UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☑ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended February 28, 2022
or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-32959

AIRCASTLE LIMITED

(Exact name of Registrant as Specified in its Charter)

Bermuda	**98-0444035**
(State or other Jurisdiction of Incorporation or organization)	*(I.R.S. Employer Identification No.)*

c/o Aircastle Advisor LLC

201 Tresser Boulevard, Suite 400

Stamford

Connecticut

06901

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(203) 504-1020**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, par value $0.01 per share	N/A	NONE
Preference Shares, par value $0.01 per share	N/A	NONE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the Registrant's Common Shares based upon the closing price on the New York Stock Exchange on August 31, 2021 (the last business day of registrant's most recently completed second fiscal quarter), beneficially owned by non-affiliates of the Registrant was $0 because the Registrant's Common Shares were not publicly traded as of that date. For purposes of the foregoing calculation, which is required by Form 10-K, the Registrant has included in the shares owned by affiliates those shares owned by directors and executive officers and shareholders owning 10% or more of the outstanding common shares of the Registrant, and such inclusion shall not be construed as an admission that any such person is an affiliate for any purpose.

As of April 25, 2022, there were 14,048 outstanding shares of the registrant's common shares, par value $0.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

All statements included or incorporated by reference in this Annual Report on Form 10-K (this "Annual Report"), other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, and increase revenues, earnings, EBITDA and Adjusted EBITDA and the global aviation industry and aircraft leasing sector. Words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "may," "will," "would," "could," "should," "seeks," "estimates" and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on our historical performance and that of our subsidiaries and on our current plans, estimates and expectations and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements; Aircastle can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any such forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this Annual Report. These risks or uncertainties include, but are not limited to, those described from time to time in Aircastle's filings with the Securities and Exchange Commission ("SEC"), including as described in Item 1A, and elsewhere in this Annual Report. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this Annual Report. Aircastle expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

WEBSITE AND ACCESS TO COMPANY'S REPORTS

The Company's Internet website can be found at www.aircastle.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our website under "Investors — SEC Filings" as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

Statements and information concerning our status as a Passive Foreign Investment Company ("PFIC") for U.S. taxpayers are also available free of charge through our website under "Investors — Tax Information (PFIC)".

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Board of Directors committee charters (including the charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee) are available free of charge through our website under "Investors — Corporate Governance". In addition, our Code of Ethics for the Chief Executive and Senior Financial Officers, which applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer and Controller, is available in print, free of charge, to any shareholder upon request to Investor Relations, Aircastle Limited, c/o Aircastle Advisor LLC, 201 Tresser Boulevard, Suite 400, Stamford, Connecticut 06901.

The information on the Company's website is not part of, or incorporated by reference, into this Annual Report, or any other report we file with, or furnish to, the SEC.

PART I

INTRODUCTION

ITEM 1. BUSINESS

Unless the context suggests otherwise, references in this Annual Report to "Aircastle," the "Company," "we," "us," or "our" refer to Aircastle Limited and its subsidiaries. Throughout this Annual Report, when we refer to our aircraft, we include aircraft that we have transferred into grantor trusts or similar entities for purposes of financing such assets through securitizations and term financings. These grantor trusts or similar entities are consolidated for purposes of our financial statements. All amounts in this Annual Report are expressed in U.S. dollars and the financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Aircastle acquires, leases, and sells commercial jet aircraft to airlines throughout the world. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore. Our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. However, in many cases we are obligated to pay a specified portion of maintenance or modification costs. As of February 28, 2022, we owned and managed on behalf of our joint venture 260 aircraft leased to 81 lessees located in 45 countries. During the year ended February 28, 2022, we purchased eighteen aircraft and sold fifteen aircraft and other flight equipment. As of February 28, 2022, the net book value of our fleet (comprised of flight equipment held for lease and net investment in direct financing and sales-type leases, or "Net Book Value") was $6.5 billion. The weighted average age of our fleet was 10.2 years and the weighted average remaining lease term was 4.9 years. As of February 28, 2022, we had commitments to purchase 23 aircraft with delivery through 2024 for $819.3 million, which includes estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments.

Our total revenues, net loss and Adjusted EBITDA were $769.8 million, $278.2 million, and $752.3 million for the year ended February 28, 2022, and $832.3 million, $333.2 million and $774.4 million for the year ended February 28, 2021. Cash flow provided by operating activities was $372.9 million and $175.0 million for the years ended February 28, 2022 and 2021, respectively. Our business and financial results, customers, and the aviation industry has and will continue to be impacted by the COVID-19 pandemic and the Russian invasion of Ukraine. We believe our platform and personnel position us to effectively manage through these crises and will enable us to take advantage of new investment opportunities when they arise. Our Company employs a team of experienced senior professionals with extensive industry and financial experience. Our leadership team has an average of more than twenty years of relevant industry experience, including managing through prior downturns in the aviation industry, like the 2008 global financial crisis and the September 11, 2001 terror attacks.

Historically, growth in commercial air traffic has been correlated with world economic activity. Prior to the COVID-19 pandemic, commercial air traffic growth expanded at a rate 1 to 2 times that of global GDP growth. This expansion of air travel has driven growth in the world aircraft fleet; and there are approximately 25,000 commercial mainline passenger and freighter aircraft in the world fleet today. Aircraft leasing companies own approximately 48% of the world's commercial jet aircraft. Under normal circumstances, we would expect the global fleet to continue expanding at a two to four percent average annual rate.

We believe that our long-standing business strategy of maintaining conservative leverage, limiting long-term financial commitments, and focusing our portfolio on more liquid narrow-body aircraft will enable us to manage through recent crises, such as the COVID-19 pandemic and the Russian invasion of Ukraine. Our portfolio of primarily mid-life, narrow-body aircraft should remain attractive relative to new technology aircraft due to their lower capital costs in an environment of tight airline margins.

We believe that we have sufficient liquidity to meet our contractual obligations over the next twelve months and as of April 1, 2022, total liquidity of $2.1 billion includes $1.4 billion of undrawn credit facilities, $0.2 billion of unrestricted cash, $0.1 billion of contracted asset sales and $0.4 billion of projected adjusted operating cash flows through April 1, 2023. As of February 28, 2022, we have commitments to acquire 23 aircraft for $819.3 million between 2022-2024.

Update on Impact of COVID-19 Pandemic

The COVID-19 pandemic and related mitigation efforts has had an unprecedented negative impact on the aviation sector, resulting in a dramatic slowdown in air traffic. Substantially all the world's airlines have experienced financial difficulties and liquidity challenges, including many of our customers. While there have been improvements in many markets, particularly in terms of domestic travel, according to the International Air Transit Association ("IATA"), as of February 28, 2022, air travel was still down to approximately 55% compared to normal levels. A full recovery to pre-pandemic levels is not expected for several years and will depend on the effectiveness of vaccination efforts and the continued easing of travel restrictions, among other things. While the extent and duration of the impact of the COVID-19 pandemic remain unknown, we continue to believe long-term demand for air travel will return to historical trends over time.

As of April 25, 2022, four of our customers are subject to judicial insolvency proceedings or similar protection. These customers lease eighteen aircraft, which represent 12% of our Net Book Value and 9% of our lease rental and direct financing and sales-type lease revenue as of and for the year ended February 28, 2022. One of these customers is LATAM, our second largest customer, which represents 7% of our Net Book Value and 8% of our lease rental revenue as of and for the year ended February 28, 2022. We have signed restructured leases for all thirteen of our LATAM aircraft, subject only to LATAM emerging from the Chapter 11 process, which we expect to occur in late 2022.

We are actively engaged in these judicial proceedings to protect our economic interests. However, the outcome of these proceedings is uncertain and could result in these customers negotiating reductions in aircraft lease rentals, rejecting their leases or taking other actions that could adversely impact us or the value of our aircraft.

Russian Invasion of Ukraine

On February 24, 2022, the Russian Federation invaded Ukraine. This has resulted in the closing of airspace in several countries as well as the placement of sanctions on a variety of Russian entities and certain activities involving Russia or Russian entities, such as the leasing of aircraft. We have and will continue to fully comply with all applicable sanctions.

As of February 24, 2022, we had twelve aircraft on lease with six Russian airlines and one aircraft with a Ukrainian airline. We have since terminated the leasing activities for all our Russian aircraft and have sought to repossess the aircraft and remove them from Russia. We have successfully repossessed two of the twelve Russian aircraft. Nine aircraft remain in Russia and one aircraft was undergoing maintenance outside of Russia and is not operational. Our aircraft with a Ukrainian airline is in temporary storage outside of Ukraine. It is unclear whether we will be able to recover the remaining aircraft from our former Russian airline customers or what the condition of the aircraft will be at the time of repossession if we do so or whether we will be able to recover the related technical records and documentation. Failure to repossess any of our aircraft could adversely affect our business and financial results. Many of these Russian airlines have continued to fly our aircraft notwithstanding the leasing terminations and our repeated demands for the return of our assets. Our aircraft that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts.

During the fourth quarter of 2021, we recorded net non-cash impairment charges of $251.9 million related to our Russian and Ukrainian aircraft – see Note 3 in the Notes to the Consolidated Financial Statements. These thirteen aircraft comprised 6% of our Net Book Value before impairment and 1% of our Net Book Value after impairment. Excluding lease rentals received in advance recognized into revenue, they represented 7% of our lease rental and direct financing and sales-type lease revenue for the year ended February 28, 2022. Basic lease rentals for our Russian lessees were approximately $3.5 million for the month of February 2022. The termination of our Russian leases will result in reduced revenues and operating cash flows.

We had letters of credit of $49.5 million as of February 28, 2022 related to our aircraft leased to Russian airlines. We have presented requests for payment to the various financial institutions and have received about half of the proceeds. We are pursuing collection on remaining letters of credit, but the timing and amount of any further recovery are uncertain.

We have insurance, through the airlines' insurance and our own policies, and have filed claims against the relevant policies seeking an indemnity of approximately $350 million. The ten aircraft that are not in our possession had a pre-impairment book value of $314.1 million. Our claims are subject to the terms of the applicable policies, and given the

unprecedented scenario and the magnitude of potential claims, insurers and reinsurers may raise various defenses. Accordingly, at this stage we can give no assurance as to when or what amounts we may ultimately collect. Insurance recoveries are generally recognized when they are realized or realizable, which typically occurs at the time cash proceeds are received or a claim agreement is executed, and also considers the counterparty's ability to pay the claim amount.

Our Competitive Strengths

We believe the following competitive strengths will allow us to capitalize on future growth opportunities in the global aviation industry:

- **Diversified Portfolio of Modern Aircraft:** We have a portfolio of modern aircraft that is diversified with respect to lessees, geographic markets, lease maturities and aircraft types. As of February 28, 2022, our owned and managed aircraft portfolio consisted of 260 aircraft leased to 81 lessees in 45 countries. Lease expirations for our owned aircraft are well dispersed, with a weighted-average remaining lease term of 4.9 years. This provides us with a long-dated base of contracted revenues. We believe our focus on portfolio diversification reduces the risks associated with individual lessee defaults and adverse geopolitical or economic issues, and results in generally predictable cash flows.
- **Flexible, Disciplined Acquisition Approach and Broad Investment Sourcing Network**: Our investment strategy is to seek out the best risk-adjusted return opportunities across the commercial jet market, so our acquisition targets vary with market opportunities. We source our acquisitions through well-established relationships with airlines, other aircraft lessors, manufacturers, financial institutions and other aircraft owners. Since our formation in 2004, we have acquired 543 aircraft for $17.5 billion as of February 28, 2022. We have built our aircraft portfolio through more than 174 transactions with 97 counterparties as of February 28, 2022.
- **Significant Experience in Successfully Selling Aircraft Throughout Their Life Cycle**: Our team is adept at managing and executing the sale of aircraft. Since our formation, we have sold 274 aircraft to 82 buyers for $6.3 billion as of February 28, 2022. These sales produced net gains of $443.3 million and involved a wide range of aircraft types and buyers. Of these aircraft, 186, or 68%, were over fourteen years old at the time of sale; often being sold on a part-out disposition basis, where the airframe and engines may be sold to various buyers. We believe our competence in selling older aircraft is one of the capabilities that sets us apart from many of our competitors.
- **Strong Capital Raising Track Record and Access to a Wide Range of Financing Sources:** Since our inception, we have raised approximately $2.1 billion in equity capital from private and public investors as of February 28, 2022. We maintain a strong, strategic relationship with Marubeni Corporation ("Marubeni"), which is our controlling shareholder. We have obtained $18.9 billion in debt capital from a variety of sources including the unsecured bond market, commercial banks, export credit agency-backed debt, and the aircraft securitization market. The diversity and global nature of our financing sources demonstrates our ability to adapt to changing market conditions and seize new opportunities.
- **Our Capital Structure Provides Investment Flexibility:** We have $1.4 billion available from unsecured revolving credit facilities, $0.9 billion of which does not expire until 2025, thereby limiting our near-term financial markets exposure. Given our relatively limited future capital commitments, we have the resources to take advantage of future investment opportunities. Our large, unencumbered asset base and our unsecured revolving lines of credit give us access to the unsecured bond market, which we expect will allow us to pursue a flexible and opportunistic investment strategy over the long-term.
- **Experienced Management Team with Significant Expertise:** Each member of our management team has more than twenty years of industry experience and we have expertise in the acquisition, leasing, financing, technical management, restructuring/repossession and sale of aviation assets. This experience spans several industry cycles and a wide range of business conditions and is global in nature. We believe our management team is highly qualified to manage and grow our aircraft portfolio and to address our long-term capital needs.
- **Global and Scalable Business Platform:** We operate through offices in the United States, Ireland and Singapore, using a modern asset management system designed specifically for aircraft operating lessors and capable of handling a significantly larger aircraft portfolio. We believe that our current facilities, systems and personnel are capable of supporting an increase in our revenue base and asset base without a proportional increase in overhead costs.

Business Strategy

Our traditional business approach is to continue to remain differentiated from those of other large leasing companies. The recent global disruptions that occurred as a result of the COVID-19 pandemic and the Russian invasion of Ukraine has required enhanced focus on diligent, proactive risk monitoring while continuing to pursue our core strategies. Our focus is to manage risk and secure liquidity while also planning to grow our business and profits over the long-term. By limiting long-term capital commitments and maintaining a conservative and flexible capital structure as we remain subject to these unprecedented circumstances, we seek to best position ourselves for investment opportunities in future periods of recovery.

Our business strategy entails the following elements:

- **Pursuing a disciplined and differentiated investment strategy**. In our view, the relative values of different aircraft change over time. We evaluate investments across different aircraft models, ages, lessees and acquisition sources and re-evaluate these choices as market conditions and relative investment values change. We believe our team's experience with a wide range of asset types and the financing flexibility offered through unsecured debt provides us with a competitive advantage. In response to the COVID-19 pandemic, we have intentionally limited large, long-term capital commitments and are less reliant on orders for new aircraft from aircraft manufacturers as a source of new investments than many of our competitors. While our current position is defensive given the macro situation, over the long-term we plan to grow our business and profits while maintaining a conservative and flexible capital structure.
- **Selling assets when attractive opportunities arise.** We sell assets with the aim of realizing profits and reinvesting proceeds. We also use asset sales for portfolio management purposes, such as reducing lessee specific concentrations and lowering residual value exposures to certain aircraft types.
- **Maintaining efficient access to capital from a wide set of sources and leveraging our investment grade credit rating.** We believe the aircraft investment market is influenced by the business cycle. Our strategy is to increase our purchase activity when prices are low and to emphasize asset sales when prices are high. To implement this approach, we believe it is important to maintain access to a wide variety of financing sources. During 2018, we improved our corporate credit ratings to an investment grade level by maintaining strong portfolio and capital structure metrics while achieving a critical size through accretive growth. We believe our investment grade rating not only reduces our borrowing costs, but also facilitates more reliable access to both unsecured and secured debt capital throughout the business cycle. There can be no assurance, however, that we will be able to access capital on a cost-effective basis and our failure to do so could have a material adverse effect on our business, financial condition or results of operations.
- **Leveraging our strategic relationships**. We intend to capture the benefits provided through the extensive global contacts and relationships maintained by our shareholders, Marubeni and Mizuho Leasing, which have enabled greater access to Japanese-based financing and helped source and develop our joint venture.
- **Capturing the value of our efficient operating platform and strong operating track record**. We believe our team's capabilities in the global aircraft leasing market place us in a favorable position to explore new income-generating activities as capital becomes available for such activities. We intend to continue to focus our efforts on investment opportunities in areas where we believe we have competitive advantages and on transactions that offer attractive risk/return profiles.
- **Maintaining a balanced and diversified lease portfolio.** We have a defined Risk Appetite articulated through our Risk Guardrails, which we use to manage portfolio risk and highlight areas where action to mitigate risk may be appropriate. Our Risk Guardrails set limits on lessee concentration by risk rating, geographic concentrations, aircraft type concentrations, overall portfolio credit quality distribution, and lease maturity distribution. We believe that our balanced and diversified fleet, as well as continued focus on portfolio concentration, has and will enable us to reduce the risks associated with the impact of adverse geopolitical and economic events, such as the COVID-19 pandemic and the Russian invasion of Ukraine.

Acquisitions and Sales

We originate acquisitions and sales through well-established relationships with airlines, other aircraft lessors, financial institutions and brokers, as well as other sources. We believe that sourcing such transactions globally through multiple channels provides for a broad and relatively consistent set of opportunities.

Our objective is to develop and maintain a diverse operating lease portfolio. We review our operating lease portfolio to manage our portfolio diversification and to sell aircraft opportunistically when we believe selling will achieve better expected risk-adjusted cash flows than reinvesting in and re-leasing the aircraft. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Acquisitions and Sales."

We have an experienced acquisition and sales team based in Stamford, Connecticut; Dublin, Ireland; and Singapore that maintains strong relationships with a wide variety of market participants throughout the world. We believe that our seasoned personnel and extensive industry contacts facilitate our access to acquisition and sales opportunities and that our strong operating track record facilitates our access to debt and equity capital markets.

Potential investments and sales are evaluated by teams comprised of marketing, technical, risk management, finance and legal professionals. These teams consider a variety of aspects before we commit to purchase or sell an aircraft, including price, specification/configuration, age, condition and maintenance history, operating efficiency, lease terms, financial condition and liquidity of the lessee, jurisdiction, industry trends and future redeployment potential and values. We believe that utilizing a cross-functional team of experts to consider investment parameters helps us assess more completely the overall risk and return profile of potential acquisitions and helps us move forward expeditiously on letters of intent and acquisition documentation.

Finance

We believe that cash on hand, payments received from lessees and other funds generated from operations, unsecured borrowings, borrowings from our revolving credit facilities, secured borrowings for aircraft, and other borrowings and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months. We may choose to repay all or a portion of such borrowings from time to time with the net proceeds from subsequent long-term debt financings, additional equity offerings or cash generated from operations and asset sales. Our ability to execute our business strategy, particularly the acquisition of additional commercial jet aircraft or other aviation assets, depends to a significant degree on our ability to obtain additional debt and equity capital on terms we deem attractive.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Secured Debt Financings" and " — Unsecured Debt Financings" under Item 7.

Segments

The Company manages, analyzes and reports on its business and results of operations on the basis of one operating segment: leasing, financing, selling and managing commercial flight equipment. Our chief executive officer is the chief operating decision maker.

Aircraft Leases

Our aircraft are net leases whereby we retain the benefit, and bear the risk, of re-leasing and of the residual value of the aircraft at the end of the lease. Leasing can be an attractive alternative to ownership for an airline because leasing increases an airline's fleet flexibility, requires lower capital commitments, and reduces aircraft residual value risks for the airline. Typically, the lessee agrees to lease an aircraft for a fixed term, although certain of our leases allow the lessee the option to extend the lease for an additional term or, in rare cases, terminate the lease prior to its expiration.

The scheduled maturities of our aircraft leases by aircraft type grouping currently are as follows, taking into account sales, sale agreements, lease placements and renewal commitments as of April 25, 2022, by fiscal year:

Aircraft Type	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Off-Lease[1]	Sold or Sale Agreement	Total[2]
A319/A320/A321	8	25	27	12	7	4	7	13	3	7	3	—	2	1	1	120
A320neo/A321neo	—	—	8	3	—	1	1	—	—	1	2	5	—	—	—	21
A330-200/300	—	1	—	3	—	5	3	—	2	—	—	—	—	2	1	17
737-700/800/900ER	6	7	10	9	4	8	3	7	7	—	—	2	—	—	2	65
737-MAX8	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	1
777-300ER	—	—	—	1	—	3	—	—	—	—	—	—	—	1	—	5
E195	—	2	—	3	—	—	—	—	—	—	—	—	—	—	—	5
E2-195	—	—	—	—	—	—	—	—	—	5	—	—	—	—	—	5
Freighters	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	2
Total	14	35	47	31	11	21	14	20	12	13	6	7	2	4	4	241

(1) We have one narrow-body and three wide-body aircraft that we are currently marketing for lease or sale.

(2) Excludes three Airbus A319-100, four Airbus A320-200, one Boeing 737-800 and two Boeing 747-400ERF aircraft that were on lease with Russian airlines and which we continue to work to repossess.

Fiscal Year 2022 Lease Expirations and Lease Placements

As of April 25, 2022, we have four off-lease aircraft and fourteen aircraft with leases expiring in fiscal year 2022, which combined account for 5% of our Net Book Value at February 28, 2022, still to be placed or sold. Additionally, we have ten aircraft that had been on lease to Russian lessees and which account for less than 1% of our Net Book Value at February 28, 2022. We do not yet have physical possession of these ten aircraft.

Fiscal Year 2023-2026 Lease Expirations and Lease Placements

Taking into account lease and sale commitments, we currently have the following number of aircraft with lease expirations scheduled in fiscal years 2023-2026, representing the percentage of our Net Book Value at February 28, 2022, specified below:

- 2023: 35 aircraft, representing 10%;
- 2024: 47 aircraft, representing 18%;
- 2025: 31 aircraft, representing 15%; and
- 2026: 11 aircraft, representing 4%.

Lease Payments and Security. *O*ur leases require the lessee to pay periodic rentals during the lease term. As of February 28, 2022, all but one of our leases have fixed rentals that do not vary according to changes in interest rates. For the one variable rate lease, rentals are payable on a floating interest-rate basis. Virtually all lease rentals are payable monthly in advance, and all lease rentals are payable in U.S. dollars.

Under our leases, the lessee must pay operating expenses payable or accrued during the term of the lease, which normally include maintenance, overhaul, fuel, crew, landing, airport and navigation charges, certain taxes, licenses, consents and approvals, aircraft registration and insurance premiums. Typically, the lessee is required to make payments for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and are either made monthly in arrears or at the end of the lease term. Our determination of whether to require such payments to be made monthly or to permit a lessee to make a single maintenance payment at the end of the lease term depends on a variety of factors, including the creditworthiness of the lessee, the amount of security deposit provided by the lessee and market conditions at the time. If a lessee is making monthly maintenance payments, we would typically be obligated to use funds paid by the lessee during the lease term to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components, usually following completion of the relevant work. If a lessee makes a single end of lease maintenance payment, the lessee would typically be required to pay us for its utilization of the

aircraft during the lease. In some cases, however, we may owe a net payment to the lessee in the event heavy maintenance is performed and the aircraft is returned to us in better condition than at lease inception.

Many of our leases also contain provisions requiring us to pay a portion of the cost of modifications to the aircraft performed by the lessee at its expense if such modifications are mandated by recognized airworthiness authorities.. The lessees are obliged to remove liens on the aircraft other than liens permitted under the leases.

Our leases generally provide that the lessees' payment obligations are absolute and unconditional under any and all circumstances and require lessees to make payments without withholding payment on account of any amounts the lessor may owe the lessee or any claims the lessee may have against the lessor for any reason, except that under certain of the leases a breach of quiet enjoyment by the lessor may permit a lessee to withhold payment. The leases also generally include an obligation of the lessee to gross up payments under the lease where lease payments are subject to withholding and other taxes, although there may be some limitations to the gross up obligation, including provisions which do not require a lessee to gross up payments if the withholdings arise out of our ownership or tax structure. In addition, changes in law may result in the imposition of withholding and other taxes and charges that are not reimbursable by the lessee under the lease or that cannot be so reimbursed under applicable law. Our leases also generally require the lessee to indemnify the lessor for tax liabilities relating to the leases and the aircraft, including in most cases, value added tax and stamp duties, but excluding income tax or its equivalent imposed on the lessor.

Lease Management and Remarketing

Our aircraft re-leasing strategy is to develop opportunities proactively, well in advance of scheduled lease expiration. This enables consideration of a broad set of alternatives, including deployment, sale or part-out, and to allow for reconfiguration or maintenance lead times where needed. We also take a proactive approach to monitoring the credit quality of our customers, and may seek early return and redeployment of aircraft if we feel that a lessee is unlikely to perform its obligations under a lease. We have invested significant resources in developing and implementing what we consider to be state-of-the-art lease management information systems and processes to enable efficient management of aircraft in our portfolio.

Portfolio Risk Management

Our objective is to build and maintain a lease portfolio that is balanced and diversified and delivers returns commensurate with risk. We have a defined Risk Appetite to assist in portfolio risk management and highlight areas where action to mitigate risk may be appropriate, and take into account the following:

- individual lessee exposures;
- geographic concentrations;
- aircraft type concentrations;
- portfolio credit quality distribution; and
- lease maturity distribution.

We have a risk management team that undertakes detailed due diligence on lessees when aircraft are acquired with a lease already in place and for placement of aircraft with new lessees following lease expiration or termination. They also monitor the portfolio on an ongoing basis.

Other Aviation Assets and Alternative New Business Approaches

We believe investment opportunities may arise in related areas such as financing secured by commercial jet aircraft as well as jet engine and spare parts leasing, trading and financing. In the future, we may make opportunistic investments in these or other sectors or in other aviation-related assets, and we intend to continue to explore other income-generating activities and investments.

We source and service investments for our joint venture and provide marketing, asset management and administrative services to it. We are paid market-based fees for these services, which are recorded in Other revenue in our Consolidated Statements of Income (Loss).

We believe we have a world class servicing platform and may also pursue opportunities to capitalize on these capabilities such as providing aircraft management services for third party aircraft owners.

Competition

The aircraft leasing and trading industry is highly competitive with a significant number of active participants. We face competition for the acquisition, placement and ultimately for the sale of aircraft. Competition for aircraft acquisitions comes from many sources, ranging from large established aircraft leasing companies to smaller players and new entrants.

Larger lessors are generally more focused on acquiring new aircraft via direct orders with the original equipment manufacturers and through purchase and lease-back transactions with airlines. These larger lessors include AerCap Holdings, Air Lease Corporation, SMBC Aviation Capital, BOC Aviation, Avolon Holdings, Aviation Capital Group, Dubai Aerospace Enterprise, Industrial and Commercial Bank of China and China Development Bank.

Competition for mid-aged and older aircraft comes from other competitors that, in many cases, rely on private equity or hedge fund capital sources. Such competitors include Carlyle Aviation Partners, Castlelake, Merx Aviation and other players funded by alternative investment funds and companies. These companies are typically fund-based, rather than having permanent capital structures, and have benefited from the availability of debt financing for mid-aged aircraft. Recently, however, some of these companies have started to set up some permanent capital structure so as to be able to access the unsecured debt market.

Competition for leasing/re-leasing aircraft, as well as aircraft sales, is based principally upon the availability, type and condition of the aircraft, user base, lease rates, prices, and other lease terms. Aircraft manufacturers, leasing companies, airlines and other operators, distributors, equipment managers, financial institutions and other parties engaged in leasing, managing, marketing or remarketing aircraft compete with us, although their focus may be on different market segments and aircraft types.

Some of our competitors have greater financial resources and / or a lower cost of capital. A number commit to speculative orders of new aircraft to be placed on operating lease upon delivery from the manufacturer, which compete with new and used aircraft offered by other lessors. We believe that we can compete favorably in aircraft acquisition, leasing and sales activities due to the reputation of our team of experienced professionals, extensive market contacts and expertise in sourcing and acquiring aircraft. We also believe our access to unsecured debt provides us with a competitive advantage in pursuing investments quickly and reliably and in acquiring aircraft in situations where it may be more difficult to finance on a secured, non-recourse basis.

Insurance

We require our lessees to carry general third-party legal liability insurance, all-risk aircraft hull insurance (both with respect to the aircraft and with respect to each engine when not installed on our aircraft) and war-risk hull and legal liability insurance. We are named as an additional insured on liability insurance policies carried by our lessees, and we or one of our lenders would typically be designated as a loss payee in the event of a total loss of the aircraft. We maintain contingent hull and liability insurance coverage with respect to our aircraft which is intended to provide coverage for certain risks, including the risk of cancellation of the hull or liability insurance maintained by any of our lessees without notice to us, but which excludes coverage for other risks such as the risk of insolvency of the primary insurer or reinsurer.

We maintain insurance policies to cover non-aviation risks related to physical damage to our equipment and property, as well as with respect to third-party liabilities arising through the course of our normal business operations (other than aircraft operations). We also maintain limited business interruption insurance to cover a portion of the costs we would expect to incur in connection with a disruption to our main facilities, and we maintain directors' and officers' liability insurance providing coverage for liabilities related to the service of our directors, officers and certain employees. Consistent with industry practice, our insurance policies are generally subject to deductibles or self-retention amounts.

We believe the insurance coverage currently carried by our lessees and by Aircastle provides adequate protection against the accident-related and other covered risks involved in the conduct of our business. However, there can be no assurance that we have adequately insured against all risks, that lessees will at all times comply with their obligations to maintain insurance, that our lessees' insurers and re-insurers will be or will remain solvent and able to satisfy any claims, that any particular claim will ultimately be paid or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future.

Environmental, Social and Governance

We believe that our commitment to identifying and implementing positive environmental and social related business practices strengthens our Company, and better serves our customers, our communities and the broader environment within which we conduct our business.

Our Commitment to Environmental Sustainability

Ambitious targets have been made towards the ultimate the goal of curbing the adverse effects of climate change. In October 2021, IATA announced its Fly Net Zero commitment to achieve net zero carbon by 2050. This commitment was echoed by the United States Aviation Climate Action Plan, released in November 2021. In February 2022, a collective of airlines, airports, and aviation manufacturers operating in the E.U., U.K., and EFTA unveiled the flagship sustainability measure, Destination 2050.

For these ambitious measures to reach implementation, a wide political and administrative consensus will be required. Due to the inherent complexities of jet aircraft, decarbonizing aviation requires more radical new technology as compared to other modes of transportation. Sustainable aviation fuels ("SAFs") provide the most readily available means for airline operators to reduce their carbon emissions while using existing technology. Hydrogen and electronic propulsion for commercial jet aircraft are far-reaching initiatives.

The Company believes the operations of our customers could be affected by the potential impacts of both climate change and sustainability targets and initiatives aimed at curbing its effect, so we are committed to monitoring sustainability developments. The Company's long-term strategic plan takes these rapidly developing initiatives into consideration when we evaluate the technology behind the aircraft we target for investment. For the fiscal year ended 2021, fourteen out of the Company's eighteen total acquisitions were in new technology aircraft with higher efficiency and lower emissions.

Our People

As of February 28, 2022, we had 108 employees. None of our employees are covered by a collective bargaining agreement, and we believe that we maintain excellent employee relations.

We believe that our commitment to our employees is critical to our continued success, leading to high employee satisfaction and low employee turnover. To facilitate talent attraction and retention, we strive to have a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits and health and wellness programs, and by programs that build connections between our employees and their communities. Each year, we review employee career development and succession planning internally and with our Compensation Committee.

During the COVID-19 pandemic, the physical and mental health and safety of our employees, customers and business partners was a key priority for us, and we continue to monitor related safety precautions. After working remotely, we have begun a gradual, staggered return to in-office work at our three locations, although we continue to monitor trends and local government regulations and guidelines, and may adjust plans accordingly to ensure the health and safety of our employees.

Our Culture & Governance

Our Company was formed in 2004 on the values of integrity, common decency and respect for others. These values continue to this day and are shared by our employees. In addition, these values are embodied in our Code of Business Conduct and Ethics, which has been adopted by the Board of Directors of the Company to serve as a statement of principles to guide our decision-making and reinforce our commitment to these values in all aspects of our business.

The Company also maintains independent third-party whistle-blower platforms for anonymous reporting of fraud or ethics violations. Our cyber security initiatives provide protection through malware detection, cloud penetration testing, threat hunting and incident responsiveness.

We believe that our commitment to our Company, our employees and the communities in which we operate has led to high employee satisfaction and low employee turnover, as discussed above, and our commitment to our customers and business partners has resulted in high customer satisfaction, as evidenced by long-time relationships with our customers and new/repeat transactions with our business partners.

Government Regulation

The air transportation industry is highly regulated, although Aircastle itself is generally not directly subject to most air transportation regulations as we do not operate aircraft. In contrast, our lessees are subject to extensive, direct regulation under the laws of the jurisdictions in which they are registered and where they operate. Such laws govern, among other things, the registration, operation, security, and maintenance of our aircraft, environmental issues and the financial oversight of their operations.

Regulations, such as those limiting CO_2 emissions and reducing noise, are changing and developing in the aviation sector, where there is an additional international angle to the regulation. The impact of recent crises, such as the COVID-19 pandemic and the Russian invasion of Ukraine, on the airline sector has further complicated matters. Further regulatory changes are expected in the coming years.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Annual Report, you should carefully consider the following factors, which could materially adversely affect our business, financial condition, results of operations in future periods or our ability to meet our debt obligations. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, results of operations.

Risks Related to Our Lessees

Risks affecting the airline industry may materially adversely affect our customers.

We operate as a supplier to airlines and are indirectly impacted by all the risks facing airlines today. The ability of lessees to perform their obligations under the relevant lease depends on their financial condition, which may be affected by factors beyond our control, including:

- passenger and air cargo demand, fare levels and air cargo rates;
- operating costs, including the price and availability of jet fuel, labor costs and insurance costs and coverages;
- restrictions in labor contracts and labor difficulties, including pilot shortages;
- availability of financing, including covenants in financings, terms imposed by credit card issuers, collateral posting requirements contained in hedging contracts and the ability of airlines to make or refinance principal payments;
- economic conditions, including recession, financial system distress and currency fluctuations;
- aircraft accidents;
- the continuing availability of government support through subsidies, loans, guarantees, equity investments;
- changing political conditions, including risk of protectionism, travel restrictions, or trade barriers;
- geopolitical events, including war, terrorism, epidemic diseases (including the COVID-19 pandemic) and natural disasters;
- impact of climate change and emissions on demand for air travel;
- cyber risk, including information hacking, viruses and malware; and
- governmental regulation of, including noise regulations, emissions regulations, climate change initiatives, and aircraft age limitations.

These factors, and others, may lead to defaults by our customers, or may delay or prevent aircraft deliveries or transitions, result in payment or other lease term restructurings, may increase our costs from repossessions and reduce our revenues due to downtime or lower re-lease rates.

The Russian invasion of Ukraine and resulting sanctions by various countries, including the United States, the European Union, and the United Kingdom, has significantly impacted our financial condition, results of operations and cash flows and will continue to have an adverse impact on our business.

On February 24, 2022, the Russian Federation invaded Ukraine. This has resulted in the closing of airspace in several countries as well as the placement of sanctions on a variety of Russian entities and certain activities involving Russia or Russian entities, such as the leasing of aircraft. We have and will continue to fully comply with all applicable sanctions.

As of February 24, 2022, we had twelve aircraft on lease with six Russian airlines and one aircraft with a Ukrainian airline. We have since terminated the leasing activities for all our Russian aircraft and have sought to repossess the aircraft and remove them from Russia. We have successfully repossessed two of the twelve Russian aircraft. Nine aircraft remain in Russia and one aircraft was undergoing maintenance outside of Russia and is not operational. Our aircraft with a Ukrainian airline is in temporary storage outside of Ukraine. It is unclear whether we will be able to recover the remaining aircraft from our former Russian airline customers or what the condition of the aircraft will be at the time of repossession if we do so or whether we will be able to recover the related technical records and documentation. Failure to repossess any of our aircraft could adversely affect our business and financial results. Many of these Russian airlines have continued to fly our aircraft notwithstanding the leasing terminations and our repeated demands for the return of our assets. Our aircraft that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts.

During the fourth quarter of 2021, we recorded net non-cash impairment charges of $251.9 million related to our Russian and Ukrainian aircraft – see Note 3 in the Notes to the Consolidated Financial Statements. These thirteen aircraft comprised 6% of our Net Book Value before impairment and 1% of our Net Book Value after impairment. Excluding lease rentals received in advance recognized into revenue, they represented 7% of our lease rental and direct financing and sales-type lease revenue for the year ended February 28, 2022. Basic lease rentals were approximately $3.5 million for the month of February 2022. The termination of our Russian leases will result in reduced revenues and operating cash flows.

We had letters of credit of $49.5 million as of February 28, 2022 related to our aircraft leased to Russian airlines. We have presented requests for payment to the various financial institutions and have received about half of the proceeds. We are pursuing collection on remaining letters of credit, but the timing and amount of any further recovery are uncertain.

We have insurance, through the airlines' insurance and our own policies, and have filed claims against the relevant policies seeking an indemnity of approximately $350 million. The ten aircraft that are not in our possession had a pre-impairment book value of $314.1 million. Our claims are subject to the terms of the applicable policies, and given the unprecedented scenario and the magnitude of potential claims, insurers and reinsurers may raise various defenses. Accordingly, at this stage we can give no assurance as to when or what amounts we may ultimately collect. Insurance recoveries are generally recognized when they are realized or realizable, which typically occurs at the time cash proceeds are received or a claim agreement is executed, and also considers the counterparty's ability to pay the claim amount.

It is not possible to predict the broader or longer-term consequences of the Russian invasion of Ukraine, which could include new or additional sanctions (including counter responses by the Russian government or other jurisdictions), embargoes, further escalation or regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, availability and cost of insurance, security conditions, fuel prices, currency exchange rates and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our ability to lease aircraft, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, and logistics restrictions including closures of air space, and could materially and adversely affect our business.

The effects of terrorist attacks and geopolitical conditions might adversely impact the financial condition of the airlines and our lessees might not be able to meet their lease payment obligations.

War, armed hostilities or terrorist attacks, or the fear of such events, could decrease demand for air travel or increase the operating costs of our customers. They may lead to: (i) decreased passenger demand and revenue due to safety concerns or the inconvenience of additional security measures; (ii) higher price of jet fuel; (iii) higher financing costs and difficulty in raising funds on favorable terms, or at all; (iv) higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available; (v) higher costs due to the increased security measures; and (vi) special charges, such as those related to the impairment of aircraft and other long lived assets stemming from the above conditions.

War, armed hostilities, terrorist attacks, large protests or government instability, or the fear of such events, could negatively impact the airline industry and may have an adverse effect on the financial condition and liquidity of our lessees, aircraft values and rental rates and may lead to lease restructurings or aircraft repossessions.

Adverse currency movements could negatively impact the profitability of our lessees.

Many of our lessees are exposed to currency risk as they earn revenues in local currencies while a significant portion of their liabilities and expenses, including fuel, debt service, and lease payments are denominated in U.S. dollars. If the local currency is devalued, our lessees may not be able to increase revenue sufficiently to offset the impact of exchange rates on these expenses. Currency depreciation could impact the ability of customers to meet their contractual obligations in a timely manner. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly.

Increases in fuel prices could negatively impact the profitability of our lessees.

Fuel costs represent a major expense to airlines and fluctuate widely. Airlines may not be able to successfully manage their exposure to fuel prices and significant changes could materially affect their operating results. Airlines may not be able to pass on increases in fuel prices to their customers by increasing fares. High fuel prices may also have an impact on consumer spending and adversely impact demand for air transportation.

Severe weather conditions, natural disasters or their perceived effects may negatively impact the airline industry.

Demand for air travel or the inability of airlines to operate to or from certain regions due to severe weather conditions or natural disasters, such as floods, earthquakes or volcanic eruptions, could have an adverse effect on our lessees' ability to their lease payment obligations to us.

Lessee defaults could materially adversely affect our business, financial condition and results of operations.

Investors should expect some lessees to experience payment difficulties, particularly in difficult economic or operating environments. As a result of their financial condition and lack of liquidity, lessees may be significantly in arrears in their rental or maintenance payments. Liquidity issues are more likely to lead to airline failures in the periods of large air traffic declines, financial system distress, volatile fuel prices, and economic slowdown. Given the size of our aircraft portfolio, we expect that from time to time some lessees will be slow or will fail to make their payments in full under their leases.

We may not correctly assess the credit risk of a lessee or that risk could change over time. We may not be able to charge risk-adjusted lease rates, and lessees may not be able to continue to perform their financial and other obligations under our leases in the future. We may experience some level of delinquency under our leases and default levels may increase over time. A lessee may experience periodic difficulties that are not financial in nature, which could impair its performance of maintenance obligations under the leases. These difficulties may include the failure to perform required aircraft maintenance and labor-management disagreements or disputes.

In the event that a lessee defaults under a lease, any security deposit paid or letter of credit provided by the lessee may not be sufficient to cover the lessee's outstanding or unpaid lease obligations and required maintenance and transition expenses.

Significant costs resulting from lease defaults could have a material adverse effect on our business.

While we have the right to repossess the aircraft and to exercise other remedies upon a lessee default, repossession of an aircraft could lead to significant costs for us. Those costs include legal and other expenses of court or other governmental proceedings, particularly if the lessee is contesting the proceedings, and costs to obtain possession and/or

deregistration of the aircraft and flight and export permissions. Delays resulting from these proceedings would increase the period of time during which the aircraft is not generating revenue. We may incur maintenance, refurbishment or repair costs that a defaulting lessee has failed to incur or pay and that are necessary to put the aircraft in suitable condition for re-lease or sale. We may be required to pay off liens, claims, taxes and other governmental charges to obtain clear possession and to remarket the aircraft for re-lease or sale. We may also incur maintenance, storage or other costs while we have physical possession of the aircraft.

We may suffer other adverse consequences due to a lessee default and the repossession of the aircraft. Our rights upon a lessee default vary significantly depending upon the jurisdiction and may include the need to obtain a court order for repossession of the aircraft and/or consents for deregistration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft without paying lease rentals or without performing all of the obligations under the lease. There can be no assurance that jurisdictions that have adopted the Cape Town Convention will enforce it as written. Certain of our lessees are owned in whole or in part by government-related entities, which could complicate our efforts to repossess the relevant aircraft. Accordingly, we may be delayed in, or prevented from, enforcing our rights under a lease and in re-leasing or selling the affected aircraft.

If we repossess an aircraft, we may not necessarily be able to export or deregister and redeploy the aircraft. When a lessee or other operator flies only domestic routes, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist deregistration. Significant costs may also be incurred in retrieving or recreating aircraft records required for registration of the aircraft and obtaining a certificate of airworthiness. A default and exercise of remedies involving a lessee where we have a significant exposure or concentration risk could have a materially adverse impact on our future revenue and cash flows.

If our lessees encounter financial difficulties and we decide to restructure our leases with those lessees, this could result in less favorable leases and in significant reductions in our cash flow.

When a lessee is late in making payments or fails to make payments in full, we may elect to or be required to restructure the lease. Restructuring may involve anything from a simple rescheduling of payments to the termination of a lease without receiving all the past due amounts. If requests for payment restructuring or rescheduling are granted, reduced or deferred rental payments may be payable over all or some part of the remaining term of the lease, and the terms of any revised payment schedules may be unfavorable or such payments may not be made. We may be unable to agree upon acceptable terms for any requested restructurings and as a result may be forced to exercise our remedies under those leases and we may be unable to repossess our aircraft on a timely basis. If we, in the exercise of our remedies, repossess the aircraft, we may not be able to re-lease the aircraft promptly at favorable rates, or at all.

The terms and conditions of payment restructurings or reschedulings, particularly involving lessees where we have significant exposure, may adversely affect our cash flows.

Airline reorganizations could have an adverse effect on our financial results.

As a result of economic conditions, airlines may be forced to reorganize. Bankruptcies and reduced demand may lead to the grounding of significant numbers of aircraft and negotiated reductions in aircraft lease rental rates, with the effect of depressing aircraft market values. Additional grounded aircraft and lower market values would adversely affect our ability to sell certain of our aircraft on favorable terms, or at all, or re-lease other aircraft at favorable rates comparable to the then current market conditions, which collectively would have an adverse effect on our financial results. We may not recover any of our claims or damages against an airline under bankruptcy or insolvency protection.

If our lessees fail to appropriately discharge aircraft liens, we might find it necessary to pay such claims.

In the normal course of business, liens that secure the payment of airport fees and taxes, custom duties, air navigation charges (including charges imposed by Eurocontrol), landing charges, crew wages, repairer's charges, salvage or other liens, are likely, depending on the jurisdiction, to attach to the aircraft. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens (particularly "fleet liens"), exceed the value of the relevant aircraft. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, these liens may attach to our aircraft and ultimately become our responsibility. Until these liens are discharged, we may be unable to repossess, re-lease or sell the aircraft or unable to avoid detention or forfeiture of the aircraft.

Our lessees may not comply with their obligations under their respective leases to discharge liens arising during the terms of their leases. If they do not do so, we may find it necessary to pay the claims secured by any liens in order to repossess the aircraft.

Risks associated with the concentration of our lessees in certain geographical regions could harm our business or financial results.

Through our lessees and the countries in which they operate, we are exposed to the specific conditions and associated risks of those particular jurisdictions. An adverse economic or political event in any region or country in which our lessees or our aircraft are concentrated could affect the ability of our lessees to meet their obligations to us or expose us to various legal or political risks associated with the affected jurisdictions, all of which could have a material and adverse effect on our financial results.

Many of our lessees operate in emerging markets and we are indirectly subject to the economic and political risks associated with such markets.

Emerging markets may be more vulnerable to economic and political problems, such as significant fluctuations in gross domestic product, interest and currency exchange rates, government instability, nationalization and expropriation of private assets, unfavorable legal systems, change in law regarding recognition of contracts or ownership rights, changes in governments or government policy and the imposition of taxes or other charges by governments. The occurrence of these events may adversely affect our ownership interest in an aircraft or the ability of our lessees to meet their lease obligations. For the year ended February 28, 2022, 49 of our lessees, which operated 121 aircraft and generated 60% of our lease rental revenue, are domiciled or habitually based in emerging markets.

Risks Related to Our Aviation Assets

The variability of supply and demand for aircraft could depress lease rates for our aircraft.

The aircraft leasing and sales industry has experienced periods of aircraft oversupply. The oversupply of a specific type of aircraft in the market is likely to depress aircraft lease rates for, and the value of, that type of aircraft. The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are not under our control, including:

- passenger and air cargo demand;
- operating costs, including fuel costs, and general economic conditions affecting our lessees' operations;
- interest and foreign exchange rates, and the availability of credit;
- airline restructurings and bankruptcies;
- changes in control of, or restructurings of, other aircraft leasing companies;
- manufacturer production levels and technological innovation;
- new-entrant manufacturers, or existing manufacturers producing new aircraft models;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- governmental regulation, tariffs and other restrictions, such as sanctions, on trade or the leasing of aircraft;
- climate change initiatives, technological change, aircraft noise and emissions regulations, aircraft age limits and other factors leading to reduced demand for, early retirement or obsolescence of aircraft models;
- outbreaks of communicable diseases and natural disasters;
- reintroduction into service of aircraft previously grounded or in storage; and
- airport and air traffic control infrastructure constraints.

These and other factors may produce movements in aircraft values and lease rates, which would impact our cost of acquiring aircraft, or which may result in lease defaults or prevent aircraft from being re-leased or sold on favorable terms.

Other factors that could cause a decline in aircraft value and lease rates.

In addition to factors linked to the aviation industry generally, other factors that may affect the value and lease rates of our aircraft include:

- the age of the aircraft;
- the particular maintenance and operating history of the airframe and engines;

- the number of operators using that type of aircraft;
- whether the aircraft is subject to a lease and, if so, whether the lease terms are favorable to us;
- the demand for and availability of such aircraft;
- applicable airworthiness directives or manufacturer's service bulletins that have not yet been performed;
- grounding orders or other regulatory action that could prevent or limit utilization of our aircraft;
- regulatory and legal requirements that must be satisfied before the aircraft can be purchased, sold or re-leased; and
- compatibility of our aircraft configurations or specifications with those desired by operators.

Any decrease in the values of and lease rates for commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on our financial results.

Climate change may have a long-term impact on our business.

There are inherent climate-related risks wherever our business is conducted. Changes in market dynamics, stakeholder expectations, local, national and international climate change policies, all have the potential to disrupt our business and operations. Various countries, including the United States and the European Union, have announced sustainability initiatives that, among other things, aim to reduce carbon emissions, explore sustainable aviation fuels and establish sustainability measures and targets. Climate and environmental objectives may impact the types of aircraft we target for investment and the demand for certain aircraft and engine types, and could result in a significant increase in our costs and expenses and adversely affect future revenue, cash flows and financial performance. Failure to address climate change could result in greater exposure to economic and other risks and impact our ability to adhere to developing climate goals.

The advent of superior aircraft technology and higher production levels could cause our existing aircraft portfolio to become outdated and therefore less desirable.

As manufacturers introduce technological innovations and new types of aircraft, including the Boeing 787, the Airbus A350, the Airbus A220 and re-engined models of the Boeing 737, Boeing 777, Airbus A320, Airbus A330 and Embraer E-Jet families of aircraft, certain aircraft in our existing aircraft portfolio may become less desirable to potential lessees or purchasers. This next generation of aircraft generally delivers improved fuel consumption and reduced noise and emissions with lower operating costs compared to prior-technology aircraft. The Boeing 787 and 737 MAX and the Airbus A350, A320neo and A220 are all currently in production. The Boeing 777X is expected to enter service in 2023. The Commercial Aircraft Corporation of China Ltd. is developing aircraft models that will compete with the Airbus A320 family aircraft, the Boeing 737 and the Embraer E-Jet. The introduction of these new models and the potential resulting overcapacity in aircraft supply, could adversely affect the residual values and the lease rates for our aircraft, our ability to lease or sell our aircraft on favorable terms, or at all.

The effects of emissions and noise regulations and policies may negatively affect the airline industry. This may cause lessees to default on their lease payment obligations and may limit the market for certain aircraft in our portfolio.

The U.S. and other jurisdictions have imposed limits on aircraft engine emissions, such as NOx, CO and CO_2, consistent with current ICAO standards. In 2015, over 190 countries, including the United States, reached an agreement to reduce global GHG emissions at the United Nations Framework Convention on Climate. The agreement does not expressly reference aviation, but if the agreement is implemented in the United States and other countries there could be an adverse effect on the aviation industry.

Recent actions taken by various organizations continue to prioritize the UNFCCC's overall initiatives. In October 2021, IATA announced its Fly Net Zero commitment to achieve net zero carbon by 2050. This commitment was echoed by the U.S. Aviation Climate Action Plan, released November 2021. In February 2022, a collective of airlines, airports, and aviation manufacturers operating in the E.U., U.K., and EFTA unveiled the flagship sustainability measure, *Destination 2050*.

The E.U. Taxonomy is a green classification system that translates the E.U.'s climate and environmental objectives into criteria for specific economic activities for investment purposes. In addition, the E.U. Taxonomy can be used by organizations to plan their climate and environmental transition and raise finance for this transition. While the E.U. Taxonomy is not a mandatory list of economic activities for investors to invest in, it is expected to act as an enabler of change and encourage a transition towards the E.U.'s climate and environmental objectives.

European countries have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. The E.U. has included the aviation sector in its emissions trading scheme ("ETS") but its application to flights within the European Economic Area ("EEA") deferred any further application until 2024, pending a review of the results of a new initiative introduced by the promulgated by ICAO.

In October 2016, ICAO adopted a global market-based measure to control CO_2 emissions from international aviation. This measure is the "Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA") with the aim of achieving carbon-neutral growth from 2020 onwards. The CORSIA pilot phase (2021-2023) and the CORSIA first phase (2024-2026) will apply only to routes between countries that have each volunteered to participate in the scheme. All airlines that operate routes between two volunteering countries will be subject to the offsetting requirements. The requirement to offset emissions will be divided among airlines in proportion to their total CO_2 emissions, which is referred to as the "sectoral" approach to emissions. From 2030 onwards, this sectoral approach will transition to an approach based on each airline's individual rate of growth.

Over time, it is possible that governments will adopt additional regulatory requirements and/or market-based policies to reduce emissions and noise levels from aircraft. Such initiatives may be based on concerns regarding climate change, energy security, public health, local impacts, or other factors, and may impact the global market for certain aircraft and cause behavioral shifts that result in decreased demand for air travel. These concerns could result in limitations on the operation of our fleet, particularly aircraft equipped with older technology engines.

Compliance with current or future regulations could cause our lessees to incur higher costs and lead to higher ticket prices, which could mean lower demand for travel and adverse impacts on the financial condition of our lessees. Such compliance may also affect our lessees' ability to make rental and other lease payments and limit the market for aircraft in our portfolio.

The older age of some of our aircraft may expose us to higher maintenance related expenses.

In general, the costs of operating an aircraft, including maintenance expenditures, increase with the age of the aircraft. Additionally, older aircraft typically are less fuel-efficient than newer aircraft and may be more difficult to re-lease or sell, particularly if, due to increasing production rates by aircraft manufacturers or airline insolvencies, older aircraft are competing with an excess of newer aircraft in the lease or sale market. Expenses like fuel, carbon charges, aging aircraft inspections, maintenance or modification programs and related airworthiness directives could make the operation of older aircraft less economically viable and may result in increased lessee defaults. We may also incur some of these increased maintenance expenses and regulatory costs upon acquisition or re-leasing of our aircraft. Re-leasing larger wide-body aircraft may result in higher reinvestment and maintenance expenditures than re-leasing narrow-body aircraft.

The concentration of aircraft types in our aircraft portfolio could lead to adverse effects on our business should any difficulties specific to a particular type of aircraft occur.

Our portfolio is concentrated in certain aircraft types. Should any aircraft types or any aircraft manufacturers encounter technical, financial or other difficulties, it would cause a decrease in value of these aircraft, an inability to lease them on favorable terms or at all, or a potential grounding of these aircraft, which may adversely impact our financial results, to the extent the affected type comprises a significant percentage of our portfolio.

We operate in a highly competitive market for investment opportunities and for the leasing and sale of aircraft.

We compete with other lessors, airlines, aircraft manufacturers, financial institutions, aircraft brokers and other investors with respect to aircraft acquisitions, leasing and sales. The aircraft leasing industry is highly competitive and may be divided into three basic activities: (i) aircraft acquisition; (ii) leasing or re-leasing of aircraft; and (iii) aircraft sales.

A number of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances, lower investment return expectations or different risk or residual value assessments, which could allow them to consider a wider variety of investments, establish more relationships, bid more aggressively on aviation assets available for sale and offer lower lease rates or sales prices than we can. Some of our competitors may provide financial services, maintenance services or other inducements to potential lessees or buyers that we cannot provide. As a result of competitive pressures, we may not be able to take advantage of attractive investment opportunities, and we may not be able to identify and make investments that are consistent with our investment objectives. Additionally, the barriers to entry in the aircraft acquisition and

leasing market are comparatively low, and new entrants appear from time to time. We may not be able to compete effectively against present and future competitors in the aircraft acquisition, leasing or sales market.

Risks Related to Our Leases

If lessees are unable to fund their maintenance obligations on our aircraft, we may incur increased costs at the conclusion of the applicable lease.

The standards of maintenance observed by lessees and the condition of the aircraft may affect the future values and rental rates for our aircraft.

Under our leases, the lessee is responsible for maintaining the aircraft and complying with all governmental requirements applicable to the lessee and the aircraft, including, operational, maintenance, and registration requirements and airworthiness directives, although in certain cases we may agree to share certain of these costs. Failure of a lessee to perform required aircraft maintenance or required airworthiness directives could result in a decrease in value of such aircraft, an adverse effect on our ability to lease the aircraft at favorable rates or at all, or a potential grounding of such aircraft, and will likely require us to incur increased maintenance and modification costs upon the expiration or earlier termination of the applicable lease, which could be substantial, to restore such aircraft to an acceptable condition. If any of our aircraft are not subject to a lease, we would be required to bear the entire cost of maintaining that aircraft and performing any required airworthiness directives.

Many of our leases provide that the lessee is required to make periodic payments to us during the lease term to provide reserves for major maintenance events. In these leases there is an associated liability for us to reimburse the lessee after such maintenance is performed. A substantial number of our leases do not provide for any periodic maintenance reserve payments to be made to us. Typically, these lessees are required to make payments at the end of the lease term. However, in the event such lessees default, the value of the aircraft could be negatively affected by the maintenance condition and we may be required to fund the entire cost of performing major maintenance on the relevant aircraft without having received compensating maintenance payments from these lessees.

Even if we receive maintenance payments, these payments may not cover the entire expense of the scheduled maintenance they are intended to fund. In addition, maintenance payments typically cover only certain scheduled maintenance requirements and do not cover all required maintenance and all scheduled maintenance. As a result, we may incur unanticipated or significant costs at the conclusion of a lease.

Failure to pay certain potential additional operating costs could result in the grounding or arrest of our aircraft and prevent the re-lease, sale or other use of our aircraft.

As in the case of maintenance costs, we may incur other operational costs upon a lessee default or where the terms of the lease require us to pay a portion of those costs. Such costs include:

- the costs of casualty, liability and political risk insurance and the liability costs or losses when insurance coverage has not been or cannot be obtained as required, or is insufficient in amount or scope;
- the costs of licensing, exporting or importing an aircraft, airport charges, customs duties, air navigation charges, landing fees and similar governmental or quasi-governmental impositions, which can be substantial;
- penalties and costs associated with the failure of lessees to keep aircraft registered under all appropriate local requirements or obtain required governmental licenses, consents and approvals; and
- carbon taxes or other fees, taxes or costs imposed under emissions limitations, climate change regulations or other initiatives.

The failure to pay certain of these costs can result in liens on the aircraft. The failure to register the aircraft can result in a loss of insurance. These matters could result in the grounding or arrest of the aircraft and prevent the re-lease, sale or other use of the aircraft until the problem is cured.

Our lessees may have inadequate insurance coverage or fail to fulfill their respective indemnity obligations, which could result in us not being covered for claims asserted against us.

By virtue of holding title to the aircraft, lessors may be held strictly liable for losses resulting from the operation of aircraft or may be held liable for those losses based on other legal theories. Liability may be placed on an aircraft lessor in certain jurisdictions even under circumstances in which the lessor is not directly controlling the operation of the aircraft.

Lessees are required under our leases to indemnify us for, and insure against, liabilities arising out of the use and operation of the aircraft, including third-party claims for death or injury to persons and damage to property for which we

may be deemed liable. Lessees are required to maintain public liability, property damage and hull all risk and hull war risk insurance on the aircraft at agreed upon levels. However, they are not generally required to maintain political risk insurance. Following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. At the same time, they significantly increased the premiums for such third-party war risk and terrorism liability insurance and coverage in general. Aviation insurers may take similar actions in response to the potential losses arising from aircraft not being returned from Russia as a result of sanctions. As a result, the amount of such third-party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in our leases.

Our lessees' insurance, including any available governmental supplemental coverage, may not be sufficient to cover all types of claims that may be asserted against us. Any inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us upon an event of loss under the respective leases or upon a claim under the relevant liability insurance.

Failure to obtain certain required licenses and approvals could negatively affect our ability to re-lease or sell aircraft.

A number of our lessees must obtain licenses, consents or approvals in order to import or operate the aircraft or comply with the leases. These include consents from governmental or regulatory authorities for certain payments under the leases and for the import, export or deregistration of the aircraft. Subsequent changes in applicable law or administrative practice may increase such requirements and a governmental consent, once given, might be withdrawn. Consents needed in connection with future re-leasing or sale of an aircraft may not be forthcoming. Any of these events could adversely affect our ability to re-lease or sell aircraft.

Risks Related to Our Operations

The COVID-19 pandemic has significantly impacted our results of operations and may continue to have an adverse impact on our business.

The COVID-19 pandemic and related mitigation efforts have had an unprecedented negative impact on the aviation sector, resulting in a dramatic slowdown in air traffic. Substantially all the world's airlines have experienced financial difficulties and liquidity challenges, including many of our customers. While there have been improvements in many markets, particularly in terms of domestic travel, according to IATA, as of February 2022, air travel was still down to approximately 55% compared to normal levels. A full recovery to pre-pandemic levels is not expected for several years and will depend on the effectiveness of vaccinations efforts and the continued easing of travel restrictions, among other things. While the extent and duration of the impact of the COVID-19 pandemic remain unknown, we continue to believe long-term demand for air travel will return to historical trends over time.

Even as the airline industry begins to recover, airlines continue to seek support from their respective governments, raise debt and equity, delay or cancel new aircraft orders, furlough employees, and request concessions from lessors, and in certain cases, seek judicial protection. If air traffic remains depressed and our customers are unable to obtain sufficient funds from private, governmental or other sources, we may need to grant additional deferrals to certain customers or extend the period of repayment for deferrals we have already made. We may ultimately not be able to collect all the amounts we have deferred.

While we continued to receive requests from our customers for lease concessions, such as deferrals of lease payments or broader lease restructurings, the number of requests for such concessions during the year ended February 28, 2022 has declined compared to 2021. As of February 28, 2022, we had deferred rent receivables of $55,478 related to nine customers that were included in other assets. Approximately 93% of these deferrals have been agreed to as part of broader lease restructurings, which generally include term extensions, better security packages, or other valuable considerations in exchange for short-term economic concessions. The outstanding deferred rent receivables are scheduled to be repaid, on average, within the next seven years.

As of April 25, 2022, four of our customers are subject to judicial insolvency proceedings or similar protection. These customers lease eighteen aircraft, which comprise 12% of Net Book Value and 9% of our lease rental revenue as of and for the year ended February 28, 2022. One of these customers is LATAM, our second largest customer, which represents 7% of our Net Book Value and 8% of our lease rental revenue as of and for the year ended February 28, 2022. We are actively engaged in these judicial proceedings to protect our economic interests. However, the outcome of these proceedings is uncertain and could result in these customers grounding our aircraft, negotiating reductions in aircraft lease rentals, rejecting the leases or taking other actions that could adversely impact us or the value of our aircraft. As a

result of these proceedings, the recognition of lease rental revenue for certain customers may be done on a cash basis of accounting rather than the accrual method depending on the customers lease security arrangements.

We believe that our platform, personnel, and long-standing business strategy of maintaining conservative leverage, limiting long-term financial commitments, and focusing our portfolio on more liquid narrow-body aircraft have enabled and will enable us to manage through the COVID-19 crisis. While we cannot currently reasonably estimate the extent to which the COVID-19 pandemic will impact our business, we expect our business, results of operations and financial condition will continue to be negatively impacted in the near term.

Volatile financial market conditions may adversely impact our liquidity, our access to capital and our cost of capital and may adversely impact the airline industry and the financial condition of our lessees.

The availability and pricing of capital in the commercial bank market and in the unsecured bond market remain susceptible to global events, including political changes, rising interest rates, currency fluctuations, the rate of international economic growth and implications from changes in oil prices. If we need, but cannot obtain, adequate capital on satisfactory terms, or at all, as a result of negative conditions in the capital markets or otherwise, our business, financial condition, results of operations could be materially adversely affected.

We bear the risk of re-leasing and selling our aircraft.

We bear the risk of re-leasing or selling our aircraft in order to continue to generate cash flows. Only a portion of an aircraft's value is covered by contractual cash flows from leases, so we are exposed to the risk that the residual value will not be sufficient to permit us to fully recover our investment and that we may have to record impairment charges. In certain cases we commit to purchase aircraft that are not subject to lease and therefore are subject to lease placement risk.

Other factors that may affect our ability to fully realize our investment in our aircraft and that may increase the likelihood of impairment charges include credit deterioration of a lessee, higher fuel prices which may reduce demand for older, less fuel-efficient aircraft, additional environmental regulations, age restrictions, customer preferences and other factors that may effectively shorten the useful life of older aircraft.

We own and lease long-lived assets and have written down the value of some of our assets. If market conditions worsen, or in the event of a customer default, we may be required to record further write-downs.

We perform a recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis annually. In addition, a recoverability assessment is performed whenever events or changes in circumstances indicate that the carrying amount or net book value of an asset may not recoverable. Possible indicators include a significant lease restructuring or early lease termination, a significant change in aircraft model's storage levels, the introduction of newer technology aircraft or engines, an aircraft type that is no longer in production or significant airworthiness directive that is issued.

We continue to closely monitor the impact of COVID-19 on our customers, air traffic, lease rental rates, and aircraft valuations, and will perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We will focus on our customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, aircraft with near-term lease expirations, and certain aircraft variants that are more susceptible to the impact of COVID-19 and value deterioration.

The recoverability assessment is a comparison of the carrying value of each aircraft to its undiscounted expected future cash flows. We develop the assumptions used in the recoverability assessment, including those relating to current and future demand for each aircraft type, based on management's experience in the aircraft leasing industry, as well as information received from third-party sources. Estimates of the undiscounted cash flows for each aircraft type are impacted by changes in contracted and future expected lease rates, residual values, expected scrap values, economic conditions and other factors. If our estimates or assumptions change, we may revise our cash flow assumptions and record future impairment charges.

Departure of key officers could harm our business and financial results.

Our senior management's reputations and relationships with lessees, sellers, buyers and financiers of aircraft are a critical element of our business. We encounter intense competition for qualified employees from other companies in the aircraft leasing industry, and we believe there are only a limited number of available qualified executives in our industry. The Company seeks to retain a pipeline of senior management personnel with superior talent to provide continuity of succession, including for the Chief Executive Officer position and other senior positions. Our Board of Directors is involved in succession planning, including review of short- and long-term succession plans for senior positions. Our

future success depends, to a significant extent, upon the continued service of our senior management personnel, including the Chief Executive Officer, and if we lose one or more of these individuals, our business could be adversely affected.

We are subject to risks related to our indebtedness that may limit our operational flexibility and our ability to compete with our competitors.

As of February 28, 2022, our total indebtedness was $4.5 billion, representing 71.2% of our total capitalization. Aircastle Limited is either the principal obligor or has guaranteed most of this indebtedness, and we are responsible on a full recourse basis for timely payment when due and compliance with covenants under the related debt documentation. We may be unable to generate sufficient cash to pay, when due, the principal of, interest on or other amounts due with respect to our indebtedness, and our substantial amount of indebtedness may increase our vulnerability to adverse economic and industry conditions, reduce our flexibility in planning for or reaction to changes in the business environment or in our business or industry, and adversely affect our cash flow and our ability to operate our business and compete with our competitors. Our indebtedness subjects us to certain risks, including:

- 16.3% of our Net Book Value serves as collateral for our secured indebtedness, and the terms of certain of our indebtedness require us to use proceeds from sales of certain aircraft, in part, to repay amounts outstanding under such indebtedness;
- our failure to comply with the terms of our indebtedness, including restrictive covenants, may result in additional interest being due or defaults that could result in the acceleration of the principal, and unpaid interest on, the defaulted debt, as well as the forfeiture of any aircraft pledged as collateral; and
- non-compliance with covenants prohibiting certain investments and other restricted payments, raise additional capital or refinance our existing debt, may reduce our operational flexibility and limit our ability to refinance.

Our ability to obtain debt financing and our cost of debt financing is, in part, dependent upon our credit ratings and a credit downgrade or being put on negative watch could adversely impact our financial results.

Maintaining our credit ratings depends on our financial results and on other factors, including the outlook of the ratings agencies on our sector and on the market generally. A credit rating downgrade or being put on negative watch may make it more difficult or costly for us to raise debt financing in the unsecured bond market, or may result in higher pricing or less favorable terms under other financings. Credit rating downgrades or being put on negative watch, may make it more difficult and/or more costly to satisfy our funding requirements. Any future tightening or regulation of financial institutions could impact our ability to raise funds in the commercial bank loan market in the future.

An increase in our borrowing costs may adversely affect our earnings.

We primarily finance our business through the issuance of Senior Notes. As our Senior Notes mature, we will be required to repay them by issuing new Senior Notes, which could result in higher borrowing costs, or repay them by using cash on hand or cash from the sale of our assets.

The provisions of our long-term financings require us to comply with financial and other covenants. Our compliance with these ratios, tests and covenants depends upon, among other things, the timely receipt of lease payments from our lessees and upon our overall financial performance.

- *Senior Notes.* Our senior note indentures impose operating and financial restrictions on our activities. These restrictions limit our ability to, or in certain cases prohibit us from, incurring or guaranteeing additional indebtedness, refinancing our existing indebtedness, making other restricted payments, making certain investments or entering into joint ventures and a cross-default to certain other financings of the Company.
- *Bank Financings.* Our secured bank financings contain, among other customary provisions, a $500 million minimum net worth covenant, a cross-default to certain other financings of the Company, and for one portfolio financing, a minimum debt service coverage ratio of 1.15.
- *Unsecured Revolving Credit Facilities and Loan.* Our unsecured revolving credit facilities/loan contain $750 million minimum net worth covenants, minimum unencumbered asset ratios, minimum interest coverage ratios and cross-defaults to certain other financings of the Company.
- *ECA Financings.* Our ECA Financings contain a $500 million minimum net worth covenant and also contain, among other customary provisions, a material adverse change default and a cross-default to certain other financings of the Company.

The terms of our financings also restrict our ability to incur or guarantee additional indebtedness or engage in mergers, amalgamations or consolidations among our subsidiary companies or between a subsidiary company and a third party or otherwise dispose of all or substantially all of our assets.

We are subject to various risks and requirements associated with transacting business in foreign jurisdictions.

The international nature of our business exposes us to trade and economic sanctions and other restrictions imposed by the U.S. and other governments. The U.S. Departments of Justice, Commerce and Treasury, as well as other agencies and authorities have a broad range of civil and criminal penalties, they may seek to impose against companies for violations of export controls, the Foreign Corrupt Practices Act ("FCPA"), and other federal statutes, sanctions and regulations, including those established by the Office of Foreign Assets Control ("OFAC"). Increasingly, similar or more restrictive foreign laws, rules and regulations, including the U.K. Bribery Act ("UKBA"), and European laws and regulations may also apply to us. By virtue of these laws and regulations, we may be obliged to limit our business activities, we may incur costs for compliance programs and we may be subject to enforcement actions or penalties for noncompliance. In recent years, U.S. and foreign governments have increased their oversight and enforcement activities with respect to these laws, and we expect the relevant agencies to continue to increase these activities.

We have compliance policies and training programs in place for our employees with respect to FCPA, OFAC Regulations, UKBA and similar laws, but there can be no assurance that our employees, consultants or agents will not engage in conduct for which we may be held responsible. Violations of FCPA, OFAC Regulations, UKBA and other laws, sanctions or regulations may result in severe criminal or civil penalties, and we may be subject to other liabilities.

The General Data Protection Regulation ("GDPR") requires us to protect certain personal data of E.U. citizens. While we have implemented processes and controls to comply with GDPR requirements, the manner in which the E.U. will interpret and enforce certain provisions remains unclear and we could incur significant fines of up to 4% of worldwide revenue, individual damages and reputational risks if the E.U. determines that our controls and processes are ineffective and we have failed to adequately comply with the requirements.

We are dependent upon information technology systems, which are subject to disruption, damage, failure and risks associated with implementation and integration.

We are dependent upon information technology systems to manage, process, store and transmit information associated with our operations, which may include proprietary business information and personally identifiable information of our customers, suppliers and employees. Our information technology systems are subject to disruption, damage or failure from a variety of sources, including malware, ransomware, security breaches, cyber-attacks, employee error and defects in design. There may be an elevated risk of cyber-attacks by Russia tin response to economic sanctions imposed by the U.S., the E.U., the U.K. and other countries resulting from the Russian invasion of Ukraine. Damage, disruption, or failure of information technology systems may result in interruptions to our operations or may require a significant investment to fix or replace them or may result in significant damage to our reputation. Although various measures have been implemented to manage our risks related to the information technology systems and network disruptions, our resources and technical sophistication may not be adequate to prevent all types of cyber-attacks that could lead to the payment of fraudulent claims, loss of sensitive information, including our own proprietary information or that of our customers, suppliers and employees, and could harm our reputation and result in lost revenues and additional costs and potential liabilities.

Risks Related to Our Organization and Structure

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Although there are currently no material legal restrictions on our operating subsidiaries' ability to distribute assets to us, legal restrictions, including governmental regulations and contractual obligations, could restrict or impair our operating subsidiaries' ability to pay dividends or make loan or other distributions to us. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions.

Risks Related to Taxation

If Aircastle were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income taxation on a net income basis, which would adversely affect our business.

If, contrary to expectations, Aircastle were treated as engaged in a trade or business in the United States, the portion of its net income, if any, that was "effectively connected" with such trade or business would be subject to U.S. federal income taxation at a maximum rate of 35% for taxable years ending on or prior to December 31, 2017 and 21% for taxable years beginning after December 31, 2017 (such rate, the "Federal Rate"). In addition, Aircastle would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business.

If there is not sufficient trading in shares of our ultimate parent company, or if 50% of such shares are held by certain 5% shareholders, we could lose our eligibility for an exemption from U.S. federal income taxation on rental income from our aircraft used in "international traffic" and could be subject to U.S. federal income taxation, which would adversely affect our business.

We expect that we are currently eligible for an exemption under Section 883 of the Internal Revenue Code of 1986, as amended (the "Code"), which provides an exemption from U.S. federal income taxation with respect to rental income derived from aircraft used in international traffic by certain foreign corporations. No assurances can be given that we will continue to be eligible for this exemption. To qualify for this exemption in respect of rental income, the lessor of the aircraft must be organized in a country that grants a comparable exemption to U.S. lessors (Bermuda and Ireland each do), and certain other requirements must be satisfied. We can satisfy these requirements in any year if, for more than half the days of such year, our shares are primarily and regularly traded on a recognized exchange and certain shareholders, each of whom owns 5% or more of our shares (applying certain attribution rules), do not collectively own more than 50% of our shares. Following the Merger, these stock ownership requirements are currently tested at the Marubeni and Mizuho Leasing levels such that Aircastle and its subsidiaries can continue to qualify for the Section 883 exemption if the stock of Marubeni is considered to be primarily and regularly traded on a recognized stock exchange and non-qualifying 5% or greater shareholders are not considered to collectively own more than 50% of Marubeni's shares, as described above. If Marubeni's shares cease to satisfy these requirements, then we may no longer be eligible for the Section 883 exemption with respect to rental income earned by aircraft used in international traffic. If we were not eligible for the exemption under Section 883 of the Code, we expect that the U.S. source rental income of Aircastle Bermuda generally would be subject to U.S. federal taxation, on a gross income basis, at a rate of not in excess of 4% as provided in Section 887 of the Code. If, contrary to expectations, Aircastle Bermuda did not comply with certain administrative guidelines of the Internal Revenue Service, such that 90% or more of Aircastle Bermuda's U.S. source rental income were attributable to the activities of personnel based in the United States, Aircastle Bermuda's U.S. source rental income would be treated as income effectively connected with the conduct of a trade or business in the United States. In such case, Aircastle Bermuda's U.S. source rental income would be subject to U.S. federal income taxation on its net income at the Federal Rate as well as state and local taxation. In addition, Aircastle Bermuda would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business.

Bermuda Economic Substance Act 2018.

Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the "ESA") that came into force in January 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda ("non-resident entity") that carries on as a business any one or more of the "relevant activities" referred to in the ESA must comply with economic substance requirements. The ESA may require in-scope Bermuda entities which are engaged in such "relevant activities" to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain adequate physical presence in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes, among other things, carrying on any one or more of: insurance, financing and leasing (which excludes operating leases), headquarters, intellectual property and holding entities.

Entities subject to the economic substance requirements are required to evidence their compliance and file an economic substance declaration with the Registrar of Companies in Bermuda on an annual basis.

Any entity that must satisfy economic substance requirements but fails to do so could face financial penalties, a restriction of its business activities, automatic reporting by the Bermuda authorities to the competent authorities in the European Union or other jurisdiction of the entity's beneficial owners, on an entity's non-compliance or being struck-of as a registered entity in Bermuda. If any one of the foregoing were to occur it may adversely affect the business operations of the Company or its Bermuda subsidiaries.

The Company and its Bermuda subsidiaries believe they have complied with the ESA requirements and have filed, and will continue to file, annual economic substance declarations with the Registrar of Companies in Bermuda as required. The Registrar of Companies in Bermuda ultimately assesses compliance with the ESA requirements.

We may become subject to an increased rate of Irish taxation which would adversely affect our business.

Our Irish subsidiaries and affiliates are expected to be subject to corporation tax on their income from leasing, managing, and servicing aircraft at the 12.5% tax rate applicable to trading income. This expectation is based on certain assumptions, including that we will maintain at least the current level of our business operations in Ireland. If we are not successful in achieving trading status in Ireland, the non-trading income activities of our Irish subsidiaries and affiliates would be subject to tax at the rate of 25% and capital gains would be taxed at the rate of 33%.

We may become subject to income or other taxes in the non-U.S. jurisdictions in which our aircraft operate, where our lessees are located or where we perform certain services which would adversely affect our business.

Certain Aircastle entities are expected to be subject to the income tax laws of Ireland and the United States. In addition, we may be subject to income or other taxes in other jurisdictions by reason of our activities and operations, where our aircraft operate or where the lessees of our aircraft (or others in possession of our aircraft) are located. Although we have adopted operating procedures to reduce the exposure to such taxation, we may be subject to such taxes in the future and such taxes may be substantial. In addition, if we do not follow separate operating guidelines relating to managing a portion of our aircraft portfolio through offices in Ireland and Singapore, income from aircraft not owned in such jurisdictions would be subject to local tax. Changes in tax law could impose withholding taxes on lease payments during the term of a lease. Our leases typically require our lessees to indemnify us in respect of taxes, but some leases may not require such indemnification, or a lessee may fail to make such indemnification payment. The imposition of such taxes could adversely affect our business.

The introduction of Base Erosion and Profit Shifting by the Organization for Economic Cooperation and Development may impact our effective tax rate in future periods.

The Organization for Economic Co-operation and Development (the "OECD") has introduced an action plan with respect to base erosion and profit shifting ("BEPS"). The plan targets among other things tax avoidance measures such as hybrid instruments, excessive interest deductions, treaty shopping, and permanent establishment avoidance.

As part of its BEPS actions, the OECD published the "Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting" ("MLI"). Since June 2017, representatives from over 95 jurisdictions have signed up to the MLI. The MLI seeks to incorporate agreed tax treaty-related measures combating tax avoidance into bilateral existing tax treaties without the need to negotiate new treaties. The MLI may apply to double tax treaties entered into by other countries in which we have operations (in some cases with effect from as early as January 2019).

The MLI entered into force for Ireland in May 2019, and became effective for withholding tax on January 1, 2020. The MLI changed Ireland's treaties by including a principal purpose test ("PPT"), which will disallow treaty benefits where it is reasonable to conclude that the main purpose or one of the main purposes of a transaction or arrangement is to obtain directly or indirectly the benefits of the treaty. Given the subjectivity of the PPT, there is a risk that each counterparty jurisdiction will interpret it differently, which creates uncertainty in its application to leasing and other arrangements. Until such time as countries develop guidance on how the test will be applied, it will be difficult to determine its effect on us.

Ireland did not adopt the MLI's "dependent agent" permanent establishment threshold. Some countries could seek a bilateral re-negotiation on the point to change the dependent agent provisions in their tax treaty with Ireland. Any such change could take some time to be agreed and subsequently ratified before it could come into effect.

Further changes to tax law will be required in order to fully implement the BEPS action plans. At this moment, it is difficult to determine what further BEPS actions the governments of lessee jurisdictions will implement. Depending on the nature of the BEPS action plans adopted, it may result in an increase in our effective tax rate and cash taxes liabilities in future periods.

The introduction of the OECD Action Plan on BEPS to address the tax challenges of the digitalization of the economy and the impact it may have, if any, on our effective tax rate in future periods.

In January 2019, the OECD announced a new program of work (referred to as "BEPS 2.0") with a view to creating an international consensus on new rules governing international taxation, particularly for businesses with valuable

intangible assets. The stated aim is to move beyond the arm's length principle and the scope of current taxing rights are limited to businesses with a physical presence in a country. The new rules, if adopted, would readjust the balance of taxing rights and multinational companies ("MNC") profit allocation between jurisdictions where MNC assets are owned and the markets where users and consumers are based.

BEPS 2.0 proposes to address this reform through two main pillars of work that are interlinked:

- *Pillar 1* - Arriving at a new basis for taxing profits of multinational enterprises ("MNEs") with global turnover above 20 billion euros and profitability above 10% through the allocation of an amount of taxable profits to market jurisdictions in which those MNEs operate.
- *Pillar 2* - Strengthening taxing rights to preserve the tax base and counteract profit shifting to jurisdictions with nil or low effective tax rates, including through the implementation of a global minimum tax rate of 15%.

On October 12, 2020, OECD published Blueprints for Pillar 1 and Pillar 2, together with accompanying documentation including an impact assessment.

On October 7, 2021, Ireland announced it was signing on to the OECD BEPS 2.0 plan. Under this plan, Ireland will increase its corporation tax rate to achieve a 15% effective rate for multinational groups within the scope of Pillar 2. Ireland also agreed to Pillar 1 proposals that reallocate taxing rights to market jurisdictions for in scope multinational groups. These changes are expected to take effect in 2023. The timing of the implementation of the Pillar 1 and Pillar 2 rules will depend on the publication of an E.U. Directive that will ensure consistent implementation of the rules across the E.U.

On March 12, 2022, the E.U. released the latest draft of the E.U. Directive to implement the OECD Pillar 2 model rules in the E.U. This draft includes a proposal to defer the transposition deadline to December 31, 2023 with the rules to become effective for fiscal years beginning as from this same date and an option for Member States to defer the application of the Income and Inclusion Rule and the Undertaxed Profit Rule ("UTPR") even further provided that they host fewer than ten Ultimate Parent Entities of in-scope groups. The compromise text also proposes that the implementation of UTPR would be deferred so as to apply in respect of fiscal years beginning from December 31, 2024.

Given that the OECD and the E.U. are still developing their plans under BEPS 2.0 and the scope of many unilateral measures remain unclear, it is unclear what impact the eventual implementation of these plans will have on our business.

The E.U. Anti-tax Avoidance proposals may impact our effective rate of tax in future periods.

The Council of the E.U. has implemented the E.U. Anti-Tax Avoidance Directives ("E.U. ATAD") and the amending Directive ("E.U. ATAD 2"). These Directives seek to oblige all E.U. member states to introduce a number of anti-tax avoidance measures.

Most of the measures were implemented with effect from January 2019, though certain measures may be deferred to 2024. The E.U. ATAD contemplates the introduction of a restriction on the deductibility of interest, measures in respect of certain hybrid transactions and instruments, an exit charge, a switch over rule, controlled foreign company rules as well as a general anti-avoidance rule.

The Irish Finance Bill published on October 21, 2021 included draft legislation to enact the interest limitation measures prescribed by ATAD. The implementation date for the new law was January 1, 2022. Based on the final legislation in Finance Act 2021 signed into law on December 21, 2021, the interest limitation rule will apply to limit the deductibility of a company's exceeding borrowing costs (i.e. its interest (and equivalent) borrowing costs as reduced by its interest (and equivalent) income) to 30% of tax adjusted EBITDA. Importantly for companies carrying on a leasing trade, a portion of their operating lease income and expense will be treated as equivalent to interest for the purposes of the test. The legislation was finalized on December 21, 2021; however, Irish Revenue guidance remains outstanding and may not be issued until later in 2022. It is therefore difficult to fully and definitively conclude on the potential impact of the interest limitation rule on Aircastle and its Irish subsidiaries.

The impact of the other measures in respect of certain hybrid transactions and instruments, an exit charge, a switch over rule, controlled foreign company rules as well as a general anti-avoidance rule will depend on the exact scope of these measures. The impact on the Company's tax position (if any), will depend on the implementation of these measures in Ireland and other E.U. jurisdictions where we have operations.

The E.U. Unshell Proposal may result in additional reporting and disclosure obligations for us.

On December 22, 2021, the European Commission issued a proposal for a Council Directive to issue rules to prevent the misuse of shell entities for tax purposes within the E.U. (the "Unshell Proposal"). While the Unshell Proposal

is expected to be adopted and published into E.U. Member States' national laws by June 30, 2023, and to come into effect as of January 1, 2024, there is considerable uncertainty surrounding the development of the proposal and its implementation. The proposal could result in additional reporting and disclosure obligations for Aircastle.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease office space in Stamford, Connecticut, Dublin, Ireland and in Singapore. The lease for our current office in Stamford, Connecticut expires in August 2028. The lease for our Dublin office expires in October 2026 and the lease on our Singapore office expires in July 2022. None of these leases are individually material to the Company's consolidated financial statements.

We believe our current facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material legal or adverse regulatory proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Information about our Executive Officers

Executive officers are elected by our Board of Directors, and their terms of office continue until the next annual meeting of the board or until their successors are elected and have been duly qualified. There are no family relationships among our executive officers.

Set forth below is information pertaining to our executive officers who held office as of April 25, 2022:

Michael Inglese, 61, became our Chief Executive Officer and a member of our Board in June 2017, having served as our Acting Chief Executive Officer from January 2017. He was previously our Chief Financial Officer from April 2007. Prior to joining the Company, Mr. Inglese served as an Executive Vice President and Chief Financial Officer of PanAmSat Holding Corporation, where he served as Chief Financial Officer from June 2000 until the closing of PanAmSat's sale to Intelsat in July 2006. Mr. Inglese joined PanAmSat in May 1998 as Vice President, Finance after serving as Chief Financial Officer for DIRECTV Japan, Inc. He is a Chartered Financial Analyst who holds a BS in Mechanical Engineering from Rutgers University College of Engineering and his MBA from Rutgers Graduate School of Business Management.

Aaron Dahlke, 53, became our Chief Financial Officer in June 2017. Prior to that, he was our Chief Accounting Officer from June 2005. Prior to joining the Company, Mr. Dahlke was Vice President and Controller of Boullioun Aviation Services Inc. from January 2003 to May 2005. Prior to Boullioun, Mr. Dahlke was at ImageX.com, Inc. and Ernst & Young LLP. He received a BS in Accounting from California State University, San Bernardino. He is a Certified Public Accountant.

Douglas C. Winter, 58, became our Chief Commercial Officer in April 2019. Prior to joining Aircastle, Mr. Winter was Vice Chairman of Amedeo, a leading aircraft asset manager, from July 2018 to March 2019, as well as Chief Executive Officer and member of the Board of Managers at Voyager Aviation ("Voyager") from October 2017 to March 2019. Prior to this, he served as President and Chief Commercial Officer at Voyager from September 2015 to September 2017. Mr. Winter joined Voyager in June 2015 as Chief Commercial Officer. Previously, Mr. Winter was an advisor to GE Capital Aviation Services and Chief Executive Officer of Octagon Aviation from June 2013 to May 2015 and, before this, he served as Head of Global Sales at AWAS in Dublin, Ireland from December 2010 to May 2013. Mr. Winter has

over twenty years of experience in commercial aviation, having started his career with McDonnell Douglas in 1985, and he holds a BS in Business from Indiana University.

Christopher L. Beers, 57, is our Chief Legal Officer & Secretary and became our General Counsel in November 2014. Prior to joining the Company, Mr. Beers held senior positions at GE Capital since 2000, including Senior Vice President and Associate General Counsel at GECAS from 2009 to 2014, and Senior Vice President and General Counsel of GE Transportation Finance from 2006 to 2009. Previously, Mr. Beers was a Senior Associate at the law firm of Milbank Tweed Hadley and McCloy in New York City. Mr. Beers holds a BS in Economics from Arizona State University and a JD from Pace Law School.

Joseph Schreiner, 64, became our Chief Technical Officer in March 2020. Mr. Schreiner was previously our Executive Vice President, Technical from October 2004 to March 2020. Prior to joining the Company, Mr. Schreiner oversaw the technical department at AAR Corp, a provider of products and services to the aviation and defense industries from 1998 to 2004 where he managed aircraft and engine evaluations and inspections, aircraft lease transitions, reconfiguration and heavy maintenance. Prior to AAR, Mr. Schreiner spent nineteen years at Boeing (McDonnell-Douglas) in various technical management positions. Mr. Schreiner received a BS from the University of Illinois and an MBA from Pepperdine University.

Roy Chandran, 58, became our Chief Strategy Officer in March 2020. Mr. Chandran was previously our Executive Vice President, Corporate Finance and Strategy from June 2017 to March 2020. He previously served as Executive Vice President of Capital Markets from May 2008. Prior to joining the Company, Mr. Chandran was a Director at Citi in the Global Structured Solutions Group, having originally joined Salomon Brothers in 1997. Mr. Chandran is responsible for all of the Company's fund raising activities and strategy and has extensive experience in U.S. and international capital markets. Before 1997, Mr. Chandran spent eight years in Hong Kong focusing on tax-based cross border leasing of transportation equipment for clients in the Asia Pacific region. Mr. Chandran holds a BS in Chemical Engineering from the Royal Melbourne Institute of Technology, Australia and obtained his MBA from the International Institute of Management Development ("IMD"), Switzerland.

Dane Silverman, *35*, became our Chief Accounting Officer in July 2021. He was previously our Vice President, Controller from September 2018. Prior to joining Aircastle, Mr. Silverman held Controller and Assistant Controller roles at Voyager Aviation from May 2016. Prior to this, he was a Senior Manager in KPMG LLP's audit practice. He received a BS in Accounting from Marist College and is a CPA.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTER AND ISSUER PURCHASES OF EQUITY SECURITIES

Not applicable.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks, uncertainties and assumptions. You should read the following discussion in conjunction with our historical consolidated financial statements and the notes thereto appearing elsewhere in this Annual Report. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those described under Item 1A. — "Risk Factors" and elsewhere in this Annual Report. Please see "Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995" for a discussion of the uncertainties, risks and assumptions associated with these statements. Our consolidated financial statements are prepared in accordance with U.S. GAAP and, unless otherwise indicated, the other financial information contained in this Annual Report has also been prepared in accordance with U.S. GAAP. Unless otherwise indicated, all references to "dollars" and "$" in this Annual Report are to, and all monetary amounts in this Annual Report are presented in, U.S. dollars.

OVERVIEW

Aircastle acquires, leases, and sells commercial jet aircraft to airlines throughout the world. As of February 28, 2022, we owned and managed on behalf of our joint venture 260 aircraft leased to 81 lessees located in 45 countries. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore. Our aircraft are subject to net leases whereby the lessee is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. However, in many cases we are obligated to pay a specified portion of maintenance or modification costs. As of February 28, 2022, the Net Book Value of our flight equipment was $6.5 billion. Our revenues, net loss and Adjusted EBITDA were $769.8 million, $278.2 million, and $752.3 million for the year ended February 28, 2022, and $832.3 million, $333.2 million and $774.4 million for the year ended February 28, 2021.

Acquisitions and Sales

During the year ended February 28, 2022, we acquired eighteen aircraft for $763.3 million. As of February 28, 2022, we had commitments to acquire 23 aircraft for $819.3 million, with delivery between the first quarter of 2022 and the fourth quarter of 2024, which include estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments. As of April 25, 2022, we have acquired one additional aircraft and have commitments to acquire 23 aircraft for $842.3 million.

During the year ended February 28, 2022, we sold fifteen aircraft and other flight equipment for net proceeds of $210.7 million and recognized a net gain on sale of $26.0 million. As of April 25, 2022, we have sold two additional aircraft.

The following table sets forth certain information with respect to the aircraft owned and managed on behalf of our joint ventures by us as of February 28, 2022 and 2021, and February 29, 2020:

AIRCASTLE AIRCRAFT INFORMATION (dollars in millions)

Owned Aircraft	**As of February 28, 2022[1]**	**As of February 28, 2021[1]**
Net Book Value of Flight Equipment	$ 6,464	$ 6,688
Net Book Value of Unencumbered Flight Equipment	$ 5,352	$ 5,432
Number of Aircraft	251	252
Number of Unencumbered Aircraft	219	219
Number of Lessees	81	75
Number of Countries	45	43
Weighted Average Age (years)[2]	10.2	10.6
Weighted Average Remaining Lease Term (years)[2]	4.9	4.2
Weighted Average Fleet Utilization during the Fourth Quarter[3]	95.6 %	93.7 %
Weighted Average Fleet Utilization for the Year Ended[3]	94.2 %	94.5 %
Portfolio Yield for the Fourth Quarter[4]	10.4 %	8.5 %
Portfolio Yield for the Year Ended[4]	9.1 %	9.2 %
Managed Aircraft on behalf of Joint Venture		
Flight Equipment	$ 298	$ 312
Number of Aircraft	9	9

(1) Calculated using Net Book Value at period end.

(2) Weighted by Net Book Value.

(3) Aircraft on lease as a percentage of total days in period weighted by net book value.

(4) Lease rental revenue, interest income and cash collections on our net investment in direct financing and sales-type leases for the period as a percent of the average Net Book Value for the period; quarterly information is annualized. The calculation of portfolio yield includes our net investment in direct financing and sales-type leases in the average Net Book Value, and the interest income and cash collections from our net investment in direct financing and sales-type leases in lease rentals.

PORTFOLIO DIVERSIFICATION

	Owned Aircraft as of February 28, 2022		Owned Aircraft as of February 28, 2021	
	Number of Aircraft	% of Net Book Value[1]	Number of Aircraft	% of Net Book Value[1]
Aircraft Type				
Passenger:				
Narrow-body - new technology[2]	27	19 %	13	9 %
Narrow-body - current technology	198	63 %	213	69 %
Wide-body	22	16 %	22	18 %
Total Passenger	247	98 %	248	96 %
Freighter	4	2 %	4	4 %
Total	251	100 %	252	100 %
Manufacturer				
Airbus	164	66 %	169	64 %
Boeing	77	30 %	78	34 %
Embraer	10	4 %	5	2 %
Total	251	100 %	252	100 %
Regional Diversification				
Asia and Pacific	71	32 %	79	37 %
Europe	98	30 %	92	27 %
Middle East and Africa	10	4 %	11	4 %
North America	36	17 %	28	12 %
South America	25	13 %	26	13 %
Off-lease	11 [3]	4 %	16 [4]	7 %
Total	251	100 %	252	100 %

(1) Calculated using Net Book Value at year end.

(2) Includes Airbus A320-200neo and A321-200neo, Boeing 737-MAX8, and Embraer E2 aircraft.

(3) Of the eleven off-lease aircraft at February 28, 2022, we have three wide-body aircraft that we are currently marketing for lease or sale.

(4) Of the sixteen off-lease aircraft at February 28, 2021, we have one wide-body aircraft that we are currently marketing for lease or sale

The top ten customers for aircraft we owned at February 28, 2022 are as follows:

Customer	Percent of Net Book Value	Country	Number of Aircraft
IndiGo	7.7%	India	11
LATAM[(1)]	7.6%	Chile	13
Lion Air	3.7%	Indonesia	8
Air Canada	3.6%	Canada	5
Iberia	3.5%	Spain	14
American Airlines	3.5%	United States	8
Frontier Airlines	3.1%	United States	4
Aerolineas Argentinas	2.9%	Argentina	5
easyJet	2.9%	United Kingdom	12
Viva Aerobus	2.6%	Mexico	5
Total top ten customers	41.1%		85
All other customers	58.9%		166
Total all customers	100.0%		251

(1) LATAM filed for Chapter 11 in May 2020. We have signed restructured leases for all thirteen of the LATAM aircraft, subject only to LATAM emerging from the Chapter 11 process.

Finance

We operate in a capital-intensive industry and have a demonstrated track record of raising substantial amounts of capital from debt and equity investors. Since our inception in late 2004, we raised $2.1 billion in equity capital from private and public investors. We also obtained $18.9 billion in debt capital from a variety of sources including export credit agency-backed debt, commercial bank debt, the aircraft securitization markets and the unsecured bond market. The diversity and global nature of our financing sources demonstrates our ability to adapt to changing market conditions and seize new growth opportunities.

We intend to fund new investments through cash on hand, funds generated from operations, maintenance payments received from lessees, secured borrowings for aircraft, draws on our revolving credit facilities and proceeds from any future aircraft sales. We may repay all or a portion of such borrowings from time to time with the net proceeds from subsequent long-term debt financings, additional equity offerings or cash generated from operations and asset sales. Therefore, our ability to execute our business strategy, particularly the acquisition of additional commercial jet aircraft or other aviation assets, depends to a significant degree on our ability to obtain additional debt and equity capital on terms we deem attractive.

See “Liquidity and Capital Resources” below.

Comparison of the year ended February 28, 2022 to the year ended February 28, 2021:

	Year Ended February 28,	
	2022	2021
	(Dollars in thousands)	
Revenues:		
Lease rental revenue	$ 595,236	$ 611,421
Direct financing and sales-type lease revenue	10,733	18,215
Amortization of lease premiums, discounts and incentives	(20,190)	(22,842)
Maintenance revenue	152,030	172,668
Total lease revenue	737,809	779,462
Gain on sale of flight equipment	26,001	33,536
Other revenue	5,977	19,290
Total revenues	769,787	832,288
Operating expenses:		
Depreciation	337,528	347,517
Interest, net	214,352	235,338
Selling, general and administrative	66,338	88,413
Provision for credit losses	930	5,258
Impairment of flight equipment	452,250	425,579
Maintenance and other costs	31,166	20,005
Total operating expenses	1,102,564	1,122,110
Other income (expense):		
Loss on extinguishment of debt	(14,156)	(2,640)
Merger expenses	—	(32,605)
Other	57,682	(191)
Total other income (expense):	43,526	(35,436)
Loss from continuing operations before income taxes	(289,251)	(325,258)
Income tax provision (benefit)	(7,998)	10,236
Earnings of unconsolidated equity method investment, net of tax	3,044	2,326
Net loss	$ (278,209)	$ (333,168)

Revenues:

Total revenues decreased $62.5 million for the year ended February 28, 2022 as compared to the year ended February 28, 2021.

Lease rental revenue decreased $16.2 million as a result of:

- a $26.7 million decrease related to the sale of eighteen aircraft since March 1, 2020;
- a $22.0 million decrease due to early lease terminations and the recognition of lease rental revenue for certain customers using a cash basis of accounting rather than an accrual method – see Note 1 in the Notes to the Consolidated Financial Statements regarding our lease revenue recognition policy; and
- a $14.6 million decrease due to lease extensions, amendments, transitions, and other changes.

These decreases were partially offset by the following:

- a $29.0 million increase in revenue related to 23 aircraft purchased since March 1, 2020; and

- an $18.1 million increase related to lease rentals received in advance that were recognized into revenue for our Russian lessees resulting from sanctions requiring the termination of leasing activities in Russia – see Note 2 in the Notes to the Consolidated Financial Statements.

Direct financing and sales-type lease revenue decreased $7.5 million as a result of:

- $4.0 million related to the reclassification of seven aircraft to operating leases; and
- $3.3 million related to the early lease terminations of eight aircraft and sales of six aircraft since March 1, 2020.

Amortization of lease premiums, discounts and incentives.

	Year Ended February 28,	
	2022	2021
	(Dollars in thousands)	
Amortization of lease premiums	$ (14,758)	$ (15,652)
Amortization of lease discounts	815	1,070
Amortization of lease incentives	(6,247)	(8,260)
Amortization of lease premiums, discounts and incentives	$ (20,190)	$ (22,842)

The amortization of lease incentives decreased $2.0 million for the year ended February 28, 2022 primarily attributable to a $5.7 million write-off of lease incentive liabilities for our Russian lessees resulting from sanctions requiring the termination of leasing activities in Russia – see Note 2 in the Notes to the Consolidated Financial Statements. This was partially offset by an increase of amortization due to the transition of aircraft to new lessees.

Maintenance revenue. For the year ended February 28, 2022, we recorded $152.0 million of maintenance revenue, partially comprised of $59.9 million related to the early lease terminations of seven narrow-body and two wide-body aircraft and $28.6 million related to the scheduled lease expirations of eight narrow-body aircraft. In addition, we recorded $61.6 million of maintenance revenue related to nine narrow-body and one wide-body aircraft with Russian lessees, resulting from sanctions requiring the termination of leasing activities in Russia. For the year ended February 28, 2021, we recorded $172.7 million of maintenance revenue, comprised primarily of $95.0 million related to the early lease terminations of seventeen narrow-body and one wide-body aircraft, as well as $57.3 million related to the scheduled lease expirations of ten narrow-body and one wide-body aircraft. In addition, we recorded $16.3 million of maintenance revenue related to three wide-body aircraft for which the customers are subject to judicial insolvency proceedings or similar protection.

Gain on sale of flight equipment decreased $7.5 million to $26.0 million for the year ended February 28, 2022 as compared to $33.5 million for the year ended February 28, 2021. During the year ended February 28, 2022, we sold fifteen aircraft as compared to the sale of twelve aircraft during the year ended February 28, 2021. Gain on sale for the year ended February 28, 2021, included the receipt of insurance proceeds for one aircraft that was disposed.

Other revenue was $6.0 million and $19.3 million for the years ended February 28, 2022 and 2021, respectively, which primarily comprised of lease termination fees and security deposits recognized into revenue related to early lease terminations.

Operating Expenses:

Total operating expenses increased $19.5 million for the year ended February 28, 2022 as compared to the year ended February 28, 2021:

Depreciation expense decreased $10.0 million primarily attributable to $23.1 million resulting from nineteen aircraft sold since March 1, 2020 and lower depreciation related to aircraft subject to aircraft impairments. This was partially offset by an increase of $13.2 million related to 21 aircraft purchased since March 1, 2020.

Interest, net consisted of the following:

	Year Ended February 28,	
	2022	2021
	(Dollars in thousands)	
Interest on borrowings and other liabilities	$ 200,220	$ 221,246
Amortization of deferred financing fees and debt discount	16,267	14,791
Interest expense	216,487	236,037
Less: Interest income	(1,209)	(523)
Less: Capitalized interest	(926)	(176)
Interest, net	$ 214,352	$ 235,338

Interest, net decreased $21.0 million due to lower weighted average debt outstanding by $383.2 million and a lower average cost of borrowing.

Selling, general and administrative expenses decreased $22.1 million primarily attributable to a decrease in share-based compensation expense of $28.0 million as a result of the completion of the Merger, partially offset by an increase in personnel costs.

Provision for credit losses decreased $4.3 million for the year ended February 28, 2022, as compared to the year ended February 28, 2021. The year ended February 28, 2021 included a higher provision for credit losses resulting from changes in estimates of lessee default probabilities and loss given default percentages for certain customers.

Impairment of aircraft. We recorded impairment charges of $452.3 million for the year ended February 28, 2022, of which $449.0 million were transactional impairments, primarily related to sixteen narrow-body, two wide-body and two freighter aircraft. The Company recognized $147.8 million of lease rentals received in advance, maintenance, and security deposits into revenue for these twenty aircraft during the year ended February 28, 2022. The impairment charges, in part, resulted from early lease terminations, scheduled lease expirations and lessee defaults. Of the total impairment charges, $341.3 million related to thirteen aircraft that were with Russian and Ukrainian lessees, resulting from the Russian invasion of Ukraine and related sanctions placed on Russia during the fourth quarter of 2021. The Company recognized $89.4 million of lease rentals received in advance, maintenance, security deposits and other revenue for these thirteen aircraft During the year ended February 28, 2021, we recorded impairment charges of $425.6 million, which primarily related to seventeen narrow-body and eight wide-body aircraft. The Company recognized $157.0 million of maintenance and security deposits into revenue related to these 25 aircraft during the year ended February 28, 2021. See "Aircraft Valuation" below for a detailed discussion of impairment charges related to certain aircraft.

Maintenance and other costs were $31.2 million for the year ended February 28, 2022, an increase of $11.2 million as compared to the year ended February 28, 2021. The increase is primarily attributable to aircraft that have transitioned or will transition to new lessees as a result of lease terminations or scheduled lease expirations.

***Other Income (Expense)*:**

Total other income (expense) increased by $79.0 million for the year ended February 28, 2022 as compared to the year ended February 28, 2021. During the year ended February 28, 2022, the Company recognized $55.2 million of proceeds from the sales of unsecured claims related to the LATAM Bankruptcy into Other income (expense). This was partially offset by a $14.2 million loss on extinguishment of debt related to the early redemption in full of $500.0 million outstanding aggregate principal amount of our 5.5% Senior Notes due 2022. The year ended February 28, 2021 included $32.6 million of legal and banking costs related to the Merger. Additionally, we recognized loss on extinguishment of debt of $2.6 million related to the early redemption in full of $500.0 million outstanding aggregate principal amount of our 5.125% Senior Notes due 2021 and early repayment of secured debt obligations for three wide-body aircraft.

***Income Tax Provision (Benefit)*:**

Our income tax benefit was $8.0 million for the year ended February 28, 2022 as compared to an income tax provision of $10.2 million for the year ended February 28, 2021. The decrease in our income tax provision of $18.2 million was primarily attributable to changes in the mix of pre-tax book loss in Bermuda, Ireland, and the United States. The year ended February 28, 2022 included certain net non-cash impairment charges of $158.4 million that were recorded in Ireland, resulting in a $19.8 million decrease in our tax provision. The year ended February 28, 2021 included discrete items related to stock compensation and the impact of the CARES Act.

Aircraft Valuation

Impairment of Flight Equipment

Excluding impairment charges resulting from the Russian invasion of Ukraine, during the year ended February 28, 2022, the Company recorded impairment charges totaling $110.9 million, of which $107.7 million were transactional impairments. These impairments primarily related to six narrow-body and one wide-body aircraft, and resulted from early lease terminations, a scheduled lease expiration, and a lessee default. The Company recognized $61.4 million of maintenance revenue for these seven aircraft.

During the year ended February 28, 2022, the Company recorded impairment charges totaling $341.3 million related to ten narrow-body, one wide-body, and two freighter aircraft that were leased to Russian and Ukrainian airlines. The Company recognized $89.4 million of lease rentals received in advance, maintenance, security deposits and other revenue for these thirteen aircraft. These impairment charges resulted from the Russian invasion of Ukraine and related sanctions placed on Russia during the fourth quarter of 2021, which required the termination of aircraft leasing activities in Russia, as well as our consideration of the likelihood of successfully repossessing our aircraft including the related technical records and documentation.

During the year ended February 28, 2021, the Company recorded impairment charges totaling $425.6 million, of which $378.2 million were transactional impairments, which primarily related to seventeen narrow-body and eight wide-body aircraft. The Company recognized $157.0 million of maintenance revenue and security deposits into revenue related to these 25 aircraft during the year ended February 28, 2021. The impairment charges were attributable to early lease terminations, scheduled lease expirations, lessee defaults and/or judicial insolvency proceedings, or as a result of our annual recoverability assessment.

Annual Recoverability Assessment

We performed our annual recoverability assessment of all our aircraft during the third quarter of 2021. No impairments were recorded as a result of our annual recoverability assessment.

Although we have completed our annual recoverability assessment, we will continue to closely monitor the impacts of COVID-19 and the Russian invasion of Ukraine on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will focus on our customers that have been significantly impacted by the above crises, entered judicial insolvency proceedings, and any additional customers that may become subject to similar-type proceedings, as well as aircraft with near-term lease expirations and certain aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

The recoverability assessment is a comparison of the carrying value of each aircraft to its undiscounted expected future cash flows. We develop the assumptions used in the recoverability assessment, including those relating to current and future demand for each aircraft type, based on management's experience in the aircraft leasing industry, as well as information received from third-party sources. Estimates of the undiscounted cash flows for each aircraft type are impacted by changes in contracted and future expected lease rates, residual values, expected scrap values, economic conditions and other factors.

If our estimates or assumptions change, including those related to our customers that have entered judicial insolvency proceedings, we may revise our cash flow assumptions and record future impairment charges. While we believe that the estimates and related assumptions used in the annual recoverability assessment, and subsequent assessments, are appropriate, actual results could differ from those estimates.

Comparison of the year ended February 28, 2021, to the year ended December 31, 2019:

We have omitted discussion of the above two periods covered by our consolidated financial statements presented in this Annual Report because that disclosure was already included in our Annual Report on Form 10-K for the fiscal year ended February 28, 2021, filed with the SEC on April 21, 2021. You are encouraged to reference Part II, Item 7, within that report, for a discussion of our financial condition and result of operations for the year ended February 28, 2021 to the year ended December 31, 2019.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Our estimates and assumptions are based on historical experiences and currently available information. Actual results may differ from such estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in the notes to our consolidated financial statements included elsewhere in this Annual Report. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results and require our most subjective judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

Lease Revenue Recognition

We lease flight equipment under net operating leases with lease terms typically ranging from three to seven years. We generally do not offer renewal terms or purchase options in our leases, although certain of our operating leases allow the lessee the option to extend the lease for an additional term. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals.

Our aircraft lease agreements generally provide for the periodic payment of a fixed amount of rent over the life of the lease, and the amount of the contracted rent will depend upon the type, age, specification and condition of the aircraft and market conditions at the time the lease is committed. The amount of rent we receive will depend on a number of factors, including the creditworthiness of our lessees and the occurrence of delinquencies, restructurings and defaults. Our lease rental revenues are also affected by the extent to which aircraft are off-lease and our ability to remarket aircraft that are nearing the end of their leases in order to minimize their off-lease time. Our success in re-leasing aircraft is affected by market conditions relating to our aircraft and by general industry conditions and trends. An increase in the percentage of off-lease aircraft or a reduction in lease rates upon remarketing would negatively impact our revenues.

In certain instances, we may provide lease concessions to customers, generally in the form of lease rental deferrals. While these deferral arrangements affect the timing of lease rental payments, the total amount of lease rental payments required over the lease term is generally the same as that which was required under the original lease agreement. We account for the deferrals as if no modifications to the lease agreements were made and record the deferred rentals as a receivable within Other assets.

Should we determine that the collectability of rental payments is no longer probable (including any deferral thereof), we will recognize lease rental revenue using a cash basis of accounting rather than an accrual method. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a current period adjustment to lease rental revenue.

Maintenance Payments and Maintenance Revenue

Under our leases, the lessee must pay operating expenses accrued or payable during the term of the lease, which would normally include maintenance, overhaul, fuel, crew, landing, airport and navigation charges; certain taxes, licenses, consents and approvals; aircraft registration; and insurance premiums. Typically, our aircraft are subject to net operating leases whereby the lessee pays lease rentals and is generally responsible for maintaining the aircraft and paying operational, maintenance and insurance costs, although in a majority of cases, we are obligated to pay a portion of specified maintenance or modification costs.

Under an operating lease, the lessee will be responsible for performing maintenance on the relevant aircraft and will typically be required to make payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and would be made either monthly in arrears or at or near the end of the lease term. For maintenance payments made monthly in arrears during a lease term, we will typically be required to reimburse all or a portion of these payments to the lessee upon completion of the relevant heavy maintenance, overhaul or parts replacement. We record maintenance payments paid by the lessee during a lease as accrued maintenance liabilities in recognition of our obligation in the lease to refund such payments, and therefore we typically do not recognize

maintenance revenue during the lease. Maintenance revenue recognition would occur at or near the end of a lease, when we are able to determine the amount, if any, by which reserve payments received exceed the amount we are required under the lease to reimburse to the lessee for heavy maintenance, overhaul or parts replacement. If a lease requires end of lease term maintenance payments, typically the lessee would be required to pay us for its utilization of the aircraft during the lease; however, in some cases, we may owe a net payment to the lessee in the event heavy maintenance is performed and paid for by the lessee during the lease term and the aircraft is returned to us in better condition than at lease inception. End of lease term maintenance payments made to us are recognized as maintenance revenue, and end of lease term maintenance payments we make to a lessee are recorded as contra maintenance revenue.

The amount of maintenance revenue or contra maintenance revenue we recognize in any reporting period is inherently volatile and is dependent upon a number of factors, including the timing of lease expiries, including scheduled and unscheduled expiries, the timing of maintenance events and the utilization of the aircraft by the lessee.

Lease Incentives and Amortization

Many of our leases contain provisions that may require us to pay a portion of the lessee's costs for heavy maintenance, overhaul or replacement of certain high-value components. We account for these expected payments as lease incentives, which are amortized as a reduction of revenue over the life of the lease. We estimate the amount of our portion for such costs, typically for the first major maintenance event for the airframe, engines, landing gear and auxiliary power units, expected to be paid to the lessee based on assumed utilization of the related aircraft by the lessee, the anticipated cost of the maintenance event and the estimated amounts the lessee is responsible to pay. The assumptions supporting these estimates are re-evaluated annually.

This estimated lease incentive is not recognized as a lease incentive liability at the inception of the lease. We recognize the lease incentive as a reduction of lease revenue on a straight-line basis over the life of the lease, with the offset being recorded as a lease incentive liability, which is included in maintenance payments on the balance sheet. The payment to the lessee for the lease incentive liability is first recorded against the lease incentive liability, and any excess above the lease incentive liability is recorded as a prepaid lease incentive asset, which is included in other assets on the balance sheet and continues to amortize over the remaining life of the lease.

Flight Equipment Held for Lease and Depreciation

Flight equipment held for lease is stated at cost and depreciated using the straight-line method, typically over a 25-year life from the date of manufacture for passenger aircraft and over a 30 to 35-year life for freighter aircraft, depending on whether the aircraft is a converted or purpose-built freighter, to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's estimated realized price for passenger aircraft when new and 5% to 10% for freighter aircraft when new. Management may make exceptions to this policy on a case-by-case basis when, in its judgment, the residual value calculated pursuant to this policy does not appear to reflect current expectations of value. Examples of situations where exceptions may arise include but are not limited to:

- flight equipment where estimates of the manufacturers' realized sales prices are not relevant (e.g., freighter conversions);
- flight equipment where estimates of the manufacturers' realized sales prices are not readily available; and
- flight equipment which may have a shorter useful life due to obsolescence.

In accounting for flight equipment held for lease, we make estimates about the expected useful lives, the fair value of attached leases, acquired maintenance assets or liabilities and the estimated residual values. In making these estimates, we rely upon actual industry experience with the same or similar aircraft types and our anticipated utilization of the aircraft. As part of our due diligence review of each aircraft we purchase, we prepare an estimate of the expected maintenance payments and any excess costs which may become payable by us, taking into consideration the then-current maintenance status of the aircraft and the relevant provisions of any existing lease.

For planned major maintenance activities for aircraft off-lease, the Company capitalizes the actual maintenance costs by applying the deferral method. Under the deferral method, we capitalize the actual cost of major maintenance events, which are depreciated on a straight-line basis over the period until the next maintenance event is required.

For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the fair value of the aircraft and lease. The fair value of the lease may include a maintenance premium and a lease premium or discount.

When we acquire an aircraft with a lease, determining the fair value of the attached lease requires us to make assumptions regarding the current fair values of leases for specific aircraft. We estimate a range of current lease rates of like aircraft in order to determine if the attached lease is within a fair value range. If a lease is below or above the range of current lease rates, we present value the estimated amount below or above fair value range over the remaining term of the lease. The resulting lease discount or premium is amortized into lease rental income over the remaining term of the lease.

Impairment of Flight Equipment

We perform an annual recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis. A recoverability assessment is also performed whenever events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, significant change in an aircraft type's storage levels, the introduction of newer technology aircraft or engines, an aircraft type is no longer in production or a significant airworthiness directive is issued. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted lease rental and maintenance payments, future projected lease rates and maintenance payments, transition costs, estimated down time, and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to fair value, resulting in an impairment charge. See Note 3 in the Notes to the Consolidated Financial Statements.

Management develops the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors such as the location of the aircraft and accessibility to records and technical documentation.

We continue to closely monitor the impact of COVID-19 and the Russian invasion of Ukraine on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We will focus on our customers that have been significantly impacted by the above crises, entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, aircraft with near-term lease expirations, and certain aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

Net Investment in Direct Financing and Sales-Type Leases

If a lease meets specific criteria at lease commencement or at the effective date of a lease modification, we recognize the lease as a direct financing or sales-type lease. The net investment in direct financing and sales-type leases consists of the lease receivable, estimated unguaranteed residual value of the leased flight equipment at lease-end and, for direct financing leases, deferred selling profit. For sales-type leases, we recognize the difference between the net book value of the aircraft and the net investment in the lease as a gain or loss on sale of fight equipment. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on our net investment in leases is recognized as Direct financing and sales-type lease revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

The net investment in leases is recorded in the consolidated financial statements net of an allowance for credit losses. The allowance for credit losses is recorded upon the initial recognition of the net investment in the lease based on the Company's estimate of expected credit losses over the lease term. The allowance reflects the Company's estimate of lessee default probabilities and loss given default percentages. When determining the credit loss allowance, we consider relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the net investment in the lease. The allowance also considers potential losses due to non-credit risk related to unguaranteed residual values. A provision for credit losses is recorded as a component of operating expenses in

our Consolidated Statements of Income (Loss) to adjust the allowance for changes to management's estimate of expected credit losses.

Fair Value Measurements

We measure the fair value of certain assets and liabilities on a non-recurring basis, when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include our aircraft and unconsolidated equity investments. We record aircraft at fair value when we determine the carrying value may not be recoverable. Fair value measurements for aircraft in impairment tests are based on the average of the market approach that uses Level 2 inputs, which include third party appraisal data and an income approach that uses Level 3 inputs, which include the Company's assumptions and appraisal data as to future cash proceeds from leasing and selling aircraft discounted using the Company's weighted average cost of capital.

We account for our investments in unconsolidated joint ventures under the equity method of accounting. Investments are reviewed for impairment whenever events or changes in circumstances indicate the fair value is less than its carrying value and the decline is other-than-temporary

Income Taxes

The Company records an income tax provision in accordance with the various tax laws for those jurisdictions within which our transactions occur. Aircastle uses an asset and liability based approach in accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount estimated by us to be realizable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. We did not have any unrecognized tax benefits.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Note 1 in the Notes to the Consolidated Financial Statements below.

RECENTLY PROPOSED ACCOUNTING PRONOUNCEMENTS

See Note 1 in the Notes to the Consolidated Financial Statements below.

LIQUIDITY AND CAPITAL RESOURCES

Our business is very capital intensive, requiring significant investments in order to expand our fleet and to maintain and improve our existing portfolio. Our operations have historically generated a significant amount of cash, primarily from lease rentals and maintenance collections. We have also met our liquidity and capital resource needs by utilizing several sources over time, including:

- various forms of borrowing secured by our aircraft, including bank term facilities, limited recourse securitization financings, and ECA-backed financings for new aircraft acquisitions;
- unsecured indebtedness, including our current unsecured revolving credit facilities, term loan and senior notes;
- asset sales; and
- sales of common and preference shares.

Going forward, we expect to continue to seek liquidity from these sources and other sources, subject to pricing and conditions we consider satisfactory.

During the year ended February 28, 2022, we met our liquidity and capital resource needs with $372.9 million of cash flow from operations, $210.7 million of cash from the sale of aircraft and other flight equipment, and $393.0 million in net proceeds from our preference share issuance.

As of February 28, 2022, the weighted average maturity of our secured and unsecured debt financings was 3.1 years and we are in compliance with all applicable covenants in our financings. We have also determined that as of February 28, 2022, our consolidated subsidiaries' restricted net assets, as defined by Rule 4-08(e)(3) of Regulation S-X, are less than 25% of our consolidated net assets.

Even as the airline industry begins to recover from the COVID-19 pandemic, airlines continue to seek support from their respective governments, raise debt and equity, delay or cancel new aircraft orders, furlough employees, request concessions from lessors, and in certain cases, seek judicial protection. While we continued to receive requests from our customers for lease concessions, such as deferral of lease payments or broader lease restructurings, the number of requests for such concessions during the year ended February 28, 2022 has declined compared to 2021. As of February 28, 2022, we had deferred rent receivables of $55.5 million with nine customers that are scheduled to be repaid, on average, within the next seven years – see Note 2 in the Notes to the Consolidated Financial Statements for additional information. If air traffic remains depressed over an extended period and if our customers are unable to obtain sufficient funds from private, government or other sources, we may need to provide further deferrals to certain customers to extend the deferrals we have previously granted. We may ultimately be unable to collect all the amounts we have deferred.

As of February 28, 2022, we hold $69.2 million in security deposits, $459.7 million in maintenance payments and $142.4 million in letters of credit from our lessees. Approximately $49.5 million of our letters of credit are with our Russian lessees, of which we have initiated draws for and received cash of $$25.4 million subsequent to February 28, 2022.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months and as of April 1, 2022, total liquidity of $2.1 billion includes $1.4 billion of undrawn credit facilities, $0.2 billion of unrestricted cash, $0.1 billion of contracted asset sales and $0.4 billion of projected adjusted operating cash flows through April 1, 2023. In addition, we believe payments received from lessees and other funds generated from operations, unsecured bond offerings, secured borrowings for aircraft, borrowings under our revolving credit facilities and other borrowings and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months. Our liquidity and capital resource needs include payments due under our aircraft purchase obligations, required principal and interest payments under our long-term debt facilities, expected capital expenditures, lessee maintenance payment reimbursements and lease incentive payments.

Cash Flows

	Year Ended February 28,	
	2022	2021
	(Dollars in thousands)	
Net cash flow provided by operating activities	$ 372,865	$ 175,022
Net cash flow (used in) provided by investing activities	(586,500)	21,472
Net cash flow (used in) provided by financing activities	(196,281)	212,667

Operating Activities:

The COVID-19 pandemic and related mitigation efforts has severely impacted the demand for air travel, which has negatively impacted our customers' financial performance. While we continued to receive requests from our customers for lease concessions, such as deferrals of lease payments or broader lease restructurings, the number of requests for such concessions during the year ended February 28, 2022 has declined compared to 2021. Our cash flow from operating activities for the year ended February 28, 2022 includes the repayment of certain lease deferrals granted during 2020 at the onset of the pandemic. Even as the airline industry begin to recover, we expect that our collections will remain under pressure due to the impact of COVID.

Cash flow provided by operating activities was $372.9 million for the year ended February 28, 2022 compared to $175.0 million for the year ended February 28, 2021. The increase of $197.8 million was primarily attributable to:

- a $110.6 million decrease in accounts receivable and other assets, primarily due to an increase in customer collections, including the repayment of existing lease deferrals and a reduction in the requests for new deferrals as compared to the year ended February 28, 2021;
- a $55.2 million increase in cash resulting from the sale of unsecured claims related to the LATAM Bankruptcy – see Note 2 in the Notes to the Consolidated Financial Statements;
- a $32.6 million increase in cash as the year ended February 28, 2021 included banking and legal costs resulting from the Merger; and
- a $30.2 million increase as the year ended February 28, 2021 included advance lease rentals recognized into revenue primarily due to lease terminations.

Investing Activities:

Cash flow used in investing activities was $586.5 million for the year ended February 28, 2022 as compared to cash flow provided by investing activities of $21.5 million for the year ended February 28, 2021. The net increase in cash flow used in investing activities of $608.0 million for the year ended February 28, 2022 was primarily a result of a $649.8 million increase in the acquisition and improvement of flight equipment.

These outflows were partially offset by a $30.4 million increase in proceeds from the sale of flight equipment and a $12.8 million decrease in aircraft purchase deposits and progress payments, net of deposits returned and aircraft sales deposits.

Financing Activities:

Cash flow used in financing activities was $196.3 million for the year ended February 28, 2022 as compared to cash flow provided by financing activities of $212.7 million for the year ended February 28, 2021. The net increase in cash flow used in financing activities of $408.9 million for the year ended February 28, 2022 was primarily attributable to an $862.2 million decrease in proceeds from secured and unsecured debt financings, net of repayments.

These outflows were partially offset by a $393.0 million increase in net proceeds from the issuance of preference shares, a $46.3 million decrease in maintenance and security deposits returned, net of deposits received, and an $18.4 million decrease in dividends paid on common shares as a result of the Merger.

Debt Obligations

For complete information on our debt obligations, please refer to Note 7. Secured and Unsecured Debt Financings in the Notes to Consolidated Financial Statements below.

Contractual Obligations

Our contractual obligations consist of principal and interest payments on debt financings, aircraft acquisitions and rent payments pursuant to our office leases. Total contractual obligations decreased to $6.0 billion at February 28, 2022 from $6.8 billion at February 28, 2021, primarily due to the redemption of all of the $500.0 million outstanding aggregate principal amount of our Senior Notes Due 2022.

The following table presents our actual contractual obligations and their payment due dates as of February 28, 2022.

	Payments Due by Period as of February 28, 2022				
Contractual Obligations	**Total**	**1 year or less**	**2-3 years**	**4-5 years**	**More than 5 years**
	(Dollars in thousands)				
Principal payments:					
Senior Notes due 2023-2028	$ 3,700,000	$ —	$ 1,650,000	$ 1,300,000	$ 750,000
DBJ Term Loan	155,000	—	155,000	—	—
Revolving Credit Facilities	20,000	—	20,000	—	—
ECA Financings	21,576	7,645	13,931	—	—
Bank Financings	666,258	73,966	514,626	77,666	—
Total principal payments	4,562,834	81,611	2,353,557	1,377,666	750,000
Interest payments on debt obligations[1]	582,080	185,190	273,778	101,737	21,375
Office leases[2]	11,323	1,767	3,435	3,560	2,561
Purchase obligations[3]	819,273	462,452	356,821	—	—
Total	$ 5,975,510	$ 731,020	$ 2,987,591	$ 1,482,963	$ 773,936

(1) Future interest payments on variable rate, LIBOR-based debt obligations are estimated using the interest rate in effect at February 28, 2022.

(2) Represents contractual payment obligations for our office leases in Stamford, Connecticut; Dublin, Ireland and Singapore.

(3) At February 28, 2022, we had signed purchase agreements to acquire 23 aircraft for $819.3 million. These amounts include estimates for pre-delivery deposits, contractual price escalation and other adjustments. As of April 25, 2022, we have commitments to acquire 23 aircraft for $842.3 million.

Capital Expenditures

From time to time, we make capital expenditures to maintain or improve our aircraft. These expenditures include the cost of major overhauls necessary to place an aircraft in service and modifications made at the request of lessees. For the years ended February 28, 2022 and 2021, and December 31, 2019, we incurred a total of $46.6 million, $26.6 million and $31.8 million, respectively, of capital expenditures (including lease incentives) related to the acquisition and improvement of aircraft.

As of February 28, 2022, the weighted average age (by Net Book Value) of our aircraft was 10.2 years. In general, the costs of operating an aircraft, including maintenance expenditures, increase with the age of the aircraft. Our lease agreements call for the lessee to be primarily responsible for maintaining the aircraft. We may incur additional maintenance and modification costs in the future in the event we are required to remarket an aircraft or a lessee fails to meet its maintenance obligations under the lease agreement. These maintenance reserves are paid by the lessee to provide for future maintenance events. Provided a lessee performs scheduled maintenance of the aircraft, we are required to reimburse the lessee for scheduled maintenance payments. In certain cases, we are also required to make lessor contributions, in excess of amounts a lessee may have paid, towards the costs of maintenance events performed by or on behalf of the lessee.

Actual maintenance payments to us by lessees in the future may be less than projected as a result of a number of factors, such as in the event of a lessee default. Maintenance reserves may not cover the entire amount of actual maintenance expenses incurred and, where these expenses are not otherwise covered by the lessees, there can be no assurance that our operational cash flow and maintenance reserves will be sufficient to fund maintenance requirements, particularly as our aircraft age. See Item 1A. "Risk Factors — Risks Related to Our Business — Risks related to our leases — *If lessees are unable to fund their maintenance obligations on our aircraft, we may incur increased costs at the conclusion of the applicable lease."*

Off-Balance Sheet Arrangements

We entered into a joint venture arrangement in order to help expand our base of new business opportunities. This joint venture does not qualify for consolidated accounting treatment. The assets and liabilities of this entity are not included in our consolidated balance sheets and we record our net investment under the equity method of accounting. See Note 6 in the Notes to the Consolidated Financial Statements below.

We hold a 25% equity interest in our joint venture with Mizuho Leasing and as of February 28, 2022, the net book value of its nine aircraft was $298.5 million.

Foreign Currency Risk and Foreign Operations

At February 28, 2022 all our leases are payable to us in U.S. dollars. However, we incur Euro- and Singapore dollar-denominated expenses in connection with our subsidiaries in Ireland and Singapore. For the year ended February 28, 2022, expenses, such as payroll and office costs, denominated in currencies other than the U.S. dollar aggregated $17.7 million in U.S. dollar equivalents and represented approximately 26.3% of total selling, general and administrative expenses. Our international operations are a significant component of our business strategy and permit us to more effectively source new aircraft, service the aircraft we own and maintain contact with our lessees. Therefore, it is likely that our international operations and our exposure to foreign currency risk will increase over time. Although we have not yet entered into foreign currency hedges because our exposure to date has not been significant, if our foreign currency exposure increases we may enter into hedging transactions in the future to mitigate this risk. For the years ended February 28, 2022 and 2021, and December 31, 2019, we incurred insignificant net gains and losses on foreign currency transactions.

Inflation

Inflation affects our lease rentals, asset values and costs, including operating expenses and maintenance and other costs. We do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

Management's Use of EBITDA and Adjusted EBITDA

We define EBITDA as income (loss) from continuing operations before income taxes, interest expense, and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-U.S. GAAP measure is helpful in identifying trends in our performance.

This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals, as well as achieving optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed.

EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results. Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the Board of Directors to review the consolidated financial performance of our business.

We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.

The table below shows the reconciliation of net income to EBITDA for the year ended February 28, 2022 and 2021, the two months ended February 29, 2020, and for the year ended December 31, 2019, respectively.

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
	(Dollars in thousands)			
Net income (loss)	$ (278,209)	$ (333,168)	$ 3,659	$ 156,575
Depreciation	337,528	347,517	59,853	356,021
Amortization of lease premiums, discounts and incentives	20,190	22,842	3,669	22,636
Interest, net	214,352	235,338	41,038	258,070
Income tax provision (benefit)	(7,998)	10,236	1,675	22,667
EBITDA	$ 285,863	$ 282,765	$ 109,894	$ 815,969
Adjustments:				
Impairment of flight equipment	452,250	425,579	62,657	7,404
Equity share of joint venture impairment	—	—	—	2,724
Loss on extinguishment of debt	14,156	2,640	3,955	7,577
Non-cash share-based payment expense	—	28,049	10,678	15,830
Merger related expenses[(1)]	—	35,165	321	7,886
Loss on mark-to-market of interest rate derivative contracts	—	19	96	4,771
Contract termination expense	—	172	—	—
Adjusted EBITDA	$ 752,269	$ 774,389	$ 187,601	$ 862,161

(1) Includes $32.6 million in Other income (expense) and $2.6 million in Selling, general and administrative expenses.

Limitations of EBITDA and Adjusted EBITDA

An investor or potential investor may find EBITDA and Adjusted EBITDA important measures in evaluating our performance, results of operations and financial position. We use these non-U.S. GAAP measures to supplement our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be viewed in isolation or as substitutes for U.S. GAAP measures of earnings (loss). Material limitations in making the adjustments to our earnings (loss) to calculate EBITDA and Adjusted EBITDA, and using these non-U.S. GAAP measures as compared to U.S. GAAP net income (loss), income (loss) from continuing operations and cash flows provided by or used in operations, include:

- depreciation and amortization, though not directly affecting our current cash position, represent the wear and tear and/or reduction in value of our aircraft, which affects the aircraft's availability for use and may be indicative of future needs for capital expenditures;
- the cash portion of income tax provision (benefit) generally represents charges (gains), which may significantly affect our financial results;
- elements of our interest rate derivative accounting may be used to evaluate the effectiveness of our hedging policy; and
- adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes which may not be comparable to similarly titled measures used by other companies.

EBITDA and Adjusted EBITDA are not alternatives to net income (loss), income (loss) from operations or cash flows provided by or used in operations as calculated and presented in accordance with U.S. GAAP. You should not rely on these non-U.S. GAAP measures as a substitute for any such U.S. GAAP financial measure. We strongly urge you to review the reconciliations to U.S. GAAP net income (loss), along with our consolidated financial statements included

elsewhere in this report. We also strongly urge you to not rely on any single financial measure to evaluate our business. In addition, because EBITDA and Adjusted EBITDA are not measures of financial performance under U.S. GAAP and are susceptible to varying calculations, EBITDA and Adjusted EBITDA as presented in this report, may differ from and may not be comparable to similarly titled measures used by other companies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. These risks are highly sensitive to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposures relate to our floating rate debt obligations. Rent payments under our aircraft lease agreements typically do not vary during the term of the lease according to changes in interest rates. However, our borrowing agreements generally require payments based on a variable interest rate index, such as LIBOR. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our securities. If LIBOR is no longer available or in certain other circumstances as described in the borrowing agreements, the applicable borrowing agreements provide a mechanism for determining an alternative rate of interest. There is no assurance that any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, LIBOR.

Sensitivity Analysis

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments and, in particular, does not address the mark-to-market impact on our interest rate derivatives. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

As of February 28, 2022, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/decrease of $3.3 million and $0.7 million, respectively, net of amounts received from our interest rate derivatives, over the next twelve months.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and notes thereto, referred to in Item 15(A)(1) of this Annual Report, are filed as part of this Annual Report and appear in this Annual Report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure. An evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures as of February 28, 2022. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of February 28, 2022.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of February 28, 2022. The assessment was based on criteria established in the Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of February 28, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended February 28, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to Item 401(b) of Regulation S-K, the requisite information pertaining to our executive officers is reported immediately following Item 4 of Part I of this Annual Report. The identification of our Audit Committee and our Audit Committee financial experts is posted on our website at www.aircastle.com under "ABOUT - COMMITTEE COMPOSITION" . Information regarding our Code of Business Ethics and Conduct, any material amendments thereto and any related waivers is posted on our website at www.aircastle.com under "CORPORATE GOVERNANCE - GOVERNANCE DOCUMENTS".

Information about our Directors. The members of the board of directors of the Company (the "Board") are Douglas A. Hacker, Michael J. Inglese, Taro Kawabe, Takashi Kurihara, Charles W. Pollard, Takayuki Sakakida and Noriyuki Yukawa.

Name	Age
Douglas A. Hacker	66
Michael J. Inglese	61
Taro Kawabe	54
Takashi Kurihara	61
Charles W. Pollard	64
Takayuki Sakakida	50
Noriyuki Yukawa	63

Douglas A. Hacker was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from August 2, 2006 to the consummation of the Merger. Mr. Hacker is currently an independent business executive and formerly served as Executive Vice President, Strategy for UAL Corporation, an airline holding company, and has served in such position from December 2002 to May 2006. Prior to that, Mr. Hacker served with UAL Corporation as President, UAL Loyalty Services from September 2001 to December 2002, and as Executive Vice President and Chief Financial Officer from July 1999 to September 2001. Mr. Hacker served as a director of Travelport from 2016 until May 2019. Mr. Hacker serves as the Co-Chair of a series of open-end investment companies that are part of the Columbia family of mutual funds and as an independent director and Chair of the Board of Directors of SpartanNash Company.

Michael J. Inglese was appointed a member of our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from June 2017 to the consummation of the Merger. He became our Chief Executive Officer in June 2017, having served as Aircastle's Acting Chief Executive Officer from January 2017. He was previously our Chief Financial Officer from April 2007 to January 2017. Prior to joining the Company, Mr. Inglese served as Chief Financial Officer of PanAmSat Holding Corporation from June 2000 until the closing of PanAmSat's sale to Intelsat in July 2006. Mr. Inglese joined PanAmSat in May 1998 as Vice President, Finance after serving as Chief Financial Officer for DIRECTV Japan, Inc. He is a Chartered Financial Analyst who holds a BS in Mechanical Engineering from Rutgers University College of Engineering and his MBA from Rutgers Graduate School of Business Management.

Taro Kawabe was appointed to our Board on March 27, 2020 following the consummation of the Merger. Mr. Kawabe is currently an Executive Officer, Chief Operating Officer of the Finance and Leasing Business Division of Marubeni. Previously, he was Senior Operating Officer of the Finance and Leasing Business Division of Marubeni from April 2019 to March 2020. Prior to that, Mr. Kawabe was the General Manager of the Leasing Business Department of Marubeni from April 2016 to March 2019. Mr. Kawabe joined Marubeni in April 1990. Mr. Kawabe received his degree from Waseda University in 1990.

Takashi Kurihara was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from May 2019 to the consummation of the Merger, and was nominated by Marubeni. Mr. Kurihara is the Advisor to the President of Marubeni America Corporation. From January 2017 to March 2019, Mr. Kurihara was a director of the Agricultural Solutions Business Division of Bridgestone. Prior to that,

Mr. Kurihara was Deputy General Manager, Regional Coordination and Administration Department at Marubeni from April 2016 to September 2016. From July 2013, he was Vice President and a Board member of Gavilon Agriculture Investment until April 2015, when Mr. Kurihara became Executive Vice President and a Board member of Gavilon Agriculture Investment. Mr. Kurihara received his MBA at Columbia Business School in New York and his bachelor's degree of political science at Keio University in Tokyo. Mr. Kurihara has over 30 years of experience at Marubeni including the structured finance for Energy & Chemical plant projects in various countries, the management of the investment decision making process by conducting the analysis and the recommendation to its CEO, various M&A activities including Gavilon and its post-merger integration, and brings to the Board extensive experience in operations, strategic planning and financial matters.

Charles W. Pollard was appointed to our Board on March 27, 2020 following the consummation of the Merger and served on the prior Board of Aircastle Limited from July 6, 2010 to the consummation of the Merger. Mr. Pollard joined Omni Air International, Inc., a passenger charter carrier, in 1997, where he served variously as Managing Director, President and CEO, and Vice Chairman until 2009. Previously, he spent ten years in senior management positions, including President and CEO, at World Airways, Inc. Prior to joining World Airways, Inc., he practiced corporate law at Skadden, Arps, Slate, Meagher & Flom. He currently serves on the board of directors of Allegiant Travel Company.

Takayuki Sakakida was appointed to our Board on March 27, 2020 upon the consummation of the Merger and served on the prior Board of Aircastle Limited from June 9, 2017 to the consummation of the Merger, and was nominated by Marubeni. In December 2020, Mr. Sakakida was appointed as Senior Advisor to the CEO of the Company. In April 2019, Mr. Sakakida was appointed as General Manager, Finance & Leasing Business Dept. – II, Marubeni. In April 2017, Mr. Sakakida was appointed as Vice President and General Manager, Aerospace and Ship Unit, Marubeni America Corporation, which is a subsidiary of Marubeni, a general trading company, engaged as an intermediary, importer/ exporter, facilitator or broker in various types of trade between and among business enterprises and countries. In April 2016, Mr. Sakakida was appointed as Assistant General Manager, Aerospace and Defense Systems Department, Marubeni. From April 2015 to April 2016, he served as General Manager, Business Administration Section, Aerospace and Defense Systems Department of Marubeni. From April 2011 to 2015, he seconded to MD Aviation Capital Pte Ltd (Singapore) as Managing Director. Mr. Sakakida has over seventeen years of experience in the aviation industry and brings to the Board extensive experience in operations, strategic planning and financial matters relevant to the aviation industry. He maintains high-level contacts with major manufacturers in the aviation industry as well as Asian airlines which may in the future be customers of the Company.

Noriyuki Yukawa was appointed to our Board on March 27, 2020 following the consummation of the Merger. Mr. Yukawa is currently an Advisor at Mizuho Leasing, and from April 2013 until March 2020, he also held the title of Managing Executive Officer. From April 2017 to March 2020, he led the Aviation, Finance and Real Estate Departments, and from April 2013 to March 2017 he was in charge of Real Estate. Prior to joining Mizuho Leasing in April 2009, Mr. Yukawa had a 28-year career at Mizuho Bank. His roles included General Manager of the M&A Advisory Division, Joint General Manager of the M&A Finance Division, and Deputy General Manager of the Real Estate Finance Division, as well as an Executive Assistant for the Chairman of the Board. Mr. Yukawa received a Master of Comparative Laws from the University of Illinois, College of Law and a Bachelor of Law from the University of Tokyo. Mr. Yukawa is also a member of the Board of Directors of PLM Fleet LLC.

Information about our Executive Officers. The names of the executive officers of the Company and their ages, titles and biographies may be found in: Information about our Executive Officers.

Code of Business Conduct and Ethics. To help ensure that the Company abides by applicable corporate governance standards, our Board has adopted a Code of Business Conduct and Ethics and a Code of Ethics for Chief Executive and Senior Financial Officers, which are posted on our website at http://www.aircastle.com under "Investors—Governance Documents" and which are available in print to any shareholder of the Company upon request.

Audit Committee of the Board of Directors. Takashi Kurihara (Chairman), Noriyuki Yukawa and Douglas A. Hacker were designated as members of the Audit Committee.

In addition, our Board has determined that Mr. Hacker is qualified as an audit committee financial expert, under the SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our 2021 fiscal year began on March 1, 2021 and ended on February 28, 2022. All references herein to a year shall mean our fiscal year unless otherwise noted.

This Compensation Discussion and Analysis describes and analyzes our executive compensation philosophy and programs. This Compensation Discussion and Analysis focuses on the compensation paid for our 2021 fiscal year to our current Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers, together referred to as our named executive officers ("NEOs"). For 2021, our NEOs were:

Named Executive Officer	Title
Michael J. Inglese	Chief Executive Officer
Aaron A. Dahlke	Chief Financial Officer
Douglas C. Winter	Chief Commercial Officer
Christopher L. Beers	Chief Legal Officer & Secretary
Roy Chandran	Chief Strategy Officer

Pay for Performance Philosophy

We believe executive compensation should be tied to Company performance weighted in favor of long-term performance, and our compensation program for 2021 rewarded executives and employees in two areas:

- Annual Corporate Performance: Achievement of internal corporate financial metrics focused on: (i) profit before tax; (ii) cash flow; (iii) growth through new investments; and (iv) discrete objectives (as described below); and
- Individual Performance: Achievement of individual performance goals set at the beginning of each year.

For 2021, we made an annual incentive compensation award in the form of a cash bonus, the payment of which was based on a mix of corporate performance and individual performance. For more highly compensated employees, including our NEOs, achievement of corporate financial metrics carried a greater weighting relative to individual performance, as illustrated in the table below:

Position	Corporate Performance	Individual Performance
CEO	85%	15%
Other NEOs	80%	20%

2021 Corporate Financial Metrics. We based corporate performance targets on the Company's business plan and established a performance range for each metric. Results below the low end of each range would yield a minimum contribution of 50% to the Company's incentive compensation pool for that metric. Conversely, performance above target would result in an enhanced contribution to the Company's incentive compensation pool, up to a 150% contribution at the upper end of the performance range for each metric. For 2021, we established the following targets, performance ranges and relative weightings for the corporate financial metrics:

Metric	2021 Target (in millions)	Performance Range	Weighted Score
Profit before tax[(1)]	$ 23.0	50%-150%	20%
Cash flow[(2)]	$ 361.0	50%-150%	40%
Net investments[(3)]	$ 800.0	50%-150%	20%
Discrete objectives [(4)]	—	50%-150%	20%

(1) Profit before tax is Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investments, plus earnings of unconsolidated equity method investments.

(2) Cash flow for a period is Cash Flow from Operations plus distributions from our joint venture investment, if any.

(3) New investments measures the total annual amount invested in aviation assets.

(4) Our discrete objectives are a qualitative rating based on our performance in maintaining our investment grade ratings, managing our assets and effectiveness on placements given the market environment.

Individual Performance Goals and Compensation. We set individual performance goals for every employee at the beginning of each year and measure each employee's performance against those goals at the end of the year to determine incentive compensation levels. For 2021, we determined incentive pay for each employee by applying the weighted corporate and individual performance metrics. We set individual bonus targets based on an employee's function, role and seniority within the organization, among other factors. For 2021, our annual incentive compensation awards were paid out to our executive officers in the form of cash. For additional retention purposes, we introduced a new long term incentive award program in 2021 – see below for further discussion regarding our new long term incentive program.

Compensation Overview

For 2021, there were three primary elements of total direct compensation: base salary, annual cash bonus, and annual long term incentive award.

Base Salary. Base salaries provide fixed compensation and allow us to attract and retain talented management. We set base salaries for our named executive officers and review them periodically by taking into account the current market environment and the responsibilities, experience, value to the Company and demonstrated performance of our NEOs.

Annual Incentive Compensation. We make an incentive compensation award in the form of a cash bonus based on the Company's performance against corporate financial metrics and performance against individual performance goals.

Long-Term Incentive Plan. In 2021, we introduced a new long term incentive ("LTI") award program, in the form of cash awards, for our executive officers and certain other senior professionals. The LTI awards are intended to enhance management retention by rewarding participants for exceptional performance over a three-year performance period using the internal rate of return with respect to the common shareholders' equity book equity "Book Equity IRR") Internal Rate of Return ("IRR") as the measure of long-term performance. Each fiscal year within the three-year performance period constitutes a performance year. Our LTI awards are granted with a target award amount, whereby one-third of the target award relates to each performance year. The annual award earned in respect of a given performance year is adjusted based on the Book Equity IRR achieved, which is calculated as the internal rate of return based on the change in our common shareholders' equity. The Book Equity IRR for each performance year is evaluated against a performance range in order to determine the target annual award earned. The LTI awards yield a minimum payout of 50% and a maximum payout of 150% of the target annual award.

The LTI awards for our non-executive officers vest ratably over the three-year performance period subject to continued employment through each annual vesting date. For maximum retention, our executive officers' LTI awards cliff vest at the end of the three-year performance period subject to continued employment through such date.

Our LTI awards granted in May 2021 have the following performance range with results between the minimum and target and the maximum and target being interpolated on a linear basis.

Annual Performance Range for 2021 LTI Awards

Book Equity (IRR)	% of Target Annual Award Earned
Equal to or greater than 6%	150%
Greater than 2.5% and less than 6%	Interpolated
Equal to 0.5% through 2.5%	100%
Greater than -3.0% and less than 0.5%	Interpolated
Less than or equal to -3.0%	50%

Actual Performance for 2021. The Russian invasion of Ukraine and resulting sanctions greatly impacted the global aviation industry and the Company's financial performance. We recorded net non-cash impairment changes of $252 million. As a result of the impairment charges, the Book Equity IRR for 2021 was below the minimum target. Therefore, the portion of those 2021 LTI awards related to the 2021 performance year were earned and accrued at 50%. For our executive officers, these awards will vest on February 29, 2024.

Other Compensation. We also offered our NEOs severance payments and accelerated vesting of restricted cash awards and LTI awards in certain circumstances, as described in greater detail below in the section entitled "Potential Payments upon Termination or Change in Control." Severance and change in control benefits provide transitional assistance for separated employees and are essential to recruiting and retaining talented executives in a competitive

market. In addition, our NEOs are also eligible to participate in our employee benefit plans, including medical, dental, life insurance and 401(k) plans. These plans are available to all employees and do not discriminate in favor of our NEOs.

Recoupment Policy. In January 2016, we adopted a clawback policy covering certain incentive compensation awarded to our executive officers. The policy requires reimbursement of incentive payments awarded to an executive officer based upon financial results that were subsequently the subject of a restatement due to the Company's material noncompliance with financial reporting requirements. The amount of reimbursement would be to the extent that a lower payment would have been awarded to the executive based on the restated financial results. The policy applies to all incentive compensation awarded or paid to an executive officer in the three years prior to the restatement, even if the executive officer did not engage in conduct which contributed to the restatement. In addition, we may seek to recover any portion of incentive compensation when we determine that an executive officer engaged in a certain misconduct, namely involving: (i) material acts of fraud or dishonesty in connection with employment by the Company; (ii) willfully not complying with material policies or procedures of the Company; or (iii) the commission of a felony or a crime involving material dishonesty.

Retirement. For our executive officers, we have designed a qualifying retirement feature that will allow the LTI awards to continue to vest following retirement, subject to satisfaction of the Book Equity IRR performance objectives. For purposes of the LTI awards, a qualifying retirement means: (a) a retirement date no earlier than March 27, 2024; (b) the executive provides at least twelve months' notice; (c) the executive is at least 55 years old on the date of retirement and (d) such individual is not an executive officer (or serving in any other senior commercial role) with certain competitors prior to the vesting date.

Summary. The primary goals of our compensation programs are to attract, motivate and retain the most talented and dedicated employees and to align incentive compensation.

What We Don't Pay or Provide

- Individual contractual rights to change in control benefits based on a single trigger;
- Deferred compensation plans;
- Company cars or aircraft;
- Individual contractual rights to income tax gross-ups; and
- Special or enhanced pension or retirement programs.

2021 Compensation

Performance versus Corporate Financial Metrics. For 2021, the Company's performance against its corporate financial metrics resulted in an incentive compensation pool equal to 95% of the total target, as shown in the table below. Certain financial metrics, such as profit before tax, were impacted by the continuing effects of the COVID-19 pandemic on the commercial aviation industry, as well as the Russian invasion of Ukraine in late fiscal year 2021.

Metric	2021 Target (in millions)	Weighting	2021 Performance (in millions)	Performance Range	Performance	Weighted Score
Profit before tax	$ 23.0	20%	$ 286.2	50% - 150%	50 %	10 %
Cash flow[(1)]	$ 361.0	40%	$ 372.9	50% - 150%	111 %	44 %
New investments (in millions)	$ 800.0	20%	$ 763.3	50% - 150%	95 %	19 %
Discrete objectives	—	20%	—	50% - 150%	110 %	22 %
Total						95 %

The Compensation Committee took the following actions related to fiscal year 2021 annual incentive compensation for our NEOs, which was determined solely based on corporate and individual performance levels.

Named Executive Officer	2021 Incentive Compensation
Michael J. Inglese	$729,375 cash
Aaron A. Dahlke	$465,500 cash
Douglas C. Winter	$563,500 cash
Christopher L. Beers	$563,500 cash
Roy Chandran	$465,500 cash

How We Make Decisions

Risk. The Compensation Committee reviews the risks and rewards associated with the Company's compensation programs. We believe that our compensation programs encourage prudent business judgment and appropriate risk-taking, with the overall goal of building sustainable and profitable growth.

We believe none of our compensation programs create risks that are reasonably likely to have a material adverse impact on the Company. Base salary is a fixed amount that does not encourage risk taking, and our annual incentive compensation program and LTI award program are both limited to a maximum payout of 150% of target.

Role of Executive Officers. For 2021, the Committee set the corporate financial metrics at the beginning of the year based on the annual business plan endorsed by the Board. We set performance goals for the Chief Executive Officer, who in turn established individual performance goals for the other NEOs. Regularly during the year, the senior management team presented to us the Company's actual performance against the corporate performance metrics. We shared these discussions with the full Board on a regular basis.

Tax Implications of Our Compensation

The Tax Cuts and Jobs Act, enacted on December 22, 2017, substantially modified Section 162(m) of the Internal Revenue Code and, among other things, eliminated the performance-based exception to the $1.0 million deduction limit effective as of January 1, 2018. As a result, beginning in 2018, compensation paid to certain executive officers in excess of $1.0 million will generally be nondeductible, whether or not it is performance-based. In addition, beginning in 2018, the executive officers subject to Section 162(m) (the "Covered Employees") will include any individual who served as the CEO or Chief Financial Officer ("CFO") at any time during the taxable year and the three other most highly compensated officers (other than the CEO and CFO) for the taxable year, and once an individual becomes a Covered Employee for any taxable year beginning after December 31, 2016, that individual will remain a Covered Employee for all future years.

Effective as of the closing of the Merger, Section 162(m) no longer applied to the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board is currently comprised of three Directors and operates pursuant to a written charter, which is available at http://www.aircastle.com under "Investors—Governance Documents."

The Compensation Committee is primarily responsible for reviewing, approving and overseeing the Company's compensation plans and practices and works with management to establish the Company's executive compensation philosophy and programs.

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and based on that review and discussion, has recommended to the Board that it be included in this Form 10-K.

Respectfully submitted,
The Compensation Committee

Charles W. Pollard, Chair
Takashi Kurihara
Michael J. Inglese

Summary Compensation Table for 2021

The table below sets forth information regarding fiscal years 2021 and 2020, the Transition Period ("2020 (2mo)") and 2019 compensation for each of our NEOs.

			Awards[1]				
Name and Principal Position	Fiscal Year	Salary	Bonus	Annual Equity Award[3]	Long Term Equity Incentive Plan[3][6]	All Other Compensation[4]	Total
Michael J. Inglese	2021 (FY)	$ 750,000	$ 678,060	$ —	$ —	$ 13,340	$ 1,441,400
Chief Executive Officer	2020 (FY)	675,000	1,076,868	—	—	12,840	1,764,708
	2020 (2mo)	112,500	469,123	—	—	2,140	583,763
	2019	675,000	717,930	1,522,966	7,717,531	126,114	10,759,541
Aaron A. Dahlke	2021 (FY)	$ 475,000	$ 300,240	$ —	$ —	$ 13,340	$ 788,580
Chief Financial Officer	2020 (FY)	400,000	344,331	—	—	12,840	757,171
	2020 (2mo)	66,667	181,349	—	—	2,140	250,156
	2019	400,000	425,440	449,194	1,860,818	42,543	3,177,995
Douglas C. Winter	2021 (FY)	$ 575,000	$ 375,300	$ —	$ —	$ 13,508	$ 963,808
Chief Commercial Officer	2020 (FY)	500,000	506,803	—	—	21,527	1,028,330
	2020 (2mo)	83,333	233,631	—	—	2,094	319,058
	2019	337,180	531,800	696,850	1,090,700	44,767	2,701,297
Christopher L. Beers	2021 (FY)	$ 575,000	$ 375,300	$ —	$ —	$ 13,987	$ 964,287
Chief Legal Officer &	2020 (FY)	500,000	506,803	—	—	13,250	1,020,053
Secretary	2020 (2mo)	83,333	233,631	—	—	2,208	319,172
	2019	500,000	531,800	567,047	3,155,948	65,010	4,819,805
Roy Chandran[5]	2021 (FY)	$ 475,000	$ 300,240	$ —	$ —	$ 13,440	$ 788,680
Chief Strategy Officer	2020 (FY)	400,000	344,331	—	—	12,840	757,171
	2020 (2mo)	66,667	181,349	—	—	2,140	250,156
	2019	400,000	425,440	454,826	1,880,591	43,279	3,204,136

(1) The amounts reported in the Annual Equity Award column for 2019 reflect, in part, the aggregate fair value on the grant date of the restricted share awards granted to our NEOs determined in accordance with FASB ASC Topic 718. The amounts reported in the Long-Term Equity Incentive Plan column for 2019 reflect, in part, the aggregate fair value on the grant date of the adjusted return on equity ("AROE") performance share units ("PSUs") and the total stockholder return ("TSR") PSUs granted to our NEOs determined in accordance with FASB ASC Topic 718 based on the probable achievement of the applicable AROE and TSR performance conditions as of the grant date. The aggregate fair value on the grant date that would have been included for the AROE PSUs and TSR PSUs, assuming that the highest level of the performance conditions would be achieved, is as follows: Mr. Inglese $2,475,000; Mr. Winter $1,000,000; Mr. Dahlke $600,000; Mr. Beers $1,000,000; and Mr. Chandran $600,000. For a summary of the assumptions made in the valuation of these awards, please see Note 8 in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. Pursuant to SEC guidance, the amounts included in both columns also include the incremental fair value of certain restricted share awards and PSUs that were materially modified in December 2019 as a result of their accelerated vesting in connection with the 280G mitigation actions taken in connection with the Merger.

(2) Bonus compensation consists of: (i) cash bonuses; (ii) cash-based long-term incentive compensation awarded in 2020 with a one-year vesting period; and (iii) the portion of 2019 bonus restricted cash awards vested in 2020 and 2021.

(3) Please refer to the Company's Form 10K/A for the year ended December 31, 2019 (filed April 22, 2020) for a description of the Annual Equity Awards and Long Term Equity Incentive Plan awards for 2019. No Annual Equity Awards or Long Term Equity Incentive Plan awards were granted after 2019. See *Compensation Overview-Long Term Incentive Plan* above for information regarding our new cash-based LTI awards granted for the first time in 2021. Pursuant to SEC rules, amounts paid out to our NEOs with respect to our cash-based LTI awards will be reported in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for the year earned, not the year granted

(4) The amounts reported in this column consist of Company contributions made to each named executive officer's 401(k) plan account and certain insurance premiums paid by the Company, in addition to $8,960 paid to Douglas C. Winter as a dividend payment on unvested restricted common shares.

(5) In March 2020, Mr. Chandran was promoted to Chief Strategy Officer.

(6) 2021 LTI awards granted to our NEOs, which vest on February 29, 2024, and in accordance with SEC rules are not reported in the Summary Compensation Table for 2021 as part of our 2021 compensation, were provided in the following target award amounts: Mr. Inglese $2,500,000; Mr. Dahlke $600,000; Mr. Winter $1,000,000; Mr. Beers $1,000,000; and Mr. Chandran $600,000.

Grants of Plan-Based Awards for 2021

		Estimated Possible Payouts under Non-Equity Incentive Plan Awards(1)		
Name	Grant Date	Minimum ($)	Target ($)	Maximum ($)
Michael J. Inglese	May 20, 2021	$ 1,250,000	$ 2,500,000	$ 3,750,000
Aaron A. Dahlke	May 20, 2021	300,000	600,000	900,000
Douglas C. Winter	May 20, 2021	500,000	1,000,000	1,500,000
Christopher L. Beers	May 20, 2021	500,000	1,000,000	1,500,000
Roy Chandran	May 20, 2021	300,000	600,000	900,000

1. Represents our new cash-based LTI awards granted to our NEOs in May 2021 which vest on February 29, 2024. The LTI awards yield a minimum payout of 50% and a maximum payout of 150% of the target annual award. See Compensation Overview – Long Term Incentive Plan above for information regarding our new cash-based LTI awards granted for the first time in 2021. Pursuant to SEC rules, amounts paid out to our NEOs with respect to our cash-based LTI awards will be reported in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for the year earned, not the year granted.

Employment Agreements with NEOs

Through our subsidiary, Aircastle Advisor LLC, we have entered into an employment agreement (as amended) with each of our NEOs. These employment agreements generally provide for payment of an annual base salary and the executives' eligibility to receive an annual cash bonus with indicated target annual cash bonus and LTI award levels.

Each employment agreement provides that the NEO is employed "at-will" and may be terminated at any time and for whatever reason by either us or him. A summary of the payments and benefits to be provided to the NEOs upon a termination of employment, along with a description of the restrictive covenants applicable to each NEO, is set forth below in the section entitled "Potential Payments upon Termination or Change in Control."

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table and summary set forth potential amounts payable to our NEOs upon termination of employment or a change in control, as described below. The table below reflects amounts payable to our NEOs assuming termination of employment on February 28, 2022:

Name and Principal Position	Voluntary resignation by executive	Termination by us for cause	Termination by us without cause	Termination by us without cause or by executive for good reason following change in control[1]	Termination by executive for good reason	Normal retirement	Death or Disability
Michael J. Inglese							
Cash Severance	$ —	$ —	$ 1,500,000	$ 3,000,000	$ 1,500,000	$ —	$ —
Pro-rata Bonus (assumes February 27 termination)	—	—	750,000	750,000	750,000	—	750,000
COBRA Reimbursement	—	—	60,181	60,181	60,151	—	60,181
Vacation	80,769	80,769	80,769	80,769	80,769	80,769	80,769
Remainder of Restricted Cash and LTI Awards[1]	—	—	2,457,643	2,457,643	2,457,643	—	2,457,643
Aaron A. Dahlke							
Cash Severance	$ —	$ —	$ 950,000	$ 1,900,000	$ 950,000	$ —	$ —
Pro-rata Bonus (assumes February 27 termination)	—	—	475,000	475,000	475,000	—	475,000
COBRA Reimbursement	—	—	60,181	60,181	60,181	—	60,181
Vacation	51,154	51,154	51,154	51,154	51,154	51,154	51,154
Remainder of Restricted Cash and LTI Awards[1]	—	—	634,907	634,907	634,907	—	634,907
Douglas C. Winter							
Cash Severance	$ —	$ —	$ 1,150,000	$ 2,300,000	$ 1,150,000	$ —	$ —
Pro-rata Bonus (assumes February 27 termination)	—	—	575,000	575,000	575,000	—	575,000
COBRA Reimbursement	—	—	46,545	46,545	46,545	—	46,545
Vacation	61,923	61,923	61,923	61,923	61,923	61,923	61,923
Remainder of Restricted Cash and LTI Awards[1]	—	—	1,001,967	1,001,967	1,001,967	—	1,001,967
Christopher L. Beers							
Cash Severance	$ —	$ —	$ 1,150,000	$ 2,300,000	$ 1,150,000	$ —	$ —
Pro-rata Bonus (assumes February 27 termination)	—	—	575,000	575,000	575,000	—	575,000
COBRA Reimbursement	—	—	60,181	60,181	60,181	—	60,181
Vacation	61,923	61,923	61,923	61,923	61,923	61,923	61,923
Remainder of Restricted Cash and LTI Awards[1]	—	—	1,001,967	1,001,967	1,001,967	—	1,001,967
Roy Chandran							
Cash Severance	$ —	$ —	$ 950,000	$ 1,900,000	$ 950,000	$ —	$ —
Pro-rata Bonus (assumes February 27 termination)	—	—	475,000	475,000	475,000	—	475,000
COBRA Reimbursement	—	—	60,181	60,181	60,181	—	60,181
Vacation	51,154	51,154	51,154	51,154	51,154	51,154	51,154
Remainder of Restricted Cash and LTI Awards[1]	—	—	634,907	634,907	634,907	—	634,907

(1) Includes the portion of 2019 bonus restricted cash awards vesting on February 28, 2022, the portion of 2020 bonus restricted cash awards vesting on March 1, 2023 and 2024, and the 2021 LTI awards vesting on February 29, 2024.

As described above in the section entitled "Employment Agreements with NEOs," we, through our subsidiary, Aircastle Advisor LLC, have entered into employment agreements (as amended) with our named executive officers which set forth certain terms and conditions of their employment relating to termination and termination payments.

Under the employment agreements for our named executive officers:

- if the employment of such named executive officer is terminated without "cause" or with "good reason" (as defined in such employment agreement), and if he signs a general release of claims and complies with the covenants described below, then he will be entitled to receive: (i) an amount equal to the sum of the base salary and target annual cash bonus for the year of termination, payable over a one-year period (two times such amount and payable in a lump sum if the termination occurs within 120 days prior to or within two years following a "change in control" as defined in such employment agreement); (ii) a pro-rata annual bonus for the year of termination; (iii) reimbursement of COBRA premiums for up to twelve months; (iv) accelerated vesting of any remaining LTI awards, payable within 60 days following the performance period or, if the NEO's employment is terminated following a change in control event, within 60 days following the date of termination;
- if any amounts to be paid to such named executive officer would constitute "excess parachute payments" subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, the amount will be reduced to the extent necessary to avoid the excise tax, but only if such reduction results in a higher after-tax payment to him; and
- such named executive officer covenants not to compete with Aircastle for six months following termination of his employment for any reason and will not solicit the employees of Aircastle or the clients or customers of Aircastle for competing business, in each case, for a period of twelve months following termination.

Each of the employment agreements were amended effective as of December 19, 2019, to provide that any grants of restricted cash awards in lieu of the annual PSU grants for 2020 and the equity-based portion of the annual bonuses in respect of 2019 will not constitute a good reason event for purposes of the employment agreements or for any other purpose.

Director Compensation Table for 2021

The table below describes our compensation of Directors for the fiscal year ended February 28, 2022:

Name	Fees Earned or Paid in Cash ($)	Total ($)
Douglas A. Hacker	$ 180,000	$ 180,000
Charles W. Pollard	180,000	180,000

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners and Management. The table below sets forth information as of April 22, 2020 as to the beneficial ownership of our Common Shares.

Name and Address of Beneficial Owner	Common Shares Held	Percent of Class
Marubeni Corporation[1] 7-1 Nihonbashi 2-chome Chuo-ku, Tokyo, 103-6060 Japan	7,024	50
MM Air Limited[2] c/o Compass Administration Services Ltd. Crawford House 50 Cedar Avenue Hamilton, HM11, Bermuda	7,024	50

(1) Marubeni beneficially owns 7,024 Common Shares through its wholly owned subsidiary MHC. On March 27, 2020, Aircastle consummated the Merger. At the Effective Time, each Common Share issued and outstanding immediately prior to the Effective Time (other than (i) shares canceled or converted into shares of the surviving company pursuant to the Merger Agreement and (ii) restricted shares canceled and exchanged pursuant to the Merger Agreement) was canceled and converted into the right to receive the Merger Consideration. The shares that were owned by MHC immediately prior to the Effective Time were converted into the same percentage of shares of the surviving company in the Merger. As a result, immediately following the Effective Time, MHC beneficially owned 28.8% of the outstanding common shares of the surviving company in the Merger, and MM Air Limited beneficially owned the remaining 71.2%. On March 27, 2020, MM Air Limited transferred 2,976 Common Shares to MHC, resulting in MHC owning 7,024 Common Shares.

(2) MM Air Limited beneficially owns 7,024 Common Shares. MM Air Limited is controlled by affiliates of Marubeni and Mizuho Leasing. On March 27, 2020, Aircastle consummated the Merger. At the Effective Time, each Common Share issued and outstanding immediately prior to the Effective Time (other than (i) shares canceled or converted into shares of the surviving company pursuant to the Merger Agreement (as described in footnote (1) above) and (ii) restricted shares canceled and exchanged pursuant to the Merger Agreement) was canceled and converted into the right to receive the Merger Consideration. The shares that were owned by MHC immediately prior to the Effective Time were converted into the same percentage of shares of the surviving company in the Merger. As a result, immediately following the Effective Time, MHC beneficially owned 28.8% of the outstanding common shares of the surviving company in the Merger, and MM Air Limited beneficially owned the remaining 71.2%. On March 27, 2020, MM Air Limited transferred 2,976 Common Shares to MHC, resulting in MM Air Limited owning 7,024 Common Shares.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Party Transactions

The following is a summary of material provisions of certain transactions we entered into with our executive officers, Directors or 5% or greater shareholders. We believe the terms and conditions set forth in such agreements were reasonable and customary for transactions of this type.

On April 26, 2021, we entered into an amendment that reduced the size of our revolving credit facility with Mizuho Bank Ltd., a related party, from $150,000 to $50,000 and extended its maturity date to July 30, 2022. Mizuho Bank, Ltd. is now a lender for our $1,000,000 revolving credit facility with a commitment in the amount of $100,000.

On December 6, 2021, the Company entered into a $100,000 senior unsecured revolving credit facility with Mizuho Marubeni Leasing America Corporation, a related party. The facility bears interest at a rate of LIBOR plus 1.625%, matures on December 6, 2023, and requires the Company to have a minimum of $20,000 revolving credit outstanding throughout the term of the facility. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

On December 9, 2021, we entered into a loan agreement to provide the joint venture with a $1,500 unsecured loan facility, which bears interest at a rate of LIBOR plus 2% and is payable on December 9, 2022. This transaction was approved by our management as an arm's length transaction under our related party policy.

During the year ended February 28, 2022, the Company incurred $5.0 million in fees to Marubeni as part of its intra-company service agreement, whereby Marubeni provides certain management and administrative services to the Company. The Company also entered into a parts management services and supply agreement with an affiliate of Marubeni under which we purchased parts totaling $5.9 million during the year ended February 28, 2022.

Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons

Our Board has adopted a Policy and Procedures with Respect to Related Person Transactions, our Related Person Policy. Pursuant to the terms of the Related Person Policy, the Audit Committee must review and approve in advance any transaction involving an affiliate or related party (as defined under Accounting Standards Codification Topic 850), in which the amount involved exceeds $5.0 million, other than those that are pre-approved pursuant to pre-approval guidelines or rules that may be established by the Audit Committee to cover specific categories of transactions, including the guidelines described below. All Related Persons, as defined below, are required to report to our legal department any such related person transaction prior to its completion, and the legal department will determine whether it should be submitted to the Audit Committee for consideration.

Our Related Person Policy covers all transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company or any of its subsidiaries was, is or will be a participant, in which the amount involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

A Related Person is any person who is, or at any time since the beginning of the Company's last fiscal year was, a Director or executive officer of the Company or a nominee to become a Director of the Company; Marubeni and Mizuho Leasing or their affiliates; any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Director, executive officer, nominee or Marubeni and Mizuho Leasing or their affiliates, and any person (other than a tenant or employee) sharing the household of such Director, executive officer, nominee or Marubeni and Mizuho Leasing or their affiliates.

Director Independence

Although our Common Shares are no longer listed on the NYSE or any other national securities exchange and we are therefore not required to have a majority of independent directors, the Board considers the current Directors Messrs. Hacker and Pollard to be independent and that Directors Messrs. Inglese, Kawabe, Kurihara, Sakakida and Yukawa to be not independent. Our standing Risk and Governance, Audit and Compensation Committees include independent and non-independent Directors.

In addition, the Board considered transactions described above under "Item 13. Certain Relationships and Related Transactions, and Director Independence—Certain Relationships and Related Party Transactions" in making the independence determinations.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees, Audit Related Fees, Tax Fees and All Other Fees. In connection with the audit of the 2019 and 2020 financial statements, the Company entered into an engagement letter with Ernst & Young LLP ("EY") that sets forth the terms by which EY has performed audit services for the Company. The following summarizes the fees paid by us to EY for professional services rendered in the years ended February 28, 2022 and 2021:

	Year Ended February 28,	
	2022	2021
Audit fees[1]	$ 2,230,600	$ 2,168,000
Tax fees[2]	1,056,500	808,000
All other fees	5,200	5,200

(1) Represents fees for the audit of the Company's consolidated financial statements and internal control over financial reporting, the reviews of interim financial statements included in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, certain Current Reports on Form 8-K, audits of IBJ Air joint venture, consultations concerning financial accounting and reporting standards, statutory audits and services rendered relating to the Company's registration statements.

(2) Represents fees related primarily to assistance with tax compliance matters, including international, federal and state tax return preparation, and consultations regarding tax matters.

(3) Estimate based on approved fees, subject to finalization upon completion of audit work.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee or one of its members of all services performed by the Company's independent registered public accounting firm and related fee arrangements. In the early part of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated, and the related fees, to be rendered by these firms during the year. In addition, pre-approval by the Audit Committee or one of its members is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees pre-approved by the Audit Committee pursuant to the Sarbanes-Oxley Act. In accordance with this policy, the Audit Committee pre-approved all services to be performed by the Company's independent registered accounting firm.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) 1. Consolidated Financial Statements.

The following is a list of the "Consolidated Financial Statements" of Aircastle Limited and its subsidiaries included in this Annual Report on Form 10-K, which are filed herewith pursuant to Item 8:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of February 28, 2022 and 2021.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended February 28, 2022 and 2021, two months ended February 29, 2020, and year ended December 31, 2019.

Consolidated Statements of Cash Flows for the years ended February 28, 2022 and 2021, two months ended February 29, 2020, and year ended December 31, 2019.

Consolidated Statements of Changes in Shareholders' Equity for the years ended February 28, 2022 and 2021, two months ended February 29, 2020, and year ended December 31, 2019.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules.

There are no Financial Statement Schedules filed as part of this Annual Report, since the required information is included in the Consolidated Financial Statements, including the notes thereto, or the circumstances requiring inclusion of such schedules are not present.

3. Exhibits.

The exhibits filed herewith are listed on the Exhibit Index filed as part of this Annual Report on Form 10-K.

(B) EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of November 5, 2019, by and among Aircastle Limited, MM Air Limited and MM Air Merger Sub Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K on filed November 7, 2019). ^
3.1	Memorandum of Association (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006).
3.2	Amended Bye-laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-3 (No. 333-182242) filed on June 20, 2012).
3.3	Amended and Restated Memorandum of Association of Aircastle Limited (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 27, 2020).
3.4	Amended and Restated Bye-laws of Aircastle Limited (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on March 27, 2020).
3.5	Certificate of Designations, dated June 8, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 8, 2021).
4.1	Specimen Share Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006).
4.2	Amended and Restated Shareholder Agreement, dated as of February 18, 2015, by and between Aircastle Limited and Marubeni Corporation (incorporated by reference to Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2015).
4.3	Amendment Agreement No. 1 to the Amended and Restated Shareholder Agreement, dated as of September 23, 2016, by and between Aircastle Limited and Marubeni Corporation (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 26, 2016).
4.4	Indenture, dated as of December 5, 2013, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee, Citigroup Global Markets, Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and RBC Capital Markets, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 6, 2013).
4.5	Second Supplemental Indenture, dated as of March 26, 2014, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 26, 2014).
4.6	Fourth Supplemental Indenture, dated as of March 24, 2016, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 24, 2016).
4.7	Fifth Supplemental Indenture, dated as of March 20, 2017, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 20, 2017).
4.8	Sixth Supplemental Indenture, dated as of September 25, 2018, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 25, 2018).
4.9	Indenture, dated as of August 11, 2020, by and between Aircastle Limited and Wells Fargo Bank, National Association, as (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 11, 2020).
4.10	Indenture, dated as of January 26, 2021, by and between Aircastle Limited and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 26, 2021).
4.11	Description of Aircastle Limited's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K filed on February 13, 2020).

Exhibit No.	Description of Exhibit
4.12	Deposit Agreement, dated June 8, 2021, among Aircastle Limited, Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of depositary receipts issued thereunder (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 8, 2021).
10.1	Form of Restricted Share Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (No. 333-134669) filed on June 2, 2006). #
10.2	Form of Amended Restricted Share Grant Letter under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on March 5, 2010). #
10.3	Form of Amended Restricted Share Agreement for Certain Executive Officers under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 10, 2011). #
10.4	Form of Amended International Employee Restricted Share Unit Agreement under the Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 5, 2010). #
10.5	Amended and Restated Aircastle Limited 2005 Equity and Incentive Plan (incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006). #
10.6	Letter Agreement, dated as of February 24, 2006, by and between Aircastle Advisor LLC and Joseph Schreiner (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 333-134669) filed on June 2, 2006). #
10.7	Form of Employment Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 8, 2017). #
10.8	Form of Amendment to Executive Employment Agreement (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed on February 13, 2020). #
10.9	Form of Amended and Restated Indemnification Agreement with directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2011).
10.10	Registration Rights Agreement, dated as of April 4, 2012, by and among Aircastle Limited and Goldman, Sachs & Co., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as representatives of the several Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 5, 2012).
10.11	Share Purchase Agreement, dated as of August 7, 2012, by and among Aircastle Limited and the Fortress Shareholders named therein (incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed on August 13, 2012).
10.12	Registration Rights Agreement, dated as of November 30, 2012, by and among Aircastle Limited and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Goldman, Sachs & Co and RBC Capital Markets, LLC, as representatives of the several Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 30, 2012).
10.13	Third Amended and Restated Credit Agreement, dated as of March 28, 2016, by and among Aircastle Limited, the several lenders from time to time parties thereto, and Citibank N.A., in its capacity as agent for the lenders (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2016).
10.14	Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 23, 2014). #
10.15	Form of Restricted Share Agreement for Certain Executive Officers Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2014). #

Exhibit No.	Description of Exhibit
10.16	Form of Non-Officer Director Restricted Share Agreement Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2014). #
10.17	Form of Performance Share Unit Agreement for Certain Executive Officers under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2016). #
10.18	Form of Restricted Share Unit Agreement Under the Aircastle Limited 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2017). #
10.19	Aircastle Limited Amended and Restated 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on May 25, 2017). #
10.20	Purchase Agreement COM0270-15, dated as of June 12, 2015, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2015). Ø
10.21	Amendment No. 1 to Purchase Agreement COM0270-15, dated as of June 22, 2016, by and between Aircastle Holding Corporation and Embraer S. A. (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø
10.22	Amendment No. 2 to Purchase Agreement COM0270-15, dated as of November 11, 2016, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø
10.23	Amendment No. 3 to Purchase Agreement COM0270-15, dated as of January 13, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø
10.24	Amendment No. 4 to Purchase Agreement COM0270-15, dated as of August 11, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 2, 2017). Ø
10.25	Amendment No. 5 to Purchase Agreement COM0270-15, dated as of April 19, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø
10.26	Amendment No. 6 to Purchase Agreement COM0270-15, dated as of June 29, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2018). Ø
10.27	Amendment No. 7 to Purchase Agreement COM0270-15, dated as of February 5, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 2, 2019). ØØ
10.28	Amendment No. 8 to Purchase Agreement COM0270-15, dated as of October 24, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on February 13, 2020). ØØ
10.29	Amendment No. 9 to Purchase Agreement COM0270-15, dated as of August 28, 2020, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ
10.30	Amendment No. 10 to Purchase Agreement COM0270-15, dated as of September 18, 2020, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ
10.31	Amendment No. 11 to Purchase Agreement COM0270-15, dated as of December 4, 2020, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutics S.A. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ

Exhibit No.	Description of Exhibit
10.32	Amendment No. 12 to Purchase Agreement COM0270-15, dated as of June 2, 2021, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutics S.A. (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). * ØØ
10.33	Amendment No. 13 to Purchase Agreement COM0270-15, dated as of September 2, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. * ØØ
10.34	Amendment No. 14 to Purchase Agreement COM0270-15, dated as of September 17, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. * ØØ
10.35	Amendment No. 15 to Purchase Agreement COM0270-15, dated as of December 3, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. * ØØ
10.36	Amendment No. 16 to Purchase Agreement COM0270-15, dated as of February 9, 2022, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. * ØØ
10.37	Amendment No. 1 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of November 11, 2016, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K filed on February 14, 2017). Ø
10.38	Amendment No. 2 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of August 11, 2017, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on November 2, 2017). Ø
10.39	Amendment No. 3 to Letter Agreement COM0271-15 in Purchase Agreement COM0270-15, dated as of February 23, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø
10.40	Amendment No. 4 to Letter Agreement COM271-15 in Purchase Agreement COM0270-15, dated as of April 19, 2018, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2018). Ø
10.41	Amendment No. 5 to Letter Agreement COM0270-15, dated as of October 24, 2019, by and between Aircastle Holding Corporation and Embraer S.A. (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed on February 13, 2020). ØØ
10.42	Amendment No. 6 to Letter Agreement COM0270-15, dated as of December 4, 2020, by and between Aircastle Holding Corporation and Yaborã Indústria Aeronáutics S.A. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ØØ
10.43	Amendment No. 7 to Letter Agreement COM0270-15, dated as of December 3, 2021, by and between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. * ØØ
10.44	Notice and Consent COM0439-19, dated as of September 18, 2020, between Aircastle Holding Corporation, Embraer S.A. and Yaborã Indústria Aeronáutics S.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on October 13, 2021). ^ ØØ
10.45	Letter Agreement, dated as of October 4, 2016, by and between Aircastle Advisor LLC and Aaron Dahlke (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 7, 2016). #
10.46	Retirement and Transition Agreement, dated September 17, 2018, for Michael L. Kriedberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 19, 2018). #
10.47	Voting and Support Agreement, dated as of November 5, 2019, by and among Aircastle Limited, Marubeni Corporation, Marubeni Aviation Corporation and Marubeni Aviation Holding Coöperatief U.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2019).
10.48	Form of Indemnification Agreement with directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 27, 2020).
21.1	Subsidiaries of the Subsidiaries of the Registrant. *
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *

Exhibit No.	Description of Exhibit
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of 2002. *
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Act of 2002. *
101	The following materials from the Company's Annual Report on Form 10-K for the year ended February 28, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of February 28, 2022 and 2021; (ii) Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019; (iii) Consolidated Statements of Cash Flows for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019; (iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended February 29, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019; and (v) Notes to Consolidated Financial Statements*
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

#	Management contract or compensatory plan or arrangement.
*	Filed herewith.
Ø	Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
^	Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules to the SEC upon request.
ØØ	Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

ITEM 16. FORM 10-K SUMMARY

None.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Aircastle Limited and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aircastle Limited and Subsidiaries (the Company) as of February 28, 2022 and 2021, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, the two months ended February 29, 2020, and the year ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 28, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, the two months ended February 29, 2020, and the year ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Recoverability assessment and Impairment of flight equipment held for lease

Description of the Matter

As more fully described in Note 1 to the consolidated financial statements, flight equipment held for lease is assessed for recoverability by management on an aircraft-by-aircraft basis annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As a result of the assessments during the year ended February 28, 2022, the Company recorded impairment charges of $452 million related to the flight equipment held for lease.

Auditing the Company's assessment of recoverability of flight equipment held for lease was complex and highly judgmental due to the higher estimation required in determining the future cash flows to evaluate whether such cash flows were less than the carrying amount of flight equipment. Further, auditing this analysis also involved evaluating the assumptions utilized in estimating the fair values to calculate the impairment charges. In particular, the future cash flows were sensitive to changes related to significant assumptions such as the estimation of the future projected lease rates, future maintenance cash flows, scenario probabilities, as well as the value of aircraft adjusted for maintenance condition at the end of the useful life.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's processes to determine whether the book value of each aircraft is recoverable and measure the impairment charge, where applicable. This included controls over management's review of the significant assumptions described above, which are included in the Company's recoverability analysis.

To test the estimated future cash flows attributable to the flight equipment held for lease, we performed audit procedures on a sample of transactions that included, among others, evaluating and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. Our testing of the Company's significant assumptions included, among others, comparing data to currently contracted lease rental and maintenance cash flows, evaluating future projected lease rates to third party data, evaluating the timing and cost of estimated future maintenance cash flows to manufacturers' specifications and/or historical data, recalculating end of life value of aircraft based on projected maintenance condition at the end of its useful life and comparing it to published third party and/or historical sales data, and evaluating scenario probabilities based on market conditions and publications. In addition, for the assumptions that most significantly impact recoverability we performed a sensitivity analysis to evaluate the changes to the future cash flows from changes in the significant assumptions. We also involved our valuation specialists to assist in evaluating the reasonableness of the fair value of certain assets used in the calculation of the impairment charges recorded. We considered current industry and economic trends and changes to the business. We assessed the historical accuracy of certain assumptions by performing a look back analysis.

Accounting for Income Tax

Description of the Matter

The Company is incorporated in Bermuda and leases its aircraft within over 40 countries. The Company's income is subject to U.S. federal, state and local income taxes, as well as foreign income tax in many of the jurisdictions it leases aircraft. As more fully described in Note 10 to the consolidated financial statements, the Company recognized a consolidated benefit for income taxes of $8 million for the year ended February 28, 2022.

Auditing the Company's income tax accounting was complex due to the complicated international tax structure maintained by the Company. Specifically, the auditing of the application of changes in tax law and transactions to transfer, buy or sell aircraft in foreign jurisdictions required increased auditor effort, including the use of tax professionals with specialized skills, to evaluate the Company's application of the tax laws in relevant jurisdictions and the related income tax.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to prepare the consolidated income tax provision. Our procedures also included, among others, an evaluation of management's review and consideration of the international tax structure, identification of changes to tax laws in the various jurisdictions in which it operates and its treatment of the transactions to transfer, buy and sell aircraft.

To test the income tax related accounts, we performed audit procedures that included, among others, understanding the Company's tax structure as it relates to current leases through review of its organization chart and various lease documents. We evaluated the Company's treatment of tax law changes, if any, in the foreign jurisdictions it operates to current tax laws. We also obtained, and assessed the completeness of, a list of transactions to transfer, purchase and sell aircraft during the period and evaluated the tax treatment of a sample of transactions through review of the lease documents and our assessment of the tax law. Our audit procedures were performed with the assistance of our tax professionals with specialized skills and knowledge.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2004.

Stamford, CT

April 28, 2022

Aircastle Limited and Subsidiaries
Consolidated Balance Sheets
(Dollars in thousands, except share data)

	February 28,	
	2022	2021
ASSETS		
Cash and cash equivalents	$ 167,891	$ 578,004
Restricted cash and cash equivalents	2,791	2,594
Accounts receivable	63,666	82,572
Flight equipment held for lease, net of accumulated depreciation of $2,766,429 and $2,076,972, respectively	6,313,950	6,492,471
Net investment in leases, net of allowance for credit losses of $1,764 and $864, respectively	150,325	195,376
Unconsolidated equity method investments	38,317	35,377
Other assets	356,326	311,944
Total assets	$ 7,093,266	$ 7,698,338
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Borrowings from secured financings, net of debt issuance costs	$ 684,039	$ 768,850
Borrowings from unsecured financings, net of debt issuance costs	3,835,841	4,366,261
Accounts payable, accrued expenses and other liabilities	177,424	174,267
Lease rentals received in advance	37,361	58,013
Security deposits	69,189	80,699
Maintenance payments	459,713	519,178
Total liabilities	5,263,567	5,967,268
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preference shares, $0.01 par value, 50,000,000 shares authorized, 400 (aggregate liquidation preference of $400,000) shares issued and outstanding at February 28, 2022 and no shares issued and outstanding at February 28, 2021	—	—
Common shares, $0.01 par value, 250,000,000 shares authorized, 14,048 shares issued and outstanding at February 28, 2022 and 2021	—	—
Additional paid-in capital	1,878,774	1,485,777
Retained earnings (accumulated deficit)	(49,075)	245,293
Total shareholders' equity	1,829,699	1,731,070
Total liabilities and shareholders' equity	$ 7,093,266	$ 7,698,338

The accompanying notes are an integral part of these consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Dollars in thousands, except per share amounts)

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Revenues:				
Lease rental revenue	$ 595,236	$ 611,421	$ 131,119	$ 777,403
Direct financing and sales-type lease revenue	10,733	18,215	4,447	32,295
Amortization of lease premiums, discounts and incentives	(20,190)	(22,842)	(3,669)	(22,636)
Maintenance revenue	152,030	172,668	41,214	74,987
Total lease revenue	737,809	779,462	173,111	862,049
Gain on sale of flight equipment	26,001	33,536	15,354	45,532
Other revenue	5,977	19,290	9,183	10,357
Total revenues	769,787	832,288	197,648	917,938
Operating expenses:				
Depreciation	337,528	347,517	59,853	356,021
Interest, net	214,352	235,338	41,038	258,070
Selling, general and administrative (including non-cash share-based payment expense of $0, $28,049, $10,678 and $15,830, respectively)	66,338	88,413	22,901	77,034
Provision for credit losses	930	5,258	288	—
Impairment of flight equipment	452,250	425,579	62,657	7,404
Maintenance and other costs	31,166	20,005	1,703	24,828
Total operating expenses	1,102,564	1,122,110	188,440	723,357
Other income (expense):				
Loss on extinguishment of debt	(14,156)	(2,640)	(3,955)	(7,577)
Merger expenses	—	(32,605)	(321)	(7,372)
Other	57,682	(191)	(94)	(4,492)
Total other income (expense)	43,526	(35,436)	(4,370)	(19,441)
Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment	(289,251)	(325,258)	4,838	175,140
Income tax provision (benefit)	(7,998)	10,236	1,675	22,667
Earnings of unconsolidated equity method investment, net of tax	3,044	2,326	496	4,102
Net income (loss)	$ (278,209)	$ (333,168)	$ 3,659	$ 156,575
Preference share dividends	(16,159)	—	—	—
Net income (loss) available to common shareholders	$ (294,368)	$ (333,168)	$ 3,659	$ 156,575
Net derivative loss reclassified into earnings	—	—	—	184
Other comprehensive income	—	—	—	184
Total comprehensive income (loss) available to common shareholders	$ (294,368)	$ (333,168)	$ 3,659	$ 156,759

The accompanying notes are an integral part of these consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Cash flows from operating activities:				
Net income (loss)	$ (278,209)	$ (333,168)	$ 3,659	$ 156,575
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	337,528	347,517	59,853	356,021
Amortization of deferred financing costs	16,267	14,791	2,446	14,578
Amortization of lease premiums, discounts and incentives	20,190	22,842	3,669	22,636
Deferred income taxes	(9,386)	6,506	1,453	20,223
Non-cash share-based payment expense	—	28,049	10,678	15,830
Cash flow hedges reclassified into earnings	—	—	—	184
Collections on net investments in leases	14,297	16,859	5,658	25,842
Security deposits and maintenance payments included in earnings	(123,969)	(135,115)	(47,293)	(49,029)
Gain on the sale of flight equipment	(26,001)	(33,536)	(15,354)	(45,532)
Loss on extinguishment of debt	14,156	2,640	3,955	7,577
Impairment of aircraft	452,250	425,579	62,657	7,404
Provision for credit losses	930	5,258	288	—
Other	(3,043)	(2,305)	(402)	206
Changes on certain assets and liabilities:				
Accounts receivable	16,948	(57,292)	(6,377)	(13,162)
Other assets	(29,963)	(66,290)	5,786	2,594
Accounts payable, accrued expenses and other liabilities	(5,716)	(13,655)	10,205	(5,483)
Lease rentals received in advance	(23,414)	(53,658)	143	19,954
Net cash and restricted cash provided by operating activities	372,865	175,022	101,024	536,418
Cash flows from investing activities:				
Acquisition and improvement of flight equipment	(795,426)	(145,589)	(23,035)	(1,172,370)
Proceeds from sale of flight equipment	210,718	180,342	103,679	361,747
Aircraft purchase deposits and progress payments, net of returned deposits and aircraft sales deposits	(202)	(13,024)	(4,614)	760
Unconsolidated equity method investment and associated costs	—	—	—	(15,175)
Distributions from unconsolidated equity method investment in excess of earnings	104	419	—	36,750
Other	(1,694)	(676)	(56)	4,259
Net cash and restricted cash provided by (used in) investing activities	(586,500)	21,472	75,974	(784,029)
Cash flows from financing activities:				
Repurchase of shares	—	(25,536)	(2,370)	(36,739)
Parent contribution at Merger	—	25,536	—	—
Net proceeds from preference share issuance	392,997	—	—	—
Proceeds from secured and unsecured debt financings	20,000	1,932,943	100,000	2,116,848
Repayments of secured and unsecured debt financings	(646,943)	(1,697,662)	(268,799)	(1,817,558)
Deferred financing costs	(5,339)	(12,832)	—	(13,800)
Debt extinguishment costs	(13,372)	(1,524)	(2,685)	(7,183)
Security deposits and maintenance payments received	88,891	87,510	29,806	202,833
Security deposits and maintenance payments returned	(26,857)	(71,743)	(16,956)	(117,872)
Dividends paid	(5,658)	(24,025)	—	(91,328)
Net cash and restricted cash provided by (used in) financing activities	(196,281)	212,667	(161,004)	235,201
Net (decrease) increase in cash and restricted cash	(409,916)	409,161	15,994	(12,410)
Cash and restricted cash at beginning of year	580,598	171,437	155,443	167,853
Cash and restricted cash at end of year	$ 170,682	$ 580,598	$ 171,437	$ 155,443

Aircastle Limited and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
(Dollars in thousands)

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Reconciliation to Consolidated Balance Sheets:				
Cash and cash equivalents	$ 167,891	$ 578,004	$ 166,083	$ 140,882
Restricted cash and cash equivalents	2,791	2,594	5,354	14,561
Unrestricted and restricted cash and cash equivalents	$ 170,682	$ 580,598	$ 171,437	$ 155,443
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	$ 200,922	$ 241,011	$ 21,487	$ 246,026
Cash paid (received) during the year for income taxes	$ 240	$ 1,469	$ (15)	$ (656)
Supplemental disclosures of non-cash investing activities:				
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets settled in sale of flight equipment	$ 12,391	$ 70,716	$ 7,873	$ 90,397
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets assumed in asset acquisitions	$ 21,764	$ 29,869	$ 16,693	$ 31,958
Transfers from Flight equipment held for lease to Net investment in direct financing and sales-type leases and Other assets	$ 57,489	$ 90,352	$ 31,821	$ 104,838

The accompanying notes are an integral part of these consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in thousands, except share amounts)

	Common Shares		Preference Shares		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2018	75,454,511	$ 754	—	$ —	$ 1,468,779	$ 539,332	$ (184)	$ 2,008,681
Issuance of common shares to stockholders, directors and employees	1,281,598	13	—	—	(13)	—	—	—
Repurchase of common shares from stockholders, directors and employees	(1,613,980)	(16)	—	—	(36,723)	—	—	(36,739)
Amortization of share-based payments	—	—	—	—	13,825	—	—	13,825
Reclassification of prior year director stock award liability	—	—	—	—	796	—	—	796
Dividends declared	—	—	—	—	—	(91,328)	—	(91,328)
Net income	—	—	—	—	—	156,575	—	156,575
Adoption of accounting standard	—	—	—	—	—	690	—	690
Net derivative loss reclassified into earnings	—	—	—	—	—	—	184	184
Balance, December 31, 2019	75,122,129	$ 751	—	$ —	$ 1,446,664	$ 605,269	$ —	$ 2,052,684
Issuance of common shares to stockholders, directors and employees	28,568	1	—	—	(1)	—	—	—
Repurchase of common shares from stockholders, directors and employees	(73,903)	(1)	—	—	(2,369)	—	—	(2,370)
Amortization of share-based payments	—	—	—	—	10,678	—	—	10,678
Reclassification of prior year director stock award liability	—	—	—	—	2,005	—	—	2,005
Dividends declared	—	—	—	—	—	(24,025)	—	(24,025)
Net income	—	—	—	—	—	3,659	—	3,659
Adoption of accounting standard	—	—	—	—	—	(6,442)	—	(6,442)
Balance, February 29, 2020	75,076,794	$ 751	—	$ —	$ 1,456,977	$ 578,461	$ —	$ 2,036,189
Amortization of share-based payments	—	—	—	—	28,049	—	—	28,049
Net loss	—	—	—	—	—	(333,168)	—	(333,168)
Payment of unvested shares at Merger	(101,809)	(1)	—	—	(25,535)	—	—	(25,536)
Parent contribution at Merger	—	—	—	—	25,536	—	—	25,536
Share cancellation and re-issuance at Merger	(74,960,937)	(750)	—	—	750	—	—	—
Balance, February 28, 2021	14,048	$ —	—	$ —	$ 1,485,777	$ 245,293	$ —	$ 1,731,070
Issuance of preference shares	—	—	400	—	392,997	—	—	392,997
Preference share dividends	—	—	—	—	—	(16,159)	—	(16,159)
Net loss	—	—	—	—	—	(278,209)	—	(278,209)
Balance, February 28, 2022	14,048	$ —	400	$ —	$ 1,878,774	$ (49,075)	$ —	$ 1,829,699

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

Aircastle Limited ("Aircastle," the "Company," "we," "us" or "our") is a Bermuda exempted company that was incorporated on October 29, 2004 under the provisions of Section 14 of the Companies Act of 1981 of Bermuda. Aircastle's business is acquiring, leasing, managing and selling commercial jet aircraft.

On March 27, 2020, the Company successfully completed its merger (the "Merger") and is now controlled by affiliates of Marubeni Corporation and Mizuho Leasing Company, Limited ("Mizuho Leasing").

Aircastle is a holding company that conducts its business through subsidiaries. Aircastle directly or indirectly owns all outstanding common shares of its subsidiaries. The consolidated financial statements presented are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Company manages, analyzes and reports on its business and results of operations based on one operating segment: leasing, financing, selling and managing commercial flight equipment. Our Chief Executive Officer is the chief operating decision maker.

The Company's management has reviewed and evaluated all events or transactions for potential recognition and/or disclosure subsequent to the balance sheet date of February 28, 2022, through the date on which the consolidated financial statements included in this Annual Report were issued.

Principles of Consolidation

The consolidated financial statements include the accounts of Aircastle and all its subsidiaries, including any Variable Interest Entity ("VIE") of which Aircastle is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Risk and Uncertainties

In the normal course of business, Aircastle encounters several significant types of economic risk including credit, market, aviation industry and capital market risks. Credit risk is the risk of a lessee's inability or unwillingness to make contractually required payments and to fulfill its other contractual obligations to Aircastle. Market risk reflects the change in the value of financings due to changes in interest rate spreads or other market factors, including the value of collateral underlying financings. Aviation industry risk is the risk of a downturn in the commercial aviation industry which could adversely impact a lessee's ability to make payments, increase the risk of unscheduled lease terminations and depress lease rates and the value of the Company's aircraft. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt facilities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. While Aircastle believes the estimates and related assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Aircastle considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Restricted cash and cash equivalents consist primarily of rent collections, maintenance payments and security deposits received from lessees pursuant to the terms of various lease agreements held in lockbox accounts in accordance with our financings.

Virtually all our cash and cash equivalents and restricted cash and cash equivalents are held or managed by three major financial institutions.

Flight Equipment Held for Lease and Depreciation

Flight equipment held for lease is stated at cost and depreciated using the straight-line method, typically over a 25-year life from the date of manufacture for passenger aircraft and over a 30 to 35-year life for freighter aircraft, depending on whether the aircraft is a converted or purpose-built freighter, to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's estimated realized price for passenger aircraft when new and 5% to 10% for freighter aircraft when new. Management may make exceptions to this policy on a case-by-case basis when, in its judgment, the residual value calculated pursuant to this policy does not appear to reflect current expectations of value. Examples of situations where exceptions may arise include but are not limited to:

- flight equipment where estimates of the manufacturer's realized sales prices are not relevant (e.g., freighter conversions);
- flight equipment where estimates of the manufacturer's realized sales prices are not readily available; and
- flight equipment which may have a shorter useful life due to obsolescence.

Major improvements and modifications incurred in connection with the acquisition of aircraft that are required to get the aircraft ready for initial service are capitalized and depreciated over the remaining life of the flight equipment.

For planned major maintenance activities for aircraft off-lease, the Company capitalizes the actual maintenance costs by applying the deferral method. Under the deferral method, we capitalize the actual cost of major maintenance events, which are depreciated on a straight-line basis over the period until the next maintenance event is required.

In accounting for flight equipment held for lease, we make estimates about the expected useful lives, the fair value of attached leases, acquired maintenance assets or liabilities and the estimated residual values. In making these estimates, we rely upon actual industry experience with the same or similar aircraft types and our anticipated lessee's utilization of the aircraft.

For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the fair value of the aircraft and lease. The fair value of the lease may include a maintenance premium and a lease premium or discount.

When we acquire an aircraft with a lease, determining the fair value of attached leases requires us to make assumptions regarding the current fair values of leases for specific aircraft. We estimate a range of current lease rates of like aircraft in order to determine if the attached lease is within a fair value range. If a lease is below or above the range of current lease rates, we present value the estimated amount below or above the fair value range over the remaining term of the lease. The resulting lease discount or premium is amortized into lease rental income over the remaining term of the lease.

Impairment of Flight Equipment

We perform an annual recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis. A recoverability assessment is also performed whenever events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination, significant change in an aircraft type's storage levels, the introduction of newer technology aircraft or engines, an aircraft type is no longer in production or a significant airworthiness directive is issued. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted lease rental and maintenance payments, future projected lease rates and maintenance payments, transition costs, estimated down time, and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to fair value, resulting in an impairment charge. See Note 3 in the Notes to the Consolidated Financial Statements.

Management develops the assumptions used in the recoverability analysis based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors such as the location of the aircraft and accessibility to records and technical documentation.

We continue to closely monitor the impact of COVID-19 and the Russian invasion of Ukraine on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We will focus on our customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, aircraft with near-term lease expirations, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

Net Investment in Direct Financing and Sales-Type Leases

If a lease meets specific criteria at lease commencement or at the effective date of a lease modification, we recognize the lease as a direct financing or sales-type lease. The net investment in direct financing and sales-type leases consists of the lease receivable, estimated unguaranteed residual value of the lease flight equipment at lease-end and, for direct financing leases, deferred selling profit. For sales-type leases, we recognize the difference between the net book value of the aircraft and the net investment in the lease as a gain or loss on sale of flight equipment. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on our net investment in leases is recognized as Direct financing and sales-type leases revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

The net investment in leases is recorded net of an allowance for credit losses. The allowance for credit losses is recorded upon the initial recognition of the net investment in the lease based on the Company's estimate of expected credit losses over the lease term. The allowance reflects the Company's estimate of lessee default probabilities and loss given default percentages. When determining the credit loss allowance, we consider relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the net investment in the lease. The allowance also considers potential losses due to non-credit risk related to unguaranteed residual values. A provision for credit losses is recorded as a component of operating expenses to adjust the allowance for changes to management's estimate of expected credit losses.

Unconsolidated Equity Method Investment

Aircastle accounts for its interest in an unconsolidated joint venture using the equity method as we do not control the joint venture entity. Under the equity method, the investment is initially recorded at cost and the carrying amount is affected by its share of the unconsolidated joint venture's undistributed earnings and losses, and distributions of dividends and capital. The investment may also reflect an equity loss in the event that circumstances indicate an other-than-temporary impairment.

Security Deposits

Most of our operating leases require the lessee to pay Aircastle a security deposit or provide a letter of credit. Security deposits represent cash received from the lessee that is held on deposit until lease expiration or termination. If a lease is terminated, we recognize security deposits in excess of outstanding lease payments as other revenue.

Maintenance Payments

Typically, under an operating lease, the lessee is responsible for performing all maintenance but they may also be required to make payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and are required to be made monthly in arrears or at the end of the lease term. Whether to permit a lessee to make maintenance payments at the end of the lease term, rather than requiring such payments to be made monthly,

depends on a variety of factors, including the creditworthiness of the lessee, the level of security deposit which may be provided by the lessee and market conditions at the time we enter into the lease. If a lease requires monthly maintenance payments, we would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following completion of the relevant work. If a lease requires end of lease term maintenance payments, typically the lessee would be required to pay us for its utilization of the aircraft during the lease; however, in some cases, we may owe a net payment to the lessee in the event heavy maintenance is performed and paid for by the lessee during the lease term and the aircraft is returned to us in better condition than at lease inception.

We record monthly maintenance payments by the lessee as accrued maintenance payments liabilities in recognition of our contractual commitment to refund such receipts. In these contracts, we typically do not recognize such maintenance payments as maintenance revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance payments liability. We currently defer maintenance revenue recognition of most monthly maintenance payments until we are able to determine the amount, if any, by which the monthly maintenance payments received from a lessee exceed costs to be incurred by that lessee in performing heavy maintenance, which generally occurs at or near the end of the lease. End of lease term maintenance payments made to us are recognized as maintenance revenue, and end of lease term maintenance payments we make to a lessee are recorded as contra maintenance revenue.

Lease Incentives and Amortization

Many of our leases contain provisions that may require us to pay a portion of the lessee's costs for heavy maintenance, overhaul or replacement of certain high-value components. We account for these expected payments as lease incentives, which are amortized as a reduction of revenue over the life of the lease. We estimate the amount of our portion for such costs, typically for the first major maintenance event for the airframe, engines, landing gear and auxiliary power units, expected to be paid to the lessee based on assumed utilization of the related aircraft by the lessee, the anticipated amount of the maintenance event cost and the estimated amounts the lessee is responsible to pay. The assumptions supporting these estimates are re-evaluated annually.

This estimated lease incentive is not recognized as a lease incentive liability at the inception of the lease. We recognize the lease incentive as a reduction of lease revenue on a straight-line basis over the life of the lease, with the offset being recorded as a lease incentive liability which is included in maintenance payments on the balance sheet. The payment to the lessee for the lease incentive liability is first recorded against the lease incentive liability, and any excess above the lease incentive liability is recorded as a prepaid lease incentive asset, which is included in other assets on the balance sheet and continues to amortize over the remaining life of the lease.

Lease acquisition costs related to reconfiguration of the aircraft cabin, other lessee specific modifications and other direct costs are capitalized and amortized into revenue over the initial life of the lease, assuming no lease renewals, and are included in other assets.

Income Taxes

Aircastle uses an asset and liability based approach in accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount estimated by us to be realizable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. We did not have any unrecognized tax benefits.

Fair value measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We measure the fair value of our cash and cash equivalents and restricted cash and cash equivalents on a recurring basis and measure the fair value of our investment in

unconsolidated joint ventures and aircraft on a non-recurring basis. See Note 3 in the Notes to the Consolidated Financial Statements.

Lease Revenue Recognition

We lease flight equipment under net operating leases with lease terms typically ranging from three to seven years. We generally do not offer renewal terms or purchase options in our leases, although certain of our operating leases allow the lessee the option to extend the lease for an additional term. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals.

In certain instances, we may provide lease concessions to customers, generally in the form of lease rental deferrals. While these deferral arrangements affect the timing of lease rental payments, the total amount of lease rental payments required over the lease term is generally the same as that which was required under the original lease agreement. We account for the deferrals as if no modifications to the lease agreements were made and record the deferred rentals as a receivable within Other assets.

Should we determine that the collectability of rental payments is no longer probable (including any deferral thereof), we will recognize lease rental revenue using a cash basis of accounting rather than an accrual method. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a current period adjustment to lease rental revenue.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other gains and losses, net of income taxes, if any, affecting shareholders' equity that, under U.S. GAAP, are excluded from net income (loss).

Share-Based Compensation

Aircastle recognized compensation cost relating to share-based payment transactions in the financial statements based on the fair value of the equity instruments issued. Aircastle used the straight-line method of accounting for compensation cost on share-based payment awards that contained pro-rata vesting provisions.

Deferred Financing Costs

Deferred financing costs, which are included in borrowings from secured and unsecured financings, net of debt issuance costs, in the Consolidated Balance Sheets, are amortized using the interest method for amortizing loans over the lives of the relevant related debt.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-04, Reference Rate Reform Topic 848 ("ASC 848"), in response to the market transition from the LIBOR and other interbank offered rates ("IBORs") to alternative reference rates. U.S. GAAP requires entities to evaluate whether a contract modification, such as the replacement or change of a reference rate, results in the establishment of a new contract or continuation of an existing contract. ASC 848 allows an entity to elect not to apply certain modification accounting requirements to contracts affected by reference rate reform. The standard provides this temporary election through December 31, 2022, and cannot be applied to contract modifications that occur after December 31, 2022. Reference rate reform will primarily impact our lease and debt arrangements for which floating-rate lease rentals and interest expense are based on LIBOR. As of February 28, 2022, we have only one aircraft with a floating-rate lease rental and for the year ended February 28, 2022, 4% of our interest expense was derived from floating-rate debt which is referenced to LIBOR. We have not adopted ASC 848 and are currently evaluating the election available to us under the standard.

Effective, March 1, 2021, the Company adopted FASB ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes. The guidance aims to simplify the accounting for income taxes by removing certain

exceptions to the general principles within the current guidance and by clarifying and amending the current guidance. The guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2020. This adoption did not have a material impact on our consolidated financial statements.

Note 2. Update on COVID-19 Pandemic and Russian Invasion of Ukraine

COVID-19 Pandemic

The COVID-19 pandemic and related mitigation efforts has had an unprecedented negative impact on the aviation sector, resulting in a dramatic slowdown in air traffic. Substantially all the world's airlines have experienced financial difficulties and liquidity challenges, including many of our customers. While there have been improvements in certain markets, according to IATA, as of February 28, 2022, air travel was still down approximately 55% compared to normal levels. A full recovery to pre-pandemic levels is not expected for several years and will depend on the effectiveness of vaccination efforts and the continued easing of widespread travel restrictions, among other things. While the extent and duration of the impact of the COVID-19 pandemic remain unknown, we continue to believe long-term demand for air travel will return to historical trends over time.

Even as the airline industry begins to recover, airlines continue to seek support from their respective governments, raise debt and equity, delay or cancel new aircraft orders, furlough employees, request concessions from lessors, and in certain cases, seek judicial protection. While we continued to receive requests from our customers for lease concessions, such as deferrals of lease payments or broader lease restructurings, the number of requests for such concessions during the year ended February 28, 2022 has declined compared to 2021. As of February 28, 2022, we had deferred rent receivables of $55,478 related to nine customers that were included in other assets. Approximately 93% of these deferrals have been agreed to as part of broader lease restructurings, which generally include term extensions, better security packages, or other valuable consideration in exchange for near-term economic concessions. The outstanding deferred rent receivables are scheduled to be repaid, on average, within the next seven years.

If air traffic remains depressed and our customers are unable to raise sufficient funds, we may need to grant additional deferrals or extend the period of repayment for deferrals we have already made. We may ultimately not be able to collect all the amounts we have deferred.

As of April 25, 2022, four of our customers are subject to judicial insolvency proceedings or similar protection. These customers lease eighteen aircraft, which comprise 12% of our Net Book Value and 9% of our lease rental and direct financing and sales-type lease revenue as of and for the year ended February 28, 2022. One of these customers is LATAM, our second largest customer, which represents 7% of our Net Book Value and 8% of our lease rental revenue as of and for the year ended February 28, 2022. We have signed restructured leases for all thirteen of our LATAM aircraft, subject only to LATAM emerging from the Chapter 11 process. During the second quarter of 2021, the Company entered into claims sale and purchase agreements with a third party for the sale of certain unsecured claims filed by various Aircastle entities against LATAM Airlines Group S.A. and certain of its subsidiaries in the Chapter 11 case captioned LATAM Airlines Group S.A. et al. Case No. 20-11254 (JLG) (Jointly Administered) (the "LATAM Bankruptcy"). The allowed amount of our unsecured claims was approved by the Bankruptcy Court and proceeds from the sales of these claims in the amount of $55,213 were received during the second quarter of 2021 and recognized in other income (expense).

We are actively engaged in these judicial proceedings to protect our economic interests. However, the outcome of these proceedings is uncertain and could result in these customers negotiating reductions in aircraft lease rentals, rejecting their leases or taking other actions that could adversely impact us or the value of our aircraft. As a result of these proceedings, lease rental revenue for certain customers may be recognized on a cash basis of accounting rather than the accrual method depending on the customers' lease security arrangements.

Russian Invasion of Ukraine

On February 24, 2022, the Russian Federation invaded Ukraine. This has resulted in the closing of airspace in several countries as well as the placement of sanctions on a variety of Russian entities and certain activities involving Russia or Russian entities, such as the leasing of aircraft. We have and will continue to fully comply with all applicable sanctions.

As of February 24, 2022, we had twelve aircraft on lease with six Russian airlines and one aircraft with a Ukrainian airline. We have since terminated the leasing activities for all our Russian aircraft and have sought to repossess the aircraft and remove them from Russia. We have successfully repossessed two of the twelve Russian aircraft. Nine aircraft remain in Russia and one aircraft was undergoing maintenance outside of Russia and is not operational. Our aircraft with a Ukrainian airline is in temporary storage outside of Ukraine. It is unclear whether we will be able to recover the remaining aircraft from our former Russian airline customers or what the condition of the aircraft will be at the time of repossession if we do so or whether we will be able to recover the related technical records and documentation. Failure to repossess any of our aircraft could adversely affect our business and financial results. Many of these Russian airlines have continued to fly our aircraft notwithstanding the leasing terminations and our repeated demands for the return of our assets. Our aircraft that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts.

During the fourth quarter of 2021, we recorded net non-cash impairment charges of $251,878 related to our Russian and Ukrainian aircraft – see Note 3 in the Notes to the Consolidated Financial Statements. These thirteen aircraft comprised 6% of our Net Book Value before impairment and 1% of our Net Book Value after impairment. Excluding lease rentals received in advance recognized into revenue, they represented 7% of our lease rental and direct financing and sales-type lease revenue for the year ended February 28, 2022. Basic lease rentals for our former Russian lessees were approximately $3,488 for the month of February 2022. The termination of our Russian leases will result in reduced revenues and operating cash flows.

We had letters of credit of $49,502 as of February 28, 2022 related to our aircraft leased to Russian airlines. We have presented requests for payment to the various financial institutions and have received about half of the proceeds. We are pursuing collection on remaining letters of credit, but the timing and amount of any further recovery are uncertain.

We have insurance, through the airlines' insurance and our own policies, and have filed claims against the relevant policies seeking an indemnity of approximately $350,000. The ten aircraft that are not in our possession had a pre-impairment book value of $314,127. Our claims are subject to the terms of the applicable policies, and given the unprecedented scenario and the magnitude of potential claims, insurers and reinsurers may raise various defenses. Accordingly, at this stage we can give no assurance as to when or what amounts we may ultimately collect. Insurance recoveries are generally recognized when they are realized or realizable, which typically occurs at the time cash proceeds are received or a claim agreement is executed, and also considers the counterparty's ability to pay the claim amount.

Note 3. Fair Value Measurements

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require us to develop our own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectation about those future amounts.
- The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following tables set forth our financial assets and liabilities as of February 28, 2022 and 2021, that we measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	Fair Value as of February 28, 2022	Fair Value Measurements at February 28, 2022 Using Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Valuation Technique
Assets:					
Cash and cash equivalents	$ 167,891	$ 167,891	$ —	$ —	Market
Restricted cash and cash equivalents	2,791	2,791	—	—	Market
Total	$ 170,682	$ 170,682	$ —	$ —	

	Fair Value as of February 28, 2021	Fair Value Measurements at February 28, 2021 Using Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Valuation Technique
Assets:					
Cash and cash equivalents	$ 578,004	$ 578,004	$ —	$ —	Market
Restricted cash and cash equivalents	2,594	2,594	—	—	Market
Total	$ 580,598	$ 580,598	$ —	$ —	

Our cash and cash equivalents and our restricted cash and cash equivalents consist largely of money market securities that are highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy.

For the years ended February 28, 2022 and 2021, we had no transfers into or out of Level 3.

We measure the fair value of certain assets and liabilities on a non-recurring basis, when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate the carrying amounts of these assets may not be recoverable. Assets subject to these measurements include our investment in unconsolidated joint ventures and aircraft. We record aircraft at fair value when we determine the carrying value may not be recoverable. Fair value measurements for aircraft in impairment tests are based on the average of the market approach that uses Level 2 inputs, which include third party appraisal data and an income approach that uses Level 3 inputs, which include the Company's assumptions and appraisal data as to future cash proceeds from leasing and selling aircraft discounted using the Company's weighted average cost of capital.

We account for our investment in unconsolidated joint ventures under the equity method of accounting. Investments are recorded at cost and are adjusted by undistributed earnings and losses and the distributions of dividends and capital. These investments are also reviewed for impairment whenever events or changes in circumstances indicate the fair value is less than its carrying value and the decline is other-than-temporary.

Aircraft Valuation

Impairment of Flight Equipment

Excluding impairment charges resulting from the Russian invasion of Ukraine, during the year ended February 28, 2022, the Company recorded impairment charges totaling $110,926, of which $107,705 were transactional impairments. These impairments primarily related to six narrow-body and one wide-body aircraft, and resulted from early lease terminations, a scheduled lease expiration, and a lessee default. The Company recognized $61,414 of maintenance revenue for these seven aircraft.

During the year ended February 28, 2022, the Company recorded impairment charges totaling $341,324 related to ten narrow-body, one wide-body, and two freighter aircraft that were leased to Russian and Ukrainian airlines. The Company recognized $89,446 of lease rentals received in advance, maintenance, security deposits and other revenue for

these thirteen aircraft. These impairment charges resulted from the Russian invasion of Ukraine and related sanctions placed on Russia during the fourth quarter of 2021, which required the termination of aircraft leasing activities in Russia, as well as our consideration of the likelihood of successfully repossessing our aircraft including the related technical records and documentation.

During the year ended February 28, 2021, the Company recorded impairment charges totaling $425,579, of which $378,247 were transactional impairments, which primarily related to seventeen narrow-body and eight wide-body aircraft. The Company recognized $157,014 of maintenance revenue and security deposits into revenue related to these 25 aircraft during the year ended February 28, 2021. The impairment charges were attributable to early lease terminations, scheduled lease expirations, lessee defaults and/or judicial insolvency proceedings, or as a result of our annual recoverability assessment.

Annual Recoverability Assessment

We performed our annual recoverability assessment of all our aircraft during the third quarter of 2021. No impairments were recorded as a result of our annual recoverability assessment – see the discussion above for further detail regarding transactional impairment charges recorded during the year ended February 28, 2022.

Although we have completed our annual recoverability assessment, we will continue to closely monitor the impact of COVID-19 and the Russian invasion of Ukraine on our customers, air traffic, lease rental rates, and aircraft valuations, and have performed and will continue to perform additional customer and aircraft specific reviews should changes in facts and circumstances arise that may impact the recoverability of our aircraft. We have focused and will focus on our customers that have entered judicial insolvency proceedings and any additional customers that may become subject to similar-type proceedings, aircraft with near-term lease expirations, and certain other customers or aircraft variants that are more susceptible to the impact of the above crises and value deterioration.

The recoverability assessment is a comparison of the carrying value of each aircraft to its estimated undiscounted future cash flows. We develop the assumptions used in the recoverability assessment, including those relating to current and future demand for each aircraft type, based on management's experience in the aircraft leasing industry, as well as information received from third-party sources. Estimates of the undiscounted cash flows for each aircraft type are impacted by changes in contracted and future expected lease rates, residual values, expected scrap values, economic conditions and other factors.

If our estimates or assumptions change, including those related to our customers that have entered judicial insolvency proceedings, we may revise our cash flow assumptions and record future impairment charges. While we believe that the estimates and related assumptions used in our recoverability assessments are appropriate, actual results could differ from those estimates.

Financial Instruments

Our financial instruments, other than cash, consist principally of cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and amounts borrowed under financings. The fair value of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

The fair value of our senior notes is estimated using quoted market prices. The fair values of all our other financings are estimated using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of our financial instruments at February 28, 2022 and 2021, are as follows:

	February 28, 2022		February 28, 2021	
	Carrying Amount of Liability	Fair Value of Liability	Carrying Amount of Liability	Fair Value of Liability
Credit Facilities	$ 20,000	$ 20,000	$ —	$ —
Unsecured Term Loan	155,000	152,195	215,000	210,290
ECA Financings	21,576	21,931	36,423	37,942
Bank Financings	666,258	675,667	738,353	740,086
Senior Notes	3,700,000	3,776,997	4,200,000	4,402,722

All of our financial instruments are classified as Level 2 with the exception of our senior notes, which are classified as Level 1.

Note 4. Lease Rental Revenues and Flight Equipment Held for Lease

Minimum future annual lease rentals contracted to be received under our existing operating leases of flight equipment at February 28, 2022 were as follows:

Year Ended February 28/29,	Amount
2023	$ 575,556
2024	539,694
2025	426,826
2026	300,320
2027	249,832
Thereafter	714,534
Total	$ 2,806,762

Geographic concentration of lease rental revenue earned from flight equipment held for lease was as follows:

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
Region	2022	2021	2020	2019
Asia and Pacific	29 %	40 %	43 %	43 %
Europe	36 %	31 %	26 %	27 %
Middle East and Africa	5 %	6 %	7 %	10 %
North America	15 %	12 %	11 %	9 %
South America	15 %	11 %	13 %	11 %
Total	100 %	100 %	100 %	100 %

The classification of regions in the table above and in the tables and discussion below is determined based on the principal location of the lessee of each aircraft.

The following table shows the number of lessees with lease rental revenue of at least 5% of total lease rental revenue and their combined total percentage of lease rental revenue for the periods indicated:

	Year Ended February 28,				Two Months Ended February 29,		Year Ended December 31,	
	2022		2021		2020		2019	
	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue
Largest lessees by lease rental revenue[1]	6	38%	4	30%	3	21%	2	16%

(1) The number of lessees and combined percentage for the year ended February 28, 2022 includes one of our Russian lessees, which accounted for 5% of total lease rental revenue. Lease rental revenue for this customer includes the recognition of lease rentals received in advance of $17,194 into revenue; excluding this amount, this customer accounted for 2% of total lease rental revenue.

For the year ended February 28, 2022, we had six Russian lessees that accounted for $129,703, or 17%, of our total revenue. Total revenue from these lessees included $89,446 of lease rentals received in advance, maintenance, security deposits and other revenue resulting from the sanctions placed on Russia, which required the termination of leasing activities. Total revenue attributable to Russia was less than 10% for the years ended February 28, 2021 and December 31, 2019 and for the two months ended February 29, 2020.

For the year ended February 28, 2022, total revenue attributable to India was $82,246, or 11%, and included maintenance and other revenue, including early lease termination fees, totaling $6,141. For the years ended February 28, 2021 and December 31, 2019, total revenue attributable to India was 12% and 13%, respectively. Total revenue attributable to India was less than 10% for the two months ended February 29, 2020.

Geographic concentration of our Net Book Value of flight equipment was as follows:

	February 28, 2022		February 28, 2021	
Region	Number of Aircraft	Net Book Value %	Number of Aircraft	Net Book Value %
Asia and Pacific	71	32 %	79	37 %
Europe	98	30 %	92	27 %
Middle East and Africa	10	4 %	11	4 %
North America	36	17 %	28	12 %
South America	25	13 %	26	13 %
Off-lease	11 [1]	4 %	16 [2]	7 %
Total	251	100 %	252	100 %

(1) Of the eleven off-lease aircraft at February 28, 2022, we have three wide-body aircraft that we are currently marketing for lease or sale.

(2) Of the sixteen off-lease aircraft at February 28, 2021, we have one wide-body aircraft that we are currently marketing for lease or sale.

The following table sets forth Net Book Value of flight equipment attributable to individual countries representing at least 10% of Net Book Value of flight equipment based on each lessee's principal place of business as of:

	February 28, 2022			February 28, 2021		
Region	Net Book Value	Net Book Value %	Number of Lessees	Net Book Value	Net Book Value %	Number of Lessees
India	$ 670,523	10%	3	$ 756,514	11%	3

At February 28, 2022 and 2021, the amounts of lease incentive liabilities recorded in maintenance payments on the consolidated balance sheets were $16,481 and $14,673, respectively.

Note 5. Net Investment in Direct Financing and Sales-Type Leases

At February 28, 2022 and 2021, our net investment in leases consisted of eleven and fifteen aircraft, respectively. The components of our net investment in leases at February 28, 2022 and 2021 were as follows:

	February 28,	
	2022	2021
Lease receivable	$ 52,021	$ 67,075
Unguaranteed residual value of flight equipment	100,068	129,165
Net investment leases	152,089	196,240
Allowance for credit losses	(1,764)	(864)
Net investment in leases, net of allowance	$ 150,325	$ 195,376

The activity in the allowance for credit losses related to our net investment in leases for the years ended February 28, 2022 and 2021 is as follows:

	Amount
Balance at February 29, 2020	$ 6,558
Provision for credit losses	5,258
Write-offs	(10,952)
Balance at February 28, 2021	864
Provision for credit losses	930
Write-offs	(30)
Balance at February 28, 2022	$ 1,764

During the year ended February 28, 2022, we sold five aircraft that were classified as net investment in direct financing and sales-type leases and wrote-off the corresponding allowance for credit losses. At February 28, 2022, future lease payments on net investment in leases are as follows:

Year Ending February 28/29,	Amount
2023	$ 13,700
2024	9,539
2025	8,609
2026	7,680
2027	7,392
Thereafter	14,430
Total lease payments to be received	61,350
Present value of lease payments - lease receivable	(52,021)
Difference between undiscounted lease payments and lease receivable	$ 9,329

Note 6. Unconsolidated Equity Method Investment

We have a joint venture with Mizuho Leasing that has nine aircraft with a net book value of $298,473 at February 28, 2022.

	Amount
Investment in joint ventures at February 29, 2020	$ 33,470
Distributions	(419)
Earnings from joint venture, net of tax	2,326
Investment in joint ventures at February 28, 2021	35,377
Distributions	(104)
Earnings from joint venture, net of tax	3,044
Investment in joint ventures at February 28, 2022	$ 38,317

On December 9, 2021, we entered into a loan agreement to provide the joint venture with a $1,500 unsecured loan facility, which bears interest at a rate of LIBOR plus 2% and is payable on December 9, 2022. This transaction was approved by our management as an arm's length transaction under our related party policy.

Note 7. Borrowings from Secured and Unsecured Debt Financings

The outstanding amounts of our secured and unsecured term debt financings were as follows:

	At February 28, 2022				At February 28, 2021
Debt Obligation	Outstanding Borrowings	Number of Aircraft	Interest Rate	Final Stated Maturity	Outstanding Borrowings
Secured Debt Financings:					
ECA Financings[1]	$ 21,576	1	3.49%	11/30/24	$ 36,423
Bank Financings	666,258	31	2.25% to 4.55%	06/17/23 to 03/06/25	738,353
Less: Debt Issuance Costs	(3,795)				(5,926)
Total secured debt financings, net of debt issuance costs and discounts	684,039	32			768,850
Unsecured Debt Financings:					
Senior Notes due 2022	—		5.50%	02/15/22	500,000
Senior 5.00% Notes due 2023	500,000		5.00%	04/01/23	500,000
Senior 4.40% Notes due 2023	650,000		4.40%	09/25/23	650,000
Senior Notes due 2024	500,000		4.125%	05/01/24	500,000
Senior Notes due 2025	650,000		5.25%	08/11/25	650,000
Senior Notes due 2026	650,000		4.25%	06/15/26	650,000
Senior Notes due 2028	750,000		2.85%	01/26/28	750,000
Unsecured Term Loan	155,000		1.753%	02/27/24	215,000
Revolving Credit Facilities	20,000		1.625% to 2.25%	06/27/22 to 04/26/25	—
Less: Debt issuance costs and discounts	(39,159)				(48,739)
Total unsecured debt financings, net of debt issuance costs and discounts	3,835,841				4,366,261
Total secured and unsecured debt financings, net of debt issuance costs and discounts	$ 4,519,880				$ 5,135,111

(1) The borrowings under these financings at February 28, 2022 have a weighted-average fixed rate of interest of 3.23%.

Unsecured Debt Financings:

Revolving Credit Facilities

During the year ended February 28, 2022, we entered into various amendments for one of our unsecured revolving credit facilities that, among other things, expanded the size of the facility and split the commitment into two tranches. As a result, the existing $300,000 commitment was expanded to $365,000, with $135,000 and $230,000 of the commitment allocated to Tranche A and Tranche B, respectively. Tranche A matured on the facility's previously stated maturity date of December 27, 2021 and Tranche B will mature on February 28, 2023.

On April 26, 2021, we entered into an amendment that increased the size of one of our revolving credit facilities from $800,000 to $1,000,000. The stated maturity date for $900,000 of the total commitment was extended to April 26, 2025, and the remaining $100,000 commitment will mature on the facility's previously stated maturity date of June 27, 2022.

On April 26, 2021, we entered into an amendment that reduced the size of our revolving credit facility with Mizuho Bank Ltd., a related party, from $150,000 to $50,000 and extended its maturity date to July 30, 2022. Mizuho Bank, Ltd. is now a lender for our $1,000,000 revolving credit facility with a commitment in the amount of $100,000.

On December 6, 2021, the Company entered into a $100,000 senior unsecured revolving credit facility with Mizuho Marubeni Leasing America Corporation, a related party. The facility bears interest at a rate of LIBOR plus 1.625%, matures on December 6, 2023, and requires the Company to have a minimum of $20,000 revolving credit outstanding throughout the term of the facility. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

As of February 28, 2022, we had $20,000 in borrowings outstanding under our revolving credit facilities and had $1,360,000 available for borrowing.

Unsecured Term Loan

On February 18, 2022, we repaid Tranche A of our unsecured term loan in the amount of $60,000.

Senior Notes due 2022

On July 30, 2021, we redeemed all of the $500,000 outstanding aggregate principal amount of our 5.5% Senior Notes due 2022, including $12,604 of accrued interest and a $13,314 call premium.

Maturities of the secured and unsecured debt financings over the next five years and thereafter are as follows:

Year Ending February 28/29,	Amount
2023	$ 81,611
2024	1,552,698
2025	800,859
2026	727,666
2027	650,000
Thereafter	750,000
Total	$ 4,562,834

As of February 28, 2022, we were in compliance with all applicable covenants in our financings.

Note 8. Shareholders' Equity

On June 8, 2021, the Company issued 400 shares of 5.250% Series A Cumulative Redeemable Perpetual Preference Shares, $0.01 par value, with a liquidation preference of $1,000 per share (the "Preference Shares"). The Preference Shares are perpetual and have no maturity date.

Dividends on the Preference Shares, when, as and if declared by the Company's board of directors are payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2021. Dividends will be payable: (i) from the date of original issue to, but excluding September 15, 2026 (the "original reset date") at a fixed rate per annum of 5.250%; (ii) from, and including, the original reset date to, but excluding, September 15, 2031 (the "2031 reset date"), at a rate per annum equal to the five-year treasury rate as of the most recent reset dividend determination date plus 4.410%; (iii) from, and including, the 2031 reset date to, but excluding, September 15, 2046 (the "2046 reset date"), during each reset period at a rate per annum equal to the five-year treasury rate as of the most recent reset dividend determination date plus 4.660%; and (iv) from, and including, the 2046 reset date, during each reset period at a rate per annum equal to the five-year treasury rate as of the most recent reset dividend determination date plus 5.410%. Dividends on the Preference Shares will accumulate daily and be cumulative from, and including, the date of original issuance of the Preference Shares.

The Company may not redeem the Preference Shares before the date that is 90-days prior to the original reset date. The Company may, at its option, redeem the Preference Shares, in whole or in part, from time to time during the period beginning 90-days prior to each reset date and ending on such reset date at a redemption price in cash equal to $1,000 per Preference Share, plus all accumulated and unpaid dividends (whether or not declared) to, but excluding, such redemption date. In addition, the Company may redeem the Preference Shares, in whole but not in part, at the Company's option under certain other limited conditions.

Except with respect to certain amendments to the terms of the Preference Shares, in the case of certain dividend non-payments and as otherwise required by applicable law, the Preference Shares do not have voting rights.

On August 19, 2021, the Company's Board of Directors approved a quarterly dividend for the Company's Preference Shares in the amount of $5,658, which was paid on September 15, 2021. Additionally, on January 6, 2022, the Company's Board of Directors approved a quarterly dividend for the Company's Preference Shares in the amount of $10,500, which was paid on March 15, 2022.

Note 9. Related Party Transactions

On April 26, 2021, the Company entered into an amendment that reduced the size and extended the term of our unsecured revolving credit facility with Mizuho Bank Ltd., a related party – see Note 7 in the Notes to the Consolidated Financial Statements for additional information.

On December 6, 2021, the Company entered into a $100,000 senior unsecured revolving credit facility with Mizuho Marubeni Leasing America Corporation, a related party – see Note 7 in the Notes to the Consolidated Financial Statements for additional information. This transaction was approved by our Audit Committee as an arm's length transaction under our related party policy.

During the year ended February 28, 2022, the Company incurred $5,048 in fees to Marubeni as part of its intra-company service agreement, whereby Marubeni provides certain management and administrative services to the Company. The Company also entered into a parts management services and supply agreement with an affiliate of Marubeni under which we purchased parts totaling $5,857 during the year ended February 28, 2022.

Note 10. Income Taxes

Income taxes have been provided for based upon the tax laws and rates in countries in which our operations are conducted and income is earned. The Company received an assurance from the Bermuda Minister of Finance that it would be exempted from local income, withholding and capital gains taxes until March 2035. Consequently, the provision for income taxes relates to income earned by certain subsidiaries of the Company which are located in, or earn income in, jurisdictions that impose income taxes, primarily the United States and Ireland.

The sources of income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019, were as follows:

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
U.S. operations	$ 20,803	$ 31,848	$ 3,084	$ 9,085
Non-U.S. operations	(310,054)	(357,106)	1,754	166,055
Income (loss) from continuing operations before income taxes and earnings of unconsolidated equity method investment	$ (289,251)	$ (325,258)	$ 4,838	$ 175,140

The components of the income tax provision (benefit) from continuing operations for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019, consisted of the following:

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Current:				
United States:				
Federal	$ 247	$ (1,232)	$ 6	$ 782
State	161	121	—	437
Non-U.S.	980	4,842	217	1,225
Current income tax provision	1,388	3,731	223	2,444
Deferred:				
United States:				
Federal	5,206	3,150	1,578	7,205
State	1,593	1,598	561	2,018
Non-U.S.	(16,185)	1,757	(687)	11,000
Deferred income tax (benefit)	(9,386)	6,505	1,452	20,223
Total	$ (7,998)	$ 10,236	$ 1,675	$ 22,667

Significant components of the Company's deferred tax assets and liabilities at February 28, 2022 and 2021, February 29, 2020, and December 31, 2019, consisted of the following:

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Deferred tax assets:				
Non-cash share-based payments	$ —	$ —	$ 215	$ 614
Net operating loss carry forwards	117,448	95,462	74,045	69,806
Other	34,955	37,612	54,259	72,732
Total deferred tax assets	152,403	133,074	128,519	143,152
Deferred tax liabilities:				
Accelerated depreciation	(189,083)	(170,382)	(140,363)	(136,268)
Other	(28,873)	(37,179)	(53,448)	(70,551)
Total deferred tax liabilities	(217,956)	(207,561)	(193,811)	(206,819)
Net deferred tax liabilities	$ (65,553)	$ (74,487)	$ (65,292)	$ (63,667)

The Company had $102,435 of federal net operating loss ("NOL") carry forwards available at February 28, 2022 to offset future taxable income subject to U.S. graduated tax rates. If not utilized, $35,510 of these carry forwards will expire by 2037, with $66,925 of these carry forwards having no expiration date. The Company also had NOL carry forwards of $729,749 with no expiration date to offset future Irish taxable income. Deferred tax assets and liabilities are included in other assets and accounts payable and accrued liabilities, respectively.

We do not expect to incur income taxes on future distributions of undistributed earnings of non-U.S. subsidiaries and accordingly, no deferred income taxes have been provided for the distributions of such earnings. As of February 28, 2022, we have elected to permanently reinvest our accumulated undistributed U.S. earnings of $40,041. Accordingly, no U.S. withholding taxes have been provided. Withholding tax of $2,002 would be due if such earnings were remitted.

Our aircraft-owning subsidiaries generally earn income from sources outside the United States and typically are not subject to U.S. federal, state or local income taxes. The aircraft owning subsidiaries resident in Ireland and the U.S. are subject to tax in those respective jurisdictions.

We have a U.S.-based subsidiary which provides management services to our subsidiaries and is subject to U.S. federal, state and local income taxes. We also have Ireland and Singapore based subsidiaries which provide management services to our non-U.S. subsidiaries and are subject to tax in those respective jurisdictions.

Differences between statutory income tax rates and our effective income tax rates applied to pre-tax income from continuing operations for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019, consisted of the following:

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Notional U.S. federal income tax expense at the statutory rate:	$ (60,742)	$ (68,304)	$ 1,016	$ 36,779
U.S. state and local income tax, net	1,237	1,723	390	1,549
Non-U.S. operations:				
Bermuda	27,751	82,190	(1,845)	(16,950)
Ireland	23,510	1,545	(1,147)	(99)
Singapore	174	75	(6)	(28)
Other low tax jurisdictions	(15)	(381)	2,533	(2,504)
Non-deductible expenses in the U.S.	16	(1,904)	734	3,581
Other	71	(4,708)	—	339
Provision (benefit) for income taxes	$ (7,998)	$ 10,236	$ 1,675	$ 22,667

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. We did not have any unrecognized tax benefits.

We conduct business globally and, as a result, the Company and its subsidiaries or branches are subject to foreign, U.S. federal and various state and local income taxes, as well as withholding taxes. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Ireland and the United States.

Our policy is that we will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. We did not accrue interest or penalties associated with any unrecognized tax benefits, nor was any interest expense or penalty recognized during the year.

Note 11. Interest, Net

The following table shows the components of interest, net.

	Year Ended February 28,		Two Months Ended February 29,	Year Ended December 31,
	2022	2021	2020	2019
Interest on borrowings and other liabilities	$ 200,220	$ 221,246	$ 38,915	$ 245,673
Amortization of deferred losses related to interest rate derivatives	—	—	—	184
Amortization of deferred financing fees and debt discount	16,267	14,791	2,446	14,578
Interest expense	216,487	236,037	41,361	260,435
Less: Interest income	(1,209)	(523)	(323)	(2,365)
Less: Capitalized interest	(926)	(176)	—	—
Interest, net	$ 214,352	$ 235,338	$ 41,038	$ 258,070

Note 12. Commitments and Contingencies

Rent expense, primarily for the corporate office and sales and marketing facilities, was $1,621, $1,626, $278 and $1,601 for the years ended February 28, 2022 and 2021, the two months ended February 29, 2020, and the year ended December 31, 2019, respectively.

As of February 28, 2022, Aircastle is obligated under non-cancelable operating leases relating principally to office facilities in Stamford, Connecticut; Dublin, Ireland; and Singapore for future minimum lease payments as follows:

Year Ending February 28/29,	Amount
2023	$ 1,768
2024	1,702
2025	1,733
2026	1,764
2027	1,795
Thereafter	2,561
Total	$ 11,323

At February 28, 2022, we had commitments to acquire 23 for $819,273.

Commitments under signed purchase agreements, including $76,675 of remaining progress payments, contractual price escalations and other adjustments for these aircraft at February 28, 2022, net of amounts already paid, are as follows:

Year Ending February 28/29,	Amount
2023	$ 462,452
2024	171,258
2025	185,563
2026	—
2027	—
Thereafter	—
Total	$ 819,273

Note 13. Other Assets

The following table describes the principal components of other assets on our consolidated balance sheets as of:

	February 28,	
	2022	2021
Deferred income tax asset	$ 570	$ 637
Lease incentives and premiums, net of accumulated amortization of $81,553 and $75,126, respectively	53,513	75,169
Flight equipment held for sale	77,636	53,289
Aircraft purchase deposits and Embraer E-2 progress payments	56,157	52,092
Right-of-use asset[(1)]	7,176	8,056
Deferred rent receivable	55,478	69,103
Other assets	105,796	53,598
Total other assets	$ 356,326	$ 311,944

(1) Net of lease incentives and tenant allowances.

Note 14. Accounts Payable, Accrued Expenses and Other Liabilities

The following table describes the principal components of accounts payable, accrued expenses and other liabilities recorded on our consolidated balance sheets as of:

	February 28,	
	2022	2021
Accounts payable and accrued expenses	$ 58,882	$ 43,088
Deferred income tax liability	66,123	75,124
Accrued interest payable	42,013	43,676
Lease liability	9,846	11,003
Lease discounts, net of accumulated amortization of $45,546 and $44,887, respectively	560	1,376
Total accounts payable, accrued expenses and other liabilities	$ 177,424	$ 174,267

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, Aircastle Limited has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 28, 2022

Aircastle Limited

By: /s/ Michael Inglese

Michael Inglese

Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Aircastle Limited and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
/s/ Michael Inglese Michael Inglese	Chief Executive Officer and Director	April 28, 2022
/s/ Aaron Dahlke Aaron Dahlke	Chief Financial Officer	April 28, 2022
/s/ Dane Silverman Dane Silverman	Chief Accounting Officer	April 28, 2022
/s/ Takashi Kurihara Takashi Kurihara	Chairman of the Board	April 28, 2022
/s/ Douglas A. Hacker Douglas A. Hacker	Director	April 28, 2022
/s/ Taro Kawabe Taro Kawabe	Director	April 28, 2022
/s/ Charles W. Pollard Charles W. Pollard	Director	April 28, 2022
/s/ Takayuki Sakakida Takayuki Sakakida	Director	April 28, 2022
/s/ Noriyuki Yukawa Noriyuki Yukawa	Director	April 28, 2022

Exhibit 10.33
Executed Version

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT No. 13 TO PURCHASE AGREEMENT COM0270-15

This Amendment No. 13 COM0239-21, dated as of September 02, 2021 ("Amendment No. 13"), is between **Embraer S.A.** ("Embraer") a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, prédio F-100, Putim, in the city of São José dos Campos, State of São Paulo, Brazil, **YABORÃ INDÚSTRIA AERONÁUTICA S.A.** ("Embraer Commercial"), a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, in the City of São José dos Campos, State of São Paulo, Brazil (the assignee of Embraer S.A.) and **Aircastle Holding Corporation Limited** ("Buyer") collectively referred to herein as the "Parties", and constitutes an amendment and modification to Purchase Agreement COM0270-15 dated June 12th, 2015 as amended from time to time (the "Purchase Agreement").

Embraer and Embraer Commercial are referred collectively as "Seller".

All capitalized terms not otherwise defined herein shall have the same meaning when used herein as provided in the Purchase Agreement and in case of any conflict between this Amendment No. 13 and the Purchase Agreement, this Amendment No. 13 shall control.

WHEREAS, [***].

TO THE EXTENT [***].

WHEREAS, [***].

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the Parties, Seller and Buyer hereby agree as follows:

1. [***].

2. [***].

3. [***].

4. REINSTATEMENT OF PURCHASE AGREEMENT

All other provisions and conditions of the referenced Purchase Agreement, as well as its related Attachments, which are not specifically modified by this Amendment No. 13 shall remain in full force and effect without any change.

5. COUNTERPARTS

This Amendment No. 13 may be signed by the parties hereto in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the

same instrument and all of which when taken together shall constitute one and the same instrument.

This Amendment No. 13 may be signed by facsimile with originals duly signed to follow by an internationally recognized courier.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer, by their duly authorized officers, have entered into and executed this Amendment No. 13 to be effective as of the date first written above.

EMBRAER S.A.

By /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP Brazil

AIRCASTLE HOLDING CORPORATION LIMITED

By /s/ Stephen Quinn
Name: Stephen Quinn
Title: Director

Place: USA

YABORÃ INDÚSTRIA AERONÁUTICA S.A.

By: /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By: /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP, Brazil

Exhibit 10.34
Executed Version

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT No. 14 TO PURCHASE AGREEMENT COM0270-15

This Amendment No. 14 COM0238-21, dated as of September 17, 2021 ("Amendment No. 14"), is between **Embraer S.A.** ("Embraer") a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, prédio F-100, Putim, in the city of São José dos Campos, State of São Paulo, Brazil, **YABORÃ INDÚSTRIA AERONÁUTICA S.A.** ("Embraer Commercial"), a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, in the City of São José dos Campos, State of São Paulo, Brazil (the assignee of Embraer S.A.) and **Aircastle Holding Corporation Limited** ("Buyer") collectively referred to herein as the "Parties", and constitutes an amendment and modification to Purchase Agreement COM0270-15 dated June 12th, 2015 as amended from time to time (the "Purchase Agreement").

Embraer and Embraer Commercial are referred collectively as "Seller".

All capitalized terms not otherwise defined herein shall have the same meaning when used herein as provided in the Purchase Agreement and in case of any conflict between this Amendment No. 14 and the Purchase Agreement, this Amendment No. 14 shall control.

WHEREAS, [***];

WHEREAS, [***];

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the Parties, Seller and Buyer hereby agree as follows:

1. [***].

2. [***].

3. [***].

4. [***].

5. [***].

6. [***].

7. [***].

8. [***].

9. REINSTATEMENT OF PURCHASE AGREEMENT

All other provisions and conditions of the referenced Purchase Agreement, as well as its related Attachments, which are not specifically modified by this Amendment No. 14 shall remain in full force and effect without any change.

10. COUNTERPARTS

This Amendment No. 14 may be signed by the parties hereto in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which when taken together shall constitute one and the same instrument.

This Amendment No. 14 may be signed by facsimile with originals duly signed to follow by an internationally recognized courier.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer, by their duly authorized officers, have entered into and executed this Amendment No. 14 to be effective as of the date first written above.

EMBRAER S.A.

By /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP Brazil

AIRCASTLE HOLDING CORPORATION LIMITED

By /s/ Stephen Quinn
Name: Stephen Quinn
Title: Director

Place: USA

YABORÃ INDÚSTRIA AERONÁUTICA S.A.

By: /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By: /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP, Brazil

Exhibit 10.35
Executed Version

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT No. 15 TO PURCHASE AGREEMENT COM0270-15

This Amendment No. 15 COM0439-21, dated as of December 03, 2021 ("Amendment No. 15"), is between **Embraer S.A.** ("Embraer") a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, prédio F-100, Putim, in the city of São José dos Campos, State of São Paulo, Brazil, **YABORÃ INDÚSTRIA AERONÁUTICA S.A.** ("Embraer Commercial"), a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, in the City of São José dos Campos, State of São Paulo, Brazil (the assignee of Embraer S.A.) and **Aircastle Holding Corporation Limited** ("Buyer") collectively referred to herein as the "Parties", and constitutes an amendment and modification to Purchase Agreement COM0270-15 dated June 12th, 2015 as amended from time to time (the "Purchase Agreement").

Embraer and Embraer Commercial are referred collectively as "Seller".

All capitalized terms not otherwise defined herein shall have the same meaning when used herein as provided in the Purchase Agreement and in case of any conflict between this Amendment No. 15 and the Purchase Agreement, this Amendment No. 15 shall control.

WHEREAS, [***];

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the Parties, Seller and Buyer hereby agree as follows:

1. [***].

2. [***].

3. REINSTATEMENT OF PURCHASE AGREEMENT

All other provisions and conditions of the referenced Purchase Agreement, as well as its related Attachments, which are not specifically modified by this Amendment No. 15 shall remain in full force and effect without any change.

4. COUNTERPARTS

This Amendment No. 15 may be signed by the parties hereto in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which when taken together shall constitute one and the same instrument.

This Amendment No. 15 may be signed by facsimile with originals duly signed to follow by an internationally recognized courier.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer, by their duly authorized officers, have entered into and executed this Amendment No. 15 to be effective as of the date first written above.

EMBRAER S.A.

By /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: SJC, SP, Brazil

AIRCASTLE HOLDING CORPORATION LIMITED

By /s/ Stephen Quinn
Name: Stephen Quinn
Title: Director

Place: USA

YABORÃ INDÚSTRIA AERONÁUTICA S.A.

By: /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By: /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: SJC, SP, Brazil

Exhibit 10.36
Executed Version

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT No. 16 TO PURCHASE AGREEMENT COM0270-15

This Amendment No. 16 (COM0611-21), dated as of February 09th, 2022 ("Amendment No. 16"), is among **Embraer S.A.,** as successor of Yaborã Industria Aeronautica S.A., ("Embraer S.A." or "Seller"), a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, Putim, in the city of São José dos Campos, State of São Paulo, Brazil, **YABORÃ INDÚSTRIA AERONÁUTICA S.A.**, a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, in the City of São José dos Campos, State of São Paulo, Brazil (the assignee of Embraer S.A.)("Yaborã") and **Aircastle Holding Corporation Limited** ("Buyer") collectively referred to herein as the "Parties", and constitutes an amendment and modification to Purchase Agreement COM0270-15, dated June 12th, 2015, as amended from time to time (the "Purchase Agreement").

All capitalized terms not otherwise defined herein shall have the same meaning when used herein as provided in the Purchase Agreement and in case of any conflict between this Amendment No. 16 and the Purchase Agreement, this Amendment No. 16 shall control.

WHEREAS, [***];

WHEREAS, [***];

WHEREAS, [***];

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the Parties, Seller and Buyer hereby agree as follows:

1. [***].

2. [***].

3. [***].

4. REINSTATEMENT OF PURCHASE AGREEMENT

All other provisions and conditions of the referenced Purchase Agreement, as well as its related Attachments, which are not specifically modified by this Amendment No. 16 shall remain in full force and effect without any change.

5. COUNTERPARTS

This Amendment No. 16 may be signed by the parties hereto in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which when taken together shall constitute one and the same instrument.

This Amendment No. 16 may be signed by facsimile with originals duly signed to follow by an internationally recognized courier.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer, by their duly authorized officers, have entered into and executed this Amendment No. 16 to be effective as of the date first written above.

EMBRAER S.A.

By /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP Brazil

AIRCASTLE HOLDING CORPORATION LIMITED

By /s/ Stephen Quinn
Name: Stephen Quinn
Title: Director

Place: USA

YABORÃ INDÚSTRIA AERONÁUTICA S.A.

By: /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By: /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: São José dos Campos, SP, Brazil

Exhibit 10.43
Executed Version

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT No. 7 TO LETTER AGREEMENT COM0270-15

This Amendment No. 7 COM0459-21 (the "Amendment No. 7") dated as of December 03, 2021 is between **Embraer S.A.** ("Embraer") a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, prédio F-100, Putim, in the city of São José dos Campos, State of São Paulo, Brazil, **YABORÃ INDÚSTRIA AERONÁUTICA S.A.** ("Embraer Commercial"), a corporation existing under the laws of Brazil, with its principal place of business at Avenida Brigadeiro Faria Lima, 2170, in the City of São José dos Campos, State of São Paulo, Brazil (the assignee of Embraer S.A.) and **Aircastle Holding Corporation Limited** ("Buyer") collectively referred to herein as the "Parties", and constitutes an amendment and modification to Letter Agreement COM0271-15 dated June 12th, 2015 as amended from time to time (the "Letter Agreement").

Embraer and Embraer Commercial are referred collectively as "Seller".

All capitalized terms not otherwise defined herein shall have the same meaning when used herein as provided in the Letter Agreement and in case of any conflict between this Amendment No. 7 and the Letter Agreement, this Amendment No. 7 shall control.

WHEREAS, [***].

NOW, THEREFORE, for good and valuable consideration, which is hereby acknowledged by the Parties, Embraer and Buyer agree as follows:

1. [***].

2. REINSTATEMENT OF LETTER AGREEMENT

All other provisions and conditions of the referenced Letter Agreement, as well as its related Attachments, which are not specifically modified by this Amendment No. 7 shall remain in full force and effect without any change.

3. COUNTERPARTS

This Amendment No. 7 may be signed by the Parties hereto in any number of separate counterparts with the same effect as if the signatures thereto and hereto were upon the "same instrument and all of which when taken together shall constitute one and the same instrument.

This Amendment No. 7 may be signed by facsimile or email electronic signature with originals duly signed to follow by an internationally recognized courier.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer, by their duly authorized officers, have entered into and executed this Amendment No. 7 to be effective as of the date first written above.

EMBRAER S.A.

By /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: SJC, SP, Brazil

AIRCASTLE HOLDING CORPORATION LIMITED

By /s/ Stephen Quinn
Name: Stephen Quinn
Title: Director

Place: USA

YABORÃ INDÚSTRIA AERONÁUTICA S.A.

By: /s/ Marcelo Santiago
Name: Marcelo Santiago
Title: Vice President Contracts & Asset Management

By: /s/ Marc Thomas Alhgrimm
Name: Marc Thomas Alhgrimm
Title: Director, Contracts Administration

Place: SJC, SP, Brazil

Exhibit 21.1

Subsidiaries of Aircastle Limited
As of February 28, 2022

	Name of Subsidiary	Jurisdiction
1.	ACS 2007-1 Limited	Bermuda
2.	ACS 2008-1 Limited	Bermuda
3.	ACS 2016 Funding (Bermuda) Limited	Bermuda
4.	ACS 2016 Funding (Ireland) Limited	Ireland
5.	ACS Aircraft Finance Ireland 2 Limited	Ireland
6.	ACS Aircraft Finance Ireland 3 Limited	Ireland
7.	AHCL Two Limited	Bermuda
8.	AYR Bermuda Limited	Bermuda
9.	AYR Delaware LLC	Delaware
10.	AYR Freighter LLC	Delaware
11.	AYR Ireland Holdco Limited	Ireland
12.	Aircastle Advisor Asia Pacific Limited	Bermuda
13.	Aircastle Advisor (International) Limited	Bermuda
14.	Aircastle Advisor (Ireland) Limited	Ireland
15.	Aircastle Aviation US LLC	Delaware
16.	Aircastle Aviation US Two LLC	Delaware
17.	Aircastle Advisor LLC	Delaware
18.	Aircastle Bermuda Securities Limited	Bermuda
19.	Aircastle Funding (Ireland) Designated Activity Company	Ireland
20.	Aircastle Holding Corporation Limited	Bermuda
21.	Aircastle Investment Holdings 2 Limited	Bermuda
22.	Aircastle Investment Holdings 3 Limited	Bermuda
23.	Aircastle Singapore Pte. Limited	Singapore
24.	Aircraft MSN EMB 1 LLC	Delaware
25.	Aircraft MSN EMB 2 LLC	Delaware
26.	Aircraft MSN EMB 3 LLC	Delaware
27.	Aircraft MSN EMB 4 LLC	Delaware
28.	Aircraft MSN EMB 5 LLC	Delaware
29.	Aircraft MSN EMB 6 LLC	Delaware
30.	Aircraft MSN EMB 7 LLC	Delaware
31.	Aircraft MSN EMB 8 LLC	Delaware
32.	Aircraft MSN EMB 9 LLC	Delaware
33.	Aircraft MSN EMB 10 LLC	Delaware
34.	Aircraft MSN EMB 11 LLC	Delaware
35.	Aircraft MSN EMB 12 LLC	Delaware
36.	Aircraft MSN EMB 13 LLC	Delaware
37.	Aircraft MSN EMB 14 LLC	Delaware
38.	Aircraft MSN EMB 15 LLC	Delaware
39.	Aircraft MSN 997 LLC	Delaware
40.	Aircraft MSN 1006 LLC	Delaware
41.	Aircraft MSN 1012 LLC	Delaware
42.	Aircraft MSN 1015 LLC	Delaware
43.	Aircraft MSN 1055 LLC	Delaware
44.	Aircraft MSN 1132 LLC	Delaware
45.	Aircraft MSN 1162 LLC	Delaware
46.	Aircraft MSN 1177 LLC	Delaware
47.	Aircraft MSN 1179 LLC	Delaware
48.	Aircraft MSN 1244 LLC	Delaware
49.	Aircraft MSN 1258 LLC	Delaware
50.	Aircraft MSN 1259 LLC	Delaware
51.	Aircraft MSN 1261 LLC	Delaware
52.	Aircraft MSN 1279 LLC	Delaware
53.	Aircraft MSN 1295 LLC	Delaware

	Name of Subsidiary	Jurisdiction
54.	Aircraft MSN 1308 LLC	Delaware
55.	Aircraft MSN 1322 LLC	Delaware
56.	Aircraft MSN 1329 LLC	Delaware
57.	Aircraft MSN 1364 LLC	Delaware
58.	Aircraft MSN 1411 LLC	Delaware
59.	Aircraft MSN 1466 LLC	Delaware
60.	Aircraft MSN 1481 LLC	Delaware
61.	Aircraft MSN 1513 LLC	Delaware
62.	Aircraft MSN 1572 LLC	Delaware
63.	Aircraft MSN 1655 LLC	Delaware
64.	Aircraft MSN 1674 LLC	Delaware
65.	Aircraft MSN 1673 LLC	Delaware
66.	Aircraft MSN 1742 LLC	Delaware
67.	Aircraft MSN 1780 LLC	Delaware
68.	Aircraft MSN 1836 LLC	Delaware
69.	Aircraft MSN 1989 LLC	Delaware
70.	Aircraft MSN 1913 LLC	Delaware
71.	Aircraft MSN 2002 LLC	Delaware
72.	Aircraft MSN 2004 LLC	Delaware
73.	Aircraft MSN 2098 LLC	Delaware
74.	Aircraft MSN 2104 LLC	Delaware
75.	Aircraft MSN 1015 LLC	Delaware
76.	Aircraft MSN 2208 LLC	Delaware
77.	Aircraft MSN 2220 LLC	Delaware
78.	Aircraft MSN 2248 LLC	Delaware
79.	Aircraft MSN 2254 LLC	Delaware
80.	Aircraft MSN 2310 LLC	Delaware
81.	Aircraft MSN 2357 LLC	Delaware
82.	Aircraft MSN 2381 LLC	Delaware
83.	Aircraft MSN 2391 LLC	Delaware
84.	Aircraft MSN 2401 LLC	Delaware
85.	Aircraft MSN 2472 LLC	Delaware
86.	Aircraft MSN 2488 LLC	Delaware
87.	Aircraft MSN 2495 LLC	Delaware
88.	Aircraft MSN 2563 LLC	Delaware
89.	Aircraft MSN 2565 LLC	Delaware
90.	Aircraft MSN 2578 LLC	Delaware
91.	Aircraft MSN 2605 LLC	Delaware
92.	Aircraft MSN 2636 LLC	Delaware
93.	Aircraft MSN 2646 LLC	Delaware
94.	Aircraft MSN 2677 LLC	Delaware
95.	Aircraft MSN 2691 LLC	Delaware
96.	Aircraft MSN 2715 LLC	Delaware
97.	Aircraft MSN 2742 LLC	Delaware
98.	Aircraft MSN 2744 LLC	Delaware
99.	Aircraft MSN 2754 LLC	Delaware
100.	Aircraft MSN 2756 LLC	Delaware
101.	Aircraft MSN 2765 LLC	Delaware
102.	Aircraft MSN 2769 LLC	Delaware
103.	Aircraft MSN 2777 LLC	Delaware
104.	Aircraft MSN 2779 LLC	Delaware
105.	Aircraft MSN 2782 LLC	Delaware
106.	Aircraft MSN 2792 LLC	Delaware
107.	Aircraft MSN 2795 LLC	Delaware
108.	Aircraft MSN 2803 LLC	Delaware
109.	Aircraft MSN 2818 LLC	Delaware
110.	Aircraft MSN 2822 LLC	Delaware

	Name of Subsidiary	Jurisdiction
111.	Aircraft MSN 2928 LLC	Delaware
112.	Aircraft MSN 2956 LLC	Delaware
113.	Aircraft MSN 3045 LLC	Delaware
114.	Aircraft MSN 3117 LLC	Delaware
115.	Aircraft MSN 3157 LLC	Delaware
116.	Aircraft MSN 3182 LLC	Delaware
117.	Aircraft MSN 3209 LLC	Delaware
118.	Aircraft MSN 3277 LLC	Delaware
119.	Aircraft MSN 3223 LLC	Delaware
120.	Aircraft MSN 3291 LLC	Delaware
121.	Aircraft MSN 3338 LLC	Delaware
122.	Aircraft MSN 3421 LLC	Delaware
123.	Aircraft MSN 3443 LLC	Delaware
124.	Aircraft MSN 3450 LLC	Delaware
125.	Aircraft MSN 3486 LLC	Delaware
126.	Aircraft MSN 3524 LLC	Delaware
127.	Aircraft MSN 3543 LLC	Delaware
128.	Aircraft MSN 3582 LLC	Delaware
129.	Aircraft MSN 3628 LLC	Delaware
130.	Aircraft MSN 3637 LLC	Delaware
131.	Aircraft MSN 3667 LLC	Delaware
132.	Aircraft MSN 3673 LLC	Delaware
133.	Aircraft MSN 3690 LLC	Delaware
134.	Aircraft MSN 3762 LLC	Delaware
135.	Aircraft MSN 3911 LLC	Delaware
136.	Aircraft MSN 4070 LLC	Delaware
137.	Aircraft MSN 4077 LLC	Delaware
138.	Aircraft MSN 4088 LLC	Delaware
139.	Aircraft MSN 4968 LLC	Delaware
140.	Aircraft MSN 5010 LLC	Delaware
141.	Aircraft MSN 5127 LLC	Delaware
142.	Aircraft MSN 5598 LLC	Delaware
143.	Aircraft MSN 5796 LLC	Delaware
144.	Aircraft MSN 6077 LLC	Delaware
145.	Aircraft MSN 6201 LLC	Delaware
146.	Aircraft MSN 6253 LLC	Delaware
147.	Aircraft MSN 7160 LLC	Delaware
148.	Aircraft MSN 7316 LLC	Delaware
149.	Aircraft MSN 7791 LLC	Delaware
150.	Aircraft MSN 25702-2 LLC	Delaware
151.	Aircraft MSN 27137 LLC	Delaware
152.	Aircraft MSN 28623 LLC	Delaware
153.	Aircraft MSN 29345 LLC	Delaware
154.	Aircraft MSN 29346 LLC	Delaware
155.	Aircraft MSN 29356 LLC	Delaware
156.	Aircraft MSN 29368 LLC	Delaware
157.	Aircraft MSN 29918 LLC	Delaware
158.	Aircraft MSN 29920 LLC	Delaware
159.	Aircraft MSN 30295 LLC	Delaware
160.	Aircraft MSN 30687 LLC	Delaware
161.	Aircraft MSN 30702 LLC	Delaware
162.	Aircraft MSN 30710 LLC	Delaware
163.	Aircraft MSN 32457 LLC	Delaware
164.	Aircraft MSN 32704 LLC	Delaware
165.	Aircraft MSN 32705 LLC	Delaware
166.	Aircraft MSN 32881 LLC	Delaware
167.	Aircraft MSN 33030 LLC	Delaware

	Name of Subsidiary	Jurisdiction
168.	Aircraft MSN 33212 LLC	Delaware
169.	Aircraft MSN 33380 LLC	Delaware
170.	Aircraft MSN 33417 LLC	Delaware
171.	Aircraft MSN 34409 LLC	Delaware
172.	Aircraft MSN 35022 LLC	Delaware
173.	Aircraft MSN 35082 LLC	Delaware
174.	Aircraft MSN 35093 LLC	Delaware
175.	Aircraft MSN 35233 LLC	Delaware
176.	Aircraft MSN 35236 LLC	Delaware
177.	Aircraft MSN 35237 LLC	Delaware
178.	Aircraft MSN 35679 LLC	Delaware
179.	Aircraft MSN 35680 LLC	Delaware
180.	Aircraft MSN 36826 LLC	Delaware
181.	Aircraft MSN 36829 LLC	Delaware
182.	Aircraft MSN 36808 LLC	Delaware
183.	Aircraft MSN 36821 LLC	Delaware
184.	Aircraft MSN 37294 LLC	Delaware
185.	Aircraft MSN 37742 LLC	Delaware
186.	Aircraft MSN 37887 LLC	Delaware
187.	Aircraft MSN 38019 LLC	Delaware
188.	Aircraft MSN 38494 LLC	Delaware
189.	Aircraft MSN 38683 LLC	Delaware
190.	Aircraft MSN 38686 LLC	Delaware
191.	Aircraft MSN 40713 LLC	Delaware
192.	Aircraft MSN 41522 LLC	Delaware
193.	Aircraft MSN 19000484 LLC	Delaware
194.	Aircraft MSN 19000575 LLC	Delaware
195.	Aircraft MSN 19000588 LLC	Delaware
196.	Aircraft MSN 19000609	Delaware
197.	Aircraft MSN 19000628	Delaware
198.	ALC A320 4694, LLC	Delaware
199.	ALC B378 33104, LLC	Delaware
200.	ALC B378 34242, LLC	Delaware
201.	Anfield Funding Limited	Bermuda
202.	Blue Coast Aircraft Leasing (France) Sarl	France
203.	Constellation Aircraft Leasing (France) SARL	France
204.	Constitution Aircraft Leasing (Ireland) 3 Limited	Ireland
205.	Constitution Aircraft Leasing (Ireland) 5 Limited	Ireland
206.	Constitution Aircraft Leasing (Ireland) 9 Limited	Ireland
207.	Constitution Aircraft Leasing (Ireland) 10 Limited	Ireland
208.	Constitution Aircraft Leasing (Ireland) 1086 Limited	Ireland
209.	Delphie Aircraft Leasing Limited	Bermuda
210.	Dolphin Leasing (Ireland) Limited	Ireland
211.	Dunvegan Aircraft Leasing (Ireland) Limited	Ireland
212.	Endeavor Aircraft Leasing (Sweden) AB	Sweden
213.	Enterprise Aircraft Leasing (France) SARL	France
214.	Gold Coast Aircraft Leasing (France) Sarl	France
215.	Grayston Aircraft Leasing Limited	Cayman Islands
216.	Haneda Aircraft Leasing (Norway) AS	Norway
217.	Intrepid Aircraft Leasing (France) SARL	France
218.	Jakarta Aircraft Leasing (Ireland) Limited	Ireland
219.	Kale Aircraft Leasing (Ireland) Limited	Ireland
220.	Aircastle (Ireland) Limited	Ireland
221.	Koala Aircraft Leasing (Ireland) Limited	Ireland
222.	Macleod Aircraft Leasing (Labuan) Limited	Labuan
223.	Macstay Aircraft Leasing Limited	Bermuda
224.	Marrow Aircraft Leasing (Ireland) Limited	Ireland

	Name of Subsidiary	Jurisdiction
225.	Medan Aircraft Leasing (Ireland) Limited	Ireland
226.	Melbourne Aircraft Leasing (UK) Limited	United Kingdom
227.	Merdeka Aircraft Leasing (Labuan) Limited	Labuan
228.	Momo Aircraft Leasing Limited	Bermuda
229.	Orchard Aviation (A330) Pte. Ltd.	Singapore
230.	Orchard Aviation 41522 (UK) Limited	United Kingdom
231.	Perdana Aircraft Leasing (Labuan) Limited	Labuan
232.	Platypus Aircraft Leasing (Ireland) Limited	Ireland
233.	Salmon Aircraft Leasing (Ireland) Limited	Ireland
234.	Sulaco Aircraft Leasing (Ireland) Limited	Ireland
235.	Tempelhof Aircraft Leasing (Ireland) Limited	Ireland
236.	Thunderbird 1 Leasing Limited	Mauritius
237.	Thunderbird 2 Leasing Limited	Mauritius
238.	Thunderbird 3 Leasing Limited	Mauritius
239.	Thunderbird 4 Leasing Limited	Mauritius
240.	Trojan Aircraft Leasing (France) SARL	France
241.	Zebra Aircraft Leasing Limited	Cayman Islands
242.	Zephyr Aircraft Leasing B.V.	The Netherlands

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Inglese, certify that:

1. I have reviewed this annual report on Form 10-K of Aircastle Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Michael Inglese
Michael Inglese
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron Dahlke, certify that:

1. I have reviewed this annual report on Form 10-K of Aircastle Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Aaron Dahlke
Aaron Dahlke
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Aircastle Limited (the "Company") for the fiscal year ended February 28, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Michael Inglese, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Michael Inglese
Michael Inglese
Chief Executive Officer
Date: April 28, 2022

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Aircastle Limited (the "Company") for the fiscal year ended February 28, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Aaron Dahlke, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Aaron Dahlke
Aaron Dahlke
Chief Financial Officer
Date: April 28, 2022