DP Aircraft I Limited
Proposed Placing and publication of Shareholder Circular

30 April 2015

Introduction

The Board of Directors of DP Aircraft I Limited (the "Company") is pleased to announce that the Company has today published a shareholder circular setting out the key terms of a proposed US$106.8m placing of Ordinary Shares (the "Placing") to finance the acquisition of additional aircraft and convening an extraordinary general meeting (the "Extraordinary General Meeting") at which approval will be sought from Shareholders for, *inter alia*, that acquisition.

A prospectus will be published by the Company in due course setting out the proposals in full, and detailing how to make an application to subscribe for New Shares in the Placing.

The Acquisition

The Acquisition will involve the purchase of two Boeing 787-8 aircraft from AerCap Ireland Capital Limited, a company within the AerCap Group, one of the largest aircraft leasing entities in the world. The aircraft, one of which was delivered in October of last year and the other in December of last year, are currently leased to Thai Airways International Public Company Limited and as part of the proposed purchase, the benefit of those leases would be novated to a new wholly-owned subsidiary of the Company (the "New Lessor").

The key features of the Acquisition are as follows:

(a) *The New Assets – Boeing 787-8s*

The New Assets will consist of two Boeing 787-8s, which are to be purchased by the Company following Admission pursuant to the New Sale Agreements.

The Boeing 787-8 is a long-range, mid-size widebody, twin engine jet airliner with an innovative design, offering lower fuel consumption than comparable aircraft. The customer list of the Boeing 787-8 amounts to 42 operators (total customer number for the 787-family: 58). It includes a wide range of different airline business models such as full service network carriers (e.g. Air France-KLM, American Airlines, British Airways, Etihad Airways, Qantas, Singapore Airlines, China Southern and ANA), charter and low cost carriers (e.g. Air Europa, Lion Air, Scoot, Tui Travel) and smaller airlines (e.g. Air Niugini, Royal Air Maroc, Royal Jordanian). In addition to this, leading leasing companies such as AerCap and CIT have also ordered the 787-8.

(b) *The Counterparty – Thai Airways*

Thai Airways is the lessee of the New Assets pursuant to the terms of the New Leases. Thai is the national carrier of the Kingdom of Thailand. It operates full service domestic, regional and intercontinental flights radiating from its home base in Bangkok to key destinations around the world and within Thailand. The company's paid up capital amounts to Baht 21.82 billion (equivalent to approximately US$664.1 million based on the Baht/US$ exchange rate as at 29 April 2015) and is 53.16 per cent. owned by the Ministry of Finance, the Thai Government. The credit rating of the Thai Government is Baa1 (Moody's).

Thai is listed on the stock exchange of Thailand.

Thai's revenue for the 2013 fiscal year was Baht 207.71 billion (equivalent to approximately US$6.32 billion based on the Baht/US$ exchange rate as at 29 April 2015), a slight decrease on the previous year. In 2014, Thai's revenues amounted to Baht 203.88 billion (equivalent to approximately

US$6.20 billion based on the Baht/US$ exchange rate as at 29 April 2015), the decrease being mainly caused by political unrest in the first half of 2014.

(c) *The New Leases*
Thai and ILFC UK Limited (the "Current Lessor") have entered into the New Leases in respect of the New Assets and prior to Admission the New Leases will be novated to the New Lessor. The Current Lessor can assign the benefit of the New Leases without the consent of Thai, subject to the satisfaction of certain standard conditions.

Each novated Thai Lease will be on substantially similar terms to the Company's existing leases with Norwegian Air and will provide for monthly Lease Rentals (composed of US Dollar Lease Rentals). It is expected that the US Dollar Lease Rentals will be for an amount that will exceed the anticipated principal and interest payments under the relevant New Loan, as well as allowing for the payment of all other running costs and the target dividend return. The novated Thai Leases will contain various other provisions, including provisions as to insurance of the New Assets and their maintenance. The security interests created over the New Assets are given as security for both of the New Loans on a cross-collateralised basis, increasing the risk of a reduction in, or a suspension of, dividends in the event of a default under either New Loan Agreement.

(d) *Debt and equity funding*
The Acquisition and its associated costs will be funded through a combination of debt (US$156.4 million) and equity (US$106.8 million). The debt, which will comprise two loans to be advanced to two new wholly-owned subsidiaries of the Company (being the Third Borrower and the Fourth Borrower) (the "New Loans"), will be amortised on an annuity-style basis with repayments every month, with a view to repaying the New Loans in full by the time that the New Leases expire in 2026.

(i) *Debt funding*
Debt funding for the full required sum has been agreed in principle with two reputable banks experienced in aviation finance (together, the "Lenders"), and it is intended that two new loan agreements will be signed up with the Lenders prior to Admission (the "New Loan Agreements"). The New Loan Agreements will contain standard market terms and conditions and will be comparable to the existing loan agreements entered into in October 2013 in connection with the acquisition of the Existing Assets which are leased to Norwegian (the "Existing Loan Agreements"). Accordingly,

- Interest on each New Loan will be payable in arrears on a monthly basis;
- Prepayment of the New Loans in part or in full will be permitted (subject to the provision of prior written notice and may be subject to breakage costs); and
- Events of default (which will allow the Lenders to demand immediate repayment of the New Loans) will include failure to pay principal, interest or other amounts due; insolvency of the borrower; any representation made by the borrower and/or the lessor in a loan transaction document being untrue in any material respect and having a material adverse effect upon the Lenders' position.

The New Loan Agreements will contain cross-default clauses, so that an event of default under one New Loan Agreement will automatically trigger an event of default under the other. There will, however, be no cross default provisions as between the two New Loan Agreements and the two Existing Loan Agreements. Interest on each of the New Loans will be fixed under the New Loan Agreements.

(ii) *Equity funding*

The Company will seek to raise equity monies of US$106.8 million through an issue of New Shares pursuant to the Placing, with the basis of allocation of New Shares under the Placing to be determined by the Company's broker, Canaccord Genuity. If commitments under the Placing exceed the maximum number of New Shares available, Canaccord Genuity will scale back subscriptions at its discretion.

It is intended that the New Shares to be issued under the Placing will be issued at a price of or around 105.8 cents per New Share, with a view to enabling the Company to maintain its target dividend yield of 9.0 per cent. for those initial investors in the Company who choose not to participate in the Placing, while still offering an attractive target yield for subscribers of New Shares under the Placing.

The Placing will be conditional upon, *inter alia*, the execution of the New Loan Agreements and the New Sale Agreements and the novation of the New Leases to the New Lessor. The Placing will also be conditional on Admission of the New Shares.

Effect of the Acquisition upon Shareholder returns

(a) *Target Yield*
The Company currently targets an income distribution to Shareholders of 2.25 cents per Ordinary Share per quarter, equivalent to 9.0 cents per year. This represents a yield of 9.0 per cent. based on the IPO issue price of US$1.00 per Ordinary Share. This target figure is based upon the income which the Company receives under the Existing Leases; the principal and interest payment obligations which the Company and its subsidiaries have under the Existing Loan Agreements; and the projected annual running costs of the Company.

In the IPO Prospectus, it was stated that the Company will have the ability to acquire additional aircraft if, in the view of the Board, the acquisition of such additional aircraft would not have a material adverse effect on the Company's target income distributions.

The Company intends to raise the US$106.8 million of equity monies required to finance the Acquisition through the issue of New Shares under the Placing at an issue price of or around 105.8 cents per New Share and in any event at not less than 104.5 cents per New Share.

For illustrative purposes only, if the New Shares were to be issued under the Placing at 105.8 cents per New Share, this would result in the issue of 100,945,180 New Shares. Taking this number of New Shares into account, and on the basis of the income which the Company would receive under the New Leases, the principal and interest payment obligations expected to be payable under the New Loan Agreements, and the projected additional running costs of the Company as a result of the Acquisition, it is expected that the Company would continue to be in a position to pay a quarterly distribution of 2.25 cents per Ordinary Share.

This would mean that:

- An investor in the Company at IPO who chooses not to participate in the Placing should maintain a target dividend yield of 9.0 per cent. (9.0 cents per annum on an issue price of US$1.00 per Ordinary Share);
- A new investor in the Company who participates in the Placing should receive Ordinary Shares with a target dividend yield of 8.5 per cent. (9.0 cents per annum on an issue price of US$1.058 per New Share); and

- An existing investor in the Company (whether at IPO or thereafter) who participates in the Placing will hold Ordinary Shares with a blended target dividend yield, with the precise yield depending upon how many Ordinary Shares they have purchased and at what price.

In accordance with the IPO Prospectus, the Directors do not intend to proceed with the Placing unless it is possible to issue the New Shares at a price which, in the view of the Board, would not have a material adverse effect on the Company's target income distributions.

Shareholders should note that while the Company will aim to generate the target gross distributions referred to above, these returns are targets only and are based over the term of the Company's life on the performance projections of the investment strategy net of expenses and market conditions at the time of modelling and are therefore subject to change. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company's expected or actual results.

(b) *Return of capital*
The amount that a sale of the prospective New Assets at the end of the term of the New Leases would generate is unknown; the actual price achieved on sale, and therefore the level of return to Shareholders, will depend upon market conditions at the time of sale. However, the Board, as advised by DS Aviation, believes that the New Assets represent an opportunity for capital growth for Shareholders.

Liquidity Proposal
Although the Company does not have a fixed life, the Existing Articles require the Board to convene a Liquidity Proposal Meeting to be held no later than 31 March 2025 at which a resolution will be proposed that the Company should proceed to an orderly winding-up at the end of the term of the Existing Leases. Given that the New Leases will not expire until October 2026 in respect of the Third Asset and December 2026 in respect of the Fourth Asset, the Directors believe that it would be appropriate to amend the Existing Articles so as to postpone the back-stop date for the Liquidity Proposal Meeting to 30 June 2026. Accordingly, the business of the Extraordinary General Meeting includes a special resolution proposing that such an amendment be made to the Existing Articles, subject to the Placing Approval Resolution being passed and the Acquisition completing.

Given the proposed postponement of the back-stop date for the Liquidity Proposal Meeting, the Board will consider other mechanisms to return the net proceeds of any sale of the Existing Assets prior to the Liquidity Proposal Meeting.

Cancellation of CISEA listing
On 4 October 2013, the Company's Ordinary Shares were admitted to trading on the Specialist Fund Market of the London Stock Exchange and were also listed and admitted to the Official List of the Channel Islands Stock Exchange (now The Channel Islands Securities Exchange Authority Limited) (**CISEA**).

At the time of the IPO, the Specialist Fund Market was not a recognised exchange for the purposes of the ISA Regulations; as a result, an SFM-traded product could not be held within an ISA without obtaining an appropriate listing elsewhere. Accordingly, in order to make the Company's shares accessible to a wider potential investor base in the secondary market, the Company sought a listing on the CISEA, which was at that time (and remains) a recognised exchange for the purposes of the ISA Regulations.

In March 2014, the ISA Regulations were amended so that shares traded on the Specialist Fund Market are now eligible in their own right for inclusion in an ISA.

In view of the above, the Board intends to cancel the Company's listing on the CISEA as this would reduce operating costs and the regulatory burden on the Company. The Directors expect to make a further announcement concerning the Company's proposed delisting from CISEA and that the delisting will become effective prior to publication of the Prospectus.

Disposal Fee

Under the terms of the Asset Management Agreement between the Company and DS Aviation, a disposal fee (the "Disposal Fee") may be payable by the Company to DS Aviation upon the sale of an asset, such fee being calculated as a percentage of the price at which the relevant asset is sold. The Asset Management Agreement currently provides that that percentage will vary depending upon the total return per Share attributable to the relevant asset expressed as a percentage of the US$1.00 price at which Shares were issued at the Company's launch.

The proposed issue of New Shares pursuant to the Placing at a different price to that at which Ordinary Shares were issued at IPO means that the provisions relating to the Disposal Fee will no longer operate correctly as currently drafted. Accordingly it is proposed that, subject to the Acquisition proceeding, the Asset Management Agreement be amended so as to take account of the fact that the Company will have issued Ordinary Shares at differing prices and that it is likely to be disposing of the Existing Assets at a different time to the New Assets. In making these amendments, it is the intention of the Board to ensure that the new fee arrangements provide substantially the same level of remuneration to DS Aviation as is currently payable.

Under the new fee arrangements, the total shareholder return calculation will continue to be made by reference to an initial investor in the Company, but will be postponed until disposal of the New Assets; and the total shareholder return thresholds by reference to which a Disposal Fee may become payable will be increased to take into account the additional dividends expected to be paid to shareholders after the disposal of the Existing Assets.

As with the current Disposal Fee arrangements, the Disposal Fee will be adjusted in the event that an Asset is disposed of before the end of the scheduled term of the relevant Lease, in accordance with an agreed mechanism.

Extraordinary General Meeting

The Proposals are conditional on the approval of Shareholders of the Resolutions to be put to the Extraordinary General Meeting, which has been convened for 10.00 a.m. on Monday 18 May 2015.

The Resolutions that will be put to Shareholders at the Extraordinary General Meeting are:

- the Placing Approval Resolution to permit the Company to proceed with the Placing for the purpose of raising the equity monies required to fund the Acquisition; and
- the Amendment Resolution to postpone the back-stop date for the Liquidity Proposal Meeting to 30 June 2026.

The Placing Approval Resolution will be proposed as an ordinary resolution requiring the approval of a simple majority of the votes recorded. If the Placing Approval Resolution is not passed the

Acquisition will not proceed. The Placing Approval Resolution, however, is not conditional on the passing of the Amendment Resolution.

The Amendment Resolution will be proposed as a special resolution requiring the approval of 75 per cent. or more of the votes recorded. The Amendment Resolution is conditional on the passing of the Placing Approval Resolution and in addition the amendments to the Existing Articles will only become effective if the Acquisition completes. If the Amendment Resolution is not passed or the Acquisition does not complete, the back-stop date for the Liquidity Proposal Meeting will remain 31 March 2025.

ENDS