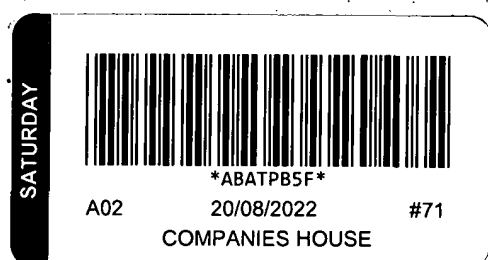


Registered number: OC317635

CASTLELAKE (UK) LLP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



CASTLELAKE (UK) LLP

INFORMATION

Designated Members

Castlelake Holdings (UK) Limited
Eduardo D'Alessandro
Rory O'Neill

Members

Philipp Braschel
Christopher Buckley
Yen-Wah Lam

LLP registered number

OC317635

Registered office

15 Sackville Street, London, W1S 3DJ

Independent auditors

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Bankers

US Bank, 800 Nicollet Mall, Minneapolis, MN 55402, USA
Wells Fargo (Wachovia Bank), N.A., 3 Bishopsgate, London, EC2N 3AB

Legal Advisers

Akin Gump Strauss Hauer & Feld, City Point Level 32, One Ropemaker Street, London, EC2Y 9AW

CASTLELAKE (UK) LLP

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CASTLELAKE (UK) LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The members present their annual report together with the audited financial statements of Castlélake (UK) LLP ("the LLP") for the year ended 31 December 2021.

Principal activities

The LLP was incorporated on 3 February 2006. The principal activity of the LLP during the year was that of investment advisory under the terms of the Discretionary Investment Advisory Agreement executed on 21 September 2006 between the LLP and Castlélake L.P., a partnership incorporated in the USA (the ultimate parent of the LLP). The LLP was authorised to conduct investment business by the Financial Conduct Authority ("FCA") on 21 September 2006. The LLP is regulated by the FCA.

During the prior year the representative office ("branch") of Castlélake (UK) LLP in Switzerland was dissolved. The operating results of the Switzerland branch were incorporated in the results of Castlélake (UK) LLP.

In the past, the business has performed as expected with revenues growing year-over-year. We continue to grow the top-line and expect to hire more talent to satisfy the growing needs of supporting the additional revenue. We expect this trend to continue in the future.

Designated Members

Castlélake Holdings (UK) Limited, was a designated member throughout the period. Eduardo D'Alessandro was appointed on 1 April 2021 and Rory O'Neill resigned on 1 April 2021.

Members

Philipp Braschel, Christopher Buckley and Yen-Wah Lam were appointed on 1 April 2021.

Pillar 3 disclosures (unaudited)

Disclosure of Castlélake (UK) LLP's Stewardship Code, in accordance with guidance issued by the Financial Reporting Council, as well as its capital, risk exposures and risk assessment process, in accordance with the FCA rules on Pillar 3 disclosures, is attached as an appendix (unaudited) to these audited financial statements.

Key Performance Indicators

Given the straightforward nature of the business, the designated members are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

Future Development

No future developments are planned which would have a significant impact on the LLP.

Results and Allocation to Members

The profit for the year available for discretionary division among members was £4,860,741 (2020: £1,366,265). Any profits are shared among the members as decided by the Corporate Member with the remaining balance allocated automatically to the Corporate Member in accordance with the the Partnership Agreement dated 1 April 2021.

CASTLELAKE (UK) LLP

MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Results and Distributions

The LLP's Statement of Financial Position is detailed on page 10. Members' total interests amount to £13,383,501 (2020: £8,953,651).

The results for the year and the financial position at the year end were considered satisfactory by the designated members.

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the business relate to the performance of the underlying funds managed by the ultimate parent undertaking, which has appropriate procedures in place to manage these risks.

The Castllake Funds have investments with indirect exposure to aircrafts leased to Russian airlines which are currently in Russian jurisdictions through special purpose vehicles (SPVs). Imposed sanctions beginning in February 2022 are resulting in uncertainty with the ability to continue leases with Russian airlines as well as how and when the SPVs can recover these aircrafts. The results of these sanctions may negatively impact the performance of these investments. Additionally, there may be negative impact to the performance of other aviation investments which are impacted by the ongoing geopolitical turmoil in eastern Europe. The impact of these events on the Castllake Funds may affect the performance of Castllake L.P. which provides support for the LLP.

Going Concern

The LLP provides services to the ultimate parent ("Castllake") and receives a service fee based on a cost-plus model. The LLP is dependent on the ability of the Castllake to continue to pay the service fees as and when they fall due. Castllake has evaluated the effect of Covid-19 on the LLP to date and while it expects the effects of Covid-19 to continue in the near term, it does not expect it to have a material impact on the LLP's future operations or future profitability as it earns management fees paid by the Castllake Funds ("Funds"). The Funds are private equity vehicles with no investor redemption rights (investors commit capital that is called by the Funds, generally over multiple years, called capital is not subject to discretionary redemptions by investors, and distributions are generally made after the commitment period when capital is available due to the monetization investments at the discretion of Castllake). While nearterm Fund and investment performance may be affected as by Covid-19, management fees are calculated on called or invested limited partner capital using a fixed quarterly rate.

Consequently, Castllake expects to provide the LLP with sufficient financial resources and liquidity to meet the LLP's obligations to employees and other creditors as and when they fall due for a period of at least 12 months from the date of approval of the financial statements. Castllake has confirmed in a letter of support to the LLP their commitment to provide ongoing financial support to the LLP.

Following the working from home and social distancing advice issued by the UK Government, the LLP has implemented a detailed plan that enables effective operations to continue while employees are not physically present in its office.

Management continues to monitor the impact that the ongoing Covid-19 pandemic has on the LLP and the industries and the economies in which it operates.

The LLP does not foresee the ongoing Covid-19 pandemic having an impact on its ability to continue as a going concern as the LLP expects to be able to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the members continue to adopt the going concern basis in preparing the LLP's financial statements.

CASTLELAKE (UK) LLP

**MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

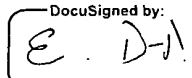
Each of the persons who are Members at the time when this Members' Report is approved confirmed that:

- so far as that Member is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- that Member has taken all the steps that ought to have been taken as a Member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

Haysmacintyre LLP has indicated its willingness to continue in office and a resolution concerning their reappointment will be put to the Members at the meeting to approve these financial statements.

This report was approved by the members and signed on their behalf by:

DocuSigned by:

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Eduardo D'Alessandro

On behalf of the corporate member, Castlelake
Holdings (UK) Limited

Date: 11 May 2022

CASTLELAKE (UK) LLP

**MEMBERS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

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

- select suitable accounting policies for the LLP's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The designated members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CASTLELAKE (UK) LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLELAKE (UK) LLP

Opinion

We have audited the financial statements of Castllake (UK) LLP ("the LLP") for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests, the Statement of Cash Flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

CASTLELAKE (UK) LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLELAKE (UK) LLP (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The members are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CASTLELAKE (UK) LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLELAKE (UK) LLP (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the investment advisory business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journals posted by unusual users, journals recorded at the end of the year with little or no description, journals containing round numbers and journals processed outside the normal course of business; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

CASTLELAKE (UK) LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLELAKE (UK) LLP (CONTINUED)

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Melanie Pittas

Melanie Pittas (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

10 Queen Street Place
London
EC4R 1AG
Date: 11 May 2022

CASTLELAKE (UK) LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	3	22,369,512	16,278,786
Administrative expenses		(16,906,409)	(14,898,718)
Operating profit	4	5,463,103	1,380,068
Interest receivable and similar income	8	7	726
Profit before tax		5,463,110	1,380,794
Tax on profit		(600)	(14,529)
Profit for the year before members' remuneration and profit shares		5,462,510	1,366,265
Profit for the year before members' remuneration and profit shares		5,462,510	1,366,265
Members' remuneration charged as an expense		(601,769)	-
Profit for the financial year available for discretionary division among members		4,860,741	1,366,265

There was no other comprehensive income for 2021(2020: £nil).

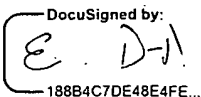
The notes on pages 13 to 23 form part of these financial statements.

CASTLELAKE (UK) LLP
REGISTERED NUMBER: OC317635

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	288,430	435,270
Current assets			
Debtors: amounts falling due after more than one year	10	511,146	-
Debtors: amounts falling due within one year	10	22,251,952	20,332,983
Bank and cash balances	11	462,159	141,566
		<u>23,225,257</u>	<u>20,474,549</u>
Creditors: amounts falling due within one year	12	(9,894,641)	(9,761,700)
Net current assets		<u>13,330,616</u>	<u>10,712,849</u>
Net assets		<u>13,619,046</u>	<u>11,148,119</u>
Represented by:			
Loans and other debts due to members			
Other amounts	13	2,470,927	-
Members' other interests			
Members' capital classified as equity		633,579	633,579
Other reserves classified as equity		10,514,540	10,514,540
		<u>13,619,046</u>	<u>11,148,119</u>
Total members' interests			
Amounts due from members (included in debtors)	10	(235,545)	(2,194,468)
Loans and other debts due to members	13	2,470,927	-
Members' other interests		11,148,119	11,148,119
		<u>13,383,501</u>	<u>8,953,651</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:

DocuSigned by:

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Eduardo D'Alessandro
 Designated member

Date: 11 May 2022

The notes on pages 13 to 23 form part of these financial statements.

CASTLELAKE (UK) LLP

RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Equity Members' other interests			Debt Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
Balance at 1 January 2020	633,579	9,148,275	9,781,854	(2,177,729)	(2,177,729)	7,604,125
Profit for the year available for discretionary division among members	-	1,366,265	1,366,265	-	-	1,366,265
Members' interests after profit for the year	633,579	10,514,540	11,148,119	(2,177,729)	(2,177,729)	8,970,390
Other transactions with members	-	-	-	(16,739)	(16,739)	(16,739)
Amounts due from members	-	-	-	(2,194,468)	(2,194,468)	-
Balance at 31 December 2020	633,579	10,514,540	11,148,119	(2,194,468)	(2,194,468)	8,953,651
Members' remuneration charged as an expense	-	-	-	601,769	601,769	601,769
Profit for the year available for discretionary division among members	-	4,860,741	4,860,741	-	-	4,860,741
Members' interests after profit for the year	633,579	15,375,281	16,008,860	(1,592,699)	(1,592,699)	14,416,161
Other division of profits	-	(4,860,741)	(4,860,741)	4,860,741	4,860,741	-
Drawings	-	-	-	(601,769)	(601,769)	(601,769)
Other transactions with members	-	-	-	(430,891)	(430,891)	(430,891)
Amounts due to members	-	-	-	2,470,927	2,470,927	-
Amounts due from members	-	-	-	(235,545)	(235,545)	-
Balance at 31 December 2021	633,579	10,514,540	11,148,119	2,235,382	2,235,382	13,383,501

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests:

CASTLELAKE (UK) LLP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	4,860,741	1,366,265
Adjustments for:		
Depreciation of tangible assets	146,840	191,211
Interest received	(7)	(726)
Taxation charge	600	-
(Increase)/decrease in debtors	(2,543,708)	2,954,244
Increase in amounts owed by group undertakings	(1,845,330)	-
Decrease in creditors	129,828	(4,517,985)
Increase in amounts owed to group undertakings	3,113	-
Corporation tax (paid)/received	(600)	-
Net cash generated from operating activities before transactions with members	<u>751,477</u>	<u>(6,991)</u>
Members' remuneration charged as an expense	(601,769)	-
Net cash generated from operating activities	<u>149,708</u>	<u>(6,991)</u>
Cash flows from investing activities		
Interest received	7	726
Net cash generated from investing activities	<u>7</u>	<u>726</u>
Cash flows from financing activities		
Drawings paid to members	601,769	-
Other transactions with members	(430,891)	-
Net cash used in financing activities	<u>170,878</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>320,593</u>	<u>(6,265)</u>
Cash and cash equivalents at beginning of year	141,566	147,831
Cash and cash equivalents at the end of year	<u><u>462,159</u></u>	<u><u>141,566</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>462,159</u></u>	<u><u>141,566</u></u>

The notes on pages 13 to 23 form part of these financial statements.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Castlelake (UK) LLP is a limited liability partnership incorporated in England and Wales. The registered office of the LLP is, 15 Sackville Street, London, W1S 3DJ. The LLP had a branch in Switzerland established on January 1, 2013 and the results of which are incorporated in these financial statements. The Switzerland branch of Castlelake (UK) LLP was closed in April 2020.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The LLP has considered the ongoing effects of the outbreak of the Coronavirus ("Covid-19") on its operations and has concluded that the impact is likely to be limited based on its Covid-19 impact analysis as part of their going concern assessment. The analysis used information available to the date of issue of these financial statements.

The LLP provides services to the ultimate parent ("Castlelake") and receives a service fee based on a cost-plus model. The LLP is dependent on the ability of the Castlelake to continue to pay the service fees as and when they fall due. Castlelake has evaluated the effect of Covid-19 on the LLP to date and while it expects the effects of Covid-19 to continue in the near term, it does not expect it to have a material impact on the LLP's future operations or future profitability as it earns management fees paid by the Castlelake Funds ("Funds"). The Funds are private equity vehicles with no investor redemption rights (investors commit capital that is called by the Funds, generally over multiple years, called capital is not subject to discretionary redemptions by investors, and distributions are generally made after the commitment period when capital is available due to the monetization investments at the discretion of Castlelake). While near-term Fund and investment performance may be affected by the ongoing impact of Covid-19, management fees are calculated on called or invested limited partner capital using a fixed quarterly rate.

Consequently, Castlelake expects to provide the LLP with sufficient financial resources and liquidity to meet the LLP's obligations to employees and other creditors as and when they fall due for a period of at least 12 months from the date of approval of the financial statements. Castlelake has confirmed in a letter of support to the LLP their commitment to provide ongoing financial support to the LLP.

Following the working from home and social distancing advice issued by the UK Government, the LLP has implemented a detailed plan that enables effective operations to continue while employees are not physically present in the its office.

Management continues to monitor the impact that the ongoing Covid-19 pandemic has on the LLP and the industries and the economies in which it operates.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.2 Going concern (continued)**

The LLP does not foresee the ongoing Covid-19 pandemic having an impact on its ability to continue as a going concern as the LLP expects to be able to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the members continue to adopt the going concern basis in preparing the LLP's financial statements.

2.3 Turnover

The LLP established a cost plus model for revenue recognition, whereby the partnership seeks remuneration for services provided to affiliates at a cost plus 10%. Revenue is recognised on an accruals basis net of VAT and rebates.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	-	14% straight line
Office equipment	-	14% straight line
Computer equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2: Accounting policies (continued)**2.7 Financial instruments**

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.8 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Pensions**Defined contribution pension plan**

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the LLP in independently administered funds.

2.10 Members' profit allocation

Amounts becoming due to members in respect of members' profit allocation are debited directly to reserves in the year in which the division occurs. Drawings are recognised as a loan due from members until allocation occurs.

2.11 Policy for members' drawings, subscriptions and repayment of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 10 April 2006, as amended and restated on 1 April 2021.

2.12 Expenses

Expenses incurred have been recognised on an accrual basis.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.13 Foreign currency translation****Functional and presentation currency**

The LLP's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.14 Operating leases: the LLP as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.15 Reserves

Members' capital of £633,579 (2020: £633,579) represents those amounts introduced by the members of the LLP to be used in business operations. All amounts credited to each member's capital account shall be immediately and fully available to the LLP for unrestricted use to cover risks and losses as and when they may occur. Future capital contributions and withdrawals are permitted as outlined by the partnership agreement.

Other reserves represent the unallocated profits from operations of the year.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the LLP operates and generates income.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
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3. Turnover

Turnover, which is stated net of value added tax and is on an accruals basis, is attributable to continuing activities, and arises from the supply of investment management services in the United Kingdom to the ultimate parent company in the United States of America, which manages investment funds.

	2021 £	2020 £
Investment management services	22,369,512	16,278,786

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	356,222	140,405
Operating lease rentals — land and building	916,785	724,828

5. Auditors' remuneration

	2021 £	2020 £
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual financial statements	20,000	25,340

Fees payable to the LLP's auditor and its associates in respect of:

Taxation compliance services	-	14,885
All other services	4,750	-
	4,750	14,885

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Employees

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	11,603,163	10,091,804
Social security costs	1,892,412	1,607,063
Cost of defined contribution scheme	353,079	325,300
	<u>13,848,654</u>	<u>12,024,167</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2021 No.	2020 No.
Employees	<u>42</u>	<u>38</u>

7. Information in relation to members

	2021 No.	2020 No.
The average number of members during the year was	<u>4</u>	<u>2</u>
	2021 £	2020 £
Paid under the terms of the LLP agreement	<u>601,769</u>	<u>-</u>
The amount of profit attributable to the member with the largest entitlement was	<u>2,389,814</u>	<u>1,366,265</u>

8. Interest receivable

	2021 £	2020 £
Other interest receivable	<u>7</u>	<u>726</u>

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Tangible fixed assets

	Long-term leasehold property £	Office equipment £	Computer equipment £	Artwork £	Total £
Cost or valuation					
At 1 January 2021	807,308	450,811	177,959	3,999	1,440,077
Disposals	(605,078)	(343,475)	(173,360)	-	(1,121,913)
At 31 December 2021	202,230	107,336	4,599	3,999	318,164
Depreciation					
At 1 January 2021	532,995	308,497	163,315	-	1,004,807
Charge for the year	91,887	10,911	44,042	-	146,840
Disposals	(605,079)	(310,889)	(205,945)	-	(1,121,913)
At 31 December 2021	19,803	8,519	1,412	-	29,734
Net book value					
At 31 December 2021	182,427	98,817	3,187	3,999	288,430
At 31 December 2020	274,313	142,314	14,644	3,999	435,270

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	511,146	-

Included in other debtors due after more than one year is an amount of £511,146 (2020: £nil) which relates to a rent deposit.

	2021 £	2020 £
Due within one year		
Trade debtors	2,738	-
Amounts owed by group undertakings	18,965,707	17,120,377
VAT recoverable	308,402	257,726
Prepayments	591,190	760,412
Other debtors	2,148,370	-
Amounts due from members	235,545	2,194,468
	<u>22,251,952</u>	<u>20,332,983</u>

Included in prepayments is an amount of £nil (2020: £510,941) which relates to a rent deposit.

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	462,159	141,566

12. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	32,754	208,824
Amounts owed to group undertakings	153,659	150,546
Accrued expenses	9,708,228	9,402,330
	<u>9,894,641</u>	<u>9,761,700</u>

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
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13. Loans and other debts due to members

	2021 £	2020 £
Other amounts due to members	2,470,927	-

Loans and other debts due to members may be further analysed as follows:

	2021 £	2020 £
Falling due within one year	(1,853,195)	-
Falling due after more than one year	(617,732)	-
	(2,470,927)	-

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Analysis of net debt

	At 1 January 2021 £	Arising from cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	141,566	320,593	-	462,159
Net debt (before members' debt)	141,566	320,593	-	462,159
<i>Loans and other debts due to members</i>				
Other amounts due to members	-	-	(2,470,927)	(2,470,927)
	<u>141,566</u>	<u>320,593</u>	<u>(2,470,927)</u>	<u>(2,008,768)</u>

15. Pension commitments

The LLP operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The pension charge represents the contributions payable by the LLP to the fund and amounted to £353,079 (2020: £325,300). Contributions totalling £nil (2020: £nil) were payable to the fund at the reporting date.

16. Commitments under operating leases

At 31 December 2021 the LLP had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	584,423	584,423
Later than 1 year and not later than 5 years	688,498	1,266,250
	<u>1,272,921</u>	<u>1,850,673</u>

There are no other financial commitments or contingencies.

CASTLELAKE (UK) LLP

**NOTES TO THE FINANCIAL STATEMENTS
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17. Related party transactions

Castlelake Holdings (UK) Limited is a designated member of Castlelake (UK) LLP and is a 100% subsidiary of Castlelake, L.P., the ultimate parent. During the year ended 31 December 2021, Castlelake, L.P. provided investment fund management services to certain funds that it manages. The LLP earned £22,369,512 (2020: £16,278,786) in respect of the sub-advisory agreement in effect with Castlelake, L.P. At 31 December 2021, a balance of £18,965,602 (2020: £16,723,843) was owed to the LLP in respect of services rendered during the year.

During the year ended 31 December 2021, an amount of £8,703 (2020: £nil) was repaid to the LLP from Castlelake Ireland, a related undertaking. At 31 December 2021, £nil (2020: £8,703) was owed to the LLP.

During the year ended 31 December 2021, an amount of £686 (2020: £nil) was repaid to the LLP from Castlelake Singapore, a related undertaking and amounts of £105 (£nil) were paid on behalf of the entity. At 31 December 2021, £105 (2020: £686) was owed to the LLP.

18. Controlling party

The LLP's immediate parent is Castlelake Holdings (UK) Limited, a company registered in England & Wales. Its ultimate parent undertaking and controlling party is Castlelake, L.P., a company registered in Delaware.

19. Post balance sheet events

The Castlelake Funds have investments with indirect exposure to aircrafts leased to Russian airlines which are currently in Russian jurisdictions through special purpose vehicles (SPVs). Imposed sanctions beginning in February 2022 are resulting in uncertainty in the ability to continue leases with Russian airlines as well as how and when the SPVs can recover these aircrafts. The results of these sanctions may negatively impact the performance of these investments. Additionally, there may be negative impact to the performance of other aviation investments which are impacted by the ongoing geopolitical turmoil in eastern Europe. The impact of these events on the Castlelake Funds may affect the performance of Castlelake L.P. which provides support for the LLP. The financial impact of this cannot be quantified.

Castlelake (UK) LLP
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Pillar 3 Disclosure – Unaudited Appendix
December 31, 2021

Disclosure policy

The Pillar 3 rules in BIPRU 11 set out the need for firms to have a formal disclosure policy. In accordance with the rules of the Financial Conduct Authority (FCA), the Partnership will disclose the information set out in BIPRU 11 (the Pillar 3 rule) on at least an annual basis and after any material change. The Pillar 3 disclosure, which will be approved by the Board of Directors (“Board”) of the Designated Member of the Partnership, will be made in an unaudited appendix to the annual audited financial statements of the Company. The Disclosure Policy has been approved by the Board.

Introduction

The LLP is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The LLP is categorised by the FCA, for capital purposes, as a €50,000 limited license firm. It is an investment management firm; it has no trading book exposures. The LLP is not required to prepare consolidated reporting for prudential purposes.

The FCA’s current prudential regime can be split into three “pillars”:

- Pillar 1 – prescribes the minimum capital requirements that authorised firms need to hold. This is the higher of: €50,000; a quarter of the firm’s annual adjusted expenditure (the Fixed Overhead Requirement); and the sum of the firm’s prescribed Credit risk and Market risk requirement.
- Pillar 2 – requires firms to analyse the risks to the business and then consider whether the risks are mitigated to an appropriate standard. If the firm feels that the risks are not adequately mitigated then they should allocate capital against those risks. Stress and scenario tests are conducted to ensure that the processes, strategies and systems are comprehensive and robust and that the allocation of capital is sufficient.
- Pillar 3 – requires firms to develop a set of disclosures which will allow market participants to assess key information about the firm’s underlying risks, risk management controls and capital position.

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For the year ended December 31, 2021

Introduction (continued)

The LLP's ICAAP is updated and reviewed and approved by the Board as part of the business planning cycle, and upon the occurrence of any major event requiring a complete review of the LLP's risks and capital position. It is used to facilitate the involvement of the LLP's senior management, partners and the Board in the ongoing assessment of risks. The Fixed Overhead Requirement determines the LLP's Pillar I and Pillar II Capital Resources Requirement.

The LLP is a Limited Liability Partnership, and its capital arrangements are established by its Partnership deed. Its capital is summarized as follows:

Members' capital	£ 633,579
Revenue reserves	£ 10,514,540
Members' capital and other reserves	<u>£ 11,148,119</u>

The main features of the LLP's Capital Resources Requirement are as follows:

Capital Item:	
Core Tier 1 capital	<u>£ 11,148,119</u>
Total capital	13,383,501
Deductions from total capital - illiquid assets	<u>(800,132)</u>
Total capital resources, net of deductions	<u>£ 12,583,369</u>
 Fixed Overhead Requirement	 <u>£ 2,454,000</u>

The LLP's Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Risk management

Due to the size, nature, scale and complexity of the LLP, there is no independent risk management function. The partners/directors of the LLP determine the business strategy and risk appetite along with the risk management policies and procedures. Risks to the LLP are then identified and mitigated against.

If necessary the LLP would allocate extra capital to the relevant risk, as per the Pillar 2 requirement. This has not been deemed necessary. This process is conducted at partner/director meetings which are held on a quarterly basis and the relevant policies and procedures are updated where necessary.

Castlelake (UK) LLP
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Notes to the financial statements
For the year ended December 31, 2021

Risk management (continued)

The partners/directors have identified operational risk as the main area of risk to which the LLP is exposed. Operational risk is defined as the risk of loss to the LLP resulting from inadequate or failed internal processes, people and systems, or from external events; it includes legal and tax and financial crime risks, but does not include strategic and business risks.

Operational risk is managed primarily through the following key mitigating controls:

- Segregation of duties including secondary reviews and authorizations;
- Trade date and settlement date cash and positions are reconciled daily;
- Investment professionals do not have access to or authority to move cash, securities or collateral;
- Investment professionals do not have the authority to open bank or broker accounts or sign final contractual agreements;
- Investment activity is undertaken in accordance with the investment guidelines and reviewed by an investment committee. The incidence of dealing errors is low;
- Operational professionals are not authorized to commit fund capital for investment purposes;
- The technology manager maintains the integrity and confidentiality of each Fund's data (in relation to the funds managed by the LLP);
- Systems access is password protected and disaster recovery provisions are in place;
- Insurance policies have been acquired as necessary to achieve adequate risk transfer;
- All new employees are subject to background checks.

Remuneration policy

Further information on the LLP's remuneration policy, including Code Staff aggregate remuneration as required by the Financial Conduct Authority for the year ended December 31, 2021, can be found under "Disclosures" at www.newgatecompliance.com.

Stewardship code disclosure

In compliance with the goals of the Stewardship Code, the LLP seeks to enhance the engagement between Castlelake, L.P. as it relates to investment transactions to help improve long-term returns.