



DP AIRCRAFT I LIMITED

Shareholder Report 30th January 2015



I. THE FUND - DP AIRCRAFT I LIMITED

FACT SHEET - DP AIRCRAFT I LIMITED

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	SFM
• SFM Admission Date	4 th October 2013
• Share Price	1.055 [29 th January 2015]
Listed	CISE
• CISE Listing Date	4 th October 2013
Country of Incorporation	Guernsey
Current Shares in Issue	113,000,000
Administrator and Company Secretary	Dexion Capital (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor and Reporting Accountant	KPMG
Corporate Broker	Canaccord Genuity Limited
Aircraft Registration (Date of Delivery)	EI-LNA (28 th June 2013) EI-LNB (23 rd August 2013)
Aircraft Serial Number	35304 35305
Aircraft Type and Model	B787-8
Lessee	Norwegian Air Shuttle ASA
Website	http://www.dpaircraft.com



II. THE AVIATION MARKET - OVERVIEW AND DEVELOPMENT

2014 proved to be one of the most profitable years for airlines globally according to the International Air Transport Association (IATA). The organisation estimates a net profit of USD 19.9 billion in 2014 which is nearly double the net profit achieved in 2013 (USD 10.6 billion). Profits are expected to increase further in 2015 in all regions to a total of USD 25.0 billion, with air travel growing by 7 per cent. Taking a closer look at the European aviation market, net profit is expected to have increased in 2014 by 440 per cent. over the previous year according to IATA's December 2014 forecast. The passenger load factor for the Eurozone for the first eleven months of 2014 for international air traffic is the highest amongst the regions. In November, the 5.6 per cent. increase in Revenue Passenger Kilometres (RPK) for European airlines compared to the same month the previous year was above the global average.

Crude oil prices have decreased significantly during the second half of 2014; and while pre-existing hedging policies mean that this does not necessarily translate into decreased fuel costs for airlines immediately, it will have a positive impact on operating costs for airlines through 2015. Lower operating costs, and consequently improved financial results, will allow airlines to invest in fleet growth and modernisation. Due to the factor of uncertainty in future oil prices, aircraft benefitting from the latest technology, such as the Dreamliner Boeing B787, will stay in strong demand.

The long-term outlook remains positive for both the aviation market and the levels of demand for new aircraft. According to their latest published market outlooks, Boeing (Current Market Outlook 2014-2033) and Airbus (Global Market Forecast 2014-2033) are of the opinion that passenger fleets will double by 2033. According to Boeing, 53 per cent. of aircraft deliveries over the next twenty years will be within the 200-300 seat category. On top of that, Airbus estimates annual growth rates of airline traffic (RPK) at 4.7 per cent on average over the next 20 years, while Boeing believes RPKs will increase by 5.0 per cent per annum. Both manufacturers have made their forecasts based upon the assumption of an average annual increase of 3.2 per cent in global GDP over the same period.

The aviation industry plays a key role in the global economy. According to IATA, city pairs served by commercial airlines have doubled in the last 20 years and 52 per cent. of tourists worldwide travel by air. Perishable and high value goods transported by air are of importance given the jobs they create globally; and for many of these goods there is no obvious substitute means of transport. Moreover, IATA expects that in 2015 about 1% of world GDP, totalling over USD 820 billion, will be spent on air transport. Furthermore, according to the latest Airline Business Confidence Index published in October 2014, airline CFOs and heads of cargo expect passenger services and cargo to grow as strongly as they did in 2010.





III. THE ASSETS - TWO BOEING DREAMLINER B787-8s

The Boeing B787 Dreamliner still ranks alongside the Airbus A350 (which entered into commercial service on 15th January 2015) as the latest technological, mid-size wide-body aircraft available in the market. By December 2014, 228 Boeing B787s had been delivered to 23 different airlines and more than 233 million passengers had been commercially transported. In the last nine months 48 additional Dreamliners have been ordered by six airlines, four of whom are existing customers - this underlines the high level of customer satisfaction with the Dreamliner. With a backlog of over 840 aircraft orders in December 2015, and production fully sold out until 2019, it is clear that the aircraft remains in high demand.

Since DP Aircraft I Limited took title of both LNA and LNB last year, Norwegian has met all of its lease obligations in full. The carrier operates the aircraft in a two-class configuration seating 32 premium economy plus 259 economy passengers. In the first weeks of September this year both aircraft EI-LNA and EI-LNB were physically inspected at Stockholm Arlanda

Airport. The inspection took place during Phase Check 'P6'. Both aircraft have been maintained to a very high standard.

The chart below gives a short overview of the utilisation of the airframe and engines of each of the aircraft. One of LNA's engines, Engine Serial Number (ESN) 10119, as well as one of LNB's engines, ESN 10135, were removed during the course of last year to undergo an upgrade at Rolls Royce's Derby facilities. The upgrade extends the maintenance intervals for the engines and will soon be completed for all four engines. The upgrade of ESN 10135 was completed mid-August; ESN 10119 is expected to be returned by Rolls Royce in the next few weeks.

As mentioned in the Shareholder Report dated 10th July 2014, DS Skytech, the joint-venture company between DS Aviation and Skytech-AIC, will take over the technical asset management of both of the Company's aircraft in May 2015.

THE ASSETS - TWO BOEING DREAMLINER B787-8

AIRFRAME STATUS (31 st December 2014)	LNA		LNB	
	Total	December 2014	Total	December 2014
Flight hours	5,719:34	188:37	6,790:10	451:18
Cycles	738	17	864	50
Block hours	10:36	6:08	13:69	14:55
Flight hours/Cycles Ratio	7.75 : 1	11.08 : 1	7.86 : 1	9.02 : 1
ENGINE DATA (31st December 2014)				
Engine Serial Number	10118	10119	10130	10135
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [flight hours]	4,611:43	4,127:10	2,700:23	3,503:32
Total Cycles	632	594	250	423
LLP	Various HPT Components	Various HPT Components	Various HPT Components	Various HPT Components
Cycles to LLP Replacement	2,868	2,906	3,250	3,007
Location	LNA	In Shop	LNA	Serviceable Spare



IV. THE LESSEE - NORWEGIAN AIR SHUTTLE ASA

Norwegian Air Shuttle transported nearly 24 million passengers in 2014. Traffic figures for December 2014 show that passenger numbers increased by 2 per cent. and RPKs by 17 per cent., while Available Seat Kilometres (ASK) rose by 12 per cent. compared to the same period in the previous year. The carrier was therefore able to increase the passenger load factor by 3.3 per cent points to 81.3 per cent. Unit revenue (RASK: Revenue per Available Seat Kilometres) improved by 2 per cent. over the same period.

Norwegian is currently offering 17 non-stop routes between Europe and the U.S., as well as Thailand. In Spring 2015, the carrier will increase frequencies between Europe and the U.S. as well as introduce new routes connecting London-Gatwick and Copenhagen non-stop with Orlando. Norwegian is also upgrading its service for passengers with premium tickets, adding lounge access at various airports and a further enhanced in-flight service. The carrier won three prizes in 2014 at the prestigious Passenger Choice Awards in the categories "Best Airline in Europe", "Best Inflight Connectivity & Communications" and "Best Single Achievement in Passenger Experience for its moving map on the 787 Dreamliners".

In the third quarter of 2014, ASKs and RPKs increased by 36 per cent. and 41 per cent. respectively compared to the same period in the preceding year. The load factor increased by 3.2 per cent points to 84.6 per cent., EBITDAR (excluding other gains and losses) increased by 11 per cent and operating revenue grew by 30 per cent. Operating profit for the third quarter was NOK 532 million (USD 83 million). On top of that, the carrier increased its ancillary revenues calculated per passenger by 37 per cent. whereas total ancillary passenger revenues grew by 60.5 per cent. In addition, the carrier gained 47 to 48 per cent. of market growth at London-Gatwick and Oslo airports. These facts underline the

point that Norwegian Air's growth strategy is progressing well. At 30 September 2014 cash and cash equivalents amounted to NOK 1,431 million (USD 222 million). The amount of equity has slightly increased compared to the accounting date 31st December 2013. The equity ratio stood at 15.0 per cent at the end of the third quarter 2014.

Nevertheless, Norwegian's results are challenged by the weak Norwegian currency as well as the delayed US approval process leading to higher costs; with regard to the authorisation process the airline is supported by the European Commission, which is seeking to accelerate matters. In any event, Norwegian's current schedule is not dependent upon or affected by this approval procedure, and the carrier continues to expand its long-haul network as previously mentioned. Despite this the carrier was still successful in further decreasing unit costs, including fuel by 1 per cent. and unit costs excluding fuel by 3 per cent. in the third quarter of 2014 compared to the same quarter the previous year. As fuel accounts for 32 per cent. of Norwegian Air's operating costs, it can be assumed that the airline will profit from lower fuel prices in 2015.

Last but not least, Norwegian Air's Dreamliner fleet has reached a size where the company no longer needs to wet-lease additional aircraft in the course of normal operation. In 2015, the airline expects to grow ASKs on long-haul by up to 25 per cent. and is looking to profit from the maturity of its new base in London-Gatwick as well as its long-haul network and the increased utilisation of its B787 fleet which now consists of seven aircraft. The carrier took delivery of three B787-8s last year and plans to take delivery of one aircraft in early 2015 and four further aircraft in 2016 so that it is operating a fleet of twelve Boeing 787s by the end of next year.

