

Nordic Aviation Financing ApS

Stratusvej 12, 7190 Billund

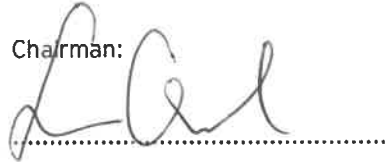
CVR no. 21 16 74 01

Annual report

for the year 1 July 2016 - 30 June 2017

Approved at the Company's annual general meeting on 30 November 2017

Chairman:

A handwritten signature in black ink, appearing to be 'L. Carl', written over a horizontal dotted line.



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nordic Aviation Financing ApS for the financial year 1 July 2016 - 30 June 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

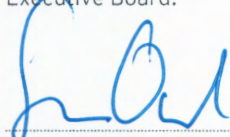
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

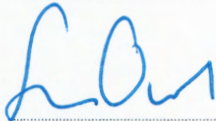
Billund, 30 November 2017

Executive Board:



Søren M. Overgaard
Managing Director

Board of Directors:



Søren M. Overgaard
Chairman



Frank Pedersen



Jette Hvilgaard

Independent auditor's report

To the shareholders of Nordic Aviation Financing ApS

Opinion

We have audited the financial statements of Nordic Aviation Financing ApS for the financial year 1 July 2016 - 30 June 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines 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, Management is 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 in preparing the financial statements 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 and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 30 November 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jes Lauritzen
State Authorised Public Accountant


Claus Dalager
State Authorised Public Accountant



Management's review

Company details

Name	Nordic Aviation Financing ApS
Address, Postal code, City	Stratusvej 12, 7190 Billund
CVR no.	21 16 74 01
Established	1 July 1998
Financial year	1 July 2016 - 30 June 2017
Board of Directors	Søren M. Overgaard, Chairman Frank Pedersen Jette Hulgaard
Executive Board	Søren M. Overgaard, Managing Director
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Business review

The Company is engaged in letting out the properties Stratusvej 2 and Stratusvej 12, 7190 Billund.

Financial review

The Company's activities and financial development in the financial year are in accordance with expectations.

Management considers the profit for the year satisfactory.

Events after the balance sheet date

After the end of the financial year no important matters have occurred, which could be expected to influence or alter the circumstances of the Company in a material way.

Financial statements 1 July 2016 - 30 June 2017

Income statement

Note	USD	2016/17	2015/16
	Revenue	1,159,458	1,158,047
	Production costs	-768,064	-763,987
	Gross margin	391,394	394,060
	Administrative expenses	-8,490	-10,084
	Operating profit	382,904	383,976
2	Financial income	0	21,308
3	Financial expenses	-371,283	-375,628
	Profit before tax	11,621	29,656
4	Tax for the year	-3,656	-7,946
	Profit for the year	7,965	21,710
	Recommended appropriation of profit		
	Retained earnings	7,965	21,710
		7,965	21,710



Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	USD	<u>2016/17</u>	<u>2015/16</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	9,981,812	10,737,821
		<u>9,981,812</u>	<u>10,737,821</u>
	Total fixed assets	<u>9,981,812</u>	<u>10,737,821</u>
	Non-fixed assets		
	Cash	7,627	11,959
	Total non-fixed assets	<u>7,627</u>	<u>11,959</u>
	TOTAL ASSETS	<u><u>9,989,439</u></u>	<u><u>10,749,780</u></u>

Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	USD	2016/17	2015/16
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	200,977	200,977
	Revaluation reserve	262,618	262,618
	Retained earnings	4,206,259	4,198,294
	Total equity	<u>4,669,854</u>	<u>4,661,889</u>
	Provisions		
	Deferred tax	43,377	86,799
	Total provisions	<u>43,377</u>	<u>86,799</u>
	Liabilities other than provisions		
6	Non-current liabilities other than provisions		
	Mortgage debt	2,651,577	2,815,586
		<u>2,651,577</u>	<u>2,815,586</u>
	Current liabilities other than provisions		
6	Current portion of long-term liabilities	242,459	229,380
	Payables to group entities	2,254,826	2,643,193
	Income taxes payable	47,078	254,440
	Other payables	80,268	58,493
		<u>2,624,631</u>	<u>3,185,506</u>
	Total liabilities other than provisions	<u>5,276,208</u>	<u>6,001,092</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>9,989,439</u></u>	<u><u>10,749,780</u></u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral
- 9 Related parties

Financial statements 1 July 2016 - 30 June 2017

Statement of changes in equity

USD	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 July 2016	200,977	262,618	4,198,294	4,661,889
Transfer through appropriation of profit	0	0	7,965	7,965
Equity at 30 June 2017	200,977	262,618	4,206,259	4,669,854

The Company's share capital has remained unchanged for the past five years.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies

The annual report of Nordic Aviation Financing ApS for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 July 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.70. For the year 2015/16, the DKK/USD exchange rate at the balance sheet date was 6.52.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue consists of rental income.

Production costs

Production costs, which among other things comprise depreciation and maintenance, include costs incurred in generating the revenue of the year. This include direct and indirect costs for the properties.

Administrative expenses

Administrative expenses include costs incurred for management and administration of the company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme etc.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Tax

Nordic Aviation Financing ApS is taxed jointly with the parent company, Nordic Aviation Capital A/S. The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the on account tax scheme.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Properties are measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The following useful lives are applied:

Buildings: 20 years

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Equity

Proposed dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Income taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively. Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set off against tax on future income or as a set off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Liabilities

Loans from banks and loan from group enterprises are recognised on the date of borrowing as the net proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other financial obligations are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding revenue in the following year.

USD	2016/17	2015/16
2 Financial income		
Exchange adjustments	0	21,308
	<u>0</u>	<u>21,308</u>
3 Financial expenses		
Interest expenses, group entities	278,130	310,621
Other financial expenses	93,153	65,007
	<u>371,283</u>	<u>375,628</u>
4 Tax for the year		
Estimated tax charge for the year	47,078	32,609
Deferred tax adjustments in the year	-43,422	-23,241
Change in tax rate	0	-1,422
	<u>3,656</u>	<u>7,946</u>

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

5 Property, plant and equipment

USD	<u>Land and buildings</u>
Cost at 1 July 2016	14,770,024
Cost at 30 June 2017	14,770,024
Revaluations at 1 July 2016	350,157
Revaluations at 30 June 2017	350,157
Impairment losses and depreciation at 1 July 2016	4,382,360
Depreciation in the year	756,009
Impairment losses and depreciation at 30 June 2017	5,138,369
Carrying amount at 30 June 2017	<u>9,981,812</u>

6 Non-current liabilities other than provisions

USD	<u>Total debt at 30/6 2017</u>	<u>Repayment, next year</u>	<u>Long-term portion</u>	<u>Outstanding debt after 5 years</u>
Mortgage debt	2,894,036	242,459	2,651,577	1,667,573
	<u>2,894,036</u>	<u>242,459</u>	<u>2,651,577</u>	<u>1,667,573</u>

7 Contingent liabilities and other financial obligations

Other contingent liabilities

The Company is jointly taxed with its parent, Nordic Aviation Capital A/S, which acts as management company, and together with other jointly taxed group entities, the Company has joint and several liability for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

8 Collateral

The buildings at Stratusvej 2 and 12, title no. 2CQ Billund, Grene, at leased land with a carrying amount of USD 9,982 thousand, has been provided as collateral for the Company's mortgage debt.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

9 Related parties

Nordic Aviation Financing ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund	Holds the entire share capital

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Nordic Aviation Capital Designated Activity Company	Bedford Place, Henry Street, Limerick City, Ireland	Available at the Company's address

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund