Dubai Aerospace Enterprise (DAE) Ltd

Results for the three months ended

March 31, 2023

ABOUT DAE

Dubai Aerospace Enterprise (DAE) Ltd is a globally recognized aviation services corporation with two divisions: DAE Capital and DAE Engineering. Headquartered in Dubai, DAE serves over 170 airline customers in over 65 countries from its seven office locations in Dubai, Dublin, Amman, Singapore, Miami, New York, and Seattle.

DAE Capital is an award-winning aircraft lessor and financier with an owned, managed, committed, and mandated to manage fleet of approximately 500 Airbus, ATR and Boeing aircraft with a fleet value of approximately US$17 billion. DAE Engineering provides regional MRO services to customers in Europe, Middle East, Africa, and South Asia from its state-of-the-art facility in Amman, Jordan, accommodating up to 17 wide and narrow body aircraft. It is authorized to work on 15 aircraft types and has regulatory approval from over 25 regulators globally. More information can be found on the company's web site at www.dubaiaerospace.com.

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WEBCAST AND CONFERENCE CALL DETAILS

DAE will host its earnings call at 09.00 EDT / 14.00 BST / 17.00 GST / 21:00 SGT on Wednesday May 3rd 2023, to review our results for the three months ended March 31, 2023.

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

Or alternatively the call can be accessed live by dialing (UAE) 800 017 8030, (Ireland) +353 (0) 1 526 9444, (UK) +44 1 212 818 004, (USA) +1 718 705 8796, (Singapore) +65 3158 0246 and quote 'Dubai Aerospace Enterprise' when prompted.

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

FORWARD-LOOKING STATEMENTS

This document 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 realized. 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 realized 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 "USD" 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 three months ended March 31, 2023 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 "March 31, 2023" are for the three months ended March 31, 2023 and to "March 31, 2022" are for the three months ended March 31, 2022.

FINANCIAL HIGHLIGHTS

- Profit for the three months ended March 31, 2023 was USD 69.2 million compared to a profit before exceptional items of USD 46.6 million for the three months ended March 31, 2022. Profit for the three months ended March 31, 2023 was USD 69.2 million compared to a loss after exceptional items of USD 491.3 million for the three months ended March 31, 2022.
- Operating profit for the three months ended March 31, 2023 increased by USD 45.6 million to USD 154.6 million compared to operating profit before exceptional item of USD 109.1 million for the three months ended March 31, 2022 which is mainly attributed to increased lease revenue and gain on disposal of aircraft and reversal of loss allowance. Operating profit for the three months ended March 31, 2023 was USD 154.6 million compared to an operating loss after exceptional item of USD 467.4 million for the three months ended March 31, 2022. The exceptional item in 2022 pertains to an asset write-off of USD 576.5 million relating to certain aircraft in Russia not in the Group's control.
- Cash flows from operating activities for the three months ended March 31, 2023 decreased by 20.5% to USD 283.8 million compared to USD 357.0 million for the three months ended March 31, 2022. This is primarily due to higher maintenance reserve receipts in the prior period driven by the drawdown of letters of credit associated with aircraft previously leased to Russian customers. Excluding the impact of the letters of credit drawdown, net cash generated from operating activities for the three months ended March 31, 2023 increased by USD 4.1 million or 1.5% as compared to the prior period.
- Total assets were USD 12,607.0 million at March 31, 2023 compared to USD 12,709.1 million at December 31, 2022. This decrease was mainly due to aircraft sold and depreciation charge during the period which were partly offset by the increase in cash and cash equivalents.
- Available liquidity was USD 2,643.8 million at March 31, 2023 compared to USD 2,659.9 million at December 31, 2022. The Liquidity coverage ratio was 309.3% at March 31, 2023 compared to 341.0% at December 31, 2022.
- Net Debt-to-Equity ratio was 2.47:1 times at March 31, 2023 compared to 2.64:1 times at December 31, 2022.

OPERATIONAL HIGHLIGHTS

- Total number of aircraft in the fleet at March 31, 2023 was 437 (December 31, 2022: 440) which consisted of 325 owned (December 31, 2022: 330), 107 managed (December 31, 2022: 104) and five committed aircraft (December 31, 2022: six).
- During the three months ended March 31, 2023 we purchased two owned aircraft (March 31, 2022: three) and three managed aircraft (March 31, 2022: 20) and sold or consigned seven owned aircraft (March 31, 2022: four). No managed aircraft were sold during the three months ended March 31, 2023 (March 31, 2022: 18).
- The weighted average age of our owned fleet was 6.9 years at March 31, 2023 compared to 6.5 years at December 31, 2022. The weighted average remaining lease term of our owned fleet at March 31, 2023 was 6.0 years compared with 6.3 years at December 31, 2022.
- The ratio of unsecured debt to total debt was 70.4% at March 31, 2023 compared to 69.8% at December 31, 2022.

RESULTS OF OPERATIONS

The following discussion of our results of operations is based on the condensed consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position which have been extracted from our interim financial statements for the three months ended March 31, 2023.

Results of operations *(in millions of USD)*	Three months ended Mar 31			
	2023*	Before exceptional items 2022	Exceptional items	Total 2022
Consolidated statement of profit or loss and comprehensive income				
Total revenue	315.2	298.0	-	298.0
Gain on disposal of aircraft	26.0	7.2	-	7.2
Expenses				
Depreciation and amortization	(143.8)	(141.1)	-	(141.1)
Asset write-off	-	-	(576.5)	(576.5)
General and administrative expenses	(22.6)	(21.3)	-	(21.3)
Cost of providing engineering maintenance services	(23.0)	(18.3)	-	(18.3)
Reversal of/ (provision for) loss allowance	5.8	(15.3)	-	(15.3)
Aircraft maintenance	(3.0)	(0.1)	-	(0.1)
Operating profit/(loss)	**154.6**	**109.1**	**(576.5)**	**(467.4)**
Finance income	19.5	2.3	-	2.3
Finance expense	(100.6)	(65.9)	-	(65.9)
Net finance costs	**(81.1)**	**(63.6)**	**-**	**(63.6)**
Profit/(loss) before income tax	**73.5**	**45.5**	**(576.5)**	**(531.0)**
Income tax (expense)/ benefit	(4.3)	1.1	38.6	39.7
Profit/(loss) for the period	**69.2**	**46.6**	**(537.9)**	**(491.3)**

** There were no exceptional items during the 3 month period ended March 31 2023.*

Consolidated statement of financial position (Extract)	As at Mar 31 2023	Dec 31 2022
Total cash and cash resources	582.6	438.2
Aircraft held for lease	11,075.5	11,300.8
Total assets	**12,607.0**	**12,709.1**
Total loans and borrowings	7,901.4	8,045.9
Total equity	3,000.8	2,935.7
Total liabilities and equity	**12,607.0**	**12,709.1**

	Three months ended Mar 31	
Adjusted EBITDA calculation [(1)]	2023	2022
Profit/(loss) for the period	69.2	(491.3)
Add back		
Net finance costs	81.1	63.6
Income tax expense/(benefit)	4.3	(39.7)
(Reversal of)/ provision for loss allowance	(5.8)	15.3
Depreciation and amortization	143.8	141.1
Asset write-off	-	576.5
Adjusted EBITDA	**292.6**	**265.5**

(1) *We define Adjusted EBITDA as profit/(loss), excluding net finance costs, loss allowance, income tax expense, depreciation and amortization and asset write-off.*

Financial metrics	Three months ended Mar 31	
	2023	2022
Pre-tax margin (*per cent*) [(2)(4)]	23.3	15.3
Pre-tax return on equity (*per cent*) [(3)(4)]	9.9	6.1
	As at	
	Mar 31 2023	Dec 31 2022
Net debt to equity (*times*) [(5)]	2.47x	2.64x
Total available liquidity (*USD billions*) [(6)]	2.6	2.7
Unsecured debt/total debt (*per cent*) [(7)]	70.4	69.8
Liquidity coverage ratio (*per cent*) [(8)]	309.3	341.0

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

(2) *Calculated as profit before income tax (before exceptional item) divided by total revenue.*

(3) *Calculated as profit before income tax (before exceptional item) (annualized in the case of interim periods) divided by average total equity.*

(4) *Profit before tax (before exceptional item) excludes an exceptional item of USD 576.5 million in 2022.*

(5) *Calculated as net debt (being total loans and borrowings, net of debt issuance costs less cash and cash equivalents) divided by total equity.*

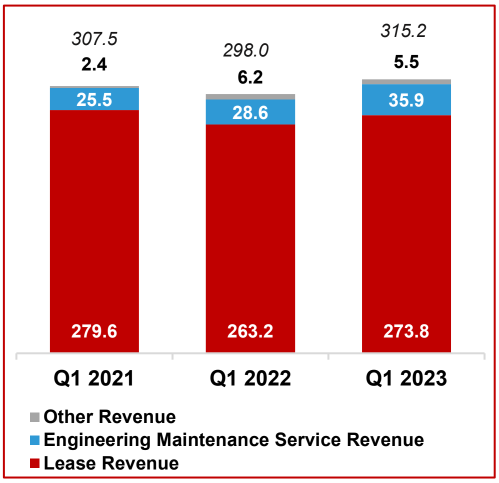
(6) *Calculated as the sum of available credit facilities and cash and cash equivalents.*

(7) *Calculated as unsecured loans and borrowings divided by total loans and borrowings.*

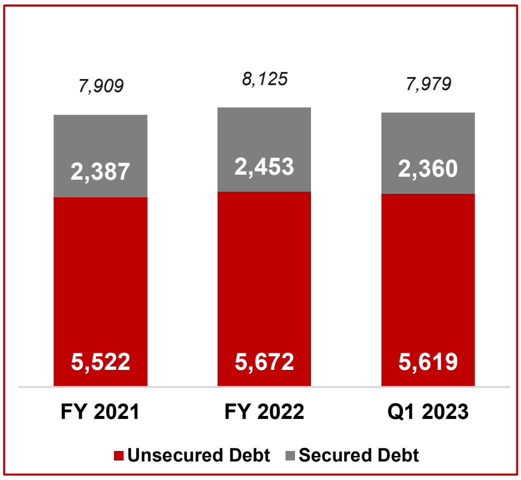
(8) *Calculated as total available liquidity divided by recourse debt payments in the next 12 months.*

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE

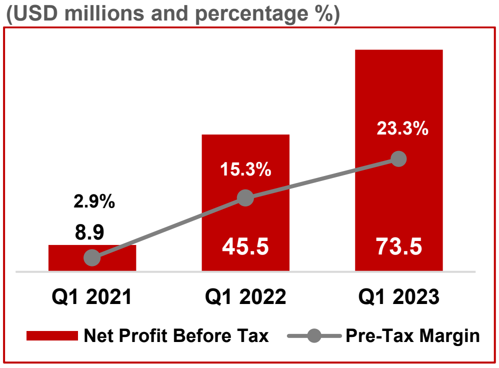
Total Revenue
(USD millions)



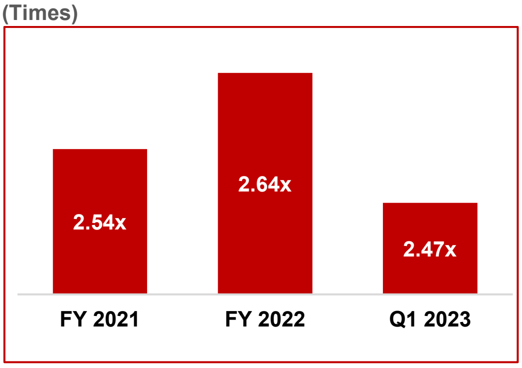
Total Debt by Security
(USD millions)



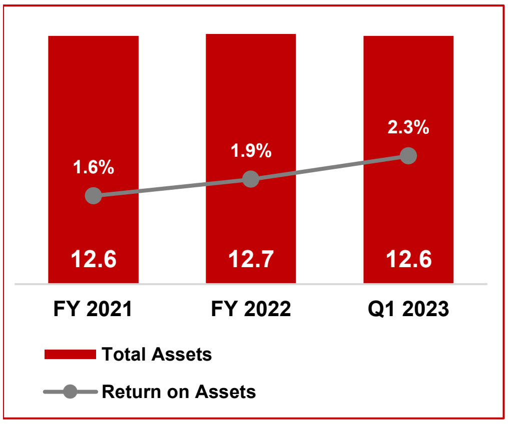
Net Profit Before Tax and Pre-Tax Margin [9]
(USD millions and percentage %)



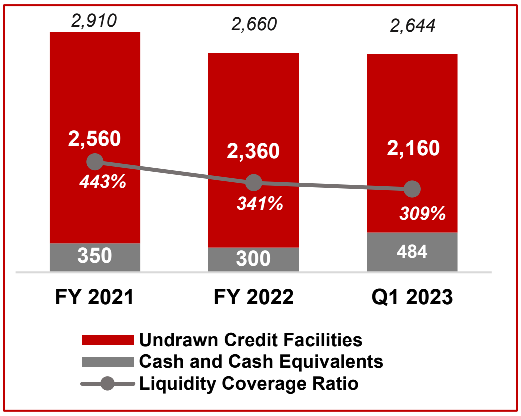
Net-Debt-to-Equity
(Times)



Total Assets and Return on Assets [9][10]
(USD billions and percentage %)



Available Liquidity and 12-Month Liquidity Coverage
(USD millions)

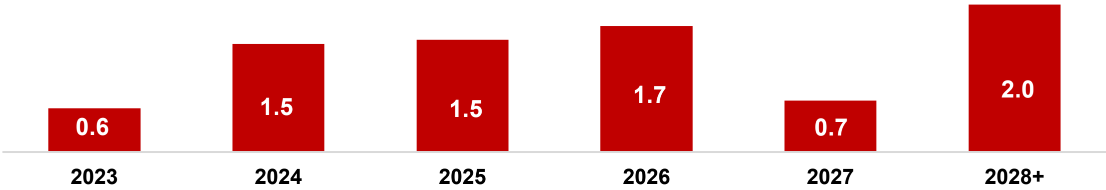


[9] *Profit before income tax is adjusted to exclude one-time bond redemption costs of USD 16.1 million in Q1 2021 and an exceptional item of USD 576.5 million in Q1 2022.*

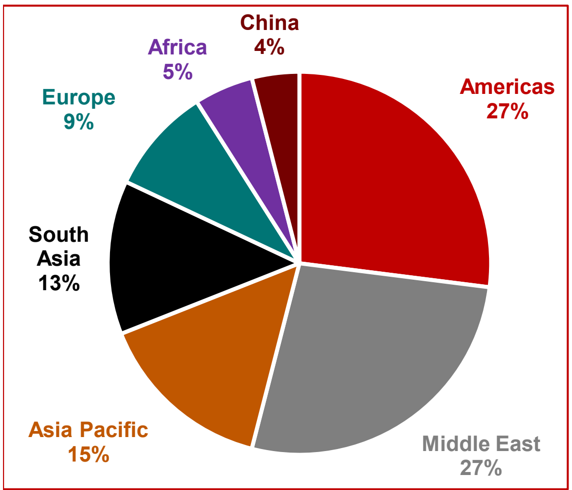
[10] *Calculated as profit before income tax (annualized in the case of interim periods) divided by average total assets, as appropriate.*

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE (CONTINUED)

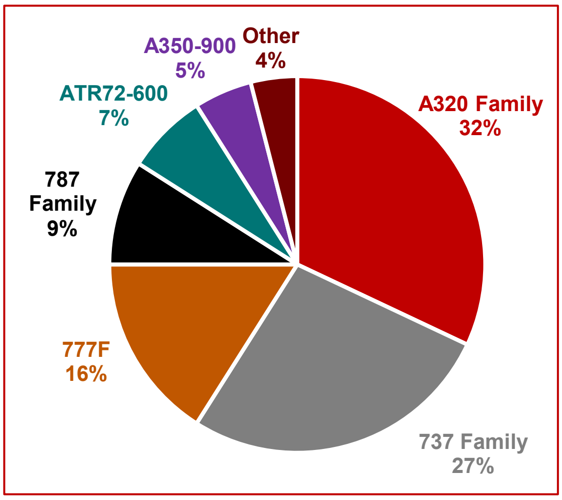
Debt Maturity Profile
(USD billions)



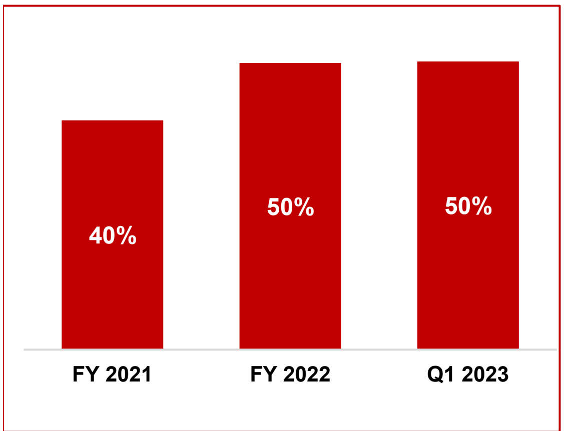
DAE Capital Diversification of Fleet by Region as of March 31, 2023 [11]



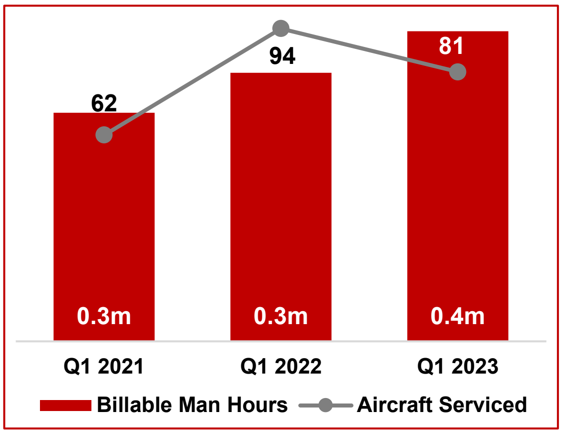
DAE Capital Aircraft by Type as of March 31, 2023 [11]



DAE Capital Proportion of Next Generation, Fuel Efficient Aircraft [11][12]



DAE Engineering Billable Man Hours and Number of Aircraft Serviced



[11] *Based on Ascend Half Life Current Market Value (HLCMV) as of the stated reference date and refers to owned fleet only. FY 2022 and Q1 2023 exclude aircraft in Russia.*

[12] *The following aircraft are considered as "next generation and fuel efficient": Airbus A320neo Family, Airbus A330neo Family, Airbus A350 Family, Boeing 737 MAX Family, Boeing 787 Family, and ATR 72-600.*

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

Overview

DAE is a global aviation services company headquartered in Dubai serving customers in over 60 countries from seven locations in the United Arab Emirates, Jordan, Ireland, Singapore and the United States of America. 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% indirectly owned by Investment Corporation of Dubai ("ICD"), the principal investment arm of the Government of Dubai.

DAE Capital

We are one of the largest aircraft leasing companies in the world. At March 31, 2023, we had a total owned, managed and committed fleet of 437 aircraft which was made up of 325 owned aircraft (including 11 aircraft classified as finance lease and loan receivables), 107 managed aircraft and commitments to acquire 5 new aircraft (two aircraft for our owned fleet and three aircraft for our managed fleet). Our owned and managed aircraft are on lease to 121 lessees in 60 countries.

As of March 31, 2023, the aggregate book value of our owned fleet, including aircraft pre-delivery payments, aircraft held-for-sale and finance lease and loan receivables, was USD 11,431.4 million. Future contracted lease rental income from our owned fleet amounted to USD 6,331.7 million. As of March 31, 2023, 97.9% of our leases were subject to fixed lease rates as a percentage of lease revenue.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 29.0% of our portfolio based on net book value as of March 31, 2023. Emirates, a related party, is our largest customer representing 10.1% of our fleet based on net book value. In addition, the estimated value of our managed fleet was USD 3.2 billion.

Analysis by aircraft type for our owned and managed portfolio

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio*	Total
A320 CEO family	94	45	2	141
A320 NEO family	28	9	1	38
A330-family	17	6	-	23
A330 NEO family	1	1	-	2
A350-900	4	-	-	4
Total Airbus	**144**	**61**	**3**	**208**
B737 NG family	66	35	-	101
B737 MAX family	24	9	-	33
B787 family	11	-	1	12
B777	3	-	-	3
B777F	12	-	1	13
Total Boeing	**116**	**44**	**2**	**162**
ATR 72-600	65	2	-	67
Total	**325**	**107**	**5**	**437**
Narrow body	212	98	3	313
Wide body – Passenger	36	7	1	44
Wide body – Freighter	12	-	1	13
Turboprop	65	2	-	67
Total	**325**	**107**	**5**	**437**

**Committed portfolio includes two aircraft for the owned fleet and three aircraft for the managed fleet.*

Fleet metrics	Mar 31, 2023	Dec 31, 2022
	As at	
Owned fleet *(number of aircraft)* (1)	325	330
Managed fleet *(number of aircraft)*	107	104
Weighted average age *(years)* (2)	6.9	6.5
Weighted average remaining lease term (*years*) (2)	6.0	6.3
(in millions of USD)		
Net book value of aircraft held for lease	11,075.5	11,300.8
Carrying value of finance lease and loan receivables	355.9	364.7
Aggregate net book value	**11,431.4**	**11,665.5**

(1) *Owned fleet includes aircraft in Russia not in the Group's control.*

(2) *Owned fleet only (excluding aircraft in Russia), weighted averages calculated based on the Cirium/Ascend half-life current market value*

DAE Engineering

The Group's Engineering division operates under the brand name Joramco and is a leading independent provider of airframe MRO services in the Middle East with a track record in excess of 55 years. DAE has an 80% ownership stake in Joramco. Joramco's facility of over 100,000 square meters in size is strategically located in Amman, Jordan. DAE believes that the strategic location, combined with a skilled and experienced workforce of approximately 1,000 people giving it a man-hour capability exceeding one million per year, allows the Engineering division to offer a compelling value proposition to airline customers in the Middle East, Europe, Asia, Africa, and the CIS countries. Joramco focuses on providing airframe MRO services on Airbus, Boeing, and Embraer aircraft, with a comprehensive suite of MRO capabilities including interiors, composites, paint, and avionics.

Five aircraft hangars occupying more than 30,000 square meters of the Joramco facility can accommodate up to 17 wide body and narrow body aircraft at the same time. Joramco currently has 15 aircraft type approvals including the Boeing 737, 787 and 777 aircraft families, Airbus A320, A330 and A340 families and Embraer E175 and E190 families and regulatory approvals from over 25 aviation authorities including EASA in the European Union, the FAA in the United States, and the CARC in Jordan.

Environment, Social and Governance Framework

DAE is committed to maintaining an effective Environmental, Social and Governance ("ESG") Framework. In 2022, DAE introduced a Stakeholder Engagement Policy and an ESG Policy to deepen our engagement with Stakeholders on ESG issues and hold ourselves accountable on our ESG journey.

DAE provides annual ESG Reporting to stakeholders which is presented in accordance with the Global Reporting Institute (GRI) Standards. DAE's most recent ESG Report, for the year ended December 31, 2022, was published on DAE's website in April 2023 and fully incorporates all of the Group's activities. Limited Assurance has been provided by KPMG on certain metrics reported within DAE's ESG Report. KPMG's independent assurance statement is available within the ESG Report.

In the ESG Report, DAE set out targets which seek to continually enhance our ESG frameworks, and which further demonstrate DAE's commitment to effective ESG risk management. DAE also makes voluntary ESG disclosures through CDP, a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions, and S&P Corporate Sustainability Assessment platform, ensuring that our Stakeholders have transparent access to the data and disclosures that DAE makes.

DAE holds an ESG Risk Rating of 14.4 from Morningstar Sustainalytics, who consider DAE's enterprise value to be of 'Low Risk' of material financial impacts driven by ESG factors. This is the lowest rating among rated aircraft lessors. In January 2023, Morningstar Sustainalytics awarded DAE with its ESG Industry Top Rated and ESG Regional Top Rated accreditations, indicating that in 2022, DAE's ESG Risk Rating from Sustainalytics was among the 50 lowest ratings issued by Sustainalytics in both DAE's industry (Trading & Distribution) and region (Middle East & Africa).

In furtherance of our commitments to effective engagement on ESG issues, in October 2022, DAE were one of the inaugural signatories of the Aircraft Leasing Ireland (ALI) Sustainability Charter, which outlines ten priority sustainability principles focused on areas including Climate Action and Net-zero, Innovation and Clean Technology and Diversity & Inclusion.

The latest ESG Report, Risk Rating Summary, Policy Documents, and further information is available on DAE's ESG website https://dubaiaerospace.com/esg/.

DAE Capital has a young fleet with an average age of 6.9 years. As of March 31, 2023, 50% of DAE Capital's fleet were next generation and fuel efficient aircraft, and DAE Capital is committed to continue to grow the proportion of these aircraft in its fleet. By investing in these aircraft which have greater fuel efficiency, lower emissions, and a lower noise footprint, we are helping our airline customers reduce their impact on the environment.

DAE has a comprehensive aircraft end of life strategy. We work directly with our customers and industry partners to recycle end of life aircraft to reduce waste while maximizing the remaining value of the aircraft components and engines. Engines and landing gear from disassembled aircraft are, where possible, put to use elsewhere in the DAE fleet. Alternatively, engines are consigned and sold for disassembly. We encourage our aircraft recycling and dismantling service providers to comply with industry best practice including IATA's Best Practices for Aircraft Decommissioning, and where applicable to obtain AFRA (Aircraft Fleet Recycling Association) accreditation.

In addition, in its premises DAE supports a variety of internal environmental initiatives including the use of energy efficient lighting, water conservation and a continued focus on recycling and reducing waste. Furthermore, DAE encourages staff 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 26 nationalities. In addition, at March 31, 2023, our DAE Capital business had a ratio of 60% male employees and 40% 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.

DAE is committed to good corporate governance, which helps us compete more effectively, sustain success and build long-term shareholder value. DAE maintains strong corporate governance policies, procedures, and practices that foster board stewardship, management accountability, and proactive risk management. All our directors, employees, and contractors are expected to conduct themselves in accordance with the highest ethical and moral standards, as informed by our Code of Conduct, which is available on our website https://dubaiaerospace.com/corporate-governance/.

Three months ended March 31, 2023 compared to three months ended March 31, 2022

Total revenue

Total revenue comprises (i) lease revenue from aircraft leasing, which also includes maintenance revenue (which comprises the release of maintenance reserves net of the derecognition of maintenance right assets) and is net of amortization of lease incentives and other lease costs, (ii) engineering maintenance service revenue which is derived from Joramco's engineering maintenance services and (iii) other income (which includes income from the management of aircraft on behalf of third parties, proceeds from the sale of spare parts and the release of security deposits).

The table below shows a breakdown of our total revenue for each of the three months ended March 31, 2023 and March 31, 2022.

Total Revenue *(in millions of USD)*	**Three months ended Mar 31**	
	2023	**2022**
Lease revenue	280.4	260.3
Maintenance revenue	2.6	15.7
Amortization of lease incentives and other lease costs	(11.1)	(15.6)
Net lease revenue	**271.9**	**260.4**
Engineering maintenance service revenue	35.9	28.6
Finance lease and loan receivables income	1.9	2.8
Total lease, engineering maintenance service revenue and finance lease and loan receivables income	**309.7**	**291.8**
Other income	5.5	6.2
Total revenue	**315.2**	**298.0**

Total revenue was USD 315.2 million for the three months ended March 31, 2023 compared to USD 298.0 million for the three months ended March 31, 2022, an increase of USD 17.2 million, or 5.8%, due to the reasons outlined below.

Net lease revenue increased by USD 11.5 million, or 4.4%, to USD 271.9 million for the three months ended March 31, 2023, from USD 260.4 million for the three months ended March 31, 2022. This increase was primarily driven by additional revenue generated by the aircraft acquired in the business combination last year.

Engineering maintenance service revenue increased by USD 7.3 million, or 25.5%, to USD 35.9 million for the three months ended March 31, 2023 compared to USD 28.6 million for the three months ended March 31, 2022.

Finance lease and loan receivables income decreased by USD 0.9 million to USD 1.9 million for the three months ended March 31, 2023 compared to USD 2.8 million for the three months ended March 31, 2022.

Gain on disposal of aircraft

Gain on disposal of aircraft was USD 26.0 million for the three months ended March 31, 2023 compared to USD 7.2 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, the Group sold/consigned seven owned aircraft compared to the sale of four owned aircraft during the three months ended March 31, 2022.

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 comprised (i) depreciation and amortization, (ii) asset write-off, (iii) general and administrative expenses, (iv) loss allowance, (v) cost of providing the engineering maintenance services provided by Joramco and (vi) aircraft maintenance.

The table below shows a breakdown of our expenses for the three months ended March 31, 2023 and March 31, 2022.

Total Expenses *(in millions of USD)*	**Three months ended Mar 31**	
	2023	**2022**
Depreciation and amortization	143.8	141.1
General and administrative expenses	22.6	21.3
Cost of providing engineering maintenance services	23.0	18.3
Reversal of/ (provision for) loss allowance	(5.8)	15.3
Aircraft maintenance	3.0	0.1
Total expenses before exceptional items	**186.6**	**196.1**
Exceptional item - asset write-off	-	576.5
Total expenses	**186.6**	**772.6**

Expenses for the three months ended March 31, 2023, decreased by USD 9.5 million to USD 186.6 million compared to the expenses before exceptional items of USD 196.1 million for the three months ended March 31, 2022. Total expenses for the three months ended March 31, 2023 decreased by USD 586.0 million to USD 186.6 million compared to USD 772.6 million for the three months ended March 31, 2022.

Depreciation and amortization expense increased by USD 2.7 million, or 1.9%, for the three months ended March 31, 2023 to USD 143.8 million compared to USD 141.1 million in the prior period. This increase was primarily due to increase in the number of owned aircraft compared to the prior period.

General and administrative expenses increased by USD 1.3 million, or 6.1%, for the three months ended March 31, 2023 to USD 22.6 million from USD 21.3 million in the prior period.

Cost of providing engineering maintenance services increased by USD 4.7 million, or 25.7%, for the three months ended March 31, 2023 to USD 23.0 million from USD 18.3 million in the prior period. This increase reflects the corresponding increase in engineering maintenance services revenue over the same period.

Reversal of loss allowance was USD 5.8 million for the three months ended March 31, 2023 or a decrease of USD 21.1 million or 137.9% compared to the loss allowance charge of USD 15.3 million in the prior period. Further information can be found in the financial statements Note 16.

Aircraft maintenance increased by USD 2.9 million to USD 3.0 million for the three months ended March 31, 2023 from USD 0.1 million for the three months ended March 31, 2022. This increase was due to heavy maintenance costs related to aircraft returns and repossession.

In addition, asset write-off was USD 576.5 million for the three months ended March 31, 2022 compared to nil million in the current period. The asset write-off relates to the Group's net exposure to 19 aircraft in Russia not in the Group's control, and the leasing of which has been terminated.

Operating profit

Operating profit was USD 154.6 million for the three months ended March 31, 2023 compared to operating profit before exceptional items of USD 109.1 million in the corresponding period of 2022, an increase of USD 45.5 million, or 41.7%. This increase was attributable to the factors described in the preceding sections.

Operating profit was USD 154.6 million for the three months ended March 31, 2023, an increase of USD 622.0 million compared to an operating loss after exceptional items of USD 467.4 million in the corresponding period of 2022. This exceptional item in 2022 pertains to the asset write-off of USD 576.5 million relating to certain aircraft in Russia not in the Group's control.

Net finance costs

Net finance costs increased by USD 17.5 million, or 27.5%, to USD 81.1 million for the three months ended March 31, 2023 from USD 63.6 million for the three months ended March 31, 2022.

Finance income increased by USD 17.2 million, or 747.8%, to USD 19.5 million for the three months ended March 31, 2023 from USD 2.3 million for the three months ended March 31, 2022. This was due primarily to gains on financial instruments and higher deposit rates during the three months ended March 31, 2023 compared to the prior period.

Finance expense increased by USD 34.7 million, or 52.7%, to USD 100.6 million for the three months ended March 31, 2023 from USD 65.9 million for the three months ended March 31, 2022 due primarily to higher average loan balance during the current period and an increase in the average cost of debt to 4.5% for the three months ended March 31, 2023 from 2.9% for the three months ended March 31, 2022.

Income tax benefit/(expense)

During the three months ended March 31, 2023, the Group recorded a tax expense of USD 4.3 million compared to a tax benefit of USD 39.8 million for the three months ended March 31, 2022. The income tax benefit for the three month period ended March 31, 2022 was primarily driven by the impact of the asset write-off relating to certain aircraft in Russia not in the Group's control.

Profit/(loss) for the period

Reflecting the above factors, profit for the three months ended March 31, 2023 increased by USD 22.6 million to USD 69.2 million from profit before exceptional items of USD 46.6 million for the three months ended March 31, 2022.

Profit for the three months ended March 31, 2023 increased by USD 560.5 million to USD 69.2 million from a loss after exceptional items of USD 491.3 million for the three months ended March 31, 2022 which includes the asset write-off of USD 576.5 million relating to certain aircraft in Russia.

Consolidated Cash Flows

The following table presents our consolidated cash flows for the three months ended March 31, 2023 and the three months ended March 31, 2022. Cash and cash equivalents shown below refer to unrestricted cash.

Consolidated cash flow (Extract) (in millions of USD)	**Three months ended Mar 31**	
	2023	**2022**
Net cash generated from operating activities	283.8	357.0
Net cash generated from investing activities	94.9	64.0
Net cash used in financing activities	(194.8)	(368.3)
Net increase in cash and cash equivalents	**183.9**	**52.7**
Cash and cash equivalents at the beginning of the period	299.9	350.4
Cash and cash equivalents at the end of the period	**483.8**	**403.1**

For the three months ended March 31, 2023 net cash generated from operating activities was USD 283.8 million, a decrease of USD 73.1 million, or 20.5%, from USD 357.0 million for the three months ended March 31, 2022 which is primarily due to higher maintenance reserve receipts in the prior period driven by the drawdown of letters of credit associated with aircraft previously leased to Russian customers. Excluding the impact of the letters of credit drawdown, net cash generated from operating activities for the three months ended March 31, 2023 increased by USD 4.1 million or 1.5% as compared to the prior period.

For the three months ended March 31, 2023 net cash generated from investing activities was USD 94.9 million compared to USD 64.0 million for the three months ended March 31, 2022. This movement was primarily due to higher proceeds from disposal of aircraft partially offset by net cash paid on acquisition of aircraft held for lease.

Net cash used in financing activities for the three months ended March 31, 2023 was USD 194.8 million compared to USD 368.3 million for the three months ended March 31, 2022. This movement was due to the loan drawdown which was partly offset by increased loan repayments, cash interest paid and debt issuance costs during the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

Our cash and cash equivalents as at March 31, 2023 was USD 483.8 million, an increase of USD 183.9 million from USD 299.9 million as at December 31, 2022.

Our total cash and cash resources, which includes restricted cash, was USD 582.6 million as at March 31, 2023 which represents an increase of USD 144.4 million compared to USD 438.2 million as at December 31, 2022.

Loans and Borrowings, Liquidity and Capital Resources

Loans and borrowings

Our total loans and borrowings (net of debt issuance costs) decreased to USD 7,901.4 million as at March 31, 2023 from USD 8,045.9 million at December 31, 2022. The decrease was primarily due to loan repayments and notes repurchases of USD 410.6 million and USD 205.0 million, respectively which was partially offset by loan drawdown of USD 500.0 million during the three months ended March 31, 2023.

At March 31, 2023 our level of unsecured debt was 70.4% compared to 69.8% at December 31, 2022. The average cost of debt as at March 31, 2023 was 4.5% which increased from 3.4% at December 31, 2022 and the weighted average debt maturity as at March 31, 2023 was 5.3 years compared to 4.5 years at December 31, 2022.

Loans and Borrowings (in millions of USD)

	Aircraft Collateral	Mar 31 2023
Unsecured		
Senior unsecured notes		2,956.2
Senior unsecured facilities (incl. revolving credit facilities)		2,662.7
Total unsecured		**5,618.9**
Secured		
Recourse obligations (incl. Ex-Im & EDC)	75	1,732.0
Senior secured notes	16	581.0
Non-recourse obligations	2	47.4
Total secured	**93**	**2,360.4**
Debt issuance costs		(77.9)
Net loans and borrowings		**7,901.4**

The Group holds 232 aircraft with a total net book value of USD 7,285.2 million which were unencumbered at March 31, 2023 and 93 aircraft which were used as collateral on our secured facilities. Further information of the loan facilities can be found in the financial statements, Note 13.

Our unsecured credit facilities at March 31, 2023 of USD 2.2 billion were 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 utilization of revolving credit facilities in aggregate.

Liquidity and Capital Resources

Available liquidity was USD 2,643.8 million as at March 31, 2023 compared to USD 2,659.9 million as at December 31, 2022. Our total equity increased to USD 3,000.8 million as at March 31, 2023 from USD 2,935.7 million as at December 31, 2022. Our Net Debt to Equity ratio was 2.47:1 times as at March 31, 2023 compared to 2.64:1 times as at December 31, 2022.

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

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