Dubai Aerospace Enterprise (DAE) Ltd

Results for the three months ended 31 March 2019

CONFERENCE CALL DETAILS

DAE will host a conference call at 09.00 EST / 14.00 GMT / 17.00 GST on Thursday 9th May, 2019 to review our results for the three months ended 31 March, 2019. The call can be accessed live by dialling (Ireland) +353 (0) 1 246 5638, (UAE) 8000 3570 2653, (U.S.) +1 323-794-2093 or (UK) +44 (0) 330 336 9105 and referencing code 1071100 at least 15 minutes before the start time. Further information can be found on our website http://www.dubaiaerospace.com.

RESULTS ANNOUNCEMENT

We present management's discussion and analysis of the financial condition and results of operations for the three months ended 31 March, 2019 which should be read in conjunction with the unaudited condensed consolidated financial statements (the "interim financial statements") of Dubai Aerospace Enterprise (DAE) Ltd ("DAE") and its subsidiaries (together and hereinafter "we" or "us"). References to "31 March, 2019" are to the three months ended 31 March, 2019 and to "31 March, 2018" are to the three months ended 31 March, 2018.

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 31 MARCH, 2019

- Profit from operating activities for the three months ended 31 March, 2019 was $206.9 million compared to $176.2 million for the three months ended 31 March, 2018. During the three months ended 31 March, 2019 there was an increase in the gains on disposal of aircraft.
- Profit before tax for the three months ended 31 March, 2019 was $109.7 million compared to $109.9 million for the three months ended 31 March, 2018.
- Adjusted EBITDA increased to $349.4 million for the three months ended 31 March, 2019, from $315.5 million for the three months ended 31 March, 2018.
- Total cash and cash resources as at 31 March, 2019 of $319.3 million represents a decrease of $89.5 million compared to $408.8 million as at 31 December, 2018.
- Total assets were $13,972.5 million as at 31 March, 2019, compared to $14,705.2 million as at 31 December, 2018.

OPERATIONAL HIGHLIGHTS

- The operational highlights for the three months ended 31 March, 2019 and 31 March, 2018 are summarised below:
  - Purchases – we purchased 6 aircraft (2018: six aircraft).
  - Sales – we disposed of 17 aircraft (2018: one aircraft).
  - Total aircraft in the fleet at 31 March, 2019 was 354 which consists of the following:
    - 301 owned aircraft - includes eight aircraft on finance lease (31 December, 2018: 312 which included eight aircraft on finance lease and 16 aircraft classified as held-for-sale ("HFS")
    - 52 managed aircraft - managed on behalf of various third parties (31 December, 2018: 37 aircraft).
    - 1 committed aircraft.
- We drew down a total of $1,109.6 million of borrowings during the three months ended 31 March, 2019.

FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. These forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate", "assume", "believe", "budget", "continue", "could", "estimate", "expect", "future", "intend", "may", "plan", "potential", "predict", "project", "will" and similar terms and phrases to identify forward-looking statements. Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realised. Some of these expectations may be based upon assumptions or judgements that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realised or otherwise materially affect our financial condition, results of operations and cash flows. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. All amounts expressed in "$" or "dollars" refer to U.S. dollars.

RESULTS OF OPERATIONS

The following discussion of our results of operations is based on the condensed consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position which have been extracted from our interim financial statements for the three months ended 31 March, 2019.

Results of operations *(in millions of USD)*

	Three months ended	
	31 Mar, 2019	**31 Mar, 2018**
Consolidated statement of comprehensive income data		
Total revenue	$ 360.0	$ 352.4
Gain/(loss) on disposal of aircraft	28.6	(0.1)
Expenses		
Depreciation and amortisation	(142.5)	(139.3)
General and administrative expenses	(20.8)	(23.3)
Cost of providing engineering maintenance services	(14.9)	(10.5)
Aircraft maintenance	(3.5)	(3.0)
Profit from operating activities	**206.9**	**176.2**
Net finance costs	(97.2)	(66.3)
Profit before income tax	**109.7**	**109.9**
Income tax expense	(10.7)	(13.9)
Profit for the period	**99.0**	**96.0**

	As of	
Consolidated statement of financial position data (Extract)	**31 Mar, 2019**	**31 Dec, 2018**
Total cash and cash resources	$ 319.3	$ 408.8
Aircraft held-for-lease	11,837.1	11,708.2
Assets held-for-sale	-	521.1
Total assets	**13,972.5**	**14,705.2**
Total loans and borrowings	8,785.2	9,260.6
Total equity	3,357.0	3,524.8
Total equity and liabilities	**13,972.5**	**14,705.2**

	Three months ended	
Adjusted EBITDA calculation (1)	**31 Mar, 2019**	**31 Mar, 2018**
Profit for the period	**$ 99.0**	**$ 96.0**
Add back		
Net finance costs	97.2	66.3
Income tax expense	10.7	13.9
Depreciation and amortisation	142.5	139.3
Adjusted EBITDA	**349.4**	**315.5**

	As of	
	31 Mar, 2019	**31 Dec, 2018**
Net debt to equity (2)	**2.56x**	**2.57x**
Total aircraft in the fleet	**354**	**354**

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(1) We define Adjusted EBITDA as profit for the applicable period, excluding net finance costs, income tax expense and depreciation and amortisation. Adjusted EBITDA is not a financial measure calculated under International Financial Reporting Standards ("IFRS"). We use Adjusted EBITDA to assess financial and operating performance and we believe this non-IFRS measure is helpful in identifying trends in our performance. Our method of calculating Adjusted EBITDA may differ from similarly named non-IFRS measures of other companies.

(2) Net debt to equity is calculated by dividing net loans and borrowings less cash and cash equivalents by total equity.

All financial information above has been rounded for presentation purposes. Any percentages are based on unrounded figures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

DAE is a global aerospace company headquartered in Dubai. DAE conducts its activities through two divisions: (i) Aircraft Leasing (DAE Capital) and (ii) Engineering (DAE Engineering). The aircraft leasing division is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors. The engineering division currently consists of an 80% ownership stake in Joramco, a provider of commercial aircraft maintenance, repair and overhaul (MRO) services. Approximately 95% of DAE is owned by Investment Corporation of Dubai ("ICD"), the investment arm of the Government of Dubai.

Aircraft leasing business (DAE Capital)

We are one of the largest aircraft leasing companies in the world. At 31 March, 2019 we had a total fleet of 354 aircraft which was made up of 301 owned aircraft (including eight aircraft on finance lease) and 52 managed aircraft. In addition, we also have one new, fuel-efficient aircraft on order from Airbus S.A.S. ("Airbus"), which is due to deliver during the year ended 31 December, 2019. These aircraft are on lease to 108 lessees in 55 countries.

As of 31 March, 2019, the aggregate book value of our owned fleet of $11,952.1 million includes finance lease receivable aircraft. The weighted average age of our owned fleet was 6.1 years based on net book value as of 31 March, 2019 (31 December 2018: 6.2 years). As of 31 March, 2019, 90.9% of our leases were subject to fixed lease rates as a percentage of lease revenue.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 31.4% of our portfolio based on lease revenue as of 31 March, 2019. Emirates, a related party, is our largest customer contributing 16.6% of lease revenue during the three months ended 31 March, 2019.

Analysis by aircraft type for the leasing business

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio	Total
A320 family	110	24	1	135
A330-200	15	1	-	16
A330-300	10	1	-	11
A350-900	2	-	-	2
Total Airbus	**137**	**26**	**1**	**164**
B737 family	82	18	-	100
B737 classics	-	3	-	3
B747-400	3	-	-	3
B757-200	-	1	-	1
B767-300ER	1	2	-	3
B777F	12	-	-	12
B777	3	-	-	3
B787	10	-	-	10
Total Boeing	**111**	**24**	**-**	**135**
ATR 72-600	53	2	-	55
Total	**301**	**52**	**1**	**354**
Narrow body	192	46	1	239
Wide body	56	4	-	60
Turboprop	53	2	-	55
Total	**301**	**52**	**1**	**354**

Three Months Ended 31 March, 2019 Compared to Three Months Ended 31 March, 2018

Revenues

	Three months ended	
	31 Mar, 2019	31 Mar, 2018
	USD millions	
Lease revenue	$ 335.3	$ 334.8
Maintenance revenue	$ 5.0	$ 6.4
Amortisation of lease incentive, lease discounts and other lease costs	$ (7.7)	$ (6.0)
Total lease revenue	**$ 332.6**	**$ 335.2**
Engineering maintenance service revenue – Joramco	$ 23.4	$ 16.2
Total lease revenue and engineering maintenance service revenue	**$ 356.0**	**$ 351.4**
Other income	$ 4.0	$ 1.0
Total revenue	**$ 360.0**	**$ 352.4**

Total revenue increased to $360.0 million for the three months ended 31 March, 2019 from $352.4 million for the three months ended 31 March, 2018 due to the reasons outlined below.

Total lease revenue decreased to $332.6 million for the three months ended 31 March, 2019 from $335.2 million for the three months ended 31 March, 2018. This decrease was due primarily to increased bad debt provision, increased amortisation costs and lower maintenance revenue during the three months ended 31 March, 2019 compared to the prior period.

Engineering maintenance service revenue – Joramco increased to $23.4 million for the three months ended 31 March, 2019, compared to $16.2 million for the three months ended 31 March, 2018.

Gain/(loss) on disposal of aircraft

Gain/(loss) on disposal of aircraft increased for the three months ended 31 March, 2019 to a gain of $28.6 million from a loss of $0.1 million for the three months ended 31 March, 2018. During the three months ended 31 March, 2019, we sold 17 owned aircraft, compared to one owned aircraft during the three months ended 31 March, 2018. Of the17 aircraft sold, 16 aircraft were sold to the managed fleet.

Fluctuations in the gain or loss on disposal of aircraft are not only a function of the number of disposals, but are also dependent on the type and age of aircraft, an accounting adjustment for revenue earned from the economic closing date to the transfer of title to the buyer, as well as the prevailing market trading conditions in the underlying period.

Expenses

Expenses for the three months ended 31 March, 2019 increased to $181.7 million compared to $176.1 million for the three months ended 31 March, 2018. This increase was principally due to higher cost of providing maintenance services and higher depreciation and amortisation expenses. This was partially offset by lower general and administrative expenses over the three months ended 31 March, 2019 compared to the prior period.

Net finance costs

Net finance costs increased to $97.2 million for the three months ended 31 March, 2019 from $66.3 million for the three months ended 31 March, 2018. This increase was due to lower finance income which related to the movement in fair value of derivatives. The movement in the fair value of derivatives during 2019 is being shown as part of other comprehensive income as all derivatives are now in designated hedge relationships. There was also higher finance expenses due to acceleration of the amortisation of loan fees after the early repayment of certain loans during the three months ended 31 March, 2019.

Income tax expense

During the three months ended 31 March, 2019, we recorded a tax expense of $10.7 million compared to $13.9 million for the three months ended 31 March, 2018. The income tax expense for the three months ended 31 March, 2019 was primarily driven by tax arising on the group's Irish activities at 12.5%. A tax benefit arose as a result of losses arising in other jurisdictions, primarily Hungary, however based on current income projections these losses have not be recognised. The reduction in the effective tax rate relates primarily to a reduction in the profits of the group attributable to Ireland as well as a reduction in the losses for which no tax benefit was recognised.

Profit for the year

Profit for the three months ended 31 March, 2019 was $99.0 million, compared to $96.0 million for the three months ended 31 March, 2018 mainly due to reasons outlined above.

Consolidated Cash Flows

The following table presents our consolidated cash flows for the three months ended 31 March, 2019 and the three months ended 31 March, 2018. The cash and cash equivalents shown below refer to unrestricted cash.

	Three months ended,			
	31 Mar, 2019		31 Mar, 2018	
	USD millions			
Consolidated cash flow data				
Net cash generated from operating activities ……………………….	$	255.2	$	296.9
Net cash from/(used in) investing activities ………………………...	$	195.0	$	(203.4)
Net cash used in financing activities........……………………………	$	(453.8)	$	(211.5)
Net decrease in cash and cash equivalents…………………………...	$	(3.6)	$	(118.0)
Cash and cash equivalents at the beginning of the period....…………	$	193.0	$	369.9
Cash and cash equivalents ....……………………….......	**$**	**189.3**	**$**	**251.9**

For the three months ended 31 March, 2019, net cash generated from operating activities were $255.2 million, a decrease from $296.9 million for the three months ended 31 March, 2018.

For the three months ended 31 March, 2019, net cash inflow from investing activities was $195.0 million, compared to an outflow of $203.4 million for the three months ended 31 March, 2018. This movement mainly relates to higher proceeds from disposal of aircraft compared to prior period.

Net cash used in financing activities for the three months ended 31 March, 2019 was $453.8 million compared to $211.5 million for the three months ended 31 March, 2018. This was due to increased loan repayments of $1,482.5 million and bond repurchases of $86.6 million which was partially offset by higher proceeds of borrowings of $1,109.6 million during the three months ended 31 March, 2019 compared to the prior period.

Our cash and cash equivalents, as at 31 March 2019 was $189.3 million, down from $251.9 million as at 31 March, 2018.

Loans and borrowings, Liquidity and Capital Resources

Loans and borrowings

Our total loans and borrowings before debt issuance costs decreased to $8,873.4 million as at 31 March, 2019 from $9,359.3 million as at 31 December, 2018. This was primarily due to early repayment of certain loans during the three months ended 31 March, 2019. At 31 March, 2019, our level of unsecured debt had increased to 54% compared to 46% in 31 December, 2018. The average cost of debt was 4.5% compared to 4.4% at 31 December, 2018 and the weighted average debt maturity was 5.2 years which was in line with the prior period.

	Collateral aircraft	**Three months ended 31 Mar, 2019 USD millions**
Non-recourse obligations……………………………………….	15	$ 368.0
Recourse obligations (incl ECA, Ex-Im & EDC)…………………	119	$ 3,512.8
Senior unsecured notes…………………………………………	-	$ 2,851.1
Unsecured facilities……………………………………………..	-	$ 474.6
Revolving credit facilities………………………………………	-	$ 1,444.6
Term loan 2014…………………………………………………	9	$ 222.3
Total indebtedness……………………………….………….	**143**	**$ 8,873.4**

In addition to the 143 aircraft used as collateral on our secured facilities, 158 aircraft (31 December, 2018: 138 aircraft) were unencumbered with a total net book value of $5,776.7 million at 31 March, 2019 (31 December, 2018: net book value: $4,694.9 million). Further information of the loan facilities can be found in the consolidated financial statements note 13.

Our level of unsecured revolving credit facilities at 31 March, 2019 was $2,430.0 million of which $990.0 million was available.

We expect to meet our contractual payment obligations on future capital expenditures, through a combination of equity, cash flows from operations, commercial debt raising activities, and the utilisation of revolving credit facilities in aggregate.

Liquidity and Capital Resources

Our total equity decreased to $3,357.0 million as at 31 March, 2019 from $3,524.8 million as at 31 December, 2018 due to the repurchase of shares during 2019. Our Net Debt to Equity ratio was 2.56:1 times as at 31 March, 2019 compared to 2.57:1 times as at 31 December, 2018.

We believe that the sources of liquidity mentioned above, together with cash generated from operations, will be sufficient to operate our business and repay our debt maturities for at least the next 12 months.

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Dubai Aerospace Enterprise (DAE) Ltd

Unaudited condensed consolidated interim financial statements for the three month period ended 31 March 2019

Dubai Aerospace Enterprise (DAE) Ltd

Unaudited condensed consolidated interim financial statements for the three month period ended 31 March 2019

Report on review of interim condensed consolidated financial statements to the shareholders of Dubai Aerospace Enterprise (DAE) Ltd

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Aerospace Enterprise (DAE) Ltd (the "Company") and its subsidiaries (together the "Group") as of 31 March 2019 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and cash flows for the three month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ('IAS 34') as issued by the International Accounting Standards Board ('IASB'). Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers
8 May 2019

PricewaterhouseCoopers Limited, License no. CL0215
Al Fattan Currency House, Tower 1, Level 8, Unit 801, DIFC, PO Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of profit or loss and other comprehensive income

In thousands of US Dollars

	Note	Unaudited 3 months ended 31 March 2019	Unaudited 3 months ended 31 March 2018
Revenues			
Revenue	6	356,021	351,398
Other income		3,998	1,039
Total revenue		**360,019**	**352,437**
Gain/(loss) on disposal of aircraft		28,566	(73)
Expenses			
Depreciation and amortisation		(142,514)	(139,316)
General and administrative expenses		(20,837)	(23,275)
Cost of providing engineering maintenance services		(14,897)	(10,590)
Aircraft maintenance		(3,461)	(2,994)
Operating profit		**206,876**	**176,189**
Finance income	7	18,650	33,084
Finance expense	7	(115,822)	(99,410)
Net finance cost		**(97,172)**	**(66,326)**
Profit before income tax		**109,704**	**109,863**
Income tax expense	8	(10,682)	(13,893)
Profit for the period		**99,022**	**95,970**
Other comprehensive income			
Items that may be reclassified to condensed consolidated interim statement of profit or loss:			
Unrealised (loss)/gain on interest rate hedges		(17,577)	2,579
Income tax relating to components of other comprehensive income		685	-
Total comprehensive income for the period		**82,130**	**98,549**
Profit for the period attributable to:			
Equity holders of the Company		98,468	95,591
Non-controlling interests		554	379
		99,022	**95,970**
Total comprehensive income for the period attributable to:			
Equity holders of the Company		81,576	98,170
Non-controlling interests		554	379
		82,130	**98,549**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of financial position

In thousands of US Dollars	Note	Unaudited 31 Mar 2019	Audited 31 Dec 2018
Assets			
Aircraft held for lease	9	11,837,087	11,708,173
Property, plant and equipment		110,934	91,924
Deposits for aircraft purchases	10	15,669	70,663
Intangible assets		7,607	7,760
Goodwill		44,668	44,668
Finance lease receivables	15	104,245	106,735
Investment in debt instruments	17	19,022	-
Notes receivable	16	1,227,452	1,464,791
Other non-current assets		158,125	161,031
Total non-current assets		**13,524,809**	**13,655,745**
Cash and cash equivalents	11	189,304	192,950
Restricted cash	11	130,009	215,802
Inventories		9,953	9,770
Derivative financial assets		6,048	16,530
Trade and other receivables		56,424	36,223
Prepayments		7,206	5,407
Finance lease receivables	15	10,766	10,966
Other current assets		37,970	40,671
Assets held-for-sale		-	521,104
Total current assets		**447,680**	**1,049,423**
Total assets		**13,972,489**	**14,705,168**
Equity	12		
Share capital		1,927,770	1,927,770
Additional paid-in capital		517,884	517,884
Treasury shares		(335,001)	(85,000)
Other reserves		(27,221)	(10,329)
Retained earnings		1,263,625	1,165,157
Attributable to the equity holders of the Parent		3,347,057	3,515,482
Non-controlling interests		9,910	9,356
Total equity		**3,356,967**	**3,524,838**
Liabilities			
Loans and borrowings	13	8,125,029	8,144,726
Deferred tax liabilities		266,186	258,783
Maintenance reserves and security deposits	14	1,073,253	1,125,070
Lease liabilities	3	34,188	-
Deferred revenue		65,910	68,217
Total non-current liabilities		**9,564,566**	**9,596,796**
Loans and borrowings	13	660,131	1,115,882
Trade and other payables		61,960	60,599
Derivative financial liabilities		21,379	13,370
Maintenance reserves and security deposits	14	239,354	199,332
Lease liabilities	3	2,854	-
Deferred revenue		62,041	71,834
Current tax liabilities		3,237	1,620
Liabilities held-for-sale		-	120,897
Total current liabilities		**1,050,956**	**1,583,534**
Total liabilities		**10,615,522**	**11,180,330**
Total equity and liabilities		**13,972,489**	**14,705,168**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of cash flows

In thousands of US Dollars	**Unaudited 31 Mar 2019**	**Unaudited 31 Mar 2018**
Cash flows from operating activities		
Profit for the period	99,022	95,970
Adjustments for:		
Depreciation and amortisation	142,514	139,316
(Gain)/loss on disposal of aircraft	(28,566)	73
Movement in value of derivatives	-	(16,616)
Net finance cost	81,215	74,503
Amortisation of fair value discounts and financing fees	15,957	8,439
Income tax	10,682	13,893
Changes in operating assets and liabilities		
Movement in in trade and other receivables	(20,201)	(10,152)
Movement in finance lease receivables	2,690	4,684
Movement in maintenance reserves and security deposits	(11,795)	63,210
Movement in other assets and liabilities	(36,290)	(76,445)
Net cash from operating activities	**255,228**	**296,875**
Cash flows from investing activities		
Acquisition of aircraft	(261,345)	(153,445)
Proceeds from sale of aircraft	457,613	7,815
Deposits paid for aircraft purchases	(1,302)	(57,745)
Net cash from / (used in) investing activities	**194,966**	**(203,375)**
Cash flow from financing activities		
Movement in restricted cash	85,793	806
Proceeds from borrowings	1,109,576	204,456
Repayment of borrowings	(1,569,154)	(324,855)
Net financing costs	(76,696)	(90,788)
Payment of debt issuance costs	(3,359)	(1,120)
Net cash used in financing activities	**(453,840)**	**(211,501)**
Net decrease in cash and cash equivalents	**(3,646)**	**(118,001)**
Cash and cash equivalents at the beginning of the period	**192,950**	**369,870**
Cash and cash equivalents at the end of the period	**189,304**	**251,869**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of changes in equity

In thousands of US Dollars **Unaudited**	**Share capital**	**Additional paid-in capital**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Attributable to the equity holders of the Company**	**Non-controlling interests**	**Total equity**
At 31 December 2018	**1,927,770**	**517,884**	**(85,000)**	**(10,329)**	**1,165,157**	**3,515,482**	**9,356**	**3,524,838**
Profit for the period	-	-	-	-	98,468	98,468	554	99,022
Other comprehensive income	-	-	-	(16,892)	-	(16,892)	-	(16,892)
Total comprehensive income for the period	-	-	-	(16,892)	98,468	81,576	554	82,130
Purchase of own shares	-	-	(250,001)	-	-	(250,001)	-	(250,001)
At 31 March 2019	**1,927,770**	**517,884**	**(335,001)**	**(27,221)**	**1,263,625**	**3,347,057**	**9,910**	**3,356,967**

In thousands of US Dollars **Unaudited**	**Share capital**	**Additional paid-in capital**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Attributable to the equity holders of the Company**	**Non-controlling interests**	**Total equity**
At 31 December 2017	**1,927,770**	**517,884**	**(85,000)**	**506**	**792,482**	**3,153,642**	**9,108**	**3,162,750**
Profit for the period	-	-	-	-	95,591	95,591	379	95,970
Other comprehensive income	-	-	-	2,579	-	2,579	-	2,579
Total comprehensive income for the period	-	-	-	2,579	95,591	98,170	379	98,549
At 31 March 2018	**1,927,770**	**517,884**	**(85,000)**	**3,085**	**888,073**	**3,251,812**	**9,487**	**3,261,299**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

1. Corporate information

Dubai Aerospace Enterprise (DAE) Ltd (“the Company”) (the Company and its subsidiaries are together referred to as “the Group” or “DAE”) is the parent company of the Group. The Company is limited by shares and was incorporated on 19 April 2006 in the Dubai International Finance Centre (DIFC) under the Companies Law, DIFC law No. 2 of 2004 which is superseded by DIFC law No. 2 of 2009. The Company’s registered office is at Precinct 4, Level 3, Gate Precinct Building, DIFC, PO Box 506592, Dubai, United Arab Emirates.

The Company is privately owned by Investment Corporation of Dubai (“ICD”), ICD Hospitality & Leisure LLC, Dubai Silicon Oasis Authority and Emaar Properties PJSC. ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority are subsidiaries of ICD. ICD, directly and indirectly, owns approx. 95% of the issued and allotted shares of the Company, and is therefore, the ultimate controlling party of the Group. ICD is controlled by the Government of Dubai. The balance of issued shares is held by the Company as treasury shares.

DAE is made up of two divisions:

A. DAE Capital – a provider of aircraft leasing and financing services to the global aviation industry; and

B. DAE Engineering – a provider of commercial maintenance, repair and overhaul services.

The operational highlights for the three month period ended 31 March 2019 (the “period”) are summarised below:

- Purchases – the Group purchased six aircraft during the period (2018: six).

- Sales – the Group disposed of 17 aircraft during the period (2018: one).

- The total number of owned aircraft at 31 March 2019 was 301, no aircraft were classified as held-for-sale (31 December 2018: 312 including 16 aircraft classified as held-for-sale). The Group also managed 52 aircraft as at 31 March 2019 (31 December 2018: 37).

The condensed consolidated interim financial statements have been reviewed, not audited.

The condensed consolidated interim financial statements were approved 8 May 2019 and signed by:

/s/ Firoz Tarapore

Firoz Tarapore
Chief Executive Officer

Notes to the unaudited condensed consolidated interim financial statements (continued)

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been presented in US Dollars ("USD"), which is the functional currency of the Group. All values are rounded to the nearest USD thousands, except when otherwise indicated. The functional currency of all the subsidiaries is USD, except for one whose functional currency is Jordanian Dinar (JOD) which is pegged to the USD.

3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2018 except for the adoption of new and amended standards as set out below.

The Group has adopted IFRS 16 "Leases", from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions of IFRS 16.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases related to office buildings and land which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.3%.

For leases of buildings previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are applied from 1 January 2019.

In thousands of USD	
Operating lease commitments disclosed as at 31 December 2018	27,716
Discounted using the lessee's incremental borrowing rate of at the date of initial application	21,116
Add: land lease liability recognised as at 1 January 2019	2,874
Add: finance lease liabilities recognised as at 31 December 2018	17,765
Less: short-term leases recognised on a straight-line basis as expense	(737)
Lease liabilities recognised as at 1 January 2019	**41,018**

In thousands of USD	**31 Mar 2019**	**1 Jan 2019**
Lease liabilities	**37,042**	**41,018**

Notes to the unaudited condensed consolidated interim financial statements (continued)

3. Accounting policies (continued)

The associated right-of-use assets for property and land leases were measured at the amount equal to the lease liability and have been recognised within Property, plant and equipment.

The right-of-use assets relate to the following:

In thousands of USD	
Property leases	20,379
Land lease	2,874
Add: Property leases classified as finance leases as at 31 December 2018	30,360
Right-of-use assets recognised as at 1 January 2019	**53,613**

In thousands of USD	**31 Mar 2019**	**1 Jan 2019**
Right-of-use assets	**48,887**	**53,613**

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

All other accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2018.

4. Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2018.

5. Financial risk management and fair value estimation

Financial risk factors

The group is exposed to a variety of financial risks which involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. DAE's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on DAE's financial performance.

The condensed consolidated interim financial statements do not include all financial risk information and disclosures required in the annual financial statements. As there has been no change in the risk management policies, the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

Fair value estimation

The levels of fair value hierarchy are defined as follows:

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

Derivatives are the only financial instruments which are carried at fair value and fall into Level 2 of the fair value hierarchy. Derivatives comprise interest rate and reverse swaps. The fair value of interest rate swap contracts is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market based inputs including interest rates, foreign-exchange rates, and implied volatilities.

Risks and uncertainties

In preparing these condensed consolidated interim financial statements, the risk and uncertainties borne by the Group were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2018.

Notes to the unaudited condensed consolidated interim financial statements (continued)

6. Revenue

In thousands of USD	**31 Mar 2019**	**31 Mar 2018**
Lease rental income	332,617	335,193
Provision of engineering maintenance services	23,404	16,205
Total revenue	**356,021**	**351,398**

During the period, contingent rental income, included within lease rental income, comprising the release of maintenance reserves, net of the derecognition of maintenance right assets of USD 4.1 million, totalled USD 5.0 million (2018: USD 6.4 million). In addition, lease rental income includes a net charge associated with allowance for impairment of trade and other receivables of USD 7.6 million (2018: net gain of USD 0.1 million).

Lease rental income also includes a net charge associated with the amortisation of lease incentive assets, lease discounts and other lease costs of USD 7.7 million (2018: USD 6.0 million).

7. Finance income and expense

In thousands of USD	**31 Mar 2019**	**31 Mar 2018**
Interest on notes receivable	12,663	12,319
Interest on bank accounts and short-term investments	2,494	1,849
Gains on financial instruments	1,963	-
Finance lease income	1,530	2,300
Movement in fair value of derivatives	-	16,616
Total finance income	**18,650**	**33,084**
Interest on borrowings	(100,464)	(95,648)
Amortisation of debt issuance costs	(13,812)	(2,777)
Net foreign exchange loss	(238)	(260)
Other charges	(1,308)	(725)
Total finance expense	**(115,822)**	**(99,410)**
Net finance cost	**(97,172)**	**(66,326)**

Notes to the unaudited condensed consolidated interim financial statements (continued)

8. Income tax expense

In thousands of USD	**31 Mar 2019**	**31 Mar 2018**
Current tax expense		
Current period	1,875	375
Deferred tax expense		
Origination and reversal of temporary differences	8,807	13,518
Total income tax expense	**10,682**	**13,893**

Reconciliation of effective tax rate

In thousands of USD	**31 Mar 2019**	**31 Mar 2018**
Profit for the period	99,022	95,970
Income tax expense	10,682	13,893
Profit before income tax	**109,704**	**109,863**
Income subject to tax in United Arab Emirates at 0%	-	-
Income subject to tax in Ireland at 12.5%	9,605	12,789
Income subject to tax in US	175	375
Income taxable at other rates	(2,064)	(2,355)
Unwind of deferred tax liability	-	-
Impact of losses not recognised	1,191	3,080
Tax arising on permanent items	1,775	4
Total income tax expense	**10,682**	**13,893**

The income tax expense for the three month period ended 31 March 2019 was primarily driven by tax arising on the Group's Irish activities at 12.5%. A tax benefit arose as a result of losses arising in other jurisdictions, primarily Hungary, however based on current income projections, these losses have not been recognised. The reduction in the effective tax rate relates primarily to a reduction in the profits of the Group attributable to Ireland as well as a reduction in the losses for which no tax benefit was recognised.

The income tax expense for the three month period ended 31 March 2018 was primarily driven by tax arising on the Group's Irish activities at 12.5%. A tax benefit arose as a result of losses arising in other jurisdictions, primarily Hungary, however based on current income projections, these losses have not been recognised.

9. Aircraft held for lease

Cost	Aircraft and engines USD'000	Maintenance right asset USD'000	Lease discount USD'000	Total USD'000
At 31 December 2017	12,058,031	1,068,319	(34,682)	13,091,668
Additions	1,663,672	-	-	1,663,672
Transfers	84,235	(84,235)	-	-
Transfers to assets held-for-sale	(1,335,309)	(90,778)	364	(1,425,723)
Transfer from finance lease receivable	57,900	-	-	57,900
Derecognition	-	(49,188)	(597)	(49,785)
Disposals	(484,852)	(19,980)	326	(504,506)
At 31 December 2018	12,043,677	824,138	(34,589)	12,833,226
Additions	312,628	-	-	312,628
Transfers	3,846	(3,846)	-	-
Derecognition	-	(4,778)	777	(4,001)
Disposals	(42,706)	-	-	(42,706)
At 31 March 2019	12,317,445	815,514	(33,812)	13,099,147
Depreciation				
At 31 December 2017	1,017,995	25,256	(1,903)	1,041,348
Charge / (credit) for the year	496,964	57,195	(5,707)	548,452
Transfers to assets held-for-sale	(277,436)	(6,239)	(390)	(284,065)
Derecognition	-	(6,036)	(597)	(6,633)
Disposals	(172,519)	(1,752)	222	(174,049)
At 31 December 2018	1,065,004	68,424	(8,375)	1,125,053
Charge / (credit) for the year	127,364	11,749	(2,174)	136,939
Derecognition	-	(709)	777	68
Disposals	-	-	-	-
At 31 March 2019	1,192,368	79,464	(9,772)	1,262,060
Net book value				
At 31 December 2018	**10,978,673**	**755,714**	**(26,214)**	**11,708,173**
At 31 March 2019	**11,125,077**	**736,050**	**(24,040)**	**11,837,087**

As of 31 March 2019, the Group owned 301 aircraft and no aircraft were classified as held-for-sale (2018: 312 aircraft including 16 aircraft held-for-sale), within this the Group had 293 aircraft held for lease on an operating lease basis (2018: 304 aircraft) and eight aircraft recognised as finance lease receivables (2018: 8 aircraft). During the period, the Group sold 17 aircraft. The Group purchased six aircraft in the period (31 March 2018: 6 aircraft).

During the period, the Group derecognised USD 4.1 million (2018: USD 13.5 million) of maintenance right assets related to aircraft which were redelivered to the Group during the period. An amount of USD 2.9 million has been recognised as maintenance reserve release in relation to these aircraft (2018: USD 15.4 million). These amounts are netted within revenue in the consolidated statement of comprehensive income.

The Group's obligations under its secured loans are secured by charges over, amongst other things, the Group's aircraft and related assets details of which are included in note 13. As at 31 March 2019, management did not identify any indicators of impairment for the Group's aircraft in accordance with IAS 36 *Impairment of Assets*.

10. Deposits for aircraft purchases

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Beginning of the period / year	70,663	638,184
Additions	1,302	103,535
Transferred to aircraft held-for-sale	-	(15,091)
Transferred to aircraft held for lease	(56,296)	(655,965)
End of the period / year	**15,669**	**70,663**

Deposits for aircraft purchases represent payments made by the Group for the purchase of aircraft in accordance with the payment schedules as set out in the purchase agreements.

In connection with these purchase agreements, the Group took delivery of four aircraft during the period (31 December 2018: 28 aircraft) for which the total amount of deposits for aircraft purchases reclassified to aircraft held for lease amounted to USD 56.3 million (2018: USD 656.0 million).

11. Cash and cash resources

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Cash and cash equivalents	189,304	192,950
Restricted cash	130,009	215,802
Total cash and cash resources	**319,313**	**408,752**

Cash and cash resources subject to withdrawal restrictions represent balances securing the Group's obligations under third party credit facilities. Certain amounts received from lessees in respect of aircraft subject to certain funding arrangements are required to be held in segregated accounts to support, amongst other things, certain maintenance related payments including major airframe overhauls, engine overhauls, engine life limited parts replacements, auxiliary power unit overhauls and landing gear overhauls, as well as interest and principal payments on the related debt facility.

12. Capital and reserves

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Authorised, issued and paid-up capital	1,927,770	1,927,770
Additional paid-in capital	517,884	517,884
Retained earnings	1,263,625	1,165,157
Treasury shares	(335,001)	(85,000)
Other reserves	(27,221)	(10,329)
Attributable to equity holders of the parent	**3,347,057**	**3,515,482**
Non-controlling interests	9,910	9,356
Total equity	**3,356,967**	**3,524,838**

The authorised and issued share capital of the Company at 31 March 2019 comprised of 1,927,770 ordinary shares of USD 1,000 par value each (31 December 2018: 1,927,770 ordinary shares of USD 1,000 par value each).

The movement in retained earnings relates to the profit generated by the Group during the period.

The movement in other reserves contains the movement in fair value reserves during the period.

In March 2019, the Group repurchased ordinary shares held by ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority for USD 250.0 million. These shares are reported within equity as treasury shares in the statement of financial position.

13. Loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings are:

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Principal	8,817,242	9,296,731
Accrued and unpaid interest	57,793	65,937
Fair value hedges	(1,627)	(3,359)
Total borrowings	8,873,408	9,359,309
Debt issuance costs	(88,248)	(98,701)
Net borrowings	**8,785,160**	**9,260,608**

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Non-current liabilities		
Borrowings	8,191,876	8,217,583
Debt issuance costs	(66,847)	(72,857)
Non-current borrowings	**8,125,029**	**8,144,726**

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Current liabilities		
Borrowings	681,532	1,141,726
Debt issuance costs	(21,401)	(25,844)
Current borrowings	**660,131**	**1,115,882**

The movement in loans and borrowings, excluding debt issuance costs is summarised as below:

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
At the beginning of the period/year	9,359,309	10,505,851
Loan drawdowns	1,109,576	3,750,891
Loan repayments	(1,482,520)	(4,471,741)
Debt repurchased	(86,634)	(397,559)
Amortisation of fair value discounts	(2,146)	(22,544)
Movement in fair value hedge adjustment	1,732	(1,694)
Movement in accrued interest	(8,144)	(3,342)
Finance lease reclassification*	(17,765)	-
Revaluation of loans	-	(553)
At the end of the period/year	**8,873,408**	**9,359,309**

* As a result of the adoption of IFRS 16, the Group reclassified finance lease liabilities from Loans and borrowings to lease liabilities.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements (continued)

13. Loans and borrowings (continued)

Details of outstanding loans at 31 March 2019 is as follows:

In thousands of USD	**31 Mar 2019**
Non-recourse obligations	368,033
Recourse obligations (including ECA, Ex-Im & EDC)	3,512,835
Senior unsecured notes	2,851,059
Unsecured facilities	474,600
Revolving credit facilities	1,444,581
Term loan 2014	222,300
Total borrowings	**8,873,408**

Details of outstanding loans at 31 December 2018 is as follows:

In thousands of USD	**31 Dec 2018**
Non-recourse obligations	828,243
Recourse obligations (including ECA, Ex-Im & EDC)	3,994,958
Senior unsecured notes	2,949,242
Unsecured facilities	357,129
Revolving credit facilities	1,001,631
Term loan 2014	228,106
Total borrowings	**9,359,309**

14. Maintenance reserves and security deposits

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Non-current maintenance reserves and security deposits		
Maintenance reserves	900,318	926,112
Security deposits	172,935	198,958
Total	**1,073,253**	**1,125,070**

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Current maintenance reserves and security deposits		
Maintenance reserves	232,865	194,144
Security deposits	6,489	5,188
Total	**239,354**	**199,332**

14. Maintenance reserves and security deposits (continued)

Maintenance reserves

In thousands of USD **Maintenance reserves**	**31 Mar 2019**	**31 Dec 2018**
At the beginning of the period/year	1,120,256	1,143,937
Additions	88,305	457,190
Reimbursed / paid	(46,606)	(232,170)
Released	(28,772)	(134,533)
Reclassified to liabilities held-for-sale	-	(114,168)
At the end of the period/year	**1,133,183**	**1,120,256**

Security deposits

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
At the beginning of the period/year	204,146	218,046
Additions	6,793	34,184
Repaid	(31,515)	(41,355)
Reclassified to liabilities held-for-sale	-	(6,729)
At the end of the period/year	**179,424**	**204,146**
Total maintenance reserves and security deposits	**1,312,607**	**1,324,402**

15. Leases

Operating leases

Group as a lessor

As at 31 March 2019, the Group owns 301 aircraft (31 December 2018: 312 aircraft). Future minimum annual rentals to be received under the leases are as follows:

In thousands of USD	**31 Mar 2019**	**31 Dec 2018**
Within one year	1,273,099	1,324,670
After one year but not more than five years	4,098,675	4,279,751
More than five years	2,403,184	2,450,365
Total	**7,774,958**	**8,054,786**

During the term of most leases, lessees pay an additional amount based on usage to fund the estimated costs of scheduled major maintenance of the airframe and engines. These amounts are accounted for as maintenance reserves and are disclosed under note 14.

15. Leases (continued)

Finance leases

Group as lessor

As at 31 March 2019, the Group owned eight aircraft under finance lease agreements (31 December 2018: eight aircraft). The Group's finance lease receivables are secured by the Group's title to the leased assets.

In thousands of USD	31 Mar 2019	31 Dec 2018
Finance leases – gross receivables	135,176	138,633
Unearned finance lease	(30,931)	(31,898)
Total non-current receivables	**104,245**	**106,735**
Finance leases – gross receivables	18,010	18,360
Unearned finance lease	(7,244)	(7,394)
Total current receivables	**10,766**	**10,966**

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are as follows:

In thousands of USD	31 Mar 2019		31 Dec 2018	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	18,010	10,766	18,360	10,966
After one year but not more than five years	70,155	47,872	70,440	47,447
More than five years	65,021	56,373	68,193	59,288
Total	153,186	115,011	156,993	117,701
Less: unearned finance income	(38,175)	-	(39,292)	-
Total	**115,011**	**115,011**	**117,701**	**117,701**

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The finance lease receivables at the end of the reporting period are neither past due nor impaired.

16. Related party transactions

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control and the key management personnel of the Group. Related parties may be individuals or other entities.

a) Transactions with related parties included in the condensed consolidated interim statement of profit or loss and other comprehensive income are as follows:

- During the period, the Group received an amount of USD 55.1 million (31 March 2018: USD 55.1 million) being aircraft lease rentals from companies under common control. The total number of aircraft leased to companies under common control was 12 as of 31 March 2019 (31 March 2018: 12 aircraft).
- The Group also provided engineering maintenance services to companies under common control amounting to USD 1.3 million (31 March 2018: USD 1.6 million).
- Finance income on the bank balances and fixed deposits with companies under common control for the year amounts to USD nil (31 March 2018: USD 0.4 million).
- Finance income on notes receivable from shareholders during the period amounts to USD 12.7 million (31 March 2018: USD 12.3 million). The closing balance as at 31 March 2019, including interest accrued, was USD 1,227.5 million (31 December 2018: USD 1,464.8 million). Interest accrued as at 31 March 2019 was USD 19.2 million (31 March 2018: USD 30.8 million). During the period ended 31 March 2019, USD 246.8 million of principal and USD 3.2 million of accrued interest was repaid, further details in note 12.
- Finance expense for the year in respect of loans from related companies under common control amounts to USD 16.6 million (31 March 2018: USD 13.2 million).
- The Group also uses a number of Government controlled public entities for its operations in Dubai, where these entities are the sole providers of the relevant services. This includes the supply of electricity and water.

b) Compensation of key management personnel for the period:

In thousands of USD	**31 Mar 2019**	**31 Mar 2018**
Salaries and benefits	5,045	4,634
Total	**5,045**	**4,634**

Notes to the unaudited condensed consolidated interim financial statements (continued)

17. Investment in debt instruments

The Group has a minority investment in debt instruments (E-notes) advanced to two Asset Backed Securitisation (“ABS”) vehicles (the “Borrowers”), to which it also acts as servicer. The debt was used by the Borrowers to fund the acquisition of a portfolio of aircraft at the inception of the ABS. The debt advanced is non-recourse and the Group receives principal and interest in accordance with the priority of payments of the respective ABS vehicles. As at 31 March 2019, the value of the debt outstanding is USD 19.0 million. Debt instruments are measured at fair value. Net gains and losses, including any interest receivable are recognised in profit or loss.

18. Capital commitments

At 31 March 2019 the Group had a commitment to purchase an aircraft scheduled to deliver in 2019.

A portion of the aggregate purchase price for the purchase of aircraft will be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which must be financed.

19. Subsequent events

There were no significant events subsequent to 31 March 2019.