

4 November 2016

DP AIRCRAFT I LIMITED (the “Company”)

INTERIM UPDATE

The Company is issuing this report for the period from 22 July 2016 to 27 October 2016 as an investor update. It should not be relied on by Shareholders, or any other party, as the basis for an investment in the Company or for any other purpose.

Overview

DP Aircraft I Limited, a Guernsey based company, was launched in October 2013. Its US\$ 113 million placing was oversubscribed. To date the company has acquired four Boeing 787-8 aircraft, with two leased to Norwegian Air Shuttle ASA and two leased to Thai Airways International PCL. DP Aircraft I Limited took over the Norwegian aircraft, LN-LNA (previously EI-LNA) and LN-LNB (previously EI-LNB), on 9 October 2013 and the Thai aircraft, HS-TQC and HS-TQD, on 18 June 2015. Since these dates all lease obligations have been met in full by Norwegian and Thai and no incidents of note concerning operations of the aircraft have occurred.

To date the Company has, as scheduled, paid out 11 dividends of 2.25 cents each. The Company pays out dividends on a quarterly basis and targets a yearly distribution of 9 per cent. The next interim dividend payment is due on 14 November 2016. The quarterly distributions are targeted for February, May, August and November in each year.

Company Information

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment (previously known as Specialist Fund Market)
SFS Admission Date	4 October 2013
Share Price	USD1.09 as at 27 October 2016
Country of Incorporation	Guernsey
Current Shares in Issue	209,333,333 Ordinary Shares
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited (previously Fidante Partners (Guernsey) Limited)
Asset Manager	DS Aviation GmbH & Co. KG
Auditor and Reporting Accountant	KPMG
Corporate Broker	Canaccord Genuity Limited
Aircraft Registration (Date of Delivery)	LN-LNA (28 June 2013) LN-LNB (23 August 2013) HS-TQC (29 October 2014) HS-TQD (9 December 2014)
Manufacturer Serial Number	MSN 35304 MSN 35305 MSN 36110 MSN 35320
Aircraft Type and Model	B787-8
Lessees	Norwegian Air Shuttle ASA Thai Airways International PCL
Website	www.dpaircraft.com

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

Aviation Market

The outlook and development in the aviation sector remains positive. In June 2016, the International Air Transport Association (IATA) raised its net profit outlook for 2016. It expects global airline profits to amount to USD 39.4 billion. This would mark the 5th year in a row of improving aggregated profits, notwithstanding the assumption that global GDP will increase by 2.3 per cent, which would be the slowest growth since 2010. In regard to this year's expected net profits, the regions of Asia-Pacific and Europe will only be outperformed by airlines in North-America. According to the Director General of the IATA, Alexandre de Juniac, "airline profitability is stronger than ever as a result of a better industry structure and efficiency gains". However, the aviation industry can be impacted by many external factors beyond its control and therefore remains a cyclic business. Passenger demand (Revenue Passenger Kilometres (RPK)) in August 2016 slowed, compared to the previous month's performance of July but still increased by 4.6 per cent compared to August 2015. As capacity (Available Seat Kilometres (ASK)) grew by 5.8 per cent, the load factor decreased by nearly 1 percentage point to 83.8 per cent. August numbers have been affected by European terrorist attacks but according to de Juniac, the impact is declining.

In 2015, the world share in air traffic (measured in RPKs) amounted to 31.5 per cent for the Asia Pacific region and 26.7 per cent for Europe. In August 2016, demand for the Asia Pacific region grew by 7.8 per cent, while capacity increased by 7.3 per cent. Therefore, the overall load factor slightly increased to 82.4 per cent. Demand for the European region grew by 2.7 per cent and capacity by 4.1 per cent. Although the overall load factor declined by 1.2 percentage points to 86.3 per cent, it is the highest amongst all regions. The impact of the above mentioned terrorist attacks mostly showed its impact on traffic to, from and within Europe. Traffic on routes between Europe and Asia only grew by 1.5 per cent as Asian leisure travellers seem to have substituted Europe for Asian destinations, as international traffic within the Asia Pacific region increased by 9.9 per cent.

New and improved technologies influence passengers' needs, and require airlines to adopt these changes to keep up with competitors. The IATA Global Passenger Survey this year revealed that passengers increasingly wish to have the same connectivity on board an airplane as they have on the ground. The number of participants wishing to use their own device on board (even to access the airlines on-board entertainment programmes), increased by 12 per cent to 51 per cent compared to the same survey a year ago. 85 per cent of the participating passengers would even be willing to share personal information for a more customised travel experience and improved time efficiency by taking advantage of offered digital self-service options substituting the traditional airport services on site (e.g. baggage self-tagging).

Both Airbus (Global Market Forecast 2016-2035) and Boeing (Current Market Outlook 2016-2035) continue to forecast that the global passenger and freighter fleet will at least double until 2035. According to Airbus the fleet in 2035 would account for 39,820 aircraft and 33,070 aircraft will be delivered within the next 20 years to either grow the fleet or to replace older aircraft. Boeing forecasts an even larger fleet of 45,240 aircraft in 2035 and expects 5,100 small wide-body aircraft (e.g. B787-8 and B787-9) to be delivered within the next 20 years. The manufacturer assumes that the biggest share of small wide-body aircraft will be delivered to the Asia-Pacific region, with 38 per cent delivered to carriers based in the Asia-Pacific region, 21 per cent to North American carriers and 19 per cent to airlines in Europe.

The Assets - Boeing 787-8s

As at 30 September 2016, 1,161 Boeing 787 aircraft had been ordered by 64 different customers. In July 2016, the Chinese air carrier, Ruili Airlines, became an additional customer ordering six B787-9 aircraft. Until end of September, 467 Dreamliner had been delivered of which 315 are the B787-8 model. The Boeing 787 Dreamliner is a two engine, long range mid-size aircraft, with a passenger capacity ranging from 242 seats (B787-8) to 330 seats (B787-10), in a two-class (Business and Economy class) configuration. The B787 is a favoured aircraft which is operated on all continents across different climatic conditions and by airlines with different business models. Boeing offers the Dreamliner with General Electric or Rolls-Royce Engines. DP Aircraft's four B 787-8s' are equipped with Rolls Royce engines. Recently All Nippon Airways (ANA) grounded five B787s due to an issue of corrosion of the installed turbine blades. The issue had not been classified as an Airworthiness Directive (AD) up to now but, as part of their safety standards, other operators, including Norwegian and Thai Airways, are observing their engines closely in line with Original Equipment Manufacturer (OEM) recommendations. The OEM itself is working very closely with ANA to ensure that the engine issue is corrected as soon as possible.

Norwegian has equipped its B787 fleet with a total of 291 seats, of which 32 are premium economy and 259 are economy class seats. This type of aircraft is used to fly from Europe to destinations in Asia, America and the Caribbean. Amongst others, the two LNA and LNB aircraft are operated on routes to Oakland, Fort Lauderdale, Boston, New York and Los Angeles. In November 2015, both LNA and LNB aircraft were inspected by DS Skytech Limited at the Boeing maintenance facilities at Copenhagen International Airport. Both aircraft were found to be in good condition with no significant defects or airworthiness related issues and their records are being maintained to an acceptable standard. The next inspection is planned to take place at the end of this year.

Thai Airways' B787 aircraft offer a total of 264 seats, of which 24 are business and 240 are economy class seats. The carrier operates this aircraft type on routes within the Asia-Pacific region. Recent destinations of TQC and TQD have been Beijing, Hanoi, Ho Chi Minh City, Singapore, Osaka, Nagoya, Delhi, Brisbane and Perth. Both aircraft, TQC and TQD, were inspected by DS Skytech Limited on 27th July 2016 at Bangkok's Suvarnabhumi International Airport. The inspection found the aircraft to be in good condition with no significant defects or airworthiness related issues and records are being maintained to an acceptable standard.

The charts below give a short overview of the utilisation of airframe and engines of each of the four aircraft.

AIRFRAME STATUS (30 September 2016)	Norwegian Air Shuttle LN-LNA		Norwegian Air Shuttle LN-LNB	
	TOTAL	September 2016	TOTAL	September 2016
Total Flight hours	14,703	455	16,030	456
Total Cycles	1,784	56	1,957	52
Average Monthly Utilisation	376 hours 45 cycles	---	430 hours 52 cycles	---
Flight hours/Cycles Ratio	8.24 : 1	8.13 : 1	8.19 : 1	8.77 : 1
ENGINE DATA (30 September 2016)				
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]	12,940	10,427	9,828	10,955
Total Cycles	1,596	1,327	1,089	1,305
Location	LNA	LNF	Workshop	LNB

AIRFRAME STATUS (30 September 2016)	Thai Airways International HS-TQC		Thai Airways International HS-TQD	
	TOTAL	September 2016	TOTAL	September 2016
Total Flight hours	7,861	293	7,057	364
Total Cycles	1,980	78	1,799	97
Average Monthly Utilisation	331 hours 83 cycles	---	316 hours 81 cycles	---
Flight hours/Cycles Ratio	3.97 : 1	3.75 : 1	3.92 : 1	3.75 : 1
ENGINE DATA (30 September 2016)				
Engine Serial Number	10239	10240	10244	10248
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]	7,578	7,861	7,057	7,057
Total Cycles	1,895	1,980	1,799	1,799
Location	TQB	TQC	TQD	TQD

The Lessees

Norwegian Air Shuttle ASA

Norwegian Air Shuttle, the third largest low cost carrier in Europe, has offered commercial air services since 1993. As at 30 September 2016, the airline's fleet includes 103 Boeing 737s and 11 Boeing 787s, excluding wet-leased aircraft. The network spanned 460 routes to 130 destinations on four continents. The airline received one Boeing 787-9 in the third quarter of 2016 and expects one more to be delivered by the end of the year. A further delivery of nine B787-9s is scheduled to take place in 2017. Norwegian expects to operate a fleet of 32 B787s by the end of 2018. In the third quarter 2016, the carrier received the award as "Europe's Leading Low-Cost Airline" by the World Travel Awards.

Third quarter 2016 results are the strongest quarterly results in Norwegian's company history. The number of transported passengers increased by 12 per cent to a total of 8.6 million compared to the same quarter in the previous year. Capacity grew by 16.6 per cent whereas traffic increased by 17.3 per cent. The load factor increased by 0.6 percentage points to 91.3 per cent, operating revenues increased by 15 per cent to NOK 8.36 billion (USD 1.04 billion) and EBITDAR grew by 26 per cent to NOK 2.57 billion (USD 320 million). The airlines stated an operating profit of NOK 1.37 billion (USD 171 million) which reflects an increase of 16 per cent. Net profit was up 19 per cent and augmented to NOK 993 million (USD 123 million). The results had been affected by foreign currency effects and forward fuel contracts, amongst other things. Yields decreased by 4 per cent due to high competition and decreasing fares. Unit revenue decreased by 3 per cent, meanwhile unit costs, excluding fuel, remained stable. Ancillary revenues per passenger increased by 10 per cent and provide a crucial source of income for low cost operators. Cash and cash equivalents as at 30 September 2016 were NOK 2.23 billion (USD 277 million).

Norwegian's strongest growth in regard to passenger numbers was in Spain which became the second largest market in terms of passenger origin. Norwegian's transatlantic services are not only booked by Europeans but also by US passengers. The carrier's CEO, Bjorn Kjos, is satisfied with the long-haul market. The seat load factor was 96 per cent in September 2016 and the growth in passengers was 50 per cent, compared to the same month the previous year.

In April 2016, the U.S. Department of Transportation (DOT) tentatively decided to grant a foreign air carrier permit to the carrier's Irish subsidiary, whereas a tentative approval for Norwegian's UK subsidiary was rejected this June. Final decisions of both applications are under review by the DOT and supported by the European Commission and the British Government respectively. However, the pending final approvals do not affect the carrier's current long-haul schedule. Norwegian operates 44 routes from the US and will further expand its US operations. The carrier began flying to the US out of Paris this summer and, according to Norwegian's Chief Operations Officer, Thomas Ramdahl, the load factor of these routes is in the 90 per cent range. In September, Norwegian Airlines announced it intends to start long-haul operations between Barcelona and the US in 2017. As Barcelona is one of the busiest cruise ports in Europe, American cruise ship passengers will be one of Norwegian's main target groups. Moreover, Norwegian has also looked into routes to South America; especially to and from Argentina and Chile. The carrier's target is to operate a long haul network of more than 50 routes and to increase capacity of its wide-body fleet by 60 per cent in 2017. Besides the already mentioned routes out of Barcelona, Oakland/San Francisco will become a new destination out of Copenhagen. Additionally, frequencies on existing routes will be increased and further new routes announced.

As the low cost carrier Norwegian has a first mover position with its business model of offering low cost long haul flights out of Europe to the US, the Caribbean and Thailand, the carrier might have higher costs to finance its fleet. In contrast, being the first in the market in 2013 might be advantageous as the airline might benefit from a more competitive fleet size and brand awareness compared to competitors. Apart from Norwegian, only the European low-cost carriers WOW air (Iceland) and Eurowings (Germany), as well as the Canadian low-fare airline WestJet, have commenced transatlantic long-haul flights since 2014, 2015 and 2016 respectively.

At the beginning of the fourth quarter, pre-bookings and demand for air transportation have been satisfying for Norwegian. The airline's estimation regarding capacity growth remains unchanged at 18 per cent in total and 40 per cent for long-haul operations. The airline intends to increase its cost efficiency through the delivery of B787-9 aircraft. Whereas the B787-8 variant is an adequate aircraft to open new routes and to be operated on routes with lower traffic volume or on routes between secondary airports, the bigger model B787-9 is suitable on established routes with strong demand and high traffic volumes. These two variants of the same aircraft family provide Norwegian with an increasing flexibility in network planning and with the ability to maximise profits with only a minor rise of fleet complexity.

Thai Airways International PCL

The full-service network carrier Thai Airways International Public Company Limited is the flag carrier of the Kingdom of Thailand and majority-owned by the Thai Government (51.03 per cent). In 2015, around 21.25 million passengers flew with Thai Airways. As at 30 June 2016, Thai's fleet consisted of 94 aircraft. The airline operates six B787-8s and has two more B787-9s on order. Furthermore, the carrier received one Airbus A350-900 in the third quarter and a second one is scheduled to be delivered later this year. Thai's CEO, Jotikasthira, sees the latest aircraft models, Boeing 787 and Airbus A350, as good replacement aircraft allowing for further retirements of older aircraft types. Thus, the B787 plays a key role in winning customers on routes to and from Japan on which the carrier competes with Japanese full service carriers deploying B787 aircraft as well. In November, the carrier will launch direct services between Phuket and Frankfurt. New or resumed destinations out of Bangkok are or will be Moscow, Teheran, Copenhagen and Stockholm.

The second quarter and first half results 2016 show an improvement in Thai's financial results. Although revenues slightly decreased by 1.3 per cent to THB 41.2 billion (USD 1.20 billion) in the second quarter, costs declined by 7.5 per cent to THB 41.7 billion (USD 1.21 billion) compared to the same quarter last year. Costs excluding fuel decreased by 0.7 per cent. The carrier stated an operating loss of THB 1.8 billion (USD 51 million) compared to an operating loss of THB 4.7 billion (USD 139 million). Net loss declined by THB 9.8 billion (USD 279 million) to THB 3.0 billion (USD 89 million). The results have been impacted by one-off items: an impairment loss of THB 1.9 billion, expenses of THB 0.4 billion in regard to the Mutual Separate Plan (e.g. early retirement) and a gain of THB 0.6 billion due to foreign currency effects. Capacity slightly decreased by 0.2 per cent whereas demand decreased by 0.6 per cent. Consequently, the cabin factor slightly declined, whereas the yield stayed stable.

In the first half of 2016, revenues decreased by THB 2.0 billion to THB 91.4 billion (USD 2.60 billion) and costs declined by THB 7.5 billion to THB 83.4 billion (USD 2.38 billion) compared to the first half in the previous year. Costs excluding fuel decreased by 1.1 per cent. Operating profit was THB 5.4 billion (USD 154 million) compared to an operating loss of THB 0.2 billion (USD 6 million). Thai stated a net profit of THB 3.1 million (USD 88 million) compared to a net loss of THB 8.2 billion (USD 243 million) in the same period in 2015. The yield decreased by 2.0 per cent whereas aircraft utilisation, total passenger numbers and cabin factor slightly increased. Passenger demand rose by 0.2 per cent while capacity decreased by 1 per cent. Similar to most international airlines, Thai Airways has foreign currency exposure, especially to US Dollars, whereas 6 per cent of revenues are earned in US Dollars and 47 per cent of expenses are denominated in US Dollars. Therefore, as part of the restructuring programme "Transform", the carrier is focusing on introducing measures to minimise foreign currency losses. According to the unaudited consolidated statements, cash and cash equivalents as at 30 June 2016 were THB 15.4 billion (USD 437 million).

The airline is planning a second early retirement programme and continues to pursue its objective of returning to profitability in 2016. Thai Airways intends to increase its ticket sales in Europe by 10 per cent this year and, to further improve connectivity of transfer flights, attract more foreign passengers travelling to destinations outside of Thailand. This September, Thailand and Cambodia signed a memorandum of understanding which will lift the capacity limits for the carriers operating between these two countries. Furthermore it will allow the airlines to operate services to third countries (Seventh Freedom of the Air). Thailand and Laos have also amended their air service agreement and significantly raised the number of permitted seats on routes between both countries. Thai Airways and the Star Alliance carrier, Eva Air, signed a codeshare partnership including the route between Taipei and Bangkok operated by both airlines. Thai will

also place its code on Eva Air operated North American services out of Taipei. In 2017, the carrier will enter the third and last step of the restructuring plan and put stronger emphasis on sustainable growth of Thai Airways.

Material Events since July 2016

July 2016

Result of AGM (18 July 2016)

The Board of the Company was pleased to announce that all of the resolutions put to shareholders at the AGM held on 18 July 2016 were passed.

Interim Dividend (18 July 2016)

The Company declared an interim dividend, in respect of the quarter ended June 2016, of 2.25 cents per Share, to holders of Shares on the register at 29 July 2016. The ex-dividend date was 28 July 2016, and payment was made on 15 August 2016

Change of Administrator (19 July 2016)

Following a strategic review by Fidante Partners (Guernsey) Limited and discussions with the Company, the Company appointed Aztec Financial Services (Guernsey) Limited ('Aztec') as its Administrator in Guernsey with immediate effect. The key staff responsible for the Group's administration services also transferred to Aztec, thus providing continuity of services.

The Company's registered office also changed to East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, with immediate effect.

August 2016

Unaudited Condensed Consolidated Interim Report (24 August 2016)

The Company announced the Unaudited Condensed Consolidated Interim Report for the six month period ended 30 June 2016.

October 2016

Interim Dividend (19 October 2016)

The Company declared an interim dividend, in respect of the quarter ended September 2016, of 2.25 cents per Share, to holders of Shares on the register at 28 October 2016. The ex-dividend date was 27 October 2016, and payment is expected to be made on 14 November 2016

Investor Information

The latest available portfolio information can be accessed by eligible Shareholders via www.dpaircraft.com

Enquiries:

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