

Highclere Jet Leasing 4 Designated Activity Company

Directors' Report and Financial Statements

For The Year Ended 31 December 2025

Highclere Jet Leasing 4 Designated Activity Company

Company information	1
Directors' report	2
Directors' responsibilities statement	5
Audit report.	6
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

Company information

Director

Claire O'Donovan (resigned 09-04-2025)
Darragh Wynne
Robert Morgan (appointed 09-04-2025)

Company secretary

MFD Secretaries Limited
32 Molesworth Street
Dublin 2
Ireland

Registered number

710952

Registered office

32 Molesworth Street
Dublin 2
Ireland

Independent auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
29 Earlsfort Terrace
Dublin 2
Ireland

Bankers

Citibank Europe PLC
1 North Wall Quay
Dublin 1
Ireland

Highclere Jet Leasing 4 Designated Activity Company

Directors' report for the year ended 31 December 2025

The Directors present their annual report and the financial statements for the year ended 31 December 2025.

Principal activities, business review and future developments

The principal activity of Highclere Jet Leasing 4 Designated Activity Company (the "Company") is commercial aircraft leasing.

As at 31 December 2025, the Company owned five (2024: five) aircraft which are on lease to a lessee based in Europe.

During the year, the Company acquired two engines from a related party and sold two engines to a related party (2024: none).

The Directors are satisfied with the performance of the Company during the year. The Company intends to continue its existing activities during the coming year.

Principal risk and uncertainties

The Directors continue to monitor the key risks and uncertainties facing the Company, including:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. It is Company policy to investigate the credit worthiness of all counterparties prior to entering any transactions and to regularly review the counterparty's ability to make payments.

Cash flow risk

Cash flow risk is defined as the risk of being unable to fulfil current or future payment obligations in full or at the due date. The cash position of the Company is constantly monitored and short, medium and long term cash flow forecasts are regularly reviewed and appropriate action taken, where necessary.

Asset risk

Asset risk is the risk of an unexpected reduction in the value of the aircraft owned by the Company. Whilst the aircraft are on lease, the Company holds maintenance reserves from the lessee based on their utilisation of the aircraft. In addition, the Company also holds cash security deposits and ensures that the aircraft have sufficient insurance cover while they are on and off lease.

Interest rate risk

The Company will be impacted by fluctuations in interest rates as changes will impact the cost of borrowing. The Company manages interest rate volatility and uncertainty by entering into interest rate hedging strategies where appropriate.

Foreign currency risk

Foreign currency risk is the potential change in income or the value of net worth arising from changes in currency exchange rates. The Company is incorporated in the Republic of Ireland. However, as sales are principally transacted in United States Dollars ("\$\$"), the functional and presentation currency is \$. Most of the Company's transactions are undertaken in \$, and consequently are naturally hedged.

Key performance indicators

In managing the Company, the Directors use a series of key performance indicators against which the performance of the Company is measured. The principal indicators used include the following:

Lease rates achieved compared to market rates

No new leases or lease extensions were contracted during the year (2024: nil).

Highclere Jet Leasing 4 Designated Activity Company

Directors' report for the year ended 31 December 2025

Key performance indicators (continued)

Number and percentage of aircraft on/off lease

The composition of the portfolio is regularly reviewed. The percentage of aircraft on/off lease is monitored monthly. The Company's five aircraft (2024: five) are on lease at 31 December 2025.

Credit worthiness of customers and the level of lease income arrears

The credit worthiness of potential customers is investigated prior to entering into any transaction. The customer's ability to make payments and the level of lease income arrears is regularly reviewed and appropriate action taken where necessary. No debt provisions or debt write-offs were taken during the year (2024: nil).

Aircraft acquisition prices compared to market rates

During the year, the Company acquired two engines from a related party (2024: none). The purchase price is in line with the market.

Sales prices achieved compared to market rates

During the year, the Company sold two engines to a related party (2024: none). The sales price is in line with the market rates. The aircraft portfolio at 31 December 2025 consisted of five aircraft (2024: five).

Events since the end of the year

In 2026, one of the Company's leases expiring in January 2026 was extended to November 2026.

There were no other significant events since the year end that require adjustment to or disclosure in the financial statements.

Political donations and expenditure

The Company made no political donations or incurred any political expenditure during the year (2024: \$nil).

Results and dividends

The profit for the year ended 31 December 2025 of \$54,846 (2024: loss of \$2,078,249) is set out in the Statement of comprehensive income.

The Directors do not recommend the payment of a dividend during the year (2024: \$10,415,000).

Directors and Secretary and their interests

The Directors and Secretary who held office at any time during the year are listed in the Company Information. Unless indicated otherwise, they served for the entire period. In accordance with the Company Constitution, the Directors are not required to retire by rotation.

In accordance with Section 260 of the Companies Act 2014, the Directors and Secretary who held office at 31 December 2025 had no interests in the shares of the Company, or the Group to disclose. No Director has or has had any interest in any transaction with the Company or other Group companies which is or was unusual in its nature or conditions or significant to the business of the Company or the Group during the year.

Highclere Jet Leasing 4 Designated Activity Company

Directors' report for the year ended 31 December 2025

Accounting records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed professionally qualified accountants who report to the board and ensure that the requirements of Sections 281 to 285 of the Companies Act 2014 are complied with.

The books and accounting records are maintained at Falko Regional Aircraft Limited, 1 Bishop Square, Hatfield, Hertfordshire AL10 9NE, United Kingdom. A copy of these books and accounting records is available at the Company's registered office at 32 Molesworth Street, Dublin 2, Ireland, to comply with Section 283(2) of the Companies Act 2014.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered the factors that impact the Company's future development, performance, cashflows and financial position in forming their opinion on the going concern basis. While acknowledging the net liabilities of the Company at 31 December 2025 of \$454,289 (2024: net liabilities of \$509,135) and the long-term debts are payable within 12- months from signing of these financial statements, the Directors have reached the conclusion that, with the continued support of the ultimate parent undertaking, the Company has adequate resources to continue to operate and meet its obligations as they fall due for the foreseeable future, and for at least 12 months from the date of approval of these financial statements. Based on the most current estimates and information available, they are satisfied with the Company's ability to continue as a going concern.

Disclosure of information to the auditors

The Directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as they are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Deloitte Ireland LLP, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf:



Robert Morgan
Director



Darragh Wynne
Director

Date: 26 March 2026

Highclere Jet Leasing 4 Designated Activity Company

Directors' responsibilities statement for the year ended 31 December 2025

The Directors are responsible for preparing the financial statements in accordance in accordance with Irish law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they satisfied that they give a true and fair view of the state of affairs of the assets, liabilities and financial position of the Company and of the profit or loss of the Company for that financial period and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit and loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and director's report comply with the Companies Act 2014 and enable the financial statements to be readily and properly audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Robert Morgan
Director



Darragh Wynne
Director

Date: 26 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHCLERE JET LEASING 4 DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of Highclere Jet Leasing 4 Designated Activity Company ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2025 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 26, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHCLERE JET LEASING 4 DESIGNATED ACTIVITY COMPANY

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- In our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

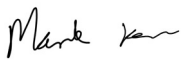
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHCLERE JET LEASING 4 DESIGNATED ACTIVITY COMPANY

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Kerr
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

27 March 2026

Highclere Jet Leasing 4 Designated Activity Company

Statement of comprehensive income
for the year ended 31 December 2025

	Note	2025 \$	2024 \$
Lease revenue	4	4,917,500	4,605,000
Depreciation and impairment	13	(4,024,883)	(4,097,833)
Gross profit		892,617	507,167
Administrative expenses	5	(430,503)	(573,662)
Other operating income	6	1,690,689	-
Other operating charges	7	(920,657)	(101,423)
Derivative fair value change	19	622,487	(200,517)
Operating profit/(loss)		1,854,633	(368,435)
Interest receivable and similar income		14,889	5,497
Interest payable and similar charges	9	(1,803,812)	(2,012,204)
Profit/(loss) before tax		65,710	(2,375,142)
Tax on profit/(loss)	10	(10,864)	296,893
Profit/(loss) for the year		54,846	(2,078,249)

All amounts are related to continuing operations.

There were no recognised gains and losses for 2025 or 2024 other than those included in the statement of comprehensive income.

The notes on pages 12 to 24 form part of these financial statements.

Highclere Jet Leasing 4 Designated Activity Company

Registered number: 710952

**Statement of financial position
as at 31 December 2025**

		2025	2024
		\$	\$
Non current assets			
Lease related assets	12	-	9,385,233
Aircraft	13	17,088,493	23,010,074
Deferred tax assets	11	361,168	366,831
		<u>17,449,661</u>	<u>32,762,138</u>
Current assets			
Trade and other receivables	14	9,502,400	4,490,857
Lease related assets	12	9,385,233	62,500
Cash and cash equivalents	15	2,218,246	3,082,933
		<u>21,105,879</u>	<u>7,636,290</u>
Creditors: amounts falling due within one year	16	(39,009,829)	(2,735,313)
Net current (liabilities)/assets		<u>(17,903,950)</u>	<u>4,900,977</u>
Total assets less current liabilities		<u>(454,289)</u>	<u>37,663,115</u>
Creditors: amounts falling due after more than one year	17	-	(37,549,763)
Derivative liabilities	19	-	(622,487)
Net liabilities		<u>(454,289)</u>	<u>(509,135)</u>
Equity			
Called up share capital presented as equity	20	3,106	3,106
Other reserves	21	2,055,580	2,055,580
Retained deficit	21	(2,512,975)	(2,567,821)
Total equity		<u>(454,289)</u>	<u>(509,135)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf:



Robert Morgan
Director



Darragh Wynne
Director

Date: 26 March 2026

The notes on pages 12 on to 24 form part of these financial statements.

Highclere Jet Leasing 4 Designated Activity Company

Statement of changes in equity
For The Year Ended 31 December 2025

	Called up share capital presented as equity \$	Other reserve \$	Retained deficit \$	Total \$
At 1 January 2024	3,106	12,470,580	(489,572)	11,984,114
Loss for the year	-	-	(2,078,249)	(2,078,249)
Distributions	-	(10,415,000)	-	(10,415,000)
At 01 January 2025	3,106	2,055,580	(2,567,821)	(509,135)
Profit for the year	-	-	54,846	54,846
At 31 December 2025	3,106	2,055,580	(2,512,975)	(454,289)

The notes on pages 12 to 24 form part of these financial statements.

1 General information

Highclere Jet Leasing 4 Designated Activity Company (the "Company") is a company limited by shares and was incorporated under the laws of Ireland on 4 January 2022. The Company's principal activity is to own and lease aircraft to an international airline. The Company's registered office is at 32 Molesworth Street, Dublin 2, Ireland. As at 31 December 2025, Highclere Asset Management Ireland Designated Activity Company (the "Parent Company"), a company registered in Ireland, owned 100% of the outstanding shares of the Company.

Falko Regional Aircraft Opportunities Fund II L.P., a limited partnership incorporated in Jersey, is the ultimate controlling parent of the Company.

The Company is a tax resident in Ireland.

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historic cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102) and the Companies Act 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The functional and presentation currency of these financial statements is United States Dollars ("\$"), which is the principal operating currency of the Company and of the aviation industry.

2.2 Disclosure exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing its financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

- the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d).
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(A) and 12.29A as equivalent information is included in the consolidated financial statements of the Group in which the Company is consolidated.
- the requirement of paragraphs 33.7 and 33.1A.

The information is included in the consolidated financial statements of Drake Asset Management Jersey 3 Limited ("DAMJ3"), the parent company of Highclere Asset Management Ireland DAC, as at 31 December 2025 and these financial statements are available to the public and may be obtained from its registered address, which is IFC5, St. Helier, Jersey, JE1 1ST, Channel Islands.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered the factors that impact the Company's future development, performance, cashflows and financial position in forming their opinion on the going concern basis. While acknowledging the net liabilities of the Company at 31 December 2025 of \$454,289 (2024: net liabilities of \$509,135) and the long-term debts are payable within 12- months from signing of these financial statements, the Directors have reached the conclusion that, with the continued support of the ultimate parent undertaking, the Company has adequate resources to continue to operate and meet its obligations as they fall due for the foreseeable future, and for at least 12 months from the date of approval of these financial statements. Based on the most current estimates and information available, they are satisfied with the Company's ability to continue as a going concern.

2 Material accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is \$.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in Statement of comprehensive income within 'other operating income'.

2.5 Turnover

Turnover represents the value, net of value added tax, of operating lease rentals.

Operating lease rental income is recognised in turnover on a straight-line basis in the period when the rent falls due. Rentals received in advance of the rental period to which they relate are reported as deferred income on the Statement of financial position.

2.6 Administrative expenses

The administrative expenses of the Company are recognised in the financial statements on an accrual basis.

2.7 Interest income and expenses

Interest income and expenses are recognised in the Statement of comprehensive income on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

2.8 Debt arrangement fees

Arrangement fees paid in connection with the debt financing on owned aircraft are capitalised, and in subsequent periods stated at cost less accumulated amortisation. Amortisation is recognised on a straight-line basis over the estimated useful life. The useful life for the capitalised debt arrangement fees is based on the length of the debt repayment period.

2 Material accounting policies (continued)

2.9 Taxation

The tax shown in the Statement of comprehensive income comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.10 Lease related assets

Lease-related assets are initially recognised at cost if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Therefore, it is necessary to recognise off-market leases separately as the economic benefits that will flow to the acquiring lessor will be realised over the lease term for off-market elements.

The maintenance right asset represents the contractual right under the leases acquired to receive the aircraft in a specified maintenance condition at the end of the lease or the right to an aircraft in contracted maintenance condition or as cash. The Company's lease arrangements generally provide for the lessee to be responsible for maintenance, which is accomplished through one of two types of provisions in its leases: (i) end of lease return conditions ("EOL Leases") or (ii) periodic maintenance payments ("Cash Paying Leases").

Under EOL Leases, the lessee is obligated to comply with certain return conditions which require the lessee to perform lease-end maintenance work or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition. When the Company recognises maintenance right assets with respect to EOL Leases, an analysis is performed to assess the consumed value of the aircraft at acquisition, which represents the difference between maintenance condition at closing and return condition.

Under Cash Paying Leases, the lessee is required to make periodic payments for maintenance based upon usage of the aircraft. When qualified major maintenance is performed during the lease term, the Company is obligated under the lease to reimburse the lessee for the costs associated with such maintenance. At the end of lease, the Company is generally entitled to retain any cash receipts in excess of the required reimbursements to the lessee.

When the Company recognises maintenance right assets with respect to Cash Paying Leases, the maintenance reserves and lessor contributions, at the date of acquisition, are deemed to be representative of the maintenance right asset. Maintenance right assets are held on the Statement of financial position and capitalised as and when a qualifying maintenance event occurs.

The assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

2 Material accounting policies (continued)

2.11 Aircraft

Aircraft are stated at the lower of depreciated cost and their recoverable amount.

Depreciation is charged to the Statement of comprehensive income on a straight-line basis over the expected useful life of the aircraft down to an estimated residual value (determined to be 5% of original cost).

Aircraft	-	20	years from the date of manufacture
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Recoverable amount is the greater of net realisable value of the aircraft and its value in use. Net realisable value is the amount for which an asset could be disposed, less any direct selling costs. Value in use represents the present value of the future cash flows obtainable as a result of the aircraft's continued use, including those resulting from its ultimate disposal.

The assessment of current market values and future appraised market values for the purpose of impairment and value in use calculations is based on the average of half-life valuations provided by two independent aircraft appraisers.

Impairment losses on aircraft are recognised in the Statement of comprehensive income. Reversals of impairment losses are also recognised in the Statement of comprehensive income to increase the carrying value of the aircraft to an amount not greater than that which it would have been had the impairment not taken place.

2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with financial institutions repayable without penalty on notice of not more than 24 hours, other highly liquid investments that mature in no more than three months from the date of acquisition and bank overdrafts. Bank overdrafts, where applicable, are shown within 'Creditors: amounts due within one year'.

2.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.15 Loans and borrowings

Loans and borrowings are initially booked at fair value being their issue proceeds net of any transaction costs incurred and are subsequently measured at amortised cost on the Statement of financial position.

2.16 Security deposits

Security deposits consist of deposits paid by the lessees prior to the inception and during the duration of the leases and are refundable to the lessees, based on the terms of the various aircraft lease agreements.

2 Material accounting policies (continued)

2.17 Maintenance reserves

Generally, the lessee has the obligation for maintenance costs on airframes and engines. On a monthly basis, the lessee makes a payment, calculated at an hourly or cyclical rate, into a fund held by the company from which maintenance expenditures for replacement or overhaul of certain components are disbursed. The balance of these funds is included in the maintenance reserves.

In addition, at the end of the lease, lessees are required to ensure the aircraft meets contractual return conditions and in some instances may make a payment to the lessor in lieu of meeting these obligations. These amounts are recognised in the Statement of comprehensive income on receipt, unless specific contractual refurbishment costs are required and can be reliably estimated.

2.18 Equity

Ordinary shares are classified as equity. Dividends are recognised in the financial year in which they are approved.

2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective yield basis.

Financial assets are assessed for indicators of impairment at each reporting date, and if there is evidence of impairment, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2.20 Impairment of financial assets

The Company's principal financial assets subject to impairment are trade and other receivables resulting from its leasing activities, as well as cash and cash equivalents. The Company applies an incurred loss model to measuring impairment, which requires recognizing an impairment loss only when there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the asset, and which impacts the estimated future cash flows of the financial asset. Letters of credit and security deposits held are considered integral to trade receivables and are included in the impairment calculation.

2.21 Derivative financial instruments

The Company uses interest rate swaps to adjust interest rate exposures. Such derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where accounting judgements and estimation uncertainty have the most significant effect on the amounts recognised in the financial statements are described below:

Aircraft valuation

Aircraft are reviewed for impairment annually to determine if the aircraft carrying values may not be recoverable. Establishing whether an impairment has occurred typically requires various estimates and assumptions. The recoverable amount is the greater of net realisable value of the aircraft and its value in use. Net realisable value is the amount for which an asset could be disposed, less any direct selling costs. Value in use represents the present value of the future cash flows obtainable as a result of the aircraft's continued use, including those resulting from its ultimate disposal. These reviews are carried out with reference to the future cash flows expected to be generated by the asset. Estimates include the aircraft residual value (currently at end of the lease), with independent appraiser values used to determine these future market values.

Lease related assets

As part of the initial recognition of the purchases of aircraft, it is necessary to recognise off-market leases and maintenance return condition elements separately as the economic benefits that will flow to the acquiring lessor will be realised either through a sale of the asset, future rentals, a combination of both or end of lease compensation on the return of aircraft by the lessee.

The transaction cost is split proportionately into the following components:

- Aircraft ("metal")
- Lease premium
- Maintenance right asset

The calculation of the maintenance right asset requires the use of judgement. For EOL leases, fly-forward forecasts are used to estimate the condition of the aircraft at the end of the lease and the cash compensation payments required to bring the aircraft into a specified maintenance condition. These forecasts are regularly reviewed and updated to reflect aircraft utilisation data and maintenance event costs.

The assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Highclere Jet Leasing 4 Designated Activity Company

4 Lease revenue

An analysis of turnover by class of business is as follows:

	2025	2024
	\$	\$
Operating lease rentals	4,980,000	4,980,000
Lease incentive amortisation (note 12)	(62,500)	(375,000)
	<u>4,917,500</u>	<u>4,605,000</u>

The Company's entire turnover for the year was generated from the leasing of aircraft to an operator based in Europe.

Future minimum contracted rental under operating leases at 31 December, were as follows:

	2025	2024
	\$	\$
Less than one year	2,210,567	2,531,500
From one year to five years	-	854,900
	<u>2,210,567</u>	<u>3,386,400</u>

5 Administrative expenses

	2025	2024
	\$	\$
Professional fees	122,170	286,983
Servicer's fees	253,662	199,201
Insurance	70,208	78,347
Difference on foreign exchange	(17,434)	6,960
Others	1,897	2,171
	<u>430,503</u>	<u>573,662</u>

There were no employees in the year (2024: nil) as all administrative activities of the Company are outsourced to Falko Regional Aircraft Limited, a third party.

6 Other operating income

	2025	2024
	\$	\$
Gain on sale of aircraft (note 13)	1,690,689	-

7 Other operating expenses

	2025	2024
	\$	\$
Redelivery, refurbishment and remarketing costs	696,123	11,885
Amortisation of deferred financing costs	159,534	89,538
Swap termination fees	65,000	-
	<u>920,657</u>	<u>101,423</u>

Highclere Jet Leasing 4 Designated Activity Company

8 Statutory information

	2025	2024
	\$	\$
Audit of the financial statements	11,409	10,244
Taxation compliance services	3,455	6,426
Directors' remuneration	11,083	11,471

Directors' remuneration is in the form of a corporate administration fee paid to a specialist service provider.

There were no other non audit or assurance services provided.

9 Interest payable and similar charges

	2025	2024
	\$	\$
Long-term debt interest payable	1,803,812	2,012,204

10 Taxation

	2025	2024
	\$	\$
Corporation tax		
Corporation tax on profits for the year	3,722	-
Adjustments in respect of previous periods	1,479	-
Total current tax	5,201	-
Deferred tax		
Origination and reversal of timing differences	6,352	(296,893)
Deferred tax - adjustments in respect of previous periods	(689)	-
Total deferred tax	5,663	(296,893)
Tax on profit/(loss)	10,864	(296,893)

The tax assessed for the year is lower than (2024 - the same as) the profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5% (2024 - 12.5%) as set out below:

Reconciliation of tax	2025	2024
	\$	\$
Profit/(loss) before tax	65,710	(2,375,142)
Profit/(loss) before tax multiplied by the standard rate of corporation tax of 12.50% (2024 - 12.50%)	8,214	(296,893)
Effects of:		
Adjustment to tax charge in respect of prior periods	791	-
Income subject to higher tax	(1,863)	-
Income subject to 25% tax	3,722	-
Total tax charge/(credit) for the year	10,864	(296,893)

The tax charge in future periods will be affected by any changes to the corporation tax rates in force in Ireland.

Highclere Jet Leasing 4 Designated Activity Company

11 Deferred taxation

	2025 \$
At 01 January 2024	366,831
Charged to profit or loss	(5,663)
At 31 December 2025	361,168

The deferred tax balance is made up as follows:

	2025 \$	2024 \$
Accelerated capital allowances	(534,844)	(377,951)
Tax losses carried forward	896,012	744,782
	361,168	366,831

12 Lease related assets

	Lease incentive asset \$	Maintenance right assets \$	Total \$
Cost			
At 01 January 2025	1,000,000	9,385,233	10,385,233
At 31 December 2025	1,000,000	9,385,233	10,385,233
Amortisation and impairment			
At 01 January 2025	(937,500)	-	(937,500)
Amortisation charged for the year	(62,500)	-	(62,500)
At 31 December 2025	(1,000,000)	-	(1,000,000)
Net book value			
At 31 December 2025	-	9,385,233	9,385,233
At 31 December 2024	62,500	9,385,233	9,447,733

Lease related assets can be analysed as follows:

	2025 \$	2024 \$
Current	9,385,233	62,500
Non current	-	9,385,233
	9,385,233	9,447,733

A full impairment assessment has been carried out on the aircraft during the year and it was concluded that no impairment charge was recognised during the current year (2024: \$Nil) for lease premium.

The Company recognises maintenance rights and lease premium assets in relation to the acquisition of aircraft that were purchased on lease.

Lease premium assets represent the value of an acquired lease where the contractual rent payments are above the market rate at the date of acquisition.

12 Lease related assets (continued)

Maintenance right assets represent the value in the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. Maintenance right assets are held on the Statement of financial position and capitalised as and when a qualifying maintenance event occurs.

13 Aircraft

	Aircraft \$
Cost	
At 01 January 2025	33,262,856
Additions	1,354,411
Disposals	(5,376,685)
At 31 December 2025	<u>29,240,582</u>
Accumulated depreciation	
At 01 January 2025	(10,252,782)
Depreciation charged for the year	(4,024,883)
Disposals	2,125,576
At 31 December 2025	<u>(12,152,089)</u>
Net book value	
At 31 December 2025	<u>17,088,493</u>
At 31 December 2024	<u>23,010,074</u>

A full impairment assessment has been carried out on the aircraft during the year and no impairment charge (2024: \$nil) has been taken.

In 2025, the Company disposed of two of its engines to a related party with a net book value of \$3,251,109 at fair value of \$4,941,798. As a result, the Company recognised a gain on disposal of engines of \$1,690,689 for the year ended 31 December 2025. The Company also acquired two engines with a value of \$1,354,411 from the same related party.

14 Trade and other receivables

	2025 \$	2024 \$
Trade receivables	48	-
Amounts owed by group undertakings	9,494,716	4,483,221
Other receivables	7,636	7,636
	<u>9,502,400</u>	<u>4,490,857</u>

15 Cash and cash equivalents

	2025 \$	2024 \$
Cash and cash equivalents	<u>2,218,246</u>	<u>3,082,933</u>

The Company entered into a loan agreement with various banking institutions. As part of the agreement, any cash generated by the Company is subject to restrictions by the lenders and the cash is prevented from being distributed outside the Group.

Highclere Jet Leasing 4 Designated Activity Company

16 Creditors: amounts falling due within one year

	2025	2024
	\$	\$
Maintenance reserves	18,785,283	-
Amounts owed to group undertakings	18,477,369	303,838
Security deposits	1,712,500	-
Trade payable and accruals	32,426	103,494
Corporation tax	2,251	-
Current portion of long-term debt, net of deferred financing costs	-	2,327,981
	39,009,829	2,735,313

Amounts owed to group undertakings are unsecured, interest-free and payable on demand.

Trade payable and accruals are paid at various dates in the three months following the financial year end in accordance with suppliers' usual and customary credit terms.

17 Creditors: amounts falling due after more than one year

	2025	2024
	\$	\$
Long-term debt, net of deferred financing costs	-	21,323,034
Maintenance reserves	-	14,614,229
Security deposits	-	1,612,500
	-	37,549,763

18 Long-term debts

Long-term debts consists of the following:

	2025	2024
	\$	\$
Term loan	-	23,755,475
Less: deferred financing costs	-	(104,460)
	-	23,651,015
Less: current portion, net of deferred financing costs	-	(2,327,981)
	-	21,323,034

In August 2023, the Company entered into a loan agreement with various banking facilities with a principal amount of \$26,861,315. This term loan is repayable in monthly instalments of \$201,459.86 bearing a nominal interest rate of 3.25% plus SOFR, which has been hedged at a fixed rate of 4.879%, maturing in February 2026, secured primarily by its respective aircraft.

In 2025, this loan agreement was refinanced through intercompany payable and fully paid.

19 Derivative

The Company had entered into interest rate swaps on certain of its amortising term loans, converting a portion of its floating interest rate debt to fixed rates for the average duration of each loan and facility. Each interest rate swap is intended to hedge the variability of future interest rates and related interest payments on its respective loan.

Highclere Jet Leasing 4 Designated Activity Company

19 Derivative (continued)

The fair value of interest rate swaps was \$nil (2024: \$622,487) at 31 December 2025 and is recorded as derivative liability. During the year ended 31 December, the Company recognised a gain on derivative fair value change of \$622,487 (2024: \$200,517) in the Statement of comprehensive income. The derivative was written off as part of the refinancing of the long-term loan payable and the Company paid swap termination fee of \$65,000, which is recorded as part of the "other operating expenses" in the Statement of comprehensive income.

20 Share capital

	2025 Number	2025 \$	2024 Number	2024 \$
Allotted and fully paid				
Ordinary shares	3,278	3,106	3,278	3,106

21 Reserves

Other reserves

In November 2023, the share premium of \$12,470,580 was transferred into other reserves to facilitate the return of funds to the Shareholders. During the year, the Company distributed \$Nil (2024: \$10,415,000). As at 31 December 2025, the remaining distributable reserves amounted to \$2,055,580 (2024: \$2,055,580).

Retained deficit

	2025 \$	2024 \$
At the beginning of year	(2,567,821)	(489,572)
Profit/(loss) for the year	54,846	(2,078,249)
At the end of year	(2,512,975)	(2,567,821)

22 Commitments and contingent liabilities

The Company has no capital commitments and contingent liabilities at 31 December 2025 (2024: \$Nil).

23 Related party transactions

The Company is availing of the exemption available under FRS 102 section 33 from disclosing transactions entered between two or more members of a group under the DAMJ3, provided that any subsidiary party to the transactions is wholly owned by such a member.

Receivable outstanding from related parties	2025 \$	2024 \$
Highclere Jet Leasing 5 Limited	848,221	848,221
Highclere Jet Leasing 2 Designated Activity Company	623,792	-
Drake Jet Leasing 8 Designated Activity Company	1,326,807	3,635,000
	2,798,820	4,483,221

24 Events after the end of the year

In 2026, one of the Company's leases expiring in January 2026 was extended to November 2026.

There were no other significant events since the year end that require adjustment to or disclosure in the financial statements.

25 Ultimate holding company and controlling party

The Company is a wholly subsidiary of Highclere Asset Management Ireland DAC which is incorporated in Ireland.

The Company's ultimate parent and controlling party is Falko Regional Aircraft Opportunities Fund II L.P., a limited partnership in Jersey, Channel Islands.

26 Approval of the financial statements

The Board of Directors approved these financial statements for issue on 26 March 2026.