

MAPS 2018-1 Limited Group

Directors' Report and
Consolidated Financial Statements

For the financial year ended 31 March 2022

Registered Company Number: 907141 (Bermuda)

Index to MAPS 2018-1 Limited Group Consolidated Non-Statutory Financial Statements

Consolidated non-statutory financial statements for the MAPS 2018-1 Group

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Company definitions

MAPS 2018-1	MAPS 2018-1 Limited, an exempted company organised under the laws of Bermuda and resident in Ireland for Irish tax purposes with its registered office located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.
MAPS 2018-1 Group	MAPS 2018-1 Limited and its consolidated subsidiaries.
Financial Year	The financial year ended 31 March 2022.

MAPS 2018-1 Group

Directors and other information

Directors	Keith MacDonald Lisa Hand Michael Gannon
Secretary	PAFS Ireland Limited Unit J, Block 1 Shannon Business Park Shannon Co. Clare Ireland
Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Company registration no:	907141
Independent auditor	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland
Solicitors	A&L Goodbody 28 North Wall Quay North Wall Dublin 1 Ireland
Group Definition “the Group”	MAPS 2018-1 Limited and its consolidated subsidiaries.



Independent auditors' report to the directors of MAPS 2018-1 Limited

Report on the audit of the consolidated non-statutory financial statements

Opinion

In our opinion, MAPS 2018-1 Limited's consolidated non-statutory financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 31 March 2022 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements which comprise:

- the Consolidated statement of financial position as at 31 March 2022;
 - the Consolidated statement of profit or loss and other comprehensive income for the year then ended;
 - the Consolidated statement of cash flows for the year then ended;
 - the Consolidated statement of changes in equity for the year then ended;
 - the notes to the financial statement, which include a description of the significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- \$4.4 million (2021: \$5.6 million)
 - Based on c. 1% of total assets.
-

Audit scope

- We have adopted a fully substantive audit approach to this engagement with no reliance on internal controls.
-

Key audit matters

- Identification of appropriate triggers for aircraft impairment assessment (and if impairment assessment triggered, the assumptions used).
-



The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Identification of appropriate triggers for aircraft impairment assessment (and if impairment assessment triggered, the assumptions used)</i></p> <p>Refer to accounting policy on aircraft and depreciation, critical accounting estimates and judgements on page 15 and note 7 to the financial statements.</p> <p>Management performs an assessment on all aircraft held at year end to identify if there has been a trigger for impairment and calculate the resulting impairment charge. The assessment is carried out on an individual aircraft level and requires the exercise of judgement regarding inputs to future cash flow projections, including future lease rates and discount rates.</p> <p>The carrying value of aircraft on the balance sheet at year end is \$411.1m with current year impairments of \$19.1m.</p> <p>Based on the above, we determined the impairment assessment to be a key audit matter as it is a significant and judgemental item within the financial statements.</p>	<p>We assessed the appropriateness of cash flow projections and challenged management’s assumptions and inputs into the model such as the future lease rates, renewal assumptions and residual values.</p> <p>We considered the overall outcome by reference to overall market information for comparable aircraft types.</p> <p>We assessed the adequacy of disclosures related to impairment in the notes to the financial statements.</p> <p>We have no matters to report based on our procedures.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The consolidated non-statutory financial statements include the results of MAPS 2018-1 and its subsidiaries. All intercompany profits, transactions and account balances are eliminated on consolidation.

The non-statutory consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The non-statutory consolidated financial statements are prepared under the historical cost convention.

Our work involved the audit of all material line items and balances within the financial statements. All work was performed centrally by PwC Dublin, Ireland. There was no involvement of component auditors.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	\$4.4 million (2021: \$5.6 million).
How we determined it	Circa 1% of total assets.
Rationale for benchmark applied	Using our professional judgement, we have considered the identified risks for our audits, being the valuation of the aircraft, the focus by the users of the accounts on the value of the assets, the fact that the majority of the significant balances in the profit and loss account are influenced by the value of the assets, and the considerations set out in ISA 320 in determining materiality, we conclude that setting materiality based on a % of total assets in respect of the balance sheet financial statement line items is the most appropriate benchmark.

We agreed with the Board that we would report to them misstatements identified during our audit above \$220,000 (2021: \$280,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and evaluating management's going concern assessment for the going concern period which covers twelve months from the date of approval of the financial statements;
- evaluating the non-recourse terms of the debt securities issued by the company whereby the obligations of the company in respect of interest and principal repayments are restricted to specified assets of the company and the related cashflows;
- obtaining an understanding of the Company's liquidity position and plans for the period of assessment and in particular the assessment of the liquidity lines available to the entity;
- considering the adequacy of the going concern disclosure included in the financial statements in order to assess whether the disclosures were appropriate and in accordance with reporting standards.

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 group's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Directors' report and consolidated financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.



Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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 group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for Purposes in accordance with our engagement letter and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing, in accordance with our engagement letter dated 9 February 2022 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory financial statements.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants
Dublin
23rd June 2022

MAPS 2018-1 Group

Statement of Directors' responsibilities

The Directors are responsible for preparing these non-statutory consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

In preparing these non-statutory consolidated financial statements, the Directors:

- Select suitable accounting policies and apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State that the financial statements comply with IFRS as issued by the IASB; and
- Prepare the non-statutory consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board and authorised for issue on 23 June 2022.



Director
Michael Gannon



Director
Lisa Hand

MAPS 2018-1 Group

Consolidated statement of profit or loss and other comprehensive income For the financial year ended 31 March 2022

	<i>Note</i>	Year ended 31 March 2022	Year ended 31 March 2021
		US\$	US\$
Lease revenue	<i>1</i>	59,246,859	73,289,213
Supplemental rent income	<i>1</i>	37,152,860	13,253,611
Other income	<i>1</i>	20,040	562,149
Gain on sale of aircraft	<i>1</i>	2,512,226	-
Depreciation and impairment	<i>7</i>	<u>(52,871,488)</u>	<u>(63,397,404)</u>
Gross profit		46,060,497	23,707,569
Operating expenses	<i>3</i>	<u>(16,735,882)</u>	<u>(22,049,389)</u>
Profit on ordinary activities before interest		29,324,615	1,658,180
Interest expense	<i>2</i>	<u>(55,572,558)</u>	<u>(21,231,222)</u>
Loss on ordinary activities before taxation		(26,247,943)	(19,573,042)
Taxation on loss on ordinary activities	<i>5</i>	<u>(195,454)</u>	<u>523,674</u>
Loss for the financial year/period		(26,443,397)	(19,049,368)
Other comprehensive income			
Items that will not be reclassified to profit or loss		<u>-</u>	<u>-</u>
Total comprehensive loss for the year/period		<u>(26,443,397)</u>	<u>(19,049,368)</u>

The notes on pages 12 to 38 form an integral part of these financial statements.

MAPS 2018-1 Group

Consolidated statement of financial position As at 31 March 2022

	Note	31 March 2022	31 March 2021
		US\$	US\$
Non-current assets			
Aircraft	7	411,053,167	508,840,399
Goodwill	9	2,494,276	2,494,276
Total non-current assets		413,547,443	511,334,675
Current assets			
Cash and cash equivalents	11	144,388	291,997
Restricted cash	11	22,362,758	42,688,945
Trade and other receivables	12	6,428,391	6,675,779
Total current assets		28,935,537	49,656,721
Aircraft held for sale	8	7,508,000	-
Total assets		449,990,980	560,991,396
Equity			
Share capital	13	10	10
Accumulated losses		(71,274,466)	(44,831,069)
Total shareholders' equity		(71,274,456)	(44,831,059)
Non-current liabilities			
Loans and borrowings	15	326,623,217	386,458,809
Deferred tax	5	-	1,561,026
Trade and other payables	14	177,311,067	200,065,608
Total non-current liabilities		503,934,284	588,085,443
Current liabilities			
Current tax payable	14	1,745,022	-
Trade and other payables	14	15,586,130	17,737,012
Total current liabilities		17,331,152	17,737,012
Total liabilities and equity		449,990,980	560,991,396

Signed on behalf of the board:



Michael Gannon
Director



Lisa Hand
Director

Date: 23 June 2022

The notes on pages 12 to 38 form an integral part of these financial statements.

MAPS 2018-1 Group

Consolidated statement of changes in equity For the financial year ended 31 March 2022

Year ended 31 March 2022	Share Capital	Accumulated losses	Total Equity
	US\$	US\$	US\$
Balance as at 1 April 2021	10	(44,831,069)	(44,831,059)
Loss for the year	-	(26,443,397)	(26,443,397)
Balance as at 31 March 2022	10	(71,274,466)	(71,274,456)
Year ended 31 March 2021	Share Capital	Accumulated losses	Total Equity
	US\$	US\$	US\$
Balance as at 1 April 2020	10	(25,781,701)	(25,781,691)
Loss for the year	-	(19,049,368)	(19,049,368)
Balance as at 31 March 2021	10	(44,831,069)	(44,831,059)

MAPS 2018-1 Group

Consolidated statement of cash flows For the financial year ended 31 March 2022

	Year ended 31 March 2022 US\$	Year ended 31 March 2021 US\$
Cash flows from operating activities		
Net (loss) for the year/period	(26,443,397)	(19,049,368)
<u>Adjustments for:</u>		
Depreciation	33,784,546	37,826,590
Impairment	19,086,942	25,570,814
Amortisation of debt issue costs	1,386,389	1,386,388
Interest Expense	54,186,168	19,844,834
Increase in goodwill	-	-
Decrease/(increase) in trade and other receivables	247,390	(1,505,882)
Increase/(decrease) in accrued expenses and other liabilities	917,740	(462,579)
(Decrease) in deferred income	(62,068)	(2,027,845)
(Decrease) in maintenance reserves	(58,628,508)	(17,751,129)
(Decrease) in security deposits	(4,972,500)	(831,000)
Net cash inflows from operating activities	<u>19,502,702</u>	<u>43,000,823</u>
Cash flows from investing activities		
Movement in aircraft assets	37,407,745	-
Movement in restricted cash	20,326,186	6,972,952
Net cash inflows from investing activities	<u>57,733,931</u>	<u>6,972,952</u>
Cash flows from financing activities		
Repayment of loans and borrowings	(23,089,333)	(37,975,707)
Issuance of loans and borrowings	-	-
Interest paid	(54,294,909)	(19,907,032)
Net cash outflows from financing activities	<u>(77,384,242)</u>	<u>(57,882,739)</u>
Net (decrease) in cash and equivalents	(147,609)	(7,908,964)
Cash and cash equivalents at the beginning of the year/period	<u>291,997</u>	<u>8,200,961</u>
Cash and cash equivalents at the end of the year/period	<u><u>144,388</u></u>	<u><u>291,997</u></u>

The notes on pages 12 to 38 form an integral part of these financial statements

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

Statement of accounting policies

Description of business

MAPS 2018-1 is an exempted company organised under the laws of Bermuda which is managed and controlled through its board of Directors in Ireland. MAPS 2018-1 is resident in Ireland for tax purposes. MAPS 2018-1 has a single class of common equity shares, all of which is held by a Bermudan Trust for such purposes under Bermudan law as the trustee may select. MAPS 2018-1 was incorporated on 14 March 2012.

On January 10, 2013, MAPS 2018-1 issued Series A Notes and Series B Notes (collectively, the "Notes"), in the outstanding principal amounts of \$557,010,000 and \$93,335,000 respectively, in each case pursuant to the Credit Agreement. To secure repayment of the Loans, the Bermudan Trustee pledged its interest in the common shares to Deutsche Bank Trust Company Americas, as Security Trustee.

In addition, MAPS 2018-1 issued a Series M1 Certificate in the initial outstanding amount of \$122,751,145 to Merx Aviation Finance Assets Ireland Limited and a Series M2 Certificate to the value of \$35,000,000 to GE U.S. Equity Holdings, Inc. The M1 Certificate holder is entitled to receive 8.5% return per annum (minimum distribution amount) on the outstanding amount, distributed in accordance with the priority of payments as outlined in an Intercreditor Agreement. The activities of MAPS 2018-1 Group include the sale, procurement and leasing of aircraft together with associated support services.

AABS announced it changed its name to MAPS 2018-1 Limited ("the Company"), effective April 19, 2018 and refinanced its debt outstanding as of May 15, 2018. As part of the refinancing, existing Series A and Series B debt totalling \$317,117,301 were redeemed and new Series A and Series B Notes were issued for a total amount of \$470,000,000. MAPS 2018-1 also issued Series C notes amounting to \$36,500,000 and E Notes amounting to \$21,999,862 to Merx Aviation Finance Assets Ireland Limited in exchange for its existing M1 Interest, M2 Interest and E Interest.

On July 2, 2018, MAPS 2018-1 Group acquired a 100% interest in the shares of Phoebus Aviation Ireland Limited and its subsidiary, Keos Aviation UK Limited using the proceeds from its refinancing on May 15, 2018. As a result of the acquisition of Phoebus Aviation Ireland Limited, MAPS 2018-1 Group acquired six additional aircraft. MAPS 2018-1 Group owned twenty-one aircraft and four engines as of March 31, 2022. Twenty of the twenty-one aircraft are on lease to twelve airlines in ten countries.

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

Statement of accounting policies (continued)

Basis of preparation

The non-statutory consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. The non-statutory consolidated financial statements are prepared under the historical cost convention. Given that the obligations towards the note holders are limited to the net proceeds (after expenses) generated from the utilisation and sale of the aircraft and engine assets, the Directors have concluded that it is appropriate to prepare the non-statutory consolidated financial statements on a going concern basis. The preparation of non-statutory consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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 financial year in which the estimate is revised if the revision affects that financial year or in the financial year of the revision and future financial years if the revision affects both the current and future financial years. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Going Concern

In preparing a going concern assessment with the period of assessment being twelve months from the date of signing the financial statements, the Company has undertaken a detailed sensitivity analysis to observe various potential outcomes and understand the impact to transaction constituents, which the Directors have used to assess the resiliency of the Group. Per the terms of the Amended and Restated Intercreditor Agreement, non-payment of Series A interest would result in an event of default. However, the Group has a liquidity facility in place which covers up to \$9.8 million. The terms further provide that the Group is only required to make payments to Noteholders to the extent that cash is available to do so, but does not result in an event of default. The loans constitute direct, limited recourse obligations of MAPS Group.

The Managing Agent (on behalf of the Directors) has modelled a number of different scenarios considering a period of at least twelve months from the date of approval of these financial statements. The assumptions modelled are based on the estimated potential impact of the ongoing COVID-19 restrictions and expected levels of performance by the Group’s airline customers under their respective lease agreements. Under this base case scenario, the Group is expected to continue to have sufficient resources to avoid an event of default under its debt arrangements (defined as non-payment of Series A Note interest).

Based on these factors, the Directors have a reasonable expectation that the Group has adequate liquidity and financial resources to continue in operation for at least the next twelve months from the approval of the financial statements and that the going concern basis of preparation remains appropriate.

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

Statement of accounting policies (continued)

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated non-statutory financial statements include the results of MAPS 2018-1 Group. All intercompany profits, transactions and account balances are eliminated on consolidation.

Revenue recognition

Rental revenue from aircraft on operating lease is recognised as income as it accrues over the period of the lease. Where rentals are adjusted to reflect increases or decreases in prevailing interest rates such adjustments are accounted for as they arise. Lease rentals received in advance are deferred and recognised over the period to which they relate. Revenue from aircraft trading transactions is recognised as income when the contract for sale or supply of the relevant aircraft is substantially completed and the risk of ownership of the equipment is transferred.

Interest

Interest income and expense are recognised on an effective interest rate basis. The effective interest rate is the rate that discounts estimated cash flows associated with the financial instrument through the life of the instrument, or where appropriate, a shorter period, to the net carrying amount.

Maintenance costs

The lessee has an obligation to pay for maintenance costs which arise during the term of the lease. In a large proportion of the lease contracts the lessee has the obligation to make a periodic payment of supplemental rent which is calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease. These supplemental rent rates are agreed in the terms of the lease contract. The supplemental rent collected is anticipated to cover maintenance costs when they arise. On the presentation of invoices and subsequent approval of the qualified maintenance expenditure, MAPS 2018-1 Group then has an obligation to contribute to the maintenance event. Supplemental rent will be recognised on receipt as a liability in the maintenance reserve. All amounts not refunded are recorded as lease revenue at lease termination. At the beginning of each new lease, accruals for lessor contributions representing net contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease, are established.

In other lease contracts, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear accepted) as when accepted under the lease, with reference to major life limited components of the aircraft. To the extent that such components are re-delivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at delivery.

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

Taxation

Corporation tax is provided based on the taxable profits for the year. MAPS 2018-1 Group is subject to Irish corporation tax at a rate of 25%.

Statement of accounting policies (continued)

Taxation (continued)

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. A provision is made at the rates expected to apply when the timing differences reverse.

Timing differences are differences between the taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in years different from those in which they are recognised in the financial statements. A deferred tax asset is recorded where it is more likely than not to be recoverable. The recoverability of deferred tax assets is assessed annually by the Directors.

Aircraft and depreciation

Aircraft are stated at cost less accumulated depreciation and are depreciated at rates calculated to write off the cost of the assets to their estimated residual value of 10%, on a straight line basis, over their estimated useful economic lives. The current estimate of useful economic life is 25 years.

Aircraft related expenditure, which enhances the value of the aircraft (including elements of heavy maintenance checks relating to pre-acquisition usage) is capitalised and depreciated at rates calculated to write off the cost of the assets, on a straight line basis, over their remaining estimated useful lives.

Additional depreciation is charged to reduce the carrying value of specific assets to the recoverable amount where impairment is considered to have occurred. An impairment review is carried out when there has been an indication of impairment, usually on the basis of independent market appraisals and indications of market demand. Where the recoverable amount is greater than the carrying value, no adjustment is made.

Recoverable amount is the higher of the net realisable value and value in use. Net realisable value is the amount at which an asset could be disposed of less any direct selling costs, and value in use is the present value of future cash flows expected to be obtainable as a result of an asset's continued use, including those from contracted lease rentals, assumed future leases (not yet contracted) and estimated ultimate disposal proceeds.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and money market mutual funds which are fully liquid with an initial maturity of 3 months or less.

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

Statement of accounting policies (continued)

Foreign currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The United States Dollar (“USD”) is the currency that most closely reflects the economic effects of the underlying transactions, events and conditions. The consolidated financial statements will be presented in USD which is the functional and presentation currency of the Group. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Security deposits

Security deposits on leased aircraft are generally paid by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as security for the timely and faithful performance by the lessee of its obligations during the lease and are included on the Consolidated Statement of Financial Position. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease. The lease deposits are classified as financial liabilities initially measured at fair value and subsequently at amortised cost.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses and goodwill is not amortised. Goodwill is tested annually for impairment. An impairment loss in respect of goodwill is not reversed.

Expected credit loss (“ECL”)

IFRS 9 requires the Group to record an allowance for ECLs for all in scope assets.

ECLs are recognised in three stages.

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are within the next 12 months (a 12 month ECL).
- Those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life exposures, irrespective of the timing of the default (a lifetime ECL).
- For credit exposures that are credit impaired (i.e. have objective evidence of impairment at the reporting date), the company recognises lifetime expected credit losses for these financial assets.

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

Statement of accounting policies (continued)

Expected credit loss (“ELC”) (continued)

The Group applies the first stage of ECL calculation where a financial asset has a low credit risk exposure, hence is deemed not to have suffered significant deterioration in its credit risk. The Group recognises an allowance based on 12 months ECLs for these financial assets.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off for these reasons when there is no reasonable expectation of recovering the contractual cash flows.

New standards interpreted not yet adopted

Standards issued but not yet effective up to the date of issuance of the Group’s consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group is currently assessing the impact of such changes on the consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group’s financial statements:

		Effective for annual
		periods beginning on
Amendment		or after
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 8 & 12	Amendments to IAS 8 & 12	1 January 2023
IAS 1 & IFRS Practice Statement 2	Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

Critical accounting estimates and judgments

The preparation of financial statements according to IFRS may require from the Directors, the use of estimates, assumptions and judgments, which influence the amounts included in the consolidated financial statements. The resulting accounting estimates, assumptions and judgments will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of material adjustment to carrying value of assets within the next financial year include depreciation (residual value), aircraft and engine valuation.

- Aircraft and engine valuation

As discussed in the accounting policy above, aircraft and engines are evaluated for impairment each reporting period or when there are indicators of impairment. This process involves the use of judgements and estimates. Estimates are utilised in determining the value in use and fair value.

Specifically, MAPS Group estimates future lease cash flows, remaining useful lives of the aircraft, discount rate, residual value, redeployment costs and current and future fair values. The estimates and assumptions used are based on historical trends as well as future expectations. For some of these estimates, the Group utilises the services of independent valuation firms to determine the appropriate values.

MAPS Group has utilised judgement in evaluating whether there are indicators of impairment. In this regard, management relies on legal factors, market conditions and the operational performance of the lease assets.

In addition, MAPS Group has applied judgement in determining the residual value of aircraft and engines. The estimated residual values are based on estimates received from independent appraisers or management's view when supporting transaction data exists. Changes in global and regional economic and political conditions, government regulations, technological changes and other factors could cause us to revise the residual value assumptions. MAPS 2018-1 Group evaluates the appropriateness of these judgements and assessments each reporting period.

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

1 Turnover

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

	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
Aircraft leasing – operating lease rental receivable	59,246,859	73,289,213
Supplemental rent income	37,152,860	13,253,611
Gain on sale of aircraft	2,512,226	-
Other income	20,040	562,149
	<u>98,931,985</u>	<u>87,104,973</u>

Supplemental rental income of \$37,152,860 was recognised during the Year (2021: \$13,253,611). At the end of a lease term all maintenance deposits are recognised as income as the Statement of Profit or Loss to the extent that they are not refundable to the lessee.

During the Year, the Group sold two aircraft and two airframes at a gain of \$2,512,226 (year ended 31 March 2021: no aircraft sold).

Distribution of aircraft leasing revenues by geographic area

Region	Year ended 31 March 2022		Year ended 31 March 2021	
	US\$	%	US\$	%
Emerging Asia/Pacific	10,157,296	11%	18,583,408	21%
Developed North America	23,274,626	24%	25,334,770	29%
Emerging Europe and Africa/Middle East	25,756,614	27%	18,453,668	21%
Australia	4,569,738	5%	19,422,729	22%
Bangladesh	-	0%	4,748,249	5%
Off Lease	32,641,445	34%	-	0%
	<u>96,399,719</u>		<u>86,542,824</u>	

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

2 Interest Expense

	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
Interest expense on Series A	12,219,033	14,321,360
Interest expense on Series B	2,003,604	2,378,587
Interest expense on Series C	1,830,884	1,718,979
Interest expense on the E Note	38,132,648	1,412,341
Amortisation of debt costs	1,386,389	1,399,955
	<u>55,572,558</u>	<u>21,231,222</u>

3 Operating expenses

	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
Servicer's and administrative agent's fees	3,238,368	2,373,319
Legal and other professional fees	633,263	409,827
Trustee fees	9,037	19,119
Audit and audit related services	190,877	76,269
Liquidity facility fee	156,893	183,064
Maintenance and Repairs	5,599,163	1,943,753
Provision for losses	6,040,311	16,038,314
Other overheads	867,970	1,005,724
	<u>16,735,882</u>	<u>22,049,389</u>

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

4 Directors Remuneration	Year ended 31 March 2022 US\$	Year ended 31 March 2021 US\$
Aggregate amount paid to or receivable by Directors in respect of qualifying services is broken down as:		
Fees	150,000	150,000
<i>Other emoluments</i>		
Cash/value of other assets under long term incentive schemes	-	-
	<u>150,000</u>	<u>150,000</u>
5 Tax on loss on ordinary activities	Year ended 31 March 2022 US\$	Year ended 31 March 2021 US\$
<i>(a) Analysis of tax charge for the year</i>		
Current tax		
Corporation tax on loss for the year	<u>1,756,480</u>	<u>-</u>
Total tax charge on loss for the year	<u>1,756,480</u>	<u>-</u>
Deferred tax		
Other timing differences	<u>(1,561,026)</u>	<u>(523,674)</u>
Total deferred taxation for the year	<u>(1,561,026)</u>	<u>(523,674)</u>

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

5 Tax on loss on ordinary activities (continued)

(b) Factors affecting total tax charge/(credit) for year/period

The reconciliation of total tax charge/(credit) on loss on ordinary activities at the standard rate corporation tax to the Group's total tax charge/(credit) is analysed as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
Total tax reconciliation		
Loss before tax	(26,247,943)	(19,573,042)
Irish corporation tax at 25%	(6,561,986)	(4,893,260)
<i>Effects of</i>		
Capital allowances in excess of depreciation	8,318,466	4,369,586
Release of deferred tax liability	(1,561,026)	-
Total tax charge/(credit) for the year	<u>195,454</u>	<u>(523,674)</u>

(c) Deferred tax

Deferred tax represents the amount of tax recoverable in respect of tax losses available in the current period which are available for carry forward against future taxable profits, temporary timing differences and an excess of capital allowances over accounting depreciation. MAPS Group's deferred tax asset arises due to unrelieved trading losses forward which are available to offset any future taxable income of MAPS Group. At March 31, 2022 there was unrecognised deferred taxation asset in the amount of \$9,130,791. This was not recognised in the financial statements as in the opinion of the Directors, there was considerable uncertainty surrounding the ultimate recoverability of the balance.

The reconciliation of the deferred tax liabilities for 31 March 2022 is as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
Deferred tax liabilities		
Capital allowances in excess of depreciation	(54,339,414)	(70,360,918)
Movement in tax losses carried forward	63,470,203	72,636,187
Deferred tax assets not recognised	(9,130,791)	(3,836,295)
At the end of the year	<u>-</u>	<u>1,561,026</u>
	Year ended 31 March 2022	Year ended 31 March 2021
	US\$	US\$
At the beginning of the year	1,561,026	2,079,499
Movement during the year	(1,561,026)	(523,674)
At the end of the year	<u>-</u>	<u>1,561,026</u>

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

6 Employees

MAPS 2018-1 Group had no employees during the year (2021 nil).

7 Aircraft	31 March 2022 Aircraft US\$	31 March 2021 Aircraft US\$
Cost		
Opening balance at 1 April	840,998,088	840,998,088
Additions	2,412,686	-
Disposals	(65,308,194)	-
Transfers to held for sale	(55,754,808)	-
Closing balance	722,347,772	840,998,088
Depreciation		
Opening balance at 1 April	(332,157,689)	(268,760,285)
Charge for the year/period	(33,784,546)	(37,826,590)
Impairment	(19,086,942)	(25,570,814)
Disposals	25,487,764	-
Transfers to held for sale	48,246,808	-
Closing balance	(311,294,605)	(332,157,689)
Net Book Value		
At beginning of year/period	508,840,399	572,237,803
At end of year/period	411,053,167	508,840,399

The Group owns 19 aircraft and four engines as at 31 March 2022 (2021: 25 aircraft) that is classified as aircraft.

During the Year, the Group sold two aircraft and two airframes at a gain of \$2,512,226 (year ended 31 March 2021: no aircraft sold).

As discussed in the statement of accounting policies, the Directors of MAPS 2018-1 Group undertake a review to determine whether an impairment provision is required in respect of MAPS 2018-1 Group's aircraft. During the year the Directors, in applying IAS 36 *Impairment of Assets*, have determined that an impairment provision was required in respect of five aircraft of \$19,086,942 (2021: \$25,570,814). In considering whether impairment exists the Directors used inputs for current market values from third party appraisers to assess current market value and to assess value-in-use and have estimated future cash flows from the asset discounted at a rate of 6.50% (2021: 6.50%). Aircraft are pledged as security for the Group's obligations under the loans

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

8 Aircraft held for sale	31 March 2022 Aircraft US\$	31 March 2021 Aircraft US\$
Cost		
Opening balance at 1 April	-	-
Additions	-	-
Disposals	-	-
Transfers from aircraft	55,754,808	-
Closing balance	55,754,808	-
Depreciation		
Opening balance at 1 April	-	-
Additions	-	-
Disposals	-	-
Transfers from aircraft	(31,127,087)	-
Impairment	(17,119,721)	-
Closing balance	(48,246,808)	-
Net Book Value		
At beginning of year/period	-	-
At end of year/period	7,508,000	-

As at 31 March 2022, two aircraft (2021: no aircraft) were classified as held for sale given managements intention of selling them in the short term. During the Year, the Group acquired no aircraft (2021: no aircraft) that are classified as held for sale under IFRS 5.

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

9 Goodwill

	31 March 2022 US\$	31 March 2021 US\$
At 1 April 2021		
Cost	2,494,276	2,494,276
Impairment	-	-
Net Book Value	2,494,276	2,494,276
Opening Net Book Value	2,494,276	2,494,276
Additions	-	-
Impairment	-	-
Closing Net Book Value	2,494,276	2,494,276
At 31 March 2022		
Cost	2,494,276	2,494,276
Accumulated impairment losses	-	-
Net Book Value	2,494,276	2,494,276

MAPS 2018-1 recognised goodwill of \$2,494,276 on its acquisition of 100% of the shares in Phoebus Aviation Ireland Limited on 2 July 2018. The goodwill recognised represents the difference between the purchase price of the shares of \$1 and the separately identifiable net deficit of Phoebus Aviation Ireland Limited on 2 July 2018.

At each financial reporting date, the Group reviews the carrying amount of its goodwill to determine whether there is any indication of impairment under IAS 36 *Impairment of Assets*. During the period the Directors, in applying IAS 36 *Impairment of Assets*, have determined that an impairment provision was not required in respect of the goodwill recognized on the acquisition of Phoebus Aviation Ireland Limited

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

10 Subsidiary companies

MAPS 2018-1 had the following subsidiaries at 31 March 2022:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Business</u>	<u>% of shares held</u>
AABS Aviation 1 (Ireland) Limited	Ireland	Aircraft leasing and sub leasing	100%
AABS Aviation 2 (Ireland) Limited	Ireland	Aircraft leasing and sub leasing	100%
AABS Aviation 3 (Ireland) Limited	Ireland	Aircraft leasing and sub leasing	100%
AABS Aviation 1 (France) SARL	France	Aircraft leasing and sub leasing	100%
AABS Aviation 2 (France) SARL	France	Aircraft leasing and sub leasing	100%
AABS Netherlands B.V.	Netherland	Aircraft leasing and sub leasing	100%
Phoebus Aviation Ireland Limited	Ireland	Aircraft leasing and sub leasing	100%
Keos Aviation UK Limited	UK	Aircraft leasing and sub leasing	100%

11 Cash and cash equivalents	31 March 2022	31 March 2021
	US\$	US\$
Cash	144,388	291,997
Restricted cash	22,362,758	42,688,945
	<u>22,507,146</u>	<u>42,980,942</u>

Substantially all of the cash and cash equivalents of the MAPS 2018-1 Group at 31 March 2022 was held as restricted cash for specific purposes under the terms of the Intercreditor Agreement.

12 Trade and other receivables	31 March 2022	31 March 2021
	US\$	US\$
Prepayments	147,614	40,137
Amount owed from lessees	20,341,118	22,532,494
Allowances for bad debts	(19,145,163)	(16,038,328)
Accrued income	4,623,997	-
Other Assets	407,991	4,471
VAT Recoverable	52,834	137,005
	<u>6,428,391</u>	<u>6,675,779</u>

13 Share capital	31 March 2022	31 March 2021
	US\$	US\$
<i>Authorised</i>		
10 ordinary shares of \$1 each	<u>10</u>	<u>10</u>
<i>Issued and unpaid</i>		
10 ordinary shares of \$1 each	<u>10</u>	<u>10</u>

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

14 Trade and other payables	31 March 2022	31 March 2021
	US\$	US\$
<i>Current</i>		
Deferred income	1,882,639	1,944,707
Maintenance reserves	10,444,083	13,442,900
Security deposits	1,050,000	765,000
Security deposits - other	640,000	-
Accrued expenses	947,086	853,342
Current tax payable	1,745,022	-
Accrued interest on Notes	622,322	731,063
	<u>17,331,152</u>	<u>17,737,012</u>
 <i>Non-current</i>		
	31 March 2022	31 March 2021
	US\$	US\$
Maintenance reserves	56,921,053	112,550,742
Security deposits	1,769,980	7,027,480
Accrued interest on E Certificate	118,620,034	80,487,386
	<u>177,311,067</u>	<u>200,065,608</u>

The lessees of the Group's aircraft have provided letters of credit totalling USD 2,831,824 (2021: USD 5,239,824) as security against their rental obligations under the lease agreements. Letters of credit totalling USD are in place as security against the maintenance reserve obligations of the Group's aircraft \$12,706,528 (2021: 11,730,762).

15 Loans and borrowings

(a) *Principal*

The Loans and Interests issued by MAPS 2018-1 on 15 May 2018 constitute direct obligations of MAPS 2018-1. In order to secure the repayment of the Loans and the payment and performance of all obligations of MAPS 2018-1 Group, MAPS 2018-1 Group entered into a Security Trust Agreement with the Security Trustee, Deutsche Bank Trust Company Americas, as regards Series A, Series B and Series C obligations.

MAPS 2018-1 Group

Notes to the financial statements
For the financial year ended 31 March 2022

15 Loans and Borrowings (continued)

(a) Principal (continued)

2022	Nominal amount	Paydown to date	Interest Capitalised	31 March 2022
	US\$	US\$	US\$	US\$
Series A Note	415,000,000	(148,904,618)	-	266,095,382
Series B Note	55,000,000	(19,611,366)	-	35,388,634
Series C Note	36,500,000	(10,428,049)	3,399,715	29,471,666
E Note	21,999,862	(21,999,862)	-	-
	<u>528,499,862</u>	<u>(200,943,895)</u>	<u>3,399,715</u>	<u>330,955,682</u>
Debt issuance costs				<u>(4,332,465)</u>
				<u>326,623,217</u>
2021	Nominal amount	Paydown to date	Interest Capitalised	31 March 2021
	US\$	US\$	US\$	US\$
Series A Note	415,000,000	(93,126,000)	-	321,874,000
Series B Note	55,000,000	(12,342,000)	-	42,658,000
Series C Note	36,500,000	(10,428,049)	1,573,711	27,645,662
E Note	21,999,862	(21,999,862)	-	-
	<u>528,499,862</u>	<u>(137,895,911)</u>	<u>1,573,711</u>	<u>392,177,662</u>
Debt issuance costs				<u>(5,718,853)</u>
				<u>386,458,809</u>

(b) Interest

The Series A, Series B and Series C Loans bear interest at fixed rates as per the Credit Agreement - Series A Loans – 4.21%, Series B Loans – 5.19% and Series C Loans – 6.41%.

The E Note incorporates a profit sweep whereby the profit of the issuer is reduced to \$10,000 per annum.

There is no fixed interest rate on the E Note. The E Note earns interest based on any residual amounts after payment of secured obligations in accordance with the Amended and Restated Intercreditor Agreement. Excess cash in the waterfall is to be paid to the E Note holder who ranks lowest on the priority of payments.

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

15 Loans and Borrowings (continued)

(c) Debt maturity

The repayment terms of the Series A, B C and E Note are such that certain principal amounts are expected to be repaid on certain dates based on certain assumptions made at the time of their issue (the “**Expected Final Payment Dates**”) or refinanced through the issue of new loans by specified Expected Final Payment Dates but in any event are ultimately due for repayment on specified final maturity dates (the “**Final Maturity Dates**”).

The Expected Final Payment Dates, Final Maturity Dates, Outstanding Principal Balance and interest rates applicable to each Series of Loans outstanding at 31 March 2022 are set out below:

<u>Series of Loans</u>	<u>Interest Rate</u>	<u>31 March 2022</u>	<u>Final Maturity Date</u>
		US\$	
Series A	4.21%	266,095,382	15/05/2043
Series B	5.19%	35,388,634	15/05/2043
Series C	6.41%	29,471,666	15/08/2043
Series E	NA	-	15/05/2043

The Expected Final Payment Dates, Final Maturity Dates, Outstanding Principal Balance and interest rates applicable to each Series of Loans outstanding at 31 March 2021 are set out below:

<u>Series of Loans</u>	<u>Interest Rate</u>	<u>31 March 2021</u>	<u>Final Maturity Date</u>
		US\$	
Series A	4.21%	321,874,000	15/05/2043
Series B	5.19%	42,658,000	15/05/2043
Series C	6.41%	27,645,229	15/08/2043
Series E	NA	-	15/05/2043

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

16 Related Parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity. Key management personnel for MAPS 2018-1 are the board of Directors and Merx Aviation Finance Assets Ireland Limited.

MAPS 2018-1 Group considers Merx Aviation Finance Assets Limited and the board of Directors as related parties.

Merx Aviation has acted as Servicer to the MAPS 2018-1 Group since May 15, 2018. In addition to managing MAPS 2018-1 Group's aircraft, Merx Aviation Services Limited manages aircraft owned by itself and other third parties. During the year, MAPS 2018-1 had the following transactions with Merx Aviation as Servicer:

Servicing fees	31 March 2022	31 March 2021
	US\$	US\$
Opening balance	135,619	-
Servicing fees	3,064,474	1,771,111
Payments	(2,988,388)	(1,635,492)
	<u>211,705</u>	<u>135,619</u>

Merx Aviation Finance Assets Limited is the E note holder at 31 March 2022. During the period the following repayments were made on the E Note:

The nominal amount at 31 March 2022 was nil (2021: nil); there were no pay downs at 31 March 2022 (2021: nil).

There were no other related party transactions during the year.

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

17 Lease commitments

MAPS 2018-1 Group had contracted to receive the following minimum cash lease rentals under the Aircraft Specific Lease Agreements entered into with the lessees:

	31 March 2022 US\$	31 March 2021 US\$
Less than one year	47,103,602	58,809,531
From one to two years	39,891,666	51,074,102
From two to three years	30,643,196	34,976,666
From three to four years	15,948,923	23,923,196
Thereafter	11,780,000	22,140,057
	<hr/> 145,367,387	<hr/> 190,923,552

18 Commitments and contingent liabilities

MAPS 2018-1 Group has no long-term contracts other than those with its service providers and lessees. MAPS 2018-1 Group has no contingent liabilities at 31 March 2022 (2021: nil).

19 Financial risk management

The Group has exposure to the following risks:

- Credit risk
- Market risk
- Liquidity risk
- Asset Risk

a) Credit risk

Credit risk is the risk of financial loss to the MAPS 2018-1 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

MAPS 2018-1 Group operates as a supplier to airlines. The airline industry is cyclical, economically sensitive and highly competitive. MAPS 2018-1 Group's ability to succeed is dependent on the financial strength of the airlines it leases to and their ability to react to and cope with the volatile competitive environment in which they operate. If a contracted lessee experiences financial difficulties this may result in defaults or the early termination of the lease. The Directors mitigate this risk by collecting deposits and/or maintenance reserves, putting in place appropriate settlement conditions in the event of default or early termination of the lease by the Lessees, as detailed in the lease agreements. MAPS 2018-1 Group monitors the performance of the Lessees on an ongoing basis.

MAPS 2018-1 Group manages its exposure to credit risk by placing all cash with Deutsche Bank, AIB and BNP Paribas, all recognised financial institutions. At year/period end a total of US\$ 23 million (2021: US\$ 43 million) was held in bank accounts with Deutsche Bank and AIB

MAPS 2018-1 Group

Notes to the financial statements For the financial year ended 31 March 2022

19 Financial risk management (continued)

a) Credit risk (continued)

The S&P credit ratings of Deutsche Bank are as follows:

Long Term BBB+
Short Term A-2

The maximum exposure of the Group's financial assets to credit risk is US\$ 29 million (2021: US\$ 50 million).

	31 March 2022	31 March 2021
	US\$	US\$
Cash and cash equivalents	144,388	291,997
Rental receivables	1,195,955	6,494,166
Other receivables	5,232,436	181,612
Restricted cash	22,362,758	42,688,945
	<u>28,935,537</u>	<u>49,656,720</u>

The above balances are presented exclusive of the security deposits which may be held.

Expected Credit Losses

In accordance with IFRS 9 and the approach outlined in the accounting policies, an ECL was calculated. There were nine lessees with an ECL in excess of its security deposit held. An expected credit loss of \$19,145,163 (31 March 2021: nine lessees with an ECL of \$16,038,328) was recognized to cover these lessees.

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect MAPS 2018-1 Group's income or the value of its holding of financial instruments.

MAPS 2018-1 Group is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect MAPS 2018-1 Group through a reduced demand for aircraft and/or reduced market rates, higher incidences of lessee default and engines on the ground all of which may require that the carrying value of the aircraft to be materially reduced.

Currency risk

The functional currency of the industry is predominantly USD. MAPS 2018-1 Group manages its exposure to currency risk by effectively matching its lease revenue and its loan expenses to the functional currency.

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

19 Financial risk management (continued)

b) Market risk (continued)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. MAPS 2018-1 Group manages its exposure to currency risk by effectively matching its foreign currency assets and liabilities.

MAPS 2018-1 Group's exposure to currency risk as at 31 March 2022 is not significant.

Interest rate risk

The Group manages its exposure to interest rate risk by fixing the rate of interest on its financial liabilities (Series A, Series B and Series C).

The Group's exposure to interest rate risk as at 31 March 2022 is not considered material as the Group had no variable rate interest financial instruments at financial period end.

c) Liquidity risk

Liquidity risk is the risk that MAPS 2018-1 Group will not be able to meet its financial obligations as they fall due. MAPS 2018-1 Group's approach in managing liquidity is to seek to match the cash inflows on lease receivables with the cash outflows on loan payables.

MAPS 2018-1 Group is funding a significant part of its operations with debt financing. The ability of MAPS 2018-1 Group to continue in operation will be dependent upon its continued adherence to its payment obligations and other covenant requirements under the respective loan agreements, which are dependent upon the factors outlined above. Set out below is a table outlining the expected maturities of all financial liabilities of the Group as at 31 March, 2022.

The loans constitute direct, limited recourse obligations of the MAPS 2018-1 Group.

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Notes to the financial statements For the financial year ended 31 March 2022

19 Financial risk management (continued)

The table below shows the undiscounted cash flows of the Groups' financial liabilities as at 31 March 2022.

31 March 2022 Financial Liabilities					Total	Total
	< 1 year	1 - 2 years	2 - 5 years	> than 5 years	contractual cash flows	carrying value
	US\$	US\$	US\$	US\$	US\$	US\$
Loans payable*	56,097,022	38,876,536	107,285,934	247,316,224	449,575,716	449,575,716
Security deposits	1,050,000	1,050,000	719,890	-	2,819,890	2,819,890
Maintenance reserves	10,444,083	32,591,018	24,200,864	129,170	67,365,135	67,356,135
Loan interest payable	622,322	-	-	-	622,322	622,322
Trade payables and accrued expenses	5,214,747	-	-	-	5,214,747	5,214,747
Total	73,428,174	72,517,554	132,206,688	247,445,394	525,597,810	525,597,810

31 March 2021 Financial Liabilities					Total	Total
	< 1 year	1 - 2 years	2 - 5 years	> than 5 years	contractual cash flows	carrying value
	US\$	US\$	US\$	US\$	US\$	US\$
Loans payable*	41,405,850	41,355,200	124,119,900	300,834,736	507,715,686	507,715,686
Security deposits	765,000	2,131,500	4,250,980	645,000	7,792,480	7,792,480
Maintenance reserves	13,442,900	27,601,793	65,162,178	19,786,771	125,993,642	125,993,642
Loan interest payable	731,063	-	-	80,487,386	81,218,449	81,218,449
Trade payables and accrued expenses	2,798,049	-	-	-	2,798,049	2,798,049
Total	59,142,862	71,088,493	193,533,058	401,753,893	725,518,306	725,518,306

* Contractual cash consisting of principal on the Series A Loans, Series B Loans, Series C Loans and E notes

Credit Facilities:

On 10 January 2013 AABS entered into a revolving liquidity facility agreement to provide additional funds for the payment of certain liabilities if and to the extent that insufficient funds are available in the form of periodic revenues. A new revolving liquidity facility agreement was entered into on May 15, 2018 and the previous liquidity facility agreement was terminated on the same date.

Under the terms of the Credit Facility Agreement, Credit Agricole (the Liquidity Provider) has provided a credit facility to MAPS 2018-1 of up to US\$15.2 million which may be drawn upon, subject to certain conditions, to pay interest on the Series A and Series B Loans. Upon each drawing under the Credit Facility, MAPS 2018-1 will be required to reimburse the Credit Facility Provider for the amount

MAPS 2018-1 Group

Notes to the financial statements (continued)
For the financial year ended 31 March 2022

19 Financial risk management (continued)

Credit Facilities (continued):

of such drawing in accordance with the priority of payments specified in the Intercreditor Agreement. No amount was drawn on the liquidity facility at the year end.

d) Asset Risk

Asset risk is the risk of deterioration in the underlying value of the aircraft. The Director's look to mitigate this risk by collecting maintenance reserves and/or collecting security deposits/letters of credit where appropriate.

MAPS 2018-1 Group bears the risk of re-leasing or selling the aircraft at the end of its lease term. If demand for aircraft decreases or the average fleet age increases or market lease rates decrease, this could affect market value. Should this condition continue for an extended period, it could affect the market value of the aircraft and may result in an impairment charge in accordance with IAS 36, *Impairment of Assets*.

20 Fair value estimation

Under IFRS 13, *Fair Value Measurement*, the fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation.

The carrying value of cash and cash equivalents, restricted cash balances, trade receivables and trade payables are assumed to approximate their fair values.

MAPS 2018-1 Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable outputs).

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Notes to the financial statements
For the financial year ended 31 March 2022

20 Fair value estimation (continued)

31 March 2022	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Assets	US\$	US\$	US\$	US\$
Trade and other receivables	-	6,428,391	-	6,675,779
Cash and cash equivalents	-	144,388	-	291,997
Restricted cash	-	22,362,758	-	42,688,945
Total	-	28,935,537	-	49,656,721

31 March 2022	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Liabilities	US\$	US\$	US\$	US\$
Loans and borrowings	-	423,982,679	-	449,575,716
Security deposits	-	2,819,980	-	2,819,980
Maintenance reserves	-	67,365,135	-	67,365,135
Accrued interest	-	622,322	-	622,322
Other payables	-	2,798,049	-	2,798,049
Total	-	497,588,165	-	523,181,202

31 March 2021	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Assets	US\$	US\$	US\$	US\$
Trade and other receivables	-	6,675,779	-	6,675,779
Cash and cash equivalents	-	291,997	-	291,997
Restricted cash	-	42,688,945	-	42,688,945
Total	-	49,656,721	-	49,656,721

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Notes to the financial statements
For the financial year ended 31 March 2022

20 Fair value estimation (continued)

31 March 2021	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Financial Liabilities	US\$	US\$	US\$	US\$
Loans and borrowings	-	358,892,746	-	392,177,662
Security deposits	-	7,792,480	-	7,792,480
Maintenance reserves	-	125,993,642	-	125,993,642
Accrued interest	-	81,218,449	-	81,218,449
Other payables	-	2,799,433	-	2,799,433
Total	-	576,696,750	-	604,263,380

21 Subsequent events

The Group has evaluated events through the date of issuance of these financial statements and has determined that there are no subsequent events outside the ordinary scope of the business that require adjustment to; or disclosure in, the financial statements.

22 Approval of financial statements

The Directors of MAPS 2018-1 Group approved the financial statements on 23 June 2022.