

13 June 2017

DP AIRCRAFT I LIMITED (the “Company”)

INTERIM UPDATE

The Company is issuing this report for the period from 28 October 2016 to 26 May 2017 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 14 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 18 August 2017. 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	USD1.073 as at 26 May 2017
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

2016 proved to be a strong year for the aviation market, with demand (measured by reference to Revenue Passenger Kilometres (RPK)) growing by 6.3 per cent; this exceeded the ten year average growth rate of 5.5 per cent according to the International Air Transport Association (IATA). Capacity (Available Seat Kilometres (ASK)) increased by 6.2 per cent, while the load factor remained stable compared to 2015. According to the International Civil Aviation Organization (ICAO), all geographic regions reported positive growth in capacity, with the three regions of Asia Pacific, Europe and North America accounting for 82 per cent of global capacity. IATA anticipates that 3.7 billion passengers were transported worldwide and around 700 routes were newly established during the course of the year. Demand for international air traffic operated by Asian Pacific carriers increased by 8.3 per cent, while capacity went up by 7.7 per cent and the load factor increased slightly to 78.6 per cent. European carriers recorded an increase of 4.8 per cent in demand for international traffic while capacity rose by 5.0 per cent.; the load factor consequently dropped slightly to 82.8 per cent, but remains the highest among the geographical regions. European carriers recorded an improvement in passenger volumes, particularly in the second half of 2016.

First quarter traffic results 2017 were strong according to IATA. In March, European carriers reported an increase of 5.7 per cent in international passenger demand while Asian Pacific carriers reported an increase of 9.1 per cent compared to the same month in 2016. While European carriers have benefitted from the momentum of the region's economy, routes between Asia and Europe continue to recover from terrorism-related disruptions in early 2016. Air traffic increased by 6.8 per cent while capacity grew by 6.1 per cent.

In contrast to 2016, which is expected to register the airline industry's highest ever annual net profit (amounting to USD 35.6 billion), conditions for airlines are expected to tighten in 2017; mainly as it is assumed that the price of jet fuel will rise, and will account for 18.7 per cent of airlines' costs. Nevertheless, IATA expects global airline profits to amount to USD 29.8 billion in 2017. It is anticipated that new destinations will increase by 4 per cent and that USD 769 billion (about 0.9 per cent of global GDP) will be spent on air transport. Moreover, governments are expected to receive USD 123 billion in tax revenues generated by airlines and their passengers.

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 by 2035. According to Airbus, the fleet in 2035 will comprise 39,820 aircraft with 33,070 aircraft being 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, with new aircraft deliveries valued at more than USD 5.9 trillion. Furthermore, the manufacturer expects 38 per cent of these aircraft to be delivered to operators based in the Asia Pacific region, 40 per cent to North American and European carriers and 22 per cent to carriers based in the Middle East, Latin America, the Commonwealth of Independent States and Africa.

In the last 20 years, the cost of air transportation has halved whereas connectivity and city-pairs have doubled. On a daily basis approximately 10 million people are transported on circa. 100,000 flights. Air traffic supports about 63 million jobs, over half of them in the tourism sector, as well as 3.5 per cent of global GDP. This results in air traffic playing a major role in globalisation, trade and tourism.

The Assets - Boeing 787-8s

As at 30 April 2017, the aircraft manufacturer Boeing had delivered 541 aircraft belonging to the Dreamliner Boeing 787 family, of which 334 aircraft are B787-8s and 207 aircraft are B787-9s. The total order for this aircraft family amounts to 1,213 aircraft. As at the end of 2016, the B787 was in service with 48 operators spread across all continents and applying different business models. Aircraft from the B787 family are operated on all continents. Today, more than 130 new non-stop routes operated by B787 aircraft are in service or have been announced. In May 2017, Boeing announced an order for 10 Dreamliners by the Canadian air carrier WestJet, who became a new customer of this aircraft family.

Norwegian has equipped its B787 fleet with a total of 291 seats, of which 32 are premium economy and 259 economy class seats. This type of aircraft is used to fly from Europe to destinations in Asia, America and the Caribbean including, amongst others, New York, Fort Lauderdale and Bangkok. During the summer peak season the airline deploys B787s on some of its Oslo-Nice flights as well. Since the acquisition by DP Aircraft I Limited of the two aircraft LNA and LNB in 2013, Norwegian has met all of its lease obligations in full. In December 2016, aircraft LNA was inspected by DS Skytech Limited at the Boeing maintenance facilities at Copenhagen International Airport. Aircraft LNB was inspected on 6 April 2017 at the British Airways Maintenance facilities in Cardiff during Base Maintenance (every 6,000 flight hours).

Both aircraft and their technical records were found to be in good condition with no significant defects or airworthiness related issues.

Thai Airways' B787 fleet offers a total of 264 seats, of which 24 are business and 240 economy class seats. The carrier operates this aircraft type to destinations within the Asia-Pacific region such as Beijing, Delhi, Phuket, Nagoya and Brisbane. Since DP Aircraft I Limited acquired the two aircraft TQC and TQD in 2015, Thai Airways has met all of its lease obligations in full. In July 2016, both aircraft, TQC and TQD, were inspected by DS Skytech Limited at Bangkok International Airport. The inspection found the aircraft and their technical records to be in good condition with no significant defects or airworthiness related issues.

Thai Airways has requested permission to modify the aircraft through the installation of a crew rest compartment and the introduction of in-flight connectivity equipment (including a Wi-Fi antenna). The flight crew and flight attendant rests will be fitted overhead in order to minimise the loss of cargo and cabin holds; although passenger capacity will be reduced by two Business and six Economy class seats, it will allow the airline to operate the B787s more efficiently within the network and to deploy them on longer routes. As on-board Wi-Fi connectivity becomes more common, the installation of a Wi-Fi antenna for a network carrier represents a logical proposal from a commercial perspective. Initial designs, plans and engineering will be performed by the Boeing Company. Physical installation is scheduled to take place in December 2017 and January 2018, over the course of approximately three weeks in each instance, and will be conducted by Boeing Shanghai. All costs of the process will be borne by Thai Airways, and the modifications made will remain part of the aircraft upon expiry of the lease agreements with Thai Airways and the return of the assets to the Company. Thai Airways will be obliged to continue lease payments to the Company during downtime, and any modifications to the aircraft will be made in accordance with the relevant OEM manuals and will be approved by the Federal Aviation Administration and the Civil Aviation Authority of Thailand. It is considered that these modifications will improve both the marketability and the value of the assets. The request by Thai Airways has therefore been approved by the Board.

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

AIRFRAME STATUS (30 April 2017)	Norwegian Air Shuttle LN-LNA		Norwegian Air Shuttle LN-LNB	
	TOTAL	April 2017	TOTAL	April 2017
Total Flight hours	18,002	487	19,280	355
Total Cycles	2,156	56	2,334	52
Average Monthly Utilisation	391 hours 47 cycles	---	436 hours 53 cycles	---
Flight hours/Cycles Ratio	8.35 : 1	8.70 : 1	8.26 : 1	6.83 : 1
ENGINE DATA (30 April 2017)				
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]	15,639	13,707	9,828	14,191
Total Cycles	1,904	1,700	1,089	1,683
Location	LND	LNF	Workshop	LNB

AIRFRAME STATUS (30 April 2017)	Thai Airways International HS-TQC		Thai Airways International HS-TQD	
	TOTAL	April 2017	TOTAL	April 2017
Total Flight hours	10,418	376	9,584	380
Total Cycles	2,542	90	2,374	92
Average Monthly Utilisation	347 hours 85 cycles	---	338 hours 84 cycles	---
Flight hours/Cycles Ratio	4.10 : 1	4.18 : 1	4.04 : 1	4.13 : 1
ENGINE DATA (30 April 2017)				
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]	9,933	9,846	8,077	9,220
Total Cycles	2,387	2,415	2,041	2,277
Location	TQB	TQD	TQB	TQA

The Lessees

Norwegian Air Shuttle ASA

Norwegian Air Shuttle, the third largest low cost carrier in Europe, has offered commercial air services since 1993. In 2013, Norwegian launched long-haul services and as at 31st March 2017 had a fleet of 124 passenger aircraft including 13 Boeing 787s. The airline received one Boeing 787-9 in the first quarter 2017. The airline is aiming to have a fleet of 21 B787s by the end of 2017. As at 31st March 2017, Norwegian Air Shuttle had 23 operational bases and operated a total of 482 routes to 133 destinations on four continents. In 2016, the airline had nearly 30 million passengers transported, with 30 per cent of intercontinental passengers transferred to intra-European flights. Since 2013, the carrier has transported more than 4 million passengers between Europe and the U.S. In 2016, the airline was awarded the "World's Best Long Haul Low-Cost Airline" for the second time and "Europe's Best Low-Cost Airline" for the fourth year in a row by Skytrax. In 2017, Brand Finance ranked Norwegian the 31st most valuable airline brand worldwide after having been ranked at 44 the previous year.

For the financial year 2016, Norwegian Air Shuttle reported operating revenues of NOK 26.05 billion (USD 3.03 billion) which is an increase of 16 per cent on the previous financial year. Ancillary revenues per passenger increased by 5 per cent, while unit revenue and yield decreased by 3 per cent and 5 per cent respectively. Unit costs, including fuel, decreased by 3 per cent whereas unit costs, excluding fuel, increased by 2 per cent. Operating profit was up 423 per cent and amounted to NOK 1.82 billion (USD 212 million), while net profit grew by 361 per cent to NOK 1.14 billion (USD 132 million). The carrier's results were influenced by strong network expansion, continued revenue growth, efficiency improvements and lower fuel costs as well as by the weaker Norwegian currency and unrealised gains on fuel hedges for the years 2017 and 2018. Capacity grew by 18 per cent and demand increased by 20 per cent, and the load factor consequently improved by 1.5 percentage points to 87.7 per cent. 34 new routes were opened and 23 aircraft, including four B787-9s, were delivered. As at 31 December 2016, cash and cash equivalents stood at NOK 2.32 billion (USD 271 million) and total assets amounted to NOK 37.76 billion (USD 4.40 billion).

In the first quarter 2017, operating revenues increased by 9 per cent to NOK 5.41 billion (USD 632 million) compared to the same quarter in the previous year. Ancillary revenues per passenger remained stable but increased by 15 per cent in total. Operating losses were NOK 1.70 billion (USD 199 million), an increase of 90 per cent, while net losses rose by 86 per cent to NOK 1.49 billion (USD 174 million). The first quarter was affected by increasing fuel prices, a strengthening krone and a relatively late Easter. Norwegian Air Shuttle continues to grow, with passenger increase of 14 per cent in the first quarter of 2017 compared to the same quarter in 2016.

The biggest share of passengers originated in Norway, Spain and Sweden; and the strongest growth rates in passenger numbers were recorded in U.S., Spain and France. Capacity grew by around 24 per cent and demand by 23 per cent; the load factor therefore decreased slightly by 0.8 per cent to 84.4 per cent. Cash and cash equivalents as at 31 March 2017 were NOK 4.76 billion (USD 556 million) and total assets amounted to NOK 40.96 billion (USD 4.79 billion).

In 2017, the airline plans to take delivery of 32 new aircraft, including nine B787-9s, hire an additional 2,000 employees and launch 50 new routes, of which 39 have already been launched during the first quarter of 2017. In April, the airline announced three new long haul routes out of London Gatwick to Singapore, Denver and Seattle. A global partnership with Expedia has been entered into offering benefits to Norwegian's loyal customers, including access to exclusive rates at a wide range of hotels. The carrier anticipates 60 per cent capacity growth on long haul routes and 30 per cent growth in total. In January, Norwegian established an Argentinian subsidiary and applied for an Argentinian Air Operator's Certificate (AOC). In May, Norwegian's Board gave approval for the set-up of operations to proceed. The first routes are anticipated to be launched and opened for sale by the end of 2017.

Thai Airways International PCL

Thai Airways International Public Company Limited, with its headquarters in Bangkok, is a full-service network carrier and flag carrier of the Kingdom of Thailand. It is majority-owned by the Thai Government (Ministry of Finance) (51.03 per cent) and has a fleet of 94 aircraft as at 31st March 2017, including six B787-8s. Two B787-9s are on order as part of the airline's fleet renewal plan. The carrier transported more than 22 million passengers in 2016 and flies from Bangkok to over 63 destinations in 34 countries. The carrier received ten awards during 2016, amongst others two from Skytrax as "the World's Most Improved Airline for Service Quality" and "World's Best Airline Lounge Spa". In May 2017, the Thai low cost carrier Nok Air issued new shares and generated proceeds of THB 1.2 billion (USD 35 million). Thai Airways, which at the time had a stake of 39.20 per cent, did not increase its shareholding so the percentage which it holds has been reduced to 17.63 per cent. Thai Airways remains the single largest shareholder of Nok Air.

The restructuring plan, "Transformation", seems to be proving successful in regard to the financial results and improving customer satisfaction. Thai Airways, including all subsidiaries, returned to profitability in 2016. The carrier reported an operating profit of THB 4.07 billion (USD 113 million) compared to a loss of THB 1.30 billion (USD 36 million) in 2015. Net profits were THB 47 million (USD 1.3 million) compared to a net loss of THB 13.05 billion (USD 362 million) in 2015. Net profits were impacted by one-time cost items of THB 1.32 billion, expenses of the Transformation plan of THB 1.23 billion, and impairment losses of THB 3.63 billion; but benefited from foreign currency exchange gains of THB 685 million. Although total revenues decreased by 4.3 per cent to THB 180.56 billion (USD 5.03 billion), total expenses declined by 7.1 per cent to THB 176.49 billion (USD 4.92 billion). Capacity grew by 1.9 per cent whereas demand increased by 2.5 per cent and the load factor slightly improved to 73.4 per cent. Passenger numbers increased by 4.8 per cent and aircraft utilisation increased by 5.5 per cent to 11.5 block hours per aircraft per day compared to 2015. Cash and cash equivalents as at 31 March 2017 stood at THB 13.39 billion (USD 373 million) and total assets were THB 283.12 billion (USD 7.89 billion).

First quarter results for 2017 showed revenues of THB 49.80 billion (USD 1.44 billion) which is a slight decrease of 0.8 per cent compared to the same quarter in the previous year, in consequence of high competition and lower fuel surcharges. While capacity grew by 4.4 per cent, demand increased by 11.6 per cent and the load factor improved from 77.5 per cent to 82.8 per cent. Passenger numbers increased by 10.1 per cent to 6.52 million and aircraft utilisation rose by 7.8 per cent to 12.4 block hours per aircraft per day. Operating profits decreased by 60.1 per cent to THB 2.87 billion (USD 83 million) and net profits declined by 47.3 per cent to THB 3.17 billion (USD 92 million). Results were impacted by the 45.8 per cent increase in average jet fuel prices compared to the same period in 2016. Cash and cash equivalents stood at THB 13.61 billion (USD 395 million) and total assets were THB 283.00 billion (USD 8.21 billion) as at 31 March 2017.

Passengers travelling in and out of Bangkok increased by 2.7 per cent, whereas the total number of tourists grew by 1.7 per cent in the first quarter of 2017 compared to the same quarter in 2016. As a result of the ICAO audit and downgrade of Thailand, the former department of Civil Aviation has been replaced by the Civil Aviation Authority of Thailand (CAAT). Airlines need to be re-certified with new AOCs to continue international operations after 1 July 2017. Thai Airways received its new AOC on 8 May 2017.

This year, Thai Airways has entered the third and final stage, "sustainable growth", of its restructuring plan. This includes, amongst other things, the use of a single home-base airport (Bangkok Suvarnabhumi) for both Thai Airways and Thai Smile since January 2017, as well as the introduction of a new internet and mobile sales platform to facilitate internet bookings. In April, Thai Airways signed a Memorandum of Understanding with Airbus and Thai Royal Navy to develop U-Tapao as an MRO (Maintenance, Repair and Overhaul) centre, offering line and heavy maintenance services as well as air cargo and a logistic hub. Furthermore, the airline intends to expand into new markets and focus on new routes to India, China and the ASEAN member states. Part of the network growth includes codeshare agreements with Bangkok Airways. The carrier also plans to enhance the travel experience and to retrofit passenger seats and entertainment systems to achieve consistency across its entire passenger fleet. The implementation of a new First Class

and short haul Business Class to upgrade the premium product has been announced as well. The installation of the previously mentioned crew rest and in-flight connectivity to all B787s within the fleet of Thai Airways will further increase fleet flexibility as it will enable the airline to operate this aircraft type into Europe as well.

Material Events since November 2016

November 2016

Interim update (4 November 2016)

The interim investor update report for the period 22 July 2016 to 27 October 2016 was published.

Notification of major interest in shares (16 November 2016)

On 16 November 2016, a notification of major interest in shares was published, in relation to the 22%-23% threshold that was crossed by Prudential plc group of companies.

January 2017

Interim Dividend (18 January 2017)

The Company declared an interim dividend, in respect of the quarter ended December 2016, of 2.25 cents per Share, to holders of Shares on the register at 27 January 2017. The ex-dividend date was 26 January 2017, and payment was made on 13 February 2017.

April 2017

Annual Report and Accounts (6 April 2017)

The Annual Report and Consolidated Financial Statements for the year ended 31 December 2016 was published.

Announcement of modification by Thai Airways (12 April 2017)

The Board of Directors of DP Aircraft I Limited announced that Thai Airways, lessee of two of the Company's B787s (serial numbers MSN 36110 and MSN 35320), had requested permission to modify the aircraft through the installation of a crew rest compartment and the introduction of in-flight connectivity equipment (including a Wi-Fi antenna). The request was approved by the Board.

Interim Dividend (20 April 2017)

The Company declared an interim dividend, in respect of the quarter ended March 2017, of 2.25 cents per Share, to holders of Shares on the register at 28 April 2017. The ex-dividend date was 27 April 2017, and payment was made on 19 May 2017.

Investor Information

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

Enquiries:

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