

## **KBRA Affirms Dubai Aerospace Enterprise's BBB+ Issuer Rating; Upgrades Senior Unsecured Debt Rating to BBB+**

NEW YORK, NY (October 16, 2019) – Kroll Bond Rating Agency (KBRA) affirms the BBB+ issuer rating of Dubai Aerospace Enterprise Ltd. ("DAE" or "the Company"), and upgrades DAE's senior unsecured debt rating from BBB to BBB+, aligning it with the issuer rating. Accordingly, KBRA upgrades the ratings of the senior unsecured notes issued by DAE Funding LLC from BBB to BBB+. The Outlook on the ratings is Stable.

The alignment of the senior unsecured rating to issuer rating reflects a significant increase in unencumbered assets coverage of unsecured debt which enhances unsecured debt recovery prospects. The unencumbered assets to unsecured debt ratio increased to 1.42x at 2Q19 (up from 1.08x a year prior) driven by refinancing of secured debt with unsecured debt. Previously, the senior unsecured debt rating was one-notch lower than the issuer rating due to lower levels of unencumbered assets.

The ratings reflect the Company's strong market position globally, established franchise (including the 30+ year history of AWAS, acquired in 2017), experienced management team, strong capital profile and robust risk management infrastructure. The ratings also take into consideration the long-term strategic ownership by Investment Corporation of Dubai (ICD). KBRA believes that ICD's significant financial resources, funding relationships and demonstrated commitment to aviation sector investments, provide DAE with franchise benefits and funding flexibility.

These strengths are balanced by moderately higher leverage and top customer concentration compared to higher-rated aircraft leasing peers. DAE has a moderate concentration to Emirates (12% of the portfolio net-book-value at 2Q19) comprised of less liquid freighter aircraft which is partially mitigated by Emirates' strong credit profile and common ICD ownership. The ratings also consider DAE's developing track record since its transformative AWAS acquisition in 2017, risks inherent in an acquisitive growth strategy, the cyclical nature of the industry and event risks in general.

Established in 2006, DAE is a top-10 aircraft leasing company with a presence in key leasing and aircraft finance hubs around the world. In August 2017, DAE completed a transformative acquisition with its purchase of Dublin-based AWAS, quadrupling its fleet and adding significant portfolio diversification, infrastructure and management expertise. As of June 2019, DAE's fleet consisted of 357 owned, managed and committed aircraft on lease to over 110 customers in more than 56 countries with a value of approximately \$13.9 billion. The Company is wholly owned by ICD, the investment arm of the Government of Dubai.

The ratings are based on KBRA's [Global Finance Company Rating Methodology](#), published November 28, 2017.

KBRA's surveillance report for DAE is forthcoming.

### **Analytical Contacts:**

Marjan Riggi, Senior Managing Director  
(646) 731-2354  
[mriggi@kbra.com](mailto:mriggi@kbra.com)

Michael Dodge, Director  
(646) 731-3349  
[mdodge@kbra.com](mailto:mdodge@kbra.com)

Danise Chui, Senior Director  
(646) 731-2406  
[dchui@kbra.com](mailto:dchui@kbra.com)

**Business Development Contact:**

Nish Kumar  
(646) 731-3372  
[nkumar@kbra.com](mailto:nkumar@kbra.com)

**CONNECT  
WITH KBRA**



**About KBRA and KBRA Europe**

KBRA is a full-service credit rating agency registered with the U.S. Securities and Exchange Commission as an NRSRO. In addition, KBRA is designated as a designated rating organization by the Ontario Securities Commission for issuers of asset-backed securities to file a short form prospectus or shelf prospectus. KBRA is also recognized by the National Association of Insurance Commissioners as a Credit Rating Provider and is a certified Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA). Kroll Bond Rating Agency Europe Limited is registered with ESMA as a CRA.