

# Castlelake Aviation Limited

Q4 2023 Investor Update • April 2024

---

The information contained in this Presentation (this "Presentation") is provided for information purposes only, may not be reproduced in whole or in part or used for any other matter absent express written permission from Castlelake Aviation Limited ("CA", "we", "us" or "our"), and is intended for use only with and by existing CA investors. By accepting delivery of this Presentation, the recipient agrees that it (i) will treat this Presentation as strictly confidential, (ii) will not distribute or provide this Presentation, in whole or in part, to any person outside its organization other than its accountants and attorneys (so long as such persons are advised of the highly confidential nature of this Presentation and agree not to distribute it outside their organization) or as otherwise required by law, and (iii) will destroy this Presentation, or any portion of this Presentation, upon request by CA. Neither CA nor any of its subsidiaries, affiliates, agents, or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein.

Except where otherwise indicated, the information provided in this Presentation is based on matters as they exist as of December 31, 2023, or as of such earlier date as otherwise specified, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof (whether or not some other recipients receive notice of such changes or updates to the information). Certain information has been obtained from third party sources, which Castlelake believes to be reliable for the purposes used herein. However, Castlelake assumes no responsibility for the accuracy or completeness of such information.

This Presentation does not and is not intended to constitute investment advice, nor does it constitute an offer to sell or a solicitation of an offer to buy any security. No sale of CA interests will be made in any jurisdiction in which the offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make the offer, solicitation, or sale.

Nothing herein is intended to constitute legal, tax or investment advice from CA. Each investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein and to the advisability of any investment in securities issued by CA.

This presentation 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;
- 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 on 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 customers 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 the 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;
- changes in global economic conditions and political developments, including with respect to the invasion of Ukraine by Russia;
- 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;
- data security and privacy risks;
- changes in banks' inter-bank lending rate reporting practices or the method pursuant to which LIBOR is determined;
- our ability to attract and retain key personnel through Castlelake LP.;
- the performance of support services by Castlelake LP. 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.

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.

# Q4 2023: Key Highlights



## Sector Highlights

- Airlines globally are seeing strong demand for air travel
- We believe there continues to be an under-supply of aircraft to meet passenger demand



## Castlelake Aviation Ltd. Highlights

- Low leverage with net debt to equity of 2.5x, ~\$667 million<sup>1</sup> of available liquidity and demonstrated continued access to the capital markets
- High yielding assets (10.3% rent yield<sup>2</sup> and 20% free cash flow yield<sup>3</sup>)
- Long remaining leases (~9yrs) to high-quality airlines
- Strong financial performance with \$81 million pre-tax income in 2023

1. Includes RCF, undrawn financing commitments, and total unrestricted cash.

2. Calculated as Weighted Average Annualized Lease Rate Factor on Operating Leases as at 31 December 2023 (weighted by Total Net Book Value)

3. Represents Q4-23 annualized levered cashflows i.e. Total Operating Cash excluding any one-off finance lease repayments divided by Total Equity at 31 December 2024

# Overview



CA Limited is built on the experience of Castlelake, L.P., a global aviation-focused alternative investment firm which has invested \$20 billion<sup>1</sup> in aviation opportunities over 18+ years.

- Core aircraft leasing platform owned by Castlelake managed funds. Established in 2021 to efficiently finance primarily new technology aircraft
- Strong growth profile with committed pipeline of aircraft purchases, differentiated access to debt financing and committed fund equity
- Rated entity with focus on transitioning to investment grade rating
- We believe industry tailwinds include favorable aircraft-supply demand dynamics

## Castlelake Aviation Limited Portfolio<sup>2</sup>

<b>118</b> # of Aircraft Assets <sup>3</sup>		<b>99%</b> Q4 2023 Collections Rate <sup>5</sup>
<b>4.8 yrs</b> W.A. Age <sup>3</sup>	<b>8.8 yrs</b> W.A. Lease Term <sup>3</sup>	<b>100%</b> Aircraft Utilization Rate
<b>23</b> # of Aircraft in Pipeline Under Contract <sup>4</sup>		<b>&gt;\$4bn</b> Capital Market Financing Raised <sup>1</sup>

## Ratings

**S&P Global**  
Ratings

BB-

**MOODY'S**

Ba3

**FitchRatings**

BB

**KBRA**

BB+

1. As of December 31, 2023.

2. Represents Castlelake Aviation's fleet as of December 31, 2023.

3. Aircraft assets, remaining lease term and average aircraft age weighted by book value of the assets defined as: (i) "Aircraft and flight equipment" with respect to 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.

4. Assumes three of the aircraft in the current pipeline are acquired by 2024 year-end. There can be no assurance any projected or pipeline investment opportunities will be consummated nor that any such investments will result in positive returns. These are proposed indicative terms and remain subject to contract.

5. Relates to rent collections for the quarter-ended December 31, 2023.

# FY2023<sup>1</sup> Portfolio Activity

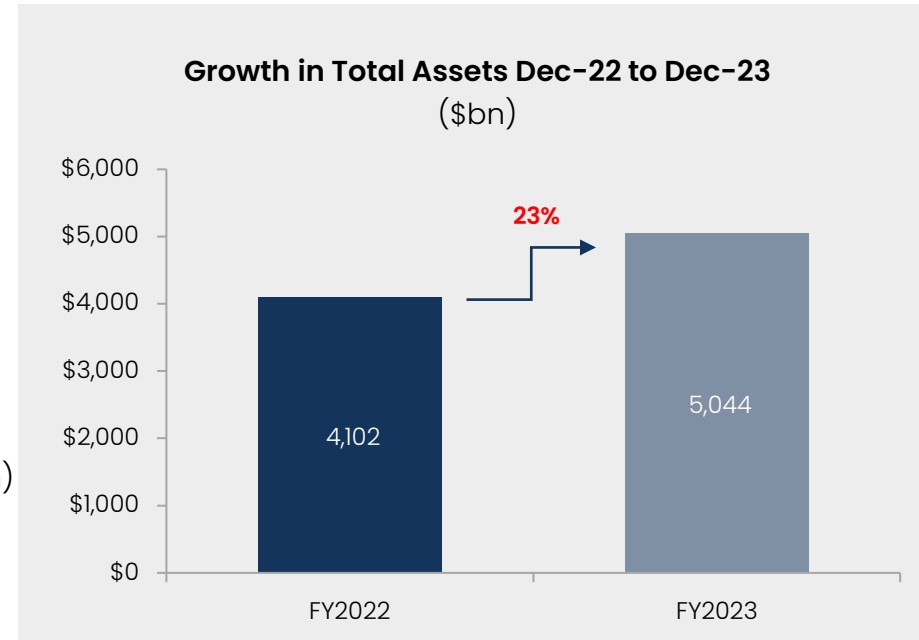
## Acquired \$1.5 billion of Aircraft, Demonstrating Ability to Scale Up

### Acquisitions

- Acquired a total of 32 aircraft worth \$1.5 billion
- 28 of the aircraft are new technology worth \$1.45 billion
- 83% of new acquisitions are Narrowbody aircraft<sup>2</sup>
- 1.1yrs Weighted Average Age of aircraft at the time of acquisition<sup>3</sup>
- 9.0yrs Weighted Average Lease Term at the time of acquisition<sup>3</sup>

### Disposals

- Repayment of four finance leases (proceeds of \$102 million)
- Sold four aircraft on operating leases (proceeds of \$116 million and a gain of \$18.5 million)
- Signed SP&A and Lol for the disposal of five aircraft (*to close in 2024*)



Successfully executing on the strategy of acquiring highly liquid assets and generating returns for our investors.

1. Activity presented in this slide relates to the financial year commencing 1 January 2023 and ending 31 December 2023

2. By Purchase Price

3. Aircraft age and lease term are weighted by purchase price of aircraft on date of acquisition

# FY2023<sup>1</sup> Financing Activity



## **Rated Entity with Demonstrated Access to Both Secured and Unsecured Market**

### **Revolving Credit Facility (RCF) Extension**

- The RCF provides Castlelake Aviation Limited with acquisition flexibility for short-term funding of aircraft and engines
- RCF extended from Oct-24 to Apr-26, removing any near-term debt maturities
- Improvement in LTV requirements and concentration limits

### **\$635 Million Incremental Term Loan B and Reprice of the 2026 Tranche**

- Closed a \$635 million incremental Term Loan B facility in Feb-23 maturing in 2027
- Repriced the \$1.1 billion 2026 Term Loan B tranche in Dec-23, reducing the margin by 51bps

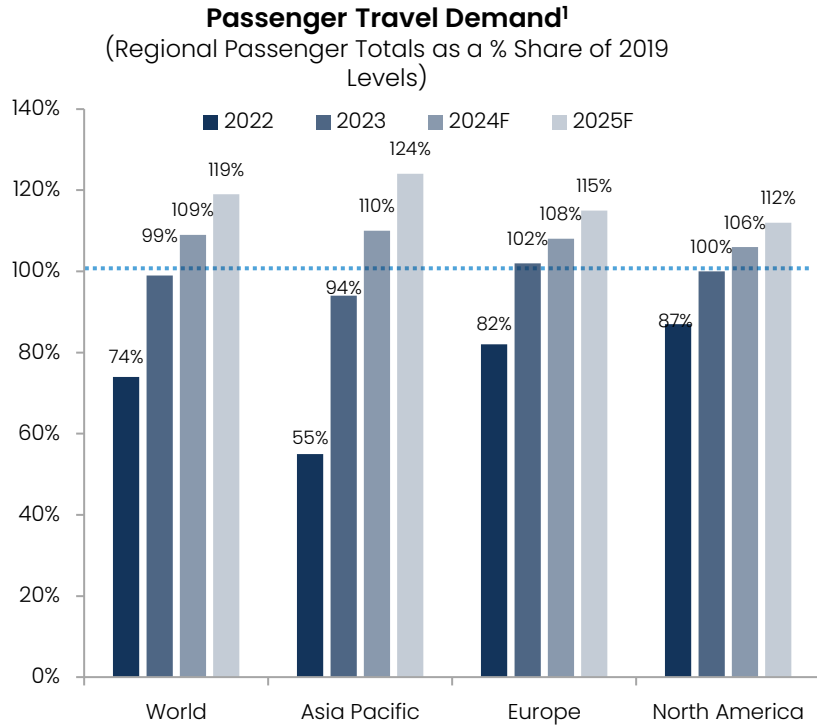
### **Secured Debt Raise**

- Financed 17 narrowbody aircraft bilaterally, raising \$702 million of secured financing in FY2023, including Sharia/Murabaha Islamic financing

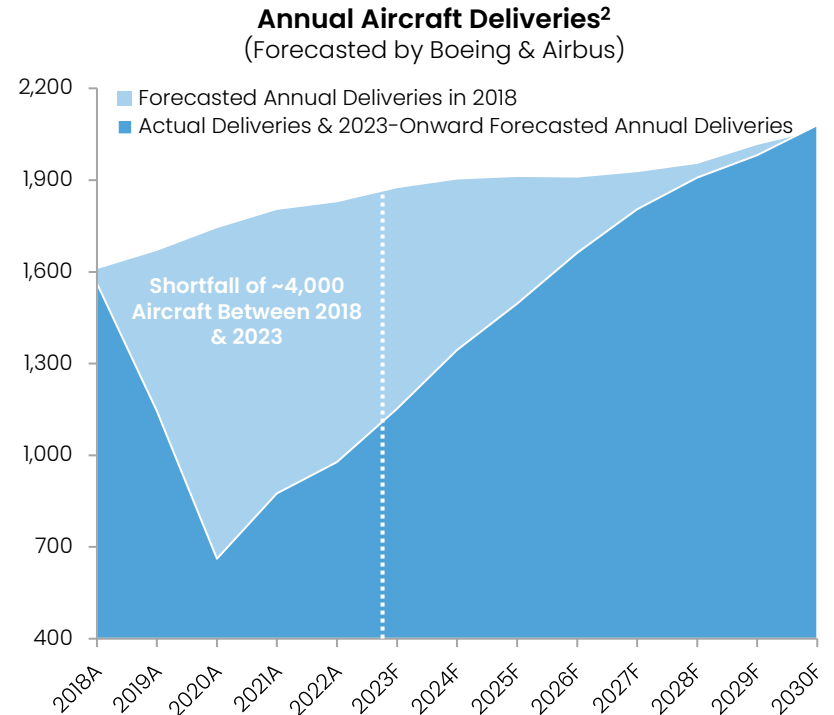
1. Activity presented in this slide relates to the financial year commencing 1 January 2023 and ending 31 December 2023

# Macro Driven by Supply/Demand Imbalance

## Passenger Demand has Rebounded



## Supply of Aircraft Remains Constrained



1. LHS: IATA. Published report titled "Global Outlook for Air Transport, A Local Sweet Spot" dated December 2023.

2. RHS: Boeing and Airbus Company website, public filings as of December 31, 2022, Airbus Global Market Forecast 2022 – 2041, June 13, 2023.

Certain information has been obtained from third-party sources, which Castlelake believes to be reliable for the purposes used herein. However, Castlelake assume no responsibility for the accuracy or completeness of such information. Terms are based on our current view of the transaction and no guarantee we will execute with these terms in place.

These projections are based on the expectations of Castlelake using information, judgments, and assumptions believed to be reasonable in the circumstances. There can be no assurance that any such projections will be realized nor that the information, judgments, and assumptions used by Castlelake are accurate. Actual events or conditions may differ materially, and there is no guarantee that historical trends will continue.



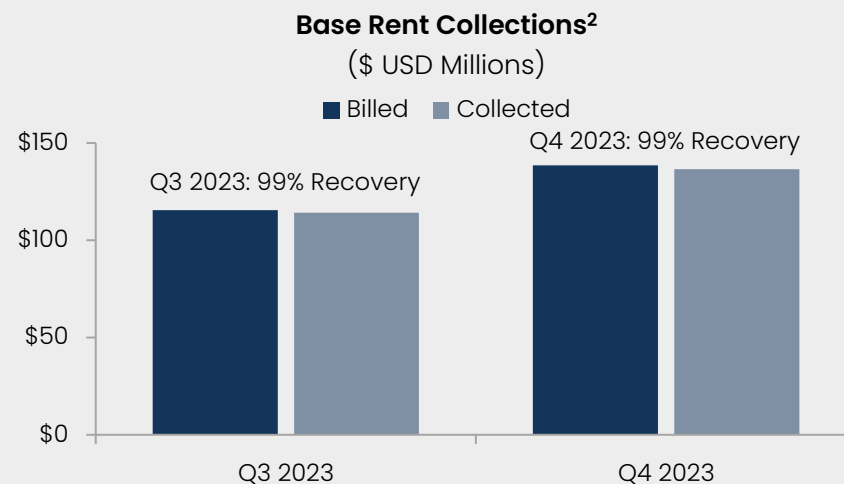
# Q4 2023 Overview

## Highlights and aircraft portfolio status

### Q4 2023 Updates

- Purchased 4 x A321neo under finance lease, classified as a loan (Middle Eastern Airline)
- Purchased 3 x A321neo under finance lease, classified as a loan (Asian Airline)
- Purchase option exercised by North American airline on finance lease of 1 x B737 Max 8 aircraft (North American Airline)
- Sold 1 x A319 with an operating lease attached (South American Airline)
- Sold 3 x A220 with operating leases attached (North American Airline)
- Transitioned 4 x A330F from operating lease to finance lease (South American Airline)

Portfolio Status	Sep 2023	Dec 2023
# of Aircraft Assets	116	118
Wtd. Avg. Age <sup>1</sup>	5.0 years	4.8 years
Wtd. Avg. Remaining Lease Term <sup>1</sup>	8.7 years	8.8 years



1. Remaining lease term, average aircraft age, and airframe type are weighted by book value of the aircraft assets defined as: (i) "Flight Equipment held for Operating Lease, Net" with respect to our operating lease, and excluding "Maintenance Rights and Lease Premium," (ii) "Net Investment in Finance Lease" with respect to our aircraft on finance lease, and (iii) "Loan Receivables, Net" with respect to our loan portfolio as of December 31, 2023.

2. Receivables relate to rent collections for the quarter-ended December 31, 2023.

3. Past performance is not an indication or guarantee of future results. Actual events or conditions may differ materially, and there is no guarantee that historical trends will continue. There can be no assurance any projected or pipeline investment opportunities will be consummated nor that any such investments will result in positive returns. Pipeline remains subject to contract.

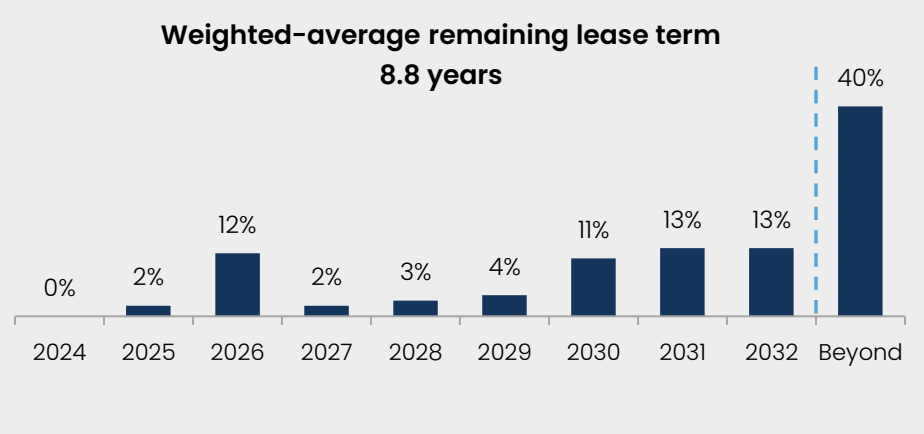


# Aviation Assets

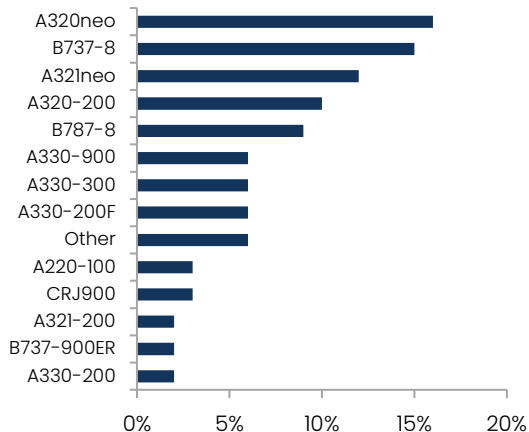


## Portfolio Overview<sup>1</sup>

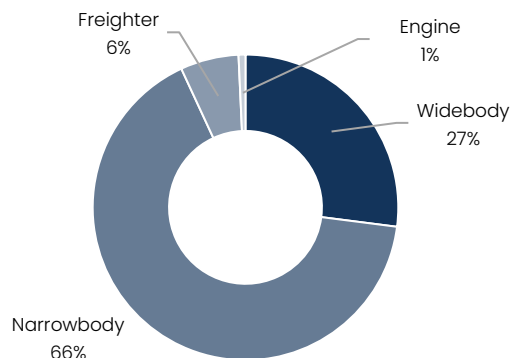
- Diversified asset base with 118 aircraft assets across multiple lessees and countries
- Weighted average aircraft asset age of 4.8 years and long remaining lease term of 8.8 years
- 100% aircraft utilization rate demonstrating strong demand for assets



### Aircraft



### Aircraft Type



### Top Lessees

AirAsia Berhad	14%
Delta	12%
Qatar Airways	12%
Avianca	11%
Gulf Air	10%
Indigo	9%
Scoot	7%
GOL	5%
Condor	4%
Lion Air	4%

As of December 31, 2023. All concentrations weighted by book value of the assets defined as: (i) "Aircraft and flight equipment" with respect to 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. Note: Expectations, projections and other forward-looking statements are predictions by Castlelake Aviation management using information, judgments and assumptions believed to be reasonable in the circumstances. The pipeline information above represents Castlelake Aviation's current view with respect to potential terms and conditions of proposed transactions. Actual events or conditions may differ materially and there can be no assurances that these expectations, projections and other forward-looking statements will be realized or will prove to be accurate or that any underlying investments opportunities will be profitable.

# Committed Pipeline

Strong growth profile with committed pipeline of aircraft purchases and access to new opportunities

## Castlelake Aviation Limited Contracted Pipeline<sup>1</sup>

Region	Deal Type	Assets	Lease Term (Years)	Timing
EMEA	Finance Lease	2 x A321neo	15.0	2 x 2024
EMEA	SLB	1 x A330-900neo	15.0	1 x 2024
APAC	SLB	20 x A321neo	12.0	9 x 2027 11 x 2028

- Contracted pipeline of 23 aircraft
- 100% of the pipeline is next generation aircraft



**A321neo**



**A330-900neo**

1. Immediate pipeline as of December 31, 2023. Includes aircraft subject to signed purchase agreements. No aircraft were acquired since December 31, 2023. Information herein includes forward-looking statements such as estimates, projections, forecasts, targets, and other similar information. There can be no assurance that any forward-looking statement, estimate, projection, forecast, target, or other similar information will prove accurate. These projections are based on the expectations of Castlelake using information, judgments, and assumptions believed to be reasonable in the circumstances. There can be no assurance that any such projections will be realized nor that the information, judgments, and assumptions used by Castlelake are accurate. There can be no assurance any projected or pipeline investment opportunities will be consummated nor that any such investments will result in positive returns. These are proposed indicative terms and remain subject to contract.

# Capital Structure



## Q4 2023 Capital Activity

- 1 x aircraft delivered into the Sharia compliant bilateral facility #5 in Oct-23. The facility is now fully drawn
- Prepaid PDP facility in Dec-23
- TLB 2021 repriced in Dec-23, all-in margin was reduced from 3.01% (incl CAS) to 2.51% along with lowering the floor to 0.0%. The TLB 2023 remained unchanged with a 2.75% margin
- Available liquidity at quarter-end of ~\$667 million<sup>1</sup>

Secured Revolving Credit: Financial Covenants	Benchmark	Result <sup>2</sup>
<b>Fixed Charge Coverage Ratio</b>	Greater than 1.20x	3.39x
<b>Debt to Equity Ratio</b>	Less than 4.25x	2.28x
<b>LTV Ratio</b>	Less than 72.5%	63%
<b>Consolidated Liquidity</b>	Greater than \$75mm	\$153.14m

Term Loan Status <sup>3</sup>			
	Benchmark	Result	Headroom
<b>LTV Ratio</b>	70.0%	66.9%	3.1%

Capital Structure <sup>3</sup>			
	Debt Outstanding USD'000	# of Aircraft / Assets	Maturity Date
<b>Secured Revolving Credit</b>	\$403,410	14	2026
<b>Term Loan B</b>	\$1,782,100	77	2026 / 2027
<b>High Yield Bond</b>	\$420,000	N/A	2027
<b>Bilateral #1</b>	\$245,046	4	2034
<b>Bilateral #2</b>	\$74,349	2	2030
<b>Bilateral #3</b>	\$116,816	3	2031
<b>Bilateral #4</b>	\$363,265	9	2026
<b>Bilateral #5</b>	\$134,310	3	2038
<b>Unencumbered Pool<sup>4</sup></b>	N/A	8	N/A
<b>TOTAL</b>	<b>\$3,539,296</b>	<b>120</b>	<b>N/A</b>
<b>Undrawn Commitment (RCF)</b>	\$546,590	N/A	N/A
<b>Unrestricted Cash</b>	\$120,386	N/A	N/A
<b>TOTAL AVAILABLE LIQUIDITY</b>	<b>\$666,976</b>	<b>N/A</b>	<b>N/A</b>

1. Includes undrawn financing commitments from RCF and total unrestricted cash.

2. Results reflective of those reported in the Quarterly Compliance Certificate delivered in Jan 2024 - Financial Covenant results are calculated in accordance with the Credit Agreement and only includes Obligors as defined.

3. As of December 31, 2023.

4. 6x Junior Loans to EMEA based airline, 1x PDP loan with EMEA based airline, 1x Direct Loan to APAC based airline.

# Quarterly Financial Snapshot

As of December 31, 2023<sup>1</sup>

	31-Dec-23 YTD (USD'000)	30-Sep-23 YTD (USD'000)
Rental and other income	380,529	255,609
Interest and other income	67,161	47,920
Gain on transfer to finance lease	2,896	-
Gain on disposal of aircraft	18,554	-
<b>Total Revenue</b>	<b>469,140</b>	<b>303,529</b>
Profit Before Tax	81,232	27,732
Net Income	72,060	25,831
Total assets	5,043,832	5,093,245
Acquisitions of aircraft	(971,555)	(971,555)
Acquisitions of loan asset	(542,000)	(170,896)
Sales proceeds	115,923	-
Debt issuance	1,961,974	1,747,986
Debt repayment	(1,153,779)	(910,580)
<b>Net change in debt</b>	<b>808,195</b>	<b>837,406</b>
Equity Investments	88,000	88,000
Equity Distributions	-	-
Cash Balance	120,386	192,902
<b>Total Debt<sup>2</sup></b>	<b>3,506,085</b>	<b>3,541,461</b>
<b>Total Equity</b>	<b>1,361,421</b>	<b>1,373,355</b>
Gross Debt/Equity <sup>3</sup>	2.58	2.58
Net Debt/Equity <sup>6</sup>	2.49	2.44
Secured debt to total managed assets <sup>4</sup>	61.8%	61.8%
Unencumbered assets to unsecured debt <sup>5</sup>	14.5%	14.4%
Unsecured debt % of total Debt	11.9%	11.8%

1. Audited Financial Statements

2. Inclusive of debt placement costs and accrued interest

3. Calculated on total debt balance inclusive of debt placement costs and accrued interest over total equity.

4. Total assets per quarterly financial statements of \$5,044m

5. Total carrying value of unencumbered assets comprising certain aircraft and loans secured by aircraft / total unsecured debt

6. Calculated on net debt inclusive of debt placement costs and accrued interest (i.e. debt less cash) over total equity.

7. Past performance is not an indication or guarantee of future results. There can be no guarantee that historical trends will continue.

# Commitment to Sustainable Aviation

## Environmental, Social, and Governance

### Castlelake, L.P.'s Commitment to Sustainable Aviation



Signatory of the Principles of Responsible Investment (PRI), a network of international investors committed to including ESG factors in their investment decision making



Contracted RepRisk, a leading expert in the space, to enhance our ability to do integrate ESG diligence and monitoring into our underwriting



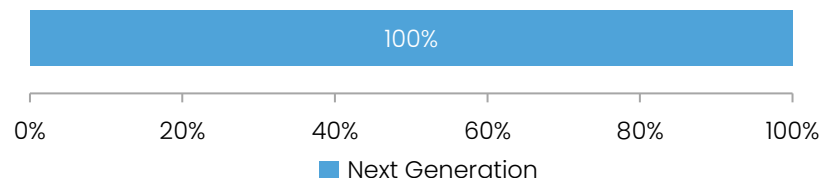
Founding member of the Impact on Sustainable Aviation industry group, a new and independent association dedicated to achieving net-zero carbon emissions by 2050



Supportive of the International Air Transport Association's (IATA) resolution to achieve net-zero carbon emissions by 2050

### Castlelake Aviation's Approach

Castlelake Aviation's Immediate Pipeline



- Young current portfolio: 4.8yrs<sup>1</sup> weighted average age
- Providing capital to help airlines transition their global fleets to more fuel-efficient aircraft

## Committed to maintaining a young, fuel-efficient and next generation aircraft portfolio.

1. Average aircraft age weighted by book value of the assets defined as: (i) "Aircraft and flight equipment" with respect to 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. As of December 31, 2023. Expectations, projections and other forward-looking statements are predictions by Castlelake Aviation management using information, judgments and assumptions believed to be reasonable in the circumstances. Actual events or conditions may differ materially and there can be no assurances that these expectations, projections and other forward-looking statements will be realized or will prove to be accurate or that any underlying investments opportunities will be profitable.