

DP AIRCRAFT I LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

CONTENTS

3	Summary
7	Fact Sheet
8	Highlights
9	Chairman's Statement
12	Asset Manager's Report
21	Directors
22	Statement of Principal Risks and Uncertainties
26	Going Concern
29	Statement of Directors' Responsibilities
30	Independent Review Report to the Members of DP Aircraft I Limited
32	Condensed Consolidated Statement of Comprehensive Income (unaudited)
33	Condensed Consolidated Statement of Financial Position (unaudited)
34	Condensed Consolidated Statement of Cash Flows (unaudited)
35	Condensed Consolidated Statement of Changes in Equity (unaudited)
36	Notes to the Unaudited Condensed Consolidated Financial Statements
61	Company Information

SUMMARY

COMPANY OVERVIEW

DP Aircraft I Limited (the 'Company') was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 on 5 July 2013 with registered number 56941.

The Company was established to invest in aircraft. The Company is a holding company, and makes its investment in aircraft through four wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited and DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise the Group (the 'Group').

Pursuant to the Company's Prospectus dated 27 September 2013, the Company offered 113,000,000 Ordinary Shares of no par value in the capital of the Company at an issue price of US\$ 1.00 per share by means of a Placing. The Company's Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013 and the Company was listed on the Channel Islands Securities Exchange until 27 May 2015.

On 5 June 2015, the Company offered 96,333,333 Ordinary Shares of no par value in the capital of the Company at an issue price of US\$ 1.0589 per share by means of a Placing. These Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 12 June 2015.

In total there are 209,333,333 Ordinary Shares in issue with voting rights.

INVESTMENT OBJECTIVE

The Company's investment objective is to obtain income and capital returns for its Shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling aircraft (the 'Asset' or 'Assets').

DP Aircraft I Limited owns two Boeing 787-8 aircraft, manufacturer serial number (MSN) 35304 and MSN 35305, both on a long-term lease with Norwegian Air Shuttle ASA as well as two Boeing 787-8 aircraft, MSN 35320 and MSN 36110, both on a long term lease with Thai Airways International PCL (the 'Assets').

THE BOARD

The Board comprises independent non-executive directors. The directors of the Board are responsible for managing the business affairs of the Company and Group in accordance with the Articles of Incorporation and have overall responsibility for the Company's and Group's activities, including portfolio and risk management while the asset management of the Group is undertaken by DS Aviation GmbH & Co. KG (the 'Asset Manager').

THE ASSET MANAGER

The Asset Manager has undertaken to provide the asset management services to the Company and Group under the terms of an asset management agreement but does not undertake any regulated activities for the purpose of the UK Financial Services and Markets Act 2000.

BREXIT

The Directors do not expect that the recent United Kingdom ('UK') withdrawal from the European Union ('EU') will have a significant impact on the Company given the nature of its operations. However, they continue to monitor the airline industry for any potential impact on the Company.

SUMMARY (CONTINUED)

CORONAVIRUS ('COVID-19')

COVID-19 rapidly spread across the globe and resulted in widespread restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. This has had a significant impact on the airline sector, and by extension the aircraft leasing sector. More information is below and in the Asset Manager's Report.

NORWEGIAN AIR SHUTTLE ('NORWEGIAN' / 'NAS')

As has been widely reported, Norwegian Air Shuttle ('NAS') received financial support by the Norwegian Government subject to certain pre-conditions, among them agreement from Norwegian's bondholders and lessors to swap their debt and lease payment rights for equity in Norwegian. Following negotiations with Norwegian, the equity swap was completed on 28 May 2020, based on a Letter of Undertaking that was entered into on 4 May 2020, setting out the following terms:

- All of Norwegian's cash payment obligations until 30 June 2020 were waived to the extent that they had not already been met; and from July 2020 to March 2021 a 'power by the hour' arrangement instead applies. Under this arrangement, Norwegian will only pay lease rentals in respect of the two assets which it has leased from the Company to the extent that they actually operate them.
- The 'power by the hour' arrangement will come to an end on 31 March 2021. Thereafter Norwegian will make monthly lease payments to the Company again, at a reduced rate to that which has applied to date, reflecting the downward pressure on market rates for lease rentals that is widely anticipated in the aftermath of the Covid-19 crisis.
- In addition to monthly lease rental payments the Company will receive equity in Norwegian, with the number of shares to be calculated by reference to the monies which are being waived and/or forgone by the Company as a result of the waived outstanding debtor, 'power by the hour' arrangement and the reduced monthly rental amount from April 2021. The shares are to be provided to the Company in two tranches, with the first tranche allotted in May 2020 and the second tranche to be received in April 2021. The first tranche of shares has lock-up dates attached allowing partial sales in August 2020 and October 2020, with the Company free to dispose of all such shares on any date falling on or after 9 December 2020.

NORDDEUTSCHE LANDESBANK GIROZENTRALE ('NORDLB')

NordLB as agent of the Company's lending banks in respect of the assets leased to Norwegian, has given their approval to the arrangements described above, and at the same time agreed to certain adjustments to the Company's repayment obligations in relation thereto. Repayments of principal due during the period from May 2020 to March 2021 will be deferred, and the profile of debt service for the period starting from 1 April 2021 was adjusted to reflect the proposed reduction in Norwegian's monthly lease payments. All deferred amounts must be repaid by 30 June 2025 at the latest (with prepayment permissible without charge); and interest on deferred amounts will be payable on a floating rate base calculated as 1-Month Libor plus cost of funds plus increased margin.

The shares in Norwegian will be pledged to the lending banks for as long as loan deferrals are outstanding, and accordingly any sale of shares during that time will require the prior consent of the banks.

SUMMARY (CONTINUED)

NORDDEUTSCHE LANDESBANK GIROZENTRALE ('NORDLB') (CONTINUED)

Concurrently with the inception of the loan transaction the Company had entered into an ISDA Swap Agreement with NordLB. Under the terms of the swap the Company is a fixed interest rate payer and a floating interest rate payee. All payments under the swap are subordinated to payments due under the loan including deferred interest and principal amounts. NordLB has agreed to defer all payments under the ISDA Swap Agreement starting from May 2020 until 30 June 2025 at the last. The swap interest payments deferral agreement has not yet been signed.

THAI AIRWAYS INTERNATIONAL PCL ('THAI AIRWAYS' / 'THAI')

The Government of Thailand gave its approval to Thai Airways (Thai) taking the necessary steps to undergo debt rehabilitation proceedings through Thailand's Central Bankruptcy Court, with a view to a restructuring of the airline. The first hearing to decide whether Thai Airways may formally enter rehabilitation was held on 25 August 2020 and a second one on 14 September 2020. On the latter date, the Central Bankruptcy Court granted Thai the business reorganisation petition and appointed planners for the restructure.

In the next step, the planners will prepare the business reorganisation plan as soon as possible and it is expected that the Company will propose the business reorganisation plan to the Court within the 4th quarter of this year. Subsequently, the official receiver will call a creditors' meeting to consider the Company's business reorganisation plan around early 2021 and the Court will issue an order approving the plan and appoint the plan administrator within the first quarter of 2021. Then, the Company will proceed to implement the business reorganisation plan.

DEKABANK DEUTSCHE GIROZENTRALE ('DEKABANK')

In light of the moratorium triggered by the instigation of the debt proceedings on 27 May 2020, the Board and the lender, Dekabank, concluded that Thai would not make any further lease rental payments prior to the rehabilitation court hearing on 25 August 2020. Accordingly, the parties initially agreed that, for the period from 29 June 2020 to 9 September 2020, the Company would only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Company will make no dividend payments while deferrals remain outstanding under those borrowings. Subsequently, a further one month extension to the interest only period was granted by the lenders. Going forward, monthly extensions of the interest only period are at the sole discretion of the lenders provided that extensions shall not go beyond 31 January 2021 without the express consent of the lenders. The interest payments were sourced from the security deposits received by the Company from Thai Airways in advance of the commencement of the relevant leases that the Company has reserved under Reservation of Rights letters provided to Thai.

The Company and the lending banks will reassess the financing arrangements in good faith as soon as there is further clarity as to the ramifications of Thai Airways entering into the debt rehabilitation process.

GOING CONCERN

Whilst progress has been made by Norwegian, the Directors are uncertain as to the final outcome of the situation with Thai Airways. The Directors consider that the situation with Thai Airways, the uncertain future of Norwegian and the impact of Covid-19 overall as representing a material uncertainty with regards to going concern. However, the Directors believe that it is appropriate to prepare these financial statements under the going concern basis of preparation due to:-

SUMMARY (CONTINUED)

GOING CONCERN (CONTINUED)

- The continuing support of Dekabank and NordLB which made loans to the Group (with certain loan concessions);
- Current cash-flow projections under various scenarios (including certain Aircraft Lease concessions being granted to NAS and Thai); and
- Having regard to the limited recourse nature of the Loans

(Refer to Going Concern on pages 26 to 28 for additional details regarding going concern and related uncertainties). No adjustments have been made to the financial statements in the event that the Company was unable to continue as a going concern.

IMPAIRMENT

In line with each reporting date, but more relevant in light of the developments of COVID-19, a detailed impairment assessment of the aircraft and lease premiums have been undertaken. Following this review an impairment of US\$ 71,238,614 was booked against the aircraft and US\$ 15,653,502 against the lease premium. (See Note 3 for further details).

DISTRIBUTION POLICY

Under normal circumstances, the Company aims to provide Shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company targets a quarterly distribution in February, May, August and November of each year. The target distribution is US\$ 0.0225 per share per quarter. One quarterly dividend has been paid during the period ended 30 June 2020 meeting the US\$ 0.0225 per share per quarter target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all. Due to the impact of Covid-19 on the aviation industry and thereby our lessors, the Board suspended the payment of dividends from 3 April 2020 until further notice.

FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment ('SFS') of the London Stock Exchange
SFS Admission Date	4-Oct-13
Share Price	US\$ 0.145 at 30 June 2020
Earnings per share	US\$ (0.3439) for the period ended 30 June 2020
Country of Incorporation	Guernsey
Current Shares in Issue	209,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG, Chartered Accountants
Corporate Broker	Investec Bank Plc
Aircraft Registrations	LN-LNA LN-LNB HS-TQD HS-TQC
Aircraft Serial Numbers	35304 35305 35320 36110
Aircraft Type and Model	Boeing 787-8
Lessees	Norwegian Air Shuttle ASA ('Norwegian' or 'NAS') Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

HIGHLIGHTS

LOSS FOR THE PERIOD

The loss for the period ended 30 June 2020 is US\$ 71,992,915 and loss per share is US\$ 0.3439 per share. The profit for the period ended 30 June 2019 was US\$ 11,688,490 and earnings per share was US\$ 0.0558.

NET ASSET VALUE ('NAV')

The NAV per share was US\$ 0.6502 at 30 June 2020 (31 December 2019: US\$ 1.0304).

Although the fair values of the derivatives will move over their terms, at maturity the derivatives fair values will reduce to nil. The NAV excluding swap instruments is therefore presented to provide what the Directors consider to be a more relevant assessment of the Group's net asset position.

	As at 30 June 2020		As at 31 December 2019	
	US\$	US\$ per share	US\$	US\$ per share
NAV per the financial statements	136,099,429	0.6502	215,699,405	1.03041
Add back:				
Derivative instruments payable	5,245,906	0.0251	2,348,843	0.01122
Swap interest payable	84,207	0.0004	28,070	0.00013
NAV excluding swap instruments	<u>141,429,542</u>	<u>0.6756</u>	<u>218,076,318</u>	<u>1.04176</u>

INTERIM DIVIDENDS

Dividends were declared and paid on:

Date	Dividend reference period	Dividend per share	Payment date
15 January 2020	Quarter ended 31 December 2019	US\$ 0.0225 per share	14 February 2020

As a result of the Coronavirus ('Covid-19') pandemic impact on global aviation and especially its lessees, the Group has suspended dividends from 3 April 2020 until further notice to help preserve liquidity. Further details on the impact of the Covid-19 pandemic can be found within the Summary and the Asset Manager's Report.

OFFICIAL LISTING

The Company's Shares were first admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013.

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Interim Report of the Company for the six-month period to 30 June 2020.

The loss per share for the period was US\$ 0.3439 per share compared to earnings per share of US\$ 0.0558 per share for the same period last year. The net asset value per share at the period-end was US\$ 0.6502 compared to US\$ 1.03041 at 31 December 2019. This benefitted from a decrease in the asset manager's disposal fee provision of US\$ 2,479,634 and a fair value gain on investment of US\$ 3,085,028 but was negatively impacted and largely driven by an impairment loss recognised on the aircraft and lease premium of US\$ 86,892,116. Further details and explanations are outlined in the notes to the accounts.

As investors will be aware the half year has presented some significant challenges to the global aviation market as it has grappled to deal with the effects of the Covid-19 virus on its operations. Airlines, irrespective of geography, particularly those serving long-haul routes, have been consequentially impacted. Our lessees, NAS and Thai have been no exception and are significantly impacted and we have, and continue to work, with them and our lenders to navigate our way through this difficult period.

The airline industry as a whole is being affected by the outbreak of the Covid-19 virus and airlines are severely impacted by travel restrictions. The outlook for the airline industry for the remainder of 2020 might bring some slow relief in the event there is no second Covid-19 wave. However, IATA estimates the total net loss of airlines worldwide could amount to USD 84.3 billion in 2020, the worst in airline history, and the recovery of passenger demand to 2019 pre-Covid levels to take about five years.

On 3 April 2020 the Company announced that given the absence of immediate clarity as to the basis upon which the situation will be resolved, and in order to place the Company in the best possible position in its discussions with its lenders, the Board suspended the payment of dividends with immediate effect and until further notice. Maintaining an appropriate level of liquidity with currently no incoming lease payment is a key priority given the current challenges.

As has been previously reported both lessees have aircraft which are stored and awaiting engine installation following the well-publicised Rolls Royce issues on their Trent 1000 engines. Due to the bottleneck at Rolls-Royce with regards to spare engines and shop visit slots, both Thai Airways aircraft and Norwegian Air Shuttle ("NAS") aircraft have already been stored before the Covid-19 pandemic. The Company, through our Asset Manager, Dr Peters, is working closely with both Thai and NAS, who in turn are working with Rolls Royce to resolve these issues. One of the Thai engines suffered a total loss and discussions are ongoing with Rolls Royce to replace it. Thai as lessee is responsible for the replacement of the engine in accordance with the lease agreement.

NAS successfully completed a financial restructuring during the period and the Norwegian Government has extended loan guarantees of up to three billion NOK to NAS subject to certain terms and conditions.

As announced on 13 May 2020, the Board and its advisers agreed to an equity swap on the following basis:

- All of the NAS payment obligations until 30 June 2020 have been waived to the extent that they have not already been met; and from 1 July 2020 to 31 March 2021 a 'power by the hour' arrangement will instead apply. Under this arrangement, NAS will only pay lease rentals in respect of the two assets which it has leased from the Company to the extent that they actually operate them. It is unclear to what extent the Company will benefit, if at all, from this arrangement, given the minimal intercontinental aircraft movements as a result of Covid-19 to date and by the delay in getting the Trent 1000 engine fixes completed.

CHAIRMAN'S STATEMENT (CONTINUED)

- The 'power by the hour' arrangement will come to an end on 31 March 2021. Thereafter NAS will make monthly lease payments to the Company again, at a reduced rate to that which has applied to date, reflecting the downward pressure on market rates for lease rentals that is widely anticipated in the aftermath of the Covid-19 crisis and being compensated by the lease debt to equity swap as detailed below.
- In addition to monthly lease rental payments the Company has received equity in NAS, with the number of shares calculated by reference to the monies which are being waived and/or forgone by the Company as a result of the 'power by the hour' arrangement and the reduced monthly rental amount from April 2021. The shares are to be provided to the Company in two tranches over the coming twelve months, with the first tranche already allotted and the second tranche in April 2021.
- The shares comprising an interest of about 4.70% in NAS have been pledged to the lending banks for as long as loan deferrals are outstanding, and accordingly any sale of shares during that time will require the prior consent of the banks.

The Company's lending banks in respect of the assets leased to NAS gave their approval to the arrangements described above subject to documentation and at the same time agreed to certain adjustments to the Company's repayment obligations in relation thereto. Repayments of principal due during the period from May 2020 to March 2021 have been partially deferred and the profile of debt service for the period starting from 1 April 2021 has been adjusted to reflect the proposed reduction in the NAS monthly lease payments. All deferred amounts must be repaid by 30 June 2025 at the latest (with prepayment permissible without charge) and interest on deferred amounts will be payable on a floating rate base calculated as cost of funds plus increased margin.

NAS is downsizing and has cancelled 97 aircraft orders, including five B787s. The airline is slowly reopening some European routes since 1st July, while it had operated some Norwegian domestic and Nordic routes since the end of March to ensure minimum connectivity. NAS has also established a new management structure and is working on its "New Norwegian" business model.

Specifically, with respect to our other lessee the Government of Thailand gave its approval to Thai Airways taking the necessary steps to undergo debt rehabilitation proceedings through Thailand's Central Bankruptcy Court, with a view to a restructuring of the airline. The Central Bankruptcy Court granted Thai the business reorganisation petition and appointed planners to plan the restructure on 14 September 2020. In the next step, the planners will prepare the business reorganisation plan and it is expected that the Company will propose the business reorganisation plan to the Court within the 4th quarter of this year. Subsequently, the official receiver will call a creditors' meeting to consider the Company's business reorganisation plan around early 2021 and the Court will then issue an order approving the plan and appoint the plan administrator within the first quarter of 2021. Then, the Company will proceed to implement the business reorganisation plan.

The Board of DP Aircraft I Limited has been in discussions with both Thai Airways and the relevant lending banks regarding the most appropriate manner in which to structure the leasing arrangements on an ongoing basis.

In light of the moratorium triggered by the instigation of the Thai debt proceedings on 27 May 2020, the Board and the lenders worked on the assumption that Thai will not make any further lease rental payments prior to the rehabilitation court hearing. Accordingly, the two parties initially agreed that, for the interim period from 29 June 2020 to 9 September 2020, the Company will only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Company will make no dividend payments while deferrals remain outstanding under those borrowings. Subsequently, a further one month extension to the interest only period was granted by the lenders. Going forward, monthly extensions of the interest only period are at the sole discretion of the lenders provided that extensions shall not go beyond 31 January 2021 without the express consent of the lenders.

CHAIRMAN'S STATEMENT (CONTINUED)

The interest payments will be sourced from the security deposits received by the Company from Thai Airways in advance of the commencement of the relevant leases. As with NAS, such deposits became accessible to the Company following the referenced periods of lessee unauthorised cessation of lease rental payments and may be utilised for debt servicing following conditions imposed by the Lenders. Both airlines have the obligation to replenish such security deposits.

The Company and the lending banks will reassess the financing arrangements in good faith as soon as there is further clarity as to the ramifications of Thai Airways entering into the debt rehabilitation process. A further market update will be provided in due course once the Company has more definitive information.

As soon as is possible, the Board will enter into negotiations with both Thai Airways and the Company's lending banks in order to ascertain the basis upon which the leasing arrangements might most practicably be structured going forwards and will provide shareholders with a further update as and when there are any material developments in connection therewith.

Thai Airways has extended the suspension of international flights until end of September 2020. Domestic Thai routes are operated by the subsidiary Thai Smile. There had also been changes in the management, amongst others in regard to the role of the CFO and acting president.

The situations identified above with regard to NAS and Thai and their resolution, have been determined by the Directors, to represent a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern (see the Going Concern Statement on pages 26 to 28).

In a related area the Company have noted the recent financial results of Rolls Royce plc who supply the Trent 1000 engines utilised by both our lessees.

The Company has available cash projected at the end of September 2020 of US\$ 3 million.

The focus of the Company is to prioritise the preservation of the Company's long-term financial stability, although the challenges facing the Company are significant.

I would like to thank our Investors for their continued support in the Company. My fellow Directors and I are available via our Company Secretary, whose details can be found at the end of this report.

Jon Bridel
Chairman

ASSET MANAGER'S REPORT

THE AIRLINE MARKET

Covid-19 Pandemic in brief

The Covid-19 outbreak turned into a global pandemic with significant impact on the airline industry worldwide. Airlines globally are facing challenging and potentially existential times. The number of stored aircraft worldwide was increasing rapidly; by way of example the number went up by over 1,000 aircraft within a single day (31st March to 1st April 2020). After some travel restrictions have been lifted, the number of passenger aircraft in storage decreased to about 33 per cent. The further development and duration of the pandemic as well as any progress in research and development of vaccination and rapid tests will largely determine the total impact on the airline and aviation industry.

Global

- Current Situation
 - Airlines worldwide substantially impacted by the Covid-19 pandemic
 - Unprecedented decline of global airline traffic in history
 - Up to 64% of passenger aircraft (more than 16,000) had been stored globally – although this has now fallen to about 33%
 - Anticipated cash burn of USD 61 billion in 2Q20
 - Traffic slowly resumes – but the impact of a second wave is still unknown
 - USD 123 billion of governmental aid due to Covid-19

- Outlook
 - Cargo and passenger demand to rise sharply in 2021
 - Return to 2019-level of passenger demand not before 2023 according to IATA forecasts
 - International tourism receipts to decline by USD 910 to 1,170 billion in 2020
 - The total impact of the Covid-19 pandemic cannot be assessed at the current stage

	2019	2020 (Forecast)	2021 (Forecast)
Passengers [billion]	4.5	2.2	3.4
Capacity (ASK) [% YoY]	3.4	-40.4	31.9
Demand (RPK) [% YoY]	4.2	-54.7	55.2
Passenger Load Factor [%]	82.5	62.7	73.8
Freight & Mail [billion tonne km]	254	211	263
Net Results [billion USD]	26.4	-84.3	-15.0
CO2 [million tonnes]	914	574	748
Fuel efficiency [litre fuel/100 ATK*]	22.4	22.1	21.9

* Available Tonne Kilometre

Source: IATA, June 2020

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Europe

Estimated Covid-19 impact in 2020

- 56% decline in overall demand (RPK)
- 52%-58% drop in international capacity (ASK)
- Net loss of USD 22 billion
- Markets expected to open in phases

Asia

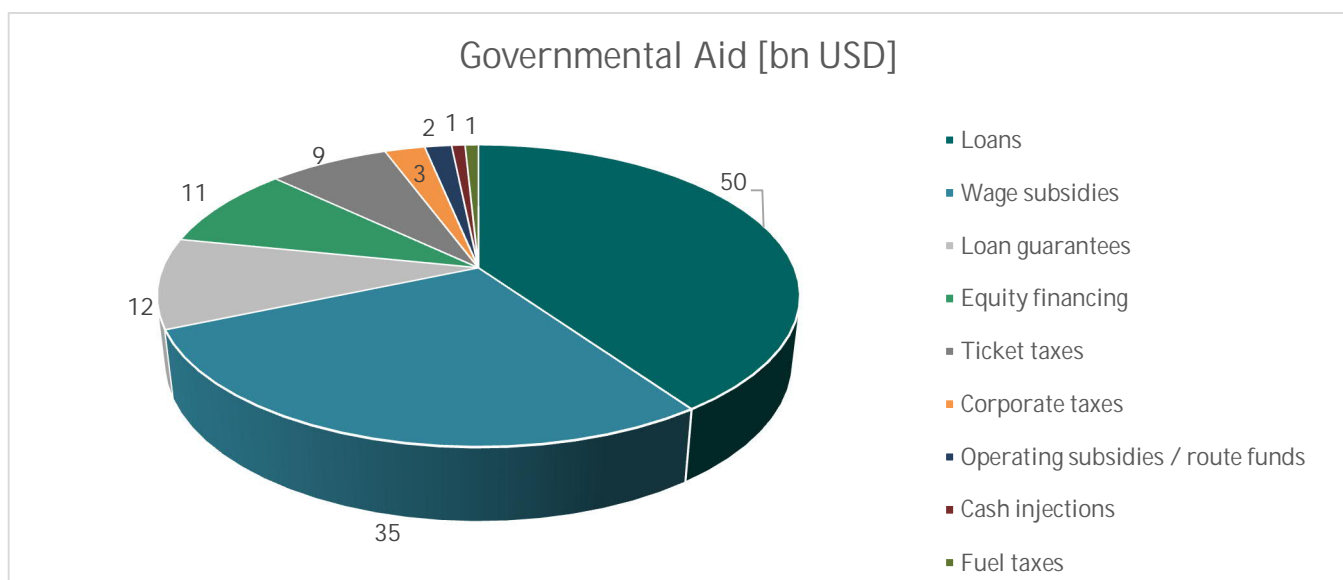
Estimated Covid-19 impact in 2020

- 54% decline in overall demand (RPK)
- 64%-73% drop in international capacity (ASK)
- Net loss of USD 29 billion
- Demand currently slowly recovering but without profitability

Outlook & Conclusion

The airline business is sensitive to external shocks, currently being reinforced by the Covid-19 pandemic. Previous burdens on airlines caused through the worldwide Boeing 737MAX fleet grounding and the Trent 1000 issues will be trivial in 2020. Even if the level of coronavirus cases flattens and travel bans are gradually lifted, it will potentially take years until capacity and numbers of passenger aircraft will return to pre-Covid-19 levels.

Compared to other industries and sectors, airlines operate in a very competitive environment, their profit margins are low and their operating costs significant. Another challenge for airlines to adopt to such a drastic decline in demand are their high percentage of fixed costs. Fixed costs, semi-fixed costs and crew expenses amount to nearly 50% of total operating costs and most of these cannot be avoided in the short-term. According to IATA, an average airline has an amount of cash and cash equivalents for about two months. This indicates that the industry heavily relies on governmental and creditor support. Until the beginning of June 2020, there had been about USD 124 billion of governmental aid made available. The chart below shows that more than half of these funds need to be repaid which in turn increases the airline's debt level.



Source: IATA; June 2020

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Outlook & Conclusion (Continued)

Not only travel restrictions and closures of tourist related infrastructure but also the decrease in manufacturing and retail industries and the resulting lay-off of employees contributes to an economic recession which in turn will impact the recovery of the airline industry. Organisations such as IATA, ICAO and appraiser companies develop many different scenarios regarding the impact of Covid-19 on the airline sector and its recovery. At the current stage, it is impossible to make any reliable or resilient statement on the total impact of the Covid-19 pandemic or its further development. All outlooks shared in this report are based on historic data and assumptions made by industry experts. It can be considered as a potential guideline. However, from a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises. Obviously, this time the recovery period will take longer than average to return to pre-Covid-19 levels and as long as the pandemic will last and most of the travel restrictions remain in place, the number of airlines dependent on governmental support or filing for bankruptcy will increase.

THE LESSEES

This chapter focuses on the airlines' overall conditions. For more information regarding to the individual agreements between Lessor, Lessee and Lenders, please refer to the Chairman's Statement.

Norwegian Air Shuttle ASA

Impact and challenges resulting from Covid-19 pandemic

- Significant negative impact on financial and operating results; significant liquidity risk
- Financial impact of Covid-19 also put pressure on the reporting of financial results; e.g. for the first quarter 2020 where only an announcement for the three-month period ended on 31 March 2020 was made available instead of a full report
- High exposure on transatlantic network and dependent on the development of the pandemic in the U.S
- Four crew subsidiaries based in Denmark and Sweden and employing over 4,000 pilots and crew members filed for bankruptcy
- Norwegian entered a kind of hibernation mode in mid-March
 - Cancellation of 85 per cent of its flights from 16th March 2020 onwards
 - Temporarily lay-off of 7,650 employees (about 80 per cent)
 - Storage of 95 per cent of the entire fleet
 - Only repatriation flights and several routes in the Nordics, subsidised by the government to ensure connectivity to remote areas
 - Deferral/cancellation of scheduled aircraft deliveries
 - Request of a forbearance period with its main creditors (lessors and banks) until end of June 2020
 - Application for the governmental support package totalling NOK 3 billion
- Since July 2020 slow resumption of up to 76 European routes from Oslo, Copenhagen and Stockholm
- Survival became dependent on Governmental and creditor support

Restructuring and Governmental Aid Package

- Reduction of monthly cash burn from NOK 2,850 – NOK 3,350 million (pre-Covid-19) to NOK 100 – NOK 300 million during grounding phase in 2Q20
- Norwegian Government offered support package in three tranches (NOK 300m, NOK 1.2bn, NOK 1.5bn) totalling NOK 3.0bn (USD 286m); each subject to certain conditions

ASSET MANAGER'S REPORT (CONTINUED)

Norwegian Air Shuttle ASA (continued)

Restructuring and Governmental Aid Package (continued)

- Norwegian met requirements for the first tranche quickly which had been approved (raising additional NOK 30m (about USD 2.9m) funding through banks)
- Norwegian could not fulfil conditions for the second tranche (required support from banks and lessors through forbearance) but this tranche is automatically unlocked if conditions of tranche 3 are met
- Therefore, Norwegian focused successfully on fulfilment of requirements for tranche 3 (equity ratio above 8%) through debt-to-equity conversions
 - Conversion of NOK 3.6 billion from convertible bonds
 - Conversion of NOK 9.1 billion of lease obligations through the issue of shares or perpetual bonds
 - Oversubscribed public offering of NOK 400 million
- Norwegian announced 20th May that it entered into a NOK 2.99 billion state supported term facility agreement
- NOK 3 billion governmental aid assumed to fund NAS with liquidity until year-end
- The governmental support package is a state guarantee backed loan and needs to be repaid by NAS
- Swedish Government rejected the application of NAS Swedish unit for governmental support as they consider that the Swedish subsidiary of NAS has not met the Swedish Government's criteria of being financially viable as at 31st December 2019
- Establishing the "New Norwegian"
 - Renegotiated leases; service agreements and repayment schedules
 - Strong focus on low costs and profitability
 - Resizing of fleet and focus on proven and profitable routes
 - Stronger focus on broader range of ancillaries as revenue driver
 - Strengthening of intra-Nordic network

Opportunities post-Covid-19 pandemic

- Potential increase in low-cost carriers' overall market share: passengers are historically more price-sensitive during economic downturns or recession
- Not being a long-haul carrier only allows to benefit from earlier recovery on domestic and regional markets
- Restructuring – including debt-to-equity conversion and temporary power-by-the hours agreement for B787 aircraft - provides the airline with further financial headroom and flexibility on their flight schedules
- Being one of the first airlines going through restructuring supported them to adapt quicker to the Covid-19 downturn and to re-emerge as "New Norwegian"
- Cancellation of 97 Boeing orders including B737MAXs and B787s deliveries resulting in a reduced CapEx

Comments & conclusions

After Norwegian put in place several measurements and refocused on profitability, the carrier was in a significant stronger position at the beginning of 2020 than at the beginning 2019. Just weeks later, it was severely hit by the Covid-19 pandemic. The commitment of the Norwegian Government to offer support packages to Norwegian, SAS and Wideroe shows that Norway considers Norwegian Air Shuttle as an important player which is deserving protection. However, different from other governments, Norway linked its support packages to certain conditions. Following the restructuring in 2019, Norwegian was not yet in a position to meet all the conditions from the beginning but with the support of Seabury - a well-known consulting company in the aviation industry –

ASSET MANAGER'S REPORT (CONTINUED)

Norwegian Air Shuttle ASA (continued)

Comments & conclusions (continued)

set-up a straightforward restructuring plan and managed successfully to get stakeholders' support to unlock the full package of governmental support.

However, the gradually lift of travel restriction within Europe is fragile and sometimes re-established. With no clear view on how and how fast travel restrictions will finally be lifted and demand returning, it remains to be seen how flexible Norwegian might adapt and how viable their new business model will prove to be. It does not seem unlikely that NAS would be in need for additional Governmental backing to survive.

Thai Airways International Public Company Limited

Impact and challenges resulting from Covid-19 pandemic

- One of the first airlines significantly affected by the pandemic having an exposure of 95 weekly flights to nine Chinese destinations
- Significant impact on Thai Airways' financial results and liquidity reserve
- The auditor's report regarding the second quarter and half year financial statement 2020 does not express a conclusion of opinion due to:
 - Lack of liquidity
 - Effect of Covid-19 to the airlines group operations
 - Entering into the rehabilitation process
- Shareholders equity as at 30th June 2020 turned negative (THB -17,120 million; appr. USD -554 million)
- Demand for immediate repayment made by holders of a 2019 issued debenture; Thai unable to repay these amounts during the automatic stay resulting in a default under debentures
- Suspension of all international flights from 1st April 2020 after a state of emergency was declared
 - 69 aircraft stored
 - Domestic flights only operated by Thai Airways' subsidiary Thai Smile (narrow-body fleet)
 - Thai operates only repatriation flights and cargo services only
 - Majority of employees granted leave until end of May with salary cuts of 10 to 50 per cent
- Aircraft retirement of older types in the fleet under consideration

Restructuring and Rehabilitation Process

- Changes in management
 - January: 2020: vice-chairman Chaiyapruk Didyasarin takes over the role as chairman permanently after Ekniti Nitithanprapas resigned in November
 - March 2020: second-vice president Chakkrit Parapuntakul became acting president after Sumeth Damrongchaitham resigned
 - March 2020: Pongchai Amatanon resigns from the Board of Directors
 - May 2020: Pailin Chuchottaworn resigned from the Board of Directors
 - July 2020: Resignation of Nattapong Samit-Ampaipisarnas Executive Vice President, Finance and Accounting; Chai Eamsiri takes over this position

ASSET MANAGER'S REPORT (CONTINUED)

Thai Airways International Public Company Limited (continued)

Restructuring and Rehabilitation Process (continued)

- Rehabilitation process
 - 19 May 2020: Approval by Thai Government to a restructuring under supervision of the local bankruptcy court
 - Thai Airways can continue to run its business and operations as usual
 - 22 May 2020: Thai Airways ceased to be a state-controlled company after government's shareholding decreased under 50 per cent
 - 26 May 2020: Thai Airways filed for rehabilitation with the Central Bankruptcy Court; the following day petition had been accepted for consideration
 - Consequently, Thai Airways is under an automatic stay; e.g. lessors do not need to be paid but cannot in turn exercise their rights under the leases
 - Thai appointed a small group of people as Planners in regard to the business rehabilitation process who will hold this position jointly
 - Plan administrator (responsible for the implementation of the rehabilitation plan) still to be appointed and likely to be identical with appointed planners
 - Thai nominated different advisors to assist with the rehabilitation plan, amongst others EY, Baker & McKenzie and Finansa Securities
 - 17th August 2020: Hearing at the Bankruptcy Court; Court decided to schedule two further hearings on 20th and 25th August
 - 26th August 2020: The Central Bankruptcy Court has issued another hearing date 14th September to announce an order
 - 14th September 2020: The Central Bankruptcy Court approved THAI's Business Reorganisation Petition and the Planners have been appointed
 - Following this, creditors can start filing applications for debt repayment to the official receiver within one month
 - The Business Reorganisation Plan is scheduled to be presented to the Central Bankruptcy Court in the fourth quarter 2020 followed by a creditor's meeting called by the official receiver, presumably in early 2021
 - Once the plan will have been approved by the Court, the business reorganisation plan can be implemented
 - Timeline for business rehabilitation also dependent on potential objections submitted by creditors – this being the first case an airline in Thailand choosing this kind of rehabilitation protection

Opportunities post-Covid-19 pandemic

- Even as Thai ceased to be a state enterprise, the Government considers Thai as flag carrier and is aware of its significance of continuing operations
- Successful restructuring of Thai Airways might lead to a more efficient cost base and more efficient and profitable operations
- Thailand's economy is dependent on tourism and Thai might benefit from measures initiated by the Government to stimulate tourism arrivals
- Bangkok has a favourable geographical position as a hub for South-East Asian and Australian destinations

ASSET MANAGER'S REPORT (CONTINUED)

Thai Airways International Public Company Limited (continued)

Comments & conclusions

Thai Airways has been struggling to return to profitability and without viable financial backing, the negative impact of the Covid-19 pandemic made recovery a real challenge. The airline is dependent on the tourism sector, particularly on in-bound tourism which has been severely impacted by the Covid-19 pandemic. Chinese tourists count for the biggest share of foreign tourists travelling to Thailand. The carrier remains dependent on any decision made by the Government to elevate or soften travel restrictions.

The financial situation of the carrier being extremely poor, restructuring became an unavoidable and necessary move with a strict focus on a viable rehabilitation plan. However, as long as the rehabilitation plan and process under the bankruptcy court are not outlined in detail, it remains to be seen if the chosen path will be more successful than a restructuring from own sources would have been. As long as the automatic stay is effective and details about the rehabilitation plan not published, any creditors' scope of actions, including the one of lessors, is limited. There is no guarantee for the airline's survival, although it might be considered that the carrier's long-term existence might be in the interest of the country. However, the specific impact on stakeholders, including employees, creditors and lessors, remains for the time being unknown.

THE ASSETS

Key Facts B787

- Total of 1,882 orders and 977 deliveries
- 61 operators (Airlines) on all continents
- 73 customers (Airlines and Lessors)

THE ASSETS (CONTINUED)

Key Facts B787 (continued)

- Further reduction of production rate to six aircraft monthly by 2021
- Boeing evaluates consolidation of their two production facilities (Everett and South Carolina)

Assets & Operations

Trent 1000 issues

The availability of Rolls-Royce Trent 1000 spare engines and the bottleneck of shop visit slots have impacted airlines' Boeing 787 fleets as some of their aircraft had been temporarily stored, including aircraft of Thai Airways and Norwegian Air Shuttle:

- Aircraft TQC stored since 29th September 2019 at Bangkok Suvarnabhumi Airport (Thailand)
- Aircraft TQD stored since 6th December 2019 at Bangkok Suvarnabhumi Airport (Thailand)
- Aircraft LNA stored since 27th May 2019 at Glasgow-Prestwick Airport (United Kingdom)
- Aircraft LNB stored since 17th September 2019 at Glasgow-Prestwick Airport (United Kingdom)

In service-dates are currently not only subject to Trent 1000 spare engine availability only but also subject to the impact of the Covid-19 pandemic on active fleet size.

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Asset Overview

AIRCRAFT OPERATIONS	Norwegian Air Shuttle				Thai Airways			
	LN-LNA		LN-LNB		HS-TOC		HS-TQD	
Cabin Layout	32 Premium Economy Class Seats 259 Economy Class Seats				24 Business Class Seats 240 Economy Class Seats			
LAST PHYSICAL INSPECTION								
Date	5.08.2020		5.08.2020		03.09.2020		02.09.2020	
Place	Prestwick Airport				Bangkok Airport			
Type of inspection	Follow-Up Inspection				Follow-up Inspection including records review			
AIRFRAME STATUS (31st July 2020)								
Total Flight Hours	29,177		30,925		16,873		15,536	
Total Flight Cycles	3,386		3,652		3,814		3,598	
Average Monthly Utilisation since Delivery	343 hours 40 cycles		371 hours 44 cycles		244 hours 55 cycles		229 hours 53 cycles	
Hours/cycles ratio since delivery	8.62		8.47		4.42		4.32	
ENGINE DATA (30th April 2020)	Engine Serial Number				Engine Serial Number			
	10118	10119	10130	10135	10239	10240	10244	10248
Total Time [Flight Hours]	23,984	26,357	21,802	24,868	15,292	10,518	11,081	16,805
Total Flight Cycles	2,818	3,101	2,422	2,864	3,433	2,583	2,681	3,690
Location	Shop	LNF	LNC	Spare	On-wing	Shop*	On-wing	On-wing

* Awaiting Replacement Engine

The annual physical inspection of LNA and LNB was performed 27th February 2020 at Prestwick Airport. The annual inspection also includes additional records review. To follow-up on findings detected in February and to closely monitor the aircraft during the extended grounding period, further inspections had been performed at Prestwick Airport on 1st to 3rd July 2020 and 5th August 2020. Regarding TQC and TQD, the last annual inspection was performed during the fourth quarter 2019. Resulting from the Covid-19 pandemic and prolonged storage of the aircraft, there had been a follow-up inspection performed 24th to 25th June 2020 and 2nd to 3rd September 2020.

One of the Company's engines (ESN 10240) of aircraft TQC, leased to Thai Airways, suffered a total loss and is to be replaced by Rolls-Royce.

Termination of Gold Care Agreement between Norwegian and Boeing

The Gold Care Agreement between Norwegian Air Shuttle (Boeing's only Gold Care customer) and Boeing had been terminated. According to the Lease Agreement, Maintenance Reserves previously paid to Boeing are to be paid from the actual termination date to the Lessor and outstanding reserves held by Boeing transferred in cash or credited against maintenance services to the Lessor.

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Asset Managers actions to ensure asset value

To keep the assets in the best possible condition is always top priority for DS Aviation as DP Aircraft's Asset Manager. Given the unfortunate combination of the two circumstances of Trent 1000 issues and the outbreak of the Covid-19, the Fund's four aircraft have been stored for a long period. This and findings during the inspections make closer monitoring necessary. All efforts are made to bring the four aircraft back in flight-ready conditions as soon as possible subject to restrictions resulting from the Covid-19 pandemic (e.g. travel restrictions). Below listed measurements and actions have additionally been taken - varying between aircraft and lessee, depending on the individual situation and asset conditions:

- On-site representative
- Additional physical and records inspections as well as follow-up inspections
- Following-up on findings' rectification
- Back-to Birth records review
- Regular calls with Lessee
- Negotiation of asset conditions as part of restructuring agreements

Comments and Conclusions

Covid-19 does not only impact airlines and the travel business but as consequence also the manufacturer and their future order books. As some airlines even downsize their fleet, they are reluctant in placing new orders and even look for opportunities to cancel orders or postpone deliveries. Boeing announced stopping production of the B747 in 2020 and further to postpone its first B777X delivery. Airlines downsizing their fleet, mostly retire either bigger or older and less-fuel efficient aircraft. Efficient and new technology aircraft such as B787s or A350s (as an example in the wide body segment) are currently less impacted in this regard, although this does not mean in return that there is additional demand for these aircraft types.

Financial downturn in the airlines sector and the increasing number of restructurings and airlines fighting for survival back by the new challenge of aircraft storage makes it more important for Lessors, to have a clear focus on the asset and its maintenance. Pre-Covid-19, the aviation industry has not anticipated the case of storing such a huge number of aircraft globally. Storage does not only mean to park the aircraft but also to follow a pre-defined storage programme by the respective manufacturer. Due to the Trent 1000 issues, Norwegian and Thai might have been more prepared for this task than other airlines. Nevertheless, it is essential to closely monitor the asset conditions and the storage programme, follow-up on any findings and put all efforts to keep or return aircraft in flight-ready conditions to see them flying, once the market recovers from the Covid-19 pandemic.

DS Aviation GmbH & Co. KG
Member of Dr. Peters Group
Stockholmer Allee 53
44269 Dortmund, Germany

DIRECTORS

Jonathan (Jon) Bridel, Non-Executive Chairman (55)

Jon is a Guernsey resident and is currently a non-executive director of The Renewables Infrastructure Group Limited (FTSE 250), Starwood European Real Estate Finance Limited (until 31 December 2020), Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and SME Credit Realisation Fund Limited (in wind down) which are listed on the Main Market of the London Stock Exchange. Other companies include Fair Oaks Income Fund Limited. Jon was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands and served as a director on other RBC companies including RBC Regent Fund Managers Limited. Prior to joining RBC, Jon served in a number of senior management positions in banking, specialising in credit and corporate finance and private businesses as Chief Financial Officer in London, Australia and Guernsey having previously worked at Price Waterhouse Corporate Finance in London.

Jon graduated from the University of Durham with a degree of Master of Business Administration, holds qualifications from the Institute of Chartered Accountants in England and Wales (1987) where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jon is a Chartered Marketer and a Member of the Chartered Institute of Marketing, a Chartered Director and Fellow of the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment.

Jeremy Thompson, Non-Executive Director (65)

Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a non-executive director to a number of businesses which include three private equity funds and to an Investment Manager serving the listed NextEnergy Solar Fund Limited. In addition, Jeremy is also a non-executive director of Riverstone Energy Limited. Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group. Jeremy has studied and worked in the UK, USA and Germany.

Jeremy currently serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel. Jeremy is a graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and attended the UK's senior defence course (Royal College of Defence Studies). He holds the Institute of Directors (IoD) Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He completed an M.Sc in Corporate Governance in 2016 and qualified as a Chartered Company Secretary in 2017.

Harald Brauns, Non-Executive Director (64)

Harald is a German banker with extensive experience in the specialised lending sector. He joined NORD/LB Hannover, Germany in 1977 with a first engagement in the shipping segment. In 1985 he started the aircraft finance activities for the bank from scratch. As the Global Head of Aircraft Finance, he built successively a team of more than 40 dedicated aviation experts located in Hannover, New York and Singapore. Focused on an asset based business model with sophisticated solutions for selected clients he and his team advanced to global leaders in commercial aircraft finance with an exposure of well above USD 10 bn split over a portfolio of 650 aircraft assets. After more than 35 years in the aviation industry Harald retired in October 2019. He is a resident in Germany and was appointed as a non - executive director of the Company with effect from 1 November 2019.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Covid-19 Impact

From mid-March 2020, Covid-19 has spread across the globe, with major outbreaks across China, the Middle East, Europe and America, resulting in widespread restrictions on the ability of people to travel, socialize and leave their homes. Governments globally have reacted sharply to this pandemic, with concerns regarding the actual economic impact this has had, and which is significant for the airline sector, and by extension the aircraft leasing sector. Subsequently both lessees have requested lease payment relief and given the continuing evolution of, the potential significant impact of, and the uncertainties created by Covid-19 have meant that this new risk has now become an actuality.

Geopolitical and economic risks

The Company leases aircraft to customers in multiple jurisdictions exposing it to (i) many and varying economic, social, legal and geopolitical risks, (ii) instability in key markets and (iii) global health pandemics. The Directors are focused on the far-reaching consequences of the global impact of Covid-19 and the impact it is having on our lessees given the consequential impact on market demand for air travel worldwide. In particular, the impact on the Company is far reaching requiring significant continuing dialogue with our lessees and lenders. The timing of the recovery of the market in multiple jurisdictions may adversely affect the Company's future performance, position and growth potential. The adequacy and timeliness of the Company's response to emerging risks in these jurisdictions are of critical importance to the mitigation of their potential impact on the Company.

Exposure to the commercial airline industry

As a supplier to and partner of the airline industry, the Group is exposed to the financial condition of the airline industry as it leases all its aircraft to two commercial airline customers. The financial condition of the airline industry has changed significantly since our last report at the full year with the global impact of Covid-19 (the virus) having a far reaching impact on our lessees ability to particularly serve the intercontinental markets. The pandemic has resulted in (i) downward pressure on lease rates and aircraft values, (ii) higher incidences of lessee defaults and restructuring, (iii) an as yet unknown ability to lease aircraft on commercially acceptable terms.

The impact of Covid-19 has led to widespread fleet grounding with minimal continuing services. Few airlines have yet announced when and how operations will restart. Larger airlines have commented that at present it is impossible to forecast when markets will revert to the levels seen at the start of the year.

NAS

NAS's focus on profitability via route rationalization and cost cutting has been overtaken by the impact of the virus. The cessation of about 85 per cent of its commercial services led to NAS having to apply for Norwegian Government funding which was contingent on a radical restructuring of the airline. NAS successfully qualified for all three tranches of government funding available and the restructuring has led to its principal creditors (bond holders and lessors) now holding a majority of its stock and the previous equity holders now diluted to owning approximately 5% of the issued equity. The Company as a result of negotiating a debt for equity swap now own 4.7% of the NAS common equity.

The Company has renegotiated lease terms with NAS which provide for a reduced lease rate in exchange for equity in the airline equivalent to the shortfall in lease payments from the previous contractual rates. The Company has agreed a power by the hour (PBH) arrangement through to 31 March 2021 and thereafter a reduced lease rate. The Company, given the current impact on air travel deem it prudent to assume no revenue will be received during the PBH period.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

NAS (continued)

NAS had stored some of its 787 fleet already before the Covid-19 pandemic, due to the lack of availability of Rolls-Royce Trent 1000 spare engines and the bottleneck of shop visit capabilities. It is hoped that the NAS B787 fleet will re-enter service during 2020 however, this is contingent upon the pickup of market demand for intercontinental air travel. Both the Company's aircraft are currently stored without engines. The Company through its Asset Manager is focused on the installation of engines and of returning the aircraft back into flight-ready conditions. The storage conditions of our aircraft are monitored to ensure the aircraft are protected to high standards.

The grounding of the 737-Max aircraft by Boeing and global civil aviation authorities has not been lifted yet. NAS have resumed, in addition to its minimum domestic and Nordic services they kept operational, limited European services. The Company feels that the short haul fleet will see an earlier service resumption than the intercontinental services operated by the 787 fleet.

Thai Airways

As with NAS some of Thai's 787's had been stored without engines already before the Covid-19 pandemic, including both the Company's aircraft due to the aforementioned Trent 1000 issues. The timing of the re-installation of engines to the Company's aircraft is unknown and could occur within 2020. One of the titled engines suffered a Total Loss and needs to be replaced. On 29 May 2020, Thai ceased to pay lease rentals to the Company after it filed a petition on 26 May 2020 to enter business rehabilitation and an automatic stay became effective. The Central Bankruptcy Court granted Thai the business reorganisation petition and appointed planners to plan the restructure on 14 September 2020. It is anticipated that the business reorganisation plan will be approved for implementation in the first quarter of 2021. The Company has drawn down the Security Deposits from Thai to service interest only payments to its lenders initially for the period 29 June 2020 to 9 September 2020. Subsequently, a further one month extension to the interest only period was granted by the lenders. Going forward, monthly extensions of the interest only period are at the sole discretion of the lenders provided that extensions shall not go beyond 31 January 2021 without the express consent of the lenders. The storage conditions of our aircraft are monitored to ensure the aircraft are protected to high standards.

Asset risk

The Company's Assets comprise of four Boeing 787-8 aircraft.

The Group bears the risk of re-leasing or selling the aircraft in its fleet at the end of their lease terms. If demand for aircraft decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and is likely to result in an impairment charge. The Directors have engaged an asset manager with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required in order to reduce this risk. Any lasting impact of the Covid-19 situation on both aircraft demand and lease rates are at present unknown.

There is no guarantee that, upon expiry or cessation of the leases, the Assets could be sold or released for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss. Costs regarding any future re-leasing of the assets would depend upon various economic factors and would be determinable only upon an individual re-leasing event. Potential reconfiguration costs could in certain circumstances be substantial.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Key personnel risk

The ability of the Company to achieve its investment objective is significantly dependent upon the advice of certain key personnel at DS Aviation GmbH & Co. KG; there is no guarantee that such personnel will be available to provide services to the Company for the scheduled term of the lease or following the termination of the lease. However, Key Man clauses within the Asset Management agreement do provide a base line level of protection against this risk.

Credit risk & counterparty risk

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparties are Norwegian and Thai Airways as lessees and providers of income and Norddeutsche Landesbank Girozentrale ('NordLB') and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessees do not maintain a credit rating. The credit rating of NordLB is A3 (2019: Baa2) and the credit rating of DekaBank is Aa2 (2019: Aa2).

The Company has previously announced on 3 April 2020 that dividend payments have been suspended until such time as all deferred principal payments have been repaid. There is no guarantee that the market will recover sufficiently within the remaining lease period to allow compliance with this position to resume dividend payments.

The Company renegotiated its contractual position with both NAS as lessee and with lender, NordLB. The renegotiation has entailed the recognition of revised lease rates and a reprofiling of repayments to the Lenders. This has required extensive legal advice and therefore costs for the Company. The Company has applied the NAS security deposits against the outstanding amounts and which to date has funded a currently interest only payment regime to the lender.

There is no guarantee that Thailand's Central Bankruptcy Court will approve Thai Airways' business rehabilitation petition. Failure of any material part of the business model, or if approved the rehabilitation process, may have an adverse impact on its ability to comply with its obligations under the current leases or any proposed lease restructuring arrangements. The Company is in discussions with the lender, Dekabank, concerning a revised lending arrangement to allow for the likelihood of a revised lease rental profile with Thai.

Any failure by Norwegian or Thai Airways to pay any amounts when due would have an adverse effect on the Group's ability to comply with its current obligations under the loan agreements which could ultimately result in the lenders enforcing their security and selling the relevant Assets on the market potentially negatively impacting the returns to investors.

Liquidity risk

In order to finance the purchase of the Assets, the Group has entered into four separate loan agreements pursuant to which the Group has borrowed an initial amount of US\$ 316,600,000 in total. Pursuant to the loan agreements, the lenders are given first ranking security over the Assets. Under the provisions of each of the loan agreements, the Borrowers are required to comply with loan covenants and undertakings. A failure to comply with such covenants or undertakings may result in the relevant lenders recalling the relevant loan. In such circumstances, the Group may be required to remarket the relevant Asset (either sell or enter into a subsequent lease) to repay the outstanding relevant loan and/or re-negotiate the loan terms with the relevant lender.

Emerging Risks

The Group considers the transaction as an asset based investment in a modern, fuel efficient fleet of, state-of-the-art aircraft assets backed by initial long term lease contracts with reputable airlines. As such, the investment is not intended to serve as a corporate facility to the relevant airline.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Boeing

Company exposure to Boeing in terms of ongoing guarantees and commitments could be negatively impacted with the recent 737-Max groundings and as yet the financial impact upon Boeing in terms of financial compensation and potential loss of orders is not known although it is expected these matters could be resolved during the second half of 2020.

Rolls Royce

Company exposure to Rolls Royce in terms of ongoing guarantees and commitments could be negatively impacted with the Trent 1000 engine issues and as yet the financial impact upon Rolls Royce in terms of financial compensation, loss of capacity and loss of orders is not known. The Company believes that its engines could actually benefit from the current maintenance and refurbishments under way. The Company remains exposed to RR's ability to repair or upgrade impacted Trent 1000 engines across a large B787 global customer base. The Company via the respective airlines and its Asset Manager are engaged in trying to expedite the respective return to service of all Company's aircraft.

Aircraft flight ready risk

The Company is reliant on airframe and engine manufacturers and on aircraft lessees to fulfil their contractual obligations to restore the aircraft status to "flight ready".

Lender risk

The Company is reliant on the lenders (NordLB with NAS and Deka for Thai) renegotiating the original lending agreements in good faith given the current cessation of lease payments from its lessees following the significant market disruption resulting from Covid-19. Failure of the respective banks to agree revised terms with the Company could lead to the banks in extremis calling in their loans and/or seizing the underlying assets.

Brexit

With negotiations now commencing to define the exit terms of the UK's agreed departure from the EU it is as yet unknown how these might impact travel.

GOING CONCERN

Going Concern – Material Uncertainty

The Directors have prepared the financial statements for the six-month period to 30 June 2020 on the going concern basis of preparations. However, the Directors have identified the matters referred to below which indicate the existence of a material uncertainty that may cast doubt on the entity's ability to continue as a going concern and that the company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

Covid-19 has resulted in widespread restrictions on the ability of people to travel, socialise and leave their homes and has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. The Company leases four (4) Boeing 787-8 aircraft (the 'Aircraft'), two each to Norwegian Air Shuttle ASA ('NAS') and Thai Airways International ('Thai').

The application of the going concern basis of preparation is dependent upon the Company's aircraft leasing and the related financing activities as described below.

Thai Leases and related Loans

The Thai Leases

Thai Airways entered into rehabilitation proceedings and suspended rent payments, the Company has therefore utilised part of Thai Airways' security deposit to meet payments of the Thai rentals that were due between May and June in accordance with Reservation of rights letters served to Thai Airways in June 2020 .

Lease negotiations are anticipated due to the Government of Thailand having given its approval for Thai to take the necessary steps to undergo debt rehabilitation proceedings through Thailand's Central Bankruptcy Court, with a view to restructuring the airline. The Central Bankruptcy Court granted Thai the business reorganisation petition and appointed planners to plan the restructure on 14 September 2020. The Business Reorganisation Plan is scheduled to be presented to the Central Bankruptcy Court in the fourth quarter 2020 followed by a creditor's meeting called by the official receiver, presumably in early 2021. Once the plan has been approved by the Court, the business reorganisation plan will then be implemented.

The Thai Loans

Note 16 ('Bank Borrowings') describes the loans (the 'NAS Loans' and the 'Thai Loans') obtained by the Group to part-finance the acquisition of the aircrafts. The Company has obligations under the loans to make scheduled repayments of principal and interest, which are serviced by the receipt of lease payments from Thai and NAS respectively. The loans are secured by charges over the aircrafts and the underlying leases.

The Board and its lenders worked on the assumption that Thai will not make any further lease rental payments prior to the rehabilitation court hearing. Accordingly, the two parties initially agreed that, for the period from 29 June 2020 to 9 September 2020, the Company will only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Company will make no dividend payments while deferrals remain outstanding under those borrowings. Subsequently, a further one month extension to the interest only period was granted by the lenders. Going forward, monthly extensions of the interest only period are at the sole discretion of the lenders provided that extensions shall not go beyond 31 January 2021 without the express consent of the lenders.

The interest payments will be sourced from the security deposits received by the Company from Thai Airways in advance of the commencement of the relevant leases. As with NAS, such deposits became accessible to the Company following the referenced periods of lessee unauthorised cessation of lease rental payments and may be utilised for debt servicing following conditions imposed by the Lenders. Both airlines have the obligation to replenish the security deposits.

GOING CONCERN (CONTINUED)

Going Concern – Material Uncertainty (continued)

Norwegian Leases and related Loans

The NAS Leases

NAS successfully completed a financial restructuring during the period and the Norwegian government has extended loan guarantees of up to three billion NOK to NAS subject to certain terms and conditions.

As announced on 13 May 2020, the Board and its advisers agreed to an equity swap on the following basis:

- All of NAS's payment obligations until 30 June 2020 have been waived to the extent that they have not already been met; and from July 2020 to March 2021 a 'power by the hour' arrangement will instead apply. Under this arrangement, NAS will only pay lease rentals in respect of the two assets which it has leased from the Company to the extent that they actually operate them. It is unclear to what extent the Company will benefit, if at all, from this arrangement, given the minimal intercontinental aircraft movements as a result of Covid-19 to date and by the delay in getting the Trent 1000 engine fixes completed.
- The 'power by the hour' arrangement will come to an end on 31 March 2021. Thereafter NAS will make monthly lease payments to the Company again, at a reduced rate (US\$ 700,000 per aircraft) to that which has applied to date, reflecting the downward pressure on market rates for lease rentals that is widely anticipated in the aftermath of the Covid-19 crisis and being compensated by the lease debt to equity swap as detailed below.
- in addition to monthly lease rental payments the Company has received equity in NAS, 154,189,711 shares, with the number of shares calculated by reference to the monies which are foregone by the Company as a result of the cessation of lease payments up to the negotiated 'power by the hour' arrangement and thereafter from the reduced monthly rental amount from April 2021. The shares are to be provided to the Company in two tranches over the coming twelve months, with the first tranche already received and the second tranche due in April 2021.
- The shares comprising an interest of about 4.70% in NAS have been pledged to the lending banks for as long as loan deferrals are outstanding, and accordingly any sale of shares during that time will require the prior consent of the banks.

The NAS Loans

The Company's lending banks in respect of the assets leased to NAS, NordLB, gave their approval to the arrangements described above subject to documentation and at the same time agreed to certain adjustments to the Company's repayment obligations in relation thereto, with formal agreements being executed post period end.

Repayments of principal due during the period from May 2020 to March 2021 have been partially deferred and the profile of debt service for the period starting from 1 April 2021 has been adjusted to reflect the proposed reduction in NAS's monthly lease payments. All deferred amounts must be repaid by 30 June 2025 at the latest (with prepayment permissible without charge); and interest on deferred amounts will be payable on a floating rate base calculated as cost of funds plus increased margin.

GOING CONCERN (CONTINUED)

Going Concern – Material Uncertainty (continued)

Conclusion

Whilst progress has been made, the Directors are uncertain as to the final outcome of a number of these matters. However, on the basis of (i) the continuing support of the Thai and NAS lenders which have made loans available to the Group (with certain Loan concessions), (ii) current cash-flow projections under various scenarios (including certain Aircraft Lease concessions being granted to NAS and Thai) and (iii) having regard to the limited recourse nature of the loans the Directors believe that it is appropriate to prepare these financial statements under the going concern basis of preparation. No adjustments have been made to the financial statements in the event that the Company was unable to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the six months ended 30 June 2020

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA').

In preparing the condensed set of financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the DTR of the UK FCA;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

- (1) The condensed set of consolidated financial statements included within the half-yearly financial report of DP Aircraft I Limited ('the company') for the six months ended 30 June 2020 (the 'interim financial information') which comprises Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, and the DTR of the UK FCA.
- (2) The interim financial information presented, as required by the DTR of the UK FCA, includes:
 - a. an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements;
 - b. a description of the principal risks and uncertainties for the remaining six months of the financial year;
 - c. related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

On behalf of the Board

Director

Director



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Review Report to DP Aircraft I Limited

Introduction

We have been engaged by the DP Aircraft I Limited (“the Entity” or “the Group”) to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. Our review was conducted in accordance with the Financial Reporting Council’s International Standard on Review Engagements (UK and Ireland) 2410, ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Material Uncertainty in relation to Going Concern

We draw attention to Note 3 (‘Significant Judgements and Estimates – Going Concern’) in the financial statements, which indicates that the Group has not received certain rental payments from its lessees during the period under review due to difficulties in the current trading environment. Additionally, Note 3 indicates that the Directors have engaged with the Groups lenders concerning modifications to the terms of its loans to avoid a default as a consequence of concessions that may be granted to the lessees. These events or conditions, along with other matters as set forth in Note 24 (‘Subsequent Events’), indicate that a material uncertainty exists that may cast significant doubt on the Groups ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.



Independent Review Report to DP Aircraft I Limited (*continued*)

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, 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 (UK) 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.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached.

17 September 2020

Niall Naughton
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six month period ended 30 June 2020

	Note	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) (Restated) US\$
Revenue			
Lease rental income	4	27,449,994	28,626,892
Expenses			
Asset management fees	22	(512,512)	(500,012)
Asset Manager's disposal fee	22	2,479,634	(137,189)
General and administrative expenses	5	(1,081,706)	(452,451)
Depreciation and amortisation	9	(10,857,218)	(11,039,191)
Impairment charge	9	(86,892,116)	-
Expected credit loss	4	(1,304,638)	-
		(98,168,556)	(12,128,843)
Operating (loss)/profit		(70,718,562)	16,498,049
Finance costs	6	(4,417,263)	(4,986,849)
Finance income		94,110	231,772
Gain on financial assets at fair value	10	3,085,028	-
Net Finance Costs		(1,238,125)	(4,755,077)
(Loss)/Profit before tax		(71,956,687)	11,742,972
Taxation	7	(36,228)	(54,482)
(Loss)/Profit for the period		(71,992,915)	11,688,490
Other Comprehensive (Loss)/Income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	19	(3,529,174)	(2,635,461)
Cash flow hedges – reclassified to profit or loss	19	632,113	(8,636)
Total Other Comprehensive Loss		(2,897,061)	(2,644,097)
Total Comprehensive (Loss)/Income for the period		(74,889,976)	9,044,393
		US\$	US\$
(Loss)/Earnings per Share for the period - basic and diluted	8	(0.3439)	0.0558

All the items in the above statement derive from continuing operations.

The notes on pages 36 to 60 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	Note	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft & Lease Premium	9	302,882,612	400,631,946
Investment held at fair value	10	43,575,246	-
Total non-current assets		346,457,858	400,631,946
CURRENT ASSETS			
Cash and cash equivalents		12,032,911	12,216,093
Restricted cash	11	29,181,027	34,563,671
Trade and other receivables	15	315,113	363,576
Total current assets		41,529,051	47,143,340
TOTAL ASSETS		387,986,909	447,775,286
EQUITY			
Share Capital	17	210,556,652	210,556,652
Retained Earnings		(69,211,321)	7,491,594
Hedging Reserve		(5,245,902)	(2,348,841)
Total equity		136,099,429	215,699,405
NON-CURRENT LIABILITIES			
Bank borrowings	16	161,282,641	163,739,430
Deferred income	13	30,541,927	-
Maintenance reserves		21,495,567	20,207,622
Security deposits	12	2,289,540	13,264,420
Derivative instrument liabilities	19	5,245,906	2,348,843
Asset Manager's disposal fee	22	-	2,479,634
Total non-current liabilities		220,855,581	202,039,949
CURRENT LIABILITIES			
Bank borrowings	16	18,806,854	27,107,311
Deferred income	13	11,185,203	2,487,409
Trade and other payables	14	1,039,842	441,212
Total current liabilities		31,031,899	30,035,932
TOTAL LIABILITIES		251,887,480	232,075,881
TOTAL EQUITY AND LIABILITIES		387,986,909	447,775,286

The financial statements on pages 32 to 60 were approved by the Board of Directors and were authorised for issue on 17 September 2020. They were signed on its behalf by:

Jon Bridel
 Chairman

Jeremy Thompson
 Director

The notes on pages 36 to 60 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2020

		30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
(Loss)/Profit for the period	Note	(71,992,915)	11,688,490
Adjusted for:			
Depreciation		8,676,208	8,858,182
Amortisation		2,181,010	2,181,009
Impairment loss		86,892,116	-
Amortisation of deferred finance costs		146,003	146,003
Finance costs		4,271,260	4,840,846
Income tax expense		36,228	54,482
Gain on financial assets at fair value		(3,085,028)	-
Expected credit loss		1,304,638	-
Changes in:			
Decrease in Security deposits payable		(10,974,880)	-
Increase in maintenance provision		1,287,945	1,795,576
(Decrease)/Increase in deferred income	13	(2,555,135)	18,674
(Decrease)/Increase in Asset Manager's performance fee		(2,479,634)	137,191
Increase in trade and other payables		542,496	39,829
Decrease/(Increase) in trade and other receivables		48,46	(78,761)
Income taxes paid		(36,228)	-
NET CASH FLOW FROM OPERATING ACTIVITIES		14,262,547	29,681,521
INVESTING ACTIVITIES			
Restricted cash		5,382,644	(1,924,745)
NET CASH FLOW (FROM)/(USED) IN INVESTING ACTIVITIES		5,382,644	(1,924,745)
FINANCING ACTIVITIES			
Dividends paid		(4,710,000)	(9,420,000)
Bank loan principal repaid		(10,809,624)	(12,807,754)
Bank loan interest paid		(3,732,773)	(4,899,825)
Swap interest (paid)/received		(575,976)	2,274
NET CASH FLOW USED IN FINANCING ACTIVITIES		(19,828,373)	(27,125,305)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		12,216,093	11,122,182
(Decrease)/Increase in cash and cash equivalents		(183,182)	631,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD		12,032,911	11,753,653

The notes on pages 36 to 60 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six month period ended 30 June 2020

	Note	Share Capital US\$	Retained Earnings US\$	Hedging Reserve US\$	Total Equity US\$
As at 1 January 2019		210,556,652	3,162,525	153,797	213,872,974
Total comprehensive income for the period					
Profit for the period		-	11,688,490	-	11,688,490
Other comprehensive loss		-	-	(2,644,097)	(2,644,097)
Total comprehensive income		-	11,688,490	(2,644,097)	9,044,393
Transactions with owners of the Company					
Dividends	18	-	(9,420,000)	-	(9,420,000)
As at 30 June 2019 (unaudited)		210,556,652	5,431,015	(2,490,300)	213,497,367
As at 1 January 2020		210,556,652	7,491,594	(2,348,841)	215,699,405
Total comprehensive loss for the period					
Loss for the period		-	(71,992,915)	-	(70,834,769)
Other comprehensive loss		-	-	(2,897,061)	(2,897,061)
Total comprehensive loss		-	(71,992,915)	(2,897,061)	(73,731,830)
Transactions with owners of the Company					
Dividends	18	-	(4,710,000)	-	(4,710,000)
As at 30 June 2020 (unaudited)		210,556,652	(69,211,321)	(5,245,902)	136,099,429

The notes on pages 36 to 60 form an integral part of these financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2020

1) GENERAL INFORMATION

The unaudited condensed consolidated financial statements (the 'financial statements') incorporate the results of the Company and that of wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey Incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise the Group.

DP Aircraft I Limited (the 'Company') was incorporated on 5 July 2013 with registered number 56941. The Company is admitted to trading on the Specialist Fund Segment of the London Stock Exchange.

The Share Capital of the Company comprises 209,333,333 Ordinary Shares of no par value and one Subordinated Administrative Share of no par value.

The Company's investment objective is to obtain income and capital returns for its Shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling aircraft.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements for the period 1 January 2020 to 30 June 2020 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules (the 'DTRs') of the UK's Financial Conduct Authority (the 'FCA').

The financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 December 2019. The Group's annual financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and are available on the Company's website or from the Company Secretary.

The financial statements have been prepared on the basis of the accounting policies set out in the Group's annual consolidated financial statements for the year ended 31 December 2019 but also taking into account any new policies that will be applied in the Group's annual consolidated financial statements for the year ended 31 December 2020.

Restatement

As a result of the transition to IFRS 16 and subsequent adoption of amendments to IFRS 3 Business Combinations it is now required to present the Property, Plant and Equipment – Aircraft and the Intangible Asset as a single asset on the Statement of Financial Position and the related depreciation and amortisation as a single line item on the Statement of Comprehensive Income. The prior period interim Condensed Statement of Comprehensive Income (unaudited) has been restated to reflect this reclassification. As this is a presentational change only there is no impact on the Company's profit and loss, cash flows and equity.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 30 June 2020

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting policies applied for first time during the period:

The accounting policy below has been applied for the first time in this interim report as this is the first time the client has held investments and had to account for them in its accounts.

Financial assets

Investments held at fair value

Investments have been classified as financial assets subsequently measured at fair value through profit or loss.

Investments are recognised when the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of investments are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Investments are derecognised either when the Group has transferred substantially all the risks and rewards of ownership; or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or when the contractual right to receive cash flow has expired. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income as appropriate.

Fair value measurement

The fair value of investments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for the investments held by the Group is the bid price at the close of the respective market at the Statement of Financial Position date.

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

Investments are measured with reference to quoted prices and so are categorised within Level 1 of the IFRS 13 fair value hierarchy.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of unaudited condensed consolidated financial statements in compliance with IAS 34 requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources.

Going Concern - judgement

Whilst progress has been made by Norwegian, the Directors are uncertain both with regards the future of Norwegian also to the final outcome of the developing situation with Thai Airways. The Directors consider these factors as indicators of the existence of a material uncertainty that may cast doubt on the group's ability to continue as a going concern and that the group may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business, refer to Going Concern Statement on pages 26 to 28 for additional information.

However, the Directors believe that it is appropriate to prepare these financial statements under the going concern basis of preparation due to:-

- The ongoing and continuing support of Dekabank and NordLB which have made loans to the Group (with certain Loan concessions);
- Current cash-flow projections under various scenarios (including certain Aircraft Lease concessions being granted to NAS and Thai); and
- Having regard to the limited recourse nature of the Loans.

The ongoing difficult and uncertain situations of the aircraft industry and hence the impact on the lessees has resulted in significant reliance on the ongoing support of the lending banks. No adjustments have been made to the financial statements in the event that the group was unable to continue as a going concern.

Impairment of property, plant and equipment – aircraft - estimate

As with each reporting date, but more relevant in light of the developments of COVID-19, a detailed impairment assessment of the aircraft and lease premiums have been undertaken.

IFRS requires an assessment of the aircrafts carrying value versus the higher of the value in use and fair value less cost to sell. Given the highly uncertain situation of the aircraft industry but more specifically in relation to the lessees, the Board considered the value in use to be highly subjective. As there remains significant risk with Norwegian relating to fulfilling their revised obligations and there being uncertainty over what the future of Thai maybe, the Board considered the use of lease encumbered valuations, which are higher than the brought forward carrying values, to be imprudent and not to fully reflect the risk of the lessees and hence the aircraft valuation.

As a result, the board have also considered the unencumbered aircraft valuations provided by an independent valuer which reflect the valuation should the aircraft need to be re-let in the market place. The board have then applied a weighted probability approach between current carrying value and the unencumbered valuations to arrive at a post impairment carrying value which is significantly more weighted to the lower unencumbered valuations.

This resulted in an impairment of US\$ 42,151,449 for Norwegian and US\$ 29,087,165 for Thai, being a total of US\$ 71,238,614 impairment charge recognised.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of property, plant and equipment – lease premium - estimate

In line with IFRS, the lease premium has also been assessed for impairment. The first stage of the impairment assessment involved comparing lease contractual amounts to that of current market rates. This resulted in an impairment of US\$ 10,662,803 for Norwegian and US\$ 4,990,699 for Thai being a total of US\$ 15,653,502.

Asset manager's disposal fee - estimate

In calculating the disposal fee, the future cash flows of the aircraft have been discounted by 75% for Norwegian and 50% for Thai to represent the uncertainty in the aircraft market and the leases as with the impairment. This has resulted in the disposal fee becoming nil and hence the prior year provision has been fully reversed in these interim financial statements.

The weighted average discount on future rental cash flows is 58%. The weighted average discount would need to reduce to 28%, and on the assumption that the Norwegian shares are realised at 30 June 2020 carrying value, before a disposal fee begins to accrue.

Depreciation of aircraft - estimate

The Group depreciates the Assets on a straight line basis over the remaining lease life and taking into consideration the estimated residual value at the end of the lease term. In making a judgement regarding these estimates the Directors will consider previous sales of similar aircraft and other available aviation information. The Group engage three Independent Expert Valuers each year to provide a valuation of the Assets and take into account the average of the three valuations provided. The Group expects that, in performing their valuations, the Independent Expert Valuers will have regard to factors such as the prevailing market conditions (which may impact on the resale value of the Assets), the leases (including the scheduled rental payments and remaining scheduled term of the leases) and the creditworthiness of the lessees. Accordingly, any early termination of the leases may impact on the valuation of the Assets.

Residual value estimates of the Aircraft were determined by the full life inflated values at the end of the leases from three external valuations and discounted by the inflation rate incorporated into those valuations

and the lease premium was determined to have a US\$ nil residual value at the end of the leases.

The full life inflated value is the appraiser's opinion of the underlying economic value of the aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes full consideration of its "highest and best use". An aircraft's full life value is founded in the historical trend of values and in the projection of value trend and presumes an arm's-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. The full life inflated values used within the financial statements match up the four lease termination dates and have been discounted by the inflation rate incorporated into the valuations. The residual value of the aircraft does not represent the current fair value of the aircraft.

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates of the leases for the aircraft as at 31 December 2019 was US\$ 265,658,601 (31 December 2018: US\$ 255,350,464).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Depreciation of aircraft - estimate

As a result, the year ending 31 December 2020 and future aircraft depreciation charges, with all other inputs staying constant, will be US\$ 17,352,415 (2019: US\$ 17,865,508). The aircraft depreciation charge for 2021 onwards will vary based on the residual value estimates as at 31 December 2020.

Derivative fair value - estimate

The Directors estimate the fair value of derivative contracts based on valuation techniques. These techniques

are significantly affected by the assumptions used which are observable except for credit valuation adjustments and derivative valuation adjustments, including discount rates and estimates of future cash flows.

Modification of borrowings - judgement

During the period there was a restructure of the loan advanced by NordLB, the Directors have, in line with IFRS 9, assessed whether the modification was substantial. If deemed substantial, then the original loan liability would have been derecognised and a new loan liability recognised. The assessment was done on a quantitative basis and compared the net present value of the modified cash flows including any fees payable or receivable against the net present value of the remaining cash flows of the loan prior to the modification, both discounted at the original effective interest rate. A difference of 10% or more would have been considered substantial as is advised in IFRS 9. Future cash flows on the modified loan have been estimated with reference to 1- month USD Libor forward curves and concluded that modification was not substantial.

4) LEASE RENTAL INCOME

	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
Deferred income brought forward	2,487,409	2,579,881
Lease rental income received - cash	25,101,082	28,645,566
Lease rental income received – shares (note 10)	40,283,995	-
Lease rental income written off	1,304,638	-
Deferred income carried forward	(41,727,130)	(2,598,555)
Total lease rental income	27,449,994	28,626,892

During the period the restructuring of Norwegian Aircraft resulted in the group receiving equity in Norwegian which included equity to settle amounts waived and/or forborne by the group as a result of the reduced monthly rental amount from April 2021, as discounted back to the net present value at time of issuance. More details are in Note 10. This represents income for future rentals for the aircraft and hence has been treated as deferred income. More detail is contained in Note 13.

The fair value of the Norwegian shares received was not sufficient to cover the total value of rentals due from Norwegian for period April 2020 to June 2020 thus lease rental write off of US\$ 1,304, 638 (30 June 2019: nil) was recognised.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

4) LEASE RENTAL INCOME (CONTINUED)

The contractual future lease rentals, excluding the deferred income above, to be received under non-cancellable operating lease at the reporting date are:

	Next 12 months	2 to 5 years	After 5 years	Total
30 June 2020	US\$	US\$	US\$	US\$
Boeing 787-8 Serial No: 35304	8,400,000	33,156,826	-	41,556,826
Boeing 787-8 Serial No: 35305	8,400,000	33,600,000	848,174	42,848,174
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	19,472,990	88,201,190
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	17,140,050	85,700,250
	44,257,680	176,760,309	37,694,684	258,712,673

	Next 12 months	2 to 5 years	After 5 years	Total
30 June 2019	US\$	US\$	US\$	US\$
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	14,406,805	88,836,865
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	16,759,561	91,496,761
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	33,218,630	101,946,830
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	30,852,090	99,412,290
	57,291,132	229,164,528	95,237,086	381,692,746

Whilst Thai Airways payments are currently suspended due to the rehabilitation process, the amounts have been included in the above based on current lease terms.

Under the restructuring of the Norwegian Aircraft, from July 2020 to March 2021 a 'power by the hour' arrangement will apply. Under this arrangement, Norwegian will only pay lease rentals in respect of the two assets which it has leased from the Company to the extent that they actually operate them. The difference between the cash paid under the 'power by the hour' and the revised cash payments of US\$700,000 per aircraft per month will be settled in shares during April 2021. Thereafter Norwegian will make monthly lease payments to the Company again, at a reduced rate to that which has applied to date, reflecting the downward pressure on market rates for lease rentals that is widely anticipated in the aftermath of the Covid-19 crisis.

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
Restructuring costs	640,507	-
Legal and professional fees	100,017	116,480
Directors fees and expenses	109,576	116,375
Administration fees	141,656	136,090
Insurance	28,393	26,810
Audit fees	26,806	21,510
Other fees and expenses	34,751	35,186
Total general and administrative expenses	1,081,706	452,451

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

6) FINANCE COSTS

	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
Loan interest paid and payable	3,639,147	4,849,482
Amortisation of deferred finance costs	146,003	146,003
Total finance costs at effective interest rate*	3,785,150	4,995,485
Cash flow hedges reclassified from other comprehensive income	632,113	(8,636)
Total finance costs	4,417,263	4,986,849

* On liabilities measured at amortised cost

7) TAXATION

With the exception of DP Aircraft Ireland Limited and DP Aircraft UK Limited, all companies within the Group are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 each (2019: £1,200).

DP Aircraft Ireland Limited and DP Aircraft UK Limited are subject to taxation at the applicable rate in Ireland and the United Kingdom respectively. The amount of taxation charged during the period ended 30 June 2020 was US\$ 36,228 (period 1 January 2019 to 30 June 2019: US\$54,482). The Directors do not expect the taxation payable to be material to the Group.

A tax reconciliation has not been presented in these financial statements as the effective tax rate of 0.5% is not material and the reconciliation is not relevant to the understanding of the Company's results for the period end.

8) EARNINGS PER SHARE

	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
(Loss)/Profit for the period	(71,992,915)	11,688,490
Weighted average number of shares	209,333,333	209,333,333
(Loss)/Earnings per share	(0.3439)	0.0558

There are no instruments in issue that could potentially dilute earnings per Ordinary Share in future periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

9) PROPERTY, PLANT & EQUIPMENT – AIRCRAFT & LEASE PREMIUM

30 June 2020	Aircraft (unaudited) US\$	Lease Premium (unaudited) US\$	Total (unaudited) US\$
COST			
As at 1 January and 30 June 2020	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2020	102,498,694	20,600,314	123,099,008
Charge for the period	8,676,208	2,181,010	10,857,218
As at 30 June 2020	111,174,902	22,781,324	133,956,226
IMPAIRMENT			
As at 1 January 2020	-	-	-
Charge for the period	71,238,614	15,653,502	86,892,116
As at 30 June 2020	71,238,614	15,653,502	86,892,116
CARRYING AMOUNT			
As at 30 June 2020	294,337,645	8,544,967	302,882,612
31 December 2019			
	Aircraft (unaudited) US\$	Lease Premium (unaudited) US\$	Total (unaudited) US\$
COST			
As at 1 January and 31 December 2019	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2019	84,633,186	16,238,294	100,871,480
Charge for the year	17,865,508	4,362,020	22,227,528
As at 31 December 2019	102,498,694	20,600,314	123,099,008
IMPAIRMENT			
As at 1 January 2019	-	-	-
Charge for the period	-	-	-
As at 30 June 2019	-	-	-
CARRYING AMOUNT			
As at 31 December 2019	374,252,467	26,379,479	400,631,946

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

9) PROPERTY, PLANT, EQUIPMENT & INTANGIBLE ASSETS – AIRCRAFT & LEASE PREMIUM (CONTINUED)

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates of the leases for the aircraft as at 31 December 2019 was US\$ 265,658,601 (31 December 2018: US\$ 255,350,464). As a result, the year ending 31 December 2020 and future aircraft depreciation charges, with all other inputs staying constant, will be US\$ 17,352,415 (2019: US\$ 17,865,508). The aircraft depreciation charge for 2021 onwards will vary based on the residual value estimates as at 31 December 2020.

As detailed in Note 3 the aircraft and lease premium have been impaired during the period as a result of detailed impairment assessments following the developments within the aircraft industry and more specifically that of the lessees.

The future cash in-flows for the Assets (excluding the assets residual value in the event of a sale) have been fixed at a set rate as agreed between the Group and the lessees.

The loans entered into by the Group to complete the purchase of the first two aircraft are cross collateralised. Each of the loans are secured by way of security taken over each of the first aircraft and the second aircraft.

The loans entered into by the Group to complete the purchase of the second two aircraft are cross collateralised. Each of the loans are secured by way of security taken over each of the third aircraft and the fourth aircraft.

10) INVESTMENT HELD AT FAIR VALUE

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Investments received	40,490,218	-
Fair value movement	3,085,028	-
Fair value	43,575,246	-

The above represents the 154,189,711 (31 December 2019: nil) shares the Group received in Norwegian in relation to rental income of US\$ 40,283,995 (Note 4) and maintenance reserves of US\$ 206,223. This is a 4.70% (31 December 2019:nil) shareholding in Norwegian at period end. The number of shares received were calculated by reference to the monies which are being waived and/or forborne by the Company as a result of the waived outstanding debtor and the reduced monthly rental amount from July 2020, as discounted back to the net present value at time of issuance.

The shares have lock-up dates attached allowing partial sales in August 2020 and October 2020, with the Company free to dispose of all such shares on any date falling on or after 9 December 2020.

The shares have been provided as collateral to the lending banks in relation to the Norwegian Aircraft.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

11) RESTRICTED CASH

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Security Deposits	7,090,945	13,633,876
Maintenance reserves	22,090,082	20,929,795
Total restricted cash	29,181,027	34,563,671

The security deposits held have been provided by the two lessees in accordance with the lease agreements, Norwegian Air Shuttle ASA has provided a security deposit of US\$ nil (31 December 2019: US\$ 6,400,000) and Thai Airways International PCL has provided a security deposit of US\$ 6,864,420 (31 December 2019: US\$ 6,864,420). The Norwegian Air Shuttle ASA security deposit has been fully applied during the period against rentals that were due for the period March to May 2020. Part of the Thai Airways security deposit has been applied against unpaid lease rentals per Reservation of Rights letters served to Thai Airways in June 2020. The amount reserved has been kept in the security deposits bank account and is to be used solely to service loan payments due to Dekabank. Refer to Note 16 for further details regarding the Dekabank loan and to Note 12 for details regarding the security deposit payable to Thai Airways.

12) SECURITY DEPOSITS

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Security deposits:		
Refundable to Norwegian	-	6,400,000
Refundable to Thai Airways	2,289,540	6,864,420
Total security deposits	2,289,540	13,264,420

The Norwegian Air Shuttle ASA security deposit has been fully applied against rentals due between March and May 2020 as detailed in Note 11 hence the related payable at period end is nil. Norwegian has an obligation to reinstate the security deposits calculated with reference to the new monthly rental amount of US\$ 700,000 per aircraft at the earliest in 3 years' time from May 2020.

With Thai Airways entering rehabilitation proceedings and suspending rent payments, the Group has utilised part of Thai Airways' security deposit to meet payments of the rentals between May and June in accordance with Reservation of rights letters served to Thai Airways in June 2020 resulting in a decrease in the balance payable at 30 June 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

13) DEFERRED INCOME

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Boeing 787-8 Serial No: 35304	19,835,531	560,226
Boeing 787-8 Serial No: 35305	20,526,954	562,538
Boeing 787-8 Serial No: 35320	332,556	332,556
Boeing 787-8 Serial No: 36110	1,032,089	1,032,089
Total deferred income	41,727,130	2,487,409

During the period the restructuring of Norwegian Aircraft resulted in the company receiving equity in Norwegian which included equity to settle amounts waived and/or forborne by the Company as a result of the reduced monthly rental amount from April 2021, as discounted back to the net present value at time of issuance. This represents income for future rentals for the aircraft and hence has been treated as deferred income.

The table below sets out the movements in deferred income for the period ended 30 June 2020:

	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
Opening balance	(2,487,409)	(2,579,881)
Shares received (non-cash) – note 10	(40,490,218)	-
Lease rental income written off	(1,304,638)	-
Closing balance	41,727,130	2,598,555
(Decrease)/Increase in deferred income	(2,555,135)	18,674

The maturity analysis of the deferred income at the reporting date are:

30 June 2020	Next 12 months US\$	2 to 5 years US\$	After 5 years US\$	Total US\$
Boeing 787-8 Serial No: 35304	4,894,515	14,941,016	-	19,835,531
Boeing 787-8 Serial No: 35305	4,926,043	15,047,094	553,817	20,526,954
Boeing 787-8 Serial No: 35320	332,556	-	-	332,556
Boeing 787-8 Serial No: 36110	1,032,089	-	-	1,032,089
	10,027,057	29,988,110	553,817	41,727,130

30 June 2019	Next 12 months US\$	2 to 5 years US\$	After 5 years US\$	Total US\$
Boeing 787-8 Serial No: 35304	578,900	-	-	578,900
Boeing 787-8 Serial No: 35305	581,289	-	-	581,289
Boeing 787-8 Serial No: 35320	332,556	-	-	332,556
Boeing 787-8 Serial No: 36110	1,105,810	-	-	1,105,810
	2,598,555	-	-	2,598,555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

14) TRADE AND OTHER PAYABLES

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Swap interest payable	84,207	28,070
Accruals and other payables	842,668	345,853
Corporation tax payable	112,967	67,289
Total trade and other payables	1,039,842	441,212

15) TRADE AND OTHER RECEIVABLES

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Prepayments and other receivables	315,113	363,576
Total trade and other receivables	315,113	363,576

16) BANK BORROWINGS

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Current liabilities: bank interest payable and bank borrowings	18,806,854	27,107,311
Non-current liabilities: bank borrowing	161,282,641	163,739,430
Total liabilities	180,089,495	190,846,741

The borrowings are repayable as follows:

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Interest payable	223,436	317,062
Within one year	18,583,418	26,790,249
In two to five years	127,216,481	120,561,601
After five years	34,066,160	43,177,829
Total bank borrowings	180,089,495	190,846,741

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

16) BANK BORROWINGS (CONTINUED)

The table below analyses the movements in the Group's bank borrowings:

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
Opening balance	190,529,680	216,135,121
Repayment of loan	(10,809,624)	(25,899,083)
Amortisation of deferred finance costs	146,003	293,641
Principal bank borrowings	179,866,059	190,529,679
Interest payable	223,436	317,062
Total bank borrowings	180,089,495	190,846,741

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2020:

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2020	12,216,093	(190,529,679)	(317,062)	(2,376,913)	(181,007,561)
Cash flows	(183,182)	10,809,624	3,732,773	575,976	14,935,191
Non cash:-					
Fair value movement				(2,897,063)	(2,897,063)
Amortisation of deferred finance costs		(146,003)			(146,003)
Interest charge			(3,639,147)	(632,113)	(4,271,260)
At 30 June 2020	12,032,911	(179,866,058)	(223,436)	(5,330,113)	(173,386,696)

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2019:

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2019	11,122,182	(216,135,121)	(380,553)	146,083	(205,247,409)
Cash flows	631,471	12,807,754	4,899,825	(2,272)	18,336,778
Non cash:-					
Fair value movement	-	-	-	(2,644,097)	(2,644,097)
Amortisation of deferred finance costs	-	(146,003)	-	-	(146,003)
Interest charge	-	-	(4,849,482)	8,636	(4,840,846)
At 30 June 2019	11,753,653	(203,473,370)	(330,210)	(2,491,650)	(194,541,577)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

16) BANK BORROWINGS (CONTINUED)

The balance of unamortised deferred finance costs at 30 June 2020 was US\$ 1,701,852 (30 June 2019: US\$ 1,995,488).

*Including interest payable of US\$ 84,207 (30 June 2019: US\$ 1,350).

The loans are split across two banks as follows:-

	30 June 2020 (unaudited) US\$	31 December 2019 (audited) US\$
DekaBank Deutsche Girozentrale	97,098,415	103,073,142
Norddeutsche Landesbank	82,991,080	87,773,599
Total loans	180,089,495	190,846,741

a) Norddeutsche Landesbank Girozentrale

During the period ended 31 December 2014 the Company utilised the proceeds from the initial public offering and the proceeds of two separate loans from Norddeutsche Landesbank Girozentrale ('NordLB') of US\$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 30 June 2020 was US\$ 82,991,080 (31 December 2019: US\$ 87,773,599).

The committed term of each loan was from the drawdown date until the date falling twelve years from the Delivery Date of the relevant Asset. Each Loan to be amortised with repayments every month in arrears over the term in amounts as set out in a schedule agreed by the Company and the Lenders. Amortisation will be on an annuity-style (i.e. mortgage-style) basis.

Interest on each NordLB loan is payable in arrears on the last day of each interest period, which is one month long (the 'Interest Period'). Interest on each Loan accrues at a floating rate of interest which is calculated using LIBOR for the length of the Interest Period and a margin of 2.6 per cent per annum (the 'Loan Margin') ('Loan Floating Rate'). For the purposes of calculating the Loan Floating Rate, if on the date when LIBOR is set prior to the beginning of an Interest Period it is not possible for LIBOR to be determined by reference to a screen rate at the time that LIBOR is to be set for that Interest Period (a 'Market Disruption Event'), the amount of interest payable to each affected Loan Lender during the Interest Period will be the aggregate of each Lender's cost of funds during that monthly period and the Loan Margin. If any amount is not paid by the Borrower when due under the Loan Transaction Documents, interest will accrue on such amount at the then current rate applicable to the Loan plus 2.0 per cent per annum. The Group has entered into an ISDA-standard hedging arrangement with NordLB as hedging provider in connection with the Loans, in order to provide for a fixed interest rate of 5.06% and 5.08% to be payable in respect of the loans throughout the whole term.

The NordLB loans entered into by the Group to complete the purchase of the first two Assets are cross collateralised. Each of the first and second loan is secured by way of security taken over the first and second Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

16) BANK BORROWINGS (CONTINUED)

Norddeutsche Landesbank Girozentrale (continued)

Post the Norwegian Aircraft lease restructure the NordLB loan has been restructured as well, repayments of principal due during the period from May 2020 to March 2021 will be deferred, and the profile of debt service for the period starting from 1 April 2021 was adjusted to reflect the proposed reduction in Norwegian's monthly lease payments. All deferred amounts must be repaid by 30 June 2025 at the latest (with prepayment permissible without charge); and interest on deferred amounts will be payable on a floating rate base calculated as 2.60% margin plus fixed fee of 1.50% plus cost of funds.

In addition, the shares in Norwegian received as part of the restructuring have been provided as collateral to NordLB

b) DekaBank Deutsche Girozentrale

During the year ended 31 December 2015 the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank Deutsche Girozentrale ('DekaBank') of US\$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 30 June 2020 was US\$ 97,098,415 (31 December 2019: US\$ 103,073,142).

The committed term of each loan was from the drawdown date until the date falling twelve years from the Delivery Date of the relevant Asset. Each Loan was to be amortised with repayments every month in arrears over the term in amounts as set out in a schedule agreed by the Company and the Lenders. Amortisation will be on an annuity-style (i.e. mortgage-style) basis.

Interest on each DekaBank loan is payable in arrears on the last day of each interest period, which is one month long. Interest on the loan accrues at a fixed rate of 4.10 per cent including a margin of 1.95 per cent per annum. If any amount is not paid by the Borrower when due under the loan agreements, interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum. No interest accrued on unpaid amounts during the period as there was an agreement to defer principal repayments as mentioned below.

The DekaBank loans entered into by the Group to complete the purchase of the third and fourth Assets are cross collateralised. Each of the third and fourth loan is secured by way of security taken over the third and fourth Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Company.

In light of the moratorium triggered by the instigation of the debt proceedings on Thai on 27 May 2020, the Board and the lenders concluded that Thai would not make any further lease rental payments prior to the rehabilitation court hearing. Accordingly, the parties initially agreed that, for the period from 29 June 2020 to 9 September 2020, the Company would only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Company will make no dividend payments while deferrals remain outstanding under those borrowings. Subsequently, a further one month extension to the interest only period was granted by the lenders. Going forward, monthly extensions of the interest only period are at the sole discretion of the lenders provided that extensions shall not go beyond 31 January 2021 without the express consent of the lenders. The interest payments were sourced from the security deposits received by the Company from Thai Airways in advance of the commencement of the relevant leases.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

16) BANK BORROWINGS (CONTINUED)

DekaBank Deutsche Girozentrale (continued)

Should an extension not be granted, the deferred amounts of principal shall become repayable upon demand by the Facility Agent on a repayment date specified by the Facility Agent which falls at least one month after the extension period end.

The Company and the DekaBank will reassess the financing arrangements in good faith as soon as there is further clarity as to the ramifications of Thai Airways entering into the debt rehabilitation process.

17) SHARE CAPITAL

Period ended 30 June 2020 (unaudited)	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Issued and fully paid:			
Shares as at 1 January and 30 June 2020	1	209,333,333	209,333,334
Share capital:	US\$	US\$	US\$
Share capital as at 1 January and 30 June 2020	1	210,556,651	210,556,652
Period ended 30 June 2019 (unaudited)	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Issued and fully paid:			
Shares as at 1 January and 30 June 2019	1	209,333,333	209,333,334
Share capital:	US\$	US\$	US\$
Share capital as at 1 January and 30 June 2019	1	210,556,651	210,556,652

Subject to the applicable company law and the Company's Articles of Incorporation, the Company may issue an unlimited number of shares of par value and/or no par value or a combination of both.

On 12 June 2015 a total of 96,333,333 shares were issued under the placing at an issue price of US\$ 1.0589 per share raising gross proceeds of US\$ 102 million. Total issue costs were US\$ 2.3 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

On 10 June 2013 a total of 113,000,000 shares were issued under the initial public offering placing at an issue price of US\$ 1 per share raising gross proceeds of US\$ 113 million. Total issue costs were US\$ 2.1 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

The Subordinated Administrative Share is held by the Asset Manager.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

17) SHARE CAPITAL (CONTINUED)

Holders of Subordinated Administrative Shares are not entitled to participate in any dividends and other distributions of the Company. On a winding up of the Company the holders of the Subordinated Administrative Shares are entitled to an amount out of the surplus assets available for distribution equal to the amount paid up, or credited as paid up, on such shares after payment of an amount equal to the amount paid up, or credited as paid up, on the Ordinary Shares to the Shareholders. Holders of Subordinated Administrative Shares shall not have the right to receive notice of and have no right to attend, speak and vote at general meetings of the Company except if there are no Ordinary Shares in existence.

The Directors are entitled to issue and allot C Shares. No C Shares have been issued since the Company was incorporated.

18) DIVIDENDS

During the period ended 30 June 2020 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share US\$	Paid US\$	Declaration date	Payment date
Quarter ended 31 December 2019	209,333,333	0.0225	4,710,000	23 January 2020	14 February 2020

As a result of the Coronavirus ('Covid-19') pandemic impact on global aviation and especially its lessees the Group has suspended dividends until further notice to help preserve liquidity. Further details on the impact of the Covid-19 pandemic can be found within the Directors' Report

During the period ended 30 June 2019 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share US\$	Paid US\$	Declaration date	Payment date
Quarter ended 31 December 2018	209,333,333	0.0225	4,710,000	17 January 2019	14 February 2019
Quarter ended 31 March 2019	209,333,333	0.0225	4,710,000	23 April 2019	16 May 2019
			9,420,000		

Subsequently, dividends have been suspended until further notice.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

19) FAIR VALUE MEASUREMENT

Financial assets and financial liabilities at amortised cost

The fair value of cash and cash equivalents, trade and other receivables, restricted cash and interest payable approximate their carrying amounts due to the short term maturities of these instruments.

The fair value of floating rate borrowings is estimated by discounting future cash flows using rates currently available for debt of similar returns and remaining maturities and therefore the carrying value approximates fair value.

The fair value of fixed rate borrowings is estimated by discounting future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of the loans is US\$ 92,943,687 (31 December 2019: US\$ 98,515,186).

The fixed rate loans have been categorised within level 3 of the fair value hierarchy. The fair value of the fixed rate loans for disclosure purposes have been determined by discounting future cash flows at a rate of 5.66% (31 December 2019: 5.77%). An increase in the discount rate would decrease the fair value of the fixed rate loans.

Financial assets at fair value through profit or loss

The fair value of the shares in Norwegian have been valued at the closing bid price as at 30 June 2020.

The Norwegian shares held are valued on a recurring basis and have been categorised within level 1 of the fair value hierarchy required by IFRS 13, see table below:

30 June 2020	Level - 1	Level - 2	Level - 3
	US\$	US\$	US\$
Investments held at fair value	43,575,246	-	-

* No investments held at fair value in the prior period.

Financial liabilities designed as hedging instruments

The fair value of the Group's derivative interest rate swaps are determined by reference to the mid-point on the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted and the valuation rate when applied to the projected balances to the period from the reporting date to the contracted expiry date.

The interest rate swaps are valued on a recurring basis and have been categorised within level 2 of the fair value hierarchy required by IFRS 13.

The NordLB loan was restructured as detailed in Note 16 and as part of the restructure, payments under the interest rate swap shall be deferred and subordinated to the loan until the deferred loan principal has been repaid in full. The swap deferral agreement has not yet been signed. The deferral will result in future interest cash flows under the swap not matching future interest cash flows under the NordLB loan therefore there is no longer an economic relationship between the swap and the NordLB loans. The hedging relationship is thus assessed as not being effective anymore and hedge accounting has been discontinued starting 1 July 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

19) FAIR VALUE MEASUREMENT (CONTINUED)

Financial liabilities designed as hedging instruments (continued)

The following table details the contractual undiscounted cash flows of the interest rate swaps before the swap deferral detailed above:

As at 30 June 2020	Next 12 months US\$	2 to 5 years US\$	After 5 years US\$	Total US\$
Floating rate receivable	2,103,667	4,070,744	10,141	6,184,552
Fixed rate payable	(3,868,340)	(7,619,745)	(17,099)	(11,505,184)
Interest rate swaps	(1,764,673)	(3,549,001)	(6,958)	(5,320,632)

As at 30 June 2019	Next 12 months US\$	2 to 5 years US\$	After 5 years US\$	Total US\$
Floating rate receivable	4,131,863	8,704,611	452,381	13,288,855
Fixed rate payable	(4,562,627)	(10,854,836)	(656,776)	(16,074,239)
Interest rate swaps	(430,764)	(2,150,225)	(204,395)	(2,785,384)

As at 30 June 2020, the unrealised aggregate loss on the fair value of the interest rate swaps was US\$ 2,897,061 (31 December 2019: aggregate gain of US\$ 2,348,841).

Transfers between levels

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 June 2020 or in the year ended 31 December 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

20) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations in respect of its financial liabilities. The Group's main financial commitments are the loans due to NordLB and DekaBank as well as meeting its ongoing operating expenses.

Liquidity risk management

In the event that the Leases are terminated as a result of a default by Norwegian or Thai Airways (see Statement of Principal Risks and Uncertainties for additional details on the status of the lessees), there is a risk that the Group will not be able to remarket the Assets successfully within the remarketing period specified in the loan agreements and that (after using the security deposits and the Liquidity Reserve) the Group will not have sufficient liquidity to comply with its obligations under the Loan Agreements. This may lead to a further suspension in distributions paid on the shares and/or a reduction in the value of the shares and have an adverse effect on the Group and could ultimately result in the lenders enforcing their security and selling the relevant Asset or Assets on the market. There can be no guarantee that the Group will be able to re-lease the Assets on terms as favourable as the existing leases, which may have an adverse effect on the Group and its ability to meet its investment objective and its dividend target. The price paid by the Group for the Assets partly reflects the terms of the leases to which the Assets are subject. Accordingly, were any or all of the Assets to be re-leased on less favourable terms, this may have an adverse effect on the value of the Assets and therefore the share price.

No right of redemption or repurchase

Shareholders will have no right to have their shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company would be required to dispose of their shares on the stock market. Accordingly, the ability of shareholders to realise the Net Asset Value of, or any value in respect of, their shares is mainly dependent on the existence of a liquid market in the shares and the market price of such shares.

Available cash

The Company has available cash projected at the end of September 2020 of US\$ 3,198,249 after making provisions.

Liquidity Proposal

Although the Company does not have a fixed life, the Articles require that the Directors convene a Liquidity Proposal Meeting to be held no later than 30 June 2026 at which a Liquidity Proposal in the form of an ordinary resolution will be put forward proposing that the Company should proceed to an orderly wind-up at the end of the term of the leases. In the event the Liquidity Proposal is not passed, the Directors will consider alternatives for the Company and shall propose such alternatives at a general meeting of the shareholders, including re-leasing the Assets, or selling the Assets and reinvesting the capital received from the sale of the Assets in other aircraft.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

20) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table details the contractual maturity analysis of the Group's financial liabilities. The amounts are contractual undiscounted cash flows and therefore will not agree directly to the balances in the statement of financial position.

30 June 2020	Next 12 months US\$	2-5 years US\$	After 5 years US\$	Total US\$
Bank borrowings and interest	(24,579,830)	(144,300,384)	(35,124,006)	(204,004,220)
Interest rate swaps	(1,764,673)	(3,549,001)	(6,958)	(5,320,632)
Maintenance provision	-	-	(17,993,651)	(17,993,651)
Security deposit	-	-	-	-
Trade and other payables	(1,039,842)	-	-	(1,039,842)
Total financial liabilities	(27,384,345)	(147,849,385)	(53,124,615)	(228,358,345)

31 December 2019	Next 12 months US\$	2-5 years US\$	After 5 years US\$	Total US\$
Bank borrowings and interest	(35,393,147)	(141,413,457)	(45,106,859)	(221,913,463)
Interest rate swaps	(817,348)	(2,338,301)	(82,671)	(3,238,320)
Maintenance provision	-	-	(20,207,622)	(20,207,622)
Security deposit	-	-	(13,264,420)	(13,264,420)
Trade and other payables	(373,923)	-	-	(373,923)
Total financial liabilities	(36,584,418)	(143,751,758)	(78,661,572)	(258,997,748)

In addition to the bank loans, the Group may from time to time use borrowings. To this end the Group may arrange an overdraft facility for efficient cash management. The Directors intend to restrict borrowings other than the bank loans to an amount not exceeding 15 per cent. of the net asset value of the Group at the time of drawdown. Borrowing facilities will only be drawn down with the approval of the Directors on a case by case basis. The Directors may also draw down on an overdraft facility for extraordinary expenses determined by them, on the advice of DS Aviation, to be necessary to safeguard the overall investment objective. With the exception of the loans, the Directors have no intention, as at the date of this report, to use such borrowings or overdraft facility for structural investment purposes.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

21) RELATED PARTY TRANSACTIONS

The Directors of the Company received total fees from the Group as follows:

	Current fee (annual)	30 June 2020 (unaudited) US\$	30 June 2019 (unaudited) US\$
Jon Bridel (Chairman)	£66,000	40,138	39,328
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	£53,700	32,635	32,038
Harald Brauns (Chairman of the Management Engagement Committee) -appointed 1 November 2019	£58,800	36,803	-
Angela Behrend-Görnemann (former Chairman of the Management Engagement Committee) – resigned 31 October 2019		-	40,204
Total		109,576	111,570

Between 1 April 2019 until 31 March 2020 the Directors received the following fees:

- Jon Bridel, Chairman £64,000 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director £52,000 per annum; and
- Angela Behrend-Görnemann, Chairman of the Management Engagement Committee €74,100 per annum

Following the Directors annual review of the Directors' fees and subsequent approval at the Company's AGM on 10 July 2020, with effect from 1 April 2020 the Directors receive the following fees:

- Jon Bridel, Chairman £66,000 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director £53,700 per annum; and
- Harald Brauns £58,800 per annum.
- The Directors' interests in the shares of the Company are detailed below:

	30 June 2020	31 December 2019
	Number of ordinary shares	Number of ordinary shares
Jon Bridel	7,500	7,500
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

22) MATERIAL CONTRACTS

Asset Management Agreement

The Asset Management Agreement, dated 19 September 2013, between the Company and DS Aviation was amended on 5 June 2015 to reflect the acquisition of the two new aircraft.

The amended agreement provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets have been sold after the expiry of the fourth Thai Airways lease in December 2026. The fee will be calculated as a percentage of the aggregate net sale proceeds of the four Assets, such percentage rate depending upon the Initial Investor Total Asset Return per share being the total amount distributed to an initial investor by way of dividend, capital return or otherwise over the life of the Company. If each of the Assets is sold subsequent to the expiry of their respective leases, the percentage rate shall be:

- Nil if the Initial Investor Total Asset Return per share is less than 205%;
- 1.5% if the Initial Total Asset Return per share equals or exceeds 205% but is less than 255%;
- 2% if the Initial Total Asset Return per share equals or exceeds 255% but is less than 305%; or
- 3% if the Initial Total Asset Return per share equals or exceeds 305%.

In the event that any of the Assets is sold prior to the expiry of its lease the percentage hurdles set out above will be adjusted on the following basis:

- (i) an amount will be deducted in respect of each Asset sold prior to the expiry of its lease, equal to the net present value of the aggregate amount of dividends per share that were targeted to be paid but were not paid as a result of the early divestment of the relevant Asset; and
- (ii) a further amount will be deducted, in respect of each Asset sold prior to the expiry of its lease, equal to the amount by which the proportion of the non-dividend component of the relevant percentage hurdle attributable to the relevant Asset would need to be reduced in order to meet its net present value.

The disposal fee is a cash-settled payment to the Asset Manager. As detailed in Note 3 there is no disposal fee expected to be payable and hence the brought forward provision of US\$2,479,634 has been fully reversed within these interim financial statements.

The Asset Manager is paid a base fee which is US\$ 21,354 per month in respect of the first two Assets increasing by 2.5% per annum and US\$ 16,666 per month in respect of the second two Assets increasing by 2.5% per annum from May 2016. In the six month period ended 30 June 2020 Asset Management fees totalled US\$ 512,512 (six month period ended 30 June 2019 US\$ 500,012) of which US\$ 172,064 were due at 30 June 2020 (31 December 2019: US\$83,934).

Pursuant to the agreement, the Asset Manager received an arrangement fee of US\$ 2.72 million in respect of the acquisition of the first two assets in the period ended 31 December 2014, and an arrangement fee of US\$ 2.07 million in respect of the acquisition of the third and fourth assets in the year ended 31 December 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

23) SEGMENTAL INFORMATION

The Group is engaged in one operating segment, being acquiring, leasing and subsequent selling of Aircraft. The geographical location of the Assets of the Group is Norway and Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from two lessees, one in Norway and one in Thailand.

24) SUBSEQUENT EVENTS

Norwegian Air Shuttle

As at the date of this report Norwegian have not yet operated the two aircraft under lease and so no cash has been paid under the 'power by the hour' arrangement. Therefore, as at the date of this report US\$ 4,200,000 of post 30 June 2020 lease rentals will be settled in shares during April 2021.

Following the lease restructure via the Letter of Understanding dated 4 May 2020, a more formal lease amendment agreement is still to be signed with the lessee for the two aircraft.

The shares currently held in NAS by the Group as a result of the restructure have fluctuated post year end and the price per share as at 16 September 2020 was NOK 1.03 compared to the price on initial acquisition of NOK 2.72. The decrease in share price has resulted in the value of the investment in NAS decreasing by US\$ 25,930,855 to a value of US\$ 17,644,391 as at 16 September 2020. Due to the nature of the investment, future prices of the shares are unknown and further fluctuations in share price should be expected.

The Gold Care Agreement between NAS and Boeing was terminated however effective date of termination is still to be agreed. According to the Lease Agreement, Maintenance Reserves previously paid to Boeing will be paid to the lessor and outstanding reserves at Boeing transferred in cash or credited against maintenance services to the lessor.

NordLB

On 13 May 2020 the group entered into restructuring commitments for the loans advanced by NordLB whereby the loans were amended as detailed in Note 16. As at the date of this report the final loan amendment documents have not yet been finalised and subject to ongoing negotiations. The liquidity risk table in Note 20 reflects the restructuring detailed in Note 16.

Swap deferral

One of the conditions of the NordLB loan restructure was the requirement for interest payments due under the interest swap arrangement to be deferred and subordinated to payments due under the NordLB loan. The swap deferral agreement has, as at the date of this report, not been signed yet and the liquidity risk table in Note 20 does not reflect the effect of swap deferral.

Thai Airways

Thai is undergoing debt rehabilitation proceedings through Thailand's Central Bankruptcy Court with a view to a restructuring of the airline. On 14 September 2020, the Central Bankruptcy Court granted Thai the business reorganisation petition and appointed planners to plan the restructure. It is expected in early 2021 Thai will enter into discussions with creditors, lessors and other counterparties in order to determine how any restructuring might best be effected.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2020

24) SUBSEQUENT EVENTS (CONTINUED)

Thai Airways (continued)

In light of the rehabilitation, the Dekabank loan was restructured as detailed in Note 16, the liquidity risk table in Note 20 reflects the restructure of the Dekabank loans as detailed in Note 16.

Other

Apart from the events disclosed above, there were no other significant events post 30 June 2020 to date that require disclosure in the interim accounts.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Harald Brauns
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269 Dortmund Germany
Solicitors to the Company (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Advocates to the Company from 23 July 2018 (as to Guernsey law)	Mourant Ozannes Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4HP Channel Islands
Auditor	KPMG, Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1 Ireland
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Corporate Broker	Investec Bank Plc 30 Gresham Street London EC2V 7QN United Kingdom