29 April 2020

DP Aircraft I Limited (the "**Company**")

Annual Report and Accounts

Please see attached a copy of the Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2019 (the "**Annual Report**"), which is available from the Company's registered office.

The Board has progressed discussions with its lenders and lessees in light of the global COVID-19 outbreak and further details thereof are contained within the Annual Report.

A detailed analysis and commentary of the Company's results for the year ended 31 December 2019 is presented in the Annual Report published today, which will shortly be available to view or download from the Company's website www.dpaircraft.com

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DP AIRCRAFT I LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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 company limited by shares and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise 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 (previously the Specialist Fund Market) 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 (the 'New 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. The Company's New 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 & POLICY

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').

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. The asset management activities of the Group are advised by DS Aviation GmbH & Co. KG (the 'Asset Manager').

THE ASSET MANAGER

The Asset Manager has undertaken to provide the asset management advisory 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.

DISTRIBUTION POLICY

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. Four quarterly dividends have been paid during the year ended 31 December 2019 and one has been paid subsequent to the year end, each meeting the US$ 0.0225 per share 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. On 3 April 2020, the Company announced a suspension of dividends 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$ 0.78 at 31 December 2019
	US$ 0.24 as 28 April 2020
Earnings per share	US$ 0.11068 for the year ended 31 December 2019
Country of Incorporation	Guernsey
Current Ordinary 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 Registration	LN-LNA
	LN-LNB
	HS-TQD
	HS-TQC
Aircraft Serial Number	35304
	35305
	35320
	36110
Aircraft Type and Model	B787-8
Lessees	Norwegian Air Shuttle ASA ('Norwegian' or 'NAS')
	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

PROFIT FOR THE YEAR

Profit for the year ended 31 December 2019 is US$23,169,069 (Earnings per Share US$ 0.11068 per Share) (2018: US$ 21,326,491 (Earnings per Share US$ 0.10188 per Share)).

NET ASSET VALUE ('NAV')

The NAV was US$ 1.03041 per share at 31 December 2019 (2018: US$1.02169). The NAV excluding the financial effects of the swaps was US$ 1.04176 per Share at 31 December 2019 (2018: US$ 1.02100).

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

	As at 31 December 2019		As at 31 December 2018	
	US$	**US$ per share**	**US$**	**US$ per share**
NAV per the financial statements	215,699,405	1.03041	213,872,974	1.02169
Add back:				
Derivative instrument (assets)/ liabilities and swap interest payable	2,376,913	0.01135	(146,084)	(0.00069)
NAV excluding swap liabilities	218,076,318	1.04176	213,726,890	1.02100

DIVIDENDS

Dividends were declared on:

Date	Dividend reference period	Dividend per Share	Payment date
17 January 2019	Quarter ended 31 December 2018	US$ 0.0225 per Share	14 February 2019
23 April 2019	Quarter ended 31 March 2019	US$ 0.0225 per Share	16 May 2019
8 July 2019	Quarter ended 30 June 2019	US$ 0.0225 per Share	15 August 2019
21 October 2019	Quarter ended 30 September 2019	US$ 0.0225 per Share	14 November 2019
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 until further notice to help preserve liquidity. Further details on the impact of the Covid-19 pandemic can be found within the Directors' 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 Annual Report of the Company for the year ended 31 December 2019.

It is difficult to comment on the 2019 trading year without starting from the momentous changes to the airline market following the outbreak of the Covid-19 virus pandemic in the first quarter of 2020.

The outlook for the airline industry for 2020 with a 2019 lens remained positive, however the airline industry as a whole has been substantially impacted by the outbreak of the Covid-19 virus. The extent of the international governmental response has led to the virtual suspension of international travel for as yet an undefined period. This has and will put substantial pressure on airlines ability to fund near term operations. The extent and the duration of the down turn remains difficult to assess. With revenues effectively stopped there is substantial pressure on airlines to review and challenge their current operational financing – this includes our lessees.

As noted in the announcement on 2 March 2020, NAS requested a temporary suspension of lease payments with effect from March 2020 until the end of June 2020. NAS has ongoing negotiations with the Norwegian government for the provision of state aid and that on 19 March 2020 the Norwegian government issued a press release indicating its willingness to extend loan guarantees of up to three billion NOK to Norwegian subject to certain terms and conditions. In these circumstances, the Board has opted to reserve its position under the two leases until there is greater clarity as to how these negotiations develop and the Board and the Company's asset manager, DS Aviation, is prioritising discussions with Norwegian in order to determine whether and on what basis it may be able to meet its obligations to the Company under the leases for the Assets.

The Board and the Company's asset manager, is also discussing the situation with Norddeutsche Landesbank Girozentrale, on behalf of the banks providing lending to the Company and its subsidiaries in respect of the Assets. The Board has also taken the precautionary steps of appointing advisers and implementing preliminary initiatives with a view to protecting the value of the Assets.

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 has suspended the payment of dividends with immediate effect and until further notice. Maintaining an appropriate level of liquidity is a key priority given the current challenges.

On 9 April 2020, the Company announced the request from Thai that the Company consider affording them a temporary relaxation of their lease payment obligations to the Company in light of the ongoing Covid-19 crisis. Thai has emphasised that it remains fully committed to its obligations, and to date it has made all payments due to the Company in full and in a timely fashion up to and including 9 April 2020. The Company, with the support of the Asset Manager, has actively engaged with Thai and agreed certain concessions to Thai, which include a rent deferral arrangement (which began on 29 April 2020) in an aggregate amount of approximately US$ 3.4m. The deferred amounts (with interest thereon) are due to be repaid in 12 equal monthly instalments commencing at end of each respective deferral period.

The situations identified above with regard to NAS and Thai and their resolution, have been determined by the Directors to be a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern (see the Directors Report). The Directors have notwithstanding this material uncertainty concluded on the viability of the Company (see Directors Report).

The Company has available cash projected at the end of April 2020 after making all bank payments due in excess of US$ 8m and in certain circumstances access to the three months of security payments paid by both lessees.

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.

The Company's Annual General Meeting ("AGM") is currently scheduled for 10 July 2020.

Both our lessees continued to meet their lease obligations throughout 2019. Both lessees successfully implemented cost cutting measures during the year. There were no material incidents to bring to the attention of Shareholders concerning the aircraft and inspections have revealed no matters of concern . As has been previously reported both lessees have aircraft which are grounded and awaiting engine refurbishment following the well publicised Rolls Royce issues with the low pressure turbine('LPT') blades on their Trent 1000 engines.

The Earnings per Share for the year was US$ 0.11068 per share compared to US$ 0.10188 per share for last year. All four dividends for the year ended 31 December 2019 were declared and paid and the Company continued to meet its annual dividend target of US$ 0.09 per share for 2019. The net asset value per share at the year end was US$ 1.03041 compared to US$ 1.02169.

Operating revenues for Norwegian Air Shuttle ("NAS") in 2019 increased by 8% compared to the previous year and operating expenses reduced by 3%. NAS had turned its focus from growth to profitability during the year and a cost saving programme has been implemented, along with several other additional measures to increase liquidity and reduce capital commitments. A capital raise of NOK 2,500 million was successfully completed during the period which was planned to fund NAS throughout 2020. NAS continued to be affected by the Trent 1000 engine issues and the worldwide grounding of B737MAX aircraft, and compensation has been sought from Boeing and Rolls-Royce.

During 2019, the profitability for Thai Airways International Plc ("Thai") further deteriorated and operating revenues decreased by 8% compared to last year. Operating expenses decreased by 6% during the year and there is continued focus on reducing costs further. Thai has faced a number of challenges in the year including the Covid-19 virus outbreak in China, higher gearing and lack of profitability. It has also had Trent 1000 engine issues. A new CFO and Chairman for Thai are now in place, providing direction and continuity for the company. The CEO has stressed the importance of the business rehabilitation plan and the necessary support by airline staff to optimise the cost basis, to improve revenues and to return to profitability.

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
29 April 2020

ASSET MANAGER'S REPORT

The Airline Market

Global

- Current Outlook
  - Airlines worldwide substantially impacted by the Covid-19 pandemic
  - A significant number of airlines have completely grounded their fleets for an as yet undefined period
  - About 52% of passenger aircraft (more than 13,500) stored globally and the number set to increase
  - Demand for cargo flights to increase as belly freight capacity of passenger jets falls away
  - The 2020 forecast of the chart below was provided late 2019 by IATA and will inevitably significantly change, the total impact of the Covid-19 pandemic cannot be assessed at the current stage

	2018	2019 (Expectation)	2020* (Forecast Pre-Covid-19)
Passengers (billion)	4.38	4.54	4.72
Capacity (ASK) [% YoY]	6.9	6.5	4.7
Demand (RPK) [% YoY]	7.4	4.2	4.1
Passenger Load Factor (%)	81.9	82.4	82.0
Passenger Yield [% YoY]	-2.1	-3.0	-1.5
Freight (million freight tonnes)	63.3	61.2	62.4
Cargo Yield [% YoY]	12.3	-5.0	-3.0
Overall Expenses [% YoY]	9.7	3.8	3.5
Overall Revenues [% YoY]	7.6	3.2	4.0
Net Profits	27.3	25.9	29.3

* These numbers will be significantly impacted by the effects of Covid-19 as further detailed below.

- Long term outlook:

    - Average annual global fleet growth was anticipated to be 3.4% within the next 20 years before the current pandemic.
    - Expected deliveries of approximately 44,000 aircraft with a market value of USD 6,810 billion within the next 20 years

Europe

- 2019
    - Net profit of USD 6.2 billion
    - Low yields due to fierce competition and regulatory costs resulted in breakeven load factors of 70.4%
    - Uncertainty about the impact of BREXIT with several airline bankruptcies (e.g. Thomas Cook Airlines, Germania, Wow Air and Flybmi) downshifted demand growth from 7.5% in 2018 to 4.5%

- 2020
    - Estimated Covid-19 impact on 2020 by IATA
        - 46% decline in demand (RPK)
        - USD 76 billion decrease in revenues

Asia

- 2019
    - Net profit of USD 4.9 billion
    - Strongest increase in passenger demand in the Asia-Pacific region compared with the other regions, although…
    - …significant exposure to the US-China trade war had a negative impact on passenger demand growth rate and cargo demand

- 2020
    - Asian airlines were amongst the first affected by the Covid-19 outbreak with significant negative impact on 2020 financial results
    - Estimated Covid-19 impact on 2020 by IATA
        - 37% decline in demand (RPK)
        - USD 88 billion decrease in revenues

Covid-19 Pandemic

The Covid-19 virus was first identified at Wuhan in China at the end of December 2019 but then continued to spread to neighbouring countries. As the virus arrived in Europe and all other continents, the Covid-19 outbreak turned into a global pandemic.

The impact on airlines varies depending on route network, customer base and place of business but the impact on the whole airline industry is significant. At the outset, Chinese and Asian carriers were assumed to be the most affected but currently the negative impact on European Airlines is greater, although airlines worldwide are facing challenging and potentially existential times.

The number of stored aircraft is increasing rapidly; by way of example the number of stored aircraft went up by over 1,000 within a single day (31st March to 1st April 2020). More and more airlines are completely grounding their fleet, and in particular those carriers with no freighter business. The demand for cargo flights itself is strong as the volume of belly freight opportunities falls away with the decrease of passenger flights. Some airlines, amongst others Lufthansa and Aegean, are using passenger aircraft to transport cargo and urgently required medical equipment and protective clothing.

By the end of March 2020, IATA have forecast that due to the Covid-19 pandemic, global demand for passenger air traffic will decrease by 38 per cent in 2020 and 71 per cent in the second quarter 2020 compared to the comparable periods in 2019. Passenger revenues are expected to decrease by 68 per cent and USD 61 billion of cash being burned in the second quarter 2020. The Airports Council International (ACI World) expects that the recovery period may last until the end of 2021.

Outlook & Conclusion

The airline business is a cyclical business and sensitive to external shocks, currently being reinforced by the Covid-19 pandemic. Previously burdens on airlines caused through the worldwide Boeing 737MAX fleet grounding and the Trent 1000 issues will be trivial in 2020 by comparison as more than half of the passenger fleet is already considered as stored with the number significantly increasing. Even if the spread of coronavirus cases reduces and travel bans are gradually lifted, it will take time until capacity and numbers of passenger aircraft will be on 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. The chart below shows, that fixed costs, semi-fixed costs and crew expenses amount for nearly 50% of total operating costs. Most of these costs cannot be avoided in the short-term and as revenue streams are currently marginal or non-existent, their financial buffer will be used up shortly. According to IATA, an average airline has an amount of cash and cash equivalents for about two months. This indicates that the industry will heavily rely on governmental support.

Not only current travel restrictions and closures of tourist related infrastructure but also the decrease in manufacturing and retail industries and the resulting lay-off of employees might contribute to an economic recession which in turn will impact the recovery of the airline industry. 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. However, from a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises and external shocks relatively quickly.

The Lessees

Norwegian Air Shuttle ASA
Norwegian Air Shuttle in brief

- Low-cost carrier; 3rd largest in Europe
- Short-, medium- and long-haul operations
- 37 Boeing 787s
- 36 million passengers in 2019

Financial & Operational Figures

[million NOK]	4Q2019	4Q2018	Change	FY2019	FY2018	Change	Link
Operating Revenues	8,944	9,658	- 7 %	43,522	40,266	+ 8 %	a)
Operating Expenses	10,222	13,251	- 23 %	42,666	44,117	- 3 %	b)
EBITDAR	357	-1,925	---	7,314	2,171	+ 237 %	c)
Operating Result	-1,278	-3,593	+ 64 %	856	-3,851	---	d) g)
Net Result	-1,873	-3,012	+ 38 %	-1,609	-1,454	- 11 %	e-h)
Unit Costs incl. fuel	0.48	0.44	+ 10 %	0.44	0.43	+ 0 %	
Unit Costs excl. fuel	0.35	0.31	+ 15 %	0.31	0.31	+ 0 %	
Unit Revenue	0.34	0.30	+ 16 %	0.35	0.33	+ 7 %	
Yield	0.40	0.37	+ 10 %	0.41	0.38	+ 6 %	
Ancillary Revenues per Passenger	182	169	+ 8 %	184	168	+ 10 %	
Capacity - ASK (million)	21,018	26,058	- 19 %	100,031	99,220	+ 1 %	
Demand - RPK (million)	17,835	21,068	- 15 %	86,616	85,124	+ 2 %	

Load Factor	84.9 %	80.9 %	+ 4.0 pp	86.6 %	85.8 %	+ 0.8 pp	
Passengers (million)	7.57	9.04	- 16 %	36.20	37.34	- 3 %	
Average Stage Length	1,805	1,872	- 4 %	1,876	1,843	+ 2 %	
Aircraft Utilisation [block hours]	11.7	12.5	- 6 %	---	---	---	
Number of Aircraft	---	---	---	156	164	- 5 %	
Cash & Cash Equivalents	---	---	---	3,096	1,922	+ 61%	
Equity Ratio	---	---	---	4.8 %	3.0 %	+ 1.8 pp	g)
Total Assets	---	---	---	85,343	55,985	+ 52 %	j)

Background Information

a) Decreasing revenues in 4Q19 driven by capacity reductions;
Strongest growth of revenue streams from travel originating the U.S. in FY2019 (+19%)
b) Costs of NOK 300 million (NOK 1,000 million) in 4Q19 (FY2019) caused by the grounding of B737MAX aircraft
c) Improvement resulted from network optimisation and #Focus2019
d) Loss of NOK 244 million from currency effects in 4Q19
e) Sale of 14.0 million Norwegian Finans Holding ASA (NOFI) shares in 4Q19
f) Gain of NOK 174 million in net profit in FY2019 from the sale of shares in Lilienthal to NOFI including brand licensing
g) Impact of IFRS 16 (implemented on 1st January 2019) on 4Q19 (FY2019), e.g.:
    - Net cost reduction on depreciation and aircraft lease of NOK 255 million
    - Positive impact of NOK 342 million (NOK 981million) on operating profit
    - Negative impact of NOK 456 million (NOK 756 million) on net profit (net financial items)
    - Lease liabilities of (NOK 34,274) million included in net interest-bearing debt
    - Equity ratio of 4.8% but 9.1% without IFRS 16 as at 31st December 2019
h) Results of the previous year 2018 benefitted from a reclassification of the NOFI holding by NOK 1.9 billion
i) Receivables increased by NOK 4,438 million in FY2019; particularly due to holdbacks from credit card acquirers
j) IFRS 16 effect on Total Assets compared to 31st December 2018: increase by NOK 32,797 million
Tangible fixed assets decreased by NOK 5,558 in 4Q19: No addition of aircraft and sale of five B737-800s
k) Equity ratio develops in cycles depending on seasonality of airline business; implementation of IFRS 16 with negative impact on equity ratio in FY2019 (e.g. equity ratio 4Q19 without IFRS16 effects: 9.1%); please also refer to Comments & Conclusions

Strategic development

In 2019, Norwegian turned its focus from growth to profitability. The implemented cost saving programme #Focus2019 had the target to reduce costs by NOK 2,000 million in 2019 but even generated cost reductions of NOK 2.3 billion.

Norwegian had additionally put several measurements in place to increase liquidity and reduce capital commitments:

- Joint venture with China Construction Bank Leasing (CCB) assumed to reduce capital commitments between 2020 and 2023 by about NOK 14 billion
- Restructuring of order book supposed to reduce CapEx by NOK 22 billion in 2019 to 2020
- Sale of 24 aircraft with deliveries in 2019 and 2020 assumed to have a net liquidity effect of about NOK 2 billion

- Sale of shares in Norwegian Finans Holding ASA for an amount of about NOK 2 billion with an estimated positive effect of about NOK 900 million on Norwegian´s cash position
- Extension of two unsecured bonds by two years (Norwegian´s slots at London- Gatwick Airport functioning as security)
- Successful completed capital raise of NOK 2,500 million through a private placement and a convertible bond issue of USD 150 million; pre-Covid-19 intended to leave Norwegian fully funded throughout 2020
- Sale of Argentinian subsidiary to low-cost carrier JetSmart (Chile) early December 2019

Long-haul operations	
B787 Deliveries	• 1 B787-9 in 3Q19 and 5 B787-9s in 2019 (4 B787s financed through sale-and-lease back transactions)
Axed Destinations	• More than 20 routes • Long haul flights originating Stockholm and Copenhagen • U.S. destinations out of Ireland
Increased Frequencies	• Long haul flights originating Oslo, Barcelona, London, Paris
Seasonality	• Better adapt to seasonality driven demand
Connectivity	• Development of feeder traffic with easyjet (Europe) and JetBlue (U.S. and Caribbean)

End of January 2020, Norwegian introduced a new hand luggage policy to generate additional revenue. Passengers travelling with a low fare ticket and more than an underseat bag are required to pay for the overhead-bin space.
The airline outlook for 2020 include amongst others the following:

- NEXT (Norwegian Excelling Together) to generate value of NOK 1.5 billion in 2020 focuses on six workstreams: Network, people, product & revenue management, operational performance, cost reductions and value proposition
- Covid-19 global pandemic will significantly negatively affect airline´s operations and financials; total impact unknown
- Operation of repatriation flights and several routes in the Nordics, subsidised by the government to ensure connectivity to remote areas
- Minimisation of cash burn
- Deferral of scheduled aircraft delivery

Current challenges resulting from Covid-19 pandemic

- Existing liquidity risk (e.g. increased receivables due to constraints from credit card institutions and financing of aircraft deliveries) further increased as costs cannot be reduced by the same amount as revenue streams fall away
- Norwegian has requested a forbearance period with its main creditors (lessors and banks) until at least the end of June 2020
- Government offers support package in three tranches (NOK 300m, NOK 1.2bn, NOK 1.5bn) totalling NOK 3.0bn (USD 286m); each subject to certain conditions
  - Norwegian met requirements for the first tranche which had been approved (raising additional NOK 30m (USD 2.9m) funding through banks)…
  - Norwegian is working on approval for the second tranche (required support from banks and lessors through forbearance) …
  - …if successful, Norwegian will work on meeting the requirements of tranche 3 (increasing the equity ratio: e.g. through convertible bonds issued in November 2019 and other measurement)
- 85% of flight schedule cancelled and 7,300 employees temporarily laid-off
- High exposure on transatlantic network and dependent on development of the pandemic in the U.S.
- Uncertainty about when and to which extend travel restrictions will be lifted

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
- Launch of NEXT (Norwegian Excelling Together) with the target of NOK 4,000 million improvement of the run rate EBITDAR within the next two years
- Joint venture with China Commerial Bank
- B737MAX deliveries on hold result in a reduced estimated CapEx of USD 1.4 billion for 2020
- Partnership with U.S. low-cost carrier JetBlue starting summer 2020: Norwegian gains access to 40 U.S., Latin American and Caribbean destinations and JetBlue gains access to Norwegian´s transatlantic flights and twenty intra-European routes (Letter of Intent signed in October 2019). However the extent and timing of such links is entirely dependent on Norwegian's financing situation and in particular the recovery of transatlantic flights.

Comments & conclusions

2019 was a year of changes and restructuring including the step-down of the airline founder Bjorn Kjos and the interim appointment as CEO of the CFO Geir Karlsen. After being initially doubtful and sceptical, it seems that the airline´s perception in the market became more positive and confident than it had been a year ago.

The reduced capacity growth, particularly if comparing the second half of 2019 with the previous year, proves the change in strategy. To grow a business, it is generally necessary to make investments: in the case of Norwegian it was to the expense of the financial stability. The new strategy and the earlier listed and implemented measurements show that the airline is aware of the risk and the need to address it. Particularly, the completed extension of the two bonds and the raise in capital were key to more financial headroom. Related to the previous growth strategy, the equity ratio significantly decreased over time and the downward trend continued in cycles. The increase of the equity ratio in the third quarter 2019 seemed be the beginning of an upward trend. Although the equity ratio in the fourth quarter being lower, as this is low season for European carriers, it was above 2018 fourth quarter levels (IFRS 16 further lowered the equity ratio in 2019 compared to the previous years). At year´s end, Norwegian Air Shuttle was in a significant stronger position than at the beginning 2019. Although the carrier states a net loss in 2019, Norwegian succeeded on the operational level, proving the strategy change and implemented measurements are paying off.

With most of the fleet currently stored due to the Covid-19 pandemic, Rolls-Royce Trent 1000 engine issues and the worldwide grounding of B737MAX aircraft became less important. However, once returning to pre-Covid-19 operational levels, it would be supportive but remains unknown for the airline if these issues had been resolved.

The total impact of the Covid-19 pandemic on airlines and therefore on Norwegian is unknown at the current stage. It is obvious that the impact is significant and the economic survival, not only for Norwegian but for a majority of the airlines worldwide, depends on governmental and stakeholders´ support. Norwegian is severely affected by this pandemic through no fault of its own. The commitment of the Norwegian government to offer conditional support packages to Norwegian, SAS and Wideroe provides a backdrop of support.

Thai Airways International Public Company Limited

Thai Airways in brief

- Full-service and flag carrier; majority-owned by the Thai Government
- Short-, medium- and long-haul operations
- Eight Boeing 787s aircraft

- 80 destinations in more than 30 countries
- 24 million passengers in 2019

Financial & Operational Key Figures

[billion THB]	4Q2019	4Q2018	Change	FY 2019	FY 2018	Change	Link
Operating Revenues	46.7	50.8	- 8 %	184.1	199.5	- 8 %	a)
Operating Expenses	48.4	57.0	- 15 %	196.5	208.6	- 6 %	b)
EBITDA	3.7	2.0	+78%	8.8	14.5	- 39 %	
Operating Result	- 1.6	- 6.2	+ 74 %	- 12.4	- 9.1	- 37 %	c)
Net Result	- 0.9	- 7.5	+ 88 %	- 12.0	- 11.6	- 4 %	d)
Unit Costs incl. fuel*	2.03	2.02	+ 0 %	2.17	2.24	- 3 %	
Unit Costs excl. fuel*	---	---	---	1.52	1.55	- 2 %	
Unit Revenue*	2.00	2.17	- 8%	2.03	2.14	- 5 %	
Passenger Yield [THB/RPK]	1.97	2.25	- 12 %	2.04	2.19	- 7 %	e)
Freight Yield [THB/RFTK]	---	---	---	7.84	8.51	- 8 %	f)
Capacity - ASK (million)	23,325	23,402	- 0 %	90,622	93,131	- 3 %	g)
Demand - RPK (million)	18,962	17,943	+ 6 %	71,695	72,315	- 1 %	
Load Factor	81.3 %	76.7 %	+ 4.6 pp	79.1 %	77.6 %	+ 1.5 pp	
Passengers (million)	6.44	6.16	+ 5 %	24.51	24.32	+ 1 %	
Aircraft Utilisation [block hours]	12.1	12.6	- 4%	11.9	12.0	- 1 %	
Number of Aircraft	---	---	---	103	103	---	
Cash & Cash Equivalents	---	---	---	21.66	13.69	+ 58 %	h)
Total Assets	---	---	---	256.67	268.72	- 5 %	
Equity Ratio*	---	---	---	5 %	8%	- 3 pp	

Background Information

a) THB 149.04bn in passenger & access baggage revenues (-7%)
   THB 17.78bn in freight & mail revenues (-20%)
   THB 13.45bn in revenues from other activities (+1%)
   THB 3.77bn in other income (+7%)

b) Increase of 11% (THB 612 million) in crew expenses in FY2019 due to introduction of a new pilot compensation system to align with industry standards
   Decrease of 8.2% in average fuel prices in FY2019
   Decrease of 12% (THB 2,258 million) in depreciation and amortisation expenses due to change in residual value recognition in FY2019
   - Adoption of Thai Financial Reporting Standard No. 15 as at 1st January 2019 (Revenue recognition in passenger patents and mileage rights)

c) Net result FY19 influenced by one-time expenses:
   - THB 2,689 million estimated service compensation due to a change in the severance payment conditions

- THB 4,439 million gain on foreign currency exchange
- THB 634 million impairment loss of assets and aircraft
- THB 273 million gain in ownership interest (dilution of shareholding in NOK Airlines)

d) Decrease in passenger yield mainly driven by the appreciation of the Thai Baht and the fierce competition; decrease excluding currency effects would be 2.7%

e) Significant drop in freight volume (-13.7%) and yield
- U.S.-China trade war
- Protests in Hong Kong
- Weaker economy
- Pakistan airspace closure resulted in trading belly freight against fuel due to longer flight routes to Europe

f) Decrease in capacity particularly due to Trent 1000 engine issues and temporary closure of Pakistan Airspace

g) Increase in cash due to debenture issue in November 2019

h) The debt to equity ratio (leverage) significantly increases over the last quarters

Strategic development

"Mantra" project:

- Part of the rehabilitation programme
- Focus on increasing additional revenues, amongst other measurements
  - Sale of preferred seats generating about THB 70 million per month
  - Sale of food, initially frozen meals and ready-made sauces, under Thai´s catering brand in European supermarkets

"Brother & Sister Model":

- Integration of Thai Smile into Thai Airways
- Generation of synergies: revenues grew by 32 per cent while cost only increased by 7 per cent in 2019

As Thai has not met its targets in the first half of 2019, the carrier launched at year´s end a new Transformation 2020 Plan with three guidelines to focus on:

- Increasing revenue (supported by the Mantra project and acceleration of digital marketing operations)
- Cost control and reduction through a cost management programme
- Increase in operational efficiency by taking actions in parallel (e.g. effective fleet management, decrease of debt to equity ratio)

Further measurements:

- November 2019: Unsecured debenture issue 13th November 2019
  - Successful issue of THB 8.8 billion with institutional and high net worth investors
  - Rated category "A" by TRIS Rating
  - Divided in five tranches with maturities between one and 15 years
  - Coupon rates between 2.32 per cent to 3.98 per cent
- Memorandum of Understanding (4Q19) with the Toyota Tsusho [Thailand] company on travel activities: Thai Airways will become the exclusive and preferred airline for company members´ business travel
- Sale of six decommissioned aircraft in 2019

Changes in management:

- January: 2020: vice-chairman Chaiyapruk Didyasarin took over the role as chairman permanently after Ekniti Nitithanprapas resigned in November 2019

- March 2020: second-vice president Chakkrit Parapuntakul became acting president after Sumeth Damrongchaitham resigned

The airline outlook for 2020 include amongst others the following:

- Agreed replacement of 17 aircraft after review of 2019-2026 aircraft acquisition plan
- Reduction of retained earnings by 2022
- Increase in customer satisfaction and ranking among the world´s top five airlines
- Implementation of Financial Reporting Standard No. 9 (Financial Instruments) and No. 16 (Leases)
- Scheduled market entry of two low-cost carriers in 2020 will further increase competition
- Covid-19 global pandemic will negatively affect airline´s operations and financials; total impact unknown

Current challenges resulting from Covid-19 pandemic

- Thai Airways had been one of the first airlines significantly affected by the pandemic as the carrier (including Thai Smile) has an exposure of 95 weekly flights to nine Chinese destinations
- After Thailand declared a state of emergency starting 26th March 2020, Thai Airways suspended all international flights
    - Temporary grounding of 69 aircraft
    - Domestic flights transferred to Thai Smile
    - Thai operates repatriation flights and cargo services
    - Majority of employees granted leave until end of May 2020 with salary cuts of 10 to 50 per cent
- Liquidity risk deriving from increasing debt to equity ratio and lack of profitability
- According to Thailand´s deputy prime minister Somkid Jatusripitak, the government would support the carrier if necessary

Opportunities post-Covid-19 pandemic

- Tourism stimulation measures by the government (e.g. waived visa on arrival fees)
- Committed credit line of THB 13.5bn (USD 453 million) at the end of 2019
- Submission of 2020-2025 rehabilitation plan to Board of Directors early 2020 to return to profitability and continuously improve service quality
- Thai Smile will become a connecting partner of Star Alliance in 2020

Comments & conclusions

Thai Airways have struggled to return to profitability after low-cost competition increased. For the financial year 2019, the carrier stated an operating and net loss with no improvement compared to the previous year. However, the fourth quarter showed some significant improvement compared to the same quarter in 2018 and it might have been a first step to a turn-around.

The flag carrier of Thailand is dependent on the tourism sector, particularly on the in-bound tourism and vulnerable to external shocks such as epidemics, riots, natural disasters or the downturn of originating passengers´ economies. Chinese tourists count for the biggest share of foreign tourists travelling to Thailand, and both the US-China trade war and the unrest in Hong Kong had a negative impact on Thai´s performance in 2019. As a consequence of this correlation, Thai Airways had been affected from the beginning by the outbreak of Covid-19 in China. After it had turned into a global pandemic with a growing number of states, including Thailand, imposing travel restrictions or closing airports for commercial operations. Thai Airways grounded most of its fleet at the end of March 2020. As the first quarter is high season for Asian carriers, the flight cancellations will strongly affect Thai´s revenue streams and operating results in 2020.

Nevertheless, Thai Airways needs to prepare itself for the post-Covid-19 period. It is essential for the carrier re-adopting and implementing measurements to at least stabilise the leverage as well as to increase revenue streams which had been weak before the pandemic. Restructuring is a necessary move and a strict focus on the Transformation Plan 2020 (including the objectives form the Mantra and Brother & Sister model) might be a first step again to generate synergies and identify and explore additional sources of revenue generation supporting the return to profitability. The ongoing Trent 1000 issues limiting Thai Airways´ capacity growth in 2019 might currently be trivial until operational levels return to pre-Covid-19 levels.

The majority ownership by the government seems currently to be of advantage; particularly as tourism is a major source of income for the country with both infrastructure and transportation routes being crucial factors to support this economic sector.

THE ASSETS
Key Facts B787

- 61 active operators (Airlines) on all continents
- 73 customers (Airlines and Lessors)
- Aeroflot cancelled its order of 22 B787s in 4Q19
- Emirates and Malaysian lessor CALC became new customers in November 2019
- Reduction of production rate to 10 aircraft monthly by 2021
- B787 production temporarily suspended at Everett due to Covid-19 pandemic

Assets & Operations

<u>Trent 1000 issues</u>
The availability of Rolls-Royce Trent 1000 spare engines and the bottleneck of shop visit slots to have impacted airlines´ Boeing 787 fleets as some of their aircraft had been temporarily stored, including aircraft of Thai Airways and Norwegian Air Shuttle awaiting the LPT remedy:

- 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)

The temporary storage has not released Norwegian Air Shuttle or Thai Airways from paying lease rentals and corresponding maintenance reserve amounts.

Although for some of the above aircraft in-service dates were scheduled in accordance with Trent 1000 spare engines availability, it is very likely that all four aircraft will remain stored at least throughout the Covid-19 pandemic related restrictions.

Asset Overview

AIRCRAFT OPERATIONS	Norwegian Air Shuttle		Thai Airways	
	LN-LNA	LN-LNB	HS-TQC	HS-TQD
Cabin Layout	32 Premium Economy Class Seats 259 Economy Class Seats		24 Business Class Seats 240 Economy Class Seats	
PHYSICAL INSPECTION (by DS Aviation)				
Date	27.02.2020	27.02.2020	03.12.2019	03.12.2019
Place	Prestwick Airport		Bangkok Airport	
Aircraft & Technical Records condition	Aircraft/Technical records in good condition with no significant defects or airworthiness related issues (Storage inspection)		Aircraft/Technical records in good condition with no significant defects or airworthiness related issues	
AIRFRAME STATUS (31st December 2019)				
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	373 hours 43 cycles	405 hours 48 cycles	272 hours 63 cycles	256 hours 60 cycles
Hours/cycles ratio since delivery	8.62	8.47	4.42	4.32

ENGINE DATA (31st December 2019)	Engine Serial Number				Engine Serial Number			
	10118	10119	10130	10135	10239	10240	10244	10248
Total Time [Flight Hours]	23,935	26,028	21,497	24,868	15,103	10,518	11,035	16,758
Total Flight Cycles	2,811	3,067	2,393	2,864	3,408	2,583	2,675	3,684
Location	Spare	LNF	LNC	Shop	TQB	Spare	Shop	TQA

Comments and Conclusions

The order and delivery numbers emphasise that the Dreamliner Boeing 787 aircraft is favoured by many airlines from different regions and different business strategies. As new customers placed orders in 2019 and Lufthansa even decided for Trent 1000 engines, it seems there is confidence in Rolls-Royce to fix the known problems and the capacity bottleneck. In an economic environment, it is possible that there might be a temporary preference towards the smaller types within an aircraft family. This may lead to greater interest in the B787-8 series aircraft compared to the larger 9 and 10 series variants. Moreover, the temporarily suspension of the B787 production in Everett due to the Covid-19 pandemic (which may also limit production at the Boeing South Carolina factory) will set back the B787 delivery timetable for 2020 and thereafter. It is though also possible that given the extent of airline fleet groundings that they might welcome any delay in new production deliveries.

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 run off) 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. He also has experience defending takeovers and in corporate restructuring and realisation matters. 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 (64)*
Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a consultant to a number of businesses which include independent non-executive directorships for 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 Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He holds an M.Sc in Corporate Governance (2016) and qualified as a Chartered Company Secretary in 2017.

Harald Brauns, (Appointed 1 November 2019), *Non-Executive Director (63)*
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.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated Financial Statements for DP Aircraft I Limited for the year ended 31 December 2019.

Principal Activity and Review of the Business
The Company's principal activity is to purchase, lease and then sell Boeing 787-8 Aircraft (the 'Assets'). The Company wholly owns six subsidiaries, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited, DP Aircraft Ireland Limited and DP Aircraft UK Limited (together the 'Group').

The investment objective of the Group is to obtain income and capital returns for the Company's shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling the Assets.

The Company has made its investments in the Assets through its subsidiaries.

The Ordinary Shares of the Company are currently trading on the Specialist Fund Segment of the London Stock Exchange.

Throughout the trading year the lessees have met their lease obligations. Notwithstanding the requirement for the aircraft to be parked during the year for Trent 1000 repairs there are no incidents to bring to the attention of Shareholders concerning the operation of the aircraft. Inspections have revealed no matters of concern. The Company's debt has been financed throughout the year. A more detailed review of the business and prospects is contained in detail in the Asset Manager's Report. Rolls Royce are continuing to address the Trent 1000 engine warranty related issues which have not impacted on the Company's revenues.

Results and Dividends

The profit for the year ended 31 December 2019 was US$ 23.17m (year ended 31 December 2018 US$ 21.33m).

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. Four quarterly dividends have been paid during the year ended 31 December 2019. All the dividends paid to date have met the US$ 0.0225 per share target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast. On 3 April 2020, the Company announced a suspension of dividends until further notice.

The debt to equity ratio was 0.88 as at 31 December 2019 (2018: 1.01).

Subsequent Events

Since the start of January 2020, the world has been monitoring and reacting to Covid-19. As of early April 2020, the virus 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, socialise and leave their homes. Global financial markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale, and which is expected to be material for the airline sector, and by extension the aircraft leasing sector.

NAS has failed to make any payments due under the NAS Aircraft Leases since March 2020 (in an aggregate amount of US$ 4.98m). The Company has agreed certain concessions to Thai, which included a rent deferral arrangement (which began on 29 April 2020) in an aggregate amount of approximately US$ 3.40m. The deferred amounts (with interest thereon) are due to be repaid in 12 equal monthly instalments commencing at end of each respective deferral period.

The Company is currently negotiating certain proposed concessions to NAS, which may include (i) a rent deferral arrangement (ii) a power by hour arrangement for part of the remaining term of the lease (iii) a modified rental stream for part of the remaining term of the lease (which may include a release of certain amounts already due from NAS) and other lease modifications or concessions, as well as other forms of compensation for the Company. No formal agreement on these concessions has yet been concluded.

The Directors, with the support of the Asset Manager, have engaged with its lenders following the non-receipt of rentals from NAS and the request for concessions from both NAS and Thai. The Company has communicated the terms of concessions agreed to Thai with its Thai Lenders. The Directors believe that a modification to the terms of the NAS Loans (which may include an interest-only period, a re-profiling of future repayment obligations or other concession) will be necessary to ensure that the Company can continue to operate following any concessions that may be agreed with NAS without giving rise to a default under the Loans. No agreement on the form of any such modification to the Loans has yet been concluded.

It is therefore not possible to fully estimate the financial effect that these events may have on the Company's financial results or position. The Directors, with input from the Asset Manager, will continue to engage with NAS and its lenders and to monitor the impact of the virus on the activities of the Company.

On 15 January 2020 the Company declared a quarterly dividend in respect of the quarter ended 31 December 2019 of US$ 0.0225 per ordinary share to holders of shares on the register at 24 January 2020. The ex-dividend date was 23 January 2020 with payment on 14 February 2020. On 3 April 2020 the Board of Directors announced that it had suspended the payment of dividends with immediate effect and until further notice.

Directors
The Directors of the Company, who served during the year and to date, are as shown below:
- Jonathan Bridel
- Jeremy Thompson
- Angela Behrend-Görnemann (resigned 31 October 2019)
- Harald Brauns (appointed 1 November 2019)

Directors interests
The Directors' interests in the shares of the Company as at 31 December 2019 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 December 2019	**Number of ordinary shares 31 December 2018**
Jonathan Bridel	7,500	7,500
Jeremy Thompson	15,000	15,000
Angela Behrend-Görnemann	N/A	-
Harald Brauns	-	N/A

Principal Risks and Uncertainties
The Statement of Principal Risks and Uncertainties are as described below.

Substantial Shareholdings
The directors note the following substantial interests in the Company's share capital as at 31 December 2019 (10% and more shareholding):

- M&G Investment Management 52,158,421 – 24.92%

As at the date of this report there have been no significant changes in the above list of substantial shareholdings.

The Board
The Board comprises three non-executive directors each of whom are independent.

Jeremy Thompson was appointed as Senior Independent Director (the 'SID') on 1 April 2016.

During the year ended 31 December 2019 the Board had a breadth of experience relevant to the Company and a balance of skills experience and age.

The Board recognises the importance of diversity and will evaluate applicants to fill vacant positions regardless of gender and without prejudice. Applicants will be assessed on their broad range of skills, expertise and industry knowledge, and business and other expertise. In view of the long-term nature of the Company's investments, the Board believes that a stable board composition is fundamental to run the Company properly. The Board has not stipulated a maximum term of any directorship.

As the Company is not a FTSE 350 company, Directors were not subject to annual election by the shareholders nor for the requirement for the external audit contract to be put out to tender every 10 years. Historically, the Directors had offered themselves by rotation for re-election at each annual general meeting ('AGM'). Jeremy Thompson was re-elected at the AGM on 8 July 2019. Jonathan Bridel is offering himself for re-election at the forthcoming AGM.

The Directors are on a termination notice of three months.

Directors’ Duties and Responsibilities
The Board of Directors has overall responsibility for the Company’s affairs and is responsible for the determination of the investment policy of the Company, resolving conflicts and for monitoring the overall portfolio of investments of the Company. To assist the Board in the day-to-day operations of the Company, arrangements have been put in place for the performance of certain of the day-to-day operations of the Company to third-party service providers, such as the Asset Manager, Administrator and Company Secretary, under the supervision of the Board. The Board receives full details of the Company’s assets, liabilities and other relevant information in advance of Board meetings.

The Board undertakes an annual evaluation of its own performance and the performance of its audit committee and individual Directors, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements. The results of the most recent evaluation have been reviewed by the Chairman and his fellow directors. No significant corporate governance issues arose from this review.
The Board also undertakes an annual review of the effectiveness of the Company’s system of internal controls and the safeguarding of shareholders’ investments and the Company’s assets. At each quarterly meeting the Board will table and review a risk matrix. There is nothing to highlight from the reviews of these reports as at the date of this report.

Board Meetings
The Board meets at least four times a year to consider the business and affairs of the Company for the previous quarter. Between these quarterly meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. There is regular contact with the Secretary.

The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company. The Directors also have access, where necessary in the furtherance of their duties, to professional advice at the expense of the Company.

The Board considers agenda items laid out in the Notice and Agenda which are formally circulated to the Board in advance of any meeting as part of the board papers. Such items include but are not limited to; investment performance, share price performance, review of marketing and shareholder communication. The Directors may request any Agenda items to be added that they consider appropriate for Board discussion. In addition, each Director is required to inform the Board of any potential or actual conflict of interest prior to Board discussion. Board meetings are attended by representatives of the Asset Manager. The Company’s corporate brokers also attend to assist the Directors in understanding the views of major shareholders about the Company.

Board Meeting attendance
The table below shows the attendance at Board meetings and Audit Committee meetings during the year.

Director	**No of board meetings attended**	**No of audit committee meetings attended**
Jonathan Bridel	4	4
Jeremy Thompson	4	4
Angela Behrend-Görnemann	4	4
Harald Brauns*	-	-
No. of meetings during the year	**4**	**4**

The Directors also attended 14 ad-hoc Board and Committee meetings in addition to the regular quarterly meetings as shown in the below table and the Chairman attended a further 12 meetings with various stakeholders and on management related matters. The board also attended committee meetings for the Management Engagement Committee and the Nominations Committee

*Mr Brauns was appointed starting 1 November 2019 thus did not attend any quarterly or ad-hoc board meetings during the 2019 financial year.

Directors' Remuneration

The remuneration of the non-executive directors is reviewed on an annual basis and compared with the level of remuneration for directorships of funds with similar responsibilities and commitments. It was subject to an independent consultant review in 2017.

In February 2020 the board reviewed the current director fee levels (inclusive of all subsidiaries) and agreed that remuneration levels of directors were set at the correct level, however it was proposed that the Directors remuneration should be increased by annual inflation amount of 3.2% in line with the latest published independent fee survey. This increase was effective from 1 April 2020.

On appointment of Angela Behrend-Görnemann on 1 May 2016, it was agreed to pay her fees at the agreed GBP/EUR exchange rate of 1.30. It has been agreed that Harald Brauns will be paid in GBP.

During the current and prior year each Director received the following remuneration in the form of Director fees from Group companies:

	Year ended 31 December 2019		Year ended 31 December 2018	
	£/€	**US$ equivalent**	**£/€**	**US$ equivalent**
Jonathan Bridel (Chairman)	£62,475	80,035	£57,150	76,058
Jeremy Thompson (Audit Committee Chairman)	£50,825	65,112	£46,700	62,142
Angela Behrend-Görnemann - resigned 31 October 2019)	€60,300	67,283	€67,880	79,317
Harald Brauns (Management Engagement Committee Chairman) – Appointed 1 November 2019	£9,500	12,591	-	-
		US$ 225,021		US$ 217,517

There are no executive director service contracts in issue.

Remuneration Policy

All directors of the Company are non-executive and therefore there are no incentive or performance schemes. Each director's appointment is subject to an appointment letter and article 24 of the Company's articles of association. Remuneration is paid quarterly in arrears and reflects the experience, responsibility, time, commitment and position on the main board as well as responsibility for sitting on subsidiary boards when required. The Chairman, Audit Chairman (SID) and other committee Chairmen may receive additional remuneration to reflect the increased level of responsibility and accountability. The maximum amount of directors' fees payable by the Company in any one year is currently set at £200,000 in accordance with article 24. Remuneration may if deemed appropriate also be payable for special or extra services if required in accordance with article 24. This is defined as work undertaken in connection with a corporate transaction including a new prospectus to acquire, finance and lease an aircraft and/or engines, managing a default, refinancing, sale or re-lease of aircraft and for defending a takeover bid. This may include reasonable travel time if applicable. The board may appoint an independent consultant to review fees if it is considered an above inflation rise may be appropriate.

Internal Controls and Risk Management Review

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and monitoring the significant risks faced by the Company.

The Board carries out an annual review of internal controls including those of the administrator. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Directors of the Company clearly define the duties and responsibilities of their agents and advisors. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their ongoing performance and contractual arrangements. Each service provider is reviewed annually, and key risks and operating matters are addressed as part of that review.

Dialogue with Shareholders

All holders of Shares in the Company have the right to receive notice of, and attend, all general meetings of the Company, during which the Directors are available to discuss issues affecting the Company. The Directors are available to enter into dialogue with shareholders and make themselves available for such purpose when reasonably required. The Company believes such communications to be important. Reports are provided to the Board of Directors on shareholders' views about the Company and any issues or concerns they might have.

Board Policy on Tenure and Independence

The Board has not yet formed a policy on tenure, however it does consider the independence of each Director on an annual basis during the performance evaluation process.

Auditor

KPMG, Ireland, Chartered Accountants have indicated their willingness to continue in office. Accordingly, a resolution proposing their reappointment will be submitted at the Company's next annual general meeting.

Going Concern – Material Uncertainty

The Directors have prepared the financial statements for the year ended 31 December 2019 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 is expected to have a material negative effect on the airline sector, and by extension the aircraft leasing sector. The Company leases four (4) Boeing 787 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.

<u>Thai Leases and related Loans</u>

The Thai Leases

During March 2020 Thai formally requested the Company to grant it concessions under the Thai aircraft leases. The Company, with the support of the Asset Manager, has actively engaged with Thai and agreed certain concessions to Thai, which include a rent deferral arrangement (which began on 29 April 2020) in an aggregate amount of approximately US$ 3.40m. The deferred amounts (with interest thereon) are due to be repaid in 12 equal monthly instalments commencing at end of each respective deferral period.

Note 13 ('Bank Borrowings') describes the loans (the 'NAS Loans' and the 'Thai Loans') obtained by the Group to part-finance the acquisition of the Aircraft. 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 Aircraft and the underlying leases.

The concessions proposed by the Company to Thai have been communicated to the Thai Loan providers. The Directors expect that under the terms of the concessions granted to Thai the Company will have sufficient liquidity from (i) the lease payments from Thai and (ii) utilising certain of its own funds to continue to meet all of its obligations under the Thai Loans.

Norwegian Leases and related Loans

The NAS Leases

Since March 2020 NAS has failed to make any payments due under the NAS Aircraft Leases (in an aggregate amount of US$ 4.98m to-date). NAS have made significant requests for concessions from its suppliers and financiers including the Company as part of wider re-organisation and recapitalisation plan to ensure that it can continue to trade. The plan includes obtaining funding from the Norwegian Government which is contingent on meeting certain stipulated criteria including converting a large part of its outstanding debt to equity which will require a successful vote from shareholders at its EGM on 4 May 2020. Without Norwegian Government funding (among others) NAS has stated that it will not have the liquidity needed to continue to trade.

The Directors, with the support of the Asset Manager, have actively engaged with NAS in order to determine the extent of any concessions that may be granted under the NAS Leases. The Company is currently negotiating certain proposed concessions to NAS, which may include among other things (i) a rent deferral arrangement, (ii) a power by hour arrangement for part of the remaining term of the lease (iii) a modified rental stream for part of the remaining term of the lease (which may include a release by the Company of certain amounts already due from NAS) and other lease modifications or concessions, as well as other forms of compensation for the Company. No formal agreement on these concessions has yet been concluded.

The NAS Loans

The Company is unlikely to be able to continue to meet its obligations as to principal and interest (currently approximately US$1.45m per month) under the NAS Loans for so long as NAS withhold payments due under the NAS Leases nor will it likely be able to meets its committed obligations under the proposed concessions that may be granted to NAS.

The Directors, with the support of the Asset Manager, have engaged with its NAS lenders following the non-receipt of rentals from NAS and the request for concessions. The Directors have determined that a modification to the terms of the NAS Loans (which may include an interest-only period, a re-profiling of future repayment obligations or other concessions) will be necessary to ensure that the Company can continue to operate following any concessions that may be agreed with NAS without giving rise to a default under the Loans.

Whilst progress has been made, the Directors are uncertain as to the final outcome of these matters. However, on the basis of (i) the continuing availability of the Thai and NAS Loans which have been made 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.

Viability Statement

The Directors regularly consider and assess the viability of the Company and prior to approving these financial statements have conducted an assessment over a three-year period and takes into account the Company's current position and the potential impact of the principal risks outlined below.

In making this statement, the Directors have considered the resilience of the Company the principal risks in relatively severe scenarios whilst taking into account the effectiveness of any mitigating factors. This assessment considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

These factors were subjected to a review of different scenarios based on the key assumptions underlying the forecast. Where appropriate, this analysis was carried out to evaluate the potential impact of the Company's principal risks actually occurring, primarily non-payment of leases, significant impairment of aircraft values, the impact of Covid-19 and the impact of Brexit. The Board of Directors have also taken into account the investment strategy of the Company and the disclosure made in the Prospectus issued during 2015.

Given the unprecedented circumstances caused by Covid-19, the Directors have reviewed additional scenarios and have included the suspension of dividends where required.

The Directors continue to consider that an investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts and private clients (all of whom will invest through brokers), in each case, who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the Shares.

The Directors regularly review the timeliness of receipt of the aircraft rental income. The Directors consider quarterly consolidated management accounts that include the cash flow required for dividends and for establishing suitable working capital requirements.

The Directors consider that the Notes to the Financial Statements are integral to the support of the Viability Statement. Note 4 discloses the expected rental income up to and after five years. Note 18 contains the expected liability flows and when netted off demonstrates significant net cash inflows, prior to any future dividend declarations under normal circumstances.

Annual General Meeting

The AGM of the Company will be held in Guernsey on 10 July 2020 at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The meeting will be held to, inter alia; receive the Annual Report and Audited Consolidated Financial Statements; elect and re-elect Directors; propose the reappointment of the auditor; authorise the Directors to determine the auditor's remuneration; approve the Directors' remuneration and policy; authorise the Company to issue and allot new shares and approve a partial disapplication of the pre-emption rights to allow the Company to issue new shares by way of tap issues. Given the ongoing challenges regarding Covid-19, it is likely the AGM will be restricted to two shareholders and shareholders are encouraged to vote in advance by proxy. The formal notice of AGM will be issued to shareholders in due course.

The Board continues to welcome engagement with its shareholders and those who have questions relating directly to the business of the AGM can forward their questions to the Company Secretary by email to DPA@aztecgroup.co.uk by no later than one week before the AGM, being 3 July 2020.

A Q&A reflecting the questions received and responses provided will be made available on the Company's website at www.dpaircraft.com as soon as practicable following the AGM.

Corporate Governance

The Company is not required to comply with any particular corporate governance codes in the UK or Guernsey (since it is not authorised or regulated by the Financial Conduct Authority ('FCA') or Guernsey Financial Services Commission ('GFSC')) but the Directors take corporate governance seriously and will have regard to relevant corporate governance standards in determining the Company's governance policies including without limitation in relation to corporate reporting, risk management and internal control procedures.

The Directors intend to comply, and ensure that the Company complies, with any obligations under the Companies (Guernsey) Law, 2008 and the Articles to treat shareholders fairly as between themselves.

Directors' Share Dealings
The Board has agreed to adopt and implement the Model Code for Directors' dealings contained in the Listing Rules. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code.

Board Committees
The Board of Directors has established an audit committee, which operates under detailed terms of reference, copies of which are available on request from the Company Secretary. Details of the Company Secretary are included within the Company information.

The Board have established a Management Engagement Committee which reviewed the performance of the Asset Manager and the key service providers at least annually and this review includes a consideration of the service providers' internal controls, risk management, operational management, information technology and their effectiveness.

Alternative Investment Fund Managers Directive ("AIFMD")
In July 2013 the European Alternative Investment Fund Management Directive ('AIFMD') came into effect with transitional provisions until July 2014. The Company has been determined to be a 'self-managed' Guernsey Alternative Investment Fund ('AIF') and as such will be treated as a non-EU AIFM for the purposes of the Directive. The Company has registered with the Financial Conduct Authority (and notified the Guernsey Financial Services Commission) under the AIFMD (Marketing) Rules, 2013.

For a non-EU AIFM that has over EUR 100m (equivalent to US$ 114m at 31 December 2019) of net assets under management and also utilises leverage, certain Annual Investor Disclosures are required.
For the purpose of AIFMD, the Company is a Self-Managed Alternative Investment Fund Manager with assets above the EUR 100m (equivalent to US$ 114m at 31 December 2019), with leverage, threshold.

AIFMD does not prescribe use of any one particular accounting standard. However, the financial statements must be audited by an auditor empowered by law to audit the accounts in accordance with the EU Statutory Audit Directive.

The required disclosures for investors are contained within the Financial Conduct Authority checklist and the Company's compliance therewith can be found in Appendix 1 to these financial statements.

Brexit
The Directors do not expect that the recent UK withdrawal from the 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.

By order of the Board

Jon Bridel Director	Jeremy Thompson Director

REPORT OF THE AUDIT COMMITTEE

On the following pages, we present the Audit Committee (the 'Committee') Report for 2019, setting out the Committee's structure and composition, principal duties and key activities during the year. The Committee has reviewed the Company's financial reporting, the independence and effectiveness of the independent auditor (the 'auditor') and the internal control and risk management systems of service providers.

The Board is satisfied that for the period under review and thereafter the Committee has recent and relevant commercial and financial knowledge sufficient to satisfy the requirements of the Committee's remit.

Structure and Composition

The Committee is chaired by Mr Thompson and its other members are Mr Bridel and Mr Brauns (from 1 November 2019). Mrs Behrend-Görnemann was a member of the Committee until her resignation on 31 October 2019. The Committee operates within clearly defined terms of reference.

The Committee conducts formal meetings not less than three times a year. There were four meetings during the period under review and multiple ad-hoc meetings. All Directors were present and forming part of the quorum. The auditor is invited to attend those meetings at which the annual and interim reports are considered.

Principal Duties

The role of the Committee includes:

- monitoring the integrity of the published financial statements of the Group;
- keeping under review the consistency and appropriateness of accounting policies on a year to year basis.
- satisfying itself that the annual financial statements, the interim statement of financial results and any other major financial statements issued by the Group follow International Financial Reporting Standards and give a true and fair view of the Group and its subsidiaries' affairs; matters raised by the external auditors about any aspect of the financial statements or of the Group's internal control, are appropriately considered and, if necessary, brought to the attention of the board, for resolution;
- monitoring and reviewing the quality and effectiveness of the auditor and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Group's auditor;
- monitoring and reviewing the internal control and risk management systems of the service providers; and
- considering at least once a year whether there is a need for an internal audit function.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, a copy of which can be obtained from the Secretary.

Independent Auditor

The Committee is also the forum through which the auditor reports to the Board of Directors. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to the terms under which it is appointed to perform non audit services including fees. The Committee has established pre-approval policies and procedures for the engagement of KPMG, Ireland ('KPMG') to provide non-audit services. KPMG has been the independent auditor from the date of the initial listing on the Specialist Fund Segment of the London Stock Exchange. The Audit Partner for the Company is Killian Croke and an Audit Partner rotation is agreed between KPMG and the Audit Committee to take place during 2021.

The audit fees proposed by the auditor each year are reviewed by the Committee taking into account the Group's structure, operations and other requirements during the year and the Committee make appropriate recommendations to the Board. The Committee considers KPMG to be independent of the Company. The Committee also met with the external auditors without the Asset Manager or Administrator being present so as to provide a forum to raise any matters of concern in confidence.

Evaluations or Assessments made during the year

The following sections discuss the assessments made by the Committee during the year:

Significant Areas of Focus for the Financial Statements

The Committee's review of the interim and annual financial statements focused on:

- Valuation of the Company's Assets
- Lease and loan cash flows

- The financial statements giving a true and fair view and being prepared in accordance with International Financial Reporting Standards and the Companies (Guernsey) Law, 2008
- Going concern and the viability statement including the creation of scenario planning and review

The Company's investment in the four aircraft represents substantially all of the net assets of the Company and as such is the biggest factor in relation to the accuracy of the financial statements. The 31 December 2019 valuations of the four aircraft have been independently obtained from three independent expert valuers (all certified by the International Society of Transport Aircraft Trading 'ISTAT'). Two of the independent expert valuers included encumbered economic full-life valuations in their valuations. These were in excess of the encumbered depreciated value indicated within the Company's Statement of Financial Position. An encumbered valuation assesses the value of an aircraft with a lease attached and therefore incorporates the value of the revenue stream into the aircraft valuation. As a result of the valuations obtained, the Directors determined that no impairment charge was required and resolved to adhere to current estimation for residual value and useful economic life of the aircraft for the purpose of calculating depreciation.

<u>Effectiveness of the Audit</u>
The Committee had formal meetings with KPMG during the period under review:

1) Before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered, and
2) After the audit work was concluded to discuss any significant matters such as those stated above.

The Board considered the effectiveness and independence of KPMG by using a number of measures, including but not limited to:

- the audit plan presented to them before the start of the audit;
- the audit results report;
- changes to audit personnel;
- the auditor's own internal procedures to identify threats to independence;
- feedback from both the Asset Manager and Administrator.

Internal Audit
There is no internal audit function. As all of the Directors are non-executive and all of the Company's administration functions have been delegated to independent third parties, the Audit Committee considers that there is no need for the Company to have an internal audit function. However, this matter is reviewed periodically.

Conclusion and Recommendation
After reviewing various reports such as the operation and risk management framework and performance reports from the directors and the Asset Manager, liaising where necessary with KPMG, and assessing the significant areas of focus for the financial statements, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The independent auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to presentation.

The Committee confirms that it is satisfied that the independent auditor has fulfilled its responsibilities with diligence and professional scepticism. Following the completion of the financial statements review process on the effectiveness of the independent audit and the review of audit services, the Committee will recommend that KPMG be reappointed at the next Annual General Meeting.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the

Committee will attend each Annual General Meeting to respond to such questions.

By order of the Audit Committee

Jeremy Thompson
Audit Committee Chairman

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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 continue to monitor the development of Covid-19 (see 'Subsequent events') and are continuing to assess the potential impact on the Company. Exposure to 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 of its aircraft to two commercial airline customers. The financial condition of the airline industry is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases and natural disasters, fuel costs and the demand for air travel. To the extent that any of these factors adversely affect the airline industry they may result in (i) downward pressure on lease rates and aircraft values, (ii) higher incidences of lessee defaults, restructuring, and repossessions and (iii) inability to lease aircraft on commercially acceptable terms.

NAS

NAS following an ambitious growth programme and following internal reviews has developed a programme to focus on profitability rather than growth. It has appointed a new CEO with the former CFO and temporary CEO stepping back into his CFO role. NAS have embarked on some route rationalisation and have closed some overseas bases. The company has additionally exited from its Argentinean venture.

The continued grounding of the 737-Max aircraft by Boeing and global certification authorities has been unwelcome but NAS has taken steps to keep capacity in place by deferring the sale of aircraft, leasing aircraft and seeking compensation from Boeing.

NAS has some of its 787 fleet grounded awaiting replacement engines with the low pressure turbine (LPT) blades replaced. The LPT problem impacts all Trent 1000 customers however Rolls Royce's (RR) ability to refurbish engines is limited by their production capabilities. It is likely that the NAS fleet will re-enter service during 2020. NAS has negotiated undisclosed compensation from RR and NAS continues to pay all lease and maintenance in a timely manner.

The impact of the Covid-19 has led to widespread fleet grounding with minimal continuing services. No airline has yet announced when and how operations will restart. BA, for example, have commented that at present it is impossible to forecast the impact of the virus on operations.

Thai Airways

The elections in Thailand are not felt to have impacted the airline industry but these matters are continually monitored. Rolls Royce have recently completed a maintenance agreement with Thai to provide a regional maintenance centre for their engines.

As with NAS some of Thai's 787's are grounded, including both the Company's aircraft, awaiting replacement engines. The timing of replacement engines is unknown but likely to be within 2020. Thai continues to pay all lease and maintenance payments in a timely manner. However, Thai have requested near term lease relief, which the Company is currently reviewing and have commenced discussions with Thai and the Company's lenders. The storage conditions of our aircraft are monitored to ensure the aircraft are protected to the high standards.

The impact of the Covid-19 is likely to impact passenger numbers for Thai given the reduced Chinese and regional demand.

Covid-19 Impact

As of 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, socialise and leave their homes. Global financial markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale, and which is expected to be significant for the airline sector, and by extension the aircraft leasing sector. Subsequent to the year end both Lessee's have requested lease payment relief and given the continuing evolution of, the potential significant impact of, and the uncertainties created by COVID-19 has meant that this new risk has now become the most significant.

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 may 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 rated 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.

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 (2018: Baa2) and the credit rating of DekaBank is Aa2 (2018: Aa2).

Norwegian's stated strategy of providing low-cost long-haul flights may not be successful; failure of this strategy, or of any other material part of Norwegian's business, may adversely affect Norwegian's ability to comply with its obligations under the leases.

There is no guarantee that the business model of Thai Airways will be successful. Failure of any material part of the business model may have an adverse impact on its ability to comply with its obligations under the leases.

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 obligations under the loan agreements, could ultimately have an impact on the Company's ability to pay dividends and could result in the lenders enforcing their security and selling the relevant Assets on the market potentially negatively impacting the returns to investors. In mitigation, Norwegian is the second largest airline in Scandinavia and the third largest low-cost airline in Europe and Thai Airways is an International full service carrier.

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.

More detailed explanations of the above risks can be found within note 18 to the Audited Consolidated Financial Statements.

Emerging Risks

The Group considers the transaction as an asset based investment in a modern, fuel efficient fleet of liquid, 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.

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 will be resolved during either Q2 or Q3 in 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 will actually benefit from the current maintenance and refurbishments under way. Recent announcements by RR's CEO, Warren East have implied that LPT issues are now under control. This has led to some near term rerating of RR as the market responded favourably to his comments. This was prior to the impact of Covid-19 on business operations.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 permits the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). The financial statements are required by law to comply with the Companies (Guernsey) Law, 2008.

The Company is also responsible for ensuring its Annual Report and Audited Consolidated Financial Statements meet the requirements of the UK's FCA Disclosure and Transparency Rules.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements are properly prepared and comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

So far as each of the Directors are aware, there is no relevant information of which the Company's auditor is unaware, and they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the Corporate and Financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

In accordance with the UK's FCA Disclosure and Transparency Rules, the Directors, confirm that to the best of each person's knowledge and belief:

(a) The Directors' Report incorporates a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces; and

(b) The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group.

Signed on behalf of the Board by

Jon Bridel	Jeremy Thompson
Director	Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED

1. Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of DP Aircraft I Limited ("the Company") and subsidiaries (together and hereinafter the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements

- give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended;
- have been prepared in accordance with International Financial Reporting Standards (IFRS); and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey together with International Ethics Standard Board for Accountants Code of Ethics for professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2-a ('Significant Accounting Policies – Basis of Preparation – Going Concern') in the financial statements, which indicates that the Group was not paid certain rental payments when due after the year-end and has received requests for concessions from its lessees. Additionally, Note 2-a indicates that the Directors have engaged with the Groups lenders concerning a modification to the terms of its Loans to avoid a default as a consequence of any concession that may be granted to the lessees. These events or conditions, along with other matters as set forth in Note 22 ('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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Aircraft and associated aircraft lease premium - $ 401 million (2018: $ 423 million)

The key audit matter	**How the matter was addressed in our audit**

Aircraft and aircraft lease premium make up 89% of total assets (by value). At the end of each reporting period, an impairment assessment is prepared that compares the current market of the lease encumbered aircraft ("recoverable value") to the net book value ("NBV") of the aircraft and aircraft lease premium in line with the relevant accounting standards. If the NBV is not recoverable, a value-in-use calculation is performed, the value-in-use is based on the estimation of expected future cash flows to be generated by the aircraft, discounted to a present value. There is a significant risk relating to the valuation of aircraft given the judgmental nature of the assumptions and inputs that require consideration by the Board of Directors.

The procedures we undertook included but were not limited to:

- Obtaining and documenting our understanding of the controls over the valuations of aircraft, including testing the design and implementation of those controls;
- Obtained the appraiser valuation reports and we:
  (i) assessed whether the methodology and assumptions used for determining recoverable amounts for aircraft were applied consistently across the portfolio.
- We tested the accuracy of the impairment assessment model via recalculation of the recoverable amount of the assets and tested the completeness of the inputs;
- We evaluated and challenged the Board of Directors' key judgements and assumptions in determining the recoverable amounts by: (i) comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience; and;
- We assessed the adequacy of the disclosures made by the Group in relation to their description of the judgements, assumptions and estimates made, alongside the adequacy of disclosures made in Note 22 Subsequent events

No material misstatements were noted as part of our testing.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Other Information

The Directors are responsible for the other information. The other information comprises of the information included in the asset manager's report, chairman's statement, AIFMD checklist, highlights, summary, fact sheet, and the other company information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

2. Respective responsibilities and restrictions on use

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS**,** and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix to this report, which is to be read as an integral part of our report.

Our report is made solely to the Shareholders, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Group's Shareholders those matters we are required to state to them in an auditors' 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 Group's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

29 April 2020

Killian Croke
for and on behalf of
KPMG
Chartered Accountants,
1 Harbourmaster Place
IFSC
Dublin 1

Appendix to the Independent Auditors' Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 US$	Year ended 31 December 2018 (Restated) US$
Revenue			
Lease rental income	4	57,383,604	57,352,909
Expenses			
Asset management fees	21	(1,007,149)	(982,584)
Asset Manager's disposal fee	21	(622,990)	(423,008)
General and administrative expenses	5	(987,816)	(959,727)
Depreciation and Amortisation	9	(22,227,528)	(23,222,995)
		(24,845,483)	(25,588,314)
Operating profit		32,538,121	31,764,595
Finance costs	6	(9,758,815)	(10,966,998)
Finance income		446,665	574,341
Net Finance Costs		(9,312,150)	(10,392,657)
Profit before tax		23,225,971	21,371,938
Taxation	7	(56,902)	(45,447)
Profit for the year		23,169,069	21,326,491
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	19	(2,691,368)	1,166,451
Cash flow hedges – reclassified to profit or loss	19	188,730	550,401
Total Other Comprehensive Income		(2,502,638)	1,716,852
Total Comprehensive Income for the year		20,666,431	23,043,343
		US$	US$
Earnings per Share for the year – basic and diluted	8	0.11068	0.10188

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

All income is attributable to the Ordinary Shares of the Company.

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 US$	2018 (Restated) US$
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft & Related Components	9	400,631,946	422,859,474
Derivative instrument assets	18	-	153,795
Total non-current assets		400,631,946	423,013,269
CURRENT ASSETS			
Cash and cash equivalents		12,216,093	11,122,182
Restricted cash	10	34,563,671	30,657,524
Trade and other receivables		363,576	354,127
Total current assets		47,143,340	42,133,833
TOTAL ASSETS		447,775,286	465,147,102
EQUITY			
Share Capital	14	210,556,652	210,556,652
Retained Earnings	15	7,491,594	3,162,525
Hedging Reserve	15	(2,348,841)	153,797
Total equity		215,699,405	213,872,974
NON-CURRENT LIABILITIES			
Bank borrowings	13	163,739,430	190,531,701
Maintenance reserves	18	20,207,622	16,756,567
Security deposits	11	13,264,420	13,264,420
Derivative instrument liabilities	18	2,348,843	-
Asset manager disposal fee	21	2,479,634	1,856,644
Total non-current liabilities		202,039,949	222,409,332
CURRENT LIABILITIES			
Bank borrowings	13	27,107,311	25,983,973
Deferred income	4	2,487,409	2,579,881
Trade and other payables	12	441,212	300,942
Total current liabilities		30,035,932	28,864,796
TOTAL LIABILITIES		232,075,881	251,274,128
TOTAL EQUITY AND LIABILITIES		447,775,286	465,147,102

The financial statements were approved by the Board of Directors and were authorised for issue on 29 April 2020. They were signed on its behalf by:

Jon Bridel **Chairman**

Jeremy Thompson **Director**

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Profit for the year	23,169,069	21,326,491
Adjusted for:		
Depreciation and amortisation	22,227,528	23,222,995
Amortisation of deferred finance costs	293,641	293,641
Finance costs	9,465,175	10,673,357
Income tax expense	56,902	45,447
Changes in:		
Increase/(Decrease) in maintenance provision	3,451,055	(13,485,552)
Decrease in deferred income	(92,472)	(61,777)
Increase in Asset Manager's performance fee	622,990	423,008
Increase/ (Decrease) in accruals and other payables	105,783	(102,156)
(Increase)/ Decrease in receivables	(9,449)	824,584
Income taxes paid	(42,774)	(45,352)
NET CASH FLOW FROM OPERATING ACTIVITIES	**59,247,448**	**43,114,686**
INVESTING ACTIVITIES		
Restricted cash	(3,906,147)	12,826,651
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(3,906,147)**	**12,826,651**
FINANCING ACTIVITIES		
Dividends paid	(18,840,000)	(18,840,000)
Bank loan principal repaid	(25,899,084)	(24,692,717)
Bank loan interest paid	(9,339,935)	(10,125,177)
Swap interest paid	(168,371)	(603,481)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(54,247,390)**	**(54,261,375)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,122,182**	**9,442,220**
Increase in cash and cash equivalents	1,093,911	1,679,962
CASH AND CASH EQUIVALENTS AT END OF YEAR	**12,216,093**	**11,122,182**

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	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 year					
Profit for the year		-	23,169,069	-	23,169,069

Other comprehensive income		-	-	(2,502,638)	(2,502,638)
Total comprehensive income		-	**23,169,069**	**(2,502,638)**	20,666,431
Transactions with owners of the Company					
Dividends	16	-	(18,840,000)	-	(18,840,000)
As at 31 December 2019		210,556,652	7,491,594	(2,348,841)	215,699,405
As at 1 January 2018		210,556,652	676,034	(1,563,055)	209,669,631
Total comprehensive income for the year					
Profit for the year		-	21,326,491	-	21,326,491
Other comprehensive income		-	-	1,716,852	1,716,852
Total comprehensive income		-	21,326,491	1,716,852	23,043,343
Transactions with owners of the Company					
Dividends	16	-	(18,840,000)	-	(18,840,000)
As at 31 December 2018		210,556,652	3,162,525	153,797	213,872,974

The notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1) GENERAL INFORMATION

The consolidated audited financial statements ('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 company limited by shares and a UK incorporated private limited company respectively.

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 (2018: 209,333,333) 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.

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2020.

2) SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of preparation*

These financial statements are prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board ('IASB').

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The financial statements are presented in United States Dollars (US$) which is also the functional currency of the Company and its subsidiaries.

<u>Basis of Measurement</u>
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and designated as hedging instruments.

<u>Going concern</u>
The Directors have prepared the financial statements for the year ended 31 December 2019 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 is expected to have a material negative effect on the airline sector, and by extension the aircraft leasing sector. The Company leases four (4) Boeing 787 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.

<u>Thai Leases and related Loans</u>
The Thai Leases
During March 2020 Thai formally requested the Company to grant it concessions under the Thai aircraft leases. The Company, with the support of the Asset Manager, has actively engaged with Thai and agreed certain concessions to Thai, which include a rent deferral arrangement (which began on 29 April 2020) in an aggregate amount of approximately US$ 3.40m. The deferred amounts (with interest thereon) are due to be repaid in 12 equal monthly instalments commencing at end of each respective deferral period.

<u>Thai Leases and related Loans</u>
The Thai Loans
Note 13 ('Bank Borrowings') describes the loans (the 'NAS Loans' and the 'Thai Loans') obtained by the Group to part-finance the acquisition of the Aircraft. 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 Aircraft and the underlying leases.

The concessions proposed by the Company to Thai have been communicated to the Thai Loan providers. The Directors expect that under the terms of the concessions granted to Thai the Company will have sufficient liquidity from (i) the lease payments from Thai and (ii) utilising certain of its own funds to continue to meet all of its obligations under the Thai Loans.

<u>Norwegian Leases and related Loans</u>
The NAS Leases

Since March 2020 NAS has failed to make any payments due under the NAS Aircraft Leases (in an aggregate amount of US$ 4.98m to-date). NAS have made significant requests for concessions from its suppliers and financiers including the Company as part of wider re-organisation and recapitalisation plan to ensure that it can continue to trade. The plan includes obtaining funding from the Norwegian Government which is contingent on meeting certain stipulated criteria including converting a large part of its outstanding debt to equity which will require a successful vote from shareholders at its EGM on 4 May 2020. Without Norwegian Government funding (among others) NAS has stated that it will not have the liquidity needed to continue to trade.

The Directors, with the support of the Asset Manager, have actively engaged with NAS in order to determine the extent of any concessions that may be granted under the NAS Leases. The Company is currently negotiating certain proposed concessions to NAS, which may include among other things (i) a rent deferral arrangement, (ii) a power by hour arrangement for part of the remaining term of the lease (iii) a modified rental stream for part of the remaining term of the lease (which may include a release by the Company of certain amounts already due from NAS) and other lease modifications or concessions, as well as other forms of compensation for the Company. No formal agreement on these concessions has yet been concluded.

The NAS Loans

The Company is unlikely to be able to continue to meet its obligations as to principal and interest (currently approximately US$ 1.45m per month) under the NAS Loans for so long as NAS withhold payments due under the NAS Leases nor will it likely be able to meets its committed obligations under the proposed concessions that may be granted to NAS.

The Directors, with the support of the Asset Manager, have engaged with its NAS lenders following the non-receipt of rentals from NAS and the request for concessions. The Directors have determined that a modification to the terms of the NAS Loans (which may include an interest-only period, a re-profiling of future repayment obligations or other concessions) will be necessary to ensure that the Company can continue to operate following any concessions that may be agreed with NAS without giving rise to a default under the Loans.

Whilst progress has been made, the Directors are uncertain as to the final outcome of these matters. However, on the basis of (i) the continuing availability of the Thai and NAS Loans which have been made 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.

<u>New standards, interpretations and amendments effective from 1 January 2019</u>

IFRS 16 Leases

IFRS 16 Leases is the IASB's replacement of IAS 17 Leases , however, the standard's approach to lessor accounting is substantially unchanged from IAS 17.

When the Company acts as a lessor, it determines at the inception of the lease whether it is a finance lease or an operating lease. To classify each lease, the Company makes an assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying assets. If this is the case, the lease if a finance lease; if not, the lease is an operating lease. In reaching this conclusion, the Company considers certain indicators such as whether the lease is for the majority of the useful economic life of the asset.

The conclusion is that the leases continue to be operating leases under IFRS 16 and as such the accounting policies applicable to the Company under IFRS 16 are not different to those in the comparative period . As such there has been no change to their classification as operating leases or their measurement following the implementation of IFRS 16.

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 year primary statements have 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. The impact on transition to IFRS 16 is shown in the table below.

	Carrying value at 31/12/18 under IAS 17	**Reclassification**	**Carrying value at 31/12/18 under IFRS 16**
Property, Plant and Equipment - Aircraft	392,117,975	30,741,499	422,859,474
Intangible Asset – Aircraft Lease Premium	30,741,499	(30,741,499)	-
Total	**422,859,474**	**-**	**422,859,474**

New standards, interpretations and amendments in issue but not yet effective

There are a no new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2020 which are expected to have a material impact on the financial statements.

b) Basis of consolidation

The financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the Company made up to 31 December each year. Control is achieved where the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of the investor's returns.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Taxation

The Company and the Guernsey subsidiaries are exempt from taxation in Guernsey and are charged an annual exemption fee of £ 1,200 (2018: £1,200). This is treated as an operating expense.

DP Aircraft Ireland Limited is subject to resident taxes in Ireland. DP Aircraft UK Limited is subject to income tax in the United Kingdom.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

d) Property, plant and equipment – Aircraft and related components

Upon delivery, aircraft (the 'Assets') are initially recognised at cost plus initial direct costs which may be capitalised under IAS 16. In accounting for property, plant and equipment, the Group makes estimates about the expected useful lives, the fair value of attached leases and the estimated residual value of aircraft. In estimating useful lives, fair value of leases and residual value of aircraft, the Group relies upon actual industry experience, supported by estimates received from independent appraisers.

When an aircraft is acquired with a lease attached, an evaluation of whether the lease is at fair value is undertaken. A lease premium is recognised when it is determined that the acquired lease terms are above fair value. Lease premiums are recognised as a component of Aircraft and are amortised to profit or loss on a straight line basis over the term of the lease.

The two aircraft leased to Norwegian Air Shuttle ASA were acquired in 2013 and had a useful economic lease life of 12 years at acquisition. The two aircraft leased to Thai Airways International were acquired in 2015 and had a useful lease life of 12 years at acquisition.

The Group's policy is to depreciate the Assets over their remaining lease life (given the intention to sell the Assets at the end of each respective lease) to an appraised residual value at the end of the lease. Residual values are reviewed annually, and such estimates are supported by future values determined by three external valuations and discounted by the inflation rate incorporated into those valuations, see note 3 for further details

In accordance with IAS 16 - Property, Plant and Equipment, the Group's aircraft that are to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying value of an aircraft including related assets is not recoverable and is in excess of its fair value. In such circumstances a loss is recognised as a write down of the carrying value of the aircraft to the higher of value in use and fair value less cost to sell. The review for recoverability has a level of subjectivity and requires the use of judgement in the assessment of estimated future cash flows associated with the use of an item of property, plant and equipment and its eventual disposition. Future cash flows are assumed to occur under the prevailing market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

e) Financial Instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations, specified in the contract, expire or are discharged or cancelled. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the asset, or if the Group does not retain control of the asset and transfers substantially all the risk and rewards of ownership of the asset.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company only has financial assets that are classified as amortised cost or FVTPL.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured fair value plus transaction costs that are directly attributed to its acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed below.

Trade and other receivables are classified at amortised cost.

Fair values of financial assets at amortised cost, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

i. Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

ii. Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash includes monies received in relation to maintenance provisions and security deposits.

Impairment of financial assets held at amortised cost

The Company has elected to apply the simplified model for trade receivables, including lease receivables, as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECL. The board consider that a significant movement would be required to the credit quality of the lessees, oil prices and inflation to increase the ECL.

The directors have concluded that any ECL on the lease receivables would be highly immaterial to the financial statements following consideration of:

- the historical payment history of the lessees which have always been met in accordance with the lease agreement terms.
- the ability of the lessees to pay the current amounts due based on forward looking information and expectations over items such as oil prices and inflation.
- collateral being held in the form of a security deposit for each lease which can be utilised should there be any payment defaults.
- The credit risk of the lessees.

Other receivables are immaterial to the financial statements and therefore no assessment of the ECL has been completed.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL which includes derivative financial assets.

Financial assets at FVTPL are initially and subsequently measured at fair value. The Company has designated its derivative financial instruments as hedging instruments as detailed below.

Hedge accounting

IFRS 9 adopts a principle based approach to hedge accounting which includes a number of effectiveness requirements which must all be met. IFRS 9 requires the company to ensure that the hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.

The Company has two interest rate swaps in order to provide for fixed rate interest to be payable in respect of two of the bank loans. The interest rate swaps have been entered into to provide certainty of cash flows and elimination of volatility.

The directors have concluded, given that the critical terms of the hedged item matched those of the hedging instrument in terms of risk, timing and quantity, that the hedges meet the hedging requirements.

Accordingly, the hedges are accounted for at fair value with the fair value movements being recorded as other comprehensive income and the swap interest being reclassified from other comprehensive income and recognised in profit or loss.

Financial Liabilities at amortised cost

i. Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised through profit or loss in the consolidated statement of comprehensive income over the period of borrowing using the effective interest rate method. Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

   Initial direct costs related to bank borrowings are capitalised, presented net against the bank borrowings in the statements of financial position and amortised to the statement of comprehensive income over the period of the related loan as part of the effective interest rate.

ii. NAS, for example, has Boeing Gold Care cover and Rolls Royce Total Care arrangements under which the majority of the maintenance payments are made. In addition, maintenance reserves are lessee contributions to a retention account held by the lessor which are calculated by reference to the budgeted cost of maintenance and overhaul events (the 'supplemental rentals'). They are intended to ensure that at all times the lessor holds sufficient funds to cover the proportionate cost of maintenance and overhaul of the Asset relating to the life used on the airframe, engines and parts since new or since the last overhaul. During the term of the lease, all maintenance is required to be carried out at the cost of the lessee, and maintenance provisions are required to be released only upon receipt of satisfactory evidence that the relevant qualifying maintenance or overhaul has been completed.

   Maintenance provisions are recorded in the consolidated statement of financial position during the term of the lease. Reimbursements will be charged against this liability as qualifying maintenance work is performed. Maintenance reserves are restricted and not distributable until, at the end of the lease, the Group is released from the obligation to make any further reimbursements in relation to the aircraft, and the remaining balance of maintenance provisions, if any, is released through profit or loss as other income.

iii. Security deposits are paid by the lessee in accordance with the terms of the lease contract, either in cash or in the form of a letter of credit. These deposits are refundable to the lessee upon expiration of the lease and, where such deposits are received in cash, they are recorded in the consolidated statement of financial position as a liability. The cash received related to security deposits is presented as restricted cash in the consolidated statement of financial position.

iv. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Fair value measurement

The Group measures certain financial instruments such as derivatives at fair value at the end of each reporting period using recognised valuation techniques and following the principles of IFRS 13.

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

f) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from retained earnings.

g) Asset Manager's disposal fee provision

The disposal fee provision is measured at the present value of the expenditure expected to be required to settle the obligation. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss in the statement of comprehensive income when the changes arise.

h) Dividends

Dividends are recognised as a liability in the financial statements in the period in which they become obligations of the Company.

Dividends become an obligation when the payment of the dividend is no longer at the discretion of the Company and are therefore recognised when they are paid.

i) Lease rental income

Leases relating to the Aircraft are classified as operating leases where the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Initial direct costs incurred in setting up a lease are capitalised to Property, Plant and Equipment and amortised over the lease term.

j) Expenses

Expenses are accounted for on an accrual basis.

k) Finance costs and finance income

Interest payable is calculated using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees or amounts paid or received that form an integral part of the effective interest rate, including transaction costs and other premiums or discounts) through the expected life of the financial asset or liability.

l) Foreign currency translation

Transactions denominated in foreign currencies are translated into US$ at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into US$ at the rate of exchange ruling at the reporting date. Foreign exchange gains or losses arising on translation are recognised through profit or loss in the consolidated statement of comprehensive income.

m) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and subsequent selling of Aircraft. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources.

a) Depreciation of aircraft

As described in Note 2, 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. As at 31 December 2019 there was no indication of impairment in the Group’s Assets (2018: nil).

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$255,350,464). As a result, the year ending 31 December 2020 and future aircraft depreciation charges, with all other inputs staying constant, will be US$ 21,714,435 (2019: US$ 22,227,528). The aircraft depreciation charge for 2020 onwards will vary based on the residual value estimates as at 31 December 2019.

b) Derivative fair value

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.

4) LEASE RENTAL INCOME

	Year ended 31 December 2019 U$	**Year ended 31 December 2018 US$**
Deferred income brought forward	2,579,881	2,641,658
Lease rental income received	57,291,132	57,291,132
Deferred income carried forward	(2,487,409)	(2,579,881)
Total lease rental income	**57,383,604**	**57,352,909**

All lease rental income is derived from two customers located in Norway and Thailand and all four Assets are Boeing 787-8 aircraft. During the year ended 31 December 2019 the Group earned the following amounts of rental income from these two customers:

	Year ended 31 December 2019 U$	**Year ended 31 December 2018 US$**
Norway	29,852,203	29,895,229
Thailand	27,531,401	27,457,680
Total lease rental income	**57,383,604**	**57,352,909**

The contracted cash lease rental payments to be received under non-cancellable operating leases at the reporting date are:

31 December 2019	**Next 12 months US$**	**2 to 5 years* US$**	**After 5 years US$**	**Total US$**
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	6,963,799	81,393,859
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	9,285,841	84,023,041
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	26,345,810	95,074,010

Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	23,996,070	92,556,270
	57,291,132	**229,164,528**	**66,591,520**	**353,047,180**

31 December 2018	**Next 12 months US$**	**2 to 5 years* US$**	**After 5 years US$**	**Total US$**
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	21,849,811	96,279,871
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	24,233,281	98,970,481
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	40,091,450	108,819,650
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	37,708,110	106,268,310
	57,291,132	**229,164,528**	**123,882,652**	**410,338,312**

*Years 2 to 5 have been aggregated in the above table as the annual lease rental income contracted during this period is the same as the annual lease rental income contract within the next 12 months.

5) GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2019 US$	**Year ended 31 December 2018 US$**
Legal and professional fees	297,571	314,093
Directors fees and expenses (note 20)	236,475	227,128
Administration fees (note 21)	253,998	242,449
Insurance	50,185	47,594
Audit fees	53,371	54,503
Foreign exchange gains	20,693	19,025
Professional fees	30,435	35,875
Travel expenses	4,068	16,534
Other fees and expenses	41,020	2,526
Total general and administrative expenses	**987,816**	**959,727**

6) FINANCE COSTS

	Year ended 31 December 2019 US$	**Year ended 31 December 2018 US$**
Loan interest paid and payable	9,276,444	10,122,956
Amortisation of deferred finance costs	293,641	293,641
Total finance costs at effective interest rate*	9,570,085	10,416,597
Cash flow hedges reclassified from other comprehensive income	188,730	550,401
Total finance costs	**9,758,815**	**10,966,998**

*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 (2018: £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 paid during the year ended 31 December 2019 was US$ 42,774 (2018: US$ 45,352). The Directors do not expect the taxation payable to be material to the Group.

A taxation reconciliation has not been presented in these financial statements as the effective tax rate is 0.27% (2018: 0.20%).

8) EARNINGS PER SHARE

	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Profit for the year	23,169,069	21,326,491
Weighted average number of shares	209,333,333	209,333,333
Earnings per share	**0.11068**	**0.10188**

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

9) PROPERTY, PLANT AND EQUIPMENT– AIRCRAFT & RELATED COMPONENTS

	Aircraft US$	Lease Premium US$	Total US$
COST			
As at 1 January 2019 and 31 December 2019	**476,751,161**	**46,979,793**	**523,730,954**
ACCUMULATED DEPRECIATION / AMORTISATION			
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**
CARRYING AMOUNT			
As at 31 December 2019	**374,252,467**	**26,379,479**	**400,631,946**
COST			
As at 1 January 2018 and 31 December 2018	**476,751,161**	**46,979,793**	**523,730,954**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2018	**65,772,211**	**11,876,274**	**77,648,485**
Charge for the year	18,860,975	4,362,020	23,222,995
As at 31 December 2018	**84,633,186**	**16,238,294**	**100,871,480**
CARRYING AMOUNT			
As at 31 December 2018	**392,117,975**	**30,741,499**	**422,859,474**

Under the terms of the leases, the cost of repair and maintenance of the Assets will be borne by NAS and Thai Airways. However, upon expiry or termination of the leases, the cost of repair and maintenance will fall upon the Group. Therefore, upon expiry of the leases, the Group may bear higher costs and the terms of any subsequent leasing arrangement (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be adversely affected, which could reduce the overall distributions paid to the Shareholders.

The first aircraft was acquired in June 2013, the second aircraft acquired in August 2013 and the third and fourth aircraft were acquired in June 2015. All four of the aircraft are used as collateral for the loans as detailed in note 13.

The estimated residual value of the Boeing 787-8 Assets as at the end of their respective leases in 2025 and 2026 have been supported by independent experts as at 31 December 2019. The residual value will depend upon a variety of factors including actual or anticipated fluctuations in the results of the airline industry, market perception of the airline industry, general economic and social and political development, changes in industry conditions, fuel prices or rates of inflation.

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) RESTRICTED CASH

	2019 US$	2018 US$
Security deposits	13,633,876	13,476,273
Maintenance reserves	20,929,795	17,181,251
Total restricted cash	**34,563,671**	**30,657,524**

The security deposits are only accessible in the event of a formal default by a lessee. The maintenance reserves are held for the requirement of future maintenance due on the aircraft. The maintenance reserves are not considered available to the Company for any other purpose.

During the year, the Company received US$ 3,482,030 (2018: US$ 5,017,253) from the lessees in relation to the maintenance reserves. The lessees made claims on the reserves totalling US$ 30,975 (2018: US$ 18,502,815) which were paid by the Company during the year.

11) SECURITY DEPOSITS

	2019 US$	2018 US$
Security deposits:		
Refundable to Norwegian	6,400,000	6,400,000
Refundable to Thai Airways	6,864,420	6,864,420
Total security deposits	**13,264,420**	**13,264,420**

The difference between note 10 and 11 on the security deposits relates to interest received.

12) TRADE AND OTHER PAYABLES

	2019 US$	2018 US$
Swap interest payable	28,070	7,711
Accruals and other payables	345,853	240,070
Taxation payable	67,289	53,161
Total trade and other payables	**441,212**	**300,942**

13) BANK BORROWINGS

	2019 US$	2018 US$
Current liabilities: bank interest payable and bank borrowings	27,107,311	25,983,973
Non-current liabilities: bank borrowing	163,739,430	190,531,701
Total liabilities	**190,846,741**	**216,515,674**
The borrowings are repayable as follows:		
Interest payable	317,062	380,553
Within one year	26,790,249	25,603,420
In two to five years	120,561,601	115,090,480
After five years	43,177,829	75,441,221
Total bank borrowings	**190,846,741**	**216,515,674**

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

	2019 US$	2018 US$
Opening balance	216,135,121	240,534,196
Repayment of loan	(25,899,083)	(24,692,716)
Amortisation of deferred finance costs	293,641	293,641
Principal bank borrowings	**190,529,679**	**216,135,121**
Interest payable	317,062	380,553
Total bank borrowings	**190,846,741**	**216,515,674**

The table below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 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	1,093,911	25,899,083	9,339,935	168,372	36,501,301
Non cash:-					
Fair value movement	-	-	-	(2,502,638)	(2,502,638)
Amortisation of deferred finance costs	-	(293,641)	-	-	(293,641)

Interest charge	-	-	(9,276,444)	(188,730)	(9,465,174)
At 31 December 2019	**12,216,093**	**(190,529,679)**	**(317,062)**	**(2,376,913)**	**(181,007,561)**

*Including interest payable of US$ 28,070 (2018: US$ 7,712)

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2018	**9,442,220**	**(240,534,197)**	**(382,774)**	**(1,623,849)**	**(233,098,600)**
Cash flows	1,679,962	24,692,717	10,125,177	603,481	37,101,337
Non cash:-					
Fair value movement	-	-	-	1,716,852	1,716,852
Amortisation of deferred finance costs	-	(293,641)	-	-	(293,641)
Interest charge	-	-	(10,122,956)	(550,401)	(10,673,357)
At 31 December 2018	**11,122,182**	**(216,135,121)**	**(380,553)**	**146,083**	**(205,247,409)**

*Including interest payable of US$ 7,712 (2017: US$ 60,793)

Loans
During the year ended 31 December 2015 the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank as facility agent of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 31 December 2019 was US$ 103,073,143 (2018: US$ 115,714,801).

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 NordLB as facility agent of US$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 31 December 2019 was US$ 87,773,599 (2018: US$100,800,873).

All of the loans will be fully amortised with monthly repayments in arrears over the term until the scheduled expiry of each respective lease. There have been no defaults or breaches under the loan agreements (2018: none).

Structure and term
The committed term of each loan is from the drawdown date until the date falling twelve years from the delivery date of the relevant Asset. Each Loan will 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
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.

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 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.

Cross Collateralisation
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 loans 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.

Similarly, 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 loans 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.

14) SHARE CAPITAL

Authorised share capital
The Company's authorised share capital is unlimited.

Year ended 31 December 2019

Issued and fully paid:	Subordinated Administrative Share	Ordinary Shares	Total
	Number	Number	Number
Shares as at 1 January 2019 and 31 December 2019	**1**	**209,333,333**	**209,333,334**
	US$	US$	US$
Share capital as at 1 January 2019 and 31 December 2019	**1**	**210,556,651**	**210,556,652**

Year ended 31 December 2018

Issued and fully paid:	Subordinated Administrative Share	Ordinary Shares	Total
	Number	Number	Number

Shares as at 1 January 2018 and 31 December 2018	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2018 and 31 December 2018	**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.

The Subordinated Administrative Share is held by DS Aviation GmbH & Co. KG, (the Asset Manager).

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.

Without prejudice to the provisions of the applicable company law and without prejudice to any rights attached to any existing shares or class of shares, or the provisions of the Articles of Incorporation, any share may be issued with such preferred, deferred or other rights or restrictions, as the Company may by ordinary resolution, subject to or in default of any such direction, as the Directors may determine.

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

15) RESERVES

The movements in the Group's reserves are shown in the Consolidated Statement of Changes in Equity.

Retained earnings comprises any surplus arising from the profit for the year or period and is taken to this reserve which may be utilised for the payment of dividends.

The hedging reserve comprises the cumulative net change in the value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

16) DIVIDENDS

During the year ended 31 December 2019 the Company declared and paid the following dividends:

Dividend reference period	**Shares**	**Dividend per share**	**Paid**	**Payment date**
		US$	**US$**	
Quarter ended 31 December 2018	209,333,333	0.0225	4,710,000	14 February 2019
Quarter ended 31 March 2019	209,333,333	0.0225	4,710,000	16 May 2019
Quarter ended 30 June 2019	209,333,333	0.0225	4,710,000	15 August 2019
Quarter ended 30 September 2019	209,333,333	0.0225	4,710,000	14 November 2019
			18,840,000	

A quarterly dividend of US$ 4,710,000 (US$ 0.0225 per share) for the quarter ended 31 December 2019 was paid on 14 February 2020. In accordance with IAS 10, this dividend has not been recognised in these financial statements as a dividend becomes an obligation of the Company when its payment is no longer at the discretion of the Company. Dividends are therefore recognised when they are paid.

On 3rd April 2020, the Company announced a suspension of dividends until further notice.

During the year ended 31 December 2018 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share US$	Paid US$	Payment date
Quarter ended 31 December 2017	209,333,333	0.0225	4,710,000	15 February 2018
Quarter ended 31 March 2018	209,333,333	0.0225	4,710,000	17 May 2018
Quarter ended 30 June 2018	209,333,333	0.0225	4,710,000	16 August 2018
Quarter ended 30 September 2018	209,333,333	0.0225	4,710,000	15 November 2018
			18,840,000	

17) INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's investments in subsidiaries, all of which have been included in these consolidated financial statements, are as follows:

Name	Date of Incorporation	Country of Incorporation	Proportion of ownership interest at 31 December 2018
DP Aircraft Guernsey I Limited	10 July 2013	Guernsey	100%
DP Aircraft Guernsey II Limited	10 July 2013	Guernsey	100%
DP Aircraft Guernsey III Limited	21 May 2015	Guernsey	100%
DP Aircraft Guernsey IV Limited	21 May 2015	Guernsey	100%
DP Aircraft Ireland Limited	27 June 2013	Republic of Ireland	100%
DP Aircraft UK Limited	14 April 2015	United Kingdom	100%

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table details the categories of financial instruments held by the Company at the reporting date:

	2019 US$	2018 US$
Financial assets		
Cash and cash equivalents	12,216,093	11,122,182
Restricted cash	34,563,671	30,657,524
Trade and other receivables (excluding prepayments)	363,576	354,127
Financial assets measured at amortised cost	**47,143,340**	**42,133,833**
Financial liabilities		
Bank borrowings	190,846,742	216,515,674
Maintenance reserve	20,207,622	16,756,567
Security deposit	13,264,420	13,264,420
Trade and other payables (excluding tax)	373,923	247,781
Financial liabilities measured at amortised cost	**224,692,707**	**246,784,442**
Interest rate swaps	2,348,843	(153,795)
Financial liabilities designated as hedging instruments	**2,348,843**	**(153,795)**

The primary risks arising from the Group's financial instruments are capital management, credit risk, market risk and liquidity risk. The principal nature of such risks is summarised below. The Group's main financial instruments comprise four separate loan agreements and interest rate swaps.

Capital Management
The capital managed by the Group comprises the ordinary shares and the subordinated administrative shares. The Company is not subject to externally imposed capital requirements.

Income distributions are generally made quarterly, subject to compliance with Applicable Law and regulations, in February, May, August and November of each year. The Company aims to make a distribution to investors of US$ 0.0225 per Share per quarter. There can be no guarantee that dividends will be paid to Shareholders and, if dividends are paid, as to the timing and amount of any such dividend. Any distribution of dividend to Shareholders will be subject always to compliance with the Companies (Guernsey) Law, 2008.

Before recommending any dividend, the Board will consider the financial position of the Company and the impact on such position of paying the proposed dividend. Dividends are declared and paid in US Dollars.

Credit 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. There are no lease income receivables at 31 December 2019 (2018: US$ Nil). Cash and restricted cash is all held at NordLB and DekaBank. The lessees do not maintain a credit rating. The credit rating of NordLB is A3 (2018: Baa2) and the credit rating of DekaBank is Aa2 (2018: Aa2).

During the term of the leases, the returns on an investment in the Shares will depend in large part on the lease rentals received from Norwegian and Thai Airways under the leases. A failure by Norwegian or Thai Airways to comply with their payment obligations under the leases may lead to a reduction or in extreme cases a suspension in distributions paid on the shares and/or in the value of the shares and have an adverse effect on the Group.

In advance of the commencement of the lease terms under the leases, both Norwegian and Thai have paid to the Group a security deposit in respect of each Asset. However, the security deposits do not cover the full value of the Group's obligations pursuant to the loan agreements in the event of termination of the leases or default by Norwegian or Thai Airways.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Market risk – interest rate risk
Interest rate risk arises on the Group's various interest bearing assets and liabilities from changes in the general economic conditions of the market from time to time. In respect of the floating rate loans advanced by NordLB for the purchase of the first two Assets, the Directors have sought to mitigate this risk by swapping the interest on each loan from a floating rate of interest to a fixed rate of interest. The floating rate of interest is calculated using LIBOR for the length of the interest period and a margin of 2.6 per cent per annum and has been swapped for a fixed rate of 5.06 per cent and 5.08 per cent for the duration of the loans. The Group has entered into ISDA-standard hedging arrangements with NordLB as hedging provider in order to provide for fixed-rate interest for 12 years to be payable in respect of the loan, funded by the fixed rental payments under the corresponding lease. The interest rate swaps are not under a single master netting agreement. As at 31 December 2019 the fair value of the interest rate swaps was a payable of US$ 2,348,843 (2018: receivable of US$ 153,795).

A 0.25% increase or decrease in interest rates would not have a material impact on the Group due to the derivatives fixing the interest rates paid by the group and the intention to hold the interest rate swaps until maturity.

The following table details the Group's exposure to interest rate risk:

31 December 2019	Fixed rate instruments US$	Variable rate instruments US$	Non-interest bearing instruments US$	Total US$
Restricted cash	-	34,563,671	-	34,563,671
Cash and cash equivalents	-	12,216,093	-	12,216,093
Trade receivables	-	-	363,576	363,576
Total financial assets	**-**	**46,779,764**	**363,576**	**47,143,340**
Trade and other payables	-	-	(373,923)	(373,923)
Maintenance reserves	-	-	(20,207,622)	(20,207,622)
Security deposits	-	-	(13,264,420)	(13,264,420)
Notional interest rate swap	(88,486,779)	88,486,779	-	-
NordLB loans	-	(87,605,404)	(168,194)	(87,773,598)
DekaBank loans	(102,924,275)	-	(148,868)	(103,073,143)
Total financial liabilities	**(191,411,054)**	**881,375**	**(34,163,027)**	**(224,692,706)**
Total interest rate sensitivity gap	**(191,411,054)**	**47,661,139**		

31 December 2018	Fixed rate instruments US$	Variable rate instruments US$	Non-interest bearing instruments US$	Total US$
Restricted cash	-	30,657,524	-	30,657,524
Cash and cash equivalents	-	11,122,182	-	11,122,182
Trade receivables			354,127	354,127
Total financial assets	**-**	**41,779,706**	**354,127**	**42,133,833**
Trade and other payables	-	-	(247,781)	(247,781)
Maintenance reserves	-	-	(16,756,567)	(16,756,567)
Security deposits	-	-	(13,264,420)	(13,264,420)
Notional interest rate swap	(101,620,721)	101,620,721	-	-
NordLB loans	-	(100,587,285)	(213,587)	(100,800,872)
DekaBank loans	(115,547,835)	-	(166,966)	(115,714,801)
Total financial liabilities	**(217,168,556)**	**1,033,436**	**(30,649,321)**	**(246,784,441)**
Total interest rate sensitivity gap	**(217,168,556)**	**42,813,142**		

Market risk – foreign currency risk
The Group's exposure to foreign currency risk is not significant as its cash flows are predominantly in US$ which is the functional currency of the company and subsidiaries, and presentation currency of the Group.

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, 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 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.

<u>No right of redemption or repurchase</u>

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.

<u>Available cash</u>

As of 29 April 2020 the Group has available cash in excess of US$ 8m once adjusted for current creditors and debtors. This is intended to fund contingencies and to be available to the Group, in addition to the security deposits paid by Norwegian and Thai Airways under the leases which would become available in certain circumstances, to aid the Group in meeting its loan repayments in the event of a default by Norwegian or Thai Airways.

<u>Liquidity Proposal</u>

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.

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. Operating lease income is not a financial instrument, however, it has been included in the tables below to illustrate the Group’s excess liquidity.

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)**

Operating lease income (note 4)	57,291,132	229,164,528	66,591,520	353,047,180
Liquidity excess prior to ongoing expenses and distributions	**20,706,714**	**85,412,770**	**(12,070,052)**	**94,049,432**

31 December 2018	**Next 12 months US$**	**2-5 years US$**	**After 5 years US$**	**Total US$**
Bank borrowings and interest	(35,407,388)	(141,478,138)	(80,435,324)	(257,320,850)
Interest rate swaps	(330,648)	(2,839,386)	(371,335)	(3,541,369)
Maintenance provision	-	-	(16,756,567)	(16,756,567)
Security deposit	-	-	(13,264,420)	(13,264,420)
Trade and other payables	(247,781)	-	-	(247,781)
Total financial liabilities	**(35,985,817)**	**(144,317,524)**	**(110,827,646)**	**(291,130,987)**
Operating lease income (note 4)	57,291,132	229,164,528	123,882,652	410,338,312
Liquidity excess prior to ongoing expenses and distributions	**21,305,315**	**84,847,004**	**13,055,006**	**119,207,325**

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.

19) FAIR VALUE MEASUREMENT

The accounting policies and basis of measurement in respect of financial instruments are detailed in Note 2.

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$ 98,515,186 (2018: US$105,600,273).

The fixed rate loans have been categorised within level 2 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 5.77% (2018: 6.69%). An increase in the discount rate would decrease the fair value of the fixed rate loans.

Financial liabilities designated as hedging instruments

The fair value of the Group's derivative interest rate swaps is 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 following table details the contractual undiscounted cash flows of the interest rate swaps:

As at 31 December 2019	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	3,409,488	6,915,561	144,255	10,469,304
Fixed rate payable	(4,226,835)	(9,253,862)	(226,925)	(13,707,622)
Interest rate swaps	(817,347)	(2,338,301)	(82,670)	(3,238,318)

As at 31 December 2018	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	4569,710	9,553,688	943,214	15,066,612
Fixed rate payable	(4,900,358)	(12,393,074)	(1,314,549)	(18,607,981)
Interest rate swaps	(330,648)	(2,839,386)	(371,335)	(3,541,369)

As at 31 December 2019, the fair value of the interest rate swaps was a liability US$ 2,348,841 (31 December 2018: asset of US$153,795).

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 year ended 31 December 2019 or in the year ended 31 December 2018.

20) RELATED PARTY TRANSACTIONS

The directors who served during the year received the following remuneration:

	Current fee	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Jon Bridel (Chairman)	£64,000	80,035	76,058
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	£52,000	65,112	62,142
Angela Behrend-Görnemann* - Previously Chairman of the Management Engagement Committee) resigned 31 October 2019)	€74,100	67,283	79,317
Harald Brauns (Chairman of the Management Engagement Committee) – appointed 1 November 2019	£57,000	12,591	-
Total		**225,021**	**217,517**

*Ms Behrend-Görnemann received her fee in Euros at the previously agreed GBP/EUR exchange rate of 1.30

During the year ended 31 December 2019, Directors' remuneration totalled US$ 225,021 (year ended 31 December 2018: US$217,517) with US$ 51,051 due at the year-end (2018: US$ 53,118). Directors' expenses totalling US$ 11,454 were paid during the year ended 31 December 2019 (2018: US$ 9,611), with US$ nil due to be paid at the year-end (2018: US$ nil).

In February 2020 the board reviewed the current director fee levels (inclusive of all subsidiaries) and agreed that remuneration levels of directors were set at the correct level, however it was proposed that the Directors remuneration should be increased by annual inflation amount of 3.2% in line with the latest published independent fee survey. This increase was effective from 1 April 2020:

	Proposed fee
Jon Bridel	£66,000
Jeremy Thompson	£53,700
Harald Brauns	£58,800

Director's shareholdings in the Company are detailed in the Directors' Report and received dividends of US$ 2,025 during the year (2018: US$ 2,025).

21) 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 aircraft leased to Thai.

The amended agreement provides a new 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. In determining the provision for the financial statements, the Directors have estimated the fee that will be payable on disposal of the assets. This is then being discounted and is then recognised straight line over the period until the estimated payment date. The provision for the disposal fee at 31 December 2018 was US$ 2,479,634 (2018: US$ 1,856,644) and the discount rate used was 1.92% (2018: 2.69%). The resulting charge to the Statement of Comprehensive Income was US$ 622,990 (2018: US$ 423,008).

The directors regularly consider the discount rate and the underlying forecasted cash flows used in calculating the disposal fee provision.

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 year ended 31 December 2018 Asset Management fees totalled US$ 1,007,149 (2018: US$ 982,584) of which US$ 85,112 were due at 31 December 2019 (2018: US$ nil).

Administration Agreement
Following a review of the work performed by the Administrator, the first detailed review since 2015, it was clear that the initial fee failed to address the work load resulting from increasing the fleet size from two to four aircraft and the added complexity associated with the addition of further subsidiary companies. As a result, the Company agreed to increase the Administration fees as follows:

With effect from 1 January 2018 the Company Secretary receives a fixed fee of £50,000 per annum. Any additional ad hoc meetings are charged on a time spent basis. The Company Administrator receives a fixed administration fee of the Company of £50,000 per annum plus an additional fixed fee of £6,000 for each of the wholly owned Guernsey subsidiaries. Additional work in excess of the above is to be charged on a time spent basis or at a rate agreed between the parties from time to time. Based upon the GBP/USD exchange rates on the value date of each payment, the total fees charged by the administrator for the year ended 31 December 2019 were US$187,007 (2018: 183,262).

Directors' fees
Details of the fees paid to the Directors are included in Note 20.

22) SUBSEQUENT EVENTS

Since the start of January 2020, the world has been monitoring and reacting to Covid-19. As of early April 2020, the virus 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, socialise and leave their homes. Global financial markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale, and which is expected to be material for the airline sector, and by extension the aircraft leasing sector.

NAS has failed to make any payments due under the NAS Aircraft Leases since March 2020 (in an aggregate amount of US$ 4.98m). The Company has agreed certain concessions to Thai, which included a rent deferral arrangement (which began on 29 April 2020) in an aggregate amount of approximately US$ 3.4m. The deferred amounts (with interest thereon) are due to be repaid in 12 equal monthly instalments commencing at end of each respective deferral period.

The Company is currently negotiating certain proposed concessions to NAS, which may include (i) a rent deferral arrangement (ii) a power by hour arrangement for part of the remaining term of the lease (iii) a modified rental stream for part of the remaining term of the lease (which may include a release of certain amounts already due from NAS) and other lease modifications or concessions , as well as other forms of compensation for the Company. No formal agreement on these concessions has yet been concluded.

The Directors, with the support of the Asset Manager, have engaged with its lenders following the non-receipt of rentals from NAS and the request for concessions from both NAS and Thai. The Company has communicated the terms of concessions agreed to Thai with its Thai Lenders. The Directors believe that a modification to the terms of the NAS Loans (which may include an interest-only period, a re-profiling of future repayment obligations or other concession) will be necessary to ensure that the Company can continue to operate following any concessions that may be agreed with NAS without giving rise to a default under the Loans. No agreement on the form of any such modification to the Loans has yet been concluded.

It is therefore not possible to fully estimate the financial effect that these events may have on the Company's financial results or position. The Directors, with input from the Asset Manager, will continue to engage with NAS and its lenders and to monitor the impact of the virus on the activities of the Company.

On 15 January 2020 the Company declared a quarterly dividend in respect of the quarter ended 31 December 2019 of US$ 0.0225 per ordinary share to holders of shares on the register at 24 January 2020. The ex-dividend date was 23 January 2020 with payment on 14 February 2020. On 3 April 2020 the Board of Directors announced that it had suspended the payment of dividends with immediate effect and until further notice.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Angela Behrend-Görnemann (resigned 31.10.19) Harald Brauns (appointed (01.11.19)
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 **(as to Guernsey law)**	Mourant Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 1HP 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	*From 24 June 2019* Investec Bank plc 30 Gresham Street London EC2V 7QN United Kingdom Canaccord Genuity Limited were the corporate brokers *until 24 June 2019 at which time the mandate was novated to Investec Bank plc as part of the acquisition of the relevant businesses of Canaccord.*

THE FOLLOWING PAGES DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

APPENDIX 1 – ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

REGULATORY REFERENCE **AIFMD Article 23(1)**	**DOCUMENT NAME, PAGE AND REFERENCE**
(a) a description of the investment strategy and objectives of the AIF;	Prospectus, page 38, Information on the Company.
if the AIF is a feeder AIF, information on where the master AIF is established;	Not applicable.
if the AIF is a fund of funds, information on where the underlying funds are established;	Not applicable.
a description of the types of assets in which the AIF may invest;	Prospectus, page 38, Information on the Company.
the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	Prospectus, page 38, Information on the Company. Prospectus, pages 18-31, disclosure of risk factors.
any applicable investment restrictions;	Prospectus, page 8.
the circumstances in which the AIF may use leverage;	Prospectus, page 20, Risk of Debt Financing.

the types and sources of leverage permitted and the associated risks;	Prospectus, page 20, Risk of Debt Financing.
any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	Prospectus, page 20, Risk of Debt Financing.
the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	Prospectus, page 20, Risk of Debt Financing.
(b) a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	Prospectus, page 38, Investment Policy.
(c) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;	Prospectus, page 80, Part IX, Loans and Loan Agreements. Prospectus, page 142, Part IV, Definitions.
(d) the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	Prospectus, page 36, Directors and Advisers. Prospectus, page 152 (h).
(e) a description of how the AIFM complies with the AIFMD's requirements relating to professional liability risk;	Prospectus, page 151 (g)
(f) a description of:	
any AIFM management function delegated by the AIFM;	Not applicable.
any safe-keeping function delegated by the depositary;	Not applicable.
the identify of each delegate appointed; and	Not applicable.
any conflicts of interest that may arise from such delegations;	Not applicable.
(g) a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets;	Prospectus, page 152 (i).
(h) a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	Prospectus, page 152 (j).
(i) a description of all fees, charges and expenses, and the maximum amounts directly or	Prospectus, pages 48-50, Fees and Expenses.

indirectly borne by investors;	
(j) a description of how the AIFM ensures a fair treatment of investors;	Prospectus, page 152 (l).
whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	
that preferential treatment;	Prospectus, page 152 (l).
the type of investors who obtain such preferential treatment; and	Prospectus, page 152 (l).
where relevant, their legal or economic links with the AIF or AIFM;	Not applicable.
(k) the latest annual report	Contained in this document.
(l) the procedure and conditions for the issue and sale of units or shares;	Prospectus, page 44, Further Issue of Shares.
(m) the latest net asset value of the AIF or the latest market price of the unit or share of the AIF;	The Company's shares are traded on the London Stock Exchange so the latest share price should be available on www.londonstockexchange.com.
(n) where available, the historical performance of the AIF;	Not applicable.
(o) the identity of any prime broker;	Prospectus, page 152 (o).
a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	Prospectus, page 152 (o).
the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	Prospectus, page 151 (a).
information about any transfer of liability to the prime brokerage firm that may exist; and	Prospectus, page 152 (o).
(p) a description of how and when the information required under Art. 23(4) and Art. 23(5) of the AIFMD will be disclosed.	Information may be disclosed in the Company's annual report or by the Company publishing the relevant information on the Company's website (http://www.dpaircraft.com) or by the Company issuing an announcement via a Regulatory Information Service.
AIFMD Article 23(5)	
(a) any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement;	Not applicable as no changes to the maximum level of leverage.
(b) the total amount of leverage employed by that AIF.	The total leverage employed at 31 December 2019 is US$210,339,640.