

September 2026

Confidential

Proposal: Investment into Aviation Asset for Onshore Investor

By Ouroboros Partners Limited

Table of Contents

Strictly Private and Confidential

-
- | | |
|-------------------------|--|
| 1. Executive Summary | 6. Assumptions |
| 2. Indicative Terms | 7. Risk and Mitigants |
| 3. Investment Timeline | 8. Industry Analysis |
| 4. Structure Comparison | 9. Investing in this Structure vs. Big Investment Fund/Leasing Company |
| 5. Parties | |
-

Executive Summary

Strictly Private and Confidential

Background

In this Investment Memorandum ("IM"), the Structuring Agent ("Agent", Ouroboros Partners Limited) is proposing to help facilitate onshore investors ("Investors") to invest into aviation asset via A) setup of an offshore-onshore leasing platform ("Structure A") or B) providing mezzanine financing to aviation asset currently owned by other leasing companies ("Structure B"). With the help of back leveraging, Investors' initial investment can be redistributed in the first month of transaction.

The assumed Investment Amount would be USD200,000,000 for the purpose of this IM with the assumed launch date in first half of 2027. Please note that the IM made certain assumptions to Investor preference and the structure can be adjusted according to Investor requirement, for example

- The Investment Amount can be adjusted to a lower amount (lowest being approximately USD20,000,000) but this would be ideal size subject to Investor's risk tolerance level
- Investment period can be up to 5 years, subject to Investors preference and risk appetite. Subject to Investor's preference, if better opportunity can be identified in the market, investment period can be shorten as well (may subject to Early Redemption Fee)
- The speed of capital redistribution can be adjusted, depending on Investor's willingness to forgo long term investment return

Executive Summary

Strictly Private and Confidential

Proposed Structures (“Structures”)

- A) Following the practice of over 2,300 leased aircraft in the PRC, an onshore leasing platform (“Onshore Platform”) would be established in one of the PRC Free Trade Zones (tentatively Tianjin FTZ). Further, to support the incentive policy of overseas expansion, and following the widely accepted leasing structure by other major lessors (such as CCB Financial Leasing, Minsheng Financial Leasing etc), the Onshore Platform would source aircraft leasing to international lessees, through a newly established offshore leasing platform to be established in Ireland or Hong Kong (“Offshore Platform”) via a Lease-In-Lease-Out structure. The Offshore Platform would be the beneficial owner of the aircraft so as to access offshore financing from experienced aviation assets investors.
- B) Under the financing structure, Investor will essentially provide financing to aviation assets via a finance lease arrangement, at an acceptable loan-to-value (“LTV”) ratio. The ownership of the aircraft will be transferred to the Investor and the cash flow is protected under the finance lease with the leasing company and the operating lease with the airline. Majority of the financing will be back leveraged by international banks that has wealth of aviation experience.

Proposed Asset (“Asset”)

The Structures will be target highly liquid aviation asset, for example aircraft from Airbus and Boeing, and modern, in production engines associated with these aircraft. The Agent will ensure the asset can be accepted by financiers and credit of the lessees are of high standard to minimize payment default risk during the investment period. In the case of early redemption, the Agent will ensure the assets are highly liquid and can be sold in the open market.

Indicative Terms

Strictly Private and Confidential

	Paid to	Structure A	Structure B
Investment Amount		USD 200,000,000	
Purchase Price or Setup Cost for Onshore Platform*	Seller of Onshore Platform or relevant authorities	USD 25,000,000 (can be recouped via sale of Asset)	USD 5,000,000
Management Fee*	Asset Manager	0.50% p.a.	0.25% p.a. (of Investment Amount)
Structuring Fee*	Structuring Agent	1.0% (of Investment Amount)	
Legal Fee*	Transaction Counsel & any external counsel	USD 1,000,000	USD500,000
Setup Cost*	Structuring Agent	USD 200,000 (any excess will be left at the Platform for daily operation)	
Early Redemption Fee*	Structuring Agent	First year: 5.0% ; Second year: 3.0% ; Third year: 2.0% (of Investment Amount)	TBD

**Costs and expenses are included in the Investment Amount, no extra injection exceeding the Investment Amount is required*

Investment Timeline – Structure A

Strictly Private and Confidential

	Action	Capital (Injected)/Redistributed
Jan 2027	Acquisition of Onshore Platform Other cost and expenses	(USD 25,000,000) (USD 8,000,000)
February – March 2027	Acquisition of Asset Financing of Asset	(USD 167,000,000) and USD 120,000,000
March 2027 – Jan 2032	Managing the Asset	NA
February 2032 (target)	Selling of Asset (net of debt)	~USD 70,000,000

Investment Timeline – Structure B

Strictly Private and Confidential

	Action	Capital (Injected)/Redistributed
Jan 2027	Setting up of Structure	(USD 5,000,000)
February – March 2027	Acquisition of Asset Financing of Asset	(USD 195,000,000) and USD 180,000,000
March 2027 – Jan 2032	Managing the Asset	NA
February 2032 (target)	Selling of Asset	~USD 20,000,000

Structure Comparison

Strictly Private and Confidential

	Structure A	Structure B
Structural Basis	Direct ownership	Finance lease
Structure Complexity	A bit more complex, will require coordination with onshore authorities and arrangement of operation setup, will also require more monitoring of asset performance	More straight forward, Investor not responsible for the operation of asset but rather act just as a lender
Risk	Asset value risk Lessee credit risk	Lessee credit risk (lower than Structure A)
Setup/Ongoing Cost	Higher	Minimal
Upside	Yes via possible asset value appreciation	No
Early Redemption	Possible via sale of asset	Difficult, tenor will need to be agreed upon at inception with shortest tenor usually being 3-5 years

Parties

Strictly Private and Confidential

Role	Party (Candidates)	Responsibility
Arranger	Ouroboros Partners Limited	• Liaising with the Investor • Arranging Investor's fund into the Platform
Structuring Agent / Asset Manager	Ouroboros Partners Limited	• Overall structure design and setup • Arranging of asset finance • Setting up banking account • Sourcing of exit liquidity • Providing tax opinion • Providing day to day management to the Platform, including • Debt management • Banking management • Monitoring of lease performance
Transaction Counsel	Clifford Chance Milbank Pillsbury Winthrop Shaw Pittman Vedder Price	• Acting on behave of the Investor and the overall Platform on • Acquisition of the existing Onshore Platform • Acquisition of asset • Setting up of Offshore Platform • Financing of asset as Borrower counsel
PRC Counsel	King & Wood Mallesons JunHe LLP Zhong Lun Law Firm	• Acting on behave of the Investor in acquiring or setting up the Onshore Platform
Lender(s)	BNPP CACIB HSBC	• Overall structure design and setup • Arranging of asset finance • Sourcing of exit liquidity
Seller and Servicer	Asian based aviation lessor with strong credit	• Providing suitable asset for the platform to acquire • Providing technical service to the Asset

Assumptions

Strictly Private and Confidential

	Assumption	Note
Senior Loan to Value Ratio on Asset	75.0%	Relatively conservative and can be increased if the lessees are top notch, can target 80%
Senior Loan Margin (from back leveraging)	2.5% p.a.	Market rate for non-recourse transaction
Loan Tenor	5 year	Relatively conservative to maximize cash flow
Financing Fee	1.25%	Market standard rate of loan amount to be paid to Lender(s)
Net Depreciation	2.0% p.a.	Used to calculate the exit value of the Asset, net of normal depreciation and value appreciation
Lease Rate Factor (Structure A)	8.0 – 10.0% p.a.	Lease are generally paid on a quarterly basis, lease rate would be lower if the lessee credit is strong. Agent will ensure the yield level is high enough for the Platform to be cash flow positive
Finance Lease Yield (Structure B)	7.0 – 8.0% p.a.	Expected return on the financing portion, comparable to the mezzanine financing rate in the market
Servicing Fee	2.5%	Market standard rate of lease income to be paid to Servicer

Exit Scenarios

Strictly Private and Confidential

Timing of Exit

The current investment period is set at 5 years, however the investor can exit the structure at various stage within the investment period if the Investor would prefer Structure A. Given that aviation asset is a long term investment, an early exit would mean the Investor cannot enjoy the entire benefit of owning the asset. Below is a table showing the percentage of capital being returned as the XIRR calculated using the same set of assumptions.

In the case of Structure B, it would be less flexible for Investors to exit the structure early as any early termination will require separate discussion with the borrower. The return may be locked in at the agreed rate with the borrower (approximately 7% to 8%) on day one.

Exit Timing	Total Percentage of Returned Capital	XIRR
1st Year	~95%	~(10.0%)
2nd Year	~100%	~0.0%
3rd Year	~105%	~4.0%
4th Year	~110%	~7.0%
5th Year	~116%	~8.0%

Risks and Mitigants

Strictly Private and Confidential

Structural Factors	Risk/Concerns	Mitigants/Solutions
	Outward Direct Investment Is this structure considered as ODI?	No - This outbound payment for aircraft is classified as 贸易项下 from SAFE's perspectives, thus not an ODI. - This structure is actively carried out by large aviation leasing companies and well tested. For example, Tianjin platform is having 1,000+ aircraft, most of the aircraft are purchased from overseas seller (e.g. Airbus or Boeing).
	Onshore Leasing Platform What is the current status of the leasing platform and any concern on its previous operation?	Clean - The existing Onshore Platform is performing well and the existing investor's investment term is coming to an end. All existing asset will be transferred out of the platform. - A new platform in Tianjin or Shanghai can be set up if that's Investor's preference, it will generally take 3-5 months.
	Offshore Leasing Platform Why Ireland or Singapore and any difficulty in setting up the Offshore Platform?	Welcoming The two jurisdictions are well known business friendly locations to setup leasing platforms, as many Chinese leasing companies have setup a platform here (for example CCB Financial Leasing, Minsheng Financial Leasing) with the help of a new preferential tax regime.
	Foreign Exchange Can the investment be made in onshore RMB?	Yes - No concern regarding making the investment in RMB, the investment proceed will be converted into USD when it reaches the Seller of Asset. - If exchange movement is a concern, we can arrange forward hedging to lock in the exchange rate prior to the closing.
	Cash Flow Risk Can Investor trace all movement of cash flow, to ensure the fund goes to the correct party?	Total Control The main features of the structure are that all fund flows are strictly executed according to the investor's instructions, and all transactions will be legally recorded. Any transaction involving outflows of funds will be exchanged for assets (such as onshore leasing platforms or aircraft), which will be registered and managed with the involvement of third-party banks. There are no gaps or ambiguities throughout the entire process.

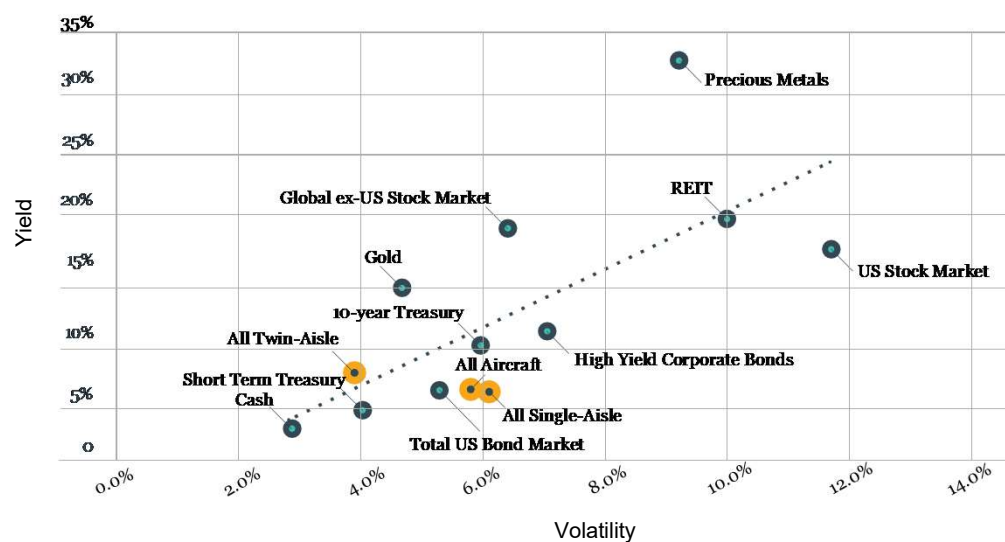
Risks and Mitigants

Strictly Private and Confidential

Commercial Factors	Risk/Concerns	Mitigants/Solutions
	Aviation Asset Is this asset class consider safe? Is the asset value stable?	Stable Asset - Post COVID, aviation asset has rebounded stronger and there's a high demand for travel. Before the pandemic, aviation market growth correlates to GDP growth. - Asset value has performed strongly post COVID, more data can be provided.
	Financing How certain can the asset be refinanced? Will the investor be responsible for debt service?	Fairly Certain - Before investor commitment, the Agent can help acquire asset that is relatively secured and stable, with lease attached. Critical selection process will take place to ensure the asset and the lease is acceptable to potential lender. Investor can take comfort that the financing process will occur in parallel with capital injection. - Recent data demonstrated that banks lowering their margins to fight for this business. - The financing will be done on a non-recourse basis as per international market practice, lenders will only the rights to the asset and the lease income
	Lease Termination What happens if there's any lease payment default?	Immediate Remarket - The servicer will have the responsibility to help remarket (source new lessee) the aircraft with their expertise. Under the current market environment, aircraft are in high demand. - We may also consider building some protection to return the aircraft to the Seller
	Exit Strategy How to ensure the remaining balance of the capital can be redistributed?	Highly Liquid Asset - Subject to Investor's preferences, if exit certainty is the priority, Structure B would ideal. However as stated in the earlier part of the IM, Structure B does not provide any upside to the investor. - In the scenario of Structure B, the Asset acquired will be market liquid, other leading lessors are also happy to acquire the Asset.

Why Aviation Assets?

- Relative to other more well-known asset classes, investment in aircraft offers a relatively high return versus volatility ie has a lower Sharpe ratio compared to other comparable asset classes, as shown in the table on the right.
- While investment in aviation assets will not generate explosive returns, it is a stable asset class that can be used as a core of an investor's diversified portfolio.
- Investment in aircraft leased to creditworthy airline operators is equivalent to fixed income investment, but generally generates higher yields relative to debt issued by those airlines, and in addition offers capital upside due to opportunities to trade in aircraft.
- Notably, aviation investment generates similar returns to listed global equities (ex-US) but are far less risky.



Source: SMBC Aviation Capital Analysis of Ascend Values & Portfolio Visualizer

Industry Analysis

Strictly Private and Confidential

Aviation Investment as Hedge Against Market Volatility

- Aviation assets are uncorrelated with liquid public market fixed income and listed equities assets, hence they provide a good hedge against public capital market volatility.
- Aviation assets are most correlated with the performance of airlines, but are still more stable and not subject to the operational risks that investing in airline stocks carry.

Investment Correlations

		All Aircraft	All Single Aisle	All Twin Aisle	US Stock Market	10-year Treasury	High Yield Corp. Bonds	REIT
All Aircraft		0.97	0.88	0.29	-0.16	0.16	0.59	0.25
All Single Aisle	0.97		0.74	0.33	-0.16	0.09	0.49	0.30
All Twin Aisle	0.88	0.74		0.11	-0.29	0.22	0.66	0.12
US Stock Market	0.29	0.33	0.11		-0.16	0.74	-0.07	0.54
10-year Treasury	-0.16	-0.16	-0.29	-0.16		-0.29	-0.19	-0.05
High Yield Corp. Bonds	0.16	0.09	0.22	0.74	-0.29		0.11	0.74
IATA Airline Margin	0.59	0.49	0.66	-0.07	-0.19	0.11		0.09
REIT	0.25	0.30	0.12	0.54	-0.05	0.74	0.09	

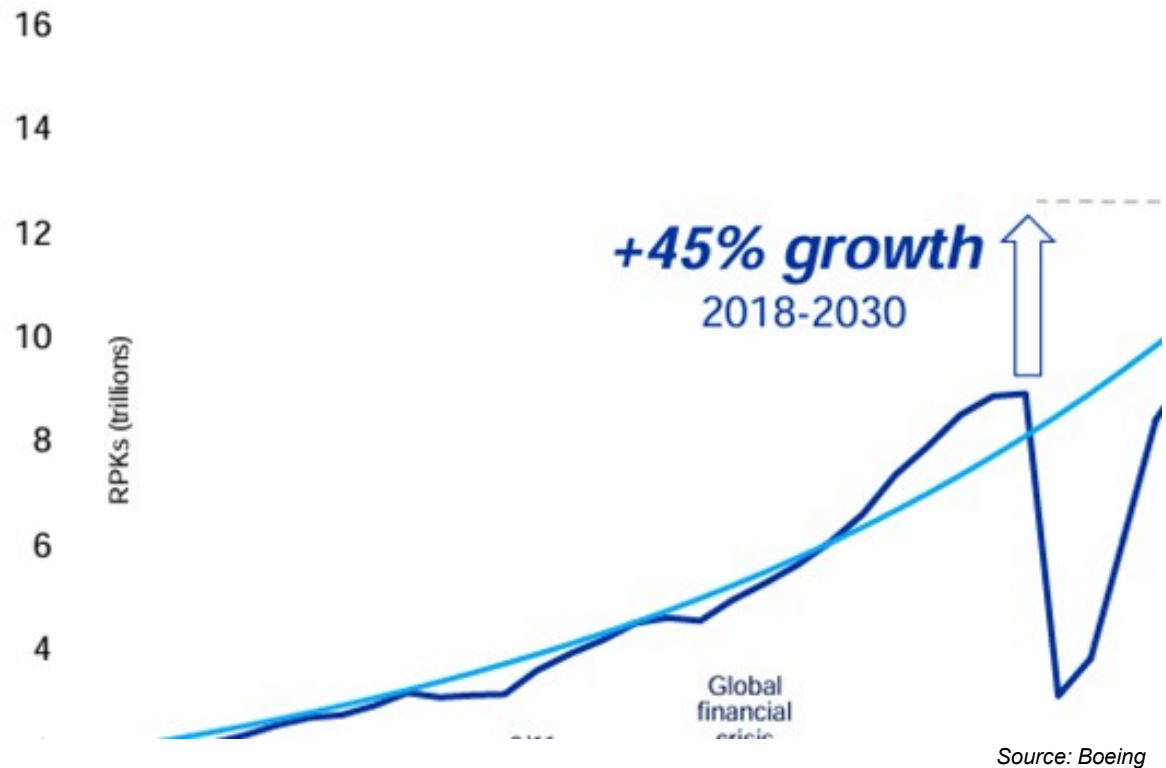
Source: Portfolio Visualizer

Industry Analysis

Strictly Private and Confidential

Aviation Market Growth vs GDP Growth

- The post-pandemic recovery in commercial air travel is well underway, but aircraft supply is barely keeping up as manufacturers struggle to make up for past capacity cuts and overcome supply chain challenges.
- Over the past 50 years, commercial aviation traffic, as measured by revenue passenger kilometer, has grown at nearly twice the rate of global gross domestic product, despite the 9/11 terrorist attacks, global financial crisis and COVID-19 pandemic. The International Air Transport Association (IATA) projects that traffic will grow by 3.4% annually through 2040. Meeting that demand will require a lot of planes, particularly now that production cuts that accelerated during the pandemic have resulted in a “lost generation” of almost 3,000 aircraft.

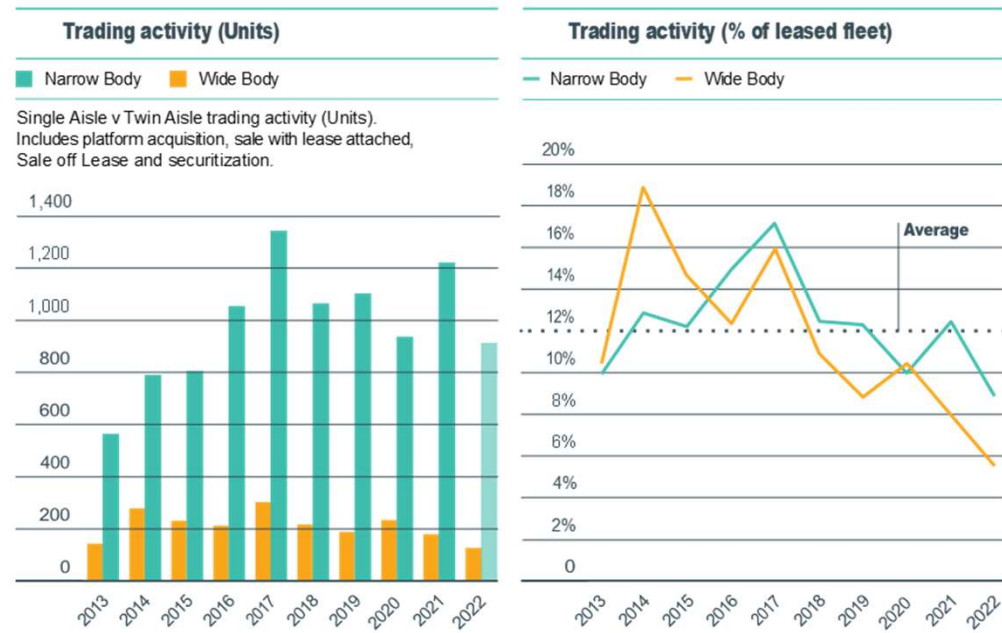


Industry Analysis

Strictly Private and Confidential

Highly Liquid Aircraft Trading Market

- The market for commercial aircraft is highly liquid and it is estimated that around 12% of the leased aircraft in global fleets trades annually on average.
- This creates opportunities for the Investor to readily dispose of assets in the open market if the put option is not exercised.
- There is a specific opportunity now due to delivery delays for new aircraft from both Airbus and Boeing.



Source: Ascend Values & Portfolio Visualizer

Case for Leased Commercial Aircraft

- Taken together, the air-traffic recovery and structural supply constraints create a compelling investment opportunity to invest in in-service aircraft and lease them to airlines in need of more capacity. We believe this strategy allows the Investor to enjoy stable cash flow while having certainty of the exit value of the Asset in a liquid trading market.
- There are fewer than 30,000 commercial jets in operation today, and about half are leased. Most have a 30-year life, though frequent upgrades to newer, more fuel-efficient planes keep turnover high and average lease life shorter than the plane's life. This provides opportunities for aircraft leasing throughout the market cycle.
- Leasing helps airlines stay flexible and responsive to changing supply and demand, which also means aircraft leasing stays active throughout the market cycle. When demand is low, as it was during the pandemic, lessors can enter sale-leaseback arrangements, acquiring planes from airlines in need of liquidity and then leasing them back for their operation.
- When conditions improve and travel demand rebounds, large public lessors often sell midlife and older planes to modernize their fleets, a requirement for maintaining their investment-grade ratings. These planes, typically narrow body aircraft that fly shorter routes, are the workhorses of most fleets and can offer attractive value and liquidity for investors.
- While midlife aircraft are a proven in the market in terms of track record and return, new generation aircraft provide investors with stable asset value and longevity. Both classes of asset has their own advantages and disadvantages, however both can be monetized in multiple ways when the time comes to sell, including via trade, sale and maybe even ABS.



Investing in this Structure vs. Big Investment Fund/Leasing Company Strictly Private and Confidential

	Dual Platform	Big Investment Fund/Leasing Company
Legitimate for sizable flows	We have relationship with Dongjiang FTZ, who promoted hard for this leasing business. Officials could work with investor to go thru practical hurdles for money remittance (e.g. discuss with bank together) for hundred millions of RMB for genuine purchase of aircraft. It is official and clean, following laws, no ambiguity involved.	Investors need to rely on themselves to tackle the fund remittance issues.
No hidden fees	We only charge on fees that was agreed, and investors could see through the payments to reputable external parties for acquiring aircraft. Further, investors could appoint any reputable service providers that they feel comfortable with.	In addition to service charges, typical funds / lessors would first acquire the aircraft from market, then mark up the aircraft price for injecting into the funds for trading profits, which eroded investors' returns.
Secured	It is possible that the assets would remain in the hands of investor all the time, assuring liquidity needs are met. Further, the assets could be held by anyone (appointed by investor, could be family member or 3rd parties) offshore, creating a firewall in case of geopolitical tensions. For example, even on extreme case such as Russian-Ukraine war, where western world enforced very stringent sanctions, Chinese investors could still recover most of their money.	Money remitted to the funds with limited or no control over the assets. Fund manager would only periodically provide investment reports to investor on a generic basis. For example, in case of Russian-Ukraine war settlement, say if the fund is held by US / UK managers, Russian payments to such funds would have a lower priority.
Flexibility	We can tailor-made structure that most suit investors needs on cash flow management, no matter for long term stable returns or early disposal for better investments opportunities. Further, investors can start with relatively smaller investment first, once seeing successful case, then can increase investment size at their own will.	Normally investors could not exit the funds within the investment period. Once committed a lump sum, then the investor could not decrease / increase the investment size. Further, money would return back to the place where such fund was originally remitted.
Transparency	Investors could monitor every step, involved in decision making for major transactions such as aircraft acquisition, and see how funds flow through back the hands to investors.	When working with 3rd parties investment managers under typical GP/LP structure, investors can not make decision on the assets and fund flow. Even if investors may not agree with certain decision, they have authority to veto the decision.

Thank you!