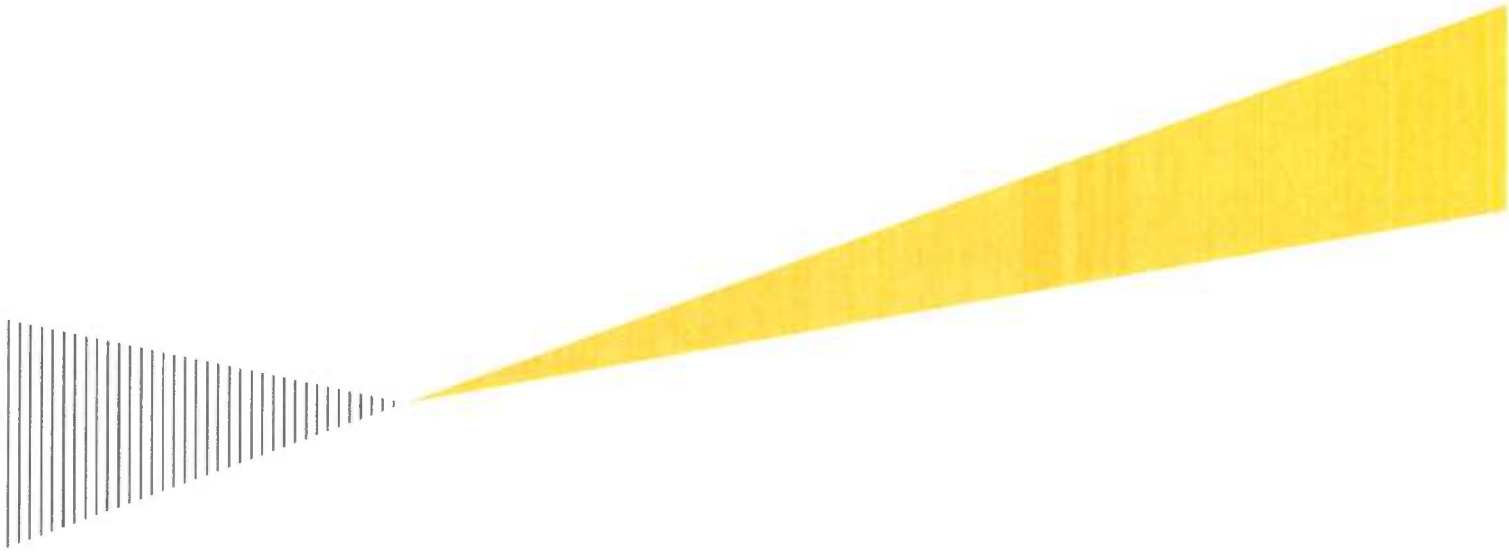


Nordic Aviation Financing ApS

Stratusvej 12, 7190 Billund

CVR no. 21 16 74 01



Annual report

for the year 1 July 2015 - 30 June 2016

Approved at the annual general meeting of shareholders on 22 September 2016

Chairman:

Building a better
working world



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	4
Company details	4
Operating review	5
Financial statements for the period 1 July 2015 - 30 June 2016	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic Aviation Financing ApS for the financial year 1 July 2015 - 30 June 2016.

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 Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016.

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, 22 September 2016
Executive Board:



Søren M. Overgaard
Managing Director

Board of Directors:



Søren M. Overgaard
Chairman



Frank Pedersen



Jette Hulgaard

Independent auditors' report

To the shareholders of Nordic Aviation Financing ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Nordic Aviation Financing ApS for the financial year 1 July 2015 - 30 June 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

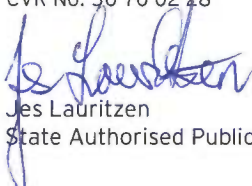
Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of its operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 22 September 2016
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 2015 - 30 June 2016
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

Operating review

The Company's 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.

Post balance sheet events

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.

Outlook

The Company is expected to show positive earnings in the coming financial year.



Financial statements for the period 1 July 2015 - 30 June 2016

Income statement

Note	USD	2015/16	2014/15
	Revenue	1,158,047	1,055,404
	Production costs	-763,987	-673,629
	Gross profit	394,060	381,775
	Administrative expenses	-10,084	-8,340
	Operating profit	383,976	373,435
2	Financial income	21,308	1,257,878
3	Financial expenses	-375,628	-411,307
	Profit before tax	29,656	1,220,006
4	Tax for the year	-7,946	-286,912
	Profit for the year	21,710	933,094
	Proposed profit appropriation		
	Retained earnings	21,710	933,094
		21,710	933,094



Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	USD	<u>2015/16</u>	<u>2014/15</u>
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Land and buildings	10,737,821	11,414,967
		<u>10,737,821</u>	<u>11,414,967</u>
	Total non-current assets	<u>10,737,821</u>	<u>11,414,967</u>
	Current assets		
	Receivables		
	Deferred tax assets	0	22,276
	Prepayments	0	3,153
		<u>0</u>	<u>25,429</u>
	Cash	11,959	23,549
	Total current assets	<u>11,959</u>	<u>48,978</u>
	TOTAL ASSETS	<u>10,749,780</u>	<u>11,463,945</u>



Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

Note	USD	2015/16	2014/15
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	200,977	200,977
	Revaluation reserve	262,618	262,618
	Retained earnings	4,198,294	4,176,584
	Total equity	4,661,889	4,640,179
	Provisions		
	Deferred tax	86,799	0
	Total provisions	86,799	0
	Liabilities other than provisions		
6	Non-current liabilities other than provisions		
	Mortgage debt	2,815,586	3,060,167
		2,815,586	3,060,167
	Current liabilities other than provisions		
6	Current portion of long-term liabilities	229,380	228,665
	Payables to group entities	2,643,193	3,025,983
	Income taxes payable	254,440	355,569
	Other payables	58,493	153,382
		3,185,506	3,763,599
	Total liabilities other than provisions	6,001,092	6,823,766
	TOTAL EQUITY AND LIABILITIES	10,749,780	11,463,945

1 Accounting policies

7 Collateral

8 Contractual obligations and contingencies, etc.

9 Related parties



Financial statements for the period 1 July 2015 - 30 June 2016

Statement of changes in equity

USD	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2015	200,977	262,618	4,176,584	4,640,179
Profit/loss for the year	0	0	21,710	21,710
Equity at 30 June 2016	200,977	262,618	4,198,294	4,661,889

The Company's share capital has remained unchanged for the past 5 years.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies

The annual report of Nordic Aviation Financing ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in USD, as the entity's most significant transactions are settled in USD.

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 to obtain 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.

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.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

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 amortized 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.

Corporation tax

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.

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.



Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

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

2 Financial income

Exchange adjustments	21,308	1,257,878
	<u>21,308</u>	<u>1,257,878</u>

3 Financial expenses

Interest expenses, group entities	310,621	341,774
Other financial expenses	65,007	69,533
	<u>375,628</u>	<u>411,307</u>

4 Tax for the year

Estimated tax charge for the year	32,609	304,245
Deferred tax adjustments in the year	-23,241	-17,333
Change in tax rate	-1,422	0
	<u>7,946</u>	<u>286,912</u>

Last year's income tax payable has been reduced by USD 133,737 while last year's deferred tax has been increased by USD 133,737.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

5 Property, plant and equipment

USD	Land and buildings
Cost at 1 July 2015	14,694,467
Additions in the year	75,557
Cost at 30 June 2016	14,770,024
Value adjustments at 1 July 2015	350,157
Value adjustments at 30 June 2016	350,157
Impairment losses and depreciation at 1 July 2015	3,629,657
Depreciation in the year	752,703
Impairment losses and depreciation at 30 June 2016	4,382,360
Carrying amount at 30 June 2016	10,737,821

6 Long-term liabilities

USD	Total debt at 30/6 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	3,044,966	229,380	2,815,586	1,879,162
	3,044,966	229,380	2,815,586	1,879,162

7 Collateral

The building at Stratusvej 12, title no. 2CQ Billund, Grene, as well as the building at Stratusvej 2, title no. 2CU Billund, Grene, both at leased land, have been provided as collateral for the Company's mortgage debt.

8 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.

Financial statements for the period 1 July 2015 - 30 June 2016

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 whole share capital

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund	Available at the Company's address
NAC Turbo Limited	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