



## **Dubai Aerospace Enterprise (DAE) Ltd**

### **Results for the nine months ended 30 September 2019**

#### **CONFERENCE CALL DETAILS**

DAE will host a conference call at 09.00 EST / 14.00 GMT / 18.00 GST on Thursday 7<sup>th</sup> November, 2019 to review our results for the nine months ended 30 September, 2019. The call can be accessed live by dialling (Ireland) +353 (0) 1 246 5638, (UAE) 8000 3570 2653, (U.S.) +1 323 794 2423 or (UK) +44 (0) 330 336 9105 and referencing code 9305336 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 nine months ended 30 September, 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 "30 September, 2019" are to the nine months ended 30 September, 2019 and to "30 September, 2018" are to the nine months ended 30 September, 2018.

### FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2019

- Operating profit for the nine months ended 30 September, 2019 was \$566.5 million compared to \$582.0 million for the nine months ended 30 September, 2018. During the nine months ended 30 September, 2019 there was an increase in depreciation and amortisation expense and lower lease revenue.
- Adjusted EBITDA was \$999.2 million for the nine months ended 30 September, 2019 which was inline with prior year.
- Total cash and cash resources as at 30 September, 2019 of \$387.2 million represents a decrease of \$21.6 million compared to \$408.8 million as at 31 December, 2018.
- Total assets were \$14,222.2 million as at 30 September, 2019, compared to \$14,705.2 million as at 31 December, 2018.

### OPERATIONAL HIGHLIGHTS

- The operational highlights for the nine months ended 30 September, 2019 and 30 September, 2018 are summarised below:
  - Purchases – we purchased eight aircraft (2018: 18 aircraft).
  - Sales – we disposed of 19 aircraft (2018: 15 aircraft).
  - Total aircraft in the fleet at 30 September, 2019 was 358 which consists of the following:
    - 301 owned aircraft - includes seven aircraft on finance lease and one aircraft classified as held-for-sale ("HFS") (31 December, 2018: 312 which included eight aircraft on finance lease and 16 aircraft classified as HFS).
    - 51 managed aircraft - managed on behalf of various third parties (31 December, 2018: 37 aircraft).
    - Six committed aircraft.
- We drew down a total of \$2,254.2 million of borrowings during the nine months ended 30 September, 2019 with includes a new unsecured term loan facility of \$300.0 million.
- As a result of the repurchase of shares during the nine months ended 30 September, 2019, DAE is now 100% owned, directly and indirectly, by the Investment Corporation of Dubai ("ICD").
- During the quarter, we received \$1.4 billion investment mandate from one of the world's largest fund managers to source and manage aircraft portfolio.

### SUBSEQUENT EVENTS

- Subsequent to 30 September, 2019 we announced the sale of a portfolio of 23 aircraft to an asset backed securitisation vehicle.

### 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 condensed consolidated statement of financial position which have been extracted from our interim financial statements for the nine months ended 30 September, 2019.

### Results of operations (in millions of USD)

	<u>Nine months ended</u>	
	<u>30 Sept, 2019</u>	<u>30 Sept, 2018</u>
<b>Consolidated statement of comprehensive income data</b>		
Total revenue.....	\$ 1,070.4	\$ 1,069.2
Gain on disposal of aircraft.....	32.3	32.2
<b>Expenses</b> .....		
Depreciation and amortisation.....	(432.7)	(420.9)
General and administrative expenses.....	(60.6)	(62.8)
Cost of providing engineering maintenance services.....	(36.3)	(29.6)
Aircraft maintenance.....	<u>(6.6)</u>	<u>(6.1)</u>
<b>Operating profit</b> .....	<b>566.5</b>	<b>582.0</b>
Net finance costs.....	<u>(280.5)</u>	<u>(248.5)</u>
<b>Profit before income tax</b> .....	<b>286.0</b>	<b>333.5</b>
Income tax expense.....	<u>(25.5)</u>	<u>(43.0)</u>
<b>Profit for the period</b> .....	<b><u>260.5</u></b>	<b><u>290.5</u></b>
	<u>As of</u>	
	<u>30 Sept, 2019</u>	<u>31 Dec, 2018</u>
<b>Consolidated statement of financial position data (Extract)</b>		
Total cash and cash resources.....	\$ 387.2	\$ 408.8
Aircraft held-for-lease.....	11,822.7	11,708.2
Assets held-for-sale.....	28.3	521.1
<b>Total assets</b> .....	<b>14,222.2</b>	<b>14,705.2</b>
Total loans and borrowings.....	8,868.4	9,260.6
Total equity.....	3,371.5	3,524.8
<b>Total equity and liabilities</b> .....	<b>14,222.2</b>	<b>14,705.2</b>
	<u>Nine months ended</u>	
	<u>30 Sept, 2019</u>	<u>30 Sept, 2018</u>
<b>Adjusted EBITDA calculation <sup>(1)</sup></b>		
<b>Profit for the period</b> .....	<b>\$ 260.5</b>	<b>\$ 290.5</b>
<b>Add back</b> .....		
Net finance costs.....	280.5	248.5
Income tax expense.....	25.5	43.0
Depreciation and amortisation.....	<u>432.7</u>	<u>420.9</u>
<b>Adjusted EBITDA</b> .....	<b>999.2</b>	<b>1,002.9</b>
	<u>As of</u>	
	<u>30 Sept, 2019</u>	<u>31 Dec, 2018</u>
<b>Net debt to equity <sup>(2)</sup></b> .....	<b>2.56x</b>	<b>2.57x</b>
<b>Total aircraft in the fleet</b> .....	<b>358</b>	<b>354</b>

- (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 consists of an 80% ownership stake in Joramco, a provider of commercial aircraft maintenance, repair and overhaul (MRO) services. DAE is 100% owned, directly and indirectly, by 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 30 September, 2019 we had a total fleet of 358 aircraft which was made up of 301 owned aircraft (including seven aircraft on finance lease and one aircraft HFS) and 51 managed aircraft. In addition, we also have six new, fuel-efficient aircraft on order from Airbus S.A.S. ("Airbus") and The Boeing Company ("Boeing"), which are due to deliver throughout 2019 and 2020. These aircraft are on lease to 111 lessees in 56 countries.

As of 30 September, 2019, the aggregate book value of our owned fleet of \$11,955.0 million includes finance lease receivable and HFS aircraft. As of 30 September, 2019, 92.5% 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 28.6% of our portfolio based on lease revenue as of 30 September, 2019. Emirates, a related party, is our largest customer contributing 14.1% of lease revenue during the nine months ended 30 September, 2019.

#### *Analysis by aircraft type for the leasing business*

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio	Total
A320 family	109	23	1	133
A330-200	15	1	-	16
A330-300	10	1	-	11
A350-900	2	-	2	4
<b>Total Airbus</b>	<b>136</b>	<b>25</b>	<b>3</b>	<b>164</b>
B737 family	82	18	-	100
B737 classics	-	3	-	3
B747-400	3	-	-	3
B757-200	-	1	-	1
B767-300ER	-	2	-	2
B777F	12	-	3	15
B777	3	-	-	3
B787	12	-	-	12
<b>Total Boeing</b>	<b>112</b>	<b>24</b>	<b>3</b>	<b>139</b>
ATR 72-600	53	2	-	55
<b>Total</b>	<b>301</b>	<b>51</b>	<b>6</b>	<b>358</b>
Narrow body	191	44	1	236
Wide body	57	5	5	67
Turboprop	53	2	-	55
<b>Total</b>	<b>301</b>	<b>51</b>	<b>6</b>	<b>358</b>

***Nine Months Ended 30 September, 2019 Compared to Nine Months Ended 30 September, 2018***

*Revenues*

	<b><u>Nine months ended</u></b>	
	<b><u>30 Sept, 2019</u></b>	<b><u>30 Sept, 2018</u></b>
	<b>USD millions</b>	
Lease revenue.....	\$ 990.2	\$ 1,028.2
Maintenance revenue.....	\$ 49.4	\$ 16.4
Amortisation of lease incentive, lease discounts and other lease costs.....	\$ (30.0)	\$ (24.8)
<b>Total lease revenue.....</b>	<b>\$ 1,009.6</b>	<b>\$ 1,019.8</b>
Engineering maintenance service revenue – Joramco.....	\$ 54.0	\$ 43.6
<b>Total lease revenue and engineering maintenance service revenue.....</b>	<b>\$ 1,063.6</b>	<b>\$ 1,063.4</b>
Other income.....	\$ 6.8	\$ 5.8
<b>Total revenue.....</b>	<b>\$ 1,070.4</b>	<b>\$ 1,069.2</b>

Total revenue was \$1,070.4 million for the nine months ended 30 September, 2019 compared to \$1,069.2 million for the nine months ended 30 September, 2018 due to the reasons outlined below.

Total lease revenue decreased to \$1,009.6 million for the nine months ended 30 September, 2019 from \$1,019.8 million for the nine months ended 30 September, 2018. This decrease was due primarily to decrease in the number of revenue-generating aircraft in the fleet and increased bad debt provision, partly offset by increased maintenance revenue which mainly related to end of lease compensation payments, during the nine months ended 30 September, 2019 compared to the prior period.

Engineering maintenance service revenue - Joramco increased to \$54.0 million for the nine months ended 30 September, 2019, compared to \$43.6 million for the nine months ended 30 September, 2018.

*Gain on disposal of aircraft*

Gain on disposal of aircraft was \$32.3 million for the nine months ended 30 September, 2019 compared to \$32.2 million for the nine months ended 30 September, 2018. During the nine months ended 30 September, 2019, we sold 19 owned aircraft, compared to 15 owned aircraft during the nine months ended 30 September, 2018. Of the 19 aircraft sold, 16 aircraft were sold to third parties where management of the aircraft was retained by DAE.

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 nine months ended 30 September, 2019 increased to \$536.2 million compared to \$519.4 million for the nine months ended 30 September, 2018. This increase was principally due to higher depreciation and amortisation expenses and higher cost of providing engineering maintenance services. This was partially offset by lower general and administrative expenses over the nine months ended 30 September, 2019 compared to the prior period.

*Net finance costs*

Net finance costs increased to \$280.5 million for the nine months ended 30 September, 2019 from \$248.5 million for the nine months ended 30 September, 2018. This increase was due to lower finance income which related primarily to the movement in fair value of derivatives. The movement in the fair value of derivatives during 2019 is now part of other comprehensive income as all derivatives are now in designated hedge relationships. There were also lower gains on financial instruments and increased amortisation of debt issuance costs offset by lower interest expense during the nine months ended 30 September, 2019 compared to the prior period.

### *Income tax expense*

During the nine months ended 30 September, 2019, we recorded a tax expense of \$25.5 million compared to \$43.0 million for the nine months ended 30 September, 2018. The income tax expense for the nine months ended 30 September, 2019 was primarily driven by tax arising on the group's Irish activities at 12.5%. 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 period*

Profit for the nine months ended 30 September, 2019 was \$260.5 million, compared to \$290.5 million for the nine months ended 30 September, 2018 mainly due to reasons outlined above.

### *Consolidated Cash Flows*

The following table presents our consolidated cash flows for the nine months ended 30 September, 2019 and the nine months ended 30 September, 2018. The cash and cash equivalents shown below refer to unrestricted cash.

	<u>Nine months ended,</u>	
	<b>30 Sept, 2019</b>	<b>30 Sept, 2018</b>
	<b>USD millions</b>	
<b>Consolidated cash flow data</b>		
Net cash generated from operating activities .....	\$ 1,002.7	\$ 909.5
Net cash used in investing activities .....	\$ (221.1)	\$ (343.7)
Net cash used in financing activities.....	\$ (721.1)	\$ (641.0)
Net increase / (decrease) in cash and cash equivalents.....	\$ 60.5	\$ (75.2)
Cash and cash equivalents at the beginning of the period.....	\$ 193.0	\$ 369.9
<b>Cash and cash equivalents .....</b>	<b>\$ 253.5</b>	<b>\$ 294.7</b>

For the nine months ended 30 September, 2019, net cash generated from operating activities was \$1,002.7 million, an increase from \$909.5 million for the nine months ended 30 September, 2018.

For the nine months ended 30 September, 2019, net cash used in investing activities was \$221.1 million, compared to \$343.7 million for the nine months ended 30 September, 2018. This movement mainly relates to lower acquisition costs and higher proceeds from disposal of aircraft compared to the prior period offset by increases in deposits paid for aircraft purchases.

Net cash used in financing activities for the nine months ended 30 September, 2019 was \$721.1 million compared to \$641.0 million for the nine months ended 30 September, 2018. This movement was due to the repurchase of share capital of \$107.0 million, higher net financing costs and release of restricted cash offset by a net increase in borrowings drawn down of \$144.0 million during the nine months ended 30 September, 2019 compared to the prior period.

Our cash and cash equivalents, as at 30 September, 2019 was \$253.5 million, down from \$294.7 million as at 30 September, 2018.

## ***Loans and borrowings, Liquidity and Capital Resources***

### *Loans and borrowings*

Our total loans and borrowings before debt issuance costs decreased to \$8,956.1 million as at 30 September, 2019 from \$9,359.3 million as at 31 December, 2018. The decrease was primarily due to the early repayment of certain loans and principal amortisation during the nine months ended 30 September 2019. At 30 September, 2019, our level of unsecured debt had increased to 57.1% compared to 46.0% on 31 December, 2018. The average cost of debt was 4.4% which is in line with year-end 2018 and the weighted average debt maturity was 4.8 years compared to 5.2 years at 31 December, 2018.

	<b>Collateral aircraft</b>	<b>Nine months ended 30 Sept, 2019 USD millions</b>
<b>Unsecured facilities:</b>		
Senior unsecured notes.....	-	\$ 2,850.1
Revolving credit facilities.....	-	\$ 1,377.5
Unsecured facilities (incl term loans).....	-	\$ 889.8
<b>Total unsecured facilities.....</b>	<b>-</b>	<b>\$ 5,117.4</b>
<b>Secured facilities:</b>		
Recourse obligations (incl ECA, Ex-Im & EDC).....	117	\$ 3,312.0
Non-recourse obligations.....	15	\$ 316.0
Term loan 2014 .....	9	\$ 210.7
<b>Total secured facilities.....</b>	<b>141</b>	<b>\$ 3,838.7</b>
<b>Total indebtedness.....</b>	<b>141</b>	<b>\$ 8,956.1</b>

In addition to the 141 aircraft used as collateral on our secured facilities, 160 aircraft (31 December, 2018: 138 aircraft) were unencumbered with a total net book value of \$6,056.9 million at 30 September, 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 14.

Our level of unsecured revolving credit facilities at 30 September, 2019 was \$2,905.0 million of which \$1,530.0 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 \$3,371.5 million as at 30 September, 2019 from \$3,524.8 million as at 31 December, 2018 due primarily to the repurchase of shares during 2019 offset by total comprehensive income for the period ended 30 September, 2019. Our Net Debt to Equity ratio was 2.56:1 times as at 30 September, 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.

- END -

(This page is intentionally left blank)



**Dubai Aerospace Enterprise (DAE) Ltd**

**Unaudited condensed consolidated interim financial  
statements for the nine month period ended 30 September  
2019**

# Dubai Aerospace Enterprise (DAE) Ltd

## Unaudited condensed consolidated interim financial statements for the nine month period ended 30 September 2019

	Page
Independent auditor's review report	1
Condensed consolidated statement of profit or loss and other comprehensive income	2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of cash flows	4
Condensed consolidated statement of changes in equity	5
Notes to the unaudited condensed consolidated interim financial statements	6



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

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Aerospace Enterprise (DAE) Ltd (the “Company”) and its subsidiaries (together the “Group”) as at 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated statements of cash flows and changes in equity for the nine-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 these 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 these 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 Limited  
7 November 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](http://www.pwc.com/me)

## Dubai Aerospace Enterprise (DAE) Ltd

### Condensed consolidated statement of profit or loss and other comprehensive income

<i>In thousands of US Dollars</i>	Note	Unaudited 3 months ended 30 Sep-19	Unaudited 3 months ended 30 Sep-18	Unaudited 9 months ended 30 Sep-19	Unaudited 9 months ended 30 Sep-18
Revenue	6	342,049	354,695	1,063,577	1,063,440
Other income		1,487	3,136	6,841	5,782
<b>Total revenue</b>		<b>343,536</b>	<b>357,831</b>	<b>1,070,418</b>	<b>1,069,222</b>
(Loss) / gain on disposal of aircraft		(889)	13,629	32,262	32,168
<b>Expenses</b>					
Depreciation and amortisation		(145,561)	(141,520)	(432,699)	(420,938)
General and administrative expenses		(19,904)	(18,158)	(60,507)	(62,732)
Cost of providing engineering maintenance services		(10,921)	(8,040)	(36,303)	(29,629)
Aircraft maintenance		(1,068)	(921)	(6,648)	(6,108)
<b>Operating profit</b>		<b>165,193</b>	<b>202,821</b>	<b>566,523</b>	<b>581,983</b>
Finance income	7	13,917	27,037	48,057	89,471
Finance expense	7	(106,264)	(120,345)	(328,603)	(337,933)
<b>Net finance cost</b>		<b>(92,347)</b>	<b>(93,308)</b>	<b>(280,546)</b>	<b>(248,462)</b>
<b>Profit before income tax</b>		<b>72,846</b>	<b>109,513</b>	<b>285,977</b>	<b>333,521</b>
Income tax expense	8	(9,381)	(14,281)	(25,442)	(43,067)
<b>Profit for the period</b>		<b>63,465</b>	<b>95,232</b>	<b>260,535</b>	<b>290,454</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to condensed consolidated statement of profit or loss:</i>					
Unrealised (loss)/gain on interest rate hedges		(15,062)	5,619	(61,483)	10,159
Income tax benefit relating to components of other comprehensive income		3,051	(1,138)	4,657	(1,138)
<b>Total comprehensive income for the period</b>		<b>51,454</b>	<b>99,713</b>	<b>203,709</b>	<b>299,475</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		63,850	95,878	260,542	290,704
Non-controlling interests		(385)	(646)	(7)	(250)
<b>Total</b>		<b>63,465</b>	<b>95,232</b>	<b>260,535</b>	<b>290,454</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Company		51,839	100,359	203,716	299,725
Non-controlling interests		(385)	(646)	(7)	(250)
<b>Total</b>		<b>51,454</b>	<b>99,713</b>	<b>203,709</b>	<b>299,475</b>

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 30 Sep 2019	Audited 31 Dec 2018
<b>Assets</b>			
Aircraft held-for-lease	9	11,822,733	11,708,173
Property, plant and equipment		109,754	91,924
Deposits for aircraft purchases	11	149,320	70,663
Intangible assets		6,714	7,760
Goodwill		44,668	44,668
Finance lease receivables	16	94,276	106,735
Notes receivable	17	1,249,293	1,464,791
Other non-current assets		161,221	161,031
Investments	18	22,691	-
<b>Total non-current assets</b>		<b>13,660,670</b>	<b>13,655,745</b>
Cash and cash equivalents	12	253,464	192,950
Restricted cash	12	133,732	215,802
Inventories		9,925	9,770
Derivative financial assets		2,255	16,530
Trade and other receivables		62,394	36,223
Prepayments		6,541	5,407
Finance lease receivables	16	9,711	10,966
Other current assets		55,197	40,671
Assets held-for-sale	10	28,317	521,104
<b>Total current assets</b>		<b>561,536</b>	<b>1,049,423</b>
<b>Total assets</b>		<b>14,222,206</b>	<b>14,705,168</b>
<b>Equity</b>			
	13		
Share capital		1,927,770	1,927,770
Additional paid-in capital		517,884	517,884
Treasury shares		(442,001)	(85,000)
Other reserves		(67,155)	(10,329)
Retained earnings		1,425,699	1,165,157
Attributable to the equity holders of the Company		3,362,197	3,515,482
Non-controlling interests		9,349	9,356
<b>Total equity</b>		<b>3,371,546</b>	<b>3,524,838</b>
<b>Liabilities</b>			
Loans and borrowings	14	7,757,809	8,144,726
Deferred tax liabilities		277,406	258,783
Maintenance reserves and security deposits	15	1,162,095	1,125,070
Lease liabilities	3	32,576	-
Deferred revenue		58,171	68,217
<b>Total non-current liabilities</b>		<b>9,288,057</b>	<b>9,596,796</b>
Loans and borrowings	14	1,110,606	1,115,882
Trade and other payables		88,905	60,599
Derivative financial liabilities		61,580	13,370
Maintenance reserves and security deposits	15	226,020	199,332
Lease liabilities	3	2,973	-
Deferred revenue		69,775	71,834
Current tax liabilities		796	1,620
Liabilities held-for-sale	10	1,948	120,897
<b>Total current liabilities</b>		<b>1,562,603</b>	<b>1,583,534</b>
<b>Total liabilities</b>		<b>10,850,660</b>	<b>11,180,330</b>
<b>Total equity and liabilities</b>		<b>14,222,206</b>	<b>14,705,168</b>

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

<i>In thousands of US Dollars</i>	<b>Unaudited 30 Sep 2019</b>	<b>Unaudited 30 Sep 2018</b>
<b>Cash flows from operating activities</b>		
Profit for the period	260,535	290,454
Adjustments for:		
Depreciation and amortisation	432,699	420,938
Gain on disposal of aircraft	(32,262)	(32,168)
Net finance cost	251,651	222,370
Amortisation of fair value discounts and financing fees	28,895	26,092
Income tax	25,442	43,067
Changes in operating assets and liabilities		
Movement in in trade and other receivables	(26,171)	(11,570)
Movement in finance lease receivables	13,714	14,156
Movement in maintenance reserves and security deposits	63,713	69,765
Movement in other assets and liabilities	(15,566)	(133,593)
<b>Net cash from operating activities</b>	<b>1,002,650</b>	<b>909,511</b>
<b>Cash flows from investing activities</b>		
Acquisition of aircraft	(541,728)	(676,164)
Proceeds from sale of aircraft	465,439	436,103
Deposits paid for aircraft purchases	(144,761)	(103,662)
<b>Net cash used in investing activities</b>	<b>(221,050)</b>	<b>(343,723)</b>
<b>Cash flow from financing activities</b>		
Movement in restricted cash	82,070	131,214
Repurchase of share capital	(107,000)	-
Proceeds from borrowings	2,254,196	1,230,136
Repayment of borrowings	(2,630,025)	(1,749,970)
Net financing costs	(305,356)	(236,111)
Payment of debt issuance costs	(14,971)	(16,220)
<b>Net cash used in financing activities</b>	<b>(721,086)</b>	<b>(640,951)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>60,514</b>	<b>(75,163)</b>
Cash and cash equivalents at the beginning of the period	<b>192,950</b>	<b>369,870</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>253,464</b>	<b>294,707</b>

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

<i>In thousands of US Dollars</i>	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
<b>Unaudited</b>								
<b>At 31 December 2018</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(85,000)</b>	<b>(10,329)</b>	<b>1,165,157</b>	<b>3,515,482</b>	<b>9,356</b>	<b>3,524,838</b>
Profit for the period	-	-	-	-	260,542	260,542	(7)	260,535
Other comprehensive income	-	-	-	(56,826)	-	(56,826)	-	(56,826)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56,826)</b>	<b>260,542</b>	<b>203,716</b>	<b>(7)</b>	<b>203,709</b>
Purchase of own shares	-	-	(357,001)	-	-	(357,001)	-	(357,001)
<b>At 30 September 2019</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(442,001)</b>	<b>(67,155)</b>	<b>1,425,699</b>	<b>3,362,197</b>	<b>9,349</b>	<b>3,371,546</b>

<i>In thousands of US Dollars</i>	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
<b>Unaudited</b>								
<b>At 31 December 2017</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(85,000)</b>	<b>506</b>	<b>792,482</b>	<b>3,153,642</b>	<b>9,108</b>	<b>3,162,750</b>
Profit for the period	-	-	-	-	290,704	290,704	(250)	290,454
Other comprehensive income	-	-	-	9,021	-	9,021	-	9,021
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,021</b>	<b>290,704</b>	<b>299,725</b>	<b>(250)</b>	<b>299,475</b>
<b>At 30 September 2018</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(85,000)</b>	<b>9,527</b>	<b>1,083,186</b>	<b>3,453,367</b>	<b>8,858</b>	<b>3,462,225</b>

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. 5 of 2018. 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 and Dubai Silicon Oasis Authority. ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority (“DSOA”) are subsidiaries of ICD. ICD, directly and indirectly, owns 100% 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 nine month period ended 30 September 2019 (the “period”) are summarised below:

- Purchases – the Group purchased eight aircraft during the period (2018: 18).
- Sales – the Group disposed of 19 aircraft during the period (2018: 15).
- The total number of owned aircraft at 30 September 2019 was 301 including one aircraft classified as held-for-sale (31 December 2018: 312 including 16 aircraft classified as held-for-sale). The Group also managed 51 aircraft as at 30 September 2019 (31 December 2018: 37).

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

The condensed consolidated interim financial statements were approved 7 November 2019 and signed by:

/s/ Firoz Tarapore

---

Firoz Tarapore  
Chief Executive Officer



# Dubai Aerospace Enterprise (DAE) Ltd

## 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 also 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” (“IFRS 16”), 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, hangars 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 incremental borrowing rate as of 1 January 2019. The weighted average 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 weighted average incremental borrowing rate at the date of initial application	21,116
Less: short-term leases recognised on a straight-line basis as expense	(737)
	<b>20,379</b>
Add: finance lease liabilities recognised as at 31 December 2018	17,765
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>38,144</b>

*In thousands of USD*

	30 Sep 2019	1 Jan 2019
<b>Lease liabilities</b>	<b>35,549</b>	<b>38,144</b>

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.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 3. Accounting policies (continued)

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

*In thousands of USD*

Property leases	17,505
Land lease	2,874
<b>Right-of-use assets recognised as at 1 January 2019</b>	<b>20,379</b>
Add: Property leases classified as finance leases as at 31 December 2018	30,360
<b>Right-of-use assets recognised as at 1 January 2019</b>	<b>50,739</b>

*In thousands of USD*

	<b>30 Sep</b>	<b>1 Jan</b>
	<b>2019</b>	<b>2019</b>
<b>Right-of-use assets</b>	<b>46,251</b>	<b>50,739</b>

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 under IAS 17. The Group leases various office buildings, hangars and land. Rental contracts are typically made for fixed periods.

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. The lease payments are discounted using the rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, equal to the amount of the initial measurement of lease liability.

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

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 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 management

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 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.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 6. Revenue

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
Lease rental income	1,009,629	1,019,840
Provision of engineering maintenance services	53,948	43,600
<b>Total revenue</b>	<b>1,063,577</b>	<b>1,063,440</b>

Included in lease rental income for the period is the release of maintenance reserves (net of the derecognition of maintenance right assets of USD 13.0 million) totalling USD 49.4 million (2018: USD 16.4 million).

In addition, lease rental income includes a net charge associated with allowance for impairment of trade and other receivables of USD 10.2 million (2018: USD 0.8 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 30.0 million (2018: USD 24.8 million).

### 7. Finance income and expense

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
Interest on notes receivable	34,503	37,700
Interest on bank accounts and short-term investments	5,824	6,386
Gains on financial instruments	3,245	16,015
Finance lease income	4,485	6,765
Movement in fair value of derivatives	-	21,953
Net foreign exchange gain	-	652
<b>Total finance income</b>	<b>48,057</b>	<b>89,471</b>
Interest on borrowings	(300,609)	(316,072)
Amortisation of debt issuance costs	(25,959)	(16,047)
Net foreign exchange loss	(551)	-
Other charges	(1,484)	(2,984)
Provision for finance lease	-	(2,830)
<b>Total finance expense</b>	<b>(328,603)</b>	<b>(337,933)</b>
<b>Net finance cost</b>	<b>(280,546)</b>	<b>(248,462)</b>

Gains on financial instruments relate to gains on the repurchase of senior unsecured notes and breakage gains on the early repayment of certain loans and borrowings during the period.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 8. Income tax expense

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
<b>Current tax expense</b>		
Current period	2,162	1,050
Adjustment in respect of prior period	-	5,348
<b>Total current tax expense</b>	<b>2,162</b>	<b>6,398</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	23,280	36,669
<b>Total deferred tax expense</b>	<b>23,280</b>	<b>36,669</b>
<b>Total income tax expense</b>	<b>25,442</b>	<b>43,067</b>

### Reconciliation of effective tax rate

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
Profit for the period	260,535	290,454
Income tax expense	25,442	43,067
<b>Profit before income tax</b>	<b>285,977</b>	<b>333,521</b>
Income subject to tax in United Arab Emirates at 0%	-	-
Income subject to tax in Ireland at 12.5%	24,840	38,849
Income taxable at other rates	(2,648)	(5,938)
Movement in losses not recognised	(42)	7,649
Other permanent differences	3,292	(2,841)
Adjustment for prior periods	-	5,348
<b>Total income tax expense</b>	<b>25,442</b>	<b>43,067</b>

The income tax expense for the period ended 30 September 2019 was primarily driven by tax arising on the Group's Irish activities at 12.5%. 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 increase in other permanent difference relates primarily to a change the presentation of losses arising in Hungary. These amounts were previously reflected in the "Movement in losses not recognised" but has been allocated to "Other permanent differences" during the period ended 30 September 2019 to reflect the non-deductibility of certain expenses in Hungary.

The income tax expense for the period ended 30 September 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.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 9. Aircraft held for lease

<i>In thousands of US Dollars</i>	<b>Aircraft and engines</b>	<b>Maintenance right asset</b>	<b>Lease discount</b>	<b>Total</b>
<b>Cost</b>				
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)
<b>At 31 December 2018</b>	<b>12,043,677</b>	<b>824,138</b>	<b>(34,589)</b>	<b>12,833,226</b>
Additions	615,644	-	-	615,644
Transfers	43,999	(43,999)	-	-
Transfers to assets held-for-sale	(19,112)	(10,270)	-	(29,382)
Derecognition	-	(16,224)	777	(15,447)
Disposals	(80,833)	-	-	(80,833)
<b>At 30 September 2019</b>	<b>12,603,375</b>	<b>753,645</b>	<b>(33,812)</b>	<b>13,323,208</b>
<b>Depreciation</b>				
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)
<b>At 31 December 2018</b>	<b>1,065,004</b>	<b>68,424</b>	<b>(8,375)</b>	<b>1,125,053</b>
Charge / (credit) for the period	387,841	33,945	(5,244)	416,542
Transfers to assets held-for-sale	(12,247)	(2,314)	-	(14,561)
Derecognition	-	(3,239)	777	(2,462)
Disposals	(24,097)	-	-	(24,097)
<b>At 30 September 2019</b>	<b>1,416,501</b>	<b>96,816</b>	<b>(12,842)</b>	<b>1,500,475</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>10,978,673</b>	<b>755,714</b>	<b>(26,214)</b>	<b>11,708,173</b>
<b>At 30 September 2019</b>	<b>11,186,874</b>	<b>656,829</b>	<b>(20,970)</b>	<b>11,822,733</b>

As of 30 September 2019, the Group owned 301 aircraft including one aircraft classified as held-for-sale (31 December 2018: 312 aircraft including 16 aircraft held-for-sale). The Group had 294 aircraft held for lease on an operating lease basis (31 December 2018: 304 aircraft) and seven aircraft recognised as finance lease receivables (31 December 2018: eight aircraft). During the period, the Group sold 19 aircraft (30 September: 15 aircraft). The Group purchased eight aircraft in the period (30 September 2018: 18 aircraft).

During the period, the Group derecognised USD 13.0 million (2018: USD 27.4 million) of maintenance right assets related to aircraft which were redelivered to the Group. An amount of USD 20.6 million has been recognised as maintenance reserve release in relation to these aircraft (2018: USD 27.9 million). These amounts are netted within revenue in the condensed consolidated statement of profit or loss and other 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. As at 30 September 2019, management did not identify any indicators of impairment for the Group's aircraft in accordance with IAS 36 *Impairment of Assets*.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 10. Held-for-sale

At 30 September 2019, the Group had agreements to sell one aircraft and one forward order which met the requirement to be classified as held-for-sale (31 December 2018: 16 aircraft and one forward order aircraft). During the period the Group sold 16 aircraft and one forward order aircraft, previously held-for-sale for a net gain of USD 31.0 million.

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
<b>Assets classified as held-for-sale</b>		
Aircraft held-for-lease	15,918	506,013
Deposits for aircraft purchases	12,399	15,091
<b>Total</b>	<b>28,317</b>	<b>521,104</b>
<b>Liabilities classified as held-for-sale</b>		
Maintenance reserves and security deposits	1,948	120,897
<b>Total</b>	<b>1,948</b>	<b>120,897</b>

### 11. Deposits for aircraft purchases

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Beginning of the period / year	70,663	638,184
Additions	144,761	103,535
Transferred to aircraft held-for-sale	(12,399)	(15,091)
Transferred to aircraft held for lease	(53,705)	(655,965)
<b>End of the period / year</b>	<b>149,320</b>	<b>70,663</b>

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 53.7 million (2018: USD 656.0 million).

### 12. Cash and cash resources

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Cash and cash equivalents	253,464	192,950
Restricted cash	133,732	215,802
<b>Total cash and cash resources</b>	<b>387,196</b>	<b>408,752</b>

Cash and cash resources subject to withdrawal restrictions include 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 also 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.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 13. Capital and reserves

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Authorised, issued and paid-up capital	1,927,770	1,927,770
Additional paid-in capital	517,884	517,884
Retained earnings	1,425,699	1,165,157
Treasury shares	(442,001)	(85,000)
Other reserves	(67,155)	(10,329)
<b>Attributable to equity holders of the parent</b>	<b>3,362,197</b>	<b>3,515,482</b>
Non-controlling interests	9,349	9,356
<b>Total equity</b>	<b>3,371,546</b>	<b>3,524,838</b>

The authorised and issued share capital of the Company at 30 September 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 related to 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 condensed consolidated statement of financial position.

In June 2019, the Group repurchased ordinary shares held by Emaar Properties PJSC for USD 107.0 million. These shares are reported within equity as treasury shares in the condensed consolidated statement of financial position.



# Dubai Aerospace Enterprise (DAE) Ltd

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

### 14. Loans and borrowings

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

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Principal	8,900,201	9,296,731
Accrued and unpaid interest	53,858	65,937
Fair value hedges	2,069	(3,359)
<b>Total borrowings</b>	<b>8,956,128</b>	<b>9,359,309</b>
Debt issuance costs	(87,713)	(98,701)
<b>Net borrowings</b>	<b>8,868,415</b>	<b>9,260,608</b>
<b>Non-current liabilities</b>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Borrowings	7,832,722	8,217,583
Debt issuance costs	(74,913)	(72,857)
<b>Non-current borrowings</b>	<b>7,757,809</b>	<b>8,144,726</b>
<b>Current liabilities</b>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Borrowings	1,123,406	1,141,726
Debt issuance costs	(12,800)	(25,844)
<b>Current borrowings</b>	<b>1,110,606</b>	<b>1,115,882</b>

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

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
At the beginning of the period/year	9,359,309	10,505,851
Loan drawdowns	2,254,196	3,750,891
Loan repayments	(2,543,391)	(4,471,741)
Debt repurchased	(86,634)	(397,559)
Amortisation of fair value discounts	(2,936)	(22,544)
Movement in fair value hedges	5,428	(1,694)
Movement in accrued interest	(12,079)	(3,342)
Finance lease reclassification*	(17,765)	-
Revaluation of loans	-	(553)
<b>At the end of the period/year</b>	<b>8,956,128</b>	<b>9,359,309</b>

\* 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)

### 14. Loans and borrowings (continued)

Details of outstanding loans at 30 September 2019 is as follows:

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>
Senior unsecured notes	2,850,132
Revolving credit facilities	1,377,534
Unsecured facilities (including term loans)	889,821
Recourse obligations (including ECA, Ex-Im & EDC)	3,311,997
Non-recourse obligations	315,967
Secured term loans	210,677
<b>Total borrowings</b>	<b>8,956,128</b>

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

<i>In thousands of US Dollars</i>	<b>31 Dec 2018</b>
Senior unsecured notes	2,949,242
Revolving credit facilities	1,001,631
Unsecured facilities (including term loans)	357,129
Recourse obligations (including ECA, Ex-Im & EDC)	3,994,958
Non-recourse obligations	828,243
Secured term loans	228,106
<b>Total borrowings</b>	<b>9,359,309</b>

At 30 September 2019 the Group's total committed Revolving credit facilities was USD 2,905.0 million, (31 December 2018: USD 2,365.0 million) of which USD 1,530.0 million (31 December 2018: USD 1,365.0 million) was undrawn.

### 15. Maintenance reserves and security deposits

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
<b>Non-current maintenance reserves and security deposits</b>		
Maintenance reserves	986,667	926,112
Security deposits	175,428	198,958
<b>Total</b>	<b>1,162,095</b>	<b>1,125,070</b>

  

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
<b>Current maintenance reserves and security deposits</b>		
Maintenance reserves	213,639	194,144
Security deposits	12,381	5,188
<b>Total</b>	<b>226,020</b>	<b>199,332</b>

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 15. Maintenance reserves and security deposits (continued)

#### Maintenance reserves

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
At the beginning of the period/year	1,120,256	1,143,937
Additions	305,400	457,190
Reimbursed / paid	(152,573)	(232,170)
Released	(71,449)	(134,533)
Reclassified to liabilities held-for-sale	(1,328)	(114,168)
<b>At the end of the period/year</b>	<b>1,200,306</b>	<b>1,120,256</b>

#### Security deposits

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
At the beginning of the period/year	204,146	218,046
Additions	25,999	34,184
Repaid	(41,716)	(41,355)
Reclassified to liabilities held-for-sale	(620)	(6,729)
<b>At the end of the period/year</b>	<b>187,809</b>	<b>204,146</b>
<b>Total maintenance reserves and security deposits</b>	<b>1,388,115</b>	<b>1,324,402</b>

### 16. Leases

#### Operating leases

##### Group as a lessor

As at 30 September 2019, the Group owned 301 aircraft (31 December 2018: 312 aircraft). Future minimum annual rentals to be received under the leases are as follows:

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Within one year	1,261,822	1,324,670
After one year but not more than five years	4,064,382	4,279,751
More than five years	2,233,668	2,450,365
<b>Total</b>	<b>7,559,872</b>	<b>8,054,786</b>

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 15.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 16. Leases (continued)

#### Finance leases

##### Group as lessor

As at 30 September 2019, the Group owned seven 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.

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
Finance leases – gross receivables	122,433	138,633
Unearned finance income	(28,157)	(31,898)
<b>Total non-current receivables</b>	<b>94,276</b>	<b>106,735</b>
Finance leases – gross receivables	16,390	18,360
Unearned finance income	(6,679)	(7,394)
<b>Total current receivables</b>	<b>9,711</b>	<b>10,966</b>

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

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>		<b>31 Dec 2018</b>	
	<b>Minimum payments</b>	<b>Present value of payments</b>	<b>Minimum payments</b>	<b>Present value of payments</b>
Within one year	16,390	9,711	18,360	10,966
After one year but not more than five years	65,005	44,212	70,440	47,447
More than five years	57,428	50,064	68,193	59,288
Total	138,823	103,987	156,993	117,701
Less: unearned finance income	(34,836)	-	(39,292)	-
<b>Total</b>	<b>103,987</b>	<b>103,987</b>	<b>117,701</b>	<b>117,701</b>

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.

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 17. 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 160.1 million (30 September 2018: USD 159.4 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 30 September 2019 (30 September 2018: 12 aircraft).
- The Group also provided engineering maintenance services to companies under common control amounting to USD 2.6 million (30 September 2018: USD 4.3 million).
- Finance income on the bank balances and fixed deposits with companies under common control for the period amounts to USD nil (30 September 2018: USD 0.4 million).
- Finance income on notes receivable from shareholders during the period amounts to USD 34.5 million (30 September 2018: USD 37.7 million). The closing balance as at 30 September 2019, including interest accrued, was USD 1,249.3 million (31 December 2018: USD 1,464.8 million). During the period ended 30 September 2019, USD 246.8 million of principal and USD 3.2 million of accrued interest was repaid.
- Finance expense for the period in respect of loans from companies under common control amounts to USD 46.9 million (30 September 2018: USD 42.0 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:

<i>In thousands of US Dollars</i>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
Salaries and benefits	7,546	6,513
<b>Total</b>	<b>7,546</b>	<b>6,513</b>

# Dubai Aerospace Enterprise (DAE) Ltd

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

### 18. Investments

<i>In thousands of US Dollars</i>	30 Sep 2019	31 Dec 2018
Investment in debt instruments	19,218	-
Investment in equity instruments	3,473	-
<b>Total</b>	<b>22,691</b>	<b>-</b>

Investments consist of the following:

<i>In thousands of US Dollars</i>	30 Sep 2019	31 Dec 2018
Kestrel Aircraft Funding Limited - debt instruments	15,010	-
Falcon Aerospace Limited - debt instruments	4,208	-
Navigator Aviation DAC - equity instruments	3,473	-
<b>Total</b>	<b>22,691</b>	<b>-</b>

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 30 September 2019, the value of the debt outstanding is USD 19.2 million (31 December 2018: nil). Debt instruments are measured at fair value. Net gains and losses, including any interest receivable are recognised in profit or loss. Interest income during the period ended 30 September 2019 was USD 1.4 million.

During 2019 the Group entered into an equity investment agreement with a third party as a minority investor and servicer. Under the terms of the agreement, the Group and other investors established a structured entity which is funded through a mixture of share capital, capital contributions and shareholders loans. The Group holds 8% of the investment. As at 30 September 2019, the value of the equity investment is USD 3.5 million (31 December 2018: nil) and no shareholder loan has been advanced to date. The equity investment is accounted at fair value through other comprehensive income and dividend income is recognised in the statement of profit and loss as received. There was no dividend income received during the period ended 30 September 2019.

### 19. Capital commitments

At 30 September 2019 the Group had a commitment to purchase six aircraft scheduled to deliver during 2019 and 2020.

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.

The total capital commitments at 30 September 2019 is USD 796.2 million (31 December 2018: USD 125.0 million).

# **Dubai Aerospace Enterprise (DAE) Ltd**

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

### **20. Subsequent events**

Subsequent to 30 September 2019 the Group announced the sale of a portfolio of 23 aircraft to an asset backed securitisation vehicle. There were no other subsequent events.