There were no contracts or any arrangements of any significance in relation to the business of the Company in which the Directors and officers had any interest, as defined by the Companies Act 2014, at any time during the year ended 29 February 2024.

ACCOUNTING RECORDS

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experience, and expertise.

The accounting records are maintained by the Company's manager at the premises of Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford CT 06901, USA. Although the accounting

DIRECTORS' REPORT

for the year ended 29 February 2024 (Continued)

records are kept at a place outside the state, such information and returns relating to the business dealt with in the accounting records as will (a) disclose with reasonable accuracy the assets, liabilities, financial position and profit or loss of that business at intervals not exceeding six months, and (b) enable to be prepared in accordance with Part 6 of the Act the Company's statutory financial statements required by Section 290 and the Directors' Report required by Section 325 are sent to and maintained at the Company's registered office.

DIRECTORS' COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations as defined in section 225 of the Companies Acts and hereby confirm that they have completed the following:

1. Drafted and reviewed a Compliance Policy Statement, setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations.
2. Put in place appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations; and
3. Have conducted a review of the aforementioned arrangements and structures.

The Directors' note that the arrangements and structures, referred to in paragraph 2 above, are reviewed during the financial period. The Directors acknowledge that these reviews have taken place during the year ended 29 February 2024.

RELEVANT AUDIT INFORMATION

In the case of the persons who are Directors at the time this report is approved in accordance with section 332 of the Companies Act 2014:

- (a) So far as each Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- (b) Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

IMPORTANT EVENTS SINCE THE YEAR END

On 18 July 2024, the Company, together with Aircastle Limited, issued \$500,000,000 aggregate principal amount of 5.750% Senior Notes due 1 October 2031 at an issue price of 99.640%.

On 27 August 2024, the Company entered into a Notes Subscription Agreement with Aircastle Limited, as sole noteholder, whereby the Company issued notes in the amount of US\$242,000,000 (the "February 2026 Notes"). The February 2026 Notes bear interest at a fixed rate of 5.25%, which is payable on the 15th day of each month, and have a final repayment date of 27 February 2026.

On 17 September 2024, the Company entered into a Notes Subscription Agreement with Aircastle Limited, as sole noteholder, whereby the Company issued notes in the amount of US\$700,000,000 (the "August 2026 Notes"). The August 2026 Notes bear interest at a fixed rate of 5.00%, which is payable on the 15th day of each month, and have a final repayment date of 30 August 2026.

POLITICAL AND CHARITABLE DONATIONS

There were no political and charitable donations during the year (2023: US\$Nil).

DIRECTORS' REPORT

for the year ended 29 February 2024 (Continued)

AUDIT COMMITTEE

Pursuant to section 167(2) of the Companies Act 2014, given the oversight of the audit committee of Aircastle Limited, the Company's ultimate holding company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish Company Law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework. Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company at the financial period end date and of the profit or loss of the Company for the financial period and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

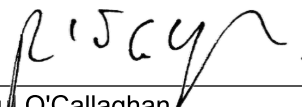
- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

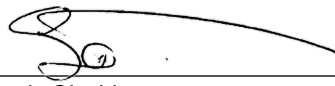
AUDITORS

Ernst & Young, Statutory Auditor, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved and authorised for issue on 18 September 2024



Paul O'Callaghan



Sarah Clarkin

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

Report on the audit of financial statements

Opinion

We have audited the financial statements of Aircastle (Ireland) Designated Activity Company ('the Company') for the year ended 29 February 2024, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including material accounting policy information set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 29 February 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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 Company 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) as applied to listed entities, 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.

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment.
- We assessed the cashflow forecast of Aircastle Limited (the "Ultimate Parent Undertaking") and its subsidiaries (collectively, the "Group") for a period of 12 months from the date of signing of the financial statements.
- We reviewed the sources of cash inflows available to the Group and the various scenario analysis performed by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

- We have considered the assumptions included in the cashflow analysis prepared by management and the appropriateness of the methods used in the analysis. We determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate.
- We have obtained a letter of support from the Ultimate Parent Undertaking confirming that it will continue to support the Company for a period of at least twelve months from date of signing of these financial statements should such support be required.
- We reviewed the Company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

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 company's ability to continue as a going concern for a period of at least twelve months from 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND)
DESIGNATED ACTIVITY COMPANY**

Risk	Our response to the risk	Key observations communicated to the Board of Directors
<p>Impairment of Flight equipment held for lease</p> <p>The carrying value of Flight equipment held for lease represent the most significant asset in the financial statements of the Company. As at 29 February 2024, the Company has Flight equipment held for lease of \$3.2 billion (28 February 2023: \$2.6 billion) as detailed in Notes 5 of the financial statements (page 29) .</p> <p>As set out within Note 1(h) ‘Impairment of flight equipment’ (page 19) and Note 1(q) ‘Estimates and judgements’ (page 23), management need to apply estimation and judgement as part of the assessment of impairment of flight equipment. For the purposes of measuring an impairment loss, each asset is tested individually by comparing its carrying amount to the higher of value in use or fair value less cost of disposal.</p> <p>We have determined impairment of flight equipment as a key audit matter due to the significant judgement involved and estimates used as inputs in the impairment process. The nature and size of these balances and their importance to the Company are such that we have identified this as a key audit matter.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the impairment process, performed a walkthrough of the process and evaluated the design effectiveness of controls related to the risk identified. • Obtained and validated management’s impairment model and supports for external valuations used within the model, such as current market value (“CMV”) and residual value. • Evaluated the competency and independence of the external appraisers as management experts for the external market appraisals provided. We obtained these external valuation reports to validate the market inputs to the impairment calculation. • Assessed the calculations underpinning the impairment models by checking that the data and the assumptions input into the model agreed with those that we had evaluated. • Assessed the weighted average cost of capital used to discount the lease payment streams within the calculation and recalculated the discount rate. • Assessed the presentation and disclosures in the financial statements for compliance with the relevant accounting standards. 	<p>Our planned audit procedures were completed without any material exception.</p>



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be \$51.6 million (2023: \$109.4 million), which is 1% (2023: 3%) of Total Assets. We believe that total assets provide us with most appropriate basis for materiality having considered the expectation of the users of the financial statements and the overall business environment. The change in materiality is due to the reissuance and listing of the Company's internal debt on Bermuda Stock Exchange on 26 January 2024.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely \$38.7 million (2023: \$82.0 million). We have set performance materiality at this percentage based on our knowledge of the Company and industry, effectiveness of the control environment and our assessment of the risks associated with the engagement.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the those charged with governance that we would report to them all uncorrected audit differences in excess of \$2.6 million (2023: \$5.5 million) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2014 and the tax legislation governed by Irish Revenue.
- We understood how the Company is complying with those frameworks by understanding the Company's entity level controls relevant to compliance with laws and regulations. Furthermore, we performed inquiries with management, those charged with governance, and internal and external legal counsel. We inquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCASTLE (IRELAND) DESIGNATED ACTIVITY COMPANY

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Inquiry with management, those charged with governance and internal and external legal counsel; and
 - Inspection of correspondence, if any, with relevant licensing or regulatory authorities. During the year, we noted no such correspondence.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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.



Helen Kerr
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Dublin

Date: 20 September 2024

AIRCASTLE (IRELAND) DAC**PROFIT AND LOSS ACCOUNT**

for the year ended 29 February 2024

		Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
	<i>Note</i>		
Revenue	2	248,429	210,715
Other revenue	2	73,061	33,305
Total revenue		<u>321,490</u>	<u>244,020</u>
Impairment loss	5,8	(19,680)	(81,320)
Operating expenses	3	(191,784)	(140,481)
		<u>(211,464)</u>	<u>(221,801)</u>
Operating profit from continuing operations		<u>110,026</u>	<u>22,219</u>
Interest income		893	69
Interest expense	10,12,13	(129,182)	(101,118)
Dividend Income	18	66,477	—
		<u>48,214</u>	<u>(78,830)</u>
Profit / (loss) on ordinary activities before taxation		<u>48,214</u>	<u>(78,830)</u>
Tax on ordinary activities	4	<u>(8,205)</u>	<u>(5,959)</u>
Profit / (loss) for the year after taxation		<u><u>40,009</u></u>	<u><u>(84,789)</u></u>

All profit and loss items relate to continuing operations of the Company.

The Company has no recognised gains and losses other than those included in the profit and loss account above and, therefore, no separate Statement of Other Comprehensive Income has been prepared.

The accompanying notes are an integral part of the financial statements.

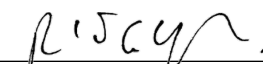
AIRCASTLE (IRELAND) DAC

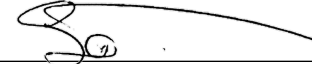
BALANCE SHEET

As of 29 February 2024

		29 February 2024	28 February 2023
	Note	US\$'000	US\$'000
NON-CURRENT ASSETS			
Flight equipment held for lease, net	5	3,198,069	2,571,954
Maintenance premiums	9	3,228	3,228
Tangible fixed assets		3,541	250
Deferred tax asset	4	–	86,400
Financial fixed assets	6	199,000	199,129
		<u>3,403,838</u>	<u>2,860,961</u>
CURRENT ASSETS			
Cash at bank and in hand		21,447	37,117
Amounts due from fellow subsidiary and parent undertakings	10	1,259,664	661,705
Lease incentive		1,335	734
Tax receivable		8	3
Trade and other receivables	7	27,104	30,950
Other assets	8	30,254	42,248
Right of use asset		11,382	11,207
		<u>1,351,194</u>	<u>783,964</u>
CREDITORS (amount falling due within one year)			
Bank loan, net	12	220,567	31,284
Advanced lease rentals		11,361	6,948
Amounts due to fellow subsidiary and parent undertakings	10	3,050,152	2,196,625
Notes payable	13	–	812,699
Accrued liabilities		1,588	6,573
Other liabilities		19,113	12,130
Income tax payable		4	4
Lease liability		12,456	11,651
		<u>3,315,241</u>	<u>3,077,914</u>
NET CURRENT LIABILITIES			
		<u>(1,964,047)</u>	<u>(2,293,950)</u>
CREDITORS (amount falling due after one year)			
Bank loan, net	12	77,055	297,767
Notes payable	13	873,755	–
Maintenance reserves	11	205,271	159,400
Security deposits	11	27,077	19,137
Lease incentive liability		12,299	9,705
Deferred tax liability	4	13,917	91,509
		<u>1,209,374</u>	<u>577,518</u>
TOTAL ASSETS LESS TOTAL LIABILITIES			
		<u>230,417</u>	<u>(10,507)</u>
CAPITAL AND RESERVES			
Share capital	14	–	–
Share premium	14	1,000	1,000
Capital contribution	15	415,557	214,642
Profit and loss account		(186,140)	(226,149)
Total shareholders' funds		<u>230,417</u>	<u>(10,507)</u>

Approved by the board and authorised for issue on: 18 September 2024


Paul O'Callaghan


Sarah Clarkin

AIRCASTLE (IRELAND) DAC

STATEMENT OF CHANGES IN EQUITY
for the year ended 29 February 2024

	Share capital US\$'000	Share premium US\$'000	Capital contribution US\$'000	Profit & loss account US\$'000	Total US\$'000
As of 1 March 2023	–	1,000	214,642	(226,149)	(10,507)
Capital contribution received	–	–	200,915	–	200,915
Profit for the year	–	–	–	40,009	40,009
As of 29 February 2024	–	1,000	415,557	(186,140)	230,417

	Share capital US\$'000	Share premium US\$'000	Capital contribution US\$'000	Profit & loss account US\$'000	Total US\$'000
As of 1 March 2022	–	1,000	214,642	(141,360)	74,282
Loss for the year	–	–	–	(84,789)	(84,789)
As of 28 February 2023	–	1,000	214,642	(226,149)	(10,507)

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024

1. ACCOUNTING POLICIES

Aircastle (Ireland) DAC, previously, Klaatu Aircraft Leasing (Ireland) Limited (the “Company”) is a limited liability company incorporated on 24 May 2012 and domiciled in the Republic of Ireland, with the registered address of 8 Fitzwilliam Place until 16 April 2023 and Registered number of 620174. As of 17 April 2023, the Company’s registered address is 20 Kildare Street in Dublin.

The following accounting policies have been applied consistently to the period presented, unless otherwise stated.

(a) Statement of compliance and basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standards 101 Reduced Disclosures Framework (“FRS 101”) and applicable accounting standards at 29 February 2024. The financial statements also comply with the requirements of Irish Company Law applicable to FRS 101 reporters.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 29 February 2024 and the comparative year ended 28 February 2023.

The Company’s ultimate parent, Aircastle Limited, prepares consolidated group financial statements which are publicly available from Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford, CT 06901, USA and therefore the Company has taken advantage of the following disclosure exemptions under FRS 101:

- i. The requirements in paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to present a statement of cash flows, paragraphs 134-136 Capital Management disclosures;
- ii. The requirement of IAS 7; Statement of Cash Flow;
- iii. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and to disclose new and amended standards issued, but not yet effective;
- iv. The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- v. The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- vi. The requirement of IFRS 7 Financial Instruments;
- vii. The requirement of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement; and
- viii. The requirements of paragraphs 88C and 88D of IAS 12 Income Taxes, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(b) New accounting standards adopted

The adoption of the below standards did not have any material effect on the financial performance or position of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

Description	Effective date (period beginning)
IFRS 17 insurance contracts	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	1 January 2023

On December 18, 2023, Ireland enacted Finance (No. 2) Bill 2023 (the “Finance Bill”) which includes legislative changes for new tax measures and amendments to the Irish tax code, such as provisions to implement the Pillar Two GloBE rules, new outbound payment rules, and a dividend withholding tax, among other changes. The Finance Bill requires a 20% withholding tax be applied to certain payments, such as interest payments, from Irish companies to recipients in no-tax and zero-tax jurisdictions effective April 1, 2024. The Finance Bill also requires a 25% withholding tax be applied to dividends and distributions, subject to certain exemptions, as well as introduces new interest deduction rules for a qualifying finance company. The Company has determined that there is no current year impact of the law change.

The Company has applied the mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rule.

(c) Going concern

The Company’s financial statements for the year ended 29 February 2024 have been prepared on a going concern basis. The Directors anticipate that the assets will continue to generate enough cash flow on an ongoing basis to meet the Company’s liabilities as they become due.

The Directors have considered the going concern basis of preparation of the financial statements. In making their assessment, the Directors have considered the ability of Aircastle Limited, the ultimate parent undertaking, and its subsidiaries (the “Group”) and the Company to service its obligations from available cash flows. The ultimate parent undertaking has access to sufficient liquidity should the Company require funding. The Company has received a letter of support from the ultimate parent undertaking confirming that it will continue to support the Company for a period of at least twelve months from date of signing of these financial statements should such support be required. Given the financial support from the ultimate parent undertaking, the Directors are satisfied that the Company is adequately resourced to continue in existence for the foreseeable future and that a material uncertainty in relation to the Company’s ability to continue as a going concern does not exist.

(d) Reporting currency

The financial statements are expressed in thousands of US dollars (US\$’000).

(e) Foreign currencies

Transactions during the period denominated in foreign currencies have been translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt within the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Flight equipment held for lease

Flight equipment held for lease is stated at cost when acquired from third parties or at net carrying value transferred from its affiliate. Depreciation is computed using the straight-line method over a 25-year life from the date of manufacture for passenger aircraft, to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's estimated realised price for passenger aircraft when new. Management may make exceptions to this policy on a case-by-case basis when, in its judgement, the residual value calculated pursuant to this policy does not appear to reflect current expectations of residual values.

Examples of situations where exceptions may arise include, but are not limited to:

- Flight equipment where estimates of the manufacturer's realised sales prices are not relevant (e.g., freighter conversions);
- Flight equipment where estimates of the manufacturer's realised sales prices are not readily available (e.g., older flight equipment); and
- Flight equipment which may have a shorter useful life due to obsolescence.

Major improvements and modifications incurred in connection with the acquisition of aircraft that are required to get the aircraft ready for initial service are capitalised and depreciated over the remaining life of the flight equipment.

For planned major maintenance activities for aircraft off lease, the Company capitalises the actual maintenance costs by applying the deferral method. Under the deferral method, the Company capitalises the actual cost of major maintenance events, which are depreciated on a straight-line basis over the period until the next maintenance event is required.

In accounting for flight equipment held for lease, the Company makes estimates about the expected useful lives, the fair value of attached leases, acquired maintenance liabilities and the estimated residual values. In estimating these factors, the Company relies upon actual industry experience with the same or similar aircraft types and the Company's lessees anticipated utilisation of the aircraft.

When the Company acquires an aircraft with a lease, determining the fair value of attached leases requires the Company to make assumptions regarding the current fair values of leases for specific aircraft. The Company estimates a range of current lease rates of like aircraft in order to determine if the attached lease is within a fair value range.

If a lease is below or above the range of current lease rates, the Company present values the estimated amount below or above the fair value range over the remaining term of the lease. The resulting lease discount or premium is amortised into lease rental income over the remaining term of the lease.

(g) Flight equipment held for sale

Flight equipment classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Flight equipment is classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Impairment of flight equipment

The Company performs a recoverability assessment of all aircraft in the Company's fleet, on an aircraft-by-aircraft basis, at least annually. In addition, a recoverability assessment is performed whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable.

Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, significant air traffic decline, the introduction of newer technology aircraft or engines, an aircraft type is no longer in production or a significant airworthiness directive is issued. When the Company performs a recoverability assessment, the Company measures whether the estimated future discounted net cash flows expected to be generated by the aircraft exceed its net book value. The discounted cash flows consist of cash flows from currently contracted leases, future projected lease rates, transition costs, estimated down time and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to the higher of value in use or fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active lease contracts, current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party industry sources. The factors considered in estimating the discounted cash flows are impacted by changes in future years due to changes in contracted lease rates, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors.

In monitoring the aircraft in the Company's fleet for impairment charges, the Company identifies those aircraft that are most susceptible to failing the recoverability assessment and monitor those aircraft more closely, which may result in more frequent recoverability assessments. The recoverability in the value of these aircraft is more sensitive to changes in contractual cash flows, future cash flow estimates and residual values or scrap values for each aircraft. These are typically older aircraft for which lessee demand is declining.

(i) Maintenance premiums

Occasionally, the Company acquires aircraft with a lease and a lease back arrangement. If the fair value of the lease is higher than the consideration paid, it results in maintenance premiums. Maintenance premiums are not amortized and will be offset against future gains resulting from the sale of aircraft.

(j) Lease incentives

Many of the Company's leases contain provisions which may require the Company to pay a portion of the lessee's costs for heavy maintenance, overhaul or replacement of certain high-value components. The Company accounts for these expected payments as lease incentives, which are amortised as a reduction of revenue over the life of the lease. The Company estimates the amount of its portion for such costs, typically for the first major maintenance event for the airframe, engines, landing gear and auxiliary power units, expected to be paid to the lessee based on assumed utilisation of the related aircraft by the lessee, the anticipated amount of the maintenance event cost and the estimated amounts the lessee is responsible to pay.

This estimated lease incentive is not recognised as a lease incentive liability at the inception of the lease. The Company recognises the lease incentive as a reduction of lease revenue on a straight-line basis over the life of the lease, with the offset being recorded as a lease incentive liability. The payment to the lessee for the lease incentive liability is first recorded against the lease incentive liability and any excess above the lease incentive liability is recorded as a lease incentive asset on the balance sheet and continues to amortise over the remaining life of the lease.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

Lease acquisition costs related to reconfiguration of the aircraft cabin, other lessee specific modifications and other direct costs are capitalised and amortised into revenue over the initial life of the lease, assuming no lease renewals, and are included in other assets.

(k) Taxation

The Company is subject to taxation on profits at the standard rate of Irish Corporation Tax, which is 12.5% for the year ended 29 February 2024.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the years in which the temporary differences are expected to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Company's policy is that it recognises interest and penalties accrued on any unrecognised tax benefits as a component of income tax expense. As of the date of commencement of operations, the Company did not have any accrued interest or penalties associated with any unrecognised tax benefits, nor was any interest expense or penalty recognised during the period.

Deferred tax assets and deferred tax liabilities as of 29 February 2024 have been presented on a net basis on the balance sheet – refer to Note 4 for details regarding the significant components of deferred tax assets and deferred tax liabilities.

(l) Financial fixed assets

The Company holds equity interests in nine wholly-owned subsidiaries and one joint venture. The Company also has a 25% interest in a joint venture and accounts for its investment using the equity method. Share of result of the joint venture is presented net of tax.

Pursuant to IAS 27 the Company states its investments in subsidiary undertakings and joint venture at cost less any provision for impairment. The Directors review this valuation on an annual basis for indicators of impairment.

(m) Financial instruments

The Company's financial instruments, other than cash, consist principally of amounts due from/to fellow subsidiary and parent undertakings, security deposits, maintenance reserves, bank loans, notes payable, trade and other receivables, other assets, and accrued liabilities.

(i) Financial assets

Initial recognition and subsequent measurement

Financial assets that are measured at amortised cost are initially recognised at fair value and subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. See below for additional discussion with respect to the initial recognition and subsequent measurement of the Company's financial assets.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Balance Sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company would be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages.

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve-months (a twelve-month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, notes receivables and amounts due from fellow subsidiary and parent undertakings if any, the Company has applied the standard's general approach and the loss allowance is calculated based on twelve-month ECLs. The loss allowance is recognised in profit or loss and reduces carrying amount of the financial asset.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off for these reasons when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

(ii) Financial liabilities

Initial recognition and subsequent measurement

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. See below for additional discussion with respect to the initial recognition and subsequent measurement of the Company's financial liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

Cash at bank and in hand

All highly liquid investments with maturities of three months or less are considered cash.

Trade and other receivables, and other assets

Trade and other receivables, and other assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost.

Security deposits

Certain of the Company's operating leases require the lessee to pay the Company a security deposit or provide a letter of credit. At 29 February 2024 and 28 February 2023, security deposits represent cash received from the lessee that is held on deposit until lease expiration. The Company's operating leases also obligate the lessees to maintain flight equipment and comply with all governmental requirements applicable to the flight equipment, including, without limitation, operational, maintenance, registration requirements and airworthiness directives.

Maintenance reserves

Typically, under an operating lease, the lessee is responsible for performing all maintenance but might be required to make deposit payments to the Company for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilisation or on calendar time, depending upon the component, and are required to be made monthly in arrears or at the end of the lease term.

Whether to permit a lessee to make maintenance payments at the end of the lease term, rather than requiring such payments to be made monthly, depends on a variety of factors, including the creditworthiness of the lessee, the level of security deposit which may be provided by the lessee and market conditions at the time the Company enters into the lease.

If a lessee is making monthly maintenance payments, the Company would typically be obligated to reimburse the lessee for costs they incurred for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following completion of the relevant work.

The Company records maintenance payments paid by the lessee as accrued maintenance payments liabilities in recognition of its contractual commitment to refund such receipts. In these contracts, the Company does not recognise such maintenance payments as maintenance revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance payments liability. The Company defers

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

maintenance revenue recognition of all maintenance reserve payments collected until the end of the lease, when the Company is able to determine the amount, if any, by which reserve payments received exceed costs to be incurred by the current lessee in performing scheduled maintenance.

Amounts due from/to fellow subsidiary and parent undertakings

Amounts due from/to fellow subsidiary and parent undertaking are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Notes payable/Bank loans

Notes payable/bank loans are recognised when the Company becomes a party to contractual provisions of the loan agreement.

Notes payable/bank loans are initially measured at fair value and subsequently recorded at amortised cost.

Interest expense on the debt is expensed using the effective interest rate method.

Debt issuance costs are costs associated with acquiring the bank loan, which is amortised over the life of the loan.

Accrued liabilities

Accrued liabilities are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost.

(n) Revenue

Revenue comprising of rentals from operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Operating income arising from lease arrangements where payments are dependent on variable factors is recognised as payment falls due.

(o) Operating expenses

The operating expenses of the Company are recognised in the financial statements on an accrual basis.

(p) Lease classification

Leases are accounted for and classified in accordance with IFRS 16 Leases, Leases where the Company, as lessor, retains substantially all the risks and rewards of ownership are classified as operating leases.

(q) Estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Underlying assumptions are reviewed on an ongoing basis. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

1. MATERIAL ACCOUNTING POLICIES (Continued)

- Deferred tax assets – key judgement about the availability of future taxable profits against which carry forward tax losses can be used. (Refer to footnote 4, TAX ON PROFIT ON ORDINARY ACTIVITIES for additional information)
- Flight equipment held for lease – key assumptions around recoverable values, estimated useful life and residual values. (Refer to footnote 5, FLIGHT EQUIPMENT HELD FOR LEASE, NET for additional information)
- Financial fixed assets – key assumptions around the recoverability of our investment in subsidiary entities. (Refer to footnote 6, FINANCIAL FIXED ASSETS for additional information)
- Commitments and contingent liabilities – key assumptions about the likelihood and magnitude of an outflow of resources. (Refer to footnote 5, FLIGHT EQUIPMENT HELD FOR LEASE, NET for additional information)
- Impairment of intercompany receivables – critical judgement includes estimation of probability of default and loss given default rates. The Company uses Aircastle Limited’s credit risk rating as a proxy for intercompany receivables, adjusted for forward-looking factors such as probability of default which are specific to the debtors and the economic environment.
- Impairment of financial assets - The Company follows the guidance of IFRS 9 Financial Instruments in determining when a financial asset is impaired, and this requires judgement on the correlation between historical observed default rates and ECLs. The Company’s methodology for calculating ECLs is set out in Note 1 (i). The carrying amount of financial assets at the end of the reporting period is disclosed in footnotes 7 and 10.

2. REVENUE

Revenue represents lease rental income received in respect of aircraft leased out by the Company during the year which is recognised on a straight-line basis. Maintenance revenue during the year was primarily attributable to the recognition of aircraft maintenance reserves into income as a result of early lease terminations and scheduled lease expirations.

	Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
Lease rental revenue	245,499	192,521
Lease premium, discount and incentive amortisation	(8,978)	(7,557)
Maintenance revenue	11,908	25,751
Total revenue	<u>248,429</u>	<u>210,715</u>

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

2. REVENUE (continued)

The analysis of lease rental revenue by geographical area is as follows:

Region:	Year ended 29 February 2024 %	Year ended 28 February 2023 %
Europe	35	36
North America	22	18
South America	4	2
Asia	39	44
Total	100	100

Operating profit and loss arise from the leasing of aircraft to third party airlines in geographical areas listed above.

Other revenue included gains on the sales or disposition of aircraft totalling US\$49,649,000 (2023: US\$9,514,000), which included cash settlement proceeds of US\$43,200,000 received by the Company in settlement of its claims under the insurance policies of Joint Stock Company Aurora Airlines and Joint Stock Company Rossiya Airlines (collectively, the “Airlines”) in respect of 4 aircraft (collectively, the “Aircraft”) formerly on lease to the Airlines. The settlement resolves claims against the Airlines, their respective insurers, and transfers the Aircraft title to a Russian insurer. The Company is in ongoing settlement discussions for the 4 other aircraft that were not included in the insurance settlement. However, it is uncertain whether any of these discussions will result in any settlement and, if so, in what amount. Settlement proceeds, net of any related costs, were recorded as a component of gain on sale or disposition of flight equipment for the year ended 29 February 2024.

The receipt of the insurance settlement proceeds serve to mitigate, in part, the Company’s losses under its aviation insurance policies. The Company reserves all rights under its C&P Policies. The collection, timing and amount of any future recoveries, including those related to insurance litigation, remain uncertain. Accordingly, at this time, the Company can give no assurance as to when or what amounts it may ultimately collect with respect to these matters.

In addition to gains on sales or disposition of aircraft, other revenue includes service fee revenue of US\$22,971,000 (2023: US\$20,750,000), which relates to services provided by the Company to affiliate entities.

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

2. REVENUE (continued)

The Company had contracted to receive the following minimum cash rentals under non-cancellable operating leases:

	Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
<u>Operating lease revenue:</u>		
Due in year 1	288,702	223,179
Due in year 2	227,969	203,247
Due in year 3	199,419	136,728
Due in year 4	171,844	112,221
Due in year 5	138,420	89,366
Due after five years	325,151	263,740
Total	<u>1,351,505</u>	<u>1,028,481</u>

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit and loss on ordinary activities before taxation, all of which arises from continuing operations, is stated after charging:

	Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
Auditor remuneration:		
Audit of individual accounts	157	79
Tax advisory services	68	40
Total auditor remunerations	<u>225</u>	<u>119</u>
Depreciation	139,950	104,695
Salaries	5,549	5,240
Pensions	607	619
Pay-related social insurance	872	663
Other compensation expenses	4,843	4,336
Other operating expenses	39,738	24,809
Total	<u>191,784</u>	<u>140,481</u>

The Company had 29 employees (2023: 26 employees), and no remunerations were paid to the Directors in their capacity as Directors during the year (2023: US\$Nil). Included in the tax advisory services was US\$68,000 (2023: US\$40,000) which was paid to the statutory auditor. There were no other assurance or non-audit services provided by the statutory auditor. For additional information on the impairment of aircraft, refer to Note 5.

AIRCASTLE (IRELAND) DAC**NOTES TO THE FINANCIAL STATEMENTS****29 February 2024 (Continued)**

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of profit and loss account charge/(benefit):

	Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
Current Irish tax charge for the year	14	—
Total current tax charge for the year	<u>14</u>	<u>—</u>
Deferred Irish tax charge for the year	8,191	5,959
Total deferred tax charge for the year	<u>8,191</u>	<u>5,959</u>
Total tax charge for the year	<u><u>8,205</u></u>	<u><u>5,959</u></u>

(b) Reconciliation of the expected tax charge/(benefit) at the standard tax rate to the actual tax charge at the effective rate

The tax assessed for the year is higher than (2023: higher than) the standard rate of corporation tax in the Republic of Ireland 12.5% (2023: 12.5%) as disclosed below:

	Year ended 29 February 2024 US\$'000	Year ended 28 February 2023 US\$'000
Profit / (loss) on ordinary activities before tax	<u>48,214</u>	<u>(78,830)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12.5% (2023: 12.5%)	6,027	(9,854)
Effects of:		
Excess capital allowances over depreciation	(38,229)	(33,840)
Losses carried forward	29,395	27,642
Impairment of aircraft	2,460	10,165
Interest related to debt push down	8,653	5,884
Dividends from Subsidiaries	(8,310)	—
Foreign exchange and other	18	3
Current Irish tax charge for the year	14	—
Deferred Irish tax charge for the year	8,191	5,959
Total tax charge for the year	<u><u>8,205</u></u>	<u><u>5,959</u></u>

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (Continued)

(c) Deferred taxation

Significant components of the Company's deferred tax assets and liabilities consist of the following:

	Net operating loss carry forwards US\$'000	Other US\$'000	Total US\$'000
Deferred tax assets as of 29 February 2024:			
At beginning of year	86,009	391	86,400
Credited to profit and loss account	29,395	—	29,395
Prior year adjustment	(143)	—	(143)
Group relief surrender of losses (p/y)	(616)	—	(616)
At end of year	<u>114,645</u>	<u>391</u>	<u>115,036</u>
Deferred tax assets as of 28 February 2023:			
At beginning of year	58,773	391	59,164
Credited to profit and loss account	27,642	—	27,642
Prior year adjustment	36	—	36
Group relief surrender of losses (p/y)	(442)	—	(442)
At end of year	<u>86,009</u>	<u>391</u>	<u>86,400</u>
	Accelerated depreciation US\$'000	Other US\$'000	Total US\$'000
Deferred tax liabilities as of 29 February 2024:			
At beginning of year	91,509	—	91,509
Credited to profit and loss account	37,507	—	37,507
Prior year adjustment	(63)	—	(63)
At end of year	<u>128,953</u>	<u>—</u>	<u>128,953</u>
Deferred tax liabilities as of 28 February 2023:			
At beginning of year	57,871	—	57,871
Credited to profit and loss account	33,638	—	33,638
Prior year adjustment	—	—	—
At end of year	<u>91,509</u>	<u>—</u>	<u>91,509</u>
Net deferred tax liabilities as of 29 February 2024	14,308	(391)	13,917
Net deferred tax liabilities as of 28 February 2023	5,500	(391)	5,109

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (Continued)

The Company has net operating loss carry forwards of approximately US\$916,090,000 (2023: US\$688,070,000) with no expiration date to offset future Irish taxable income.

(d) Factors affecting future tax charges/(benefits)

From 1 March 2024, the corporation tax rate in Ireland is expected to remain at its current rate of 12.5%.

5. FLIGHT EQUIPMENT HELD FOR LEASE, NET

The Company has adopted the cost model and states its tangible fixed assets at cost, less accumulated depreciation and any accumulated impairment losses.

	29 February 2024 US\$'000	28 February 2023 US\$'000
Flight Equipment Held for Lease, Net		
Cost:		
Balance at beginning of year	2,873,871	1,969,100
Additions	896,470	1,061,626
Disposals	(196,318)	(156,855)
Balance at end of year	<u>3,574,023</u>	<u>2,873,871</u>
Accumulated depreciation:		
Balance at beginning of year	221,012	186,731
Current year depreciation	139,722	104,243
Disposals	(84,284)	(69,962)
Balance at end of year	<u>276,450</u>	<u>221,012</u>
Accumulated impairment:		
Balance at beginning of year	80,905	—
Current year impairment	18,599	80,905
Balance at end of year	<u>99,504</u>	<u>80,905</u>
Net book value:		
Balance at end of year	<u><u>3,198,069</u></u>	<u><u>2,571,954</u></u>

During the year, the Company acquired 20 aircraft (2023: 25 aircraft), including aircraft acquired from affiliate entities, and disposed of 7 aircraft (2023: 4 aircraft and 5 engines), resulting in a gain on sale of US\$6,449,000 (2023: US\$9,514,000).

At each reporting date, the aircraft are assessed for triggering events to determine if there is an indication of impairment. Additional customer and aircraft specific recoverability assessments are also performed during the year whenever indicators suggest the carrying amount of an asset may not be recoverable. An impairment loss is recorded to the extent the carrying amount of an asset exceeds

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

5. FLIGHT EQUIPMENT HELD FOR LEASE, NET (continued)

the recoverable amount, which is the value-in-use. The value-in-use is determined considering future cash proceeds from leasing and selling aircraft discounted using the Company's weighted average cost of capital. During the year, impairment charges for 3 aircraft and 2 engines (2023: 18 aircraft) were recorded totalling US\$18,599,000 (2023: US\$80,905,000).

6. FINANCIAL FIXED ASSETS

The Company states its investment in subsidiary undertakings and investment in joint venture using the cost method.

	29 February 2024 US\$'000	28 February 2023 US\$'000
<u>Investment in subsidiary undertakings</u>		
Cost at beginning of the year	191,457	191,457
	<u>191,457</u>	<u>191,457</u>
<u>Investment in joint venture:</u>		
Cost at beginning of the year	7,672	7,672
Share in net profit (loss) from investment in joint venture	(129)	–
	<u>7,543</u>	<u>7,672</u>
Total investment in subsidiary undertakings and joint venture at end of year	<u><u>199,000</u></u>	<u><u>199,129</u></u>

As of 29 February 2024, the Company had the following joint venture investments:

<u>Joint Venture name</u>	<u>Country of incorporation</u>	<u>Details of investments</u>	<u>Proportion held by company</u>	<u>Principal activity</u>
IBJ Air Leasing (US) Corp.	Delaware	25 ordinary shares of \$1	25%	Aircraft leasing

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

6. FINANCIAL FIXED ASSETS (Continued)

As of 29 February 2024, the Company had the following subsidiary undertakings:

<i>Subsidiary name</i>	<i>Country of incorporation</i>	<i>Details of investments</i>	<i>Proportion held by company</i>	<i>Principal activity</i>
Tempelhof Aircraft Leasing (Ireland) Limited	Republic of Ireland	40,000 ordinary shares of €1	100%	Aircraft leasing
Koala Aircraft Leasing (Ireland) Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Dunvegan Aircraft Leasing (Ireland) Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Kale Aircraft Leasing (Ireland) Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Salmon Aircraft Leasing (Ireland) Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Sulaco Aircraft Leasing (Ireland) Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Constitution Aircraft Leasing (Ireland) 1086 Limited	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Platypus Aircraft Leasing (Ireland) Limited*	Republic of Ireland	1 ordinary share of €1	100%	Aircraft leasing
Aircastle Funding (Ireland) Designated Activity Company	Republic of Ireland	100 ordinary shares of €1	100%	Financing

*Entered into liquidation post year-end.

The registered office of all the above companies is 20 Kildare Street, Dublin 2.

The Company assesses at each reporting date whether there is an indication that a financial fixed asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of the financial fixed assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. No impairment charges (2023: US\$Nil) were recorded during the year in respect of the Company's financial fixed assets.

7. TRADE AND OTHER RECEIVABLES

The Company states its trade and other receivables initially at fair value. Subsequent to initial recognition, they are measured at amortised cost.

	29 February 2024 US\$'000	28 February 2023 US\$'000
Lease rental income and other receivables	709	1,798
Straight line rent receivable	22,823	24,694
Maintenance reserve receivable	3,572	4,458
Total trade and other receivables	<u>27,104</u>	<u>30,950</u>

While trade and other receivables above is subject to the impairment requirements of IFRS 9, the identified impairment ECL was assessed as immaterial.

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

8. OTHER ASSETS

Other assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost.

	29 February 2024 US\$'000	28 February 2023 US\$'000
Rent and maintenance deferrals	417	1,869
Aircraft parts	5,236	8,349
Lease premium, net	12,440	10,481
Maintenance and asset improvements	5,838	18,147
Miscellaneous other assets	6,323	3,402
Total other assets	<u>30,254</u>	<u>42,248</u>

Maintenance and asset improvements includes major maintenance, modification, and other aircraft improvements that are in process and incurred in connection with the transition of aircraft to the next operator. These costs will be capitalized as a component of flight equipment held for lease upon delivery of the aircraft to the next operator.

During the year ended 29 February 2024, we recorded US\$1,080,925 (2023: US\$415,000) of impairment charges related to our aircraft parts.

9. MAINTENANCE PREMIUMS

Maintenance premiums relate to aircraft acquired by the Company with existing leases and lease back arrangements. The fair values of leases were higher than the considerations paid resulting in maintenance premiums. At 29 February 2024 and 28 February 2023, maintenance premiums are as follows:

	29 February 2024 US\$'000	28 February 2023 US\$'000
Maintenance premiums	3,228	3,228
Total maintenance premiums	<u>3,228</u>	<u>3,228</u>

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

10. AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARY AND PARENT UNDERTAKINGS

	29 February 2024 US\$'000	28 February 2023 US\$'000
Amounts due from parent undertakings	224,767	587,615
Amounts due from fellow subsidiary undertakings	1,034,897	74,090
Subtotal amounts due from fellow subsidiary and parent undertakings	1,259,664	661,705
Amounts due to parent undertakings	(1,207,397)	(1,307,464)
Amounts due to fellow subsidiary undertakings	(1,842,755)	(889,161)
Subtotal amounts due to fellow subsidiary and parent undertakings	(3,050,152)	(2,196,625)
Net amounts due to fellow subsidiaries and parent undertakings	(1,790,488)	(1,534,920)

During the year, the Company was a borrower of an intercompany loan issued by Aircastle Limited (the "Ultimate Parent" company) for US\$1,207,397,000 (2023: US\$1,307,464,000) at 4.45% per annum interest with a maturity period of one year. The interest on intercompany loan for the year amounted to US\$69,224,000 (2023: US\$47,071,000).

Other than the intercompany loan discussed above, the amounts due from/to fellow subsidiary and parent undertakings are payable on demand, interest free and unsecured. While "Amounts due from fellow subsidiary and parent undertakings" above is subject to the impairment requirements of IFRS 9, the identified impairment ECL was assessed as immaterial.

11. MAINTENANCE RESERVES AND SECURITY DEPOSITS

	29 February 2024 US\$'000	28 February 2023 US\$'000
Maintenance reserves	205,271	159,400
Security deposits	27,077	19,137
Total maintenance reserves and security deposits	232,348	178,537

12. BANK LOAN, NET

In May 2019, the Company entered into a full recourse US\$320,000,000 secured bank financing with BNP Paribas and Société Générale in relation to 8 Airbus A320-200neo aircraft on lease with a customer in Asia. This financing bears interest at a fixed rate of 3.61% and matures in September 2024. In addition, in May 2019, we entered into a full recourse US\$120,000,000 secured bank financing with Crédit Agricole in relation to 3 Airbus A320-200neo aircraft on lease with a customer in Asia. This financing bears interest at a fixed rate of 3.13% and matures in March 2025.

AIRCASTLE (IRELAND) DAC

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

12. BANK LOAN, NET (Continued)

A net interest amount of US\$12,262,000 (2023: US\$13,168,000) has been paid.

	29 February 2024 US\$'000	28 February 2023 US\$'000
<i>Bank Loan</i>		
Balance at the beginning of the year	330,330	361,272
Principal repayments during the year	(32,097)	(30,942)
Balance at the end of the year	<u>298,233</u>	<u>330,330</u>
	29 February 2024 US\$'000	28 February 2023 US\$'000
Debt issue cost		
Balance at the beginning of the year	1,279	2,174
Issue cost incurred during the year	170	–
Amortisation of debt issuance cost	(838)	(895)
Balance at the end of the year	<u>611</u>	<u>1,279</u>
Net balance at the end of the year	<u>297,622</u>	<u>329,051</u>

As of 29 February 2024, future minimum payments are as follows:

	Within 1 year US\$'000	More than 1 year US\$'000	Total US\$'000
Bank loan	220,567	77,666	298,233
Debt issue cost	—	(611)	(611)
Bank loan, net	<u>220,567</u>	<u>77,055</u>	<u>297,622</u>

13. NOTES PAYABLE

Notes payable with Aircastle Funding (Ireland) Designated Activity Company:

On 1 April 2018, Aircastle Funding (Ireland) Designated Activity Company, a subsidiary of Aircastle Advisor (Ireland) Limited, issued unsecured Senior and Junior Loans (the "2018 Loans") to the Company to assist in the purchase of aircraft. On 31 March 2023, the aggregate principal amount under the 2018 Loans of US\$812,699,000 was repaid in full.

On 31 March 2023, the Company entered into a new loan facility with Aircastle Funding (Ireland) Designated Activity Company in the amount of US\$873,755,000 (the "2023 Loan") to refinance the 2018 Loans. Monthly payments are to be paid on the last day of each month and represent interest

NOTES TO THE FINANCIAL STATEMENTS

29 February 2024 (Continued)

16. PARENT UNDERTAKINGS, CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS

The immediate parent undertaking and controlling party of the Company is Aircastle Advisor (Ireland) Limited, a company incorporated in Ireland. The ultimate parent undertaking and controlling party is Aircastle Limited, a company incorporated in Bermuda having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The smallest and largest group in which the results of the Company are consolidated is that headed by Aircastle Limited. The consolidated financial statements of the group headed by Aircastle Limited were made available to the public in respect of the year ended 29 February 2024 and may be obtained from Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford CT 06901, USA.

In common with other companies which are members of a group of companies, the financial statements reflect the effect of such membership. The Company has availed itself of the exemption provided in FRS 101, "Related Party Disclosures", for subsidiary undertakings 100% of whose voting rights are controlled within the group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

17. CAPITAL COMMITMENTS AND CONTINGENCIES

As of 29 February 2024 and 28 February 2023, the Company had no capital commitments and there were no contingent liabilities that require disclosure in the financial statements.

18. DIVIDENDS

During the year ended 29 February 2024, the Company received dividends totalling \$66,477,000 from 5 of its subsidiary undertakings (2023: US\$Nil).

19. SUBSEQUENT EVENTS

On 18 July 2024, the Company, together with Aircastle Limited, issued \$500,000,000 aggregate principal amount of 5.750% Senior Notes due 1 October 2031 at an issue price of 99.640%.

On 27 August 2024, the Company entered into a Notes Subscription Agreement with Aircastle Limited, as sole noteholder, whereby the Company issued notes in the amount of US\$242,000,000 (the "February 2026 Notes"). The February 2026 Notes bear interest at a fixed rate of 5.25%, which is payable on the 15th day of each month, and have a final repayment date of 27 February 2026.

On 17 September 2024, the Company entered into a Notes Subscription Agreement with Aircastle Limited, as sole noteholder, whereby the Company issued notes in the amount of US\$700,000,000 (the "August 2026 Notes"). The August 2026 Notes bear interest at a fixed rate of 5.00%, which is payable on the 15th day of each month, and have a final repayment date of 30 August 2026.

20. APPROVAL OF FINANCIAL STATEMENTS

The board of Directors approved these financial statements on 18 September 2024.