Dubai Aerospace Enterprise (DAE) Ltd

Results for the nine months ended September 30, 2020

WEBCAST AND CONFERENCE CALL DETAILS

DAE will host our earnings call at 09.00 EST / 14.00 GMT / 18.00 GST on Wednesday November 4, 2020 to review our results for the nine months ended September 30, 2020.

The webcast can be accessed by registering at www.dubaiaerospace.com/investors.

Or alternatively the call can be accessed live by dialling (UAE) 8000 3570 2653, (Ireland) +353 (0)1 246 5638, (UK) +44 (0)330 336 9105, (USA) +1 646-828-8143 and referencing confirmation ID: 6529869.

Further information can be found on our website http://www.dubaiaerospace.com.

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 ANNOUNCEMENT

We present management's discussion and analysis of the financial condition and results of operations for the nine months ended September 30, 2020 which should be read in conjunction with the unaudited condensed consolidated financial statements (the "financial statements") of Dubai Aerospace Enterprise (DAE) Ltd ("DAE") and its subsidiaries (together and hereinafter "we" or "us"). References to "September 30, 2020" are to the nine months ended September 30, 2020 and to "September 30, 2019" are to the nine months ended September 30, 2019.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

- Operating profit for the nine months ended September 30, 2020 was $432.7 million compared to $571.0 million for the nine months ended September 30, 2019. During the nine months ended September 30, 2020 there was a decrease in lease revenue, lower gains on disposal of aircraft and increased loss allowance for financial assets offset by a decrease in depreciation and amortisation expense.
- Profit for the nine months ended September 30, 2020 was $167.3 million compared to $260.5 million for the nine months September 30, 2019.
- Total assets were $12,489.0 million as at September 30, 2020 compared to $13,537.1 million as at December 31, 2019.

OPERATIONAL HIGHLIGHTS

- The operational highlights for the nine months ended September 30, 2020 are summarised below:
    - Purchases – we purchased five aircraft (September 30, 2019: eight aircraft).
    - Sales – we disposed of ten aircraft (September 30, 2019: 19 aircraft).
    - Total aircraft in the fleet at September 30, 2020 was 381 (December 31, 2019: 357) which consists of the following:
        - 284 owned aircraft – including seven aircraft classified as finance lease and loan receivables (December 31, 2019: 289 which included seven aircraft classified as finance lease receivables and 10 aircraft classified as Held-for-sale("HFS")).
        - 71 managed aircraft - managed on behalf of various third parties (December 31, 2019: 65 aircraft).
        - 26 committed aircraft (December 31, 2019: three aircraft).
- During the nine month period end September 30, 2020 we generated operating cash flows of $602.7 million.
- Available liquidity was $2,129.9 million at September 30, 2020 compared to $2,403.5 million as at December 31, 2019.
- Our Net Debt to Equity ratio was 2.47x at September 30, 2020 compared to 2.64x at December 31, 2019.
- During the nine months ended September 30, 2020, the Group received full and early repayment of Notes receivable from the shareholder of approx. $813.6 million. In addition, DAE repurchased $250.1 million of shares.
- Moody's Investors Service & Fitch Ratings affirmed DAE's investment grade unsecured debt ratings during the period.
- During Q3 2020 DAE continued to provide support to our customers impacted by COVID-19 pandemic. Up to September 30, 2020 the Group had granted rent deferral requests to 21 customers. See further details below.

SUBSEQUENT EVENTS

- There have been no significant events subsequent to the period end.

RESULTS OF OPERATIONS

The following discussion of our results of operations is based on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position which have been extracted from our financial statements for the nine months ended September 30, 2020.

Results of operations *(in millions of USD)*	**Nine months ended**	
	September 30, 2020	**September 30, 2019**
Consolidated statement of comprehensive income		
Total revenue	$ 984.1	$ 1,085.1
Gain on disposal of aircraft	9.9	32.3
Expenses		
Depreciation and amortisation	(418.7)	(432.7)
General and administrative expenses	(57.2)	(60.6)
Cost of providing engineering maintenance services	(31.1)	(36.3)
Loss allowance for financial assets	(40.4)	(10.2)
Aircraft maintenance	(13.9)	(6.6)
Operating profit	**432.7**	**571.0**
Net finance costs	(253.9)	(285.0)
Profit before income tax	**178.8**	**286.0**
Income tax expense	(11.5)	(25.5)
Profit for the period	**167.3**	**260.5**

	As of	
Consolidated statement of financial position (Extract)	**September 30, 2020**	**December 31, 2019**
Total cash and cash resources	$ 584.9	$ 366.0
Aircraft held-for-lease	11,050.4	11,310.0
Assets held-for-sale	-	293.4
Total assets	**12,489.0**	**13,537.1**
Total loans and borrowings	7,688.5	8,295.5
Total equity	2,919.2	3,053.6
Total equity and liabilities	**12,489.0**	**13,537.1**

	Nine months ended	
Adjusted EBITDA calculation [(1)]	**September 30, 2020**	**September 30, 2019**
Profit for the period	$ 167.3	$ 260.5
Add back		
Net finance costs	253.9	285.0
Income tax expense	11.5	25.5
Loss allowance for financial assets	40.4	10.2
Depreciation and amortisation	418.7	432.7
Adjusted EBITDA	**891.8**	**1,013.9**

	As of	
	September 30, 2020	**December 31, 2019**
Net debt to equity [(2)]	**2.47x**	**2.64x**
Total aircraft in the fleet	**381**	**357**

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

(1) We define Adjusted EBITDA as profit for the applicable period, excluding net finance costs, loss allowance for financial assets, 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.

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 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 September 30, 2020 we had a total fleet of 381 aircraft which was made up of 284 owned aircraft (including seven aircraft classified as finance lease and loan receivables) and 71 managed aircraft. In addition, we also have commitments to acquire 26 new, fuel-efficient aircraft on order. These aircraft are on lease to 111 lessees in 55 countries. Our managed portfolio as at September 30, 2020 increased to 71 aircraft from 65 as at December 31, 2019.

As of September 30, 2020, the aggregate book value of our owned fleet, including finance lease receivables, was $11,238.2 million. As of September 30, 2020, 92.6% of our leases were subject to fixed lease rates as a percentage of lease revenue and our future contracted lease rental income amounted to $6,515.6 million.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 29.5% of our portfolio based on net book value as of September 30, 2020. Emirates, a related party, is our largest customer representing 13.8% of our fleet based on net book value.

Analysis by aircraft type for our owned and managed

Aircraft Type	Owned Portfolio	Managed Portfolio	Total
A320 family	97	37	134
A330-200	15	1	16
A330-300	8	3	11
A350-900	4	-	4
Total Airbus	**124**	**41**	**165**
B737 family	73	24	97
B787	12	-	12
B777	3	-	3
B777F	13	-	13
Legacy Boeing	2	4	6
Total Boeing	**103**	**28**	**131**
ATR 72-600	57	2	59
Total	**284**	**71**	**355**
Narrow body	170	63	233
Wide body	57	6	63
Turboprop	57	2	59
Total	**284**	**71**	**355**

In addition, we have commitments to acquire 26 aircraft from third parties with a value of $0.9 billion at 30 September 2020.

DAE Engineering (Joramco)

Joramco is a leading commercial aircraft maintenance, repair, and overhaul (MRO) facility based in Amman and serves a wide range of customers in the Middle East, Europe, Asia, Africa, Russia and the CIS countries.

COVID-19

Revenues for our customers have been disrupted in significant, unprecedented and unforeseen ways as governmental authorities around the world put in place necessary isolation measures to contain the spread of COVID-19. We have received a diverse range of requests and we continue to evaluate these on a case-by-case basis and to seek solutions that create value for both the airline and DAE.

As at September 30, 2020 we have executed deferral relief packages incorporating lease extensions and other lease value enhancements with 21 customers. The total value of these deferral relief packages is US$155m or 13% of Trailing Twelve Months (TTM) lease revenue. Of the total deferrals, US$110m has been incurred and US$45m relates to future rental. US$20m has been repaid and four customers have repaid in full.

In addition, we have entered into various lease amendments principally involving near term relief in exchange for lease extensions and other lease value enhancements, with a further 12 customers. The total value of these amendments is US$84m or 7% of TTM lease revenue.

As we support our airline customers, we have seen an increase in our net trade and other receivables balance to $171.2 million as at September 30, 2020 from $69.1 million as at December 31, 2019. During the nine months ended September 30, 2020 we have seen a corresponding increase in our loss allowance, increasing to $45.1 million at September 30, 2020 compared to $14.5 million at December 31, 2019. In addition, a deferred revenue asset of $89.8 million has been recognised within other assets and a loss allowance of $9.8 million has be recognised, however it is likely this charge will increase in future periods due to the continued disruption and uncertainty caused by COVID-19.

We hold security exceeding $600 million in the form of cash or letters of credit. In addition, DAE continues to have access to $2.1 billion of available liquidity to support the on-going operation of the Group as needed.

Environment, Social and Governance Framework

DAE is committed to maintaining an effective Environment, Social and Governance Framework (“ESG”) and this is demonstrated across our business activities. DAE Capital has a young fleet with an average age of 6.4 years. All our 2020 capital commitments have been in new technology aircraft with advanced design features. By investing in these aircraft - which have greater fuel efficiency and reduce harmful emissions, we are helping our airline customers reduce their global environment footprint.

DAE team members are encouraged to communicate using the latest conferencing facilities leading to reduced travel between offices. We also encourage commuting to work using public transport, walking or cycling where appropriate to do so. We have a multi-cultural, diverse working environment with over 20 nationalities. In addition, as at end of September 30, 2020 our DAE Capital business had a ratio of 59% male employees and 41% female employees. Through our Community Giving initiative we support a number of charities linked to our local offices and encourage staff to engage in physical and mental well-being activities. We maintain a robust corporate governance framework via our internal boards and committees.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Total revenue

Total Revenue *(in millions of USD)*	**Nine months ended September 30, 2020**	**Nine months ended September 30, 2019**
Lease revenue	$ 928.2	$ 1,005.7
Maintenance revenue	39.3	49.4
Amortisation of lease incentives and other lease costs	(44.9)	(35.2)
Net lease revenue	**922.6**	**1,019.9**
Engineering maintenance service revenue – Joramco	42.7	53.9
Finance lease and loan receivables income	6.2	4.5
Total lease, engineering maintenance service revenue and finance lease and loan receivables income	**971.5**	**1,078.3**
Other income	12.6	6.8
Total revenue	**984.1**	**1,085.1**

Total revenue was $984.1 million for the nine months ended September 30, 2020 compared to $1,085.1 million for the nine months ended September 30, 2019 due to the reasons outlined below.

Net lease revenue decreased to $922.6 million for the nine months ended September 30, 2020 from $1,019.9 million for the nine months ended September 30, 2019. This decrease was due primarily to a decrease in the number of revenue-generating aircraft in the fleet, the impact of lease transitions and lease restructurings due to COVID-19. Maintenance income reduced due to lower maintenance reserve releases on transitioning aircraft compared to the prior period. Amortisation of lease incentives increased due to higher contributions expected on future maintenance events.

Engineering maintenance service revenue - Joramco revenues decreased to $42.7 million for the nine months ended September 30, 2020 compared to $53.9 million for the nine months ended September 30, 2019. This decrease was due to limited operating capacity due to the spread of COVID-19 during 2020.

Finance lease and loan receivables income was previously included with finance income and has been presented within revenue for the first time, the comparative period has been represented to conform with current period presentation. Further information can be found in the condensed consolidated financial statements note 6.

Gain on disposal of aircraft

Gain on disposal of aircraft was $9.9 million for the nine months ended September 30, 2020 compared to $32.3 million for the nine months ended September 30, 2019. During the nine months ended September 30, 2020 we sold ten owned aircraft, compared to 19 owned aircraft during the nine months ended September 30, 2019. Of the ten aircraft sold, eight aircraft were sold to third parties where management of the aircraft was retained by DAE. The average age of the aircraft sold was 14.3 years.

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, accounting adjustments 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 September 30, 2020 increased to $561.3 million compared to $546.4 million for the nine months ended September 30, 2019.

The increase was due to an increase in the loss allowance for financial assets of $30.2 million which was due mainly to increased trade receivables as a result of the COVID-19 pandemic. The loss allowance was previously classified with lease revenue and have been presented within expenses for the first time, the comparative period has been represented to conform with current period presentation. Further information can be found in the condensed consolidated financial statements note 11.

This increase was primarily offset by lower depreciation and amortisation expense for the nine months ended September 30, 2020 compared to the prior period, primarily due to a lower number of aircraft in the fleet. During the nine months ended September 30, 2020 we changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the period.

In addition, aircraft maintenance expense increased to $13.9 million for the nine months ended September 30, 2020 from $6.6 million for the nine months ended September 30, 2019. This increase was due primarily to an increase in the re-lease maintenance expense and other maintenance costs incurred on transitioning aircraft.

Net finance costs

Net finance costs decreased to $253.9 million for the nine months ended September 30, 2020 from $285.0 million for the nine months ended September 30, 2019. Finance income decreased by $29.9 million to $13.7 million due primarily to lower interest earned on the notes receivable, which were repaid in full during the nine months ended September 30, 2020.

Finance expense decreased by $61.0 million to $267.6 million, primarily due to a decrease in interest expense which reduced primarily due to the decrease in total loans and borrowings from $8.9 billion as at September 30, 2019 to $7.7 billion as at September 30, 2020.

Income tax expense

Our tax charge is primarily driven by tax arising on the group's Irish activities. During the nine months ended September 30, 2020 we recorded a tax expense of $11.5 million compared to $25.5 million for the nine months ended September 30, 2019. The decrease was primarily due to a reduction in profits attributable to the Group’s activities carried out in Ireland during the nine months ended September 30, 2020.

Profit for the period

Profit for the nine months ended September 30, 2020 was $167.3 million compared to $260.5 million for the nine months ended September 30, 2019 due to reasons outlined above.

Consolidated Cash Flows

The following table presents our consolidated cash flows for the nine months ended September 30, 2020 and the nine months ended September 30, 2019. Cash and cash equivalents shown below refer to unrestricted cash.

Consolidated cash flow (Extract)	**Nine months ended**	
(in millions of USD)	**September 30, 2020**	**September 30, 2019**
Net cash generated from operating activities	$ 602.7	$ 1,004.6
Net cash from/ (used in) investing activities	737.7	(223.0)
Net cash used in financing activities	(1,088.0)	(721.1)
Net increase in cash and cash equivalents	252.4	60.5
Cash and cash equivalents at the beginning of the period	228.5	193.0
Cash and cash equivalents at the end of the period	**480.9**	**253.5**

For the nine months ended September 30, 2020 net cash generated from operating activities was $602.7 million, a decrease from $1,004.6 million for the nine months ended September 30, 2019. This movement was primarily due to increase in trade and other receivables, increase in finance lease and loan receivables and lower maintenance receipts.

For the nine months ended September 30, 2020 net cash from investing activities was $737.7 million, compared to $223.0 million used in investing activities for the nine months ended September 30, 2019. This movement was primarily due to repayment of notes receivables by the shareholder, lower number of aircraft acquired offset by lower proceeds from sale of aircraft.

Net cash used in financing activities for the nine months ended September 30, 2020 was $1,088.0 million compared to $721.1 million for the nine months ended September 30, 2019. This movement was due to increased net repayments of borrowings, increased share repurchases and higher debt repurchases offset by a decrease in net financing costs during the nine months ended September 30, 2020 compared to the prior period.

Our cash and cash equivalents as at September 30, 2020 was $480.9 million up from $253.3 million as at September 30, 2019. Our total cash and cash resources, which includes restricted cash, was $584.9 million as at September 30, 2020 which represents an increase of $197.7 million compared to $387.2 million as at September 30, 2019.

Loans and borrowings, Liquidity and Capital Resources

Loans and borrowings

Our total loans and borrowings decreased to $7,688.5 million as at September 30, 2020 from $8,295.5 million at December 31, 2019. The decrease was primarily due to the repayment of certain loans and principal amortisation during the nine months ended September 30, 2020.

During the nine months ended September 30, 2020 we repurchased $192.1 million of senior unsecured notes. At September 30, 2020 our level of unsecured debt was 62.4% compared to 61.6% at December 31, 2019. The average cost of debt as at September 30, 2020 decreased to 4.0% from 4.5% as at December 31, 2019 and the weighted average debt maturity as at September 30, 2020 was 4.2 years compared to 4.6 years at December 31, 2019.

Loans and Borrowings ***(in millions of USD)***	**Aircraft Collateral**		**As at September 30, 2020**
Unsecured			
Senior unsecured notes		$	2,221.6
Unsecured facilities (incl. term loans)			1,258.5
Revolving credit facilities			1,357.6
Total unsecured	176		**4,837.7**
Secured			
Recourse loans (incl. ECA, Ex-Im & EDC)	94	$	2,575.7
Non-recourse loans	5		157.9
Term loans	9		187.5
Total secured	**108**		**2,921.1**
Capitalised issuance costs	-		(70.3)
Net loans and borrowings	**284**		**7,688.5**

In addition to the 108 aircraft used as collateral on our secured facilities, 176 aircraft were unencumbered with a total net book value of $6,588.4 million at September 30, 2020. Further information of the loan facilities can be found in the condensed consolidated financial statements note 14.

Our unsecured revolving credit facilities at September 30, 2020 was $3,005.0 million of which $1,649.0 million was undrawn and available.

We expect to meet our contractual payment obligations on future capital expenditure 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 $2,919.2 million as at September 30, 2020 from $3,053.6 million as at December 31, 2019 due primarily to the repurchase of shares and movement in other reserves offset by profit after tax for the nine months ended September 30, 2020.

Our Net Debt to Equity ratio was 2.47:1 times as at September 30, 2020 compared to 2.64:1 times as at December 31, 2019. Available liquidity was $2,129.9 million at September 30, 2020 decreasing from $2,403.5 million as at December 31, 2019 due to repayment of our August 20 bond maturity.

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 nine month period ended September 30, 2020

Dubai Aerospace Enterprise (DAE) Ltd

Unaudited condensed consolidated interim financial statements for the nine month period ended 30 September 2020

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 at 30 September 2020 and the related condensed consolidated statements 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 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 information is not prepared, in all material respects, in accordance with IAS 34.

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers
4 November 2020

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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 30 September 2020	Unaudited 3 months ended 30 September 2019	Unaudited 9 months ended 30 September 2020	Unaudited 9 months ended 30 September 2019
Revenues					
Revenue	6	302,767	345,437	971,483	1,078,297
Other income		5,410	1,487	12,638	6,841
Total revenue		**308,177**	**346,924**	**984,121**	**1,085,138**
Gain / (loss) on disposal of aircraft		41	(889)	9,893	32,262
Expenses					
Depreciation and amortisation		(138,841)	(145,561)	(418,726)	(432,699)
General and administrative expenses		(18,678)	(19,904)	(57,262)	(60,507)
Cost of providing engineering maintenance services		(8,595)	(10,921)	(31,070)	(36,303)
Loss allowance for financial assets	11	(12,565)	(1,933)	(40,441)	(10,235)
Aircraft maintenance		(4,853)	(1,068)	(13,876)	(6,648)
Operating profit		**124,686**	**166,648**	**432,639**	**571,008**
Finance income	7	3,679	12,462	13,714	43,572
Finance expense	7	(81,519)	(106,264)	(267,597)	(328,603)
Net finance cost		**(77,840)**	**(93,802)**	**(253,883)**	**(285,031)**
Profit before income tax		**46,846**	**72,846**	**178,756**	**285,977**
Income tax expense	8	(1,335)	(9,381)	(11,503)	(25,442)
Profit for the period		**45,511**	**63,465**	**167,253**	**260,535**
Other comprehensive income					
Items that may be reclassified to condensed consolidated interim statement of profit or loss:					
Unrealised loss on interest rate hedges		6,643	(15,062)	(54,894)	(61,483)
Income tax relating to components of other comprehensive income		(459)	3,051	3,328	4,657
Total comprehensive income for the period		**51,695**	**51,454**	**115,687**	**203,709**
Profit for the period attributable to:					
Equity holders of the Company		46,157	63,850	168,522	260,542
Non-controlling interests		(646)	(385)	(1,269)	(7)
		45,511	**63,465**	**167,253**	**260,535**
Total comprehensive income for the period attributable to:					
Equity holders of the Company		52,341	51,839	116,956	203,716
Non-controlling interests		(646)	(385)	(1,269)	(7)
		51,695	**51,454**	**115,687**	**203,709**

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 September 2020	Audited 31 December 2019
ASSETS			
Non-current assets			
Aircraft held for lease	9	11,050,411	11,309,997
Property, plant and equipment		106,396	110,023
Deposits for aircraft purchases	10	-	138,679
Intangible assets		5,130	6,276
Goodwill		44,668	44,668
Finance lease and loan receivables	16	173,382	91,825
Notes receivable	17	-	810,375
Other non-current assets		180,855	175,351
Investments		35,833	35,269
		11,596,675	**12,722,463**
Current assets			
Cash and cash equivalents	12	480,918	228,461
Restricted cash	12	103,970	137,525
Inventories		11,674	10,555
Derivative financial assets		-	1,884
Trade and other receivables	11	171,222	69,134
Prepayments		8,076	6,663
Finance lease and loan receivables	16	14,443	9,650
Current tax asset		2,271	20
Other current assets		99,766	57,315
Assets held-for-sale		-	293,385
		892,340	**814,592**
Total assets		**12,489,015**	**13,537,055**
EQUITY AND LIABILITIES			
EQUITY	13		
Authorised and issued share capital		1,927,770	1,927,770
Additional paid-in-capital		517,884	517,884
Treasury shares		(1,142,057)	(892,001)
Other reserves		(103,624)	(52,058)
Retained earnings		1,710,265	1,541,743
		2,910,238	**3,043,338**
Non-controlling interests		8,981	10,250
Net equity		**2,919,219**	**3,053,588**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	7,163,285	7,196,201
Deferred tax liabilities		298,099	289,748
Maintenance reserves and security deposits	15	1,015,015	1,120,650
Lease liabilities		30,355	32,436
Deferred revenue		37,574	54,644
		8,544,328	**8,693,679**
Current liabilities			
Loans and borrowings	14	525,221	1,099,342
Trade and other payables		70,133	305,757
Derivative financial liabilities		102,122	44,837
Maintenance reserves and security deposits	15	269,132	211,104
Lease liabilities		3,562	3,312
Deferred revenue		55,298	65,458
Liabilities held-for-sale		-	59,978
		1,025,468	**1,789,788**
Total liabilities		**9,569,796**	**10,483,467**
Total liabilities and equity		**12,489,015**	**13,537,055**

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 30 September 2020**	**Unaudited 30 September 2019**
Cash flows from operating activities		
Profit for the period	167,253	260,535
Adjustments for:		
Depreciation and amortisation	418,726	432,699
Gain on disposal of aircraft	(9,893)	(32,262)
Net finance cost	231,011	251,651
Amortisation of fair value discounts and financing fees	22,872	28,895
Income tax	11,503	25,442
Changes in operating assets and liabilities		
Movement in in trade and other receivables	(102,888)	(26,171)
Movement in finance lease and loan receivables	(86,350)	13,714
Movement in maintenance reserves and security deposits	(47,607)	63,713
Movement in other assets and liabilities	(1,891)	(13,627)
Net cash generated from operating activities	**602,736**	**1,004,589**
Cash flows from investing activities		
Acquisition of aircraft held for lease	(101,782)	(541,728)
Acquisition of property plant and equipment	(4,068)	(1,939)
Proceeds from sale of aircraft	29,931	465,439
Repayment of notes receivable	813,591	-
Deposits paid for aircraft purchases	-	(144,761)
Net cash from / (used) in investing activities	**737,672**	**(222,989)**
Cash flow from financing activities		
Movement in restricted cash	33,555	82,070
Proceeds from borrowings	1,010,000	2,254,196
Repayment of borrowings	(1,422,493)	(2,543,391)
Repurchase of share capital	(250,056)	(107,000)
Debt repurchased	(188,741)	(86,634)
Net financing costs	(258,636)	(305,356)
Payment of debt issuance costs	(11,580)	(14,971)
Net cash used in financing activities	**(1,087,951)**	**(721,086)**
Net increase in cash and cash equivalents	**252,457**	**60,514**
Cash and cash equivalents at the beginning of the period	**228,461**	**192,950**
Cash and cash equivalents at the end of the period	**480,918**	**253,464**

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 2019	**1,927,770**	**517,884**	**(892,001)**	**(52,058)**	**1,541,743**	**3,043,338**	**10,250**	**3,053,588**
Profit for the period	-	-	-	-	168,522	168,522	(1,269)	167,253
Other comprehensive income	-	-	-	(51,566)	-	(51,566)	-	(51,566)
Total comprehensive income for the period	-	-	-	(51,566)	168,522	116,956	(1,269)	115,687
Purchase of own shares	-	-	(250,056)	-	-	(250,056)	-	(250,056)
At 30 September 2020	**1,927,770**	**517,884**	**(1,142,057)**	**(103,624)**	**1,710,265**	**2,910,238**	**8,981**	**2,919,219**

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	-	-	-	-	260,542	260,452	(7)	260,535
Other comprehensive income	-	-	-	(56,826)	-	(56,826)	-	(56,826)
Total comprehensive income for the period	-	-	-	(56,826)	260,542	203,716	(7)	203,709
Purchase of own shares	-	-	(357,001)	-	-	(357,001)	-	(357,001)
At 30 September 2019	**1,927,770**	**517,884**	**(442,001)**	**(67,155)**	**1,425,699**	**3,362,197**	**9,349**	**3,371,546**

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 ("DAE or the "Company") (the Company and its subsidiaries are together referred to as the "Group") is the parent company of the Group. The Company is limited by shares and was incorporated on 19 April 2006 in the Dubai International Financial 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 ("DSOA"). ICD Hospitality & Leisure LLC and DSOA are subsidiaries of ICD. ICD directly and indirectly owns 100% of the Company and is therefore the ultimate controlling party of the Group. ICD is controlled by the Government of Dubai.

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. DAE Engineering division consists of an 80% ownership stake in Joramco.

The operational highlights for the nine month period ended 30 September 2020 (the "period") are summarised below:

- Purchases – the Group purchased five aircraft during the period (2019: 8).

- Sales – the Group disposed of ten aircraft during the period (2019: 19).

- The total number of owned aircraft at 30 September 2020 was 284, no aircraft were classified as held-for-sale (31 December 2019: 289 including 10 aircraft classified as held-for-sale). The Group also managed 71 aircraft on behalf of third parties as at 30 September 2020 (31 December 2019: 65).

- As a result of the spread of the COVID-19 virus the Group is dealing with requests for support from certain airline customers. During the period, 21 deferral agreements were concluded.

- Moody's Investors Service & Fitch Ratings affirmed DAE's investment grade unsecured debt ratings during the period.

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

The condensed consolidated interim financial statements were approved 4 November and signed by:

/s/ Firoz Tarapore

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Firoz Tarapore
Chief Executive Officer

Notes to the unaudited condensed consolidated interim financial statements

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 2019, 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.

As at 30 September 2020, the current liabilities of the Group exceeded its current assets by USD 133.1 million. The shortfall will be met by a combination of the operating cash flows of the Group and utilisation of available credit facilities. As such, the Directors are of the opinion that the going concern basis of accounting is appropriate for the condensed consolidated interim financial statements for the nine month period 30 September 2020.

3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2019. A number of new and amended standards became applicable for the current period ended 30 September 2020. These new and amended standards did not have a material impact on the Group.

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 with the exception of the matter disclosed in the following paragraph were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2019.

During the nine month period ended 30 September 2020, the Group changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the period.

Notes to the unaudited condensed consolidated interim financial statements

5. Risk management and fair value estimation

The group is exposed to a variety of 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.

Risks and uncertainties
In preparing these condensed consolidated interim financial statements, the risk and uncertainties borne by the Group were the same as those disclosed in the consolidated financial statements as at, and for the year ended, 31 December 2019, other than the developments outlined below, therefore the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

Since the start of January 2020, the world has been monitoring and reacting to the COVID-19 virus. As of 30 September 2020, the virus has spread across the globe resulting in widespread restrictions on the ability of people to travel. Global financial markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale, and which is expected to be material for the airline sector, and by extension the aircraft leasing sector.

The Group is dealing with requests for support from certain of its airline customers, which include rent deferrals, lease modifications or other concessions. As a result of rental deferrals granted to certain customers during 2020, the Group has recognised an amount within other assets. These amounts represented revenue recognised on a straight line basis but not yet billed or due from the customer. The total amount deferred was USD 89.8 million at 30 September 2020 and a loss allowance of USD 9.8 million has been recognised related to these amounts. The net amounts included within other assets are as follows:

In thousands of USD	**30 September 2020**	**31 December 2019**
Other non-current assets	37,948	-
Other current assets	42,054	-
Total	**80,002**	**-**

In addition, the Group's trade and other receivables have increased to USD 171.2 million and a loss allowance of USD 45.1 million has been recognised, see details in Note 11. The impact of COVID-19 on the global aviation industry could also negatively impact the valuation of the Group's aircraft held for lease, see further detail in Note 9.

In the event that the Group's customer defaults under these deferral agreements or the COVID-19 pandemic is pro-longed the Group's results could be negatively impacted by aircraft impairments or increased loss allowances for trade receivables. Management are closely monitoring the impact of the outbreak on the activities of the Group.

Notes to the unaudited condensed consolidated interim financial statements

5. Risk management and fair value estimation (continued)

Risks and uncertainties (continued)

The impact of COVID-19 is not expected to have an impact on the going concern basis of accounting. The Group has access to significant cash balances and expects to generate sufficient operating cash flows to service its obligations. In addition, as at 30 September 2020, the Group has total available liquidity of USD 2.1 billion including access to USD 1.6 billion of available and undrawn credit facilities.

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 and investments are carried at fair value and fall into Level 2 of the fair value hierarchy. Derivatives comprise interest rate swaps. The fair value of financial assets is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each financial asset. This analysis reflects the contractual terms of the financial assets, including the period to maturity, and uses observable market based inputs including interest rates, foreign-exchange rates, and implied volatilities. There were no changes made to any of the valuation techniques applied as at 31 December 2019.

6. Revenue

In thousands of USD	**30 September 2020**	**30 September 2019**
Lease rental income	922,608	1,019,864
Provision of engineering maintenance services	42,688	53,948
Finance lease and loan receivables income	6,187	4,485
Total revenue	**971,483**	**1,078,297**

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 13.6 million (2019: USD 13.0 million), totalled USD 39.3 million (2019: USD 49.4 million). Lease rental income also includes a net charge associated with the amortisation of lease incentive assets of USD 37.0 million (2019: USD 26.0 million) and other lease costs of USD 7.9 million for the period (2019: USD 9.1 million).

The loss allowance for trade receivables, which was previously included within lease rental income, is now disclosed separately in the condensed consolidated statement of profit or loss and other comprehensive income. Further details are shown in note 11.

Finance lease and loan receivables income was previously included with finance income in the condensed consolidated statement of profit or loss and other comprehensive income. During 2020 the amount was reclassified to revenue to better reflect the substance of the underlying transaction. Prior period amounts have been re-presented to align to current year presentation.

6. Revenue (continued)

The distribution of lease rental income by the operator's geographic region is as follows:

	30 September 2020	30 September 2020	30 September 2019	30 September 2019
	USD'000	%	USD'000	%
MEASA (Middle East/Africa/South Asia)	393,934	43	428,359	42
Asia/Pacific	270,503	29	279,985	27
Europe	131,727	14	167,736	17
Americas	126,444	14	143,784	14
Total lease revenue	922,608	100	1,019,864	100

7. Finance income and expense

In thousands of USD	30 September 2020	30 September 2019
Interest on notes receivable	3,216	34,503
Interest on bank accounts and short-term investments	3,293	5,824
Gains on financial instruments	3,367	3,245
Interest income from investments	1,005	-
Other interest income	2,833	-
Total finance income	**13,714**	**43,572**
Interest on borrowings	(238,074)	(300,609)
Amortisation of debt issuance costs	(21,959)	(25,959)
Lease expense *	(1,671)	(656)
Net foreign exchange loss	(1,701)	(551)
Other charges	(4,192)	(828)
Total finance expense	**(267,597)**	**(328,603)**
Net finance cost	**(253,883)**	**(285,031)**

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

Amortisation of debt issuance costs during the period ended 30 September 2020, also includes a charge of USD 1.5 million relating to the accelerated amortisation of debt issuance costs on the early repayment of certain loans (2019: USD 7.2 million).

* Lease expense of USD 0.7 million for the period ended 30 September 2019 has been reclassified to conform to current period's presentation, it was previously shown within other charges.

In addition, finance lease income, which was previously included within finance income and expense, is now disclosed within revenue in the condensed consolidated statement of profit or loss and other comprehensive income. Further details are shown in note 6.

8. Income tax expense

In thousands of USD	30 September 2020	30 September 2019
Current tax expense		
Current period	(177)	2,162
Deferred tax expense		
Origination and reversal of temporary differences	11,680	23,280
Total income tax expense	**11,503**	**25,442**

Reconciliation of effective tax rate

In thousands of USD	30 September 2020	30 September 2019
Profit for the period	167,253	260,535
Income tax expense	11,503	25,442
Profit before income tax	**178,756**	**285,977**
Income subject to tax in United Arab Emirates at 0%	-	-
Income subject to tax in Ireland at 12.5%	10,863	24,840
Income subject to tax in US	(459)	-
Income taxable at other rates	(2,652)	(2,648)
Interest not deductible	2,870	-
Other permanent differences	(338)	3,292
Impact of losses not recognised	1,219	(42)
Total income tax expense	**11,503**	**25,442**

The income tax expense for the nine month period ended 30 September 2020 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 Ireland and Hungary, however based on current income projections, a portion of these losses has not been recognised. The interest not deductible amount of USD 2.9 million relates to a restriction on interest deductions under Hungarian thin capitalisation rules. The 2019 equivalent amount was USD 3.9 million and is presented within other permanent differences in the period ended 30 September 2019. The reduction in the effective tax rate relates primarily to an increase in the percentage of Group’s profits attributable to the UAE as well as a reduction in the losses for which no tax benefit was recognised.

9. Aircraft held for lease

	Aircraft and engines USD'000	Maintenance right asset USD'000	Lease discount USD'000	Total USD'000
Cost				
At 31 December 2018	12,043,677	824,138	(34,589)	12,833,226
Additions	884,501	-	-	884,501
Transfers	64,747	(64,747)	-	-
Transfers to assets held-for-sale	(974,434)	(97,806)	6,632	(1,065,608)
Derecognition	(6,002)	(26,169)	777	(31,394)
Disposals	(72,461)	-	-	(72,461)
At 31 December 2019	11,940,028	635,416	(27,180)	12,548,264
Additions	80,249	-	-	80,249
Transfers	61,347	(61,347)	-	-
Transfers from assets held-for-sale	91,541	10,961	-	102,502
Transfers from finance lease receivable	11,162	-	-	11,162
Derecognition	-	(24,612)	-	(24,612)
Disposals	(96,782)	(5,914)	-	(102,696)
At 30 September 2020	12,087,545	554,504	(27,180)	12,614,869
Depreciation				
At 31 December 2018	1,065,004	68,424	(8,375)	1,125,053
Charge for the year	514,975	43,317	(6,349)	551,943
Transfers to assets held-for-sale	(398,496)	(15,040)	2,794	(410,742)
Derecognition	(6,002)	(5,940)	777	(11,165)
Disposals	(16,822)	-	-	(16,822)
At 31 December 2019	1,158,659	90,761	(11,153)	1,238,267
Charge for the period	382,736	24,414	(3,052)	404,098
Transfers from assets held-for-sale	18,330	1,122	-	19,452
Derecognition	-	(11,023)	-	(11,023)
Disposals	(84,144)	(2,192)	-	(86,336)
At 30 September 2020	1,475,581	103,082	(14,205)	1,564,458
Net book value				
At 31 December 2019	**10,781,369**	**544,655**	**(16,027)**	**11,309,997**
At 30 September 2020	**10,611,964**	**451,422**	**(12,975)**	**11,050,411**

As of 30 September 2020, the Group owned 284 aircraft and no aircraft were classified as held-for-sale (31 December 2019: 289 aircraft including 10 aircraft held-for-sale), within this the Group had 277 aircraft held for lease on an operating lease basis (31 December 2019: 282 aircraft) and seven aircraft recognised within finance lease and loan receivables (31 December 2019: 7 aircraft).

During the period, the Group sold ten aircraft (30 September 2019: 19 aircraft). As a result of these sales the advance from customer balance recognised within trade and other payables reduced to USD nil as at 30 September 2020 from USD 255.6 million as at 31 December 2019. The Group purchased five aircraft in the period (30 September 2019: 8 aircraft).

During the period ended 30 September 2020, the Group transferred one aircraft from finance lease receivables to aircraft held for lease and one aircraft from held-for-sale to aircraft held for lease.

9. Aircraft held for lease (continued)

During the period, the Group derecognised USD 13.6 million (30 September 2019: USD 13.0 million) of maintenance right assets related to aircraft which were redelivered to the Group during the period. An amount of USD 17.3 million has been recognised as a maintenance reserve release in relation to these aircraft (30 September 2019: USD 20.6 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, certain of the Group's aircraft and related assets details of which are included in note 14.

The Group evaluates aircraft held for lease for impairment in accordance with IAS 36 *Impairment of Assets* where circumstances indicate and at each reporting date there is an indication that an asset may be impaired. Where an impairment indicator exists, the Group will assess whether the aircraft is subject to an impairment charge.

The impairment charge is measured as the excess of the carrying amount of the impaired asset over its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. The value in use represents the present value of cash flows expected to be received from the aircraft in the future, including its expected residual value. Future cash flows are assumed to occur under the expected market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

As at 30 September 2020, management did not identify any material impairment for the Group's aircraft.

The key assumptions and judgments associated with the Group's impairment review are:

- Current market values of aircraft based on independent appraiser data;
- Estimates relating to lease transition periods and related costs;
- Assumed future aircraft values and residual values at the end of the aircraft's life based on independent appraiser data;
- Assumed future non contracted lease rates assessed against appraiser rates for each aircraft; and
- The discount rate applied to forecast cash flows based on the Group's WACC of 4.8% (2019: 4.5%);

A sensitivity analysis was performed to determine the potential impact of the following movements in the various risk variables:

- 0.5% increase/decrease in the discount rate to determine the Group's WACC;
- 10% increase/decrease in the current market values of aircraft;
- 10% increase/decrease in the future non contracted rental income of each aircraft; and
- 10% increase/decrease in the residual value of aircraft at end of its useful life.

None of the above movements in risk variables would have led to a material impairment charge for the period ended 30 September 2020.

10. Deposits for aircraft purchases

In thousands of USD	**30 September 2020**	**31 December 2019**
Beginning of the period / year	138,679	70,663
Additions	-	146,322
Transfers	(138,679)	(78,306)
End of the period / year	**-**	**138,679**

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 one aircraft during the period (31 December 2019: 11 aircraft) for which USD 138.7 million of deposits for aircraft purchases was capitalised (31 December 2019: USD 78.3 million).

11. Trade and other receivables

In thousands of USD	**30 September 2020**	**31 December 2019**
Trade receivables	211,920	79,204
Less: allowances for impairment	(45,104)	(14,474)
Trade receivables, net	166,816	64,730
Other receivables	4,406	4,404*
Total trade and other receivables	**171,222**	**69,134**

*Accrued income of USD 4.0 million has been reclassified to other receivables, it was previously shown within trade receivables for the year ended 31 December 2019.

As a result of rental deferrals granted to certain customers during 2020 the Group has recognised a deferred revenue asset within other assets. See further details in note 5.

The movement in the allowance for impairment is as follows:

In thousands of USD	**30 September 2020**	**31 December 2019**
At the beginning of the period/year	14,474	11,737
Allowances for impairment	30,630	9,479
Written off / offset	-	(6,742)
At the end of the period/year	**45,104**	**14,474**

The majority of the Groups exposure to credit risk relates to the leasing of aircraft. The recovery of trade receivables is highly dependent upon the financial strength of the commercial aviation industry. The expected credit loss (“ECL”) associated with the trade receivables balance is calculated using historic loss rates and airline credit ratings applied to the net exposure after cash deposits and letters of credit. Specific additional provisions are recognised where evidence of actual lessee distress is available.

11. Trade and other receivables (continued)

During the nine month period ended 30 September 2020, the Group recognised a charge related to allowance for impairment of trade and other receivables of USD 30.6 million (30 September 2019: USD 10.2 million). The charge for the period relates to a number of lessees in various jurisdictions and considers security held and the current impact of COVID-19. The charge for the prior period related primarily to the bankruptcy of one airline based in MEASA.

The charge is presented separately in the condensed consolidated statement of profit or loss and other comprehensive income and the prior period charge has been reclassified from lease rental income to loss allowance for trade receivables to conform to the current period presentation.

Details of security deposits and letters of credit held as collateral are disclosed in note 15.

12. Cash and cash resources

In thousands of USD	**30 September 2020**	**31 December 2019**
Cash and cash equivalents	480,918	228,461
Restricted cash	103,970	137,525
Total cash and cash resources	**584,888**	**365,986**

Cash and cash resources subject to withdrawal restrictions ("restricted cash") 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.

13. Capital and reserves

In thousands of USD	30 September 2020	31 December 2019
Authorised, issued and paid-up capital	1,927,770	1,927,770
Additional paid-in capital	517,884	517,884
Treasury shares	(1,142,057)	(892,001)
Other reserves	(103,624)	(52,058)
Retained earnings	1,710,265	1,541,743
Attributable to equity holders of the parent	**2,910,238**	**3,043,338**
Non-controlling interests	8,981	10,250
Total equity	**2,919,219**	**3,053,588**

The authorised and issued share capital of the Company at 30 September 2020 comprised of 1,927,770 ordinary shares of USD 1,000 par value each (31 December 2019: 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 2020, the Group repurchased ordinary shares held by ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority for USD 250.1 million. These shares are reported within equity as treasury shares in the condensed consolidated statement of financial position.

Notes to the unaudited condensed consolidated interim financial statements

14. Loans and borrowings

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

In thousands of USD	30 September 2020	31 December 2019
Principal	7,710,896	8,314,728
Accrued and unpaid interest	43,005	60,283
Fair value hedges	4,917	1,223
Total borrowings	7,758,818	8,376,234
Debt issuance costs	(70,312)	(80,691)
Net borrowings	**7,688,506**	**8,295,543**

In thousands of USD	30 September 2020	31 December 2019
Non-current liabilities		
Borrowings	7,217,033	7,262,702
Debt issuance costs	(53,748)	(66,501)
Non-current borrowings	**7,163,285**	**7,196,201**

In thousands of USD	30 September 2020	31 December 2019
Current liabilities		
Borrowings	541,785	1,113,532
Debt issuance costs	(16,564)	(14,190)
Current borrowings	**525,221**	**1,099,342**

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

In thousands of USD	30 September 2020	31 December 2019
At the beginning of the period/year	8,376,234	9,359,309
Loan drawdowns	1,010,000	2,969,196
Loan repayments	(1,422,493)	(3,844,236)
Debt repurchased	(192,108)	(86,634)
Amortisation of fair value discounts	(913)	(2,564)
Movement in fair value hedge	3,694	4,582
Movement in accrued interest	(17,278)	(5,654)
Revaluation of loans	1,682	-
Finance lease reclassification*	-	(17,765)
At the end of the period/year	**7,758,818**	**8,376,234**

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

Notes to the unaudited condensed consolidated interim financial statements

14. Loans and borrowings (continued)

Details of outstanding loans are as follows:

In thousands of USD	30 September 2020	31 December 2019
Senior unsecured notes	2,221,623	2,857,552
Revolving credit facilities	1,357,603	1,132,663
Unsecured facilities (including term loans)	1,258,484	1,169,438
Recourse obligations (including ECA, Ex-Im & EDC)	2,575,717	2,844,667
Non-recourse obligations	157,895	167,014
Term loan 2014	187,496	204,900
Total borrowings	**7,758,818**	**8,376,234**

15. Maintenance reserves and security deposits

In thousands of USD	30 September	31 December
Non-current maintenance reserves and security deposits	2020	2019
Maintenance reserves	855,823	946,241
Security deposits	159,192	174,409
Total	**1,015,015**	**1,120,650**

In thousands of USD	30 September	31 December
Current maintenance reserves and security deposits	2020	2019
Maintenance reserves	257,255	198,179
Security deposits	11,877	12,925
Total	**269,132**	**211,104**

Maintenance reserves

In thousands of USD	30 September	31 December
Maintenance reserves	2020	2019
At the beginning of the period/year	1,144,420	1,120,256
Additions	135,251	425,383
Reimbursed / paid	(113,591)	(193,304)
Released	(53,002)	(161,344)
Reclassified to liabilities held-for-sale	-	(46,571)
At the end of the period/year	**1,113,078**	**1,144,420**

15. Maintenance reserves and security deposits (continued)

Security deposits

In thousands of USD	30 September 2020	31 December 2019
At the beginning of the period/year	187,334	204,146
Additions	4,535	51,068
Repaid	(20,800)	(54,473)
Reclassified to liabilities held-for-sale	-	(13,407)
At the end of the period/year	**171,069**	**187,334**

Security deposits relate to cash security received from lessees as collateral. Security deposits are refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

In addition, the Group holds security on lease obligations in the form of letters of credit in the amount of USD 452.4 million as of 30 September 2020 (31 December 2019: USD 403.3 million).

16. Leases

Operating leases

As at 30 September 2020, the Group owns 284 aircraft (31 December 2019: 289 aircraft). Future minimum annual rentals to be received under the leases are as follows:

In thousands of USD	30 September 2020	31 December 2019
Within one year	1,104,031	1,221,005
After one year but not more than five years	3,562,172	3,935,188
More than five years	1,849,382	2,199,792
Total	**6,515,585**	**7,355,985**

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.

16. Leases (continued)

Finance leases and loan receivables

In thousands of USD	**30 September**	**31 December**
Non-current finance leases and loan receivables	**2020**	**2019**
Finance leases	75,884	91,825
Loan receivables	97,498	-
Total	**173,382**	**91,825**

In thousands of USD	**30 September**	**31 December**
Current finance leases and loan receivables	**2020**	**2019**
Finance leases	8,585	9,650
Loan receivables	5,858	-
Total	**14,443**	**9,650**

Finance leases

As at 30 September 2020, the Group owned six aircraft under finance lease agreements (31 December 2019: 7 aircraft). During the nine month period end 30 September 2020 one aircraft was transferred from finance lease receivable to aircraft held for lease. The Group's finance lease receivables are secured by the Group's title to the leased assets.

Loan receivables

During 2020 the Group acquired one aircraft which was placed with an airline customer. This lease does not meet the definition of a lease under IFRS 16 and therefore the amount is classified as a loan receivable.

The gross amounts receivable and unearned interest income are as follows:

In thousands of USD	**30 September 2020**	**31 December 2019**
Gross receivables	236,093	118,354
Unearned interest income	(62,711)	(26,529)
Total non-current receivables	**173,382**	**91,825**
Gross receivables	27,316	16,180
Unearned interest income	(12,873)	(6,530)
Total current receivables	**14,443**	**9,650**

16. Leases (continued)

Finance leases and loan receivables (continued)

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

In thousands of USD	30 September 2020		31 December 2019	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	27,316	14,443	16,180	9,650
After one year but not more than five years	109,266	68,528	64,930	44,877
More than five years	126,827	104,854	53,424	46,948
Total	263,409	187,825	134,534	101,475
Less: unearned interest income	(75,584)	-	(33,059)	-
Total	**187,825**	**187,825**	**101,475**	**101,475**

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

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 153 million (30 September 2019: USD 160.1 million) being aircraft lease rentals from companies under common control.
- The Group also provided engineering maintenance services to companies under common control amounting to USD 3.4 million (30 September 2019: 2.6 million).
- Finance income on notes receivable from shareholders during the period amounts to USD 3.2 million (30 September 2019: USD 34.5 million). During the period ended 31 March 2020, USD 813.6 million of notes receivable were repaid and the remaining balance is nil.
- Finance expense for the period in respect of loans from related companies under common control amounts to USD 28.4 million (30 September 2019: USD 46.9 million).

b) Compensation of key management personnel for the period:

In thousands of USD	30 September 2020	30 September 2019
Salaries and benefits	8,558	7,546
Total	**8,558**	7,546

18. Capital commitments

At 30 September 2020 the Group had committed to purchase a number of aircraft from third parties to deliver in 2020 and 2021. The total capital commitment at 30 September 2020 is approximately USD 0.9 billion (31 December 2019: USD 0.5 billion).

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. Prior period figures

Certain immaterial amounts for the previous period/year have been reclassified to conform to current period's presentation.

- In the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 September 2020, the loss allowance on trade receivables is presented as a separate item, this was previously presented within revenue. The comparatives for the three and nine month period ended 30 September 2019, of USD 1.9 million and USD 10.2 million respectively, has been reclassified to conform to the current period presentation.
- In the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 September 2020, the finance lease income, previously presented within finance income, is now presented within revenue. The comparatives for the three and nine month period ended 30 September 2019, of USD 1.5 million and USD 4.5 million respectively, has been reclassified to conform to the current period presentation.

20. Subsequent events

There were no significant events subsequent to 30 September 2020.