

REPORT - 2026

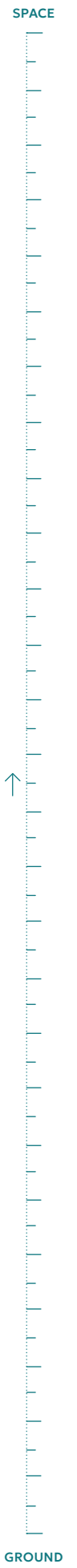
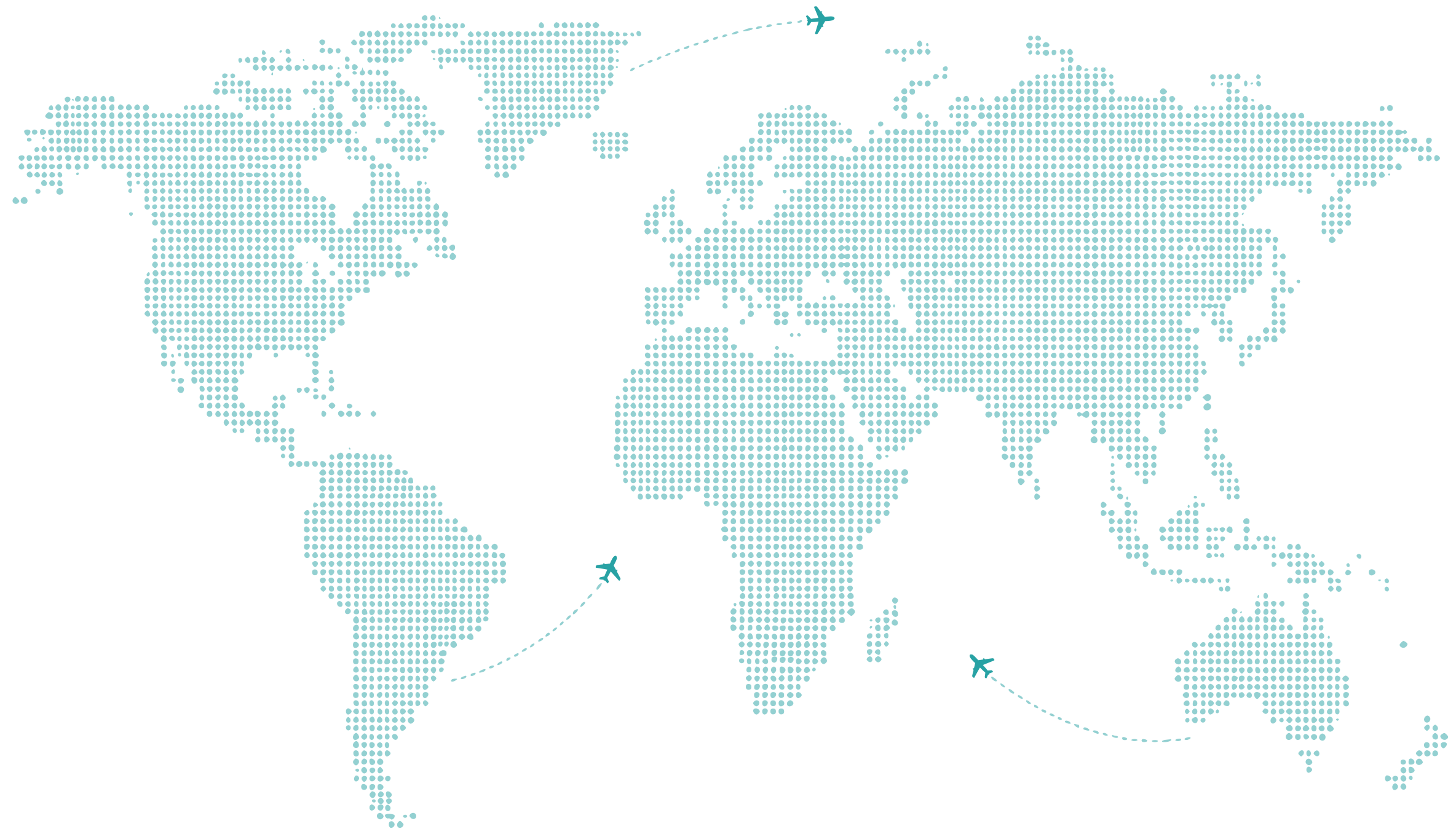
Aviation Finance in Kazakhstan and Central Asia:

Global Trends and the Role of the
Astana International Financial Centre

51°10' N
71°26' E

ASTANA
KAZAKHSTAN







Governor's Foreword

Dear Readers,

Aviation is fundamentally more than a mode of transport; it is a vital artery of global trade, cross-cultural exchange, and economic resilience. As global markets navigate shifting supply chains and changing patterns of mobility, the strategic importance of transcontinental connectivity has never been more pronounced.

Situated at the heart of Eurasia, Kazakhstan is uniquely positioned to bridge markets and facilitate this growing movement of people, cargo, and capital. However, realizing this geographic advantage invites more than the expansion of physical infrastructure.

It encourages the cultivation of a sophisticated financial ecosystem capable of securing long-term investment, managing complex risks, and supporting the next generation of aviation assets.

This report explores the evolving landscape of global aviation finance and highlights the pathways to building a resilient, globally integrated hub in our region. It reflects our broader commitment to diversifying the economy and ensuring that Kazakhstan serves as a trusted, well-governed node in international markets.

By aligning capital with opportunity, we can unlock new avenues for growth. We invite policymakers, global investors, and industry leaders to engage with the insights within these pages, and we look forward to collaborating to shape a sustainable and prosperous future for aviation finance.

Sincerely,
Renat Bekturov
Governor, AIFC



01

WORLD-CLASS AVIATION FINANCE PLATFORM SCALE
Cross-border aircraft finance, leasing, and investment effortlessly

02

ENGLISH COMMON LAW FRAMEWORK
Structure aviation transactions with contractual clarity under a familiar, internationally recognized legal framework

03

ROBUST AIRCRAFT ASSET PROTECTION
Safeguard aviation interests through clear security frameworks and predictable enforcement mechanisms.

FROM THE CEO OF THE ASTANA INTERNATIONAL FINANCIAL CENTRE AUTHORITY



The aviation sector across Central Asia and the Caucasus is undergoing a period of significant modernization and stands at a genuine inflection point. As regional carriers expand their fleets and scale their operations at a pace that reflects the broader economic momentum of the region, the need for a localized, robust, and transparent financial infrastructure has become paramount.

Meeting that need requires a foundation of genuine regulatory certainty and operational efficiency — the conditions under which capital moves with confidence.

At the AIFC Authority, our mandate is to drive the practical execution of the Aviation Finance Hub. We are dedicated to translating the region's growing aviation demand into secure, bankable financial transactions. To achieve this, we are actively refining the operational tools necessary for seamless aircraft acquisition, advanced leasing structures, and efficient cross-border capital flows. By streamlining

administrative processes and providing clear, predictable frameworks for asset management, we offer global lessors, financiers, and operators the structured environment they require. This report details the specific mechanisms, legal frameworks, and structural advantages available within our jurisdiction.

We invite you to use these insights as a practical blueprint for structuring your upcoming aviation investments and operations.

We welcome the opportunity to support your strategic objectives, and we hope the depth and rigor of the analysis that follows — reflecting the sustained effort of our team — proves a valuable resource as we look forward to partnering with you in building a resilient, world-class aviation finance market in the region.

Sincerely,
Bakhtiyar Tleubekov
Chief Executive Officer, AIFC Authority

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The use of such tools was limited in scope and shall not be construed as evidence that this Report, as well as the conclusions and analytical judgments contained herein, were generated automatically by an artificial intelligence system.

In the event of any discrepancy between the English version of this Report and any translation into other languages, the English version shall prevail. We reserve the right to amend, update, or revise this Report at any time without prior notice.

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Executive Summary

The aviation industry has no geographical borders; it is a global ecosystem developing through a complex network of international players. It is essential to understand that at the center of this industry is the aircraft. This asset is the key driver for a wide range of participants, including aircraft manufacturers, airlines, supply chain providers, lessors, and maintenance facilities.

Producing these complex assets requires significant expertise and resources, which is why the market for aircraft manufacturers is highly concentrated with high barriers to entry.

The ecosystem built around the aircraft depends on several key pillars to drive the development of the aviation industry in any country: safety, reliability, well-developed infrastructure, a skilled professional workforce, business-process efficiency, and well-developed financial ecosystem.

Aviation finance plays a crucial role in this development. It is the mechanism that provides the necessary capital, enabling airlines and leasing companies to acquire and operate aircraft, which in turn fuels the growth of the entire industry.

01

AVIATION FINANCE AS A GROWTH CATALYST

Aircraft are the core assets of the global aviation ecosystem. Because manufacturing these assets involves high barriers to entry, aviation finance and leasing serve as highly effective mechanisms to provide the capital necessary for airlines to acquire fleets and drive industry expansion.

02

KAZAKHSTAN'S SECURE AND ATTRACTIVE MARKET

Kazakhstan may offer excellent opportunities for lessors and financiers, driven by developing infrastructure and strong passenger growth. This potential is secured by a robust safety framework, with the country achieving ICAO compliance rates of 95.7% for aviation security and 82% for flight safety, both of which exceed global averages.

03

AIFC AS THE REGIONAL GATEWAY

The Astana International Financial Centre (AIFC) can act as an optimal platform to target regional markets. Operating under a trusted common law framework, the AIFC develops a dedicated «Aviation Finance Hub» designed to facilitate cross-border aircraft financing and leasing across Central Asia and the Caucasus.

Kazakhstan's aviation industry is developing rapidly. The country's robust safety system, with aviation security compliance confirmed by the International Civil Aviation Organization (ICAO) at 95.7% under the USAP-CMA programme, alongside flight safety compliance of 82% under USOAP (both exceeding the respective global averages), plays a cornerstone role.

This, together with developing airport infrastructure and strong growth in passenger turnover, is promoting the aviation industry to the next level.

This maturation creates the critical need for the subsequent development of sophisticated aviation finance and aircraft financing options to support fleet expansion. The Astana International Financial Centre (AIFC) provides a trusted, common law-based platform for global business and regional growth.

The AIFC is leveraging this foundation to build a well-developed ecosystem, including a dedicated «Aviation Finance Hub,» designed to facilitate aircraft financing transactions not only in Kazakhstan but across the entire Central Asian and Caucasus regions.

Global outlook: Aviation Ecosystem and role of aviation finance

✈ 016

Aircraft financing models

✈ 028

Leading aviation finance hubs

✈ 034

Sustainable aviation finance

SPACE



GROUND

Global outlook: Aviation Ecosystem and role of aviation finance

The global aviation ecosystem operates as a highly integrated network of specialized, interdependent sectors that collectively facilitate international air transport. This complex framework is fundamentally categorized into operational carriers, a robust industrial manufacturing base, and a sophisticated financial infrastructure, all working in concert to maintain global connectivity.

GLOBAL AVIATION INDUSTRY SNAPSHOT (ESTIMATES)



The operational capacity of this global fleet is sustained by an extensive industrial base; while the broader aerospace supply chain involves approximately 12,000 companies - primarily Tier-2 and Tier-3 suppliers - the production of commercial aircraft is characterized by high market concentration. This segment is led by a specialized group of 26 commercial aircraft manufacturers responsible for final assembly and certification.

GLOBAL AVIATION INFRASTRUCTURE & MRO NETWORK

The operational sustainability of the global fleet is fundamentally underpinned by a comprehensive physical infrastructure and a rigorous multi-jurisdictional regulatory framework.

While the global landscape comprises a vast network of approximately 41,000 airports and landing facilities, the core of the industry’s logistics is concentrated within approximately 9,000 commercial airports that provide the specialized ground facilities necessary for scheduled passenger and cargo services.

Within this extensive infrastructure, the continuous airworthiness and safety of the global fleet are maintained by a specialized sector of Maintenance, Repair, and Overhaul (MRO) facilities, which includes approximately 5,010 certified stations worldwide as of 2022.

GOVERNANCE & SAFETY OVERSIGHT

Governance within this ecosystem is provided by a layered framework of regulatory agencies and industry associations operating under the central leadership of the ICAO. As a specialized agency of the United Nations, ICAO establishes Standards and Recommended Practices that ensure global safety and interoperability.

While each sovereign nation maintains its own National Civil Aviation Authority, these bodies are tasked with transposing ICAO’s global standards into national legislation.

This hierarchical structure is reinforced by regional safety oversight organizations, such as EASA and EUROCONTROL, which harmonize standards across borders.

AVIATION FINANCE

Financially, the aviation ecosystem represents one of the sophisticated asset-financing markets in the world, having evolved into a multi-trillion-dollar sector. This market is characterized by diverse funding sources, including traditional bank debt, public capital market instruments like Enhanced Equipment Trust Certificates (EETCs), and direct investment from private equity and sovereign wealth funds.

This sector, consisting of approximately 190 aircraft lessors, is anchored by international treaties such as the Cape Town Convention (CTC). By standardizing the recognition of security interests and ownership, CTC significantly reduces creditor risk and lowers the cost of capital for airlines within signatory nations.

INTERMEDIARIES & ADVISORS

Furthermore, the market’s efficiency is increasingly dependent on a specialized network of intermediaries and data-driven advisors.

Appraisers provide the objective asset valuations necessary for transparency, while specialized aviation law firms and technical consultants manage the complexities of lease transitions, maintenance records, and physical inspections.

This oversight extends throughout the entire lifecycle of the aircraft, encompassing active technical asset management and the eventual decommissioning, part-out, and recycling of retired airframes, ensuring that the aircraft remains a resilient and high-value mobile asset class.

ASSET-CENTRIC ARCHITECTURE

The global aviation ecosystem functions as an asset-centric architecture where commercial aircraft serves as the central node of value. This singular, high-value asset dictates the parameters of the tiered industrial supply chain, necessitates the sophistication of international financial instruments, and provides the framework for global regulatory harmonization.

By aligning every stakeholder from manufacturers and financiers to regulators and operators around the safety and long-term residual value of the airframe, the industry ensures a level of resilience and interoperability that is unique among global capital-intensive sectors.

1.1 Aircraft financing models

Commercial aircraft represent highly capital-intensive assets, frequently constituting the most significant investment within an airline’s capital structure. Given the substantial financial commitment involved, the strategic integration of acquisition and lifecycle maintenance is fundamental to an operator’s commercial viability.

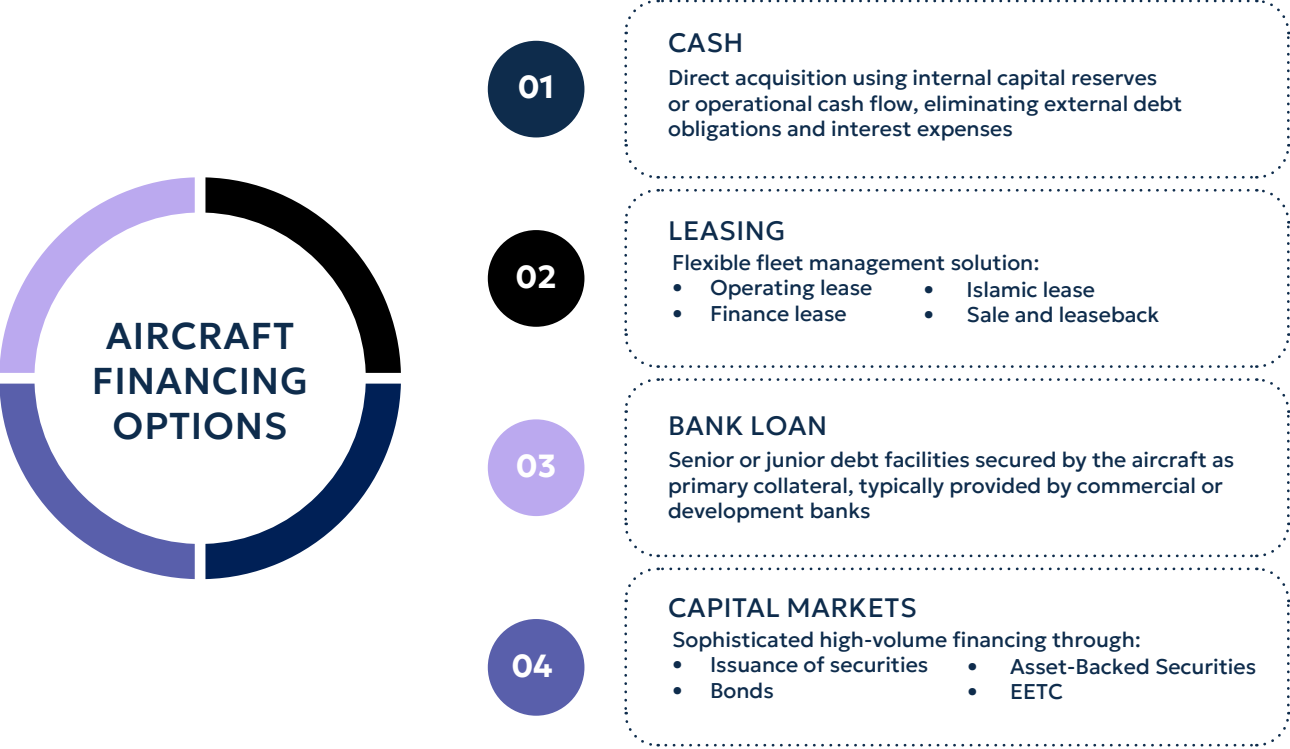
Consequently, determining the optimal procurement methodology whether through direct ownership or various leasing structures serves as a critical strategic pillar. This decision extends beyond immediate fiscal considerations, exerting a profound and enduring influence on both daily operational agility and long-term institutional stability.

In the contemporary landscape, the spectrum of aircraft financing has evolved to offer a diverse array of instruments tailored to varying corporate strategies.

These options range from traditional cash-based acquisitions utilizing internal liquidity to highly sophisticated structures involving international capital markets. Such advanced mechanisms enable carriers to leverage global investor appetite through complex debt and equity instruments.

Ultimately, the selection of a financing model is dictated by the airline’s overarching financial objectives, risk tolerance, and the internal capacity to manage increasingly complex jurisdictional and structural requirements.

GRAPH 1. AIRCRAFT FINANCING OPTIONS



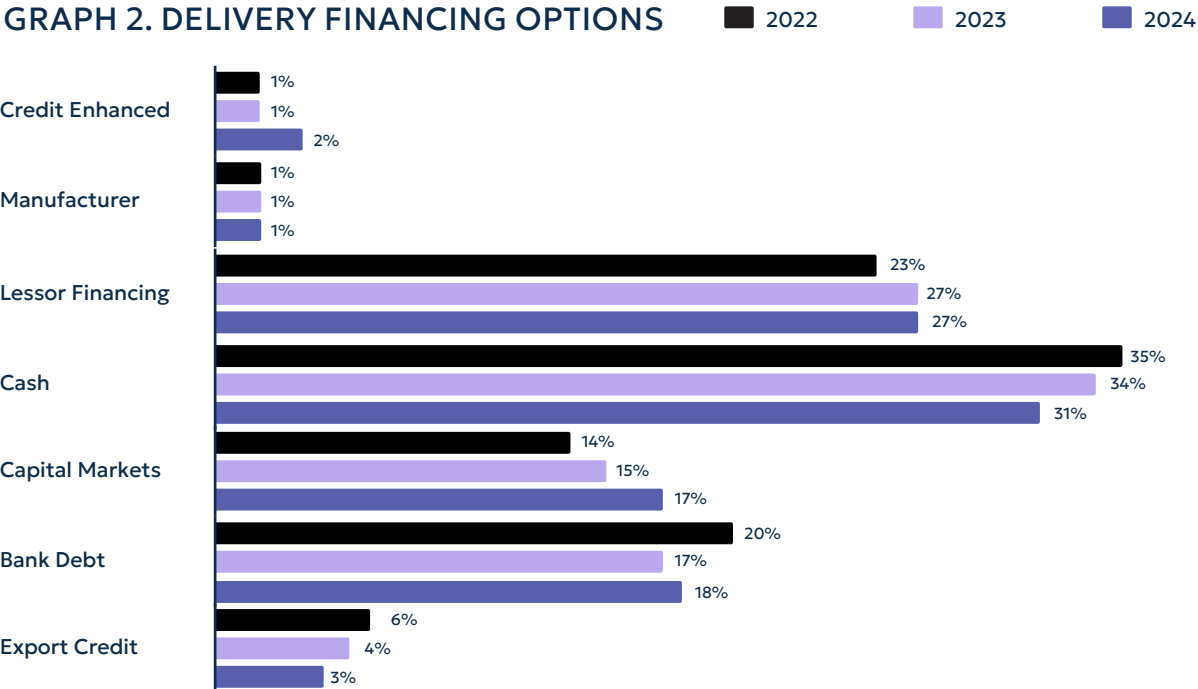
To assess the global allocation of aircraft financing options, this analysis reviews new fleet deliveries from 2022 to 2024, focusing on Airbus, Boeing, and Embraer. New deliveries are distinguished from the total global fleet, as they provide a clearer benchmark for estimating annual financing needs. Together, these three manufacturers represent the majority of global commercial aircraft deliveries and market value. According to their official annual results, they delivered a total of 4,027 new aircraft between 2022 and 2024.

TABLE 1. AIRCRAFT NEW DELIVERIES

	2022	2023	2024	TOTAL
AIRBUS	661	735	766	2162
BOEING	480	505	334	1319
EMBRAER	159	181	206	546
TOTAL NEW DELIVERIES	1300	1421	1306	4027

The consistent delivery of over 1,300 units annually confirms a stabilized, high-volume market. This scale indicates that the financing percentages discussed below represent an annual capital requirement exceeding \$80 billion, validating the depth of the market opportunity. While the data shows that direct lessor financing at the point of delivery accounts for 27% of new units, this figure represents only the initial capital «flow» into the market. It does not fully capture the industry’s broader reliance on leasing, which is best reflected in the «stock» of the total active global fleet, where leasing penetration consistently hovers around 50–60% . This variance highlights that «Cash» (31%) and «Bank Debt» (18%) are frequently transitional states rather than permanent ownership models. In the current economic cycle, airlines often utilize internal liquidity or bridge financing to secure immediate delivery, only to subsequently transfer these assets into leasing structures via Sale-and-Leaseback (SLB) transactions. Consequently, while the delivery data confirms a diversified approach to initial acquisition, the total fleet data validates that leasing remains the dominant long-term preference for asset management and risk mitigation globally.

GRAPH 2. DELIVERY FINANCING OPTIONS



Long-term market projections reinforce the magnitude of future capital demand. According to the Airbus Global Market Forecast, the global active commercial fleet is expected to expand significantly, growing from a 2024 baseline of 26,100 aircraft to approximately 39,490 units by 2041.

KEY MARKET INDICATORS

27%

direct lessor financing of new deliveries.

50–60%

leasing share of active global fleet.

→ 39,490

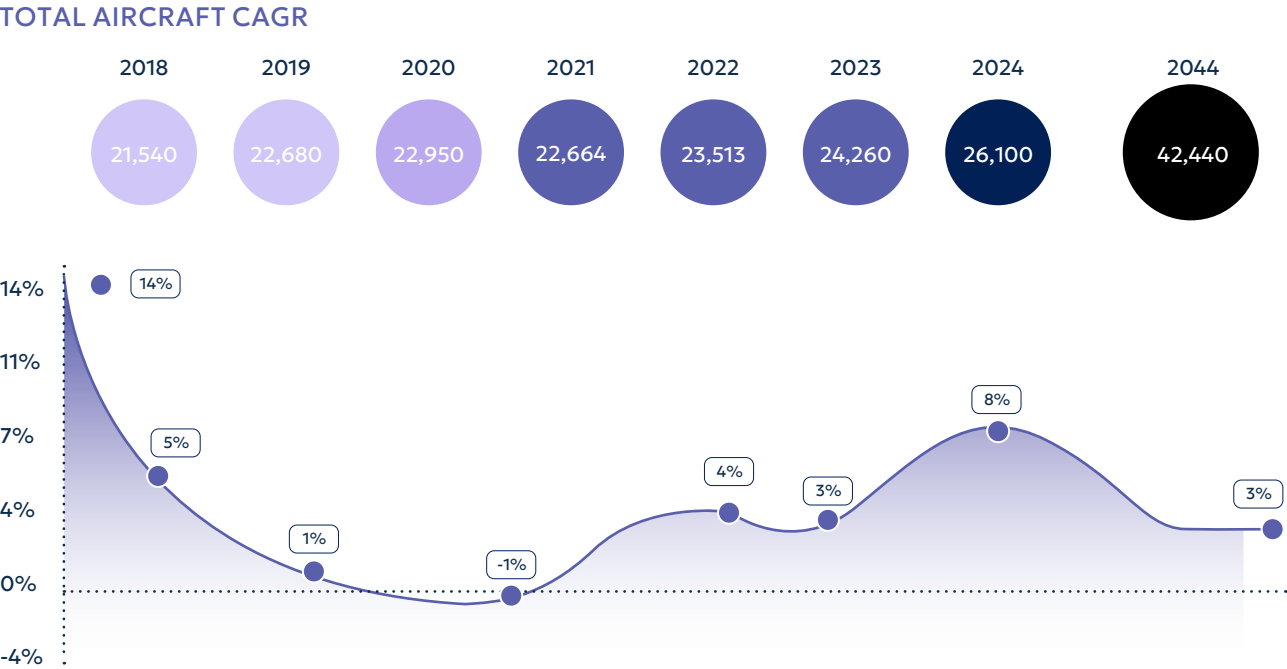
global fleet growth, 2024–2041.

-1% / +8%

2021 contraction / 2024 rebound 3% long-term CAGR

This trajectory reflects a robust structural recovery following the pandemic-era volatility. After a -1% fleet contraction in 2021, the market rebounded sharply, posting 8% growth in 2024. Looking ahead, the industry is expected to stabilize at a steady 3% CAGR over the next two decades. This expansion will add more than 13,000 aircraft, requiring significant financing for both fleet replacement and long-term growth.

GRAPH 3. COMMERCIAL AIRCRAFT GROWTH



SHIFTING CENTER OF GLOBAL FLEET GROWTH

A parallel view from the Boeing Commercial Market Outlook reinforces this trajectory from the demand side.



Boeing’s 2025 CMO projects a requirement for 43,600 new commercial airplanes over the next twenty years and, notably for the markets examined in Part 2 of this report, forecasts that emerging markets will represent over 50% of the global commercial fleet by 2044, up from nearly 40% in 2024.

Read together, the two manufacturers’ forecasts point to the same conclusion: the centre of gravity of future fleet growth is shifting toward precisely the regions where financing infrastructure remains under construction.

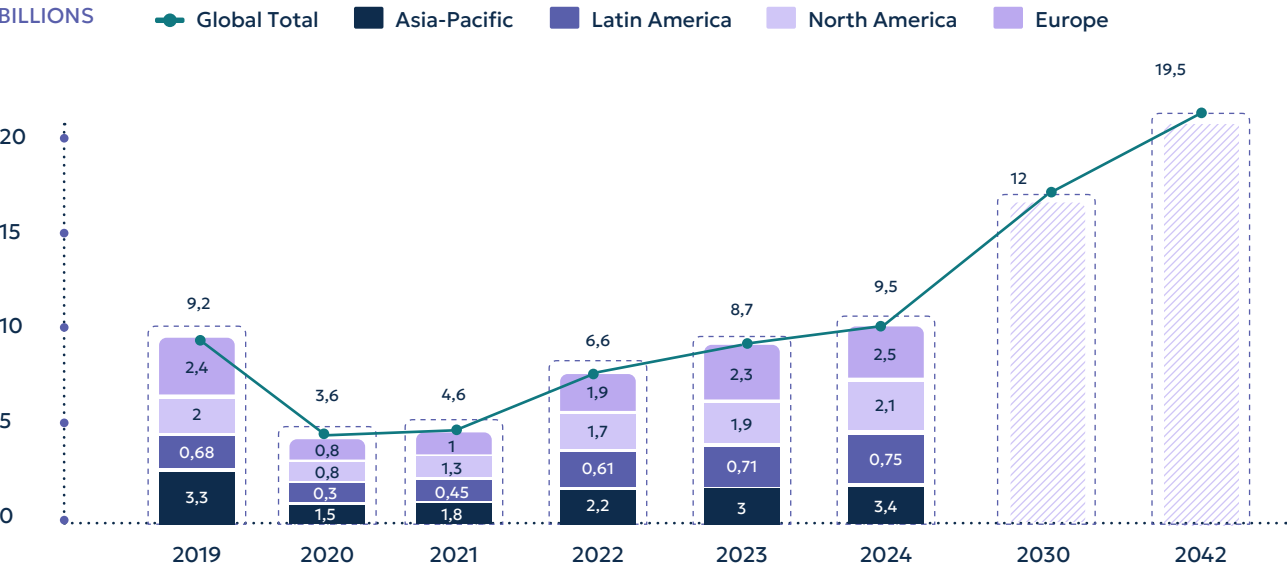
Complementing the analysis of fleet expansion, a critical evaluation of global passenger forecasts is essential for long-term strategic aircraft financing. As passenger traffic and cargo volumes converge with and surpass pre-crisis baselines, the industry faces a strategic imperative to recalibrate capacity.

Data from Airports Council International (ACI) confirms that global passenger traffic exceeded

2019 benchmarks for the first time in 2024, reaching approximately 9.5 billion passengers

This recovery trajectory necessitates sustained capital investment for fleet restoration and expansion. Moreover, long-term forecasts project a doubling of global passenger volumes by 2042 compared to 2024 levels, highlighting the significant scale of the impending capacity requirement.

GRAPH 4. GLOBAL TOTAL PASSENGER



Beyond the quantitative drivers of fleet expansion and passenger traffic recovery, the aviation finance landscape is being reshaped by a fundamental qualitative shift. Airlines are transitioning beyond simple capacity accumulation toward strategic fleet optimization. Modernization has emerged as a financial imperative as operators seek to mitigate their single largest variable cost: fuel.

To address this, manufacturers are introducing aircraft featuring advanced materials and next-generation technology that offer superior performance and lower maintenance costs. This shift makes new aircraft highly attractive assets for financiers and lessors, as they promise better long-term value. Consequently, a significant portion of market liquidity is currently directed toward replacing older, less efficient models with these technologically advanced alternatives.

This drive for modernization is closely linked to the industry’s increasing focus on environmental sustainability. Stricter global environmental regulations are pushing airlines to adopt eco-friendly practices, fundamentally changing how financing works. Investors are increasingly

evaluating Environmental, Social, and Governance (ESG) factors before committing capital. This has led to the rise of sustainable finance instruments, such as green bonds, which are specifically utilized to fund fuel-efficient aircraft and initiatives involving Sustainable Aviation Fuel (SAF). Today, demonstrating a commitment to sustainability is becoming a prerequisite for airlines to access competitive financing rates.

The aviation ecosystem is further reinforced by a highly active secondary trading market and an increasingly sophisticated insurance sector. Airlines and lessors are trading used aircraft to optimize portfolio composition, a critical activity that injects liquidity into the broader financial system. To support this, the insurance market is adapting by offering innovative products covering specific asset risks, such as geopolitical instability and war risks an area where premiums and demand have surged due to global volatility.

These factors operate against a backdrop of evolving regulatory frameworks, including new ESG-related disclosure standards, which continue to influence how airlines report leases and manage their balance sheets.

1.1.1 Aircraft financing through leasing

Leasing has established itself as the dominant financing methodology for the global fleet, offering airlines essential operational flexibility and capital efficiency.

By converting the acquisition of a capital-intensive asset into a recurring operating expense, airlines preserve liquidity for critical operational requirements, such as fuel and labor. Furthermore, leasing structures provide a strategic buffer against technological obsolescence, allowing operators to adjust fleet composition in response to fluctuating market demand without the long-term commitment of ownership.

“Aircraft leasing has transformed aviation by making aircraft accessible, flexible, and financially efficient – enabling airlines around the world to grow
– Alma Aliguzhina, Leading Aviation Finance Expert”

To address diverse capital structures and strategic objectives, the industry utilizes four primary leasing instruments:

OPERATING LEASE

Far from a simple rental agreement, this structure involves significant lessee responsibility. Under modern accounting standards (IFRS 16), these leases are capitalized, requiring the airline to recognize a «Right-of-Use» asset and a corresponding lease liability on its balance sheet.

For the duration of the typical 8-12 year term, the lessee is fully responsible for the asset’s operational integrity, including all maintenance, insurance, and regulatory compliance costs. This structure allows the airline to utilize the asset for its prime economic life without assuming the residual value risk at the end of the term.

FINANCE LEASE (CAPITAL LEASE)

This instrument functions as a funded debt equivalent, covering most of the aircraft’s useful life and transferring ownership risks and rewards to the lessee. The airline capitalizes the asset and typically assumes legal title after payments. It suits carriers seeking long-term asset control, greater financial flexibility, predictable ownership costs, and tax benefits without the full upfront cost of a cash purchase.

SALE AND LEASEBACK (SLB)

A critical liquidity tool where an airline purchases a new aircraft from the manufacturer (OEM) and immediately sells it to a lessor, simultaneously entering into a lease agreement to operate the same aircraft.

The strategic logic is liquidity arbitrage: airlines often secure «bulk discounts» from manufacturers unavailable to lessors. By selling the asset at its higher market value, the airline generates immediate upfront cash (booking a profit) while retaining the asset for operations. This unlocks 100% of the aircraft’s equity, converting a fixed asset into working capital to fund growth.

ISLAMIC LEASE (IJARA)

A Sharia-compliant structure that prohibits Riba (interest). Under an Ijara agreement, the financier purchases the aircraft and leases its right of use to the airline for fixed rental payments over an agreed contractual period. The transaction is fully asset-backed rather than interest-based and may ultimately end with a transfer of ownership under an Ijara wa Iqtina arrangement.

The historical trajectory of aircraft financing demonstrates a fundamental transformation in how airlines capitalize their fleets, moving from a model of direct ownership to one of strategic leasing.

When analyzing the aggregate of all leasing instruments, it becomes evident that the industry has long utilized external capital to support growth, though the specific mechanisms have evolved to match economic conditions.

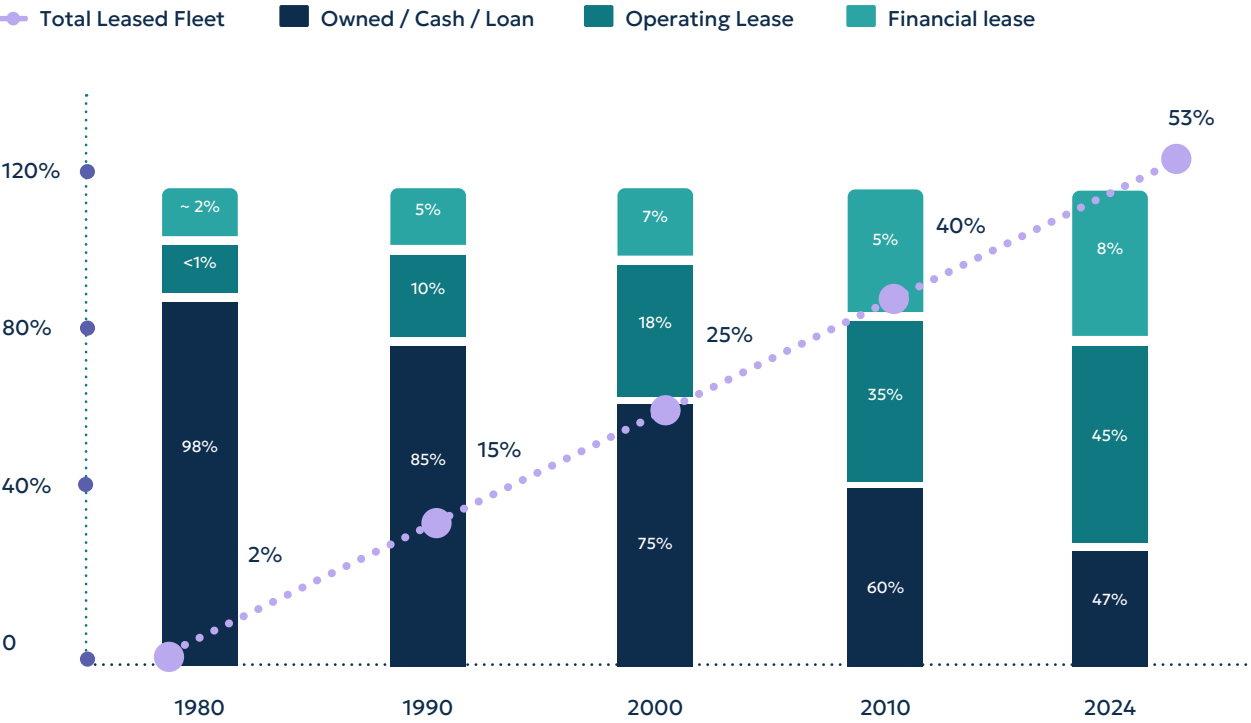
In the 1980s, approximately 25% of the global fleet was financed through leasing structures, predominantly Finance Leases. During this era, airlines utilized these instruments primarily to capture tax benefits (such as depreciation allowances) while effectively retaining the economic risks and rewards of ownership. This allowed carriers to build equity in their fleets while spreading capital costs over time.

As the market matured, the strategic focus shifted toward operational flexibility and balance sheet efficiency. Regulatory changes and the need for agile capacity management have driven a migration toward Operating Leases. Today, the aggregate «Leased» category has reached a historical peak, accounting for approximately 60% of the global commercial fleet.

This figure represents a composite of pure operating rentals, specialized finance leases, and Islamic structures (Ijara). Consequently, only about 40% of commercial aircraft remain «owned» through traditional cash reserves or direct bank debt, validating leasing as the primary mechanism for modern fleet management. Lessors have become the true owners of the sky.

Over the last 40 years, their role has shifted from a small niche to the dominant force in aviation. While they owned only 2% of the global fleet in 1980, today they own approximately 53%. This rapid growth means that the largest leasing companies now own more aircraft than even the biggest airlines.

GRAPH 5. EVOLUTION OF GLOBAL FLEET OWNERSHIP STRUCTURE (1980–2024)



Beyond their existing portfolios, lessors act as market-makers for future asset supply, accounting for approximately 40%–50% of all new order books from Airbus and Boeing . This immense purchasing power enables lessors to effectively manage global supply elasticity and provide essential liquidity support to airline operators worldwide, particularly during periods of capital constraint.

The global aircraft leasing market is characterized by a high degree of consolidation, with a small number of «super-lessors» controlling a significant share of the world’s commercial fleet. This top-tier group predominantly headquartered in Ireland due to its favorable tax treaties and regulatory environment manages portfolios that rival the fleet sizes of the world’s largest airlines.

These entities not only provide capital but also serve as vital logistical hubs, moving assets between regions to balance global supply and demand. Their scale allows them to secure bulk orders from manufacturers at favorable rates, a cost advantage they pass on to airline operators through competitive lease rates.

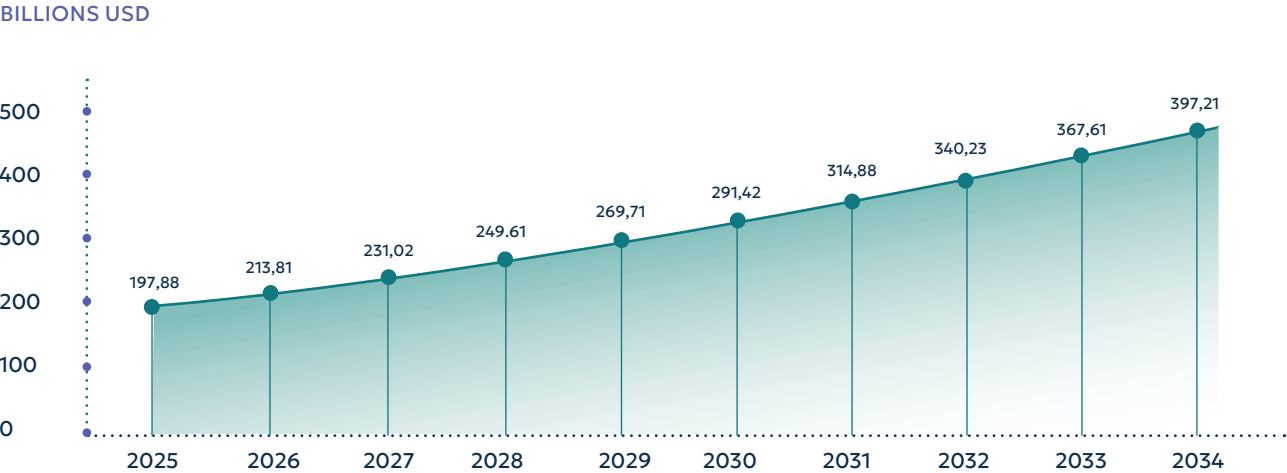
TABLE 2. LEADING LESSOR LIST

LESSOR	JURISDICTION (HQ)	TOTAL
AERCAP	IRELAND	~1 722
SMBC AVIATION CAPITAL / SUMISHO AIR LEASE	IRELAND/JAPAN	~1 250
DAE CAPITAL	UAE	~700
AVOLON	IRELAND	~633
BOC AVIATION	SINGAPORE	~576

The global aircraft leasing market is poised for a sustained upward trajectory over the next decade, reflecting the industry’s resilience and expanding role in global aviation finance. According to forecasting data from Precedence Research, the market valuation is projected to nearly double, rising from \$197.88 billion in 2025 to approximately \$397.21 billion by 2034.

This steady expansion, characterized by a Compound Annual Growth Rate (CAGR) of 8.05%, underscores the increasing strategic reliance on leasing structures for fleet modernization and capital efficiency. The data indicates a stable long-term outlook, suggesting that leased assets will continue to serve as a fundamental component of the global air transport ecosystem.

GRAPH 6. AIRCRAFT LEASING MARKET SIZE



While the market forecast indicates robust top-line growth, an analysis of Earnings Before Interest and Taxes (EBIT) reveals that aircraft lessors also command the strongest profitability profile within the commercial aerospace value chain.

Unlike manufacturers (OEMs) and suppliers, whose earnings are often volatile and tied directly to production rates, lessors have demonstrated consistent financial resilience.

Lessors have effectively decoupled their profitability from operational disruptions. Notably, in 2020 a year of severe industry contraction lessors were the only segment to retain positive EBIT, while aircraft OEMs faced significant losses.

By 2024, lessors are estimated to lead the industry and significantly outperforming Aircraft OEMs. This data suggests that the



The profitability of aircraft lessors compared to other aviation stakeholders is primarily attributed to the inherent resilience of their business model, which effectively decouples revenue generation from short-term operational volatility. Unlike airlines, which face high fixed operational costs (fuel, labor, and landing fees), lessors operate with a capital-intensive but operationally lean structure.

This resilience is anchored in long-term lease agreements typically spanning 8 to 12 years that utilize «hell or high water» clauses, obligating lessees to continue payments regardless of aircraft utilization.

leasing model offers better risk-adjusted returns compared to other aviation sub-sectors.

Furthermore, the mobility of the underlying asset allows lessors to mitigate regional risks. During market downturns, lessors retain the ability to repossess and redeploy aircraft from stagnant markets to regions where traffic is recovering faster, thereby preserving asset utilization and value.

This capability, combined with robust liquidity buffers, enabled lessors to generate \$4.4 billion in EBIT in 2021. While this figure was below historical peaks, it was a standout performance in a year where the broader commercial aerospace sector struggled with profitability. This resilience underlines the ‘hard asset’ appeal of aircraft leasing, which continued to attract stable capital flows even when manufacturing margins were compressed.

Acquiring commercial aircraft involves significant capital allocation, prompting operators to evaluate the strategic trade-offs between direct ownership and leasing to support operational stability. While carriers utilize diverse funding channels ranging from cash reserves and commercial bank debt to capital markets leasing has established itself as a prevalent global standard: lessors directly own approximately 53% of the global fleet, and total leasing penetration reaches around 60% once finance and Islamic structures are included.

This structural preference is largely attributed to the operational flexibility leasing providers, enabling airlines to retain liquidity for recurring obligations rather than allocating capital to fixed assets. Since 1980, the sector has experienced a notable shift in asset control, with the lessor share of the global fleet expanding from 2% to over 53%. As the commercial aircraft finance market, a delivery-financing measure distinct from the broader aircraft leasing market projection cited above is projected to approach \$290 billion by 2034, reliance on leasing structures from operating leases to sale-and-leaseback agreements is expected to continue serving as a central mechanism for global fleet development.

1.1.2 Aircraft financing through capital markets

CAPITAL MARKETS PROVIDE SCALABLE, COST-EFFICIENT, AND DIVERSIFIED FUNDING FOR THE AVIATION INDUSTRY THROUGH SECURITIZATION AND BOND INSTRUMENTS.

As traditional bank lending faces constraints in scale and balance sheet capacity, capital markets have emerged as a crucial source of funding for aircraft transactions.

They enable access to a broader investor base, longer tenors, and more efficient pricing, particularly for high-value assets.

The two most widely used structures in aviation capital markets are Enhanced Equipment Trust Certificates (EETCs) and Asset-Backed Securities (ABS).

Both structures have been instrumental in financing modern, fuel-efficient aircraft and supporting the growth of global leasing platforms.



Modern aviation capital structures, including the Enhanced Equipment Trust Certificate (EETC), adapted legal frameworks originally developed for 19th-century railway finance. Known historically as the «Philadelphia Plan,» this structure allowed railroads to finance rolling stock by placing the title in a trust rather than on the operator’s balance sheet.

This mechanism was subsequently adopted by the aviation industry to provide legal certainty for investors, forming the basis of today’s asset-backed finance market. The modern Aviation Asset-Backed Security (ABS) originated in 1992 as a solution to a liquidity crisis rather than purely financial innovation.

Following a failed Initial Public Offering (IPO), Guinness Peat Aviation (GPA) pioneered this market with ALPS 92-1, a \$521 million transaction that fundamentally shifted industry financing by securitizing a portfolio of operating leases.

Building upon these early trust concepts, the first modern EETC was issued by Northwest Airlines in 1994, coinciding with critical revisions to Section 1110 of the U.S. Bankruptcy Code. Section 1110 granted equipment creditors the unique right to bypass standard bankruptcy stays and repossess aircraft collateral within 60 days of a default. To mitigate the risk during this 60-day window and further isolate investors from corporate credit volatility, the 1994 EETC structure introduced dedicated 18-month liquidity facilities and multi-tranche credit subordination.

These financial enhancements ensured uninterrupted interest payments even if the airline entered Chapter 11, allowing the certificates to achieve credit ratings up to three categories higher

TABLE 3. CAPITAL MARKET INSTRUMENTS

	EETC (ENHANCED EQUIPMENT TRUST CERTIFICATE)	ABS (ASSET-BACKED SECURITY)
PRIMARY ISSUER	AIRLINE	LESSOR
UNDERLYING ASSET	Single Fleet / Single Lessee <i>(Collateral is a specific group of aircraft operated by one airline)</i>	Diversified Portfolio <i>(Collateral is a mix of aircraft types leased to multiple different airlines and geographies)</i>
SOURCE OF PAYMENT	CORPORATE CASH FLOW	LEASE RENTALS
INVESTOR FOCUS	Corporate Credit Quality <i>(Investors look at the airline’s survival probability and bankruptcy protections)</i>	Asset Cash Flow & Residual Value <i>(Investors assess lease stability and future resale value)</i>

According to Houlihan Lokey analysis which identifies aircraft receivables derived from aircraft and engine leases as a prominent «esoteric asset» class that has seen fluctuating investor interest over the last decade. The market demonstrated a trajectory of rapid expansion during the pre-pandemic era, with new issuance volume growing from approximately \$300 million in 2010 to a peak of \$9.9 billion in 2019. However, this growth trend faced a significant correction in the post-pandemic environment, with new issuance volume contracting to \$1.1 billion in 2022.

Despite this cyclical volatility, the underlying strategic rationale for the sector remains consistent: aircraft leasing serves as a capital-efficient financing alternative. It allows airlines to utilize essential assets without the significant capital allocation required for direct purchase, thereby optimizing balance sheet liquidity.

While leasing prioritizes flexibility, carriers seeking direct asset ownership utilize a distinct capital structure. Conversely, the EETC market has transitioned from a volume-driven refinancing channel to a tactical instrument for strategic deliveries. With the cost of secured debt rising, major carriers such as United and American Airlines have demonstrated a preference for utilizing cash reserves or commercial bank debt for routine financing, reserving EETC issuance for large-scale fleet inductions where the tax and tenor benefits outweigh the higher coupon rates.

THUS, WHILE BOTH MARKETS ARE FULLY FUNCTIONAL, THEY ARE OPERATING WITH HEIGHTENED SELECTIVITY: ABS INVESTORS ARE FOCUSED ON ASSET LIQUIDITY AND LEASE RIGIDNESS, WHILE EETC INVESTORS REMAIN FIXATED ON THE CORPORATE CREDIT QUALITY OF THE OBLIGOR RATHER THAN THE ASSET ITSELF.

1.1.3 Aircraft financing through alternative capital

While capital markets provide volume and bank debt provides relationship-based stability, the landscape of aviation finance is increasingly defined by alternative capital.

This structural shift is largely a response to the evolution of global banking regulations (Basel III and IV), which increased the capital allocation required for long-term secured lending. This regulatory environment created a liquidity gap that has been systematically filled by specialized asset management funds and private insurance innovations.

Institutional capital including pension funds and insurance companies now accesses aviation directly through specialized vehicles managed by firms like Castlelake, Carlyle, and Griffin Global Asset Management (backed by Bain Capital). Rather than passive debt holding, these entities offer specific «equity-style» options that allow investors to participate in the asset’s full lifecycle value:

-  These structures allow institutional investors to co-invest alongside an established lessor. By utilizing a dedicated Special Purpose Vehicle (SPV), investors gain exposure to a specific portfolio of aircraft without building their own operational platform. The lessor manages the technical leasing and remarketing, while the investor receives the investment yield
-  Unlike static securitizations, modern «Master Trusts» such as the platform recently utilized by Griffin Global Asset Management are dynamic. They allow the fund to acquire and divest assets continuously, matching aircraft depreciation with amortizing notes. This provides a scalable solution for financing large fleets of mid-life aircraft.
-  Institutional investors, such as Bain Capital (via Griffin Global Asset Management) and Castlelake, now focus on mid-life and mature aircraft assets often unsupported by low-coupon ABS structures or Tier 1 bank debt. The investment thesis focuses on generating «non-correlated returns,» where yield is driven by global travel demand and asset utility rather than stock market performance. Since these older assets (typically 10–20 years) require intensive technical management, specialized funds actively monetize the «metal» value managing the aircraft through its final leases and maximizing residual value through engine teardowns and part-out strategies.

Parallel to the rise of private funds, the debt market has incorporated private insurance «wraps» as a strategic substitute for traditional Export Credit Agency (ECA) support. As government-backed guarantees (such as those from U.S. Ex-Im) became less available due to political constraints, the major manufacturers collaborated with insurance brokers to develop private alternatives:

Aircraft Finance Insurance Consortium (AFIC) established by the insurance broker Marsh in collaboration with Boeing, AFIC was the pioneer in this sector. It was designed to support Boeing deliveries by utilizing a consortium of global insurers (including Allianz and AXIS Capital) to provide non-payment insurance. This product effectively filled the void left by the suspension of U.S. Ex-Im Bank activity, ensuring liquidity for Boeing operators.

Following the success of the AFIC model, Airbus facilitated the creation of Balthazar in partnership with Marsh and a distinct pool of insurers (including AXA XL). This platform provides a similar non-payment insurance solution specifically tailored to support Airbus aircraft deliveries, offering European operators and lenders a comparable alternative to traditional European ECA support.

Mechanically, both products utilize investment-grade insurance policies to «wrap» a commercial loan. This mechanism allows airlines to achieve lower all-in interest rates by substituting their own credit risk with the insurer’s higher rating (often AA- or better). Crucially for lenders, this insurance wrap provides significant capital relief under Basel regulatory frameworks.

By transferring the risk to an investment-grade insurer, banks can significantly reduce the regulatory capital they are required to hold against the loan, effectively lowering their cost of funds without requiring taxpayer-backed sovereign guarantees.

KEY TAKEAWAYS OF GLOBAL AIRCRAFT FINANCING TRENDS

01

AIRCRAFT FINANCING HAS EVOLVED INTO A DIVERSIFIED MULTI-CHANNEL FUNDING ECOSYSTEM

Aircraft financing has evolved far beyond simple mortgage lending or government support.

The market now features a sophisticated spectrum of liquidity, ranging from highly liquid public markets (ABS/ EETC) to specialized private mechanisms (Private Equity & Non-Payment Insurance).

SO WHAT?

This diversification has structurally de-risked the industry. Airlines and lessors are no longer dependent on a single source of liquidity.

02

AIRCRAFT LEASING HAS BECOME THE INDUSTRY’S PREFERRED LONG-TERM FINANCING MODEL

Aircraft leases now hold the leading position in delivery financing, driven by the airline industry’s prioritization of fleet flexibility and liquidity preservation over asset ownership.

SO WHAT?

Airlines are shifting from «ownership» to «usership.» Offloading capital costs and risks to lessors allows them to modernize fleets using flexible operational expenses instead of heavy capital investments.

03

THE LESSOR BUSINESS MODEL DELIVERS THROUGH-CYCLE PROFITABILITY AND ATTRACTS CAPITAL

Despite market volatility top-tier lessors have maintained positive profit margins and stable ratings, validated by the specific performance of the «operating lease» model.

SO WHAT?

The consistent profitability of aircraft ownership provides resilient, non-correlated returns, drawing institutional capital and transforming aviation leasing into a mainstream asset class.

1.2 Leading aviation finance hubs

While aviation is global by nature, the financial infrastructure that supports it remains concentrated in a small number of jurisdictions. These «hubs» have successfully clustered the necessary legal, tax, and professional services capabilities required to manage complex cross-border transactions.

The major aviation finance hubs are Ireland, Singapore, Hong Kong, Dubai, Abu Dhabi Global Market (ADGM) and the United States. Alongside these established centres, the Astana International Financial Centre (AIFC) is an established regional platform for structuring aviation finance transactions, serving Central Asia as its core market and connecting it to the broader Eurasian corridor.

“AIFC should carefully consider its positioning as a leasing hub. Leasing companies already cluster in established centres like Ireland and the United States. However, by identifying a clear niche that offers advantages for extending operations in the region, AIFC could position itself as a complementary destination to these established hubs”

– Jim Bell, Partner at Watson Farley & Williams LLP

”

TABLE 4. AVIATION FINANCE HUBS

	STRATEGIC ROLE	PRIMARY STRUCTURE	KEY FISCAL ADVANTAGE	MARKET ADVANTAGE
IRELAND	Global Operational Hub	Section 110 Company	12.5% Corporate Tax	Highest concentration of expertise
SINGAPORE	South-Asian Gateway	Aircraft Leasing Scheme	8% / 10% Concessionary Rate	Asia-Pacific Gateway
HONG KONG	China Connector	Enhanced Leasing Regime	8.25% Concessionary Rate	Mainland Access
THE U.S.	Capital Engine	Delaware Statutory Trust	Tax Neutral (Pass-through entity)	Deep Liquidity
UAE	Emerging Hub	Free Zone SPV (ADGM/DIFC)	0% Corporate Tax	Broad (Connectivity)
AIFC	Emerging Hub	AIFC Regulated Activity	0% Corporate Tax	Unlocking Eurasian Markets

1.2.1 Success of Ireland

The development of modern aviation finance is intrinsically linked to Ireland’s economic history. Following the establishment of Guinness Peat Aviation (GPA) in Shannon, County Clare, in 1975, the region developed into a primary hub for the global leasing industry.

GPA served as a developmental ground for many industry professionals. While the company eventually underwent restructuring, its operations contributed to a «cluster effect» of specialized human capital, establishing a depth of expertise that distinguishes the jurisdiction. Currently, Ireland maintains a leading position in the global market. Dublin serves as the operational headquarters for fourteen of the top fifteen global lessors, functioning as a central node for aviation leasing.

Data published by Aircraft Leasing Ireland (ALI) in late 2025 indicates that Irish-based lessors manage approximately 9,504 aircraft, with an additional 2,383 on order. Collectively, ALI members and their affiliated groups manage approximately 64% of the global leased fleet (9,504 out of 14,678 aircraft), reflecting a significant concentration of assets within the jurisdiction.

This market position is supported by a combination of legal, tax incentive, and professional frameworks. A key component of the Irish model is its extensive network of

over 75 Double Taxation Treaties (DTTs). In cross-border leasing, where assets transit between nations and generate income across multiple jurisdictions, withholding taxes on lease rentals can notably affect financial performance. Ireland’s treaty network is designed to mitigate these tax liabilities, enabling lessors to provide competitive rates to airlines globally.

This framework is further supported by a stable 12.5% corporate tax rate and a 0% VAT rate on international aviation leasing. It should be noted that, with effect from 31 December 2023, groups with consolidated annual revenue of €750 million or more a threshold that captures most top-tier lessors are subject to a minimum effective rate of 15% under the OECD Pillar Two rules, while the 12.5% rate continues to apply to out-of-scope businesses.

A key pillar of this framework is Section 110 Company, a specialized regime under the Taxes Consolidation Act 1997 for asset securitization:

- These Special Purpose Vehicles (SPVs) hold «qualifying assets,» including aircraft, engines, and lease receivables.
- By deducting «profit-dependent» interest against lease income, the SPV reduces taxable profit to a nominal amount.
- This structure connects physical assets with capital markets, making Ireland a premier domicile for aviation Asset-Backed Securities.

■ 14 / 15
TOP LESSORS
IN DUBLIN

■ 9,504
AIRCRAFT
MANAGED

■ 2,383
AIRCRAFT
ON ORDER

■ 64%
GLOBAL
LEASED FLEET

Finally, Dublin’s professional ecosystem provides a distinct advantage. Over four decades, the city has developed a strong network of specialized law firms, tax advisors, and technical auditors with deep aviation finance expertise.

Combined with English Common Law and early adoption of the Cape Town Convention, this framework enables efficient transactions, legal certainty, and centralized risk management for globally operated assets.

1.2.2 Singapore

While Ireland maintains a significant position in the global market, Singapore has developed into a primary hub for aviation finance within the Asia-Pacific region. Its growth reflects the rapid expansion of Asian aviation and the increasing demand for regional financing solutions. This development has been supported by strategic government initiatives aimed at meeting the projected fleet growth requirements of Asian carriers and strengthening Singapore’s position as a regional financial centre.

The Economic Development Board (EDB) has implemented a regulatory and fiscal framework intended to function alongside established global models, providing a regional alternative for lessors and investors.

A central component of this framework is the Aircraft Leasing Scheme (ALS). Administered by the EDB, this program allows approved lessors to access a concessionary corporate tax rate, generally set at 8% or 10%, in contrast to the standard corporate rate of 17%. Additionally, the regime provides for automatic withholding tax exemptions on interest payments to qualifying foreign lenders, which assists in managing cross-border financing costs. These measures are complemented by a network of over 90 Double Taxation Treaties (DTTs), which facilitate market access across China, India, and Southeast Asia.

- ALS CORPORATE TAX RATE
8% OR 10%
- AVIATION ASSET MANAGEMENT FUND ECOSYSTEM
- SUSTAINABLE AVIATION FINANCE DEVELOPMENT

Beyond tax incentives policy, Singapore offers a legal system based on English Common Law, offering the predictability often required by international banks and investors. The jurisdiction is also a contracting state to the Cape Town Convention, which provides a standard for the protection of creditor rights. This environment has supported the establishment of operations for major industry participants; it serves as the headquarters for BOC Aviation and hosts significant regional offices for global lessors such as Avolon and BBAM.

Consequently, Singapore functions as a central operational node for the Asian time zone, managing the assets essential to the region’s aviation market.

1.2.3 Hong Kong

Hong Kong functions as a critical interface between international capital and the aviation market in Mainland China. Historically a center for banking and trade, the Special Administrative Region (SAR) implemented a targeted fiscal regime in 2017, which was subsequently enhanced in 2024 to capture a larger share of the global leasing market.

The primary mechanism driving this competitiveness is the Enhanced Aircraft Leasing Preferential Tax Regime, under which qualifying lessors are taxed at a concessionary rate of 8.25%, half of the standard 16.5% profits tax rate. In response to global tax reforms (BEPS 2.0), the regime was updated in 2024 to introduce a one-off 100% tax deduction for the acquisition cost of aircraft, allowing lessors to optimize cash flow by deferring significant tax liabilities in the early years of an asset’s life.

Beyond the introduction of capital allowances, the 2024 legislative enhancements significantly broadened the scope of qualifying leasing activities to capture a wider spectrum of the aviation finance market. The updated regime now encompasses funding leases, wet leases, and operating subleases, effectively removing the previous restriction that required the Hong Kong lessor to hold absolute legal ownership of the aircraft.

Building upon these recent legislative advancements, the Hong Kong aviation finance sector has demonstrated significant evolutionary growth throughout 2025 and 2026, transitioning toward full lifecycle asset management and accelerated global diversification. Leading Hong Kong-based leasing platforms have actively leveraged the region’s enhanced tax efficiencies to expand into the aircraft aftermarket, securing portfolios of mid-to-end-of-life aircraft and engine assets, while simultaneously increasing their leasing placements with major overseas flag carriers to broaden their international footprint beyond the domestic market.

Additionally, Hong Kong benefits from the Mainland-Hong Kong Double Taxation Arrangement, which limits the withholding tax on lease rentals entering the Mainland to 5%, compared to the standard 10% often applied elsewhere.

- CORPORATE TAX RATE
8.25% RATE APPLIED TO QUALIFYING AIRCRAFT LESSORS
- 100% ONE-OFF TAX DEDUCTION FOR AIRCRAFT ACQUISITION COSTS
- MAINLAND MARKET ACCESS

1.2.4 The UAE

The UAE has diversified its economy beyond the energy sector to establish itself as a significant node in the global aviation supply chain. Leveraging the connectivity of Dubai and Abu Dhabi, the UAE offers a dual-hub structure through the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM).

These financial free zones provide an English Common Law environment distinct from the onshore civil law system. Although a federal corporate tax of 9% was introduced in 2023, entities operating within these zones that meet «Qualifying Free Zone Person» criteria benefit from a 0% corporate tax rate on qualifying income.

The ADGM has further solidified this advantage by guaranteeing tax neutrality for a period extending to 2063. This fiscal environment is supported by one of the world’s most extensive treaty networks, with approximately 137 Double Taxation Agreements (DTAs) in force or pending, covering emerging markets in Africa, Central Asia, and the Middle East often underserved by other jurisdictions. Additionally, both zones offer cost-effective Special Purpose Vehicle (SPV) regimes that facilitate both conventional and Shari’ah-compliant financing.

- 137 DOUBLE TAXATION AGREEMENTS
- TAX NEUTRALITY UNTIL 2063
- ADGM & DIFC DUAL-HUB STRUCTURE: SPECIALIZED FINANCIAL FREE ZONES

Building on these robust fiscal and legal frameworks, the UAE aviation finance sector has demonstrated substantial evolutionary growth throughout 2025 and 2026, transitioning from a regional market into a sophisticated global financing platform.

Regulatory frameworks within the DIFC and ADGM have continued to mature, offering clearer legal pathways for asset security, asset-backed aircraft financing, and enforcement. This environment has supported large-scale industry consolidation, highlighted by Dubai Aerospace Enterprise (DAE) completing its landmark US\$9.0 billion acquisition of Macquarie AirFinance in July 2026.

This strategic transaction elevated DAE to the position of the world’s third-largest aircraft lessor by fleet value, expanding its portfolio to approximately 1,000 owned, managed, and committed aircraft while broadening its international customer base to over 175 airlines across more than 75 countries.

Concurrently, the UAE is actively expanding into new asset classes, including advanced air mobility and eVTOL ecosystems, further cementing its status as a forward-looking, global hub for structured aviation finance.

1.2.5 The U.S.

While Ireland functions as the global center for aircraft management, the United States maintains a primary position in aviation funding. The distinct advantage of the U.S. market lies not in fiscal incentives, but in the exceptional depth of its institutional capital base. The U.S. capital markets serve as the principal origination point for this liquidity, providing access to a diverse pool of insurance companies, pension funds, and asset managers that allows for the execution of large-scale financing transactions often unachievable elsewhere.

The U.S. offers a distinct structural advantage through the EETC market. This specialized bond market enables airlines to raise significant capital by issuing debt secured by aircraft. The stability of this instrument is underpinned by Section 1110 of the U.S. Bankruptcy Code, legislation that grants secured creditors «super-priority» status regarding the repossession of collateral. This legal certainty allows U.S. airlines to access capital at rates that are often more competitive than those available in other jurisdictions.

Consequently, the U.S. remains the home of the most sophisticated financial engineering in the industry, including the massive ABS market, which is predominantly driven by U.S.-based issuance.

Building upon this foundation, the U.S. framework is increasingly characterized by the expanding role of private credit and alternative asset managers within the Aircraft Asset-Backed Securitization market. As traditional bank lending is complemented by market-based instruments, institutional investors deploy

capital through dedicated platforms, joint ventures, and structured products. This depth of liquidity is evidenced by robust market activity, with lease and loan ABS issuance exceeding US\$10 billion by early July 2026, surpassing record volumes achieved during 2025. These advanced structures allow investment managers to efficiently pool geographically dispersed aircraft assets and issue diversified tranches of debt, directly connecting global aviation portfolios with deep institutional liquidity.

Consequently, the U.S. capital ecosystem remains uniquely positioned to support the long-term capital allocation requirements of the industry, offering sophisticated mechanisms to isolate assets, allocate risk, and manage cross-border exposure.



KEY TAKEAWAYS: DETERMINANTS OF JURISDICTION SUCCESS

01 LEGAL CERTAINTY AND ASSET SECURITY

Investors and financiers prioritize jurisdictions that offer a high degree of predictability regarding asset repossession and enforcement. Consequently, leading hubs operate under established legal frameworks, such as English Common Law or New York Law, and are signatories to the Cape Town Convention. This legal infrastructure is essential for ensuring that property rights are respected and that enforcement processes are efficient, thereby minimizing non-revenue generating time for the asset.

02 STRUCTURAL EFFICIENCY AND CAPITAL INTEGRATION

Successful jurisdictions facilitate the separation of asset risk from corporate balance sheets through efficient Special Purpose Vehicle structures. Frameworks such as the Irish «Section 110» company or the ADGM SPV allow for the creation of bankruptcy-remote entities that are essential for capital market transactions (such as ABS) and bank financing. These structures, when combined with a robust network of double taxation agreements (DTTs), enhance the economic viability of cross-border leasing by mitigating frictional costs.

03 THE «CLUSTER EFFECT» OF SPECIALIZED EXPERTISE

Capital deployment is increasingly drawn to jurisdictions that host a deep ecosystem of specialized talent. A hub becomes enduring when it offers immediate access to technical experts for asset inspection, legal counsel for lease execution, and specialized accounting services. This concentration of professional infrastructure reduces execution risk, encouraging lessors to domicile assets in locations where support is available throughout the entire lifecycle, from delivery to retirement.

1.3 Sustainable aviation finance

The transition toward net-zero emissions by 2050 represents the most significant capital challenge facing the global aviation industry.

Industry estimates suggest that the cumulative investment required to achieve decarbonization targets spanning fleet renewal, sustainable aviation fuel (SAF) production, and infrastructure upgrades could exceed \$5 trillion over the next three decades. Consequently, the financial sector has developed specialized instruments designed to align capital flows with environmental performance, moving beyond traditional funding models to value transition risk and sustainability metrics.

A foundational element of sustainable finance is the establishment of clear definitions regarding «green» activities. The EU Taxonomy has set a rigorous standard, classifying aviation activities as transitional if they contribute significantly to climate change mitigation. Under current delegated acts, aircraft leasing and financing are considered taxonomy-aligned if the asset meets specific efficiency criteria typically replacing an older aircraft with a new generation model that delivers a minimum 10-15% reduction in fuel burn.

This classification provides a framework for banks and investors to measure the «Green Asset Ratio» of their portfolios, influencing capital allocation. The market has coalesced around three primary instruments, each serving a distinct strategic function in the decarbonization pathway.

TABLE 5. SUSTAINABLE AVIATION FINANCIAL INSTRUMENTS

INSTRUMENT	PRIMARY MECHANISM	USE OF PROCEEDS
Green Bonds	Debt issued for specific environmental projects.	Strictly defined: Must fund «green» assets (e.g., SAF plants, zero-emission technology).
Sustainability-Linked Loans (SLLs)	Corporate loans with variable interest rates.	General Corporate Purposes: Funds can be used broadly, but pricing is tied to behavior.
Transition Bonds	Debt for «brown-to-green» transition.	Fleet Renewal: Funding new aircraft that are more efficient but not zero-emission.

Sustainability linked loans have emerged as a preferred instrument for airlines and lessors due to their flexibility. Unlike Green Bonds, which requires proceeds to be ring-fenced for specific projects, sustainability linked loans allow companies to use funds for general operations while incentivizing performance. The interest rate is tied to the achievement of pre-agreed Sustainability Performance Targets. For example, Air France-KLM and Etihad Airways have successfully executed sustainability linked loans where the cost of debt decreases if the airline meets specific targets related to carbon intensity reduction and Sustainable Aviation Fuel usage.

While fleet renewal continues to attract most of the current aviation capital, the scaling of SAF has emerged as a distinct and critical asset class. Unlike traditional aircraft financing, where the asset is mobile and has a defined residual value, SAF production infrastructure carries significantly higher technology and execution risks.

Consequently, the sector is increasingly adopting non-recourse project finance structures to bridge the investment gap. To ensure bankability, lenders typically require long-term Offtake Agreements, contracts where airlines commit to purchasing future fuel volumes at a fixed pricing formula.

These agreements provide the revenue certainty necessary to debt-finance new refineries, effectively transferring market risk from the producer to the creditworthy off-taker



In parallel, government policy has become a decisive factor in risk mitigation. In the United States, the Inflation Reduction Act (IRA) has materially improved project economics through production tax credits (such as the Section 45Z Clean Fuel Production Credit), which directly enhance the credit profile of SAF developments for investors. Conversely, the European Union has adopted a regulatory approach through the ReFuelEU Aviation mandate.

By establishing a guaranteed demand floor requiring fuel suppliers to blend increasing percentages of SAF at EU airports, this legislation provides the long-term market visibility required to unlock private equity investment into the sector.

To ensure accountability, leading aviation banks have adopted the Pegasus Guidelines (often regarded as the aviation equivalent of the maritime Poseidon Principles). Launched in April 2024, this framework establishes a global methodology for assessing and disclosing the emissions intensity and climate alignment of aviation lending portfolios against the Paris Agreement goals.

Signatories which include foundational members such as BNP Paribas, Citi, Crédit Agricole CIB, Société Générale, and Standard Chartered commit to monitoring the climate alignment of their loan books, thereby creating robust indirect pressure on airline clients to accelerate their decarbonization strategies.

The transition to net-zero aviation by 2050 presents a capital challenge estimated at \$5 trillion, requiring a fundamental shift in how the sector is funded. To bridge this gap, the financial industry has moved beyond traditional lending, adopting a standardized framework grounded in the EU Taxonomy to define «green» activities and measure portfolio alignment via the Green Asset Ratio.

Capital is increasingly flowing through specialized instruments such as Sustainability-Linked Loans, which tie interest rates to performance metrics, offering flexibility over rigid Green Bonds. While fleet renewal remains the dominant use of proceeds, the financing of SAF infrastructure is emerging as a critical yet higher-risk asset class, heavily reliant on government policy support, such as the U.S. Inflation Reduction Act and the EU’s ReFuelEU mandate and long-term offtake agreements to ensure bankability.

This ecosystem is underpinned by new accountability standards like the Pegasus Guidelines, which compel major global banks to disclose the climate alignment of their aviation portfolios, thereby exerting indirect pressure on the entire value chain to accelerate decarbonization.

Aviation in Central Asia and South Caucasus countries: A Regional Perspective

✈ 038

Kazakhstan & regional aviation outlook

✈ 050

Aircraft financing and fleet comparison analysis

Aviation in Central Asia and South Caucasus countries: A Regional Perspective

The aviation sector in Central Asia and the South Caucasus has evolved from post-Soviet restructuring into active integration with the global air transport network. Over the past decade, the region has focused on international standards, infrastructure modernization, and market liberalization. A key milestone was the adoption of Reduced Vertical Separation Minima in November 2011, which increased airspace capacity and improved transit efficiency between Europe and Asia.

“Kazakhstan is Central Asia’s aviation leader in the fastest growing air transport market in the world. However, we are not unchallenged. Other parts of the region are developing fast. To stay ahead, we need a focussed and united aviation development plan, and to invest carefully for maximum impact

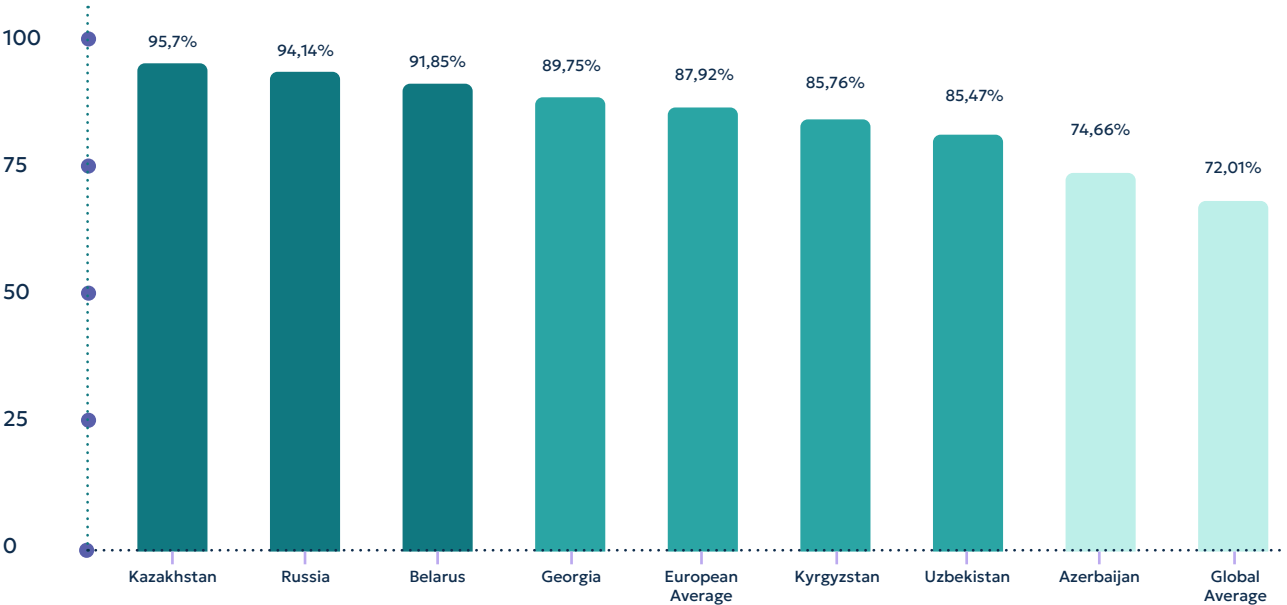
– Peter Foster, ex-CEO Air Astana Group”

Building on this foundation, the region has shifted from basic compliance to advanced infrastructure development, emerging after the pandemic as a key logistics node along the «Middle Corridor». In July 2024, Kazakhstan and Uzbekistan launched the T916 air corridor, improving flight efficiency between Europe and Southeast Asia and supporting the transition toward Free Route Airspace.

In 2025, Central Asia remained one of the fastest-growing aviation markets. Kazakhstan’s airlines carried 15.4 million passengers, up 4.8% year-on-year, while Georgia recorded 14.1% passenger growth.

Regional airlines are also expanding and modernizing their fleets. Uzbekistan Airways is adding Boeing 787 Dreamliners for long-haul growth, while Azerbaijan Airlines is introducing Airbus A320neo and Boeing 787 aircraft to strengthen Baku’s role as a transit hub.

GRAPH 7. ICAO COMPLIANCE RATE



2.1.1 Kazakhstan

As the ninth-largest country in the world by land area, Kazakhstan holds a distinct position in global aviation. Spanning nearly 3,000 kilometers from east to west, its vast territory makes air transport essential for economic connectivity and creates sustained demand for modern aviation infrastructure and aircraft capacity. The broader transport and logistics sector, supported by aviation,

contributes approximately 5.7% to national GDP and plays a key role in Kazakhstan’s strategic goal of becoming a multimodal transit bridge between Europe and East Asia.

REGULATORY COMPLIANCE

Kazakhstan meets strict international standards, securing an 82% ICAO flight safety score (USOAP) and a 95.7% aviation security score (USAP-CMA).

INTERNATIONAL INVESTMENT

The domestic market is actively welcoming foreign capital, highlighted by the strategic privatization and sale of Qazaq Air to the SOVICO Group (Vietjet).

SAFETY & FLEET EXPANSION

National carrier Air Astana boasts accident-free operations and transported 9.7 million passengers in 2025, supported by a growing 62-aircraft fleet and major upcoming deliveries from Boeing and Airbus.

PASSENGER & ROUTE GROWTH

National airports are recording consistent year-over-year passenger increases alongside an expanding international route network, including strategic new destinations like Shanghai.

The aviation governance model in Kazakhstan is characterized by a tripartite structure that ensures a clear delineation between strategic policymaking, economic oversight, and technical supervision.

The Ministry of Transport leads this framework through high-level diplomatic engagement, prioritizing deep strategic cooperation with the European Union and the International Civil Aviation Organization (ICAO) to ensure the sector aligns with the highest global standards. Complementing this strategic direction, the Civil Aviation Committee oversees the practical implementation of state policy, currently managing a comprehensive modernization program that has delivered significant capacity expansions across the national airport network to support Kazakhstan’s status as a Eurasian transit hub.

This developmental focus is underpinned by the strict technical oversight of the Aviation Administration of Kazakhstan, whose adherence to international standards is evidenced by a 95.7% compliance score in aviation security (USAP-CMA) and 82% in flight safety (USOAP), metrics that confirm the system’s readiness for global integration and FAA Category 1 status.

The commercial market mirrors this regulatory maturity through a highly segmented structure that balances leading national players with growing private competition. The Air Astana Group maintains a primary position, controlling approximately 66% of the domestic market through a «dual brand» strategy that effectively manages internal market overlap. The flagship carrier, Air Astana, focuses on high-yield international transit, capitalizing on the «megamarkets» of China and India through codeshare agreements and achieving revenues of nearly \$1.1 billion in the first nine months of 2025. Complementing this, its low-cost subsidiary, FlyArystan, has generated demand in new segments.

By securing its own Air Operator Certificate in 2024, FlyArystan has gained the operational autonomy to compete effectively on pricing, offering a viable alternative to rail and road transport for cost-sensitive travelers.

Beyond the Air Astana group, the market is characterized by a healthy diversification of ownership models. SCAT Airlines continues to act as a robust private competitor, with a strategy focused on expanding its international

footprint to 40 destinations and evaluating the potential introduction of Boeing 787 or 777 aircraft for long-haul operations post-2030. In the regional segment, the privatization of Qazaq Air marks a significant shift in state asset management. The acquisition of a major stake by Vietnam's SOVICO Group transitions the airline from a state-supported connectivity project to a commercially driven enterprise.

The financial results for 2025 confirm this structural maturity while exposing the margin pressure inherent in rapid capacity expansion. Air Astana Group closed the year with revenue of USD 1,453.9 million, an increase of 11.4%, carrying 9.7 million passengers at a load factor of 82.7% across a fleet that grew from 57 to 62 aircraft; net profit nonetheless contracted to USD 13.6 million as available seat kilometres expanded by 14.0% against a 2.3% decline in unit revenue.

The Group's funding architecture is directly relevant to the regional financing thesis, since lease liabilities of USD 1,044.4 million stand against total borrowings of only USD 5.6 million, indicating a capital-light balance sheet in which sale-and-leaseback transactions serve as the principal instrument of fleet funding; such transactions generated USD 139.7 million of proceeds in 2025, including the disposal and eight-year leaseback of six spare engines for USD 145.3 million.

This model underpins an order book of up to eighteen Boeing 787-9 aircraft and up to fifty Airbus A320neo family aircraft with an emphasis on the A321LR, aligning fleet strategy with the state's objective of establishing direct services to the United States, in preparation for which legislative amendments strengthening safety oversight ahead of the FAA International Aviation Safety Assessment were approved in June 2026.

GRAPH 8. KAZAKHSTAN: AIRPORT PASSENGER TRAFFIC VS. PASSENGERS CARRIED BY KAZAKHSTAN-BASED AIRLINES



2.1.2 Uzbekistan

The aviation sector in Uzbekistan has undergone a significant structural transition following the implementation of the «Open Skies» policy framework post-2017. This strategic shift has been empirically validated by the International Air Transport Association (IATA) in its 2023 economic assessment. The report indicates a substantial broadening of the national network, with connectivity expanding from 11 commercial airports to 69 international destinations across 30 countries. This network growth was supported by the entry of new market participants, bringing the total to 23 airlines. Domestically, the liberalization policy has correlated with increased affordability; real airfares decreased by 9.5% between 2011 and 2023, while the propensity to travel rose, with citizens taking 133 flights per 1,000 population in 2023.

The operational results for the fiscal year 2024 demonstrate sustained momentum. Uzbekistan Airports reported a record throughput of 13.5 million passengers, representing a 30% year-on-year increase. The market segmentation reveals balanced growth, with international traffic reaching 11.02 million passengers and domestic traffic accounting for 2.48 million. Flight operations intensified concurrently, with the total number of flights handled rising by 33% to 113,622. The cargo segment also recorded positive dynamics, handling 87,461 tons (a 23% increase), driven by improved logistics infrastructure. This operational expansion was further bolstered by the market entry of nine new international carriers in 2024, including Qatar Airways, Wizz Air, and LOT Polish Airlines. These indicators confirm that Uzbekistan is experiencing a phase of

accelerated industry development, driving significant demand for aviation capacity within the region.

This momentum was sustained through 2025. Uzbekistan Airports recorded 15.50 million passengers, a further 15% increase, comprising 12.71 million international and 2.80 million domestic travellers, while flight movements rose to 128,972 and cargo throughput reached 98,137 tons. Four additional foreign carriers, namely Air China, China Eastern, T'way Air and AirAsia, commenced operations during the year, following the nine entrants recorded in 2024. The capital requirement implied by this expansion is being met through a combination of instruments rarely deployed in the region to date.

On the fleet side, Uzbekistan Airways finalised an order for twenty-two Boeing 787-9 aircraft in November 2025, valued by the United States Department of Commerce at approximately USD 8.5 billion, and has placed successive Airbus A321neo commitments with lessors including SMBC Aviation Capital, China Aircraft Leasing Company and ICBC Aviation Leasing, targeting a fleet of fifteen A321neo by 2028. On the infrastructure side, the New Tashkent International Airport was awarded in June 2026 under a thirty-five-year concession to a consortium led by Vision Invest alongside Sojitz and Incheon International Airport Corporation, with Urgench and Bukhara tendered on comparable public-private partnership terms. Uzbekistan Airports itself was assigned a first-time 'BB' rating by Fitch in August 2025, revised to a Positive outlook in July 2026, establishing an external credit reference point for the sector.

GRAPH 9. PASSENGERS SERVED AT UZBEK AIRPORTS



2.1.3 Azerbaijan

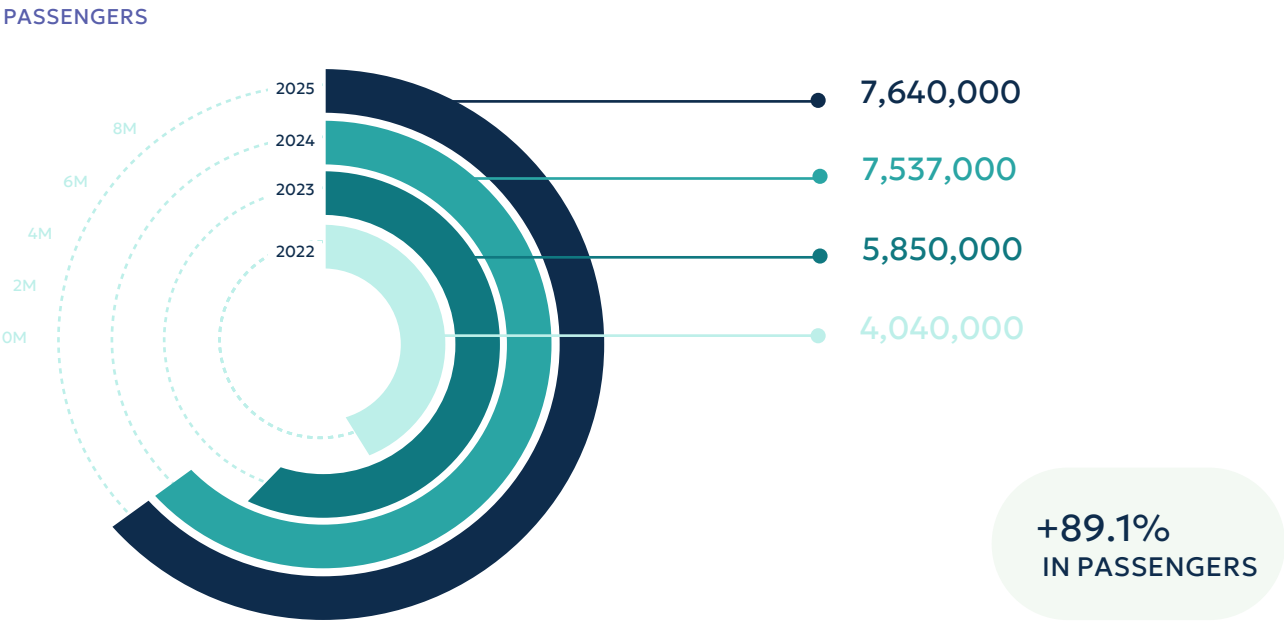
Azerbaijan’s aviation sector is defined by its strategic imperative to function as a high-capacity logistics and transit node between Europe and Asia. The nation’s geography, combined with substantial investment in the Silk Way West cargo network and the modernization of the national carrier, positions it as a sophisticated aviation market focused on high-value transit flows. The sector is anchored by Heydar Aliyev International Airport in Baku, which has successfully positioned itself as the premier transit gateway for the region, leveraging state-of-the-art infrastructure to capture traffic flows that bypass traditional northern corridors.

Operational data for the full year 2024 underscores this robust trajectory. Heydar Aliyev International Airport reported a record throughput of 7.53 million passengers, representing a 31% increase compared to the previous year. Notably, the transit segment expanded by 130%, validating the airport’s strategy to compete as a global transfer hub rather than a purely origin-destination point. The market demonstrates a healthy competitive balance, with foreign airlines carrying 3.49 million passengers while the national carrier, Azerbaijan Airlines (AZAL), transported 3.31 million. The cargo segment remains a standout performer, with air freight volume increasing by nearly 16% to 376,100 tons in the first eleven months of 2024, driven by the expansion of global logistics partnerships.

The sector’s future growth is underpinned by a comprehensive fleet renewal program. AZAL is actively integrating new generation aircraft, including the Airbus A320neo and Boeing 787 Dreamliners, to improve operational efficiency and route economics. This modernization is supported by the arrival of 18 low-cost carriers in 2024, which has diversified the market offering and improved accessibility for tourism and business travel alike.

The 2025 results indicate that the growth cycle has entered a consolidation phase constrained by infrastructure rather than by demand. Heydar Aliyev International Airport handled 7.64 million passengers, a marginal increase of 1.4% following two consecutive years of expansion above 30%, against a declared terminal capacity of nine million passengers per annum; the resulting utilisation of approximately 85% provides the commercial rationale for the new terminal complex approved at presidential level. Transit traffic nevertheless continued to grow, approaching 974,000 passengers, while foreign carriers accounted for 51.2% of international traffic, confirming the competitive character of the market.

GRAPH 10. PASSENGER TRAFFIC AT HEYDAR ALIYEV INTERNATIONAL AIRPORT (BAKU)



2.1.4 Georgia

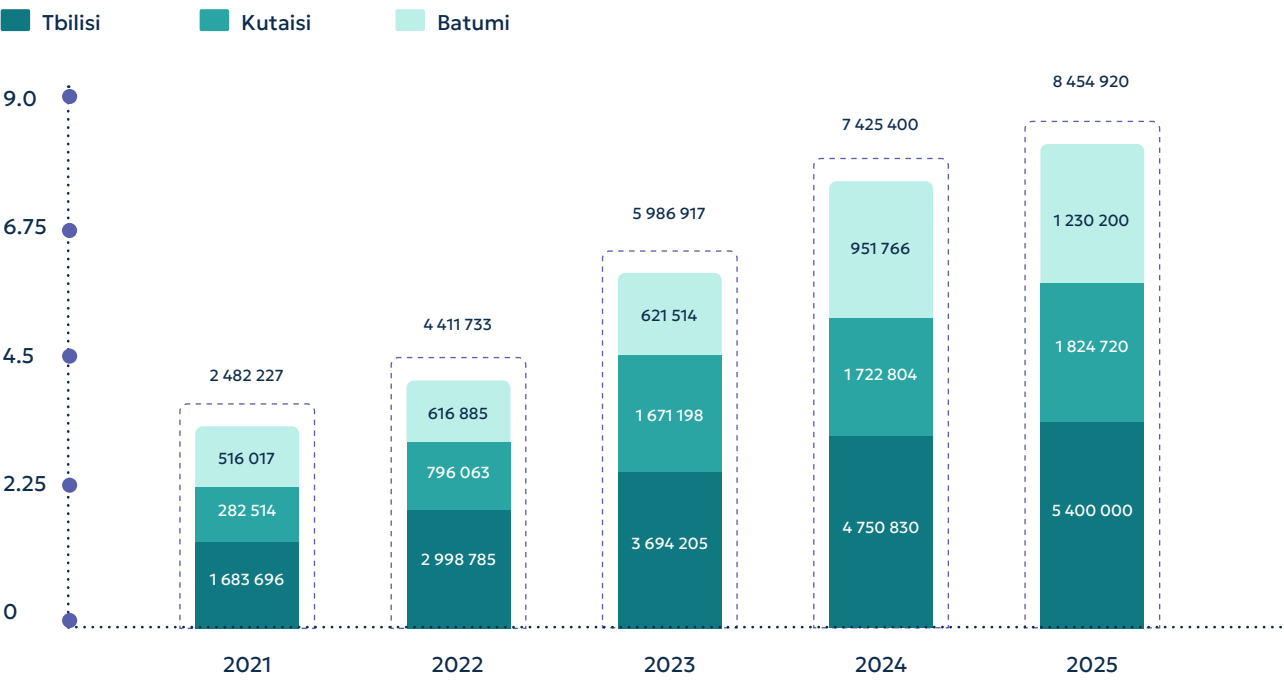
Georgia’s aviation market is characterized by its dynamic integration with European networks and its role as a rapidly growing tourism destination. The sector operates under a liberalized

framework that actively encourages the entry of foreign carriers, resulting in a diverse ecosystem of full-service and low-cost operators. This openness has established Kutaisi International Airport as a successful low-cost hub, while Tbilisi and Batumi continue to serve as primary gateways for premium and leisure traffic respectively.

The operational performance in 2024 reflects this vibrancy, with Georgian airports serving a record 7.45 million passengers, a 24% year-on-year increase. Tbilisi International Airport led this growth with 4.75 million passengers (+29%), while Batumi International Airport saw a remarkable 53% surge to 951,760 passengers, driven by heightened summer tourism demand. Flight activity also intensified, with total operations increasing by 25% to nearly 32,000 flights. The market’s attractiveness is further evidenced by the scheduled entry of major European carriers in 2025, including British Airways, easyJet, and Transavia France, which will significantly enhance direct connectivity to key financial and cultural capitals in Western Europe.

The 2025 results confirmed this trajectory while revealing a growing divergence between the three gateways. Georgian airports handled 8.5 million passengers, an increase of 14.1%, with Tbilisi exceeding five million for the first time and Batumi surpassing one million; Kutaisi, by contrast, grew by approximately 6% as low-cost capacity was redeployed elsewhere in the network, and the low-cost share of international seats eased from a 2022 peak of 45.8% to 41.2% in 2024. Each of the anticipated European entrants commenced operations, with British Airways returning to Tbilisi in March 2025 after a twelve-year absence, alongside easyJet, Transavia France and five further carriers. The investment response is structured through the concession framework: in January 2026 TAV Airports extended its Tbilisi concession to the end of 2031 against a commitment of approximately USD 150 million, funding a 19,500 square metre terminal extension that will raise capacity beyond ten million passengers by 2028, while the state-owned Kutaisi airport is delivering a 3.5 kilometre runway at a budget of up to GEL 240 million. This bifurcation between privately concessioned and sovereign-funded assets is a defining characteristic of the Georgian market for financing purposes.

GRAPH 11. PASSENGERS SERVED AT GEORGIAN AIRPORTS, BY AIRPORT



2.1.5 Armenia

The Armenian aviation sector is experiencing a phase of steady operational recovery and market diversification. The government’s «Open Skies» policy continues to yield positive results, fostering an environment where multiple carriers can compete effectively. The sector is primarily anchored by Zvartnots International Airport in Yerevan, which serves as the central node for the country’s air transport activity, supported by ongoing efforts to revitalize regional connectivity through airports like Kapan.

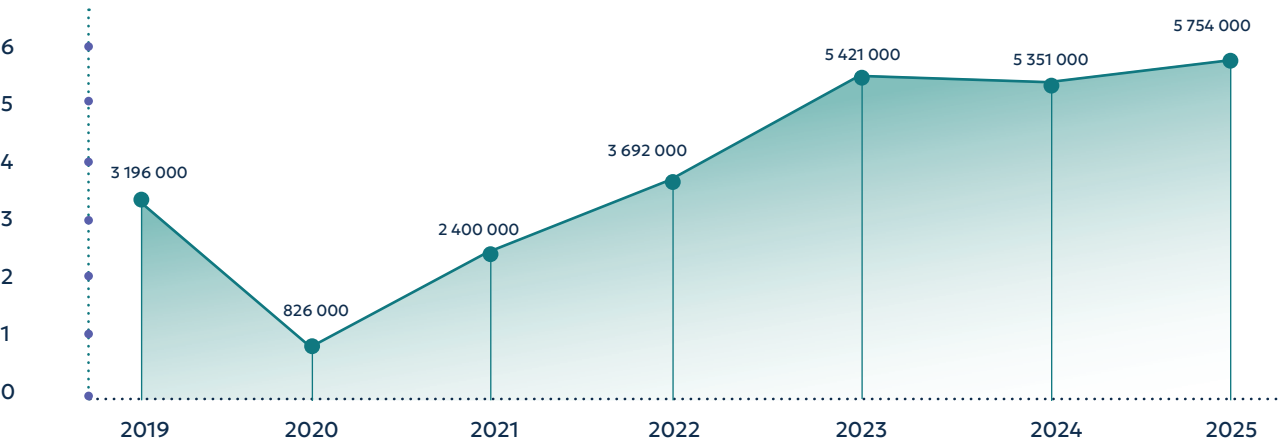
In 2024, the total passenger traffic through Armenian airports exceeded 5.25 million, maintaining the high-volume levels achieved in the post-pandemic recovery period. The market saw the entry of five new airlines during the year, highlighting the continued interest of international operators in the Armenian market. Cargo transportation also demonstrated positive momentum, reaching 41,470 tons, which reflects the growing role of air cargo in the nation’s trade logistics. The successful operation of regular domestic flights between Yerevan and Kapan further signals the maturation of the internal network, improving mobility for residents and businesses in southern regions.

The trajectory strengthened materially in 2025 and into 2026. Passenger traffic through Armenian airports reached a record 5.75 million, an increase of 7.5% that recovered a marginal

contraction recorded in 2024, while transit passengers rose more than sixfold to 164,000, providing an early indication that Zvartnots is beginning to function as a genuine transfer point rather than a purely origin-destination airport. The principal driver was the opening of Wizz Air’s first Yerevan base in October 2025, deploying two based Airbus A321neo across eight new European routes, supported by a state route-subsidy scheme effective from January 2026 that pays AMD 20,000 per inbound passenger on new services to Zvartnots. Growth accelerated further in the first half of 2026, when traffic rose 10.9% to 2.75 million.

The most consequential development for financing purposes was the amendment of the Armenia International Airports concession in January 2026, which extended the term by thirty-five years to 2067 against a committed investment programme of USD 425 million through 2033, replaced the single-till model with an inflation-indexed tariff regime effective from April 2027, and introduced explicit compensation mechanisms for traffic decline and regulatory change. The market nonetheless remains predominantly foreign-served, with Armenian operators carrying 1.3 million of the 5.7 million passengers in 2025, although FLYONE Armenia signed an agreement with Airbus in May 2026 for two A321neo, the first such commitment by an Armenian carrier.

GRAPH 12. PASSENGERS SERVED AT ARMENIAN AIRPORTS



2.1.6 Kyrgyzstan

Kyrgyzstan’s aviation sector is currently undergoing a significant transformation focused on infrastructure modernization and regional integration. The state-owned operator, Manas International Airport OJSC, manages a network of airports that are critical for overcoming the country’s mountainous geography. The strategic priority has shifted towards upgrading regional aerodromes to stimulate domestic tourism and improve economic cohesion between the north and south of the country.

Operational metrics indicate strong demand growth. In the first half of 2024 alone, the airport network handled 2.7 million passengers, a 15% increase compared to the same period in 2023.

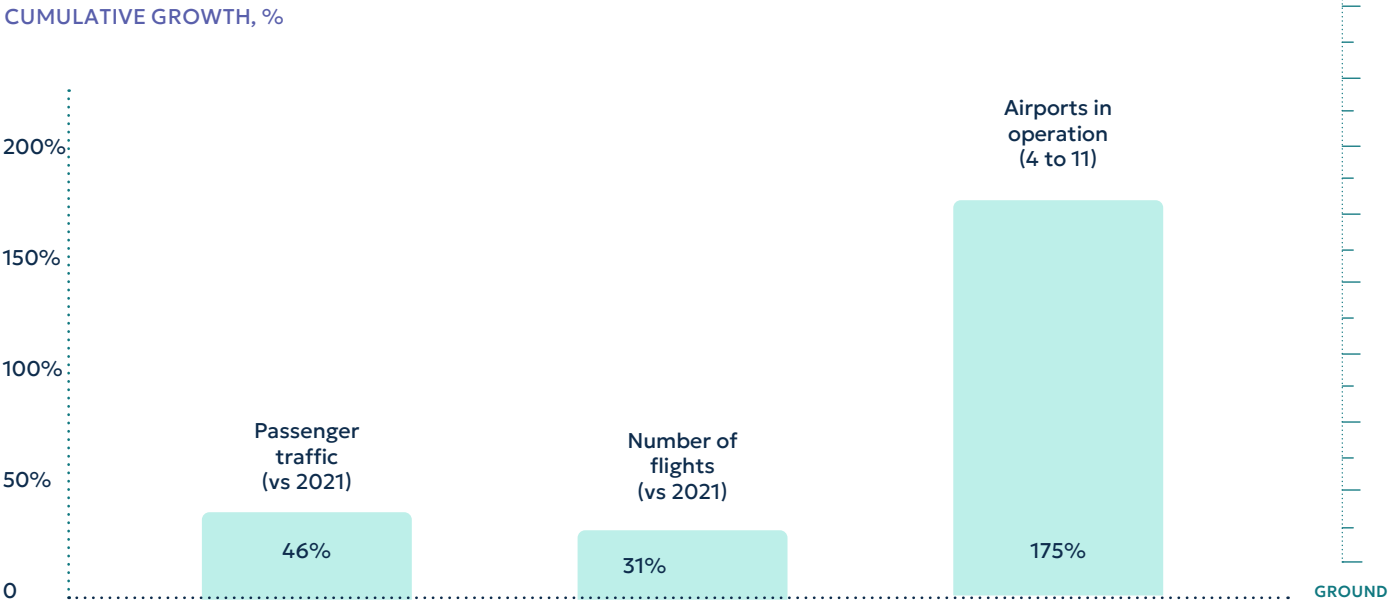
This growth is supported by a substantial investment program that saw the completion of new infrastructure at regional airports such as Karakol, which opened a new terminal in late 2024 capable of handling international flights. Furthermore, the commencement of construction for a new international airport in the Jalal-Abad region in May 2025 demonstrates a long-term commitment to expanding capacity and creating new logistical hubs to serve the Fergana Valley region.

The decisive development for the sector occurred in June 2026, when the European Commission removed all air carriers certified in the Kyrgyz Republic from the EU Air Safety List under Commission Implementing Regulation (EU), ending a prohibition in force since October 2006.

The delisting followed an on-site assessment in March 2026 and a substantial consolidation of the operator base, with the number of certified operators reduced from twenty-one to eight between December 2025 and February 2026. The immediate commercial consequence is the prospect of direct services to the European Union, in anticipation of which Asman Airlines, a subsidiary of Airports of Kyrgyzstan OJSC, concluded an agreement in March 2026 with the lessor BBAM Aircraft Leasing & Management for two Airbus A321 aircraft, representing its first narrowbody jet equipment alongside a domestic fleet of three Bombardier Dash 8 Q400.

Taken together, these developments mark the transition of the Kyrgyz market from a closed and largely domestic system towards one capable of accessing international capacity and, by extension, international aircraft financing.

GRAPH 13. KYRGYZ AVIATION DEVELOPMENT INDICATORS



2.1.7 Regional Cargo Expansion

The air cargo and multimodal logistics sector in Central Asia and the Caucasus is experiencing an unprecedented period of expansion. Driven by structural shifts in global supply chains, the region is transitioning from a passive airspace corridor into an active, high-volume logistics hub.

Recent data published by the IATA in mid-2026 confirms that Central Asian air cargo volumes have more than doubled since 2019. This regional acceleration starkly contrasts with established global hubs; for example, during the same five-year period, Hong Kong’s volumes remained largely flat, and Europe’s primary gateway, Frankfurt, experienced a 5% decline.

When evaluating overall cargo market expansion, Uzbekistan and Kazakhstan led the global growth metrics, expanding by 182% and 149%, respectively. Historically, Central Asia functioned primarily under the Anchorage model, serving as a technical refueling stop for long-haul freighters.

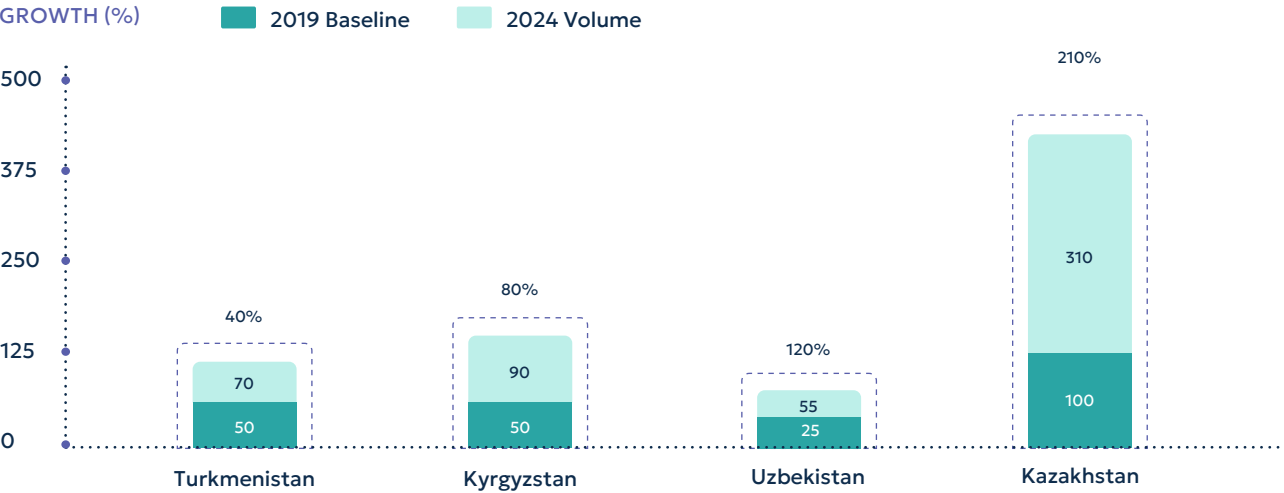
This technical stop model remains a powerful growth driver, highlighted by Kazakhstan’s exceptional 210% estimated volume increase specifically within the direct transit segment.

While direct transit still accounts for approximately 65% of regional air cargo traffic, there has been a sharp increase in outbound cargo originating from the region since 2024.

This indicates that local markets are successfully developing their own consolidation, distribution, and e-commerce fulfillment capabilities. To sustain this momentum, regional stakeholders are executing large-scale infrastructure investments intended to enhance ground handling and terminal capacities. In Uzbekistan, Tashkent International Airport has been advancing a phased modernization of its cargo complex, a project designed to quadruple its annual handling capacity to 120,000 tonnes. Concurrently, in Kazakhstan, the Almaty International Airport is undergoing the Horizon master plan, a comprehensive long-term modernization program with an estimated first-phase budget of \$362 million. This initiative encompasses the expansion of aircraft parking, extensive terminal upgrades, and the future development of a dedicated special economic zone, underscoring a strategic commitment to cultivating a premier intercontinental distribution node.

Complementing these developments, the broader Trans-Caspian logistics framework is being strengthened by substantial greenfield investments in the South Caucasus. Azerbaijan is progressing with the construction of Alat International Airport, a major multimodal hub situated within the Alat Free Economic Zone. Expected to launch operations in April 2027, the facility’s advanced logistics infrastructure is projected to handle over 400,000 tonnes of freight annually, integrating air, maritime, and rail transport networks. Furthermore, strategic partnerships, such as the joint venture between Silk Way Group and dnata, aim to deliver advanced ground handling and end-to-end logistics services at the new terminal. These coordinated infrastructure enhancements provide a scalable and highly capable foundation to support the continued expansion of Eurasian supply chains.

GRAPH 14. REGIONAL AIR CARGO VOLUME GROWTH (2019 VS. 2024)



KEY TAKEAWAYS: CENTRAL ASIA & CAUCASUS AVIATION

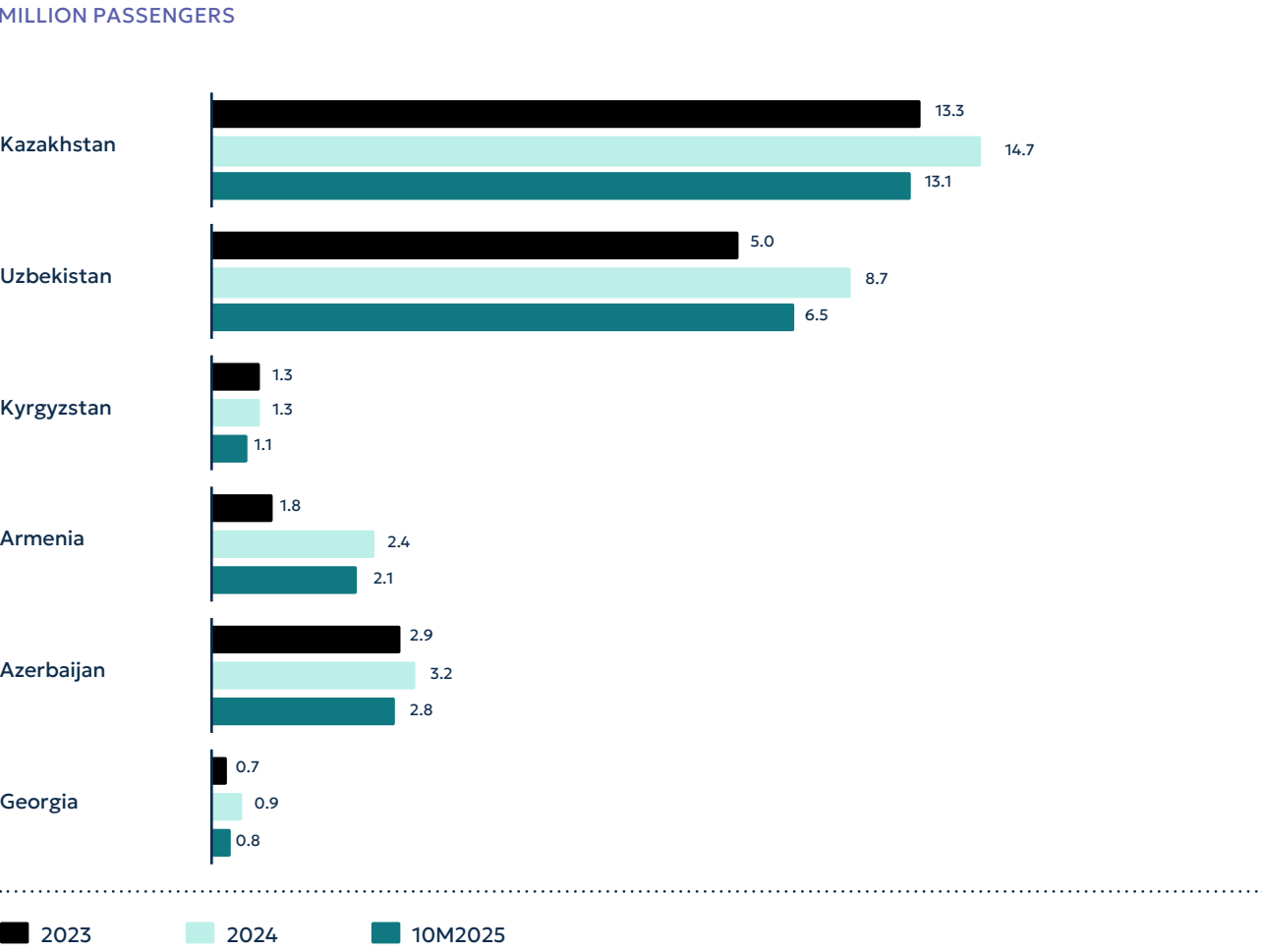
KAZAKHSTAN is successfully converting its immense geographic span into a strategic asset by fostering a highly competitive, diversified commercial aviation market that supports the expansion of private competitors. This growth is underpinned by a robust tripartite regulatory framework that meets the international safety standards necessary for global integration and raises awareness within the aircraft financing and leasing markets.

THE CENTRAL ASIA AND CAUCASUS REGIONS are currently in a high-growth phase of unlocked potential, driven by strategic geographic positioning and the liberalization of air transport markets. As economies like Uzbekistan and Kazakhstan actively modernize infrastructure and open borders to new competition, the region is transitioning from a historically fragmented legacy network into a unified, high-demand aviation corridor.

This structural shift creates a sustained window of opportunity for investors to capitalize on double-digit passenger growth and the urgent need for fleet renewal.



GRAPH 15. NATIONAL CARRIERS PASSENGER TRAFFIC



JUPITER JET

Connecting Markets. Opening New Routes.

Jupiter Jet is a Kazakhstan-based cargo airline with more than 20 years of experience in domestic and international air transportation, including the handling of special and dangerous cargo.

Throughout its history, the airline has built extensive operational expertise in cargo aviation, having operated aircraft including the Antonov An-12, Ilyushin Il-18, Ilyushin Il-76 and Antonov An-74 across complex and international operations.

In 2026, Jupiter Jet enters a new chapter.

The airline is transitioning to a modern fleet of Western-built freighter aircraft, beginning with the Boeing 757-223 (PCF). This marks a major step in the company's development and creates a stronger platform for expanding international cargo operations. The next stage of growth will include the introduction of Boeing widebody freighters.

Jupiter Jet's operational base is being established in Turkistan, while its headquarter is located in Almaty.

The airline is developing an international network connecting Kazakhstan with key markets across Asia, Europe and the Middle East. Priority destinations include Hong Kong, Istanbul, Almaty and Astana, with further international expansion planned.

Located at the crossroads of East and West, Kazakhstan offers a strategic gateway between some of the world's largest markets. Jupiter Jet is positioning itself to turn that geographic

advantage into efficient air cargo corridors across Central Asia and beyond.

Our strategic ambition is clear: to build a fleet of up to 10 freighter aircraft and develop an international network connecting Kazakhstan to global markets.

As the aviation arm of JanaPort Holdings, Jupiter Jet is part of an integrated logistics ecosystem combining air cargo transportation, airport infrastructure, aircraft maintenance, fueling and multimodal logistics.

This integrated platform allows us to look beyond individual flights and routes — toward end-to-end logistics solutions designed around the needs of modern global trade.

At Jupiter Jet, we believe the future of air cargo is built on more than aircraft and destinations.

It is built on reliability, efficiency, technology and strong partnerships.

We are here to connect businesses, open new corridors and move cargo where it needs to go — faster, smarter and with greater confidence.



Jupiter Jet — New Routes. New Connections. A New Chapter in Air Cargo from Kazakhstan.

2.2.1 Aircraft financing and fleet comparison analysis

TOTAL FLEET COMPARISON
The global commercial aviation industry entered a transformative phase in 2025, achieving a historic revenue milestone exceeding \$1 trillion, accompanied by a stabilization of net profit margins at approximately 3.6%. Within this broader international context, the markets of Central Asia and the South Caucasus specifically Kazakhstan, Uzbekistan, Kyrgyzstan, Armenia, Azerbaijan, and Georgia have established themselves as key areas of interest for aircraft manufacturers, lessors, and financiers.

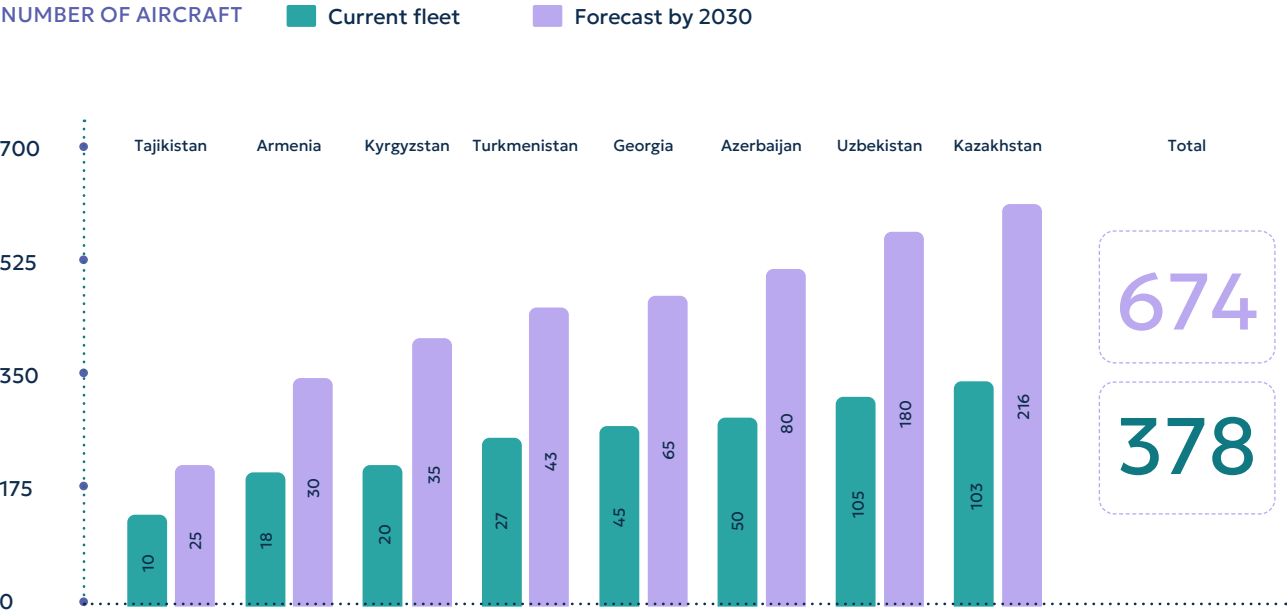
This development reflects a coordinated strategic initiative by regional governments to leverage their geographic positioning within the «Middle Corridor,» facilitating connectivity between European and Asian markets. Consequently, aviation capacity in this region has recorded a substantial 500% increase over the past two decades. The current compound annual growth rate (CAGR) of 7.7% notably exceeds the global average.

Economic indicators support this upward trajectory; the European Bank for Reconstruction and Development forecasts that Central Asian economies will expand by an average of 6.1% in 2025, driven by robust industrial output and rising domestic demand.

Kazakhstan remains the dominant aviation market in the sector, representing over half of the region’s total seat capacity despite comprising only 25% of the population. The market is currently characterized by two parallel developments: the continued international expansion of the Air Astana Group and the privatization of Qazaq Air.

The table below presents a comparative fleet analysis and the 2030 forecast for the Central Asian and Caucasus regions. These projections align with current airline expansion strategies and national aviation master plans. With the regional fleet anticipated to double by 2030, this market constitutes a high-potential growth area within the global aviation landscape.

GRAPH 16. COMPARATIVE FLEET ANALYSIS



2.2.2 Preferred aircraft financing options

The Central Asian and Caucasus aviation market is currently navigating a period of unprecedented expansion, with capacity projected to double by 2030. In parallel, financing strategies have shifted from traditional sovereign-backed debt toward a predominant reliance on the Aviation Lease model. This strategic pivot is driven by the necessity for fleet flexibility, rapid fleet modernization and the objective of optimizing capital expenditure within a volatile global interest rate environment. The preference for the Aviation Lease model, specifically «Dry Leases» has evolved from a financial requisite into a core strategic instrument. In a market characterized by ambitious growth targets, operating leases enable carriers to preserve liquidity.

By mitigating the substantial capital outlay required for outright purchases, airlines such as FlyArystan and Air Samarkand can redirect cash flow toward critical infrastructure, digital transformation, and route expansion. Furthermore, this model effectively transfers residual value risk to the lessor. Given the accelerated pace of technological advancement and tightening environmental regulations (such as CORSIA), regional carriers can operate the latest, most fuel-efficient aircraft without the long-term asset risk associated with ownership.

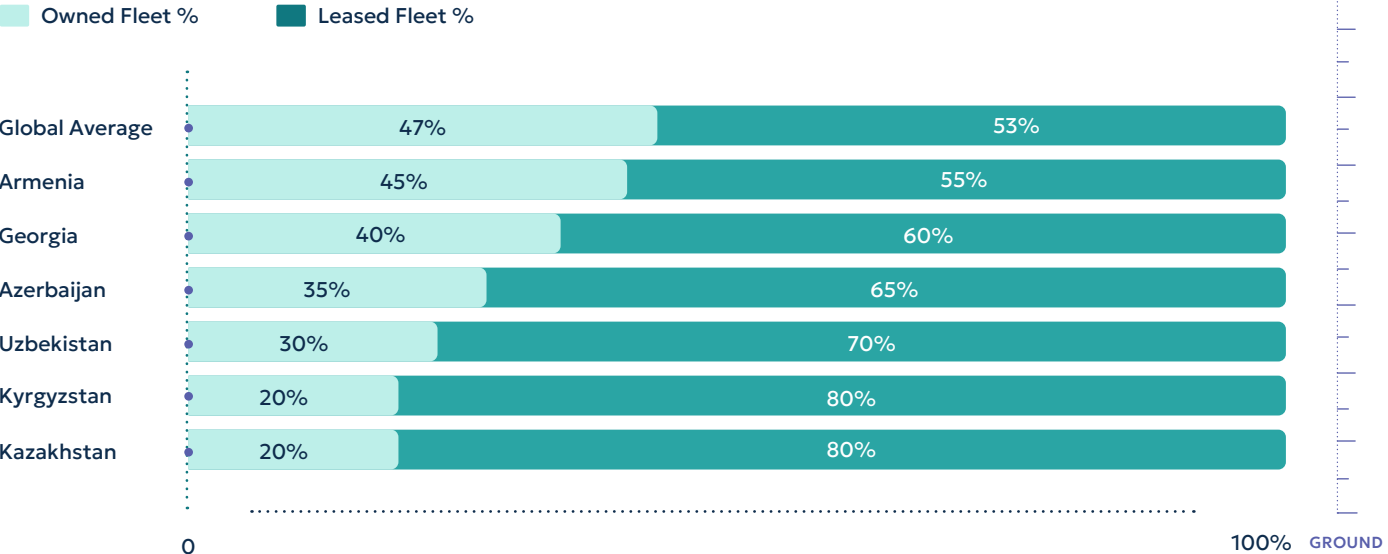
The utilization of third-party financing in Central Asia and the Caucasus has surpassed global benchmarks, reflecting the region’s prioritization of rapid sector development. Current market analysis estimates that between 65% and 80% of the total commercial fleet in this corridor is operated under lease agreements.

This figure is notably higher than the global average, which hovers at approximately 50%. This concentration is particularly evident within the Low-Cost Carrier segment, where leased assets frequently comprise over 90% of the fleet.

This asset-light approach has been instrumental in the region’s ability to modernize efficiently, enabling a swift transition from older models to modern aircraft like the Airbus A320neo and Boeing 737 MAX. The substantial prevalence of leasing underscores the market’s growing maturity and the enhanced confidence of international lessors in the legal and regulatory frameworks of the Silk Road region.



GRAPH 17. LEASED VS OWNED FLEET



2.2.3 Comparison analysis through aviation coefficients

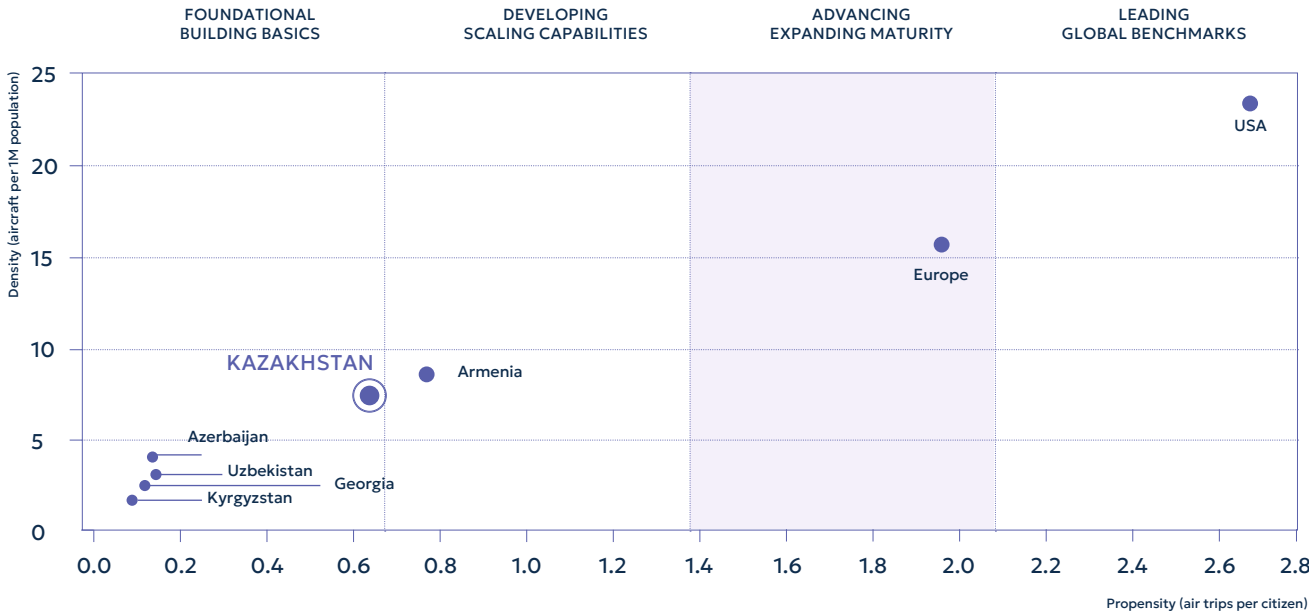
The comparative analysis of the aviation markets in Kazakhstan, Uzbekistan, Kyrgyzstan, Georgia, Azerbaijan, and Armenia is performed using the «Propensity to Fly» and «Fleet Density» coefficients. The purpose is to evaluate current saturation levels against mature global benchmarks to highlight the significant unrealized potential for future growth and expansion in the region. The Propensity to Fly coefficient measures the average number of trips a citizen takes annually, reflecting market maturity and mobility.

The Fleet Density coefficient measures physical «machines per million people,» indicating the level of aviation infrastructure and supply available to the population. Both coefficients have been calculated for 2024 based on actual data and are presented in the table below, showing the current state of Central Asian and Caucasus regions in comparison with Europe and the USA.

TABLE 6. PROPENSITY AND DENSITY COEFFICIENT CALCULATIONS

COUNTRY	NATIONAL AIRLINE TRAFFIC, 2024	POPULATION, 2024	PROPENSITY COEFFICIENT, 2024	FLEET, 2024	DENSITY COEFFICIENT, 2024
USA	876 Mln.	343 Mln.	2.55	8000	23.32
Europe	1400 Mln.	740 Mln.	1.89	8100	10.9
Armenia	2.4 Mln.	3.0 Mln.	0.8	25	8.3
Kazakhstan	14.7 Mln.	20.2 Mln.	0.73	108	5.35
Azerbaijan	3.2 Mln.	10.1 Mln.	0.32	32	3.2
Uzbekistan	8.7 Mln.	37.1 Mln.	0.23	105	2.83
Georgia	0.9 Mln.	3.7 Mln.	0.24	10	2.7
Kyrgyzstan	1.3 Mln.	7.1 Mln.	0.18	17	2.4

GRAPH 18. LEASED VS OWNED FLEET



Comparative data highlights a significant growth gap between the Central Asian and Caucasus aviation markets and established global economies. While the United States and Europe maintain fleet density coefficients of 23.32 and 10.90 aircraft per million people respectively, the regional average remains considerably lower. This disparity supports the region’s status as a high-priority emerging market for aircraft lessors and aviation investors. Kazakhstan serves as the primary driver of regional aviation development and a central connectivity hub. The country currently demonstrates a propensity to fly coefficient of 0.73 and a fleet density of 5.35 aircraft per million people. While these figures exceed those of many neighboring markets, they remain well below the European benchmark of 10.9, indicating continued potential for fleet expansion as the market matures.

Fleet capacity across the region is evolving alongside rising mobility demand. In Kyrgyzstan and Azerbaijan, density coefficients range between 2.4 and 3.2, suggesting a need for additional capacity. This opportunity coincides with historically strong global passenger demand. Uzbekistan, for example, reached 180% of pre-pandemic traffic levels by 2025, reinforcing the case for accelerated fleet development.

Even the region’s more developed markets retain significant growth potential. Armenia leads the local group with a fleet density of 8.3 aircraft per million people, but still remains below European levels. This suggests that regional markets have not yet reached saturation and may continue moving toward

higher connectivity as their economies modernize. Capacity growth combined with fleet renewal is therefore expected to sustain demand for newer, fuel-efficient aircraft. For markets such as Uzbekistan and Georgia, reaching higher propensity-to-fly levels represents a long-term opportunity for fleet financing. Meeting future demand will likely require continued intake of modern, often leased aircraft. Uzbekistan has already secured Boeing 787 Dreamliners, while Kazakhstan’s Air Astana finalized major direct acquisitions in 2026, including up to 15 Boeing 787-9 Dreamliners and up to 50 Airbus A320neo family aircraft.

Such large direct orders can also generate attractive Sale-and-Leaseback opportunities for global lessors. SLB structures allow airlines to optimize capital allocation and maintain balance sheet flexibility while providing aviation financiers with access to a steady pipeline of high-value, next-generation assets. Operating leases further enable both new and established carriers to expand capacity without significant upfront capital requirements.

The region’s investment appeal is further supported by market liberalization and the expansion of Low-Cost Carriers. High-utilization models and standardized fleets have helped lower fares and stimulate demand among price-sensitive passengers.

With growth continuing above many mature-market benchmarks, Central Asia and the Caucasus remain an important frontier for aviation development and aircraft financing.

2.2.4 Industry challenges and opportunities

The continued expansion of aircraft financing in Central Asia and the Caucasus is occurring within a landscape of rapid structural maturation. Rather than being defined by barriers, the region is currently characterizing a transition from legacy state-led models to commercially oriented, globally aligned frameworks. This evolution presents a compelling «first-mover» advantage for international investors who can navigate the developing regulatory architecture.

CENTRAL ASIA & CAUCASUS: STRUCTURAL MATURATION MATRIX

STRATEGIC PILLAR	LEGACY BASELINE	CURRENT GLOBAL CONVERGENCE	KEY INDICATOR / RESULT
01 GEOPOLITICAL CONNECTIVITY	Peripheral routing and perceived volatility	«Middle Corridor» gateway linking Europe and East Asia	>\$6B FDI attracted by Kazakhstan in early 2025
02 TECHNICAL ECOSYSTEM	Fragmented regional fuel grades and policies	Modernized infrastructure accommodating global Jet A-1	Hub Competitiveness enhanced via aligned fuel pricing
03 HUMAN CAPITAL & SAFETY	Reliance on external administrative oversight	Knowledge transfer via international partnerships	Localized Capacity driving a domestic safety culture
04 FINANCIAL RESILIENCE	Exposure to emerging-market currency risk	Natural currency hedging via transit revenues	Insulated Lease Obligations providing credit stability

OVERALL OUTCOME:
DE-RISKED OPERATING LANDSCAPE OFFERING A COMPELLING FIRST-MOVER ADVANTAGE

Contrary to historical perceptions of volatility, the region has emerged as a zone of geopolitical stability and a critical logistics bridge. Leveraging its status as the «Middle Corridor,» Central Asia now functions as an essential connectivity node between Europe and East Asia, offering international carriers complementary route diversification.

This strategic neutrality has driven a surge in Foreign Direct Investment with Kazakhstan alone attracting over \$6 billion in early 2025 validating the region’s status as a secure jurisdiction for long-term capital deployment.

The technical ecosystem is similarly converging with global norms. The historical prevalence of regional fuel specifications is being actively addressed through infrastructure modernization programs designed to accommodate the global Jet A-1 standard. For example, Kazakhstan recently adjusted aviation fuel pricing policies to enhance the competitiveness of its air hubs, directly signaling a willingness to align with the operational requirements of international carriers and lessors.

The demand for specialised aviation finance expertise is driving a robust trend of «capacity building» rather than dependency. Regional carriers are increasingly partnering with international firms to transfer knowledge and develop a domestic cadre of aviation professionals.

This collaborative approach not only mitigates operational risks but also accelerates the development of a localized «safety culture» and administrative capability essential for managing complex, modern leased fleets. While the region navigates standard emerging market currency dynamics, leading carriers manage exchange rate exposure through natural hedging strategies.

By generating a significant portion of revenues in hard currency from international transit passengers, airlines like Air Astana and Uzbekistan Airways effectively insulate lease obligations from local currency fluctuations, maintaining a stable financial baseline for lessors.

KEY TAKEAWAYS: CENTRAL ASIA & CAUCASUS AVIATION

- 01

The «Leasing-First» Development Model: The region has adopted the Aviation Lease as its primary financing mechanism (65–75% fleet penetration), effectively leveraging international capital to accelerate modernization. This model complements sovereign investment, creating a sustainable and predictable avenue for private capital to support the projected doubling of the fleet by 2030.
- 02

High-Yield Convergence Trajectory: As per AIFC analysis, the difference in fleet density between regional markets (5.35 per million) and mature economies (10.9 per million) highlights a substantial runway for capacity expansion. This signals a multi-decade growth horizon for investors to place diverse asset types into a jurisdiction where traffic growth (7.7%) consistently outperforms the global average.

Role of AIFC in aircraft financing and leasing

- ✈ 058
About AIFC Ecosystem
- ✈ 060
Aviation Finance Hub
- ✈ 061
Case Study: AIFC & Jupiter Jet

3.1 About AIFC Ecosystem

The Astana International Financial Centre (AIFC) is an innovative financial hub in Central Asia, designed to connect global capital with the vast opportunities of emerging markets. Positioned at the crossroads of Europe and Asia, AIFC serves as a bridge for investors and businesses seeking to expand their reach in a dynamic and rapidly growing region. Inspired by the success of leading financial centers like New York, London, Dubai, Hong Kong, and Singapore, the AIFC combines international best practices with innovative approaches to create a world-class platform for investment, business, and financial services.

AIFC provides a comprehensive ecosystem engineered to support international cross-border investment and corporate operations. At the core of this environment is a legal and regulatory framework developed explicitly on the principles, legislation, and precedents of the law

of England and Wales. To ensure frictionless integration with global markets, English serves as the official language for all regulatory acts, transactions, and corporate records. This common foundation is reinforced by independent, world-class institutions, the AIFC Court and the International Arbitration Centre, which offer neutral, transparent pathways for commercial dispute resolution. Operational efficiency is further enhanced by a proprietary infrastructure, enabling international participants to manage and file legal proceedings completely online from any global location.

From a corporate and operational perspective, the jurisdiction provides an exceptionally flexible environment for structuring business vehicles and managing capital. The framework offers 15 distinct legal structures for business establishment, including specialized vehicles such as Special Purpose Companies designed for structured finance and risk isolation. These entities feature streamlined incorporation requirements, including the ability to form a company with as little as US\$1 in capital, while fully permitting 100% foreign ownership. Furthermore, the ecosystem eliminates restrictive currency controls by allowing participants to conduct transactions and cross-border operations in any mutually agreed currency, including major global denominations such as the US Dollar and Euro.

To complement these structural efficiencies, the jurisdiction establishes long-term fiscal predictability, which is highly advantageous for capital-intensive sectors requiring long asset lifecycles. Registered participants benefit from a comprehensive exemption from Corporate Income Tax payments extending until January 1, 2066. This stable fiscal environment encompasses financial and ancillary services, as well as exemptions on dividends and capital gains derived from shares and securities. Combined with world-class exchange infrastructure and a dynamically developing digital asset market, these factors position the ecosystem as a premier regional hub for cross-border capital deployment and asset management.

Operating from Kazakhstan, the AIFC provides strategic access to the rapidly expanding market economies of both Central Asia and the Caucasus. This broader region, comprising Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan, alongside Azerbaijan, Georgia, and Armenia represents an emerging economic bloc of increasing global relevance. Together, they form a highly integrated market characterized by a combined population nearing 100 million and a GDP well over US\$500 billion. As governments across this interconnected region implement structural reforms to diversify beyond energy exports, there is a pronounced focus on infrastructure modernization, logistics, and international investment.

This profound economic transformation serves as the macroeconomic foundation for the high-growth trajectory of the regional aviation sector, driving sustained demand for passenger capacity and fleet modernization. Beyond its core function of developing a robust financial ecosystem, the AIFC acts as a vital catalyst for the broader economy by supporting critical non-financial industries. Among these, the aviation sector stands out as a primary beneficiary, leveraging the financial centre's specialized mechanisms to attract capital and scale operations.

Situated at the core of Eurasia, Kazakhstan naturally acts as a vital bridge for global connectivity, and the strategic positioning of the AIFC aligns closely with the nation's ambition to establish itself as the premier regional hub. In particular, the AIFC plays an increasingly important role in supporting the development and realization of the Trans-Caspian International Transport Route, which is rapidly emerging as a resilient, diversified, and forward-looking alternative trade artery between Asia and Europe.

By functioning as a strategic platform for investment, governance, and innovation, the AIFC helps unlock the full potential of the route's physical infrastructure. It actively facilitates the establishment of strategic joint ventures aimed at enhancing multimodal logistics, attracting cross-border investments, and strengthening regional connectivity. For the aviation industry, this platform directly supports the expansion of high-capacity air cargo networks, localized distribution hubs, and sophisticated transit infrastructure, bridging the gap between physical transport corridors and international financial markets.

AIFC ADVANTAGES

A modern and dynamic center for finance, offering a comprehensive range of opportunities for businesses seeking to establish themselves in the emerging business landscape of Central Asia.

English Common Law Jurisdiction

World Class Regulation Standards

01 DYNAMIC AND GROWING MARKET

02 INNOVATIVE FINANCING SOLUTIONS

03 BUSINESS-ORIENTED ENVIRONMENT

04 INDEPENDENT JUDICIAL SYSTEM

3.2 AIFC Aviation Finance Hub

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A strategic objective is defined for the development of aviation hubs and their integration into global logistics chains — Kassym-Jomart Tokayev, President of Kazakhstan, September 8, 2025.

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To fully capitalize on the region's demographic growth and the strategic advantages of the Middle Corridor, the AIFC has established the dedicated Aviation Finance Hub. Positioned at the strategic crossroads of Eurasia, this hub serves as the premier gateway for aircraft financing and leasing. By providing a robust legal framework and facilitating innovative, asset-backed structures, the AIFC empowers the aviation industry to unlock the full potential of the Central Asian and Caucasus markets.

Crucially, the AIFC is prepared to develop the essential soft infrastructure for the aviation sector through an aviation finance perspective, a capability that directly supports Kazakhstan's goal to establish itself as a premier regional hub. The development of a sophisticated aviation finance market within the region is expected to positively impact the overall trajectory of the aviation industry, providing diversified financing mechanisms to support capital-intensive aviation projects, fleet renewal, and network expansion. To facilitate this expansion, the Aviation Finance Hub channels its strategic objectives through four interconnected areas of sector development.

01

FACILITATION OF AIRCRAFT FINANCING AND LEASING

AIFC enables access to common-law asset security, supports leasing development, capital markets, structured finance, and aviation insurance. It connects regional and global capital with aviation opportunities, supporting fleet renewal and cross-border projects.

02

ADVANCEMENT OF SUSTAINABLE AVIATION

AIFC promotes sustainable aviation by encouraging investment in SAF infrastructure and supporting initiatives through the AIFC Green Finance Centre. It facilitates access to CORSIA carbon credits and supports decarbonization efforts aligned with global ESG standards.

03

DEVELOPING AVIATION FINANCE TALENTS

AIFC invests in human capital through specialized training programs that build finance and legal expertise in aviation. These programs enhance skills development and enable professionals to independently manage aircraft assets and lease agreements.

04

ESTABLISHMENT OF AN AVIATION EXCELLENCE CENTER

AIFC attracts international and local experts to create a centralized hub of aviation finance competence. The center provides consulting services for airlines and investors, with a focus on fleet strategy, operational efficiency, and capital deployment.



Case Study: AIFC & Jupiter Jet - An Approach to Cargo Aircraft Leasing

THE STRATEGIC CONTEXT

As Kazakhstan continues to develop its transit capabilities between Asian, European, and Middle Eastern markets, the operational capacity of domestic cargo operators remains an area of focus. To participate in the global air freight sector, regional airlines frequently explore various fleet expansion strategies.

A recent example in this sector is the aircraft lease transaction executed by Jupiter Jet, a cargo airline supervised by JanaPort Ltd., an AIFC-based company.

VALUE FOR INDUSTRY

The execution of this lease by Jupiter Jet serves as a practical example for the region. It illustrates how airports, holding companies, and airlines might explore operational synergies when interacting with specialized financial infrastructure. As cargo demand evolves, the ability to navigate operating and financial leases efficiently could serve as a competitive advantage.

The collaboration involving Jupiter Jet, JanaPort Ltd., and the AIFC Aviation Finance Hub highlights one potential pathway for fleet expansion and the continued development of transit capabilities across Central Asia.

THE TRANSACTION: STRUCTURING THE LEASE

The AIFC Aviation Finance Hub team provided support to Jupiter Jet during its first cargo aircraft lease transaction. The AIFC offered expert insights regarding commercial and engineering finance aspects of the deal.

Areas of assistance included:

- International Lessor Negotiations: The AIFC supported communications between the airline and international lessors, aiming to help align the lessee's commercial expectations with the general risk-mitigation requirements of the asset owners.
- Transaction Structuring Overview: The team offered a general review of the lease agreement. This included sharing insights on engineering finance, maintenance reserves, and a broad commercial and fiscal overview.

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SkyBridge believes the AIFC can add the greatest value by addressing the execution constraints facing regional aviation: access to long-term capital, transaction structuring, legal certainty and specialist expertise. The next phase of aviation development will require financing not only for aircraft, but also for airports, cargo infrastructure, maintenance, training and digital capabilities. The AIFC Aviation Hub can help convert these requirements into bankable projects by bringing together operators, investors, lenders, advisers, insurers and public-sector stakeholders within a credible legal and regulatory framework. Its success should ultimately be measured by the development of a repeatable pipeline of completed aviation finance transactions.

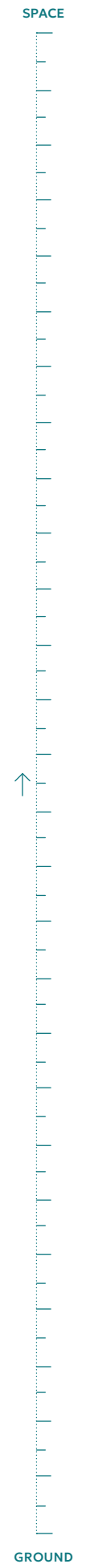
Dinara Omarbekova, Head of the Branch of SkyBridge Invest JSC

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FOR NOTES



FOR NOTES



The Astana International Financial Centre (AIFC) is the #1 Financial Centre in Eastern Europe and Central Asian Region, and a dynamic hub for innovation and growth

World-class regulation, special tax regime, independent judicial system

We help businesses attract capital and thrive within an enabling environment built on best-practice regulation, a robust financial framework, and an independent judicial system



AIFC publications