RNS Final Results

ANNUAL REPORT AND ACCOUNTS

DP AIRCRAFT I LIMITED

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DP Aircraft I Limited
28 April 2023

28 April 2023

DP Aircraft I Limited (the 'Company')

Annual Report and Accounts

The Company is pleased to provide a copy of the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2022 (the "Annual Report"), which is available from the Company's registered office and 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 FOR THE YEAR ENDED 31 DECEMBER 2022

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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$ 0.045 at 31 December 2022
Profit per Share	US$ 0.03 for the year ended 31 December 2022
Country of Incorporation	Guernsey
Current Ordinary Shares in Issue	239,333,333
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	HS-TQD HS-TQC
Aircraft Serial Number	35320 36110
Aircraft Type and Model	B787-8
Lessees	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

SUMMARY

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 made its investment in aircraft held through two wholly owned subsidiary entities, 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 one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company. The Company and its consolidated subsidiaries, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited and DP Aircraft UK Limited comprise the consolidated Group (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.

On 13 July 2022 the Company raised gross proceeds of $750,000 through the issue of 30,000,000 new ordinary shares in the capital of the Company at a price of US$0.025 per new ordinary share. The new ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 15 July 2022.

In total there are now 239,333,333 Ordinary Shares in issue with voting rights.

In addition to the equity raised above in 2013 and 2015, the Group also utilised external debt to fund the initial acquisition of the aircraft. Further details are given within this summary section.

INVESTMENT OBJECTIVE & POLICY

The Company and Group'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 provided 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.

SUMMARY (CONTINUED)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Group recognises the Paris Agreement on climate change. The Group operates NTA ('New Technology Aircraft') - specifically Boeing 787-8's equipped with Rolls Royce Trent-1000 engines which are 20% more fuel efficient on a revenue-per-kilometre basis than similar comparable current technology legacy aircraft. The Board has taken steps to reduce its own travelling and maximises the use of virtual meetings within the board and with all its key service providers.

CORONAVIRUS ('COVID-19')

COVID-19 has had a significant impact on the airline sector, and by extension the aircraft leasing sector. More information is provided below and in the Asset Manager's Report.

THAI AIRWAYS INTERNATIONAL PCL ('THAI AIRWAYS' / 'THAI')

The suspension of travel due to COVID-19 in 2020 resulted in Thai Airways entering into business rehabilitation. The Central Bankruptcy Court approved Thai's Business Rehabilitation plan on 15 June 2021. The rehabilitation process is currently ongoing, please refer to the Asset Manager Report on pages 10 to 19 for more details regarding the rehabilitation process.

The Group signed a Letter of Intent ('LOI') dated 1 March 2021 with Thai Airways under which the parties agreed to amend the lease terms that existed then. The actual lease agreement reflecting the terms set out in the LOI was signed on 1 April 2022. The effective date for the lease modification was agreed by both parties as 15 June 2021.

The new lease terms provided for a power by the hour ('PBH') arrangement until 31 December 2022 (with rent payable by reference to actual monthly utilisation of the Thai aircraft and engines), with scaled back monthly fixed lease payments thereafter until October 2026 for aircraft MSN 36110 and December 2026 for aircraft MSN 35320 reflecting reduced market rates in the long-haul market. The lease term can be extended for a further 3 years to October and December 2029 respectively, with further scaled back monthly lease payments starting from November 2026 and January 2027. The Extension Period is however subject to agreement with the Group after consulting the Lenders. Given the uncertainty around the lease extension, the lease terms are considered to be the period up to October and December 2026.

A corresponding agreement was reached with the lenders as detailed below.

DEKABANK DEUTSCHE GIROZENTRALE AND THREE OTHER CONSORTIUM MEMBERS ('DekaBank')

On 6 May 2021, subsequent to the LOI being entered into by the Group and Thai as described above, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms, First Amendment and Restatement to the Loan Agreements. Repayments of principal were deferred until after the end of the PBH arrangement (31 December 2022), and a new repayment schedule was to be renegotiated close to the end of the PBH arrangement.

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreement in which the parties agreed on the following main terms:

SUMMARY (CONTINUED)

DEKABANK DEUTSCHE GIROZENTRALE AND THREE OTHER CONSORTIUM MEMBERS ('DekaBank') (CONTINUED)

- the total loan amount outstanding was split into two tranches:
  - Facility A loan of US$ 61,144,842 made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
  - Facility B loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.
- USD 2.36m of surplus cash generated under the PBH period was used to immediately repay debt on the amortizing Facility A loan in February 2023, while an agreed cash reserve of US$ 500,000 per aircraft will be retained to cover unforeseen costs going forward.
- the interest rate swap currently in place for the scheduled debt was dissolved at no net gain or loss.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is legally restricted so that those funds are only payable to the lenders, and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

Due to the limited liquidity position of the Group, restructuring fees associated with the second amendment and restatement will be paid after the eventual remarketing of the aircraft, subject to surplus sales proceeds being realised.

IMPAIRMENT

In line with each reporting date, but more relevant in light of the continuing impact of COVID-19 and market capitalisation of US$ 10.8 million at 31 December 2022, a detailed impairment assessment of the aircraft was undertaken. Following this review an impairment of US$ nil (31 December 2021: US$ nil) was booked against the aircraft. See note 3 for further details regarding the impairment and comments under Highlights on page 7 where comment regarding the difference between net asset value and market capitalisation.

DISTRIBUTION POLICY

Under normal circumstances, the Group 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 originally targeted a quarterly distribution in February, May, August, and November of each year. The target distribution was US$ 0.0225 per share per quarter. The dividends were targets only with no assurance or guarantee of performance or profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all.

Due to the impact of COVID-19 on the aviation industry and therefore our lessor, the Board suspended the payment of dividends from 3 April 2020 until further notice. This suspension remains in place to date. Any lease rental payments received by the Company in respect of the Thai aircraft are expected to be applied exclusively towards the running costs of the Company and its subsidiaries, and as a priority towards interest and principal repayments to the DekaBank. Given this backdrop the Company feels that there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution during the remaining lease period. The Board and its advisers will continue to consult with shareholders and its advisors in the future with a view to determining the best course of action to take for the future of the Company.

HIGHLIGHTS

RESULTS FOR THE YEAR

Results for the year ended 31 December 2022 is a profit after tax of US$ 7,660,823 (profit per share US$ 0.03). For the year ended 31 December 2021 there was a loss after tax of US$ 21,859,073 (loss per share US$ 0.10).

The results for the period ended 31 December 2022 are mainly driven by rental income earned of US$ 16,462,372 (31 December 2021: US$ 18,391,211), a provision on straight lining lease asset of US$ 1,591,516 (31 December 2021: US$ 12,508,499) and finance costs incurred of US$ 4,860,305 (31 December 2021: US$ 5,869,097).

Refer to page 43 for full details of results for the period.

NET ASSET VALUE ('NAV')

The NAV for the reporting period was US$ 0.18692 per share at 31 December 2022 (31 December 2021: US$ 0.17366). NAV per share has increased due to the profit made during the year (see above). The NAV excluding the financial effects of the straight-lining lease asset was US$ 0.13662 per share at 31 December 2022 (31 December 2021: US$ 0.15086).

The straight-lining lease asset represents the result of straight lining of future fixed Thai lease payments over the lease term and will reduce to nil over time. Therefore, the NAV excluding the straight-lining lease asset is presented to provide what the Directors consider to be a more relevant assessment of the Group's net asset position.

	As of 31 December 2022		As at 31 December 2021	
	US$	US$ per share	US$	US$ per share
NAV per the financial statements	**44,736,121**	**0.18692**	**36,352,122**	**0.17366**
Less: Straight-lining lease asset	(13,525,502)	(0.05651)	(4,772,296)	(0.0228)
Add Provision for straight lining lease asset	1,486,453	0.00621	-	-
NAV excluding straight-lining lease asset	**32,697,072**	**0.13662**	**31,579,826**	**0.15086**

As at 31 December 2022 the price per share was US$ 0.045 which is significantly lower than the NAV per share above. The reason for the difference is due to the market price per share reflecting other factors such as market sentiment that cannot be accounted for in a set of annual financial statements. The main asset in the Group, the aircraft, has been assessed for impairment (see note 3) - with no resulting impairment for the period. Other significant assets comprise cash and receivables whose values are considered to be reflective of fair value due to their short-term nature. Therefore, the low share price is not indicative of a need for further impairment to the assets of the Group.

DIVIDENDS

As previously outlined the result of the Coronavirus pandemic on global aviation and particularly on its lessees; the company suspended dividends on 3 April 2020 until further notice to help preserve liquidity. Further details on the impact of the COVID-19 pandemic can be found within the Summary, the Asset Manager's Report, and the Directors' Report. Furthermore, in accordance with the second amended loan agreement with DekaBank, the Group will make no dividend payments while loan deferrals remained outstanding under the amended loan agreement.

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 Group for the year ended 31 December

2022.

The profit per share for the year was US$ 0.03429 compared to a loss per share of US$ 0.10442 for the same period last year. The net asset value per share at the year end was US$ 0.18692 compared to US$ 0.17366 at 31 December 2021.

IFRS requires rental income to be recognised on a straight-line basis over the remaining lease period and consequently the accounting treatment has resulted in some income being recognised earlier than would normally be the case. In addition, IFRS requires a provision to be made against that additional income which has been estimated based on recent credit reports on Thai. Please refer to page 7 which explains the net impact of this on the profit for the period and the NAV of US$ 0.0503 per share.

The Company raised $750,000 in equity following a successful tap issue in July. Some service providers and the directors will continue to defer some amounts due. The focus of the Company remains the preservation of the Group's long-term financial stability and asset values. The Company believes the 787 remains an attractive asset.

During the period we have seen an improvement in the global aviation market following the challenges resulting from the effects of the COVID-19 pandemic on its operations. Today, the slight optimism we were experiencing at the beginning of 2022 has continued. However, some challenges remain. The resultant pressures from the Ukraine war have created additional pressures beyond Covid for the aviation industry not least on jet fuel price increases. The combined situation of Covid impacting Chinese inbound tourism to Thailand and the loss of Russian tourists following the Ukraine war has had a negative impact on tourism - Thailand's biggest industry - in 2022. With Covid restrictions in China being lifted there is cause for some optimism in tourism numbers from that sector in 2023.

Our aircraft utilisation during the year was above expectation and the resulting Power by the Hour (PBH) income was higher than expected. From 2023 our aircraft are operating on fixed monthly lease payments with Thai until December 2026, reflecting the reduced lease rates now seen in the market.

As previously noted, the lease term on the leases may be extended by a further 3 years to October 2029 for aircraft MSN 36110 and December 2029 for aircraft MSN 35320, with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively, and the Group retaining a right of early termination in October and December 2026 after consultation with the Lenders. Both aircraft are being well utilised and serving markets in the Asian region from Thai's Bangkok hub.

Long-haul travel has picked up in nearly all markets growing the demand for wide body aircraft. Delayed deliveries for new equipment like Boeing's 787 and 777-8/9 are further strengthening this demand. Thai is currently progressing through its Rehabilitation Plan and it is expected this may be successfully concluded in early Q2 2024. Thai is also expected to raise further equity over the coming year.

This would allow us to take advantage of upcoming opportunities and manage the company into a sustainable position. The Board and the Asset Manager remain fully committed to extract the highest possible value for shareholders in this process.

After a significant amount of work undertaken by the Board, the Group has concluded the Loan restructuring with the Lenders and a final balloon repayment of $69.5 million for both loans was announced in March.

CHAIRMAN'S STATEMENT (CONTINUED)

As previously noted, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution prior to the end of the lease term. The key uncertainty remains the outlook for Thai and the airline industry particularly with higher fuel prices, the impact of inflation and a slowing economy on travel demand and the knock on effect these factors may have on aircraft values and Thai.

I would like to thank the Board and its service providers for their continued significant support over the period. I would like to thank our Investors for their continued support in the Group. The Board and its advisers will continue consulting with investors on an ongoing basis.

Jonathan Bridel
Chairman

ASSET MANAGER'S REPORT

THE AIRLINE MARKET

General overview of current airline industry situation

As COVID-19 rules are relaxed and more passengers travel, revenues are increasing. The International Air Transport Association (IATA) predicts that the global airline industry will return to profitability in 2023, despite continued worries about financial losses brought on by pandemics, rising prices, and cost constraints. Although 2022 presented a number of difficulties for airlines, including growing operational expenses, labour shortages, strikes, and disruptions in major global hubs, they were nevertheless able to reduce losses due to the rise in demand for air travel combined with significant operational cost cutting measures. Airlines are anticipated to have a comparatively small net profit of $4.7 billion in 2023, or a net profit margin of 0.6%. This would represent the industry's first profit since 2019, when net profits totalled $26.4 billion (3.1% net profit margin). In 2022, airline net losses are expected to be $6.9 billion (an improvement on the $9.7 billion loss for 2022 in IATA's June outlook). Which in turn is significantly better than losses of $42.0 billion and $137.7 billion that were realized in 2021 and 2020 respectively.

A return to industry profitability in 2023 (Expectation)

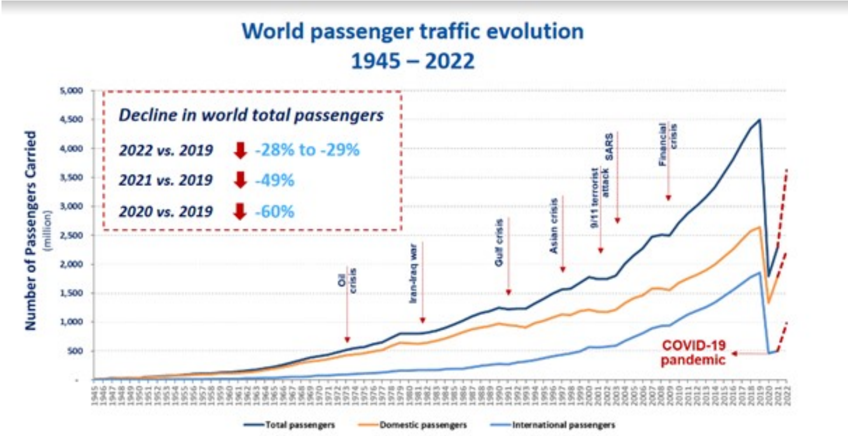
Source: IATA Economics chart of the week, 9th December 2022

However, the Russian invasion of Ukraine and the subsequent sanctions imposed upon the country have brought with them myriad challenges for the aviation industry, just as it was recovering from the crippling effects of the Covid-19 lockdowns. As an associated result of the war between Russia and Ukraine jet fuel prices have increased. As such costs represent between 20% to 25% of total operational costs this has presented further financial challenges. The jet fuel price rose by more than 70% during the first 6 months of 2022, marking one of the steepest increases since 2002, and causing unprecedent pressure in terms of cost management for the airline industry. The cancellation of flights, the longer routes, the higher fuel costs and rising inflation are only some of the reasons behind the increase in air ticket prices.

Covid-19's effects can still be seen in the aviation sector. The demand for flights was undoubtedly enhanced by removing travel restrictions. Despite this rise in demand, it is still impossible to estimate the airline's overall effects. The severe impact of the pandemic compared to other major events in history is shown in the graph below. The total passenger numbers are slightly recovering from year to year, but it will take time to get back to pre-Covid numbers. The chart below chart shows the total number of passenger numbers are slightly recovering from year to year.

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)



Source: ICAO: "Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis"; 27th January 2023

Year 2022 outlook

The impact of COVID-19 on world scheduled passenger traffic for year 2022 (estimated results), compared to pre-COVID 2019 levels:

- Overall reduction of 25% to 26% of seats offered by airlines
- Overall reduction of 1,278 to 1,281 million passengers (-28% to -29%)
- Approx. USD 174 to 175 billion loss of gross passenger operating revenues of airlines

International Passenger Traffic (2022 vs. 2019)

- Overall reduction of 33% to 34% of seats offered by airlines
- Overall reduction of 658 to 660 million passengers (-35% to -36%)
- Approx. USD 123 to 124 billion loss of gross operating revenues of airlines

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

The below fact sheet from December 2022 is the latest version available and therefore added here. This sheet is provided by IATA on a regular basis and shows statistics about the airline industry as of December 2022. The next update will be available in June 2023.

Fact Sheet- December 2022

System-wide global commercial airlines	2020	2021	2022F	2023F
REVENUES, $ billion	**382**	**506**	**727**	**779**
% change y-o-y	-54.4%	32.4%	43.6%	7.1%
% change vs 2019		-39.6%	-13.2%	-7.0%
Passenger, $ billion	189	239	438	522
Cargo, $ billion	138.5	204.2	201.4	149.4
Traffic volumes				
Passenger growth, RPK, %ch y-o-y	-65.8%	21.8%	69.4%	21.1%
% ch vs 2019		-58.3%	-29.4%	-14.5%
Cargo growth, CTK+MTK, %ch y-o-y	-9.9%	18.8%	-8.0%	-4.1%
%ch vs 2019		7.0%	-1.6%	4.8%
Cargo tonnes, millions	55.4	65.6	60.3	57.7
World economic growth, %ch y-o-y	-3.5%	5.8%	2.9%	1.3%
Passenger yield, %ch y-o-y	-9.1%	3.8%	8.4%	-1.7%
Cargo yield %ch y-o-y	52.5%	24.2%	7.2%	-22.6%
EXPENSES, $ billion	**493**	**551**	**737**	**776**
% change y-o-y	-37.9%	11.8%	33.6%	5.3%
% change vs 2019		-30.6%	-7.3%	-2.4%
Fuel, $ billion	80	103	222	229
% of expenses	16%	19%	30%	30%
Crude oil price, Brent, $/b	41.8	70.7	103.2	92.3
Jet kerosene price, $/b	46.6	77.8	138.8	111.9
Fuel consumption, billion gallons	52	60	73	80
Non-fuel, $ billion	413	448	515	547
cents per ATK (non-fuel unit cost)	48.1	44.9	41.7	39.8
% change y-o-y	22.7%	-6.7%	-7.2%	-4.5%
Capacity growth, atk, %ch y-o-y	-44.3%	16.2%	23.7%	11.1%
%ch vs 2019		-35.3%	-19.9%	59.7%

Flights, million	16.9	20.1	27.9	32.4
Break-even weight load factor, % ATK	76.8%	67.2%	68.3%	68.6%
Weight load factor achieved, % ATK	59.5%	61.7%	67.5%	68.9%
Passenger load factor achieved, % ASK	65.2%	66.9%	78.9%	81.0%
OPERATING PROFIT, $ billion	**-110.8**	**-45.1**	**-9.3**	**3.2**
% margin	-29.0%	-8.9%	-1.3%	0.4%

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Fact Sheet- December 2022 (continued) System-wide global commercial airlines	2020	2021	2022F	2023F
NET PROFIT, $ billion	**-137.7**	**-42.0**	**-6.9**	**4.7**
% margin	-36.0%	-8.3%	-1.0%	0.6%
per departing passenger, $	-76.22	-19.20	-2.02	1.11
RETURN ON INVESTED CAPITAL, %	**-19.3%**	**-8.0%**	**-1.7%**	**0.6%**

*Source: ICAO, IATA, The Airline Analyst, Datastream, Platts. **Updated**: 12/2022 Next Update: 06/2023*

Financial Results

System-wide commercial airlines	EBIT margin, % revenues				Net profit, $ billion global			
	2020	**2021**	**2022F**	**2023F**	**2020**	**2021**	**2022F**	**2023F**
Global	-29.0%	-8.9%	-1.3%	0.4%	-137.7	-42.0	-6.9	4.7
Regions								
North America	-27.3%	-5.9%	2.4%	3.3%	-35.1	-2.3	9.9	11.4
Europe	-27.1%	-9.0%	-1.3%	0.6%	-34.5	-12.1	-3.1	0.6
Asia-Pacific	-34.3%	-13.2%	-8.2%	-4.7%	-45.0	-14.8	-10.0	-6.6
Middle East	-24.3%	-11.4%	-1.1%	0.8%	-9.4	-4.7	-1.1	0.3
Latin America	-28.5%	-9.1%	-2.4%	-0.6%	-11.9	-7.0	-2.0	-0.8
Africa	-16.9%	-6.8%	-4.2%	-1.1%	-1.8	-1.1	-0.6	-0.2

Sources: IATA estimates for regions. IATA forecast for 2022 and 2023.

Traffic Results

	Passenger traffic (RPK)				Passenger capacity (ASK)			
System-wide Global commercial airlines	**% change vs previous year**		**% change vs 2019**		**% change vs previous year**		**% change vs 2019**	
	2020	**2021**	**2022E 2023F**		**2020**	**2021**	**2022E**	**2023F**
Global	-65.8%	21.8%	-29.4%	-14.5%	-56.6%	18.7%	-26.1%	-12.9%
Regions								
North America	-65.1%	74.7%	-8.6%	-2.8%	-50.3%	41.1%	-6.3%	-1.1%
Europe	-69.5%	27.5%	-18.6%	-11.3%	-62.3%	29.8%	-16.0%	-10.9%
Asia-Pacific	-62.0%	-12.8%	-55.7%	-29.2%	-53.8%	-6.0%	-48.9%	-24.5%
Middle East	-72.1%	8.5%	-20.7%	-2.2	-63.0%	21.2%	-22.0%	-5.5%
Latin America	-62.5%	40.5%	-12.6%	-4.4%	-59.0%	37.3%	-11.4%	-5.8%
Africa	-68.2%	17.0%	-32.3%	-13.7%	-62.1%	18.5%	-31.1%	-16.1%

Source and Note: IATA. Includes domestic and international traffic, and all commercial airlines. Historical data are subject to revision.

Updated: 12/2022 Next Update: 06/2023

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Russia-Ukraine War in brief

The escalation of the conflict between Ukraine and Russia has significant implications on the aviation industry. Governments have adopted economic sanctions that specifically target the industry and closed large areas of air space, fuel is trading at a historical high and fear of continued warfare is affecting the already fragile air passenger demand. The combination of the sanctions and the air bans has forced several airline companies to either suspend or reroute their flights. Russia's flagship airline, Aeroflot, has announced it is halting all its international flights, except those to Belarus, and the country's second-biggest airline, S7, has also suspended its international flights. GlobalData's Tourism Demands and Flows Database shows that Turkey, China, Kazakhstan, Thailand, the United Arab Emirates (UAE), Spain, Azerbaijan, Ukraine, Georgia and Italy are the top ten destinations in terms of international departures from Russia by number of travellers in 2021, with the modes of transport including air, land, sea and rail. Russia has in turn banned airlines in most of those countries from entering or flying over Russia. Several airlines from countries not directly impacted by sanctions have also temporarily reduced flights to/from Russia, for example in Japan and South Korea. In 2021, international traffic between Russia and the rest of the world accounted for 5.2% of global international traffic, but only 1.3% of global total traffic. International air traffic to and from Russia accounted for 5.7% of total European traffic in 2021.

Traffic shares for selected markets impacted by the conflict

% share of passenger numbers in 2021	Total European traffic (excl. Russia domestic)	Global traffic
Ukraine	3.3%	0.8%
Belarus	0.3%	0.1%
Moldova	0.4%	0.1%
Russia international	5.7%	1.3%

Source: IATA Economics using DDS

Recovery in Airline Industry

The International Air Transport Association (IATA) announced that the air travel recovery continued through November 2022. Total traffic in November 2022 (measured in revenue passenger kilometers or RPKs) rose 41.3% compared to November 2021. Globally, traffic is now at 75.3% of November 2019 levels. International traffic rose 85.2% versus November 2021. The Asia-Pacific continued to report the strongest year-over-year results with all regions showing improvement compared to the prior year. November 2022 international RPKs reached 73.7% of November 2019 levels. Domestic traffic for November 2022 was up 3.4% compared to November 2021 with travel restrictions in China continuing to dampen the global result. Total November 2022 domestic traffic was at 77.7% of the November 2019 level.

Asia-Pacific airlines had a 373.9% rise in November 2022 traffic compared to November 2021, which was the strongest year-over-year rate among the regions. Capacity rose 159.2% and the load factor was up 35.9 percentage points to 79.2%.

ASSET MANAGER'S REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Recovery in Airline Industry

AIR PASSENGER MARKET DETAIL- NOVEMBER 2022	WORLD SHARE[1]	RPK	ASK	PLF(%-PT)[2]	PLF (LEVEL)[3]
Total Market	**100%**	**41.3%**	**23.8%**	**10.0%**	**80.8%**
Africa	1.9%	84.5%	51.7%	13.3%	74.8%
Asia Pacific	27.5%	68.4%	31.3%	17.0%	77.0%
Europe	25.0%	37.0%	19.6%	10.6%	83.8%
Latin America	6.5%	27.8%	27.6%	0.2%	82.0%
Middle East	6.6%	77.9%	41.3%	15.9%	77.5%
North America	32.6%	19.6%	13.3%	4.4%	83.2%

1) % of industry RPKs in 2021 2) Year-on-year change in load factor 3) Load Factor Level

Source: IATA, Press release No: 02, 09th January 2023.

Outlook & Conclusion

Due to less travel restrictions around the world in 2022 compared to 2021, there was an increase in air traffic. However, the airline industry is still struggling to get back to the 2019 levels. It is expected that the airline industry will regain profitability for the first time post Covid-19 but not to 2019 levels.

Geographically, Russia has always been the major over fly route for Asia-Europe flights and because of the war some flights have longer duration (or have been cancelled) than which results in greater fuel consumption. According to IATA, Europe-Asia and Asia-North America were the most heavily impacted markets routes.

All outlooks shared in this report are based on historic data and assumptions made by industry experts. It should be considered as a potential guideline. From a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises and up to the end of 2022 shows a slow growing recovery compared to the previous year. To sum up, the airline industry has already suffered a lot from the Covid-19 pandemic and now war in Ukraine has made the recovery more challenging.

ASSET MANAGER'S REPORT (CONTINUED)

THE LESSEE

Thai Airways International Public Company Limited

Overview

- Thai Airways International has received court approval for its proposed amendment to its business rehabilitation plan, paving the way for it to meet financial indicators to exit business rehabilitation.
- Thai Airways International and its subsidiaries made a pre-tax loss of Bt4.96 billion ($137 million) in the third quarter ended 30 September, as compared with a profit of Bt40 billion in the year-ago period.
- Thai Airways International is planning to recruit over 300 cabin crew to support the noteworthy growth in travel demand.
- According to data from Cirium 43 aircraft are in operation and 47 aircraft are stored.

- Thai Airways International is in process of returning to service three Airbus A330s previously earmarked for sale, to meet capacity needs, and is exploring the viability of reactivating some of its A380s.

Year-2022 financial results (in Baht)

	Consolidated Financial Statement		Separate Financial Statements	
	2022	**2021**	**2022**	**2021**
Total Revenues	105.21 bn	89.98 bn	97.68 bn	88.95 bn
Revenues from Passenger and excess baggage	73.41 bn	5.53 bn	64.86 bn	3.28 bn
Revenue from Freight and mail	23.78 bn	10.98 bn	23.74 bn	10.91 bn
Total Expenses	94.09 bn	28.20 bn	82.78 bn	23.61 bn
Profit from operating activities	11.12 bn	61.78 bn	14.91 bn	65.34 bn
Profit (loss) before income tax expense	(1.68) bn	52.33 bn	1.24 bn	55.49 bn
Income tax income	1.43 bn	2.78 bn	1.45 bn	2.78 bn
Profit (loss) for the years	(251.61) m	55.11 bn	2.69 bn	58.27 bn
Total Assets	198.18 bn	161.22 bn	198.29 bn	162.65 bn
Total Liabilities	269.20 bn	232.46 bn	261.79 bn	229.32 bn

Source: THAI's Financial Statements Year-2022

Thai Restructuring and Rehabilitation Process summary since 31st December 2021.

- 13th February 2023: Thai Airways International will resume flights to Beijing and Shanghai from March, as it plans to ramp up frequencies to China to about one fifth of pre-pandemic levels.
- 13th December 2022: Thai Airways International has appointed Cherdchome Therdsteerasukdi as its new chief financial officer, effective 1 February.
- 2nd December 2022: Thai Airways International and Singapore Airlines have signed a memorandum of understanding (MoU) to codeshare on certain routes.
- 8th November 2022: Thai Airways International is again seeking bids for the outright purchase of six used Boeing 777-200s.

ASSET MANAGER'S REPORT (CONTINUED)

THE LESSEE (CONTINUED)

Thai Restructuring and Rehabilitation Process summary since 31st December 2021 (continued)

- 21st October 2022: Thailand's Central Bankruptcy Court approved the amendments on 20 October 2022, which cover measures to shore up liquidity primarily through a capital restructuring, Thai indicates in a same-day filing to the Stock Exchange of Thailand. This will see it increasing registered capital amounting to a total of nearly Bt315 billion ($8.2 billion).
- 04th July 2022: Thai Airways is targeting to complete its debt and capital restructuring within 2024. The airline expects their shares likely to be traded on the stock exchange in 2025 again.

Outlook & Opportunities - The "New Thai Airways"

- Measures to be taken
  - Thai Airways International is in process of returning to service three Airbus A330s previously earmarked for sale, to meet capacity needs, and is exploring the viability of reactivating some of its A380s.
  - Coming to end at the amendment of favourable interim lease contract (e.g., Power-by-the Hour contracts) and entering again into fixed rate lease contracts.
- Capital raise of about USD 1.5 billion necessary to repay debt.
- Fleet of 86 aircraft and five different aircraft types in 2025.
- Thai expects to return to profit in 2023 and to state shareholder equity above zero by 2030.
- Thailand´s economy is dependent on tourism and Thai Airways benefits from measures initiated by the Government to stimulate tourism arrivals.

Comments & conclusions

The tourism industry in Thailand was one of the most negatively affected industries by the COVID-19 pandemic. With the globally wide-spread COVID-19 outbreak, the Thai tourism industry was heavily affected. In 2022, the Thai government eased COVID-19 restrictions, resulting in an increase of the annual volume of airport passengers in Thailand in 2022. The recovery of the tourism sector is expected to be further bolstered in 2023 by the return of Chinese visitors. In 2022, the number of tourist arrivals amounted to around 11.15 million, which drastically increased from the previous year of only 0.43 million. The tourism industry in Thailand was one of the most negatively affected industries by the COVID-19 pandemic. Furthermore, in 2022, the number of airport passengers in Thailand amounted to approximately 63 million representing a significant increase from the previous year.

Despite the global issues, Thai Airways generated revenues of 105.21 Billion Baht by December 2022 year end this compares to revenues of 89.98 Billion Baht during 2021. This serves to highlight the growing market demand and the gradual improving progress of Thai Airways.

In these times of rising flight demand even though the cost is increasing, a fleet of new and efficient aircraft is a very important factor for a successful airline operation. With the two DP Aircraft owned Rolls Royce Trent 1000 equipped 787-8's belonging to the latest generation airframes these combine fuel efficient operations with best-in-class passenger comfort. They are the right equipment for Thai Airways and can be flexibly used also on most routes including those with lower demand that does not justify using a larger widebody aircraft.

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS

Update B787

- Up to now, 7x B787 were ordered in 2023 and 3 x B787 were delivered to customers during 2023.
- During 2022, the total number of B787 orders were 139 and Boeing delivered 31 B787 in 2022.
- The orderbook currently shows a backlog of 516 aircraft.
- Currently, 986 aircraft are in-service and only 27 are in storage which shows the growing demand of this type of aircraft and big importance of this aircraft type during the recovery of the airline industry after the COVID pandemic.

Assets & Operations

Overview

Both our aircraft HS-TQC and HS-TQD are currently in regular commercial service within the international route (mostly withing Asia-Pacific region) of Thai Air Airways and are based at Bangkok Airport. The aircraft are equipped with overhead cabin and overhead flight crew rest to allow operation on international long-haul routes. Thai Airways has announced its winter schedule that commenced on October 30, 2022 and ran through March 25, 2023. The newly listed schedule connects to 34 destinations across Europe, Australia and Asia.

AIRCRAFT OPERATIONS	Thai Airways	
	HS-TQC	HS-TQD
Cabin Layout	24 Business Class Seats 240 Economy Class Seats	
LAST PHYSICAL INSPECTION		
Date	18.02.2022	18.02.2022
Place	Bangkok Airport (BKK)	
AIRFRAME STATUS		
(31st January 2023)		
Total Flight Hours	20,515	18,588
Total Flight Cycles	4,519	4,105
Hours/cycles ratio since delivery	4.5	4.5

Titled Engines Report

As of 31st October 2022	HS-TQC		HS-TQD	
	ESN 10239	ESN 10243	ESN 10244	ESN 10248
Total Time [Flight Hours]	18,938	15,729	14,870	19,585
Total Flight Cycles	4,139	16,175	3,389	4,197
Location	On-wing	On-wing (HS-TQD)	On-wing (HS-TQE)	In maintenance at SEASL in Singapore

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Asset Manager´s actions ensured asset value

Regular monitoring to make sure that the Aircraft are in service and keeping the Aircraft under the best condition in accordance with the manufacturer's requirement is the top priority for DS Aviation as DP Aircraft´s Asset Manager. HS-TQD is currently in regular commercial service alongside with HS-TQC. Two aircraft inspections were carried out on HS-TQD in January and February 2023 to make sure that the aircraft gets back to commercial service in the best possible condition and in full compliance with all requirements of the lease and the manufacturer manuals. DS Aviation continues to have an "on demand" contract with the on-site service provider. Their expertise and manpower are available whenever the circumstance calls for it, ensuring prompt and efficient support on the spot.

Comments and Conclusions

The Thai economy is anticipated to reach its pre-pandemic level in 2022 (results not yet published) when final results become available, but due to external challenges, the rate of expansion will be slower than anticipated in 2023. As both aircraft are in regular commercial service and Thai Airways re-enters into fixed lease rate contracts after completing the PBH-period. The resumption of a monthly fixed lease can be considered to be one of the satisfactory achievements from Thai Airways. In addition to the progress, Thai Airways International has received court approval for its proposed amendment to its business rehabilitation plan, which, amongst others consisted of the increase in registered capital of no more than 31,500 million shares with the goal of making the capital positive to create stability in the financial position. This would result in Thai's securities being readmitted for trading on the stock exchange again.

Regarding the route profile of the assets, although Thai Airways announced to setting up their flight operation in Europe, Australia and Asia, the assets are principally operating mid-range flights within Asia due to due to the high demand for smaller passenger capacity of the 787-8 compared with the larger widebody aircraft. Thai Airways International intend to reactivate three A330s to meet the market demand and are exploring the viability of reactivating some of its A380s which indicates that the demand is rising quicker than expected and the need for aircraft is strong.

As a result of the foregoing, the asset manager continues to keep a watchful eye on the assets and maintains the on-site staff in the background to respond swiftly in case of any unforeseen events because the recovery process is still delicate and dependent on numerous external factors.

DIRECTORS

Jonathan (Jon) Bridel, *Non-Executive Chairman (58), appointed 10 July 2013*

Jon is a Guernsey resident and is currently a non-executive director of SME Credit Realisation Fund Limited (in wind down) which is 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 and served as a director on other RBC companies including RBC Regent Fund Managers Limited. 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 (67), appointed 10 July 2013*

Jeremy Thompson is a Guernsey resident. He acts as a non-executive director to a number of businesses which include 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 London listed 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 an engineering 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 (IoD) Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He completed an M.Sc in Corporate Governance in 2016 and qualified as a Chartered Company Secretary in 2017.

Harald Brauns, *Non-Executive Director (68), appointed 1 November 2019*

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 US$ 10 billion 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 2022.

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 two subsidiary entities, 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 one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company. The Company and its consolidated subsidiaries, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited and DP Aircraft UK Limited comprise the consolidated Group (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.

For the year ended 31 December 2022 the Group made a profit of US$ 7,660,823 (31 December 2021: loss of US$ 21,859,073). The loss in the prior year was the result of significantly high expected credit losses on receivables, net losses of financial assets at fair value and loss on loss of control of assets, liabilities and subsidiaries. There have been no such high losses in the financial year under review. As a result, the group made a profit during the period ended 31 December 2022, see page 43 for full results for the year.

Notwithstanding the requirement for the aircraft to be parked in the past due to Trent 1000 issues there are no incidents to bring to the attention of Shareholders concerning the operation of the Thai aircraft. Inspections have revealed no matters of concern. The aircraft have been operational for most of the 2022 year and are currently in regular commercial use. Rolls Royce are continuing to address the Trent 1000 engine warranty related issues which have not impacted the Company. A more detailed review of the business and prospects is contained in detail in the Asset Manager's Report on pages 10 to 19.

Results and Dividends

The profit for the year ended 31 December 2022 was US$ 7,660,823 (31 December 2021: loss of US$ 21,859,073).

Under normal circumstances, 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.

On 3 April 2020, the Company announced a suspension of dividends until further notice due to the impact of Covid-19 in global aviation and especially with long haul operations. The suspension is continuing and due to recent developments as noted in Summary report on pages 4 to 6, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution.

Subsequent Events

Refer to note 23 for further details regarding Subsequent Events.

DIRECTORS' REPORT (CONTINUED)

Directors

The Directors of the Company, who served during the year and to date, are as shown below:

- Jonathan Bridel;
- Jeremy Thompson; and
- Harald Brauns.

Directors' Interests

The Directors interests in the shares of the Company as at 31 December 2022 are set out below and there have been no changes in such interests up to the current date:

	Number of	Number of

	ordinary shares 31 December 2022	ordinary shares 31 December 2021
Connected parties of Jon Bridel	90,000	90,000
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

Principal Risks and Uncertainties

The Statement of Principal Risks and Uncertainties are as described on pages 33 to 35.

Substantial Shareholdings

The Directors note the following substantial interests in the Company's share capital as at 31 December 2022 (10% and more shareholding):

- M&G Investments 59,633,421 shares - 24.92 %
- West Yorkshire PF 22,804,367 shares - 9.53 %

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

The Board

The Board consists of three directors, all of whom are non-executive. Mr Bridel and Mr Thompson satisfy all the criteria for assessing director independence set out by the Association of Investment Companies ("AIC") and adopted by the Board. Although they have served on the Board for almost ten years, respectively, it is the opinion of the other member of the Board that they both continue to demonstrate objective and independent thought processes during Board meetings and in their dealings with the Asset Manager, and therefore consider them both to be independent, despite their long service.

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

During the year ended 31 December 2022 the Board had a breadth of experience relevant to the Company and a balance of skills and experience.

The Board recognises the importance of diversity and will evaluate applicants to fill any 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. The Board has not stipulated a maximum term of any directorship.

Board Independence and Disclosure

The Board is composed entirely of independent Directors, who meet as required without the presence of the Asset Manager or service providers to scrutinise the achievement of agreed goals, objectives and monitor performance. Through the Audit Committee and the Management Engagement Committee they are able to ascertain the integrity of financial information and confirm that all financial controls and risk management systems are robust and analyse the performance of the Asset Manager and other service providers on a regular basis.

The Directors have challenged the Asset Manager throughout the year under review and for the purposes of assessing compliance with the AIC Code, the Board as a whole considers that each Director is independent of the Asset Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. If required, the Board is able to access independent professional advice. Open communication between the Asset Manager and the Board is facilitated by regular Board meetings, to which the Asset Manager is invited to attend and update the Board on the current status of the Company's aircraft, along with ad hoc meetings as required.

The Board has met very frequently during the Covid and post Covid period and have been actively engaged in negotiating revised agreements with its lending group and Thai. Jon Bridel and Jeremy Thompson have served for nine years and together with Harald Brauns have acted independently and in the best interests of the Company. The Board is now focused on using its experience to work with the Asset Manager to maximise value for shareholders.

Directors

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'). Jon Bridel was re-elected at the AGM on 29 July 2022. Harald Brauns 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. This is 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. A Management Engagement Committee, chaired by Harald Brauns has been established to further this safeguarding. At each quarterly meeting the Board will table and review a risk matrix. Issues identified as a result of this review are discussed and action plans put in place as is necessary. 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 regular contact by email and video calls as well as meeting to consider specific matters of a transactional nature. There is regular contact with the Secretary and administrator.

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
Harald Brauns	4	4
No. of meetings during the year	**4**	**4**

The Directors also attended over 20 ad-hoc Board, Management and Committee meetings in addition to the regular quarterly meetings as shown in the above table and the Chairman attended further meetings with various stakeholders and on management related matters. The board also attended committee meetings for the Management Engagement Committee.

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.

Base annual fees are as follows:

Annual Fees	**Oct 22 to Dec 22**	**Jan 22 to Sept 22**	**Jan 21 to Dec 21**
Jonathan Bridel	£61,750	£66,000	£66,000
Jeremy Thompson	£49,450	£53,700	£53,700
Harald Brauns	£49,450	£53,800	£53,800

Director fees have now been reduced by 10% which was the portion being deferred and possibly payable in shares. The reduction in fees is effective 1 October 2022.

DIRECTORS' REPORT (CONTINUED)

Directors' Remuneration (continued)

In the prior year, in recognition of the extra services performed by the Directors and the significant increase of committed time during 2021 due to the Group's circumstances, the board earned extra fees of £65,000 which were not paid in cash but deferred to be possibly settled by the issue of shares. No additional fees were earned by the board during the 2022 financial period.

Additional Fees	**2022**	**2021**
Jonathan Bridel	-	£25,000
Jeremy Thompson	-	£20,000
Harald Brauns	-	£20,000

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

	Year ended 31 December 2022		**Year ended 31 December 2021**	
	£	**US$ equivalent**	**£**	**US$ equivalent**
Jonathan Bridel (Chairman)	64,937	80,701	91,000	121,613
Jeremy Thompson (Audit Committee Chairman)	52,637	65,503	73,700	98,493
Harald Brauns (Management Engagement Committee Chairman)	48,229	60,064	75,050	100,298
	165,803	**206,268**	**239,750**	**320,404**

Up to 30 September 2022, 10% of base fees and all extra fees were not paid by way of cash payments but were deferred to be settled in the future or to be paid by way of equity. There has been no settlement of director remuneration via the issue of equity in the current year (2021: nil) and the deferred fees remain outstanding as at 31 December 2022 (see note 13).

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. Base remuneration is paid monthly 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 Chairman 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.

DIRECTORS' REPORT (CONTINUED)

Internal Controls and Risk Management Review (continued)

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. All Directors are considered independent.

Auditor

KPMG, Chartered Accountants have indicated their willingness to continue in office.

Going Concern

The Directors believe that it is appropriate to prepare these financial statements on the going concern basis due to current cash flow forecasts which include fixed rentals and show that the Group has sufficient cash and resources to cover operating costs for a period of at least 12 months from the signing of these financial statement.

In making this conclusion, the Directors have also taken into account: -

- the positive outlook for Thai Airways with both Thai aircraft in a full return to service condition and now earning fixed rentals. There is an expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements. This position regarding Thai's viability is further enhanced by the announcement on 9 August 2022 that Thai state-owned banks will provide new loans and cash infusions to Thai. Furthermore, the Thai Government has stated that it plans to preserve its 40% holding in Thai which may grow further but will not exceed 50%; and
- the expectation that DekaBank which made loans to the Group (with certain loan concessions) will continue supporting the Group. The loan agreement with DekaBank was amended and restated in February 2023. Per the amended terms, monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loans of US$ 475,000 per loan and the final balloon repayments will be settled out of proceeds from sale of the aircraft at the end of the lease term if the loan is not refinanced. The US$ 475,000 equates to a monthly lease rental of US$ 510,000 less US$ 35,000 paid to the Company as a contribution towards its costs.

DIRECTORS' REPORT (CONTINUED)

Going Concern (continued)

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Viability Statement

As with previous reports the Directors regularly assess the viability of the Group with respect to the impact of potential risks the Group faces and the Group's current position.

The Group has been in extensive negotiations with its lenders during the year and subsequent to the year end. In February 2023, the Group and DekaBank entered into Second Amendment and Restatement to the Loan Agreements in which the parties agreed to new repayment schedules for the loans in place. Under the revised repayment schedules, monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loans of US$475,000 per loan and the final balloon repayments will be settled out of proceeds from sale of the aircraft at the end of the lease term. These new repayment terms are in line with the lease agreements in place and so the terms are beneficial to the group.

The PBH period on the Thai Airways leases expired on 31 December 2022 and now the Group will be receiving fixed monthly rental payments of US$510,000 per aircraft from Thai effective January 2023. This is in line with the amended lease agreements finalised and signed on 1 April 2022. US$35,000 per aircraft of the fixed monthly rental payments will be retained by the Group to contribute to ongoing fixed costs, the remainder will be used to cover principal and interest payable on the DekaBank loans per above.

Both aircraft have been operational for most of the 2022 year and are currently in regular commercial use. With both aircraft operational, this not only means the aircraft are earning revenue, but it also means that if Thai were to default, the aircraft are in the best possible condition for either a re-lease or a sale. The viability and therefore continuation of the Group looks positive save any major, likely force majeure, scenarios.

Mindful of the significant challenges which could still impact the airline industry, Thai Airways in particular and the Company, the Company has extended its viability period to June 2024 assuming Thai Airways continue to meet its lease payment obligations and certain service providers continue to defer some of their fees as agreed. The Group is required to present a plan for refinancing or similar to the lenders before the expiry of the current loan facilities in the last quarter of 2026. The Directors will consider their options after the viability period.

Foremost amongst the near-term risks faced by the Group, is the successful emergence from restructuring of Thai Airways and the recovery from Covid related restrictions to Thai's tourist economy. So far, the news from Thai Airways has been positive, the Thai Administrator (Planner) responsible for the rehabilitation of Thai has outlined that he feels that the measures taken have materially addressed major cost areas (fleet size reduction, staff cuts, pay cuts, property rationalisation) and further that Thai have raised a reasonable amount of capital from asset sales. The Directors note that whilst they believe that Thai Airways has a strong possibility of successfully completing the rehabilitation, there is no guarantee of this. The Directors continue to monitor the developments of the rehabilitation process and the impact on the Group.

The Directors regularly consider and assess the viability of the Company and take into account the Company's current position and the potential impact of the principal risks outlined below. The Directors have considered the impact of the Russian invasion of Ukraine on the Group and concluded that to date there has been no material impact on the operations of the Group serve for indirect impacts such as rising fuel costs.

DIRECTORS' REPORT (CONTINUED)

Viability Statement (continued)

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 consider that the Notes to the Financial Statements are integral to the support of the Viability Statement.

Annual General Meeting

The next AGM of the Company will be held in Guernsey at a date that will communicated in the future 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 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. 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. 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.

On 29 July 2022 at the Company's last AGM, 22.34% of total votes cast were cast against resolution 4 (to approve the Directors' remuneration report as set out in the 2021 Annual Report) and against resolution 5 (to approve the Directors' Remuneration Policy for the year ending 31 December 2022 as set out in the 2021 Annual Report). The Company noted that it would reflect and continue to consult with shareholders in this respect.

The Company has subsequently discussed the matter with shareholders who wished to engage further and explained the reason for higher director fees in 2021 was due to the significant extra work required by the Board to restructure lease and loan agreements resulting from the significant revenue reduction due to the impact of the Covid pandemic on the Company's Lessees. Notwithstanding the higher fees payable, to date no additional fees and some annual fees have not been paid due to restrictions imposed by the Lenders as part of the loan restructuring. The Company also highlighted that additional fees would be unlikely in 2022 notwithstanding the considerable time still invested.

The Board is thankful to all shareholders for their continuous support.

Corporate Governance

The Company is not required to comply with any particular corporate governance codes in the UK or Guernsey, 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 Market Abuse Regulation for Directors' dealings. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Market Abuse Regulation.

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 on page 74 .

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 100 million (equivalent to US$ 107 million at 31 December 2022) 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 100 million (equivalent to US$ 107 million at 31 December 2022), 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.

Environmental, social and governance (ESG)

The Group recognises the Paris Agreement on climate change. The Group operates NTA ('New Technology Aircraft') - specifically Boeing 787-8's equipped with Rolls Royce Trent-1000 engines which are 20% more fuel efficient on a revenue-per-kilometre basis than similar comparable current technology legacy aircraft. The Board continue to implement steps to reduce its own travelling and maximises the use of virtual meetings within the board and with all its key service providers.

Jonathan Bridel	**Jeremy Thompson**
Director	**Director**

REPORT OF THE AUDIT COMMITTEE

On the following pages, we present the Audit Committee (the 'Committee') Report for 2022, 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.

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 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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

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 (more detail in relation to the approach is in note 3);
- Assessing straight lining lease asset for impairment;
- 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; and

- Going concern and the viability statement review.

Effectiveness of the Audit

The Committee had formal meetings with KPMG during the period under review:

- Before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered; and
- 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; and
- 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 and assessing the significant areas of focus for the financial statements listed on pages 43 to 46, 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 assessing going concern and, 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.

Conclusion and Recommendation (continued)

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 a customer in Thailand exposing it to (i) Thailand's varying economic, social, legal and geopolitical risks, (ii) instability of Thailand markets and (iii) the impact of global health pandemics and other global market disruptions. The Directors continue to monitor the development of COVID-19 and are continuing to assess the impact on the Company. Exposure to Thailand's jurisdiction may adversely affect the Company's future performance, position and growth potential if Thailand's economy does not perform well or if laws and regulations that have an adverse impact on the aviation industry are passed in Thailand. The adequacy and timeliness of the Company's response to emerging risks in this jurisdiction is of critical importance to the mitigation of their potential impact on the Company.

The Geopolitical risk surrounding the Russian invasion of Ukraine and the subsequent fall-out have the potential to impact travel and/or travellers' willingness to travel which in turn could impact the volume of traffic to and from Thailand.

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 its aircraft to 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.

Thai Airways

Thai went into debt rehabilitation on 27 May 2020 and the business rehabilitation plan was approved on 15 June 2021 by the Central Bankruptcy Court of Thailand. There is risk that the business rehabilitation plan does not achieve the desired results, and this would have an adverse impact on the entity's lease arrangements with Thai Airways which is the core source of income for the Group.

The continuing impact of COVID-19 and the conflict between Russia and Ukraine has the potential to impact Thai's business rehabilitation plan and adversely impact the Group. This is particularly relevant for the Group given the aircraft leased to Thai Airways is the sole source of income for the Group.

COVID-19 Impact

The COVID-19 pandemic continues to put a significant burden on the airline industry. Even as travel bans are gradually being lifted, it may take years until capacity and numbers of passenger return to pre-COVID-19 levels. Expectations are that capacity will not return to pre-COVID-19 levels before 2024. This uncertainty as to when capacity will return to normal levels and the possibility of further strains which could again result in lockdowns and travel bans pose a risk to the Group.

Asset risk

The Company's Assets as at year end comprise of two Boeing 787-8 aircraft. The Group bears the risk of selling or re-leasing the aircraft in its fleet at the end of their lease terms or if the lease is terminated. 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 to reduce and address this risk. Any lasting impact of the COVID-19 situation on both aircraft demand and lease rates are at present unknown.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Asset risk (continued)

There is no guarantee that, upon expiry or cessation of the leases, the Assets could be sold or re-leased 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 its Asset Manager 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 Leases 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 counterparty is Thai Airways as lessee and provider of income and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessee does not maintain a credit rating. Thai Airways is currently in the early stages of implementing a rehabilitation plan. The Moody's credit rating of DekaBank is Aa2 (2021: Aa2).

There is no guarantee that the business rehabilitation process of Thai Airways will be successful even though developments to date have been positive. Failure of any material part of the business rehabilitation plan may have an adverse impact on its ability to comply with its obligations under the amended lease agreement entered into in 2022.

Any failure by Thai Airways to pay any amounts when due could have an adverse effect on the Group's ability to comply with its obligations under the DekaBank loan agreements 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, Thai Airways is an international full-service carrier and is important to Thailand's economy and as such it is unlikely that the Government will not provide it with the necessary support to see it through its restructure. However, there is no guarantee and hence a significant risk remains.

Refinancing risk

The Group is required to present a plan for refinancing or similar to the lenders before the expiry of the current loan facilities in the last quarter of 2026. There is a risk that the Group will not be able to replace the DekaBank debt obligation with new debt before the expiry of the current loan facilities. If not able to refinance, the Group would have to dispose the aircraft to settle the loan and there is no guarantee that the Assets could be sold for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss.

Liquidity risk

In order to finance the purchase of the Assets, the Group entered into loan agreements. 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.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Boeing

The Company is exposed to Boeing being able to resolve any identified 787 related problems which the FAA or other regulatory bodies designate as restricting commercial operations. At present no such restrictions exist. The 787 is considered a latest generation aircraft type which has pioneered areas including the extensive use of carbon fibre in its fuselage and wing construction.

Rolls Royce

The Company has exposure to Rolls Royce as suppliers of the Trent 1000 engines in terms of ongoing support. Announcements by RR have implied that the low-pressure turbine (LPT) and other known previous engine performance issues have been resolved. The Trent 1000 is a highly fuel-efficient engine, representing the latest engine technology. As such the Company is exposed to any future as yet unknown performance issues. This situation is partially mitigated by Thai using Rolls Royce Total Care and by the Asset Manager having oversight of performance issues from both physical and desktop checks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with the applicable financial reporting framework. They have decided to prepare the financial statements in accordance with International Financial Reporting Framework ('IFRS'). The financial statements are required by law to comply with the Companies (Guernsey) Law, 2008.

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

In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRS;
- assessed the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Company or cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that these financial statements comply with IFRS and the Companies (Guernsey) Law, 2008. They are also responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the 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.

Signed on behalf of the Board by

Jonathan Bridel	**Jeremy Thompson**
Director	**Director**

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

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements ("the financial statements") of DP Aircraft I Limited ('the Company') and its consolidated undertakings (collectively 'the Group') for the year ended 31 December 2022, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Guernsey Law, UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies (Guernsey) Law 2008 and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements have been 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 (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors for the year ended 31 December 2014. The period of total uninterrupted engagement is for the eight financial years ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements, including the Financial Reporting Council (FRC)'s Ethical Standard as applied to listed public interest entities.

During the year we identified a breach of certain aspects of the ethical requirements relating to the provision of prohibited tax services to subsidiaries of the Company. Notwithstanding the aforementioned we have concluded that our objectivity has not been compromised and the firm and the engagement team are independent of the Company. The firm no longer provides these prohibited services.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Report on the audit of the financial statements (continued)

Conclusions relating to going concern *(continued)*

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included.

We evaluated the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Group's available financial resources over this period is the ability of the Group's lessee to continue to meet its contractual lease obligations.

As this is a risk that could potentially cast significant doubt on the Group's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors as to the Group's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Reading Board and audit committee minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Report on the audit of the financial statements (continued)

Detecting irregularities including fraud *(continued)*

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: ongoing compliance with listing rules given the regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias

- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DP AIRCRAFT I LIMITED (CONTINUED)

Report on the audit of the financial statements (continued)

Valuation of PPE - Aircraft & related components $125.5 million (2021: $126.4 million)

Refer to page 49, (accounting policy), pages 53 and 54 (significant estimates) and page 57 and 58 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
At 31 December 2022, the carrying value of the Group's aircraft portfolio, including related components amounted to $125.5 million or 79% of total assets. *The Group applies the requirements of IAS-36 Impairment of Assets ('IAS-36') in order to determine whether it is necessary to recognise an impairment loss on any aircraft and related assets.* *There is a significant risk relating to the valuation of aircraft given the judgemental nature of the assumptions and the inputs to the impairment model that require consideration by the Board of Directors.*	*In relation to the audit of the impairment assessment of aircraft and related components, the procedures we undertook included, amongst others:* *We obtained an understanding of, and tested the design and implementation, of the key control around the impairment assessment of aircraft and related components being the consideration and approval by the Board of Directors of the impairment assessment.* *We inquired of the Board of Directors about plans for aircraft disposals or other actions that may negatively impact on aircraft recoverable amounts.* *We evaluated the (i) competence, capabilities and objectivity of experts employed by the Group to provide aircraft current market values and (ii) the appropriateness of their work as audit evidence. We obtained the current market value reports of the independent valuers to validate the current market values to the impairment model and compared to the other independent valuers reports to determine the were reasonable.* *We evaluated the Board of Directors identification and reasonableness of impairment indicators, and assessed the methodology adopted in its impairment model with reference to our understanding of the Group's business and the requirements of IAS-36. We assessed the calculations underlying the impairment model by checking that the data and assumptions input (including current market value) into the model were in agreement with those that we had evaluated.*

We assessed the adequacy of the disclosures made by the Group regarding the impairment assessment of aircraft and related components in the financial statements for compliance with the relevant accounting standards.

As a result of the procedures performed, we found the Groups judgements around current market values were reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DP AIRCRAFT I LIMITED (CONTINUED)

Report on the audit of the financial statements (continued)

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at $1.15m (2021: $0.7m), determined with reference to a benchmark of total assets (of which it represents 0.75% (2021: 0.5%)).

In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were:

- our understanding that one of the principal considerations for investors in assessing the financial performance is the value of the Group's assets; and
- the stability of the Group, resulting from its nature, where the Group is in its life cycle and the industry in which the Group operates.

In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors, had the most significant impact, increasing our assessment of materiality:

- the increased stability of the business environment in which it operates

We applied Group materiality to assist us determine the overall audit strategy

Performance materiality

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements, which equates to $0.86m (2021: $0.5m) for the Group.

Audit misstatement posting threshold

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.06m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Fact Sheet, Summary, Highlights, Chairmans Statement, Asset Manager's Report, Director's Report, Report of the Audit Committee, Statement of Principal Risks and Uncertainties, Company Information and Appendix 1 - Alternative Investment Fund Directive. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DP AIRCRAFT I LIMITED (CONTINUED)

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.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's 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, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities 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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, 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 Company's members those matters we are required to state to them in an auditor's 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Naughton 27 April 2023
for and on behalf of
KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 Dec 2022 US$	Year ended 31 Dec 2021 US$
Income			
Lease rental income	4	16,462,372	18,391,211
		16,462,372	**18,391,211**
Expenses			
Asset management fees	22	(471,590)	(757,254)
General and administrative expenses	5	(1,094,587)	(2,640,895)
Expected credit loss on straight lining lease asset	11	(1,486,453)	-
Expected credit loss write off	11	(105,063)	(12,508,499)
Depreciation	9	(958,760)	(175,160)
		(4,116,453)	**(16,081,808)**
Operating profit		12,345,919	2,309,403
Finance costs	6	(4,860,305)	(5,869,097)
Net losses on financial assets at fair value		-	(8,547,935)
Loss on loss of control of assets, liabilities and subsidiary undertaking		-	(9,874,940)
Dividend income/Other Income		1,552	57,902
Finance income		194,906	21,358
Net finance costs		**(4,663,847)**	**(24,212,712)**
Profit/(loss) before tax		7,682,072	(21,903,309)
Taxation	7	(21,249)	44,236
Profit/(loss) for the year		**7,660,823**	**(21,859,073)**
Total Comprehensive Income/(Loss) for the period		**7,660,823**	**(21,859,073)**
Earnings per Share for the year - basic and diluted	8	0.03429	(0.10442)

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

The notes on pages 47 to 73 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	31 Dec 2022 US$	* Restated 31 Dec 2021 US$	* Restated 1 Jan 2021 US$
NON-CURRENT ASSETS				
PPE- Aircraft & Related Components	9	125,466,080	126,424,840	126,600,000
Trade and other receivables	11	8,935,454	4,772,296	-
Restricted Cash	10	14,979,197	14,465,329	15,547,974
Total non-current assets		**149,380,731**	**145,662,465**	**142,147,974**

CURRENT ASSETS

Aircraft held for sale		-	-	82,000,000
Investments held at fair value		-	-	15,630,526
Trade and other receivables	11	3,857,514	251,216	45,930
Restricted cash	10	4,175,280	2,788,517	11,890,358
Cash and cash equivalents		1,479,541	1,179,211	6,949,167
Total current assets		**9,512,335**	**4,218,944**	**116,515,981**
TOTAL ASSETS		**158,893,066**	**149,881,409**	**258,663,955**
EQUITY				
Share Capital	15	211,279,828	210,556,652	210,556,652
Retained deficit	16	(166,543,707)	(174,204,530)	(152,345,457)
TOTAL EQUITY		**44,736,121**	**36,352,122**	**58,211,195**
NON-CURRENT LIABILITIES				
Bank borrowings	14	80,779,172	98,304,863	-
Maintenance provision	12	14,829,296	14,460,682	14,460,682
Total non-current liabilities		**95,608,468**	**112,765,545**	**14,460,682**
CURRENT LIABILITIES				
Bank borrowings	14	17,707,184	136,010	180,915,582
Derivative instrument liabilities		-	-	4,183,715
Trade and other payables	13	841,293	627,732	892,781
Total current liabilities		**18,548,477**	**763,742**	**185,992,078**
TOTAL LIABILITIES		**114,156,945**	**113,529,287**	**200,452,760**
TOTAL EQUITY AND LIABILITIES		**158,893,066**	**149,881,409**	**258,663,955**

** Comparative information has been restated due to reclassification adjustments, see note 24 for further information.*

The financial statements on pages 43 to 73 were approved by the Board of Directors and were authorised for issue on 27 April 2023. They were signed on its behalf by:

Jonathan Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 47 to 73 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	Year ended 31 Dec 2022 US$	Year ended 31 Dec 2021 US$
Profit/(loss) for the year		7,660,823	(21,859,073)
Adjusted for:			
Depreciation and amortisation	9	958,760	175,160
Finance costs	6	4,860,305	6,328,112
Gain on derivatives at fair value	6	-	(459,015)
Loss on financial assets at fair value		-	8,547,935
Taxation	7	21,249	(44,236)
Loss on loss of control of assets, liabilities and subsidiary undertaking		-	9,874,940
Straight lining rental income	4	(8,753,206)	(4,772,296)
Expected credit loss	11	105,063	12,508,499
Provision on straight lining lease asset	11	1,486,453	-
Tax-paid		-	(54,388)
Changes in:			
Increase in maintenance reserves	12	368,614	-
Increase/(decrease) in trade and other payables	13	192,312	(92,942)
Increase in trade and other receivables	11	(607,766)	(12,713,785)

NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		**6,292,607**	**(2,561,089)**
INVESTING ACTIVITIES			
Loss of control of subsidiary undertakings		-	(5,456,182)
Sales of investments in Norwegian		-	4,069,880
Restricted cash		(1,900,631)	3,348,896
NET CASH FLOW (USED IN)/ FROM INVESTING ACTIVITIES		**(1,900,631)**	**1,962,594**
FINANCING ACTIVITIES			
Share issue proceeds		750,000	-
Share issue costs		(26,824)	-
Bank loan principal repaid	14	-	(274,173)
Bank loan interest paid	14	(4,814,822)	(4,595,529)
Swap interest paid	14	-	(301,759)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(4,091,646)**	**(5,171,461)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,179,211**	**6,949,167**
Increase/(decrease) in cash and cash equivalents		300,330	(5,769,956)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,479,541**	**1,179,211**

The notes on pages 47 to 73 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital US$	Retained deficit US$	Total Equity US$
As at 1 January 2022		210,556,652	(174,204,530)	36,352,122
Total comprehensive income for the year				
Profit for the year		-	7,660,823	7,660,823
Total comprehensive income		**-**	**7,660,823**	**7,660,823**
Transactions with owners				
Issue of ordinary shares		750,000	-	750,000
Share issue costs paid		(26,824)	-	(26,824)
As at 31 December 2022		**211,279,828**	**(166,543,707)**	**44,736,121**
As at 1 January 2021		210,556,652	(152,345,457)	58,211,195
Total comprehensive income for the year				
Loss for the year		-	(21,859,073)	(21,859,073)
Total comprehensive loss		**-**	**(21,859,073)**	**(21,859,073)**
As at 31 December 2021		**210,556,652**	**(174,204,530)**	**36,352,122**

The notes on pages 47 to 73 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 III Limited, DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessor) comprise the Group.

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 239,333,333 Ordinary Shares (2021: 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 27 April 2023.

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 ('IFRS') issued by the International Accounting Standards Board ('IASB') and the Disclosure and Transparency Rules (the 'DTRs') of the UK's Financial Conduct Authority (the 'FCA').

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.

Going Concern

The Directors believe that it is appropriate to prepare these financial statements on the going concern basis due to current cash flow forecasts which include fixed rentals and show that the Group has sufficient cash and resources to cover operating costs for a period of at least 12 months from the signing of these financial statement.

In making this conclusion, the Directors have also taken into account:-

- the positive outlook for Thai Airways with both Thai aircraft airworthy and earning fixed rentals. There is an expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements. This position regarding Thai's viability is further enhanced by the announcement on 9 August 2022 that Thai state owned banks will provide new loans and cash infusions to Thai. Furthermore, the Thai Government has stated that it plans to preserve its 40% holding in Thai which may grow further but will not exceed 50%; and

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

Going Concern (continued)

- the expectation that DekaBank which made loans to the Group (with certain loan concessions) will continue supporting the Group. The loan agreement with DekaBank was amended and restated in February 2023. Per the amended terms, monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loans of US$ 475,000 per loan and the final balloon repayments will be settled out of proceeds from sale of the aircraft at the end of the lease term if the loan is not refinanced. The US$ 475,000 equates to a monthly lease rental of US$ 510,000 per aircraft less US$ 35,000 paid to the Company as a contribution towards its costs.

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

New standards, interpretations and amendments effective from 1 January 2022

The below new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 January 2022 and have no material impact on the financial statements:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020

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

The below new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2023 are not expected to have a material impact on the financial statements:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IFRS 17 Insurance Contracts

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.

When control of a subsidiary undertaking is lost, the assets and liabilities of that subsidiary are deconsolidated at the date of loss of control and a resulting loss or gain on loss of control is reported in profit or loss.

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.

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Taxation

The Company and the Guernsey subsidiaries are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 (2021: £1,200). This is treated as an operating expense.

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

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 in the relevant jurisdictions.

d) Property, Plant and Equipment (PPE) - 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 Thai Airways International were acquired in 2015 and had a useful economic lease life of 12 years at acquisition. The useful economic lease life since acquisition of 12 years is unchanged as at year end.

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 at the beginning of each year, 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 36, the Group's aircraft and related components 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 in excess of the higher of its value in use (discounted cashflows) and its fair value less costs to sell. 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. See note 3 for further details regarding impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 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.

Trade and other receivables are classified as held at amortised cost.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

Financial liabilities at amortised cost

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.

Where loans are modified, the modification is assessed in line with IFRS 9 to determine whether the modification is substantial. Where the modification is substantial, the existing loan is derecognised and the new loan is recognised at fair value. Where the modification is not substantial, the existing loan is not derecognised. Any difference arising on modification is recognised as a gain or loss within the statement of comprehensive income regardless of whether the modification is substantial or not.

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 reserves are recorded in the consolidated statement of financial position during the term of the lease as a liability. 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 lease related income. On termination of the lease maintenance reserves balance is also released to profit or loss as lease related income.

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

<u>Fair value measurement</u>

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:

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

<u>Fair value measurement (continued)</u>

- 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; and
- 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 equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

g) Dividends

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

h) ***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. Fixed rental income from operating leases is recognised on a straight-line basis over the term of the lease. Variable rental income is accounted for on an accrual basis. Any modifications to operating leases are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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

i) ***Expenses***

Expenses are accounted for on an accrual basis.

j) ***Finance costs and finance income***

Interest expense 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) ***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.

l) ***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.

Information about assumptions and estimation uncertainty at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are:

Significant estimates

<u>Impairment of property, plant and equipment</u>

As with each reporting date, but more relevant in light of the continuing impact of COVID-19, a detailed impairment assessment of the aircraft has been undertaken.

IAS 36 requires an assessment of the aircraft carrying value versus the recoverable amount i.e., the higher of the value in use and fair value less cost to sell. In considering the impairment of the Thai aircraft, the board concluded that the fair value less costs to sell was the recoverable amount. The fair value less costs to sell used in the assessment is based on the full-life market value of each aircraft as determined by 2 independent appraisers given the aircraft have a lease with a full-life return condition attached to them. The board considered it appropriate not to apply any discounts and adjustments for these aircraft given the specific circumstances of these aircraft.

The board considered all possible valuation ranges and concluded that the Thai aircraft were not impaired as at 31 December 2022 given the fair value less costs to sell was greater than the book value of the aircraft. 2 independent appraisers determined that the full life market value of the aircraft as at 31 December 2022 ranges from US$ 57.6mil to US$ 74.3 mil. Note, every appraiser has its own opinion of the market and how the market will develop. On a specific aircraft type one appraiser might be more favourable compared to another firm and vice versa. In addition, appraisers obtain their market information from different sources

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Significant estimates (continued)

Impairment of property, plant and equipment (continued)

and use different calculation models. This has an influence on future and current market values hence the wide range. Therefore, there is no wrong or right estimate of future and current market values. In order to eliminate peaks in one or the other direction we take the average of the 2 appraisers in determining market values for the aircraft. This approach is consistent with the approach adopted by other market participants (lessors, lenders, etc) and is consistent with prior periods. Given the nature and life of our aircraft we consider this approach to be reasonable. The average market value less selling costs for each aircraft is more than each aircraft's carrying value. Therefore, no impairment loss has been recognised during the financial year ended 31 December 2022 (31 December 2021: US$ nil).

The board also considered if there was any indication that the accumulated impairment recognised in previous years on Thai aircraft of US$ 58,839,697 had reversed partially or in full. The board has concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the year ended 31 December 2022.

The aircraft are currently in a half-life state which means the airframe, engines, landing gear and other major time/cycle limited components are halfway through their various overhaul and /or life cycles. Note that the aircraft will be returned in a full-life condition on termination of the leases hence full-life market value was used in the impairment assessment. If the Group had used the half-life market value in assessing impairment, the aircraft would be impaired by US$ 30,003,182 (31 December 2021: US$ 24,577,855) in total.

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. The Group engage independent expert valuers (appraisers) each year to provide a valuation of the Assets and take into account the average of the valuations provided.

Residual value estimates of the Aircraft were determined by the full life inflated base values at the end of the leases from external valuations and discounted by the inflation rate incorporated into those valuations.

The full life inflated base 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'. The full life inflated values used within the financial statements match up the two lease termination dates (October 2026 and December 2026) 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 for aircraft as at 31 December 2022 was US$ 120,247,838 (31 December 2021: US$ 121,750,421), carrying value as at 31 December 2022 was US$ 125,466,080 (31 December 2021: US$ 126,424,840). As a result, the year ending 31 December 2023 and future aircraft depreciation charges for aircraft, with all other inputs staying constant, will be US$ 1,343,497 (2022: US$ 958,760). The actual aircraft depreciation charge for 2024 onwards will vary based on the residual value estimates as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

4) LEASE RENTAL INCOME

	Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Variable rental (PBH rent) income	7,709,166	1,110,416
Fixed rental income	-	12,508,499
Straight lining rental income	8,753,206	4,772,296
Total lease rental income	**16,462,372**	**18,391,211**

All lease rental income was derived from Thai Airways and the related two Boeing 787-8 aircraft leased to them. Variable rental income only started being earned in mid-2021 subsequent to lease amendments. Also, the aircraft were less operational in 2021 compared to 2022. As a result, variable rental income for 2021 is less compared to 2022. Furthermore, subsequent to the lease amendment in mid-2021, the Group ceased recognising fixed rental income and started recognising straight lining rental income hence the results as disclosed in the table above.

The lease terms provide for a power by the hour ('PBH') arrangement until 31 December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with monthly fixed lease payments of US$ 510,000 per month thereafter until 2026. The monthly PBH rent amount is capped at US$ 510,000.

The lease term may be extended by three years to October 2029 for aircraft MSN 36110 and December 2029 for aircraft MSN 35320 (the "Extension Period") with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively. The Extension Period is however subject to agreement with the Group after consulting the Lenders. The lease term has been determined to be the period to October 2026 and December 2026 which is the non-cancellable term of each aircraft lease.

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

	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
31 Dec 2022	**US$**	**US$**	**US$**
2023	6,120,000	6,120,000	12,240,000
2024	6,120,000	6,120,000	12,240,000
2025	6,120,000	6,120,000	12,240,000
2026	5,758,065	5,067,097	10,825,162
>2027	-	-	-
	24,118,065	**23,427,097**	**47,545,162**
31 Dec 2021	**US$**	**US$**	**US$**
2022	-	-	-
2023	6,120,000	6,120,000	12,240,000
2024	6,120,000	6,120,000	12,240,000
2025	6,120,000	6,120,000	12,240,000
2026	5,758,065	5,067,097	10,825,162
>2027	-	-	-
	24,118,065	**23,427,097**	**47,545,162**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

4) LEASE RENTAL INCOME (CONTINUED)

US$13,525,502 (31 December 2021: US$ 4,772,296) of the future contracted lease rental payments are recognised as a straight lining lease asset as at year end.

5) GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31-Dec-22 US$	Year ended 31-Dec-21 US$
Administration fees	305,896	438,198
Aircraft agency fees	12,033	12,000
Aircraft valuation fees	9,092	9,170
Aircraft security trustee fees	12,000	17,985
Audit fees	73,056	89,991
Company broker fees	167,902	167,902
Consultancy fees	8,501	-
Broker fees on sale of NAS shares	-	8,140
Directors' fees and expenses	212,593	326,650
Insurance costs, including directors' insurance	100,873	71,318
Foreign exchange	4,974	21,736
IT and printing costs	22,378	6,376
Legal fees	3,157	3,326
Liquidation costs in relation to DPAG I & II	-	19,488
Marketing fees	-	4,175
Miscellaneous costs	8,399	6,118
Registrar fees	28,738	21,454
Regulatory fees	8,040	23,098
Restructuring fees in relation to NAS	19,664	290,278
Restructuring fees in relation to Thai	93,107	1,094,936
Tax advice fees	4,184	8,556
Total general and administrative expenses	1,094,587	2,640,895

6) FINANCE COSTS

	Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Loan interest payable	4,860,305	4,727,053
Loan modification adjustment	-	432,976
Total finance costs at effective interest rate*	4,860,305	5,160,029
Swap interest paid	-	228,277
Swap breakage costs	-	939,806
	4,860,305	6,328,112
Gain on derivative at fair value (note 14)	-	(459,015)
Total finance costs	**4,860,305**	**5,869,097**

*On liabilities measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

7) TAXATION

With the exception of 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 (2021: £1,200).

DP Aircraft UK Limited are subject to taxation at the applicable rate in the United Kingdom. The amount of taxation during the year ended 31 December 2022 was US$ 21,249 (2021: refund of US$ 44,236). 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 tax expenses is not material. The effective tax rate based on tax charge for the year is 0.0028% (2021: (0.0021%))

8) EARNINGS PER SHARE

	Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Profit/(Loss) for the year	7,660,823	(21,859,073)
Weighted average number of shares	223,388,128	209,333,333

Earnings per Share	**0.03429**	**(0.10442)**

9) PROPERTY, PLANT & EQUIPMENT - AIRCRAFT & RELATED COMPONENTS

	Aircraft US$	Lease Premium US$	Total US$
COST			
As at 1 January 2022 and 31 December 2022	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2022	53,466,624	8,200,047	61,666,671
Charge for the year	958,760	-	958,760
As at 31 December 2022	**54,425,384**	**8,200,047**	**62,625,431**
IMPAIRMENT			
As at 1 January 2022	58,839,697	9,198,446	68,038,143
Charge for the year	-	-	-
As at 31 December 2022	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2022	**125,466,080**	**-**	**125,466,080**

9) PROPERTY, PLANT & EQUIPMENT - AIRCRAFT & RELATED COMPONENTS (CONTINUED)

	Aircraft US$	Lease Premium US$	Total US$
COST			
As at 1 January 2021 and 31 December 2021	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2021	53,291,464	8,200,047	61,491,511
Charge for the year	175,160	-	175,160
As at 31 December 2021	**53,466,624**	**8,200,047**	**61,666,671**
IMPAIRMENT			
As at 1 January 2021	58,839,697	9,198,446	68,038,143
Charge for the year	-	-	-
As at 31 December 2021	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2021	**126,424,840**	**-**	**126,424,840**

As at year end PPE is comprised of two aircraft leased to Thai Airways. Under the terms of the leases that existed during the year, the cost of repair and maintenance of the Assets is to be borne by Thai Airways and Thai Airways has an obligation to return the Assets in a full life condition. However, after expiry or termination of the leases with Thai, the cost of repair and maintenance will fall upon the Group. Therefore, after expiry or termination of the Thai leases, the Group may bear higher costs and the terms of any subsequent leasing arrangements (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be less favourable, which could reduce the overall distributions paid to the shareholders.

Refer to note 3 for details regarding residual value estimates. The Group depreciates the aircraft on a straight-line basis over the remaining lease term. The lease term has been determined to end in 2026.

As detailed in note 3, as at 31 December 2022 there is no impairment to the aircraft and there are no indications of reversal of prior year impairment either. Refer to note 3 for further details.

The loans entered into by the Group to complete the purchase of the two Thai aircraft are cross collateralised. Each of the loans are secured by way of security taken over each of the two aircraft.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

10) RESTRICTED CASH

	2022	*2021 Restated
Current assets	**US$**	**US$**
Security deposit accounts	91	90
Lease rental accounts	4,175,189	2,788,427
	4,175,280	2,788,517
Non-current assets		
Maintenance reserves accounts*	14,979,197	14,465,329
Total restricted cash	**19,154,477**	**17,253,846**

**The comparative maintenance reserves accounts balance has been reclassified from current to non-current, see note 24 for further information.*

Maintenance reserves collected, in line with the lease agreement, are to be used solely to cover costs related to the maintenance of the two Thai aircraft.

The majority of security deposits were transferred to Lease Rental Accounts during the prior period and are being used to service loan payments due to DekaBank in accordance with the DekaBank financing arrangements. Monies received into the Lease Rental Accounts during the PBH and fixed rent period are to be transferred into Borrower Rental Accounts and applied in a specific manner as agreed between DekaBank and the Group.

Access to the Lease Rental Accounts, Security deposit accounts and Maintenance reserves accounts is physically restricted by DekaBank therefore these monies are classified as restricted cash.

11) TRADE AND OTHER RECEIVABLES

	2022	*2021 Restated
	US$	**US$**
Prepayments	82,333	110,996
Rent receivable	671,586	140,220
Straight-lining lease asset	13,525,502	4,772,296
Total trade and other receivables	**14,279,421**	**5,023,512**
Less: Expected credit loss on straight lining lease asset	(1,486,453)	-
Net trade and other receivables	**12,792,968**	**5,023,512**

Current and non-current split as at year end is as follows:

	2022	2021
Current assets	**US$**	**US$**
Prepayments	82,333	110,996
Rent receivable	671,586	140,220
Straight-lining lease asset	3,103,595	-
	3,857,514	251,216
Non-current assets		
Straight-lining lease asset*	8,935,454	4,772,296
Trade and other receivables	**12,792,968**	**5,023,512**

**The comparative straight-lining lease asset balance has been reclassified from current to non-current, see note 24 for further information.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11) TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has assessed the straight-lining lease asset for impairment. This balance represents the result of straight lining of future fixed Thai lease payments over the lease term. The Group has performed an assessment on the straight-lining lease asset taking into account current and future information relating to the airline industry as well as the lessee specifically and concluded that the impairment provision as at 31 December 2022 is US$ 1,486,453 (31 December 2021: US$ nil). For the remaining receivables, the Group has concluded that these are not material thus any provision, if any, would also be immaterial and so no further assessment is necessary.

Movements in the impairment provision for trade receivables is as follows:

	2022	2021
	US$	US$
Opening provision	**-**	**10,111,605**
Expected credit loss on straight lining lease asset	1,486,453	-
Expected credit loss on lease receivable	105,063	12,508,499
Lease receivable written off	(105,063)	(22,620,104)
Closing provision	**1,486,453**	**-**

In the prior year, due to amendment of the lease agreements with Thai, rental due between 1 January 2021 and 14 June 2021 of US$ 12,508,499 was provided for and fully written off during the 2021 year together with the opening provision. In the current period the provision increased by US$ 1,486,453 and rental due from Thai of US$ 105,063 was written off as agreed per the Engine Exchange Agreement entered into on 1 April 2022.

12) MAINTENANCE PROVISION

	2022	2021
	US$	US$
Maintenance provision - Thai Airways	14,829,296	14,460,682
Total maintenance	**14,829,296**	**14,460,682**

Maintenance reserves liability relates to funds received from Thai Airways reserved for covering the cost of maintenance.

13) TRADE AND OTHER PAYABLES

	2022	2021
	US$	US$
Accruals and other payables	221,749	218,934
Asset Manager fees payable (note 22)	218,033	122,941
Broker fees payable	167,902	67,160
Director fees payable (note 21)	212,360	218,697
Taxation payable	21,249	-
Total trade and other payables	**841,293**	**627,732**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

14) BANK BORROWINGS

	US$	US$
Current liabilities: Bank interest payable and Bank borrowings	17,707,184	136,010
Non-current liabilities: Bank borrowings	80,779,172	98,304,863
Total liabilities	**98,486,356**	**98,440,873**
The borrowings are repayable as follows:		
Interest payable	181,493	136,010
Within one year	17,525,691	-
In two to five years	80,779,172	98,304,863
After five years	-	-
Total Bank borrowings	**98,486,356**	**98,440,873**

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

	2022	2021
	US$	US$
Opening balance	98,304,863	180,676,613
Loan modification adjustment	-	432,976
Repayment of loan	-	(274,173)
Loss of control of subsidiary undertakings	-	(82,530,553)
Principal Bank borrowings	**98,304,863**	**98,304,863**
Interest payable	181,493	136,010
Total Bank borrowings	**98,486,356**	**98,440,873**

The table below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2022

	Cash and cash equivalents	Principal	Interest	Derivative Instrument	Net Debt
	US$	US$	US$	US$	US$
At 1 January 2022	**1,179,211**	**(98,304,863)**	**(136,010)**	**-**	**(97,261,662)**
Cash flows	300,330	-	4,814,822	-	5,115,152
Non cash: -					
Interest charge	-	-	(4,860,305)	-	(4,860,305)
At 31 December 2022	**1,479,541**	**(98,304,863)**	**(181,493)**	**-**	**(97,006,815)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

14) BANK BORROWINGS (CONTINUED)

	Cash and cash equivalents	Principal	Interest	Derivative Instrument	Net Debt
	US$	US$	US$	US$	US$
At 1 January 2021	**6,949,167**	**(180,676,613)**	**(238,969)**	**(4,257,198)**	**(178,223,613)**
Cash flows	(5,769,956)	274,173	4,595,529	301,759	(598,495)
Non cash: -					
Fair value movement	-	-	-	459,015	459,015
Termination	-	-	-	4,664,507	4,664,507
Interest charge	-	-	(4,727,053)	(228,277)	(4,955,330)
Penalty fee	-	-	-	(939,806)	(939,806)
Loan modification adjustment	-	(432,976)	-	-	(432,976)
Loss of control of assets, liabilities and subsidiary undertaking	-	82,530,553	234,483	-	82,765,036
At 31 December 2021	**1,179,211**	**(98,304,863)**	**(136,010)**	**-**	**(97,261,662)**

DekaBank Deutsche Girozentrale

During the year ended 31 December 2015, the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank Deutsche Girozentrale ('DekaBank') of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans on 31 December 2022 was US$ 98,486,356 (31 December 2021: US$ 98,440,873).

In accordance with the Amendment and Restatement to the Loan Agreements dated 6 May 2021, repayments of any principal were to be deferred until the end of the PBH arrangement i.e., 31 December 2022. Interest on the non-deferred principal of the loans was to accrue at a fixed rate of 4.10 per cent and interest on the deferred principal was to accrue at a rate per annum equal to the sum 5.0% per annum plus

LIBOR/SONIA for the applicable period (such rate to be determined by the Facility Agent).

On 7 February 2023 the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreements. The new terms agreed are as follows:

- the total loan amount outstanding was split into two tranches:
  - Facility A loan of US$ 61,144,842 made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
  - Facility B loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

14) BANK BORROWINGS (CONTINUED)

- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is legally restricted so that those funds are only payable to the lenders, and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

The MSN 35320 loan and the MSN 36110 loan have a final maturity date of 9 December 2026 and 29 October 2026 respectively.

The two DekaBank loans (MSN 35320 loan and MSN 36110 loan referred to as the third and fourth loan) entered into by the Group to complete the purchase of the two Thai aircraft (referred to as the third and fourth Assets) are cross collateralised. Each of the third and fourth loan 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. 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.

Also, please refer to note 23 for further details regarding amendment and restatement of the loan agreement after 31 December 2022.

15) SHARE CAPITAL

Company's authorised share capital is unlimited.

Year ended 31 December 2022 **Issued and fully paid (no par value shares):**	**Subordinated Administrative Share Number**	**Ordinary Shares Number**	**Total Number**
Shares as at 1 January 2022	**1**	**209,333,333**	**209,333,334**
Share issued during the year	-	30,000,000	30,000,000
Shares as at 31 December 2022	**1**	**239,333,333**	**239,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2022	**-**	**210,556,652**	**210,556,652**
Proceeds from issue of shares		750,000	750,000
Issue cost paid	-	(26,824)	(26,824)
Share capital as at 31 December 2022	**-**	**211,279,828**	**211,279,828**

Year ended 31 December 2021	**Subordinated Administrative Share**	**Ordinary Shares**	**Total**

Issued and fully paid (no par value shares):	**Number**	**Number**	**Number**
Shares as at 1 January 2021 and 31 December 2021	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2021 and 31 December 2021	**-**	**210,556,652**	**210,556,652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

15) SHARE CAPITAL (CONTINUED)

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.

On 13 July 2022 the Company raised gross proceeds of $750,000 through the issue of 30,000,000 new ordinary shares in the capital of the Company at a price of US$0.025 per new ordinary share.

16) RESERVES

The movements in the Group's reserves are shown on page 46.

Retained deficit comprises accumulated profits and losses over time and is taken to this reserve which may be utilised for the payment of dividends if overall in a profitable position.

17) DIVIDENDS

The dividends declared and paid during the year ended 31 December 2022 are US$ nil (31 December 2021: US$ nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

18) 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 2022**
DP Aircraft Guernsey III Limited	21 May 2015	Guernsey	100%
DP Aircraft Guernsey IV Limited	21 May 2015	Guernsey	100%
DP Aircraft UK Limited	14 April 2015	United Kingdom	100%

19) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	2022	2021
	US$	US$
Cash and cash equivalents	1,479,541	1,179,211
Restricted cash	19,154,477	17,253,846
Trade and other receivables (excluding prepayments and straight-lining lease asset)	671,586	140,220
Financial assets measured at amortised cost	**21,305,604**	**18,573,277**
Financial liabilities		
Bank borrowings	98,486,356	98,440,873
Maintenance provision	14,829,296	14,460,682
Trade and other payables (excluding tax)	841,293	627,732
Financial liabilities measured at amortised cost	**114,156,945**	**113,529,287**

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 as at year end comprised of cash and cash equivalents, restricted cash, maintenance reserves payable and bank loans.

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.

Until COVID-19 and the impact on the aircraft industry and the lessees, income distributions were generally made quarterly, subject to compliance with Applicable Law and regulations, in February, May, August and November of each year. The Company aimed to make a distribution to investors of US$ 0.0225 per share per quarter.

As a result of the 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.

19) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's main counterparty during the year was Thai Airways as lessee and provider of income. The Group, through the Asset Manager, mitigates credit risk related to Thai Airways through regular monitoring of Thai's use of the aircraft, review of Thai's financial position, performance, and prospects and through a general review of the performance of the airline market.

The Group assesses the probability of Thai defaulting under different scenarios and the losses that would be incurred under those different scenarios. The probability of each default scenario occurring and the related loss that would be incurred under that scenario is determined taking into account Thai's historic financial position, performance and future prospects. The general performance of the Thai economy and the overall airline industry is also considered in the assessment.

There are gross lease rentals receivable from Thai at 31 December 2022, US$ 671,586 (2021: US$ 140,220). A full lifetime ECL was recognised for the lease rentals receivable from Thai in the prior year however no ECL has been recognised for the balance due as at year end (see note 11). Furthermore, the Group has also recognised a gross straight lining lease asset as at 31 December 2022 of US$ 13,525,502 (31 December 2021: US$ 4,772,296). A provision is recognised against this straight lining lease asset as at 31 December 2022 of US$ 1,486,453 (31 December 2021: US$ nil). Refer to note 11 for further details.

Whilst the board expect that the approved Thai rehabilitation plan will succeed, the final outcome of these proceedings is unknown. Failure of any material part of the rehabilitation plan may have an adverse impact on its ability to comply with its obligations under the lease (see note 4 for details re obligations of lessee).

Cash and restricted cash are all held at DekaBank. The credit rating of DekaBank is Aa2 (2021: Aa2). The lessees do not maintain a credit rating.

The carrying amount of financial assets measured at amortised cost recorded in the financial statements represents the Group's maximum exposure to credit risk. The Group holds no collateral as security or any other credit enhancements.

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. The bank borrowings have the most significant interest impact on the Group. As detailed in note 14, post year end the Group's bank borrowings were amended and restated. As part of the amendment and restatement, interest rates were set at fixed rates. Therefore, the Group's interest rate exposure is currently limited only to the restricted cash and bank balances which earn an immaterial amount of interest. As a result, the Group has no material exposure to interest rate risk subsequent to year end.

A 0.25% increase or decrease in interest rates on all interest-bearing financial instruments would result in an increase or decrease in net finance costs for the year of US$ 194,177 (2021: US$ 199,680).

19) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table details the Group's exposure to interest rate risk as at year end:

31 December 2022	Fixed rate instruments US$	Variable rate instruments US$	Non-interest bearing instruments US$	Total US$
Restricted cash	-	19,154,477	-	19,154,477
Trade and other receivables *(excluding prepayments and straight-lining lease asset)*	-	-	671,586	671,586
Cash and cash equivalents	-	1,479,541	-	1,479,541
Total financial assets	**-**	**20,634,018**	**671,586**	**21,305,604**
Trade and other payables	-	-	(820,044)	(820,044)
Maintenance reserves	-	-	(14,829,296)	(14,829,296)
Bank borrowings*	(62,800,839)	(35,504,024)	(181,493)	(98,486,356)
Total financial liabilities	**(62,800,839)**	**(35,504,024)**	**(15,830,833)**	**(114,135,696)**
Total interest rate sensitivity gap	**(62,800,839)**	**(14,870,006)**		

*Interest is charged on the deferred portion of the loan based on a variable rate and a fixed rate for the loan portion not deferred.

31 December 2021	Fixed rate instruments US$	Variable rate instruments US$	Non-interest bearing instruments US$	Total US$
Restricted cash	-	17,253,846	-	17,253,846
Trade and other receivables *(excluding prepayments and straight-lining lease asset)*	-	-	140,220	140,220
Cash and cash equivalents	-	1,179,211	-	1,179,211
Total financial assets	**-**	**18,433,057**	**140,220**	**18,573,277**
Trade and other payables	-	-	(627,732)	(627,732)
Maintenance reserves	-	-	(14,460,682)	(14,460,682)

Bank borrowings	(77,208,294)	(21,096,569)	(136,010)	(98,440,873)
Total financial liabilities	**(77,208,294)**	**(21,096,569)**	**(15,224,424)**	**(113,529,287)**
Total interest rate sensitivity gap	**(77,208,294)**	**(2,663,512)**		

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

19) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 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 Thai Airways, there is a risk that the Group will not be able to remarket the Thai Assets successfully within the remarketing period specified in the loan agreements and that 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 Dekabank 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 equivalent to the existing leases, which may have an adverse effect on the Group and its ability to meet its investment objective and its dividend target. Accordingly, were any or all of the Assets to be re-leased on less favourable terms, this may have an adverse effect on the Group and its share price. The Group monitors the impact of its obligations, including the Dekabank loan, on liquidity through cash flow forecasts which are prepared on a monthly basis.

As detailed in note 23, post year end the Group has successfully renegotiated an amendment to the Dekabank loans and new terms were agreed. The new terms agreed change the liquidity profile of the Group compared the analysis shown below. Under the new terms, total loan repayments will be US$ 950,000 per month (US$ 475,000 for each of the two loans), see note 23 for further details.

The following table details the contractual maturity analysis of the Group's financial liabilities as at 31 December 2022. The amounts are contractual undiscounted cash flows and therefore will not agree directly to the balances in the statement of financial position as at 31 December 2022.

31 December 2022	**Next 12 months**	**2-5 years**	**After 5 years**	**Total**
	US$	**US$**	**US$**	**US$**
Bank borrowings and interest	(20,172,088)	(92,309,392)	-	(112,481,480)
Maintenance provision	-	(14,829,296)	-	(14,829,296)
Trade and other payables	(841,293)	-	-	(841,293)
Total	**(21,013,381)**	**(107,138,688)**	**-**	**(128,152,069)**

31 December 2021	**Next 12 months**	**2-5 years**	**After 5 years**	**Total**
	US$	**US$**	**US$**	**US$**
Bank borrowings and interest	(4,302,804)	(103,353,004)	-	(107,655,808)
Maintenance provision	-	(14,460,682)	-	(14,460,682)
Trade and other payables	(627,732)	-	-	(627,732)
Total	**(4,930,536)**	**(117,813,686)**	**-**	**(122,744,222)**

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 percent 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-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

19) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Liquidity risk management

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.

No right of redemption or repurchase

Shareholders 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.

Liquidity Proposal

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.

20) 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 (excluding prepayment and straight lining lease asset), restricted cash and interest payable approximate their carrying amounts due to the short-term maturities of these instruments.

Derivative instruments held at fair value

In the prior period, the Group held interest rate swaps which were valued on a recurring basis and were categorised within level 2 of the fair value hierarchy required by IFRS 13. The interest rate swaps were terminated in the prior period.

21) RELATED PARTY TRANSACTIONS

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

	Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Jonathan Bridel (Chairman)	80,701	121,613
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	60,064	98,493
Harald Brauns (Chairman of the Management Engagement Committee)	65,503	100,298
Total	**206,268**	**320,404**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21) RELATED PARTY TRANSACTIONS (CONTINUED)

Up to 30 September 2022, 10% of base fees and all extra fees were not paid by way of cash payments but were deferred to be settled in the future or to be paid by way of equity. There has been no settlement of director remuneration via the issue of equity in the current year (2021: nil) and the deferred fees remain outstanding as at 31 December 2022 (see note 13).

Directors' expenses totalling US$ 1,273 were paid during the year ended 31 December 2022 (2021: US$ 63), with US$ nil due to be paid at the year-end (31 December 2021: US$ nil).

Base annual fees are as follows:

Annual Fees	**Oct 22 to Dec 22**	**Jan 22 to Sept 22**	**Jan 21 to Dec 21**
Jonathan Bridel	£61,750	£66,000	£66,000
Jeremy Thompson	£49,450	£53,700	£53,700
Harald Brauns	£49,450	£53,800	£53,800

**Note: Directors fees were agreed in GBP, the financial statements are presented in USD*

Director fees has been reduced by 10% which was the portion being deferred and possibly payable in shares. The reduction in fees is effective 1 October 2022.

In recognition of the additional work performed in relation to the Group's circumstances, the board have earned extra fees of £nil (31 December 2021: £65,000) split as follows: -

Additional Fee	**2022**	**2021**
Jonathan Bridel	-	£25,000
Jeremy Thompson	-	£20,000
Harald Brauns	-	£20,000

**Note: Directors fees were agreed in GBP, the financial statements are presented in USD*

Director's shareholdings in the Company are detailed in the Directors' Report and Directors' received dividends of US$ nil during the year (31 December 2021: US$ nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

22) MATERIAL CONTRACTS

Asset Management Agreement

The Asset Management Agreement dated 19 September 2013, between the Group and DS Aviation was initially amended on 5 June 2015 to reflect the acquisition of two new aircraft. A second amendment via a side letter, effective 1 January 2021, was made to the Asset Management Agreement on 7 May 2021.

Disposal fee

The initial amendment provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets (first two currently under receivership and second two currently held by the Group) have been sold after the expiry of the second 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 are sold prior to the expiry of its lease the percentage hurdles set out above will be adjusted on the following basis:

- 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
- 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.

Per the second amendment, payment of any Disposal Fee per above (if any) in connection with the sale of any of the Assets that were under receivership is subordinated to the DekaBank loans and will only become payable after the loans (including the deferred element) have been repaid or prepaid in full.

The disposal fee is a cash-settled payment to the Asset Manager. There is no disposal fee expected to be payable as at 31 December 2022 (31 December 2021: US$ nil).

Management fees

The Asset Manager is paid a monthly base fee of US$ 15,085 (US$ 16,666 up to 31 December 2020) per asset in respect of the two Assets that are currently held by the Group, increasing by 2.5 per cent per annum from May 2021.

As consideration for the Asset Manager agreeing to a reduction of the monthly base fee in respect of the two Assets that are currently held by the Group, the Company agreed that, when permissible as advised by the corporate broker, the Asset Manager shall receive an allocation of shares in the Company determined to be of a value equivalent to the reduction in the monthly base fee with respect to the two Assets. The share allocation will be carried out using a share price for the conversion which is fair and reasonable as advised by corporate broker.

22) MATERIAL CONTRACTS

Asset Management Agreement

Management fees (continued)

In the year ended 31 December 2022 Asset Management fees totalled US$ 471,590 (2021: US$ 757,254) of which US$ 218,033 (note 13) was due at 31 December 2022 (31 December 2021: US$ 122,941).

Administration Agreement

The Administrator of the Company is Aztec Financial Services (Guernsey) Limited. Aztec Financial Services (Guernsey) Limited and Aztec Financial Services (UK) Limited provide administration services to the Company's underlying subsidiaries. These administrator companies are collectively known as the "Administrators". Total fees charged by the Administrators during the period were US$ 305,896 (31 December 2021: US$ 438,198) of which US$ 57,711 remained payable at 31 December 2022 (31 December 2021: US$ 46,876).

The Administrators have the right to be reimbursed from the Company for any reasonable out of pocket expenses incurred in carrying out their responsibilities.

Directors' fees

Details of the fees paid to the Directors are included in note 21.

23) SUBSEQUENT EVENTS

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreement in which the parties agreed on the following main terms:

- the total loan amount outstanding was split into two tranches:
  - Facility A loan of US$ 61,144,842 made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
  - Facility B loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan represents the deferred debt and will be settled as a balloon payment at the end of the loan term.
- US$ 2.36m of surplus cash generated under the PBH period was used to immediately repay debt on the amortizing Facility A loan in February 2023, while an agreed cash reserve of US$ 500,000 per aircraft will be retained to cover unforeseen costs going forward.
- the interest rate swap currently in place for the scheduled debt was dissolved at no net gain or loss.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is legally restricted so that those funds are only payable to the lenders, and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

Due to the limited liquidity position of the Group, restructuring fees associated with the second amendment and restatement will be paid after the eventual remarketing of the aircraft, subject to surplus sales proceeds being realized.

DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited were voluntarily liquidated on 20 February 2023.

24) PRIOR YEAR RECLASSIFICATION

In preparing these financial statements, the Group discovered that restricted cash comprising maintenance reserves and the straight lining lease asset included in trade and other receivables were erroneously presented as current assets when should have been reported as non-current assets given these were not expected to be realised within 12 months after the reporting period.

The errors have been corrected by reclassifying each of the affected financial statement line items for prior periods from current to non-current as follows:

1 January 2021	**As previously reported**	**Reclassification adjustment**	**As Restated**
NON-CURRENT ASSETS	**US$**	**US$**	**US$**
PPR - Aircraft & Related Components	126,600,000	-	126,600,000
Restricted Cash	-	15,547,974	15,547,974
Total non-current assets	**126,600,000**	**15,547,974**	**142,147,974**
CURRENT ASSET			
Assets held for sale	82,000,000	-	82,000,000
Investment held at fair value	15,630,526	-	15,630,526
Trade and other receivables	45,930	-	45,930
Restricted Cash	27,438,332	(15,547,974)	11,890,358
Cash and cash equivalents	6,949,167	-	6,949,167
Total current assets	**132,063,955**	**(15,547,974)**	**116,515,918**
TOTAL ASSETS	**258,663,955**	**-**	**258,663,955**

31 December 2021	**As previously reported**	**Reclassification adjustment**	**As Restated**
NON-CURRENT ASSETS	**US$**	**US$**	**US$**

PPR - Aircraft & Related Components	126,424,840	-	126,424,840
Trade and other receivables	-	4,772,296	4,772,296
Restricted Cash	-	14,465,329	14,465,329
Total non-current assets	**126,424,840**	**19,237,625**	**145,662,465**
CURRENT ASSET			
Trade and other receivables	5,023,512	(4,772,296)	251,216
Restricted Cash	17,253,846	(14,465,329)	2,788,517
Cash and cash equivalents	1,179,211	-	1,179,211
Total current assets	**23,456,569**	**(19,237,625)**	**4,218944**
TOTAL ASSETS	**149,881,409**	**-**	**149,881,409**

The reclassification adjustment has no impact on retained earnings, operating profit, earnings per share or any other primary statements.

COMPANY INFORMATION

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Jeremy Thompson
Harald Brauns

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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).

APPENDIX 1 - ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (CONTINUED)

REGULATORY REFERENCE **AIFMD Article 23(1)**	**DOCUMENT NAME, PAGE AND REFERENCE**
(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 indirectly borne by investors;	Prospectus, pages 48-50, Fees and Expenses.
(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.

APPENDIX 1 - ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (CONTINUED)

REGULATORY REFERENCE **AIFMD Article 23(1)**	**DOCUMENT NAME, PAGE AND REFERENCE**
(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	Not applicable as no changes to the maximum level of leverage.

arrangement;	
(b) the total amount of leverage employed by that AIF.	The leverage employed by AIF is US$ 98,462,379 as at 31 December 2022.

END

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