Feature 1: Value Creation in the Aircraft Business

As mentioned in our message from the CEO, the aircraft business has overcome numerous crises, cultivating expertise and earning the trust of investors and airline lessees. James Meyler, Group Executive and CEO of ORIX Aviation Systems Limited, shares ORIX's cultivated strengths and unique ways to create value.

James Meyler

Group Executive
Chief Executive Officer, ORIX Aviation Systems Limited
Member of the Board of Directors, Avolon Holdings Limited

Profile
Returned to ORIX Aviation Systems Limited in October 2009. Elected to its Board of Directors in 2015 and appointed CEO in 2018. Appointed Group Executive, ORIX in January 2025.

Expertise and Trust Cultivated from Crises

ORIX Aviation Systems Limited ("ORIX Aviation") is a company that was born in and forged from crises. Back in 1991, ORIX entered into the aircraft leasing business when it acquired the Airbus aircraft order rights of a failed US airline. Immediately after our entry, the airline industry faced the upheaval of the Gulf War; at the time, we had virtually no expertise in such crises, and the first 10 years were spent largely in the red. Nevertheless, we acquired asset management capabilities and worked to build relationships with reliable airlines and gradually established a sustainable revenue model, one that has seen ORIX Aviation in the black for over 20 consecutive years now.

We have since faced numerous major crises, including the September 11 terrorist attacks, SARS, the European debt crisis, and the recent COVID-19 pandemic. Each of these crises had a significant impact on the aviation industry, but we withstood the impact from each one, learnt the industry lessons, and planned for the future. For example, during the COVID-19 pandemic, many airlines were delayed in their lease payments, and some even went into bankruptcy. Despite this, we navigated the crisis by proactively negotiating with our airline customers and bankruptcy trustees, while providing detailed reports to investors. Through our assured handling of the pandemic, we remained profitable and were ultimately able to enhance our reputation as a servicer.

Experience and organizational strength are truly tested in times of crisis, and these are the pillars of ORIX Aviation's stellar industry reputation. Our long track record and stable financial foundation as part of ORIX Group have earned us external recognition, and we have kept S&P's highest possible aircraft leasing servicer ranking of "Strong with a Stable Outlook" since 2015.

A Global Growth Strategy Built on the Concept of One Team

Our business is not limited to leasing aircraft to airlines. While we are a full service operator within aircraft leasing, our true strength lies in our ability to provide structuring tailored to investor needs, aircraft investment facilitation, and asset management functions for investor-owned aircraft. Our high ROE performance is the result of consistently driving this value creation cycle that combines aircraft leasing and asset management, and by continuously taking on challenges in new domains. Since the 2000s, we have originated co-investments, starting with Cargill as our first partner in 2005. Since then, we have been growing this business with major investment funds such as Apollo Global Management and Marathon Asset Management. We are also actively looking into engine leasing, a new asset type for us.

Our ability to dynamically layer multiple businesses is possible because of the extremely close collaboration between Japan and Ireland. I do not see our relationship as that of a parent and subsidiary; we are fully integrated as one team. Ireland leads deal sourcing, then works with our sales network in Japan to match investment opportunities with investors and provide ongoing investor support services. The teams in Japan and Ireland communicate daily across multiple organizational platforms and we connect the voices of our Japanese investors with global market trends. Although we face difficult prospects from time to time, these challenging experiences have made us more resilient; the depth of our talent pool and the agility of our organization have become strengths that sets us apart from our competitors.

Toward the Next Stage of Value Creation

Our desire is to make ORIX a group that employs past experiences, to consistently create value with a future-oriented mindset. We will drive a highly profitable business model growing our owned and managed fleet to 500 aircraft by 2030. We will diversify the projects we engage in with our existing investment fund partners and challenge ourselves to cultivate new partners and strike out into new asset classes that have growth potential. Additionally, we will focus on strengthening our organizational foundation with asset management at its core.

As one global team with hubs in Ireland, Dubai and Japan, ORIX Aviation will continue to challenge ourselves —finding paths, making impact.

We spoke with Yushi Tanaka, CIO of ORIX Aviation, who has built his career in Ireland, about value creation in ORIX Group's Aircraft leasing.

Yushi Tanaka

CIO, ORIX Aviation Systems Limited

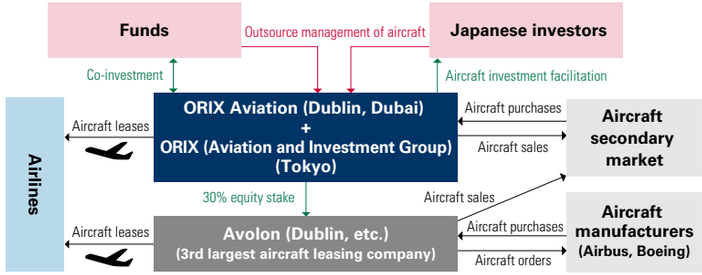
Profile

Joined ORIX Corporation in April 2002.
After working in corporate sales and treasury, he was seconded to ORIX Aviation in 2012.
Appointed to the Board of Directors of ORIX Aviation in 2019, and joined ORIX Aviation in 2024.

Tanaka: As of March 2025, ORIX Aviation manages and owns 208 aircraft. We maximize asset value through diverse business lines that include acquiring aircraft in the secondary market, leasing to airlines, co-investments with investment funds, providing Japanese investors with investment opportunities and aircraft management. As a result, we achieve high profitability through a balanced income stream that combines lease income from owned aircraft, profits from aircraft sales, and fee income from aircraft management. In addition, we have established an even more diversified value chain through our investment in Avolon, which directly orders aircraft from manufacturers and is the industry's third largest aircraft leasing company. The headquarters of ORIX Aviation and Avolon are across the street from one another in Dublin, and our partnership has generated multiple synergies across many organizational levels, thus further strengthening our capabilities.

The Dublin headquarters of ORIX Aviation (left) and Avolon (right), across the street from each other

ORIX Group's Aircraft Leasing Business



Please explain the strengths that come from ORIX's integrated platform between Japan and Ireland.

Tanaka: At ORIX Group, our Irish staff also communicate directly with investors, while our Japanese staff are also involved in negotiations when structuring deals. This enables us to create deals that not only utilize the power of the larger Group, but also improve our responsiveness as an organization, such as delivering timely and accurate reporting to investors during adverse events. During the COVID-19 pandemic, this proactive approach was highly valued and has won us additional deals.

What is your outlook for the aircraft leasing industry?

Tanaka: Going forward, demand for air travel is expected to expand significantly, particularly in emerging markets, driving growth for aircraft leasing and related industries. At the same time, the industry as a whole must address environmental and social issues, such as carbon emissions associated with air flight. ORIX Aviation is leading discussions on the sustainable development of the aircraft leasing industry, including initiatives for decarbonization strategies, at Aircraft Leasing Ireland,* where our CFO, Marie-Louise served as chair until her term ended in 2024. Looking ahead to 2030, ORIX Aviation aims to leverage our experience and expertise to expand our owned and managed aircraft to 500 and further enhance our ROE.

* Aircraft Leasing Ireland: Established in July 2018 under IBEC, the umbrella organization for Ireland's financial services industry. Composed of C-level executives from almost 100 aircraft leasing companies, ALI engages in policy advocacy with the Irish government and international institutions.

Feature Article

Why Ireland Remains the Center of Aircraft Leasing

Ireland, home base for both ORIX Aviation and Avolon, is the birthplace of commercial aircraft leasing and continues to be the global hub of the industry today. An Irish leased aircraft takes off every two seconds somewhere in the world. Approximately 50% of the world's commercial jet fleet aircraft are operated and supplied through leasing, and 14 of the top 15 aircraft lessors in the world are headquartered in Dublin.

This status stems from Ireland's attractiveness as a business base. English is the official language, the legal system is based on common law, and EU membership provides a stable business environment. Although the country has experienced periods of slower economic development, from the 1990s onward, Ireland has succeeded in attracting many of the world's leading companies to establish a base in the country and has since recorded some of the strongest economic growth in Europe.

Ireland has also secured an important advantage for global business expansion by entering into numerous tax treaties that prevent double taxation, a critical factor when handling aircraft as an international asset.

Geographically, Ireland is the closest European country to the United States, and it originally developed as a transit point for transatlantic routes. Shannon, located on Ireland's west coast and the world's first modern free trade zone, was where Guinness Peat Aviation created the business model for aircraft leasing in 1975. By the 1980s it established itself as the largest player in the industry. The business acumen and expertise of its professionals including lawyers, accountants, tax advisors, and engineers continues to underpin the country's competitive advantage today.