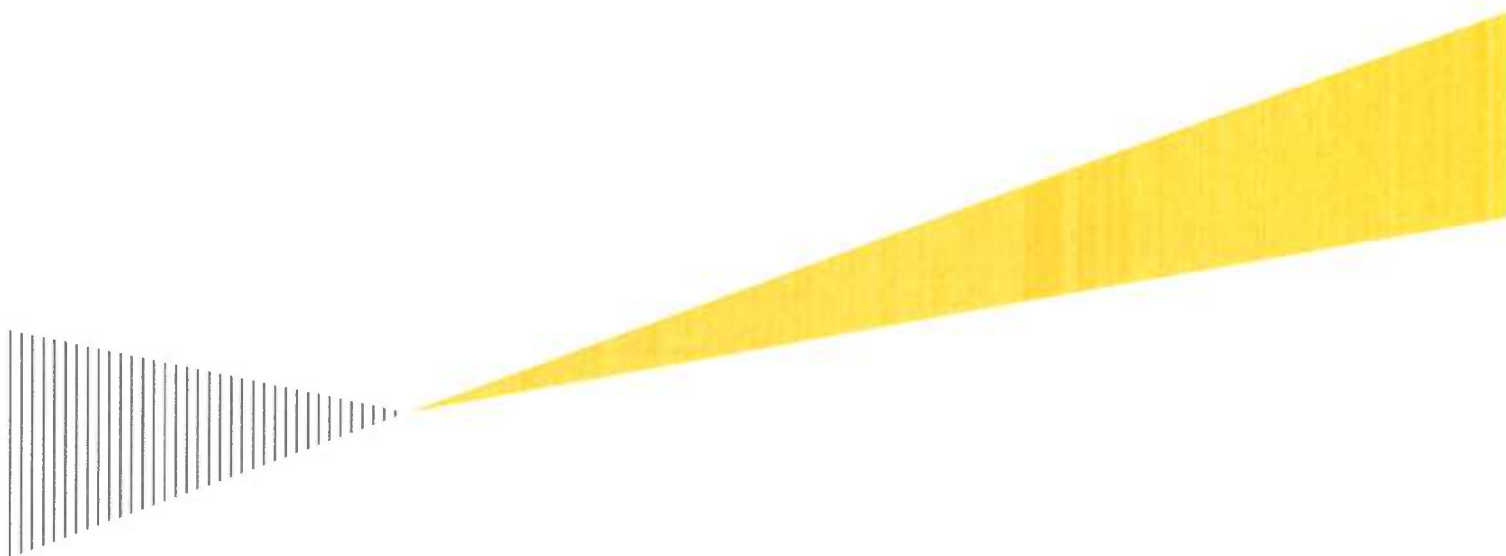


NAC Aviation 3 A/S

Stratusvej 12, 7190 Billund

CVR no. 25 58 77 74



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



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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 NAC Aviation 3 A/S 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

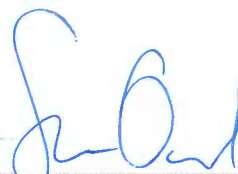
Board of Directors:



Jette Hulgård
Chairman



Frank Pedersen



Søren M. Overgaard

Independent auditors' report

To the shareholders of NAC Aviation 3 A/S

Independent auditors' report on the financial statements

We have audited the financial statements of NAC Aviation 3 A/S 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.

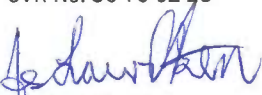
Opinion

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	NAC Aviation 3 A/S
Address, Postal code, City	Stratusvej 12, 7190 Billund
CVR No.	25 58 77 74
Established	16 December 2013
Registered office	Billund
Financial year	1 July 2015 - 30 June 2016
Board of Directors	Jette Hulgaard, Chairman Frank Pedersen Søren M. Overgaard
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's activities consist of hiring out the Company's portfolio of aircraft on operational leasing contracts.

Financial review

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

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	<u>6,231,125</u>	<u>6,033,436</u>
	Gross profit	6,231,125	6,033,436
	Distribution costs	0	-19,521
	Administrative expenses	<u>-1,689,354</u>	<u>-125,883</u>
	Ordinary operating profit	4,541,771	5,888,032
	Fair value adjustment of other investment assets	<u>-2,402,734</u>	<u>-244,379</u>
	Operating profit	2,139,037	5,643,653
2	Financial income	154,543	0
3	Financial expenses	<u>-1,435,569</u>	<u>-3,005,823</u>
	Profit before tax	858,011	2,637,830
4	Tax for the year	<u>-38,724</u>	<u>-826,239</u>
	Profit for the year	<u>819,287</u>	<u>1,811,591</u>
	 Proposed profit appropriation		
	Retained earnings	<u>819,287</u>	<u>1,811,591</u>
		<u>819,287</u>	<u>1,811,591</u>



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		
	Aircraft	32,185,961	34,588,695
		<u>32,185,961</u>	<u>34,588,695</u>
	Total non-current assets	<u>32,185,961</u>	<u>34,588,695</u>
	Current assets		
	Receivables		
	Trade receivables	2,004,846	262,869
	Receivables from group entities	508,908	1,612,154
	Joint taxation contribution receivable	1,947,542	1,853,563
		<u>4,461,296</u>	<u>3,728,586</u>
	Cash	47,977	55,244
	Total current assets	<u>4,509,273</u>	<u>3,783,830</u>
	TOTAL ASSETS	<u>36,695,234</u>	<u>38,372,525</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	91,602	91,602
	Retained earnings	9,605,344	8,786,057
	Total equity	9,696,946	8,877,659
	Provisions		
	Deferred tax	2,483,301	2,350,598
	Total provisions	2,483,301	2,350,598
	Liabilities other than provisions		
6	Non-current liabilities other than provisions		
	Bank debt	20,436,647	23,544,857
	Other payables	1,110,000	1,110,000
		21,546,647	24,654,857
	Current liabilities other than provisions		
6	Current portion of long-term liabilities	2,543,028	1,830,107
	Payables to group entities	0	601,960
	Other payables	55,312	57,344
	Deferred income	370,000	0
		2,968,340	2,489,411
	Total liabilities other than provisions	24,514,987	27,144,268
	TOTAL EQUITY AND LIABILITIES	36,695,234	38,372,525

- 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>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2015	91,602	8,786,057	8,877,659
Profit/loss for the year	0	819,287	819,287
Equity at 30 June 2016	91,602	9,605,344	9,696,946

The Company's share capital has remained unchanged since the establishment of the Company.

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

Notes to the financial statements

1 Accounting policies

The annual report of NAC Aviation 3 A/S 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 comprises payments made under operating leases and income from sale of aircraft, and is recognised in the income statement when the transfer of risk to the buyer has taken place and the income can be reliably measured, and it is probable that future economic benefits will flow to the entity.

The operational lessee's payments to maintenance reserves are part of the rent and are recognised as part of the revenue, while disbursements for maintenance are recognised continuously as operating costs.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Distribution costs

Distribution costs include costs incurred in preparation for entering into lease contracts, promotional activities and shipment of aircraft.

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 for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Tax

NAC Aviation 3 A/S 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

Aircraft hired out on operating leases or at hand are regarded as investment assets and are measured at fair value.

The fair value is determined based on comparable deals or on basis of an external valuation of the individual aircraft.

Payments made under operating leases are recognised in the income statement as incurred over the term of the lease.

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.

Liabilities

Loans from banks and loan from group enterprises are recognised at the date of borrowing at 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.



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

Notes to the financial statements

2 Financial income		
Other interest income	154,543	0
	<u>154,543</u>	<u>0</u>
3 Financial expenses		
Interest expenses, group entities	245,224	255,534
Other interest expenses	1,189,518	1,297,838
Exchange adjustments	153	1,452,451
Other financial expenses	674	0
	<u>1,435,569</u>	<u>3,005,823</u>
4 Tax for the year		
Estimated tax charge for the year	-93,979	0
Deferred tax adjustments in the year	282,741	619,890
Tax adjustments, prior years	0	192,912
Change in tax rate	-150,038	13,437
	<u>38,724</u>	<u>826,239</u>

The estimated tax charge for the year includes tax refunds received, totalling USD 93.979, between jointly taxed entities.

5 Property, plant and equipment	
USD	<u>Aircraft</u>
Cost at 1 July 2015	35,688,995
Cost at 30 June 2016	35,688,995
Value adjustments at 1 July 2015	-1,100,300
Revaluations in the year	-2,402,734
Value adjustments at 30 June 2016	-3,503,034
Carrying amount at 30 June 2016	<u>32,185,961</u>

6 Long-term liabilities				
USD	<u>Total debt at</u>	<u>Repayment,</u>	<u>Long-term</u>	<u>Outstanding debt</u>
	30/6 2016	next year	portion	after 5 years
Bank debt	22,979,675	2,543,028	20,436,647	9,209,960
Other payables	1,110,000	0	1,110,000	1,110,000
	<u>24,089,675</u>	<u>2,543,028</u>	<u>21,546,647</u>	<u>10,319,960</u>

7 Collateral

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

Notes to the financial statements

Aircraft with a carrying amount of USD 32,186 thousand at 30 June 2016 has been provided as collateral for aircraft financing, USD 22,980 thousand.

8 Contractual obligations and contingencies, etc.

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.

9 Related parties

NAC Aviation 3 A/S' 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	Owens 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>
NAC Turbo Limited	Bedford Place, Henry Street, Limerick City, Ireland	Available at the Company's address
Nordic Aviation Capital A/S	Stratusvej 12, DK-7190 Billund	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