Castlelake Aviation Limited

Quarterly Financial Report

for the

Period Ended

March 31, 2023

PRELIMINARY NOTE

This report has been prepared in accordance with the requirements of the indenture governing the 5.000% Senior Notes due 2027 issued by Castlelake Aviation Finance Designated Activity Company on October 22, 2021 and has not been prepared and may not be utilized for any other purpose.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and are presented in U.S. Dollars.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements in addition to historical information. These forward-looking statements relate to matters such as the aviation industry, business strategy, goals and expectations concerning our market position, future operations, 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 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. 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 future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. Such factors include, among others:

- *the severity, extent and duration of the ongoing global COVID-19 and any governmental measures to try to contain the virus could have a negative impact on the performance of the airlines and, in turn, our liquidity;*
- *the effects of the Russia/Ukraine conflict on the global economy, in general, and the aviation industry, in particular;*
- *increases in interest rates on our floating rate debt;*
- *changes in global economic conditions and political developments, including with respect to the invasion of Ukraine by Russia, increasing inflation and rising interest rates;*
- *the ability to lease, remarket or sell aircraft on favorable terms or at all;*
- *availability of credit to airlines from the capital markets and financial institutions to provide working capital and to refinance existing indebtedness;*
- *variability of supply and demand for aircraft;*
- *difficulties and costs in acquiring or managing aircraft, on favorable terms or at all;*
- *the competitive environment in the aircraft leasing industry;*
- *the risks regarding the ability of lessees, borrowers and other counterparties to perform their obligations under their leases and loans;*
- *the ability of aircraft and engine manufacturers to remain financially stable and producing aircraft and engines;*
- *technological innovation and new types of aircraft and engines;*
- *proper maintenance of the aircraft;*
- *high fuel prices and fuel price volatility;*
- *airline preference to purchase their own aircraft rather than entering into aircraft leasing or financing arrangements;*

- *changes in tax and exposure to a wide range of income and other taxes and tax costs as a result of operating in multiple jurisdictions;*
- *maintenance cost of airworthiness directives compliance;*
- *environmental regulations;*
- *operational costs and obsolescence of aircraft;*
- *natural disasters;*
- *aircraft repossession costs and timing;*
- *the risk that lessees or borrowers fail to maintain the required insurance or that certain types of contingent insurance will become available to us;*
- *lessees' or borrowers' ability to maintain aircraft duly registered with the appropriate governmental civil aviation authority;*
- *airline customers' ability to appropriately discharge aircraft liens;*
- *exposure to trade and economic sanctions and other governmental restrictions;*
- *economic, legal and political risks associated with emerging markets;*
- *terrorist attacks or the fear of such attacks or civil unrest;*
- *industry consolidation and its effects on competition and lease pricing;*
- *data security and privacy risks;*
- *changes in banks' inter-bank lending rate reporting practices or the method pursuant to which SOFR is determined;*
- *our ability to attract and retain key personnel through Castlelake L.P.;*
- *the performance of support services by Castlelake L.P. and our limited ability to terminate and limited remedies available against Castlelake under our management and servicing agreements;*
- *potential conflicts of interest with Castlelake;*
- *cybersecurity incidents involving us or our customers; and*
- *the other risks and uncertainties identified in this report and other reports and documents disseminated to holders of our 5.000% Senior Notes due 2027.*

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.

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 report and our annual report for the year ended December 31, 2022. References herein to (i) "we," "us," "our," and the "Company" refer to Castlelake Aviation Limited and its subsidiaries, (ii) "Castlelake Aviation" are to Castlelake Aviation Limited but not its subsidiaries and (iii) "Castlelake DAC" are to Castlelake Aviation Finance Designated Activity Company, a direct wholly owned subsidiary of Castlelake Aviation. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. See "Forward Looking Statements" at the beginning of this report.

Overview

We are an aircraft leasing company incorporated in August 2021. We began operations in October 2021 upon the acquisition of our initial portfolio of aircraft and other aviation related assets from funds managed by Castlelake, L.P. ("Castlelake"). We are wholly owned by affiliates of Castlelake, which has offices in Ireland, the United States, the United Kingdom, Spain and Singapore. We are engaged in the business of acquiring, marketing, leasing and selling newer generation and mid-life commercial aircraft and providing our aviation customers with other financing solutions for their aircraft and other assets. As of March 31, 2023, our portfolio consisted of 98 assets, including 79 aircraft on operating lease, 7 aircraft and 2 engines on finance lease, 2 aircraft on finance lease classified as a loan (together, the "Aircraft") and 8 secured loans made to aviation companies (collectively with the Aircraft, the "Portfolio").

Quarterly Highlights

Over the course of Q1 2023, we

- Completed the purchase of 1 new technology aircraft, which was on a long term operating lease with a remaining lease term of 7.8 years and an age of 0.2 years. Aircraft was acquired for total consideration of $53.4 million.
- Completed the purchase of 1 aircraft placed on finance lease, which is classified as a loan for total consideration of $54.0 million.
- Provided advances of $4.6 million under a secured loan agreement with a Middle Eastern based lessee.
- Entered into a binding purchase and leaseback agreement for the acquisition of 9 new technology aircraft expected to be delivered in 2023 with a total capital commitment of $445.5 million.
- Issued an incremental tranche of $635 million under our Term Loan B facility. Proceeds from the borrowings have been used to refinance existing debt and for general corporate uses.
- See "Our Portfolio" below for additional information.

Recent Developments

- In April and May 2023, we acquired three narrowbody aircraft that were subject to previously executed binding purchase agreements. All of the acquired aircraft are subject to operating leases with a Middle Eastern based airline.

- In April 2023 we entered into letters of intent for the acquisition of 8 aircraft. These aircraft are expected to be delivered over the course of 2023 and early 2024.

- In April 2023 we received an amount of $77 million in line with a previously executed Term Loan 5 facility agreement. See financing arrangements for further details.

Our Portfolio

The Aircraft in our Portfolio consist of some of the most in-demand narrowbody, widebody and regional jet aircraft types, such as 737 family, A320 NEO, A330 NEO, 787 MAX Family, A220 family and A350 family aircraft. Most of our Aircraft are subject to long-term net operating leases, under which the lessee is primarily responsible for all operational and insurance costs. As of March 31, 2023, our Aircraft had a weighted average age of 5.5 years and weighted average remaining lease term of 9.6 years[1]. We currently have 21 separate airline customers throughout the world, including Delta Air Lines, Indigo, Condor, Scoot, Qatar, and AirAsia Berhad.

As of March, 31 2023, our Portfolio consisted of the following Aircraft:

Manufacturer	**Aircraft Type**	**31 March 2023** [2]	**31 March 2022**
Narrowbody:			
Airbus	A220 Family	8	8
Airbus	A320/321 CEO	22	22
Airbus	A320/321 NEO	14	7
Boeing	B737-NG Family	8	8
Boeing	B737 MAX 8	7	4
Bombardier	CRJ-900	7	7
Embraer	E-190	2	2
Widebody:			
Airbus	A330-200/300 CEO	7	7
Airbus	A330-200F	6	6
Airbus	A330-NEO	2	1
Airbus	A350-900	1	1
Boeing	787 MAX	4	-
Engines:			
CFM	CFM LEAP-1A26	2	-
Grand Total:		90	73

As of March 31, 2023, we had entered into agreements for the acquisition of an additional 34 next generation aircraft, primarily through purchase and leaseback transactions (operating lease), three of which were delivered to the customer subsequent to March 31, 2023. We also entered into agreements for the purchase and leaseback (finance lease) of 13 next generation aircraft as of such date and to provide pre-delivery payment ("PDP") financing for 7 such aircraft, none of these aircraft has delivered subsequent to March 31, 2023.

As of March 31, 2023, we had also entered into letters of intent for the acquisition of 8 additional aircraft. None of these aircraft were acquired after March 31, 2023. See "Recent Developments".

Transactions noted above are expected to close between 2023 and 2028. For further detail on capital support see below under "Capital Expenditure".

1 Remaining lease term and average aircraft age are weighted by book value of the assets. Book values is defined as: (i) "Aircraft and flight equipment" with respect to our aircraft on operating lease, (ii) "Net Investment in Finance Lease" with respect to our aircraft on finance lease and (iii) "Loan investment" with respect to our loan portfolio secured by aircraft, each of which are line items on our consolidated balance sheet.

2 Excludes six A330-200 that are owned by Iberia which secure certain loans in our portfolio, one loan secured by intangible assets of an airline and one loan secured by share charge to the borrower entity and recourse to the Company

Impact of the COVID-19 Pandemic

In 2020, the global pandemic resulting from the coronavirus ("COVID-19") initially resulted in a significant decrease in travel and materially impacted airline traffic and operations throughout the world, including the operations of lessees.

At the beginning of the pandemic, our airline customers were under increased financial stress, and many airlines avoided insolvency or similar proceedings only with governmental assistance. There is no assurance that governmental assistance will be available in the future if the industry recovery does not continue or remains uneven. While the severe effects the pandemic had on our airline customers and the global economic environment generally could negatively affect their ability to make payments on the leases and/or loans that we have acquired, during 2022 and 2023 thus far, our collection rate steadily increased in connection with the recovery of passenger air travel along with the improved financial health of our airline customers.

Inflation

Many developed and developing economies throughout the world have been experiencing significant inflation as a result of, among other things, measures taken by governments to stem the economic effects of COVID-19, increases in fuel prices caused by the Russia/Ukraine conflict and supply-chain issues caused by both of these events. We are monitoring the effects of inflation on both our customers and the global economy in order to address any potential effects on our business.

In 2022, inflationary pressures resulting from COVID-19 relief and aid programs, supply chain constraints, the impact of the Russia/Ukraine conflict and generally improved economic conditions increased our costs for interest rates and professional fees necessary to operate our business.

After almost 10 years of low interest rate environments, inflationary pressures and efforts in the U.S. and around the world to combat inflation have resulted in increased interest rates by central banks globally. As a result, the costs of our floating-rate debt increased and to the extent we incur additional indebtedness the interest rates we are charged may be significantly higher than our interest rates in prior years, which increases our cost to operate our business. Further, the increased interest rates could affect our customers' businesses and borrowing costs, which in turn could impact their ability to make timely payments to us.

Our attempts to offset these increasing costs, such as managing increasing interest rates through our hedging policy, may not be successful. To the extent that our offsetting measures are not sufficient to offset these higher costs, our results of operations may be adversely affected.

Increased Demand

Global air travel continues to recover from the lows of the COVID-19 pandemic. The International Air Transport Association ("IATA") reported that total passenger traffic was up 56% during the month of February 2023 compared to February 2022 as a result of an increase in international travel accompanied by continued acceleration of demand for domestic travel. Additionally, IATA has previously reported that it expects global passenger departures to return to 2019 levels by 2024, and for the airline industry to return to profitability in 2023.

We expect the need for airlines to replace aging aircraft will also increase the demand for newer, more fuel-efficient aircraft and many airlines will turn to lessors for these new aircraft. Additionally, both Boeing and Airbus have had ongoing delivery delays that have been further impacted by engine manufacturer delays due to shorter on-wing engine life of most new technology engines. These delays have affected and may continue to affect the ability of Boeing and Airbus to meet their contractual delivery obligations to us. We expect that relatively low levels of widebody retirements in recent years could lead to an accelerated replacement cycle of older widebody aircraft in the near future.

The increased demand for aircraft, combined with rising interest rates and inflation, should see increases to lease rates. While lease rate increases currently trail behind the increases seen in interest rates, we believe that over time lease rates will catch up with interest rate increases. Lease rates can be influenced by several factors including impacts of changes in the competitive landscape of the aircraft leasing industry, supply chain disruptions, evolving international trade matters, epidemic diseases and geopolitical events and therefore, are difficult to project or forecast. We also believe the increase in lease rates and the tightening of credit markets may result in a shortage of available capital to finance aircraft purchases, which could increase the demand for leasing.

Significant Factors and Trends Affecting Our Business and Results of Operations

Our results of operations have been and we expect will continue to be affected by a number of factors, including:

- general economic and geopolitical conditions, including the invasion of Ukraine by Russia in February 2022;
- the COVID-19 pandemic, the effects of government actions to reduce the spread of the virus and the related rate of recovery in global economic conditions, ingeneral, and the airline industry, in particular;
- the financing decisions of airlines, including the attractiveness of aircraft leasing to airlines;
- the number, type, age and condition of the aircraft we own;
- supply and demand dynamics for aircraft, which may be affected in the event that aircraft formerly on lease to Russian airlines are repatriated;
- the price we pay for our aircraft and lease rates we are able to obtain for our aircraft;
- the availability and cost of debt capital to finance our operations, aircraft acquisitions and strategic initiatives;
- increases in interest rates and other actions taken that could stem inflation;
- success of our aircraft trading and part-out initiatives during any given period;
- the ability of our lessees to meet their lease obligations and to maintain our aircraft in an airworthy and marketable condition;
- the ability of our borrowers to meet their obligations under their loans;
- the utilization rate of our aircraft;
- our expectations of future maintenance reimbursements and lessee maintenance contributions;
- evolving environmental, social and governance factors and related initiatives of our customers; and
- other factors affecting the airline industry, including but not limited to fuel prices, political instability, currency volatility, trade policies, natural disasters, terrorist activities, labor actions, labor shortages and global political and economic events.

Comparative results of Operations

Results of operations for the year to date ended March 31, 2023 and results of operations for the period January 1, 2023 to March 31, 2023, as compared to the period January 1, 2022 to March 31, 2022.

	31-Mar-23 YTD USD'000	31-Mar-23 QTD USD'000	31-Mar-22 QTD USD'000	Movement QoQ USD'000
Revenues:				
Rental income from operating and finance leases	80,496	80,496	59,186	21,310
Interest and other income	12,114	12,114	4,334	7,780
Gain on transfer to investment in Finance lease	-	-	2,251	(2,251)
Total revenues	92,610	92,610	65,771	26,839
Expenses:				
Interest expense	42,023	42,023	23,535	18,488
Depreciation	32,760	32,760	26,363	6,397
Maintenance and other costs	1,223	1,223	2,344	(1,121)
Selling, general and administrative expenses	7,944	7,944	4,611	3,333
Total Expenses	83,950	83,950	56,853	27,097
Net income before tax expenses	8,660	8,660	8,918	(258)
Income tax (expense)/benefit	(877)	(877)	(2,114)	1,237
Net income	7,783	7,783	6,804	979

Revenue and Expenses

Our revenues and expenses primarily consist of the following:

Revenue

Rental income from operating and finance leases. Revenues primarily consist of (i) basic rent received in respect of aircraft on lease to our airline customers, (ii) usage rent, (iii) interest on finance leases and (iv) end-of-lease compensation.

Basic rent is usually payable monthly or quarterly. Basic rent is generally set at a fixed rate but some leases calculate basic rent at a floating rate based on LIBOR or another appropriate index. Basic rent is recognized on a straight-line basis over the life of the lease.

Usage rent is calculated based on hourly usage or cycles operated, depending on the lease agreement. Usage rent is generally recorded as revenue as it is earned under the terms of the lease. In certain circumstances usage rent is recognized on a straight-line basis, depending on the terms of the applicable contract.

Interest on finance leases is recognized using the effective interest rate method.

End of lease compensation is earned at the end of the lease and is based on usage of the aircraft and its condition upon return.

Interest and other income. Interest and other income consists of (i) interest income earned on secured loan assets and (ii) late interest payments on overdue collections on receivables with airline customers.

Expenses

Interest expenses. Represents interest charges incurred under our debt financings, hedge payments and amortization of debt issuance costs and debt discounts and premiums.

Depreciation. Depreciation is calculated on a straight-line basis over the aircraft's useful life to the estimated residual value. Residual values are determined based on aircraft type. Aircraft are depreciated at rates calculated to write off the cost of the assets to their estimated residual value, on a straight-line basis, over their estimated useful economic lives. The current estimate of useful economic life for passenger aircraft is 25 years from date of manufacture and 35 years from date of manufacture for freighter aircraft.

Maintenance and other costs. Maintenance costs consist of aircraft maintenance expense for which we, as opposed to a lessee, are responsible and the release of intangible assets for aircraft following the termination of their lease. Other costs generally consist of aircraft insurance.

Selling, general and administrative expenses. Selling, general and administrative expenses consist of legal and professional fees, servicing and management fees payable to Castlelake Aviation Holdings (Ireland) Limited and general and administrative expenses.

Income tax expense. Income tax expense is comprised of current and deferred tax.

Results of Operations

The discussion below is limited to a breakdown of our results of operation for the period January 1, 2023 through March 31, 2023 and an analysis of movement for the period January 1, 2023 through March 31, 2023.

Rental Income from Operating and Finance Leases. Rental income from operating and finance leases for the period from January 1, 2023 through March 31, 2023 was $80.5 million (Period from January 1, 2022 through March 31, 2022: $59.2 million). Rental income from operating lease and finance leases primarily consists of:

- Basic rent of $78.6 million related to aircraft on operating lease.
- Finance lease interest income of $5.1 million related to aircraft on finance lease.
- Expected credit loss release of $0.6 million.
- Lease intangible amortization of ($3.8) million.

The $21.3 million increase in revenue over the comparable period was driven by an increase of $17.8 million in basic rent during the period resulting from the acquisition of 12 additional aircraft on operating lease, a decrease of $1.2 million relating to bad debt provision, a reduction of $0.5 million in lease intangible amortization and an increase of $1.8 million of finance lease income due to the acquisition of 3 aircraft.

Interest and Other Income. Interest and other income for the year from January 1, 2023 through March 31, 2023 was $12.1 million (Period from January 1, 2022 through March 31, 2022: $4.3 million). Interest and other income primarily consisted of:

- Loan interest income of $9.9 million from investment in secured loans.
- Lease deferral interest of $1.4 million related to interest charged on deferred rent balances.
- Bank interest income of $1.0 million earned on deposit amounts.
- Other income amounts of $1.2 million related to amortization of upfront fees and unutilized commitment fee income.
- Expected credit loss of ($1.4) million on deferral interest.

Interest and other income for the period primarily consisted of interest income earned on the 10 secured loans in our Portfolio (net of amortization of upfront fees), commitment fee income, bank interest income on our investments and lease deferral interest from airline customers. The $7.8 million increase relates to additional loan advances provided to airline customers during the period.

Gain on Transfer to Investment in Finance Lease. Gain on transfer to investment in finance lease for the period from January 1, 2023 through March 31, 2023 was $0.0 million (Period from January 1, 2022 through March 31, 2022: $2.3 million).

Income Tax. Income tax charge for the period January 1, 2023 through March 31, 2023 was $0.9 million (Period from January 1, 2022 through March 31, 2022: $2.1 million). The $1.2 million decrease predominantly relates to movements in deferred tax during the period.

Deferred tax is recorded to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law. Tax losses carried forward and accelerated tax depreciation on flight equipment held for operating leases give rise to the most significant timing differences. An assessment on deferred tax asset recoverability is performed annually based on future taxable income expectations; if required following these assessments, adjustments to the carrying deferred tax balances may impact our deferred tax rate in any given year.

Interest Expenses. Interest expenses for the period from January 1, 2023 through March 31, 2023 were $42.0 million (Period from January 1, 2022 through March 31, 2022: $23.5 million). Interest expenses primarily consist of,

- Loan interest expense of $46.7 million related to interest on external debt facilities.
- Unutilized commitment fee of $0.7 million.
- Amortization of debt issuance costs of $4.0 million
- Derivative income of ($9.4) million

The period over period increase of $18.5 million in interest expense was primarily due to the increased principal debt balance of $650.1 million period on period. We expect interest rates to continue to be higher than our historic rates as a result of the current interest rate environment, but plan to manage the increase through our hedging policy. These increases were offset by a $12.6 million increase in our derivative income period over period. As of March 31, 2023, we had $2.7 billion in principal amount of indebtedness outstanding and had average outstanding indebtedness for the period from January 1, 2023 through March 31, 2023 of $2.7 billion. For additional information on our debt facilities, see "—Liquidity and Capital Resources—Financing Arrangements." As of March 31, 2023, the notional amount of the effective derivatives was $2.0 billion.

Depreciation Expense. Depreciation expense for the period from January 1, 2023 through March 31, 2023, was $32.8 million (Period from January 1, 2022 through March 31, 2022: $26.4 million), consisting of the depreciation expense related to our Aircraft. The increase relates to additional depreciation charges on the acquisition of 12 aircraft under operating lease.

Maintenance and Other Expenses. Maintenance and other expenses for the period from January 1, 2023 through March 31, 2023, was $1.2 million (period from January 1, 2022 through March 31, 2022: $2.3 million), primarily consisting of asset maintenance costs, aircraft insurance and consultancy charges. Movement during the periods is related to decrease of aircraft maintenance expenses $1.1 million

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the period from January 1, 2023 through March 31, 2023, were $7.9 million (for the period from January 1, 2022 through March 31, 2022: $4.6 million), primarily consisting of servicing and management fees payable to Castlelake of $4.6 million, audit and accounting fees of $0.5 million, RCF debt placement fees of $0.8 million, management fees of $0.8 million and other expenses of $1.2 million. The period over period increase mainly relates to an increase amortization costs and servicing and management fees payable to Castlelake due to increase revenue compared to the 2022 quarter.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity include available cash and cash equivalents balances, cash flows from operations, including through aircraft sales and trading activity, and amounts available under our Revolving Credit Facility and Term Loan 2 Facility. We may also seek to raise liquidity or address liquidity needs by accessing the capital markets including through the incurrence of additional revolving or term loan facilities or the issuance and sale of debt securities, as well as through the sale of equity to Castlelake and potentially third-party investors. Access to additional debt and equity capital will be a driver of our growth. In addition to the previously mentioned items, we have considered the impact of trade receivables and deferral balances on our liquidity position. We believe that we will have sufficient liquidity to finance our operations and strategic objectives for at least the foreseeable future.

As of March 31, 2023, we had total principal indebtedness of $2,738 million (as at March 31, 2022: $2,088 million), consisting of $2,318 million (as at March 31, 2022: $1,688 million) of aggregate principal amount of secured indebtedness and $420 million (as at March 31,2022: $420 million) of aggregate principal amount of unsecured indebtedness.

As of March 31, 2023, receivables due from customers amounted to $9.9 million (as at March 31, 2022: $17.3 million) and consisted of trade receivables and deferred receivables. As of March 31, 2023, we had gross trade receivables of $6.2 million of which an allowance for bad debt of $6.2 million has been provided for. As of March 31, 2023, we had gross deferral amounts of $56.0 million of which an expected credit loss of $46.2 million has been provided for. Deferral amounts represent amounts contractually agreed with customers to be paid at a date in the future that are not overdue at period end. The majority of our expected credit loss provision on lease deferrals were assumed as part of the acquisition accounting, upon acquisition of our initial portfolio.

As of March 31, 2023, we had $125.3 million (as at March 31, 2022: $159.0 million) of cash and cash equivalents, restricted cash of $1.1 million (as at March 31, 2022: $0.0 million), $796.0 million of unused capacity under our Revolving Credit Facility (as at March 31, 2022: $499.0 million), $10.9 million of unused capacity under our Term Loan 2 Facility (as at March 31, 2022: $0.0 million) and $77.0 million of the unused capacity of the Term Loan 5 Facility (as at March 31, 2022: $0.0 million).

Contractual Obligations

As of March 31, 2023, we had both short and long-term obligations. Our capital commitments consist of principal and interest repayments on our secured and unsecured debt and purchase obligations undersigned purchase agreements. We intend to fund our contractual obligations through operating cash flows, available cash, external financing, and equity. We believe we will have sufficient cash to fund our contractual obligations.

The following table provides details regarding the timing of contractual obligations payments dates as of March 31 2023.

	2023	2024	2025	2026	2027	Thereafter	Total
				USD in thousands '000			
Unsecured Debt Facilities	-	-	-	-	420,000	-	420,000
Secured Debt Facilities	68,809	255,199	34,100	1,153,079	627,432	179,333	2,317,952
Capital Commitments	1,362,845	108,000	-	-	580,309	730,545	2,781,699
Total	1,431,654	363,199	34,100	1,153,079	1,627,741	909,878	5,519,652

Cash Flows from Operating Activities

For the period from January 1, 2023 through March 31, 2023, net cash provided by operating activities was $72.2 million (For the period from January 1, 2022 through March 31, 2022: $38.8 million), reflecting revenues, expenses and certain balance sheet movements, net of non-cash adjustments as noted on the statement of cash flows.

Cash Flows from Investing Activities

For the period from January 1, 2023 through March 31, 2023, net cash used by investing activities was $111.2

million (For the period from January 1, 2023 through March 31: $327.4 million), which for each period primarily consisted of the consideration paid for the Assets acquired during the period (see “Overview” for additional information).

Cash Flows from Financing Activities

For the period from January 1, 2023 through March 31, 2023, net cash provided by financing activities was $33.2 million (For the period from January 1, 2023 through March 31: $291.0 million), which primarily consisted of $635 million of proceeds from borrowings under the existing Term Loan B (the "TLB Additional Loan"), $3.0 million under the Term Loan 2 facility and Repayments of $385.9 million of the revolving credit facility and repayments of $237.2 million under the Term Loan 1 facility and $50 million of proceeds from the issuance of shares to affiliates of Castlelake.

Financing Arrangements

For a summary of our financing arrangements, please refer to our Annual Report. There have been no significant changes to the financing arrangements as previously disclosed at December 31, 2022 other than as noted below;

Term Loan B Transaction

On February 28, 2023, we incurred $635 million under our TLB Additional Loan. The TLB Additional Loan is subject to all the same terms and conditions as the other borrowings under the existing Term Loan B, except that the TLB Additional Loan bears interest at a rate of SOFR plus a margin of 2.75%, and has a maturity date of October 22, 2027. In connection with the incurrence of the TLB Additional Loan we pledged an additional 21 aircraft as collateral with an appraised value of $937.6 million.

Term Loan 5 Facility

On March 31, 2023, As Air Lease 178 (Ireland) Limited (the “Borrower”), a direct wholly owned subsidiary of Castlelake DAC, and an indirect wholly owned subsidiary of Castlelake Aviation, entered into a secured credit facility with a certain bank, (the “Term Loan 5 Facility”). Capitalised terms not defined in this section has the meaning given to it in the Term Loan 5 Facility. The Term Loan 5 Facility provided senior secured financing in an aggregate principal amount of approximately $77 million to refinance in part the acquisition of two (2) Airbus A320 Neo aircraft (the "Aircraft") by the Borrower on lease to Asian Airline borrower.

The Borrower can make a Voluntary Prepayment in accordance with Section 2.09(a) of the Security Agreement. The Borrower is required to make a Mandatory Prepayment in the following circumstances: (1) an Event of Loss occurs; (2) upon the occurrence of a breach of Section 2.6 of the Guaranty; (3) If any Aircraft is off-lease or has not then been subjected to a Disposition at the end of the applicable Remarketing Period, the Loans in respect of such Aircraft shall become immediately due and payable in accordance with Section 2.09(b)(iii) of the Security Agreement; (4) upon the Disposition of any Aircraft, the Loans in respect of such Aircraft shall become immediately due and payable in accordance with Section 2.09(b)(iv) of the Security Agreement; (5) Subject to Section 2.09(d) of the Security Agreement, if it is or becomes (or will become) unlawful for the Borrower or the Guarantor to perform or observe any of its respective material obligations under any of the provisions of the Loan Operative Documents to which it is a party, or any material obligation of the Borrower or the Guarantor thereunder ceases to be legally valid and binding; (6) Subject to Section 2.09(d) of the Security Agreement, upon the occurrence of a Collateral Defect; (7) if any condition subsequent specified in Section 3.4 of the Security Agreement or any condition precedent which has been waived or deferred has not been satisfied or waived within the time limit specified; (8) If a Cash Sweep has occurred and is continuing; (8) if a Change of Control Event has occurred; (9) if insurance coverage is not maintained on any or all Aircraft as required pursuant to Section 5.1(i) of the Term Loan 5 Facility.

The Term Loan 5 Facility contains certain affirmative and negative covenants, including negative covenants that restrict, subject to certain exceptions, the ability of Borrower to (A) incur, assume or guarantee additional indebtedness or issue any additional securities; (B) pledge, mortgage or encumber any of its assets; (C) permit any lien, charge, security interest, mortgage or other encumbrance to be created on the collateral securing the Term Loan 5 Facility; (D) dispose, sell, transfer or assign any part of the collateral securing the Term Loan 5 Facility; (E) restrict certain transactions with affiliates; (F) except as required to perform its obligation under the Operative Documents or in connection with maintenance performed on the Aircraft during any Remarketing Period or in connection with the discharge of the Prior

Indebtedness on or prior to the Closing Date, make or agree to make any capital expenditure; (G) create or own any subsidiary; (H) except as required to perform its obligations under the Borrower's Documents, make any investments, except Agreed Investments made from the Collateral Account; (I) except as required to perform its obligations under the Borrower's Documents, declare or make any dividend payment or distribution to its shareholders; (J) be a party to any merger or consolidation; and (K) make amendments, waivers or supplements to certain provisions in the underlying Operative Documents.

The Term Loan 5 Facility also contains certain customary events of default (subject to certain grace periods). All obligations of the Borrower under the Term Loan 5 Facility are guaranteed on a full recourse basis by Castlelake Aviation. The Guarantor has undertaken to comply with financial covenants matching those granted by it in the Revolving Credit Facility to which the Lender is also a party (as the same may be amended from time to time). The obligations of the Borrower under the Term Loan 5 Facility are secured by, among other things, the Mortgage in respect of the Aircraft, the Borrower Security Assignment, the account charge over the Borrower's bank account and a share charge over the Borrower.

Hedging

As of March 31, 2023 and March 31, 2022, we held the following interest rate swaps to manage interest rate exposure arising from the Term Loan B Facility, Term Loan B Additional Loan Facility, Term Loan 4 and Revolving Credit Facility, which bears interest at a floating rate.

		March 31, 2023		
Swap maturities	**Notional amount [3]**	**Weighted Average Fixed Pay Rate**	**Weighted Average Receive Rate [4]**	**Weighted Average Maturity (Years)**
2026	31,211,755	4.080%	3.650%	3.6
2026	158,125,000	1.779%	3.412%	3.6
2026	158,125,000	1.820%	3.413%	3.6
2026	455,000,000	1.816%	3.272%	3.6
2026	405,000,000	1.994%	3.272%	3.6
2026	34,515,000	4.386%	3.683%	3.6
2026	236,637,045	3.978%	3.615%	3.6
2026	38,000,000	3.691%	3.658%	3.6
2026	60,900,000	3.691%	3.663%	3.6
2026	69,200,000	3.755%	3.661%	3.6
2026	69,200,000	3.723%	3.594%	3.6
2034	55,000,000	5.576%	4.912%	11.5
2034	71,000,000	5.566%	4.908%	11.6
2026	34,391,100	3.605%	3.598%	3.6
2027	34,905,000	4.115%	3.473%	4.6
2026	64,413,144	4.270%	3.482%	3.6
2027	51,762,009	4.176%	3.452%	4.6
Total	$2,027,385,052	2.84%	3.512%	4.1

[3] Notional Amount is at hedge inception date.
[4] Calculation based on rates from inception of hedge to maturity. Rates are reset for future forecast based on interest curves on each reporting date.

March 31, 2022				
Swap maturities	Notional amount [5]	Weighted Average Fixed Pay Rate	Weighted Average Receive Rate [6]	Weighted Average Maturity (Years)
2026	158,125,000	1.779%	2.362%	4.6
2026	158,125,000	1.820%	2.362%	4.6
2026	455,000,000	1.816%	2.270%	4.6
2026	405,000,000	1.994%	2.270%	4.6
Total	$1,176,250,000	1.873%	2.295%	4.6

Capital Expenditures

As of March, 31, 2023, we had entered into agreements for the acquisition of an additional 34 aircraft, primarily through purchase and leaseback transactions (operating lease), three of which were delivered to the customer subsequent to March 31, 2023. We also entered into agreements for the purchase and leaseback (finance lease) of 13 aircraft and to provide PDP financing for 7 such aircraft as of such date, none of these aircraft has delivered subsequent to March 31, 2023.

Transactions noted above are expected to close between 2023 and 2028.

Significant Accounting Policies

For a summary of our significant accounting policies, please refer to Note 2 of the Annual Audited Financial Statements.

[5] Notional Amount is at hedge inception date
[6] Calculation based on rates from inception of hedge to maturity. Rates are reset for future forecast based on interest curves on each reporting date.