DP AIRCRAFT I LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

CONTENTS

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 makes its investment in aircraft through four wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, 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 two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated company limited by shares and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise 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.

In total there are 209,333,333 Ordinary Shares in issue with voting rights.

INVESTMENT OBJECTIVE & POLICY

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 '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 advised 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.

DISTRIBUTION POLICY

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. Four quarterly dividends have been paid during the year ended 31 December 2018 and one has been paid subsequent to the year end, each meeting the US$ 0.0225 per share target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all.

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$ 0.99 at 31 December 2018
Earnings per share	US$ 0.10188 for the year ended 31 December 2018
Country of Incorporation	Guernsey
Current Ordinary Shares in Issue	209,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG, Chartered Accountants
Corporate Broker	Canaccord Genuity Limited
Aircraft Registration	LN-LNA
	LN-LNB
	HS-TQD
	HS-TQC
Aircraft Serial Number	35304
	35305
	35320
	36110
Aircraft Type and Model	B787-8
Lessees	Norwegian Air Shuttle ASA ('Norwegian' or 'NAS')
	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

HIGHLIGHTS

PROFIT FOR THE YEAR

Profit for the year ended 31 December 2018 is US$21,326,491 (Earnings per Share US$0.10188 per Share) (2017: US$18,899,551 (Earnings per Share US$ 0.09028 per Share)).

NET ASSET VALUE ('NAV')

The NAV was US$1.02169 per share at 31 December 2018 (2017: US$1.00161). The NAV excluding the financial effects of the swaps was US$1.02100 per Share at 31 December 2018 (2017: US$1.00937).

Although the fair values of the derivatives will move over their terms, at maturity the derivatives will reduce to nil. The NAV excluding swap liabilities is therefore presented to provide what the Directors consider to be a more relevant assessment of the Group's net asset position.

	As at 31 December 2018		As at 31 December 2017	
	US$	**US$ per share**	**US$**	**US$ per share**
NAV per the financial statements	213,872,974	1.02169	209,669,631	1.00161
Add back:				
Derivative instrument (assets) / liabilities and swap interest payable	(146,084)	(0.00069)	1,623,849	0.00776
NAV excluding swap liabilities	213,726,890	1.02100	211,293,480	1.00937

DIVIDENDS

Dividends were declared on:

Date	Dividend reference period	Dividend per Share	Payment date
18 January 2018	Quarter ended 31 December 2017	US$ 0.0225 per Share	15 February 2018
18 April 2018	Quarter ended 31 March 2018	US$ 0.0225 per Share	17 May 2018
16 July 2018	Quarter ended 30 June 2018	US$ 0.0225 per Share	16 August 2018
18 October 2018	Quarter ended 30 September 2018	US$ 0.0225 per Share	15 November 2018
17 January 2019	Quarter ended 31 December 2018	US$ 0.0225 per Share	14 February 2019

OFFICIAL LISTING

The Company's Shares were first admitted to trading on the Official List of the Channel Islands Securities Exchange and to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013. The Company's Shares were delisted from the Official List of the Channel Islands Securities Exchange on 27 May 2015.

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Annual Report and Financial Statements for the year ended 31 December 2018.

The Lessees have continued to meet their lease obligations. There are no incidents to bring to the attention of the Shareholders concerning the operation of the aircraft, inspections have not identified any matters to report and the Company continues to report a healthy performance.

The earnings per share for the year was US$ 0.10188 per share compared to US$ 0.09028 per share for the same period last year. The Company continues to meet its annual dividend target of US$ 0.09 per share for the year. The net asset value per share at the year end was US$ 1.02169 compared to US$ 1.00161 last year.

The outlook for the airline industry for 2019 is positive and the International Air Transport Association expects 2019 to be the tenth consecutive year of profit for the aviation industry. Passenger numbers are anticipated to increase going forwards with the Asian-Pacific region expected to have the highest growth rate among the regions.

During the period, the Thai Airways aircraft were grounded for upgrades on the Trent 1000 engines to repair known issues with the turbine blades. The aircraft will be in overall better condition once the upgrades are completed. This has not resulted in any loss to the Company and Thai Airways have continued to settle lease rental and maintenance reserves payments on time during the year.

The Company has noted the reduction in the substantial growth plans for Norwegian Air Shuttle ('NAS') and ongoing challenges given its high financial and operating commitments. At the beginning of 2019, NAS raised $352m to strengthen its cash position. This is a positive outcome for the Company and NAS has continued to meet its obligations to the Company during the year. The recent grounding of all B737-MAX aircraft is being monitored and we understand NAS is looking to obtain compensation from Boeing. NAS are managing their capacity issues by delaying planned aircraft sales and leasing additional aircraft. I draw your attention to the emerging risks noted on page 27.

The Company's Annual General Meeting ('AGM') is scheduled for 8 July 2019.

I would like to thank our Investors for their continued support in the Company. My fellow Directors and I are available via our Company Secretary, whose details can be found at the end of this report.

Jon Bridel
Chairman
23 April 2019

ASSET MANAGER'S REPORT

The Aviation Market - Overview and Development

The year 2018 is expected to close with airlines´ collective net profit of USD 32.3 billion according to the International Air Transport Association (IATA). The organisation slightly lowered its expectation since summer by USD 1.5 billion. In 2019, net profits are anticipated to amount to USD 35.5 billion which would mark the tenth consecutive year of profit. Overall revenues are expected to increase by 7.7 per cent and the average fuel price is anticipated to be lower than in 2018. However, the impact of the decrease will be delayed due to extensive fuel hedging by many airlines and the share in total operating costs is expected to slightly increase from 23.5 per cent to 24.2 per cent. In 2019, expectations are that 1 per cent of the Gross Domestic Product (GDP) will be spent on air transportation; a total amount of USD 919 billion. Consumers will benefit from increasing numbers of destinations, frequencies and stability in airline tickets. The average air fare in 2019 is forecasted to be USD 324 which is a decrease of 61 per cent since 1998 (adjusted for inflation). Passenger numbers are anticipated to increase by 5.6 per cent to 4.6 billion while demand (measured in Revenue Passenger Kilometres (RPK)) is expected to increase by 6.0 per cent and capacity (measured in Available Seat Kilometres (ASK)) by 5.8 per cent respectively compared to 2018. Ancillary revenues which play a crucial role in the profitability of some business models, amongst others for low-cost carriers, are anticipated to grow from USD 564 billion in 2018 to USD 606 billion in 2019. Governments are benefitting from the air transportation sector gaining around USD 129 billion in tax revenues from airlines and their customers in 2018. It is expected that in 2019, tax revenues will increase to USD 136 billion.

European airlines´ break-even load factors are the highest within the regions as they operate in a very competitive market and meet high regulatory costs. Nevertheless, European carriers are expected to post a net profit of USD 7.5 billion in 2018 which is expected to be in the same range this year. In 2018, capacity grew by 5.7 per cent while demand rose by 6.4 per cent compared to the previous year. The average load factor increased to 74.5 per cent. IATA expects that capacity in 2019 will grow stronger than demand and that the load factor will slightly drop by 0.3 percentage points.

Airlines of the Asian-Pacific region are expected to post a net profit of USD 9.6 billion in 2018 which is anticipated to increase to USD 10.4 billion in 2019. Although capacity and demand will grow slower than in 2017, these growth rates are still going to be the highest among the regions. While capacity is expected to grow by 7.6 per cent in 2018 and 7.1 per cent the following year, demand is anticipated to increase by 8.5 per cent and 7.5 per cent respectively. Therefore, load factors are assumed to increase to 67.4 per cent and 67.7 per cent in turn. In this region, the newly established low-cost carriers in particular show a remarkable growth.

IATA runs a project to identify the key drivers of change to support the aviation industry in preparing for challenges and opportunities within the next 20 years. Fifty main drivers have been grouped into five categories: Society (e.g. a growing middle class in China and the Asia-Pacific region or global ageing), Technology (e.g. alternative fuels and energy sources or 3D printing and new manufacturing techniques), environment (e.g. personal carbon quota or pandemics), economy (e.g. price of oil or open data and radical transparency) and politics (e.g. trade protection and open borders or shifting borders, boundaries and sovereignty).

ASSET MANAGER'S REPORT (CONTINUED)

The Aviation Market - Overview and Development (continued)
The latest published Boeing Outlook (Current Market Outlook 2018-2037) raised the number of expected deliveries from 41,030 commercial aircraft with a total market value of USD 6.1 trillion to 42,700 aircraft with a value of USD 6.3 trillion within the next 20 years. Both Boeing and Airbus (Global Market Forecast 2018-2037) continue to forecast that the global passenger and freighter fleet will double by 2037. According to Airbus 37,390 commercial aircraft will be newly delivered within the next twenty years; 26,540 aircraft will be to meet increasing demand while 10,850 deliveries will replace older aircraft. Boeing forecasts traffic to grow by 4.7 per cent on average. Airbus expects that in 2037 around 85 per cent (2017: 30 per cent) of the emerging country populations will travel by air. In 2018, according to IATA 1,780 new aircraft had been delivered amounting to an investment volume of USD 80 billion. Around half of the new deliveries will replace older aircraft which - in times of high fuel costs - becomes more economical.

The Assets - Four Dreamliner Boeing 787-8s
As at the end of 2018, Boeing had delivered 781 Boeing 787 Dreamliner aircraft, of which 360 aircraft are B787-8s, 406 aircraft are B787-9s and 15 are B787-10s. Until end of 2018, 781 B787 aircraft had been delivered to 54 customers. In 2018, 136 gross orders had been placed by existing airlines and lessors such as American Airlines and Air Lease Corporation as well as new customers, amongst others Turkish Airlines and Vistara. Considering cancellations and conversions, net orders amounted to 110 aircraft during 2018. Thus, the number of total orders for the B787 family amounts to 1,403 aircraft by 72 customers.

Norwegian has equipped its B787-8 fleet with a total of 291 seats, of which 32 are premium economy and 259 economy class seats. This type of aircraft is used to fly from Europe to destinations in Asia and America, amongst others, New York, Fort Lauderdale and Krabi. On 14th January 2018, aircraft LNA was inspected in Birmingham at the Monarch maintenance facilities during a Base Check (every 6,000 flight hours). Our inspector considers the aircraft and its records to be in good condition with no significant defects or airworthiness related issues. Technical records of LNB had been collected early 2018 and are considered to be in good condition. LNB was physically inspected on 30th August 2018 by our in-house technical inspector in Birmingham at the Monarch maintenance facilities during an engine swap. The aircraft is considered to be in good condition with no significant defects or airworthiness related issues. The next annual inspection of LNA is scheduled to take place in the first quarter of 2019.

The leases in respect of the two Norwegian aircraft (LNA and LNB) were novated in September 2018 as a result of a restructuring of Norwegian Air's leasing corporate structure at the request of Norwegian Air, to align the leases with the current leasing structure Norwegian Air uses for its operating leases. Following the novation Torskefjorden Leasing Limited ("TLL"), a 100 per cent subsidiary of Norwegian Air Shuttle, has replaced Norwegian Air Shuttle as the counterparty to each of the leases. Norwegian Air Shuttle has entered into a sub-leasing arrangement with TLL and will remain the commercial operator of the two B787 aircraft. The position of each of the Company's subsidiaries that acts as a lessor of the Norwegian aircraft remains substantially the same as regards its rights and duties.

ASSET MANAGER'S REPORT (CONTINUED)

The Assets - Four Dreamliner Boeing 787-8s (continued)
Thai Airways´ B787-8 offers a total of 264 seats, of which 24 are business and 240 economy class seats. The carrier operates this aircraft type to destinations such as Taipei, Nagoya, Brisbane, Auckland and Vienna. There is still a bottleneck within Rolls-Royce in regard to spare engines and shop visit slots and the engine manufacturer´ engine shops continue to be busy with upgrades on the Trent engines. This continues to affect Thai Airways´ Boeing 787 fleet of which some of the aircraft, including TQD and TQC, are parked. TQC has been parked since early July 2018 and TQD has been parked since mid-September 2018 awaiting engine upgrades. Our technical inspector completed an interim storage inspection on 24th October 2018 at Bangkok International Airport and concluded that both aircraft are stored in accordance with the applicable storage requirements. The temporary storage does not release Thai from paying lease rentals. The airline met all of its lease obligations in full during 2018.

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

AIRFRAME STATUS (31 December 2018)	Norwegian Air Shuttle			
	LN-LNA		LN-LNB	
	TOTAL	December 2018	TOTAL	December 2018
Flight Hours	26,927	458	27,679	441
Flight Cycles	3,144	47	3,295	49
Average Monthly Utilisation	407 hours 48 cycles	-	430 hours 51 cycles	-
Flight Hours/Flight Cycles Ratio	8.56 : 1	9.74 : 1	8.40 : 1	9.00 : 1
ENGINE DATA (31 December 2018)				
Engine Serial Number	10118	10119	10130	10135
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	19,602	20,545	16,546	22,302
Total Flight Cycles	2,352	2,472	1,852	2,586
Location	LN-LNE	LN-LNG	LN-LNB	LN-LNA

AIRFRAME STATUS (31 December 2018)	Thai Airways International			
	HS-TQC		HS-TQD	
	TOTAL	December 2018	TOTAL	December 2018
Flight Hours	15,214	-	13,665	-
Flight Cycles	3,469	-	3,203	-
Average Monthly Utilisation	304 hours 69 cycles	-	280 hours 66 cycles	-
Flight Hours/Flight Cycles Ratio	4.39 : 1	-	4.27 : 1	-
ENGINE DATA (31 December 2018)				
Engine Serial Number	10239	10240	10244	10248
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	12,216	10,518	11,035	12,441
Total Flight Cycles	2,840	2,583	2,675	2,866
Location	In shop	In shop	HS-TQF	HS-TQA

ASSET MANAGER'S REPORT (CONTINUED)

The Assets - Four Dreamliner Boeing 787-8s (continued)

The Lessees

Norwegian Air Shuttle ASA

Norwegian Air Shuttle ASA operates as a low-cost carrier on short-, medium- and long-haul routes being the 3rd largest low-cost carrier in Europe. Norwegian Air Shuttle has the first mover advantage in the European long-haul low-cost market and with its current fleet of 32 B787s a critical mass to profit from economies of scale. In 2018, the airline transported more than 37 million passengers, a growth of 13 per cent on the previous year whereas demand grew by 34 per cent. The airline operates a network of more than 500 routes to over 150 destinations including more than 60 intercontinental city pairs. As at 31st September 2018, the fleet consisted of 164 passenger aircraft in total. The airline took delivery of 11 Dreamliners in 2018. Norwegian had been awarded "The World's Best Low-Cost Long-Haul Airline" for the fourth consecutive year and "Europe's Best Low-Cost Airline" for the sixth year in a row by Skytrax.

Semi-Annual 2018 - KEY FIGURES [billion NOK]	1H2018	1H2017	Change
Operating Revenues	17.22	13.03	+ 32 %
EBITDAR	0.74	0.38	+ 93 %
Operating Loss	- 2.07	- 2.56	- 19 %
Net Result	0.25	- 2.18	-
Capacity - ASK (million)	45,628	31,979	+ 43 %
Demand - RPK (million)	39,129	27,563	+ 42 %
Load Factor	85.8 %	86.2 %	- 0.4 pp
Passengers (million)	17.45	15.28	+ 14 %

During the first half of 2018, passenger numbers increased by 14 per cent to 17.45 million compared to the same period in the previous year, while operating revenues increased by 32 per cent to NOK 17.22 billion (USD 2.11 billion). While capacity was increased by 43 per cent, demand grew by 42 per cent. The passenger load factor was 85.8 per cent. Ancillary revenues per passenger increased by 18 per cent during the first half of 2018. Operating losses decreased by 19 per cent to NOK 2.07 billion (USD 254 million). The carrier stated a net profit of NOK 0.25 billion (USD 31 million) compared to a net loss of NOK 2.18 billion (USD 260 million) in the same period 2017. Results were influenced by a NOK 1.94 billion financial gain from reclassification of its investment in Norwegian Finans Holding, in which the airline has a 16.4 per cent shareholding. Furthermore, results were impacted by increased fuel prices, foreign currency effects and its strong capacity growth. In March 2018, Norwegian raised NOK 1.30 billion (USD 168 million) through a share issue.

ASSET MANAGER'S REPORT (CONTINUED)

The Assets - Four Dreamliner Boeing 787-8s (continued)

The Lessees (continued)

Norwegian Air Shuttle ASA (continued)

3Q - KEY FIGURES [billion NOK]	3Q2018	3Q2017	Change
Operating Revenues	13.39	10.07	+ 33 %
EBITDAR	3.36	3.18	+ 6 %
Operating Result	1.82	1.59	+ 14 %
Net Result	1.30	1.10	+ 18 %
Capacity - ASK (million)	27,534	20,658	+ 33 %
Demand - RPK (million)	24,927	18,950	+ 32 %
Load Factor	90.5 %	91.7 %	- 1.2 pp
Passengers (million)	10.86	9.80	+ 11 %

During the third quarter 2018, operating revenues increased by 33 per cent to NOK 13.39 billion (USD 1,643 million) compared to the same quarter in 2017. EBITDA grew by 6 per cent to 3.36 billion (USD 412 million). Norwegian stated an operating profit of NOK 1.82 billion (USD 223 million); up 14 per cent. Excluding other gains and losses (amongst others effects from currency and forward fuel contracts), the operating result is NOK 1.42 billion (USD 174 million). Net profit increased by 18 per cent to NOK 1.30 billion (USD 160 million) compared to the third quarter 2017. Capacity increased by 33 per cent while demand grew by 32 per cent and the load factor decreased by 1.2 percentage points to 90.5 per cent. Unit revenues remained stable while unit costs excluding fuel decreased by 10 per cent compared to the same quarter in the previous year. Ancillary revenues per passenger grew by 16 per cent to NOK 177 (USD 22). Aircraft utilisation during the third quarter increased from 11.7 to 13.1 block hours a day compared with the same quarter in the previous year. Cash and cash equivalents as at 30 September 2018 stood at NOK 3.21 billion (USD 394 million) and the equity ratio was 9 per cent, up 2 percentage points compared to the same period the previous year.

In the month of December 2018, passenger numbers increased by 15 per cent compared to the same month 2017. As capacity grew by 34 per cent and demand by 24 per cent, the average load factor decreased by 6 percentage points to 78.6 per cent compared to December in the previous year. During 2018, capacity grew by 37 per cent and demand by 34 per cent respectively compared to the previous year. Therefore, the average annual load factor decreased by 1.7 percentage points to 85.8 per cent. The yield in December 2018 increased by 4 per cent whereas the Revenue per Available Seat Kilometre (RASK) decreased by 4 per cent compared to December 2017. The average flying distance grew by 7 per cent in the same period.

The airline has continued the process of divesting aircraft in line with its strategy to decrease the capex commitment in 2018 from USD 1.9 billion to USD 1.75 billion. Thus, the carrier sold eight B737-800s with deliveries in 2018 and 2019. Growth in terms of capacity and fleet peaked in the first half 2018; Norwegian´s long-haul fleet has doubled within 12 months. The low-cost carrier entered a phase of moderate growth from the second half onwards. In 2019, capacity growth is anticipated to be between 15 and 20 per cent. In November 2018, Norwegian secured a Swedish AOC (Air Operator´s Certificate) and registered a newly delivered B737 Max 8 in Sweden the same month.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Norwegian Air Shuttle ASA (continued)
In October 2018, Norwegian announced that they had signed up to use a new consumption-monitoring software by Avtech which is expected to cut the carrier´s fuel bill by 2 per cent. After a sixth month trial, the carrier had signed up for a period for three years or longer. The software supports the analysis of flight data to identify operational efficiencies at a fleet, route and individual flight-stage level. The system analyses weather conditions, flightpaths, air traffic control, and payloads. In November 2018, Norwegian´s leasing arm Arctic Aviation agreed to a sale of five A320neos. The aircraft had been delivered in the fourth quarter 2018 and leased out to an airline other than Norwegian. This has a positive equity effect and increases the carrier´s liquidity. Norwegian has a further order of 58 A320neos, 30 A321LRs, 96 Max 8s and five 787-9s in place. The carrier is considering bringing in the leasing arm into a joint-venture with another investor or lessor.

At the end of December 2018, the airline announced that is has put in place all financing for aircraft deliveries in the first half of 2019. Furthermore, Norwegian has reached an agreement with Rolls-Royce covering the disruption of the B787 fleet due to a bottleneck of spare engines and shop visit slots and has launched a cost saving programme named "Focus2019" contributing to estimated savings of at least NOK 2 billion in 2019. The programme includes, amongst others, network optimisation, refinancing of aircraft deliveries and as mentioned above the divesting of several aircraft on order. In line with Focus2019, Norwegian will close its crew bases at Providence and Fort Lauderdale in the United States; operations to these two destinations will not be affected. The only exception will be that outbound flights from London-Gatwick will be routed to the first-tier airports of San Francisco and Miami instead of Fort Lauderdale and Oakland from the beginning of March 2019. This move is intended to increase yields on these respective routes. At the end of March, the low-cost carrier will start operations between London-Gatwick and Rio de Janeiro four times a week. On this route, the carrier will only compete with British Airways serving the South American capital from London-Heathrow. In May, seasonal flights from Madrid to Boston will be launched and during the year frequencies will be increased between Los Angeles and both Rome and Madrid, between New York and Madrid as well as between Oakland and Rome. In 2019, Norwegian is scheduled to take delivery of a total of 21 new aircraft, including five Dreamliner Boeing 787-9s.

Thai Airways International PCL
Thai Airways International Public Company Limited, full service network carrier and flag carrier of the Kingdom of Thailand, is majority-owned by the Thai Government (Ministry of Finance) (51.03 per cent). In 2017, Thai Airways International, excluding any subsidiaries, transported nearly 20 million passengers. The fleet of Thai Airways, including its subsidiary Thai Smile, comprised 103 active aircraft as at 30 September 2018. The carrier currently operates 62 destinations in 34 countries, including 13 destinations in 11 European countries. Thai Airways was awarded "Best South East Asian Airline" at the TTG Travel Award for the 10th consecutive year.

1H - KEY FIGURES [billion THB]	1H 2018	1H 2017	Change
Operating Revenues	100.71	94.99	+ 6.0 %
Operating Result	1.03	0.73	+ 41.8 %
Net Loss	-0.38	-2.05	- 81.4 %
ASK (million)	46,338	44,094	+ 5.1 %
RPK (million)	36,251	35,568	+ 1.9 %
Load Factor	78.2 %	80.7 %	- 2.5 pp
Passengers (million)	12.16	12.39	- 1.9 %

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL (continued)

During the first half of 2018, total operating revenues increased by 6.0 per cent to THB 100.71 billion (USD 3,244 million) compared to the same half in the previous year. Total expenses increased by 5.7 per cent, mainly due to the increase in fuel price. Operating profit increased by 41.8 per cent to THB 1.03 billion (USD 31 million) while net loss decreased by 81.4 per cent to THB 0.38 billion (USD 12 million). Results were impacted by an impairment loss of assets and aircraft of THB 2.73 billion as well as a gain on foreign currency exchange of THB 152 million. Thai increased capacity by 5.1 per cent, while demand grew by 1.9 percent and the load factor decreased by 2.5 percentage points to 78.2 per cent. The passenger yield grew by 1.4 per cent compared to the first half of 2017.

3Q - KEY FIGURES [billion THB]	3Q 2018	3Q 2017	Change
Operating Revenues	47.95	46.93	+ 2.2 %
Operating Result	-3.93	0.30	-
Net Loss	- 3.70	-1.83	+ 102.8 %
ASK (million)	23,391	22,931	+ 2.0 %
RPK (million)	18,121	17,936	+ 1.0 %
Load Factor	77.5 %	78.2 %	- 0.7 pp
Passengers (million)	6.01	5.99	+ 0.3 %

During the third quarter 2018, total operating revenues increased by 2.2 per cent to THB 47.95 billion (USD 1,483 million) whereas passenger and excess baggage revenues increased by 0.8 per cent totalling THB 38.49 billion and freight and mail revenues grew by 10.9 per cent to THB 5.70 billion. Revenues from other activities, including amongst others catering and cargo handling services, increased by 12.3 per cent to THB 3.30 billion and other income decreased by 30.1 per cent to THB 0.47 billion. Other income decreased as the airline received less compensation payments from delayed aircraft deliveries and lower income from spare parts lending. Total operating expenses increased by 11.3 per cent to a total of THB 51.89 billion (USD 1,605 million), mainly due to an increase in fuel, repair and maintenance costs and the lease of aircraft. Fuel and oil expenses accounted for nearly 30 per cent of Thai´s total expenses and increased by 29.4 per cent compared to the same quarter of the previous year. Although the average jet fuel price increased by 41 per cent, the impact for Thai was mitigated by the deprecation of the USD against the Thai currency and a gain in fuel hedging. Aircraft utilisation remained stable at 12.1 block hours a day. The operating loss was THB 3.93 billion (USD 122 million) compared to an operating gain of THB 0.30 billion in the third quarter of the previous year. The net result decreased by 102.8 per cent to a net loss of THB 3.70 billion (USD 114 million). While capacity increased by 2.0 per cent, demand grew by 1.0 per cent and the load factor decreased by 0.7 percentage points to 77.5 per cent. The number of passengers slightly increased by 0.3 per cent to 6.01 million. At the end of the quarter, cash and cash equivalents stood at THB 13.03 billion (USD 403 million) and total assets amounted to THB 277.61 billion (USD 8,586 million).

Third quarter results of Thai Airways had been influenced by one-time expenses, including an impairment loss of assets amounting to THB 371 million and gains of foreign currency exchange of THB 299 million. The third quarter coincides with the low season period; however, Thai´s results had been influenced by raising fuel prices, fierce competition and natural disasters such as two severe typhoons hitting Japan´s Kansai region and Hong Kong and a major earthquake in Japan´s Hokkaido region. In addition, the number of Chinese travellers decreased by 14.9 per cent in September 2018 compared to the same month a year ago after the boat tragedy in Phuket.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL (continued)
In August 2018, Thai Airways successfully issued a series of unsecured debentures with a volume of THB 7 billion (USD 211 million) for institutional and high net worth investors. The fixed coupon rates are between 2.25 and 4.62 per cent and all seven tranches with tenures of between one and 15 years received an "A" rating by TRIS Rating. While the rating agency is aware of the fact that the capital structure of Thai Airways remains weak (debt-to-capital ratio at 87 per cent as of March 2018), also in-line with the fleet renewal plan, it notes that it expects the airline to receive continuous support by the Thai government.

Thai Airways continues to focus on its revised Transformation plan to exit the business rehabilitation process. The five key strategies and objectives are as follows:

- ***Aggressive Profit:*** Increase in revenues by improving network, yields, ancillary revenues as well as by developing operations with Thai Smile to boost efficiency and profitability
- ***Business Portfolio:*** Such as the establishment of the Thai MRO (Maintenance, Repair & Overhaul) Campus at U-Tapao International Airport, the construction of a new catering plant in Chiang Mai and the launch of the THAI and Rolls-Royce Trent XWB Engine Research and Development Testing Program at Don Mueang Airport
- ***Customer Experience:*** Creating seamless travel between pre-flight, in-flight and post-flight services
- ***Digital Technology:*** Implementation of digital applications to generate a competitive advantage or to facilitate the sale of ancillary revenue services
- ***Effective Human Capital Management:*** Human resources development with focus on organisational structure, culture and leadership

Sumeth Damrongchaitham started 1st September 2018 in his role as the airline´s president and executive vice president, finance and accounting. He is elected president for a period of four years and was managing director at Dhanarak Asset Development, a government-owned company set up to manage state assets and properties. The same month, Thai Airways announced a plan to form an alliance with Airports of Thailand (AOT), the Tourism Authority of Thailand, and Krungthai Bank, to support Thailand´s sustainable growth. This was to include Thai Airways flying tourists to secondary destinations promoted by the AOT. To attract more visitors, the Thai Government waived the visa-on-arrival fee of around USD 60 for 21 countries, amongst others China and India. This promotion applied for initially two months during the winter season but was recently extended by another three months. In terms of further growth, the carrier is taking a careful approach until the Thai cabinet approves a plan for around 22 to 23 new aircraft and there is more clarity on the future fleet plan and as the carrier concentrates on a more consolidated group approach. The latter includes – as mentioned above - a closer integration in terms of the group carriers´ networks so that Thai and Thai Smile can more effectively support each other and have a positive effect on overall connectivity.

DIRECTORS

Jonathan (Jon) Bridel (appointed 9 July 2013), *Non- Executive Chairman (54)*
Jon is a Guernsey resident and is currently a non-Executive Director of The Renewables Infrastructure Group Limited (FTSE 250), Alcentra European Floating Rate Income Fund Limited (until 30 June 2019), Starwood European Real Estate Finance Limited, Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and Funding Circle SME Income Fund Limited which are 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 (appointed 9 July 2013), *Non- Executive Director (63)*
Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a consultant to a number of businesses which include independent non-executive directorships for 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 Riverstone Energy Limited (FTSE 250). 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 a graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and was an invited member to 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.

Angela Behrend-Görnemann (appointed 1 May 2016), *Non-Executive Director (62)*

Angela started her career with Hapag-Lloyd AG and was, from 1984 until 2015, employed with HSH Nordbank AG, Hamburg, Germany as the Global Head of Aviation Finance and Global Head of Transportation Finance. In this function she was responsible for Aviation, Rail and Infrastructure Finance with more than 100 employees in teams in New York, London, Hamburg, Kiel, Singapore and Shanghai. She initiated the foundation of the Dublin based Aviation Asset Manager Amentum Capital. Between 2007 and 2011 she was Class B Manager and member of the Investment Committee of HSH Global Aircraft I S.a.r.l, Luxembourg, a closed ended aircraft fund. She has extensive experience in the transportation and banking industries with more than 20 years' experience in aviation. Angela is resident in Germany. Angela was appointed as a non-executive director of the Company with effect from 1 May 2016.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated Financial Statements for DP Aircraft I Limited for the year ended 31 December 2018.

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 six subsidiaries, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited, DP Aircraft Ireland Limited and DP Aircraft UK Limited (together 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.

Throughout the year the lessees have continued to meet their lease obligations. Not withstanding the requirement for the aircraft to be parked during the year for repairs there are no incidents to bring to the attention of Shareholders concerning the operation of the aircraft, inspections have revealed no matters of concern. The Company's debt has been financed throughout the year as expected and the Company continues to report a healthy performance. A more detailed review of the business and prospects is contained in detail in the Asset Manager's Report on pages 7 to 14. Rolls Royce are currently addressing Trent 1000 engine warranty related issues which have not impacted on the Company's reserves.

Results and Dividends
The profit for the year ended 31 December 2018 was US$21.33m (year ended 31 December 2017 US$ 18.90m).

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. Four quarterly dividends have been paid during the year ended 31 December 2018. All the dividends paid to date have met the US$ 0.0225 per share target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast.

The debt to equity ratio was 1.01 as at 31 December 2018 (2017: 1.15).

Subsequent Events
On 17 January 2019 the Company declared a quarterly dividend in respect of the quarter ended 31 December 2018 of US$ 0.0225 per ordinary share to holders of shares on the register at 25 January 2019. The ex-dividend date was 24 January 2019 with payment on 14 February 2019.

Directors
The Directors of the Company, who served during the year and to date, are as shown below:
Jonathan Bridel
Jeremy Thompson
Angela Behrend-Görnemann

DIRECTORS' REPORT (CONTINUED)

Directors interests
The Directors' interests in the shares of the Company as at 31 December 2018 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 December 2018	Number of ordinary shares 31 December 2017
Jonathan Bridel	7,500	7,500
Jeremy Thompson	15,000	15,000
Angela Behrend-Görnemann	-	-

Principal Risks and Uncertainties
The Statement of Principal Risks and Uncertainties are as described on pages 26 and 27.

Substantial Shareholdings
The directors note the following substantial interests in the Company's share capital as at 31 December 2018 (10% and more shareholding):

M&G Investment Management 49,937,979 – 23.86%
CCLA Investment Management 26,672,987 – 12.74%

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

The Board
The Board comprises three non-executive directors each of whom are independent.

Jeremy Thompson was appointed as Senior Independent Director on 1 April 2016.

During the year ended 31 December 2018 the Board had a breadth of experience relevant to the Company and a balance of skills experience and age.

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

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'). Angela Behrend-Görnemann was re-elected at the AGM on 16 July 2018. Jeremy Thompson is offering himself for re-election at the forthcoming AGM.

The Directors are on a termination notice of three months.

DIRECTORS' REPORT (CONTINUED)

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, 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. At each quarterly meeting the Board will table and review a risk matrix. 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 contact by email and telephone as well as meeting to consider specific matters of a transactional nature. There is regular contact with the Secretary.

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 to 31 December 2018.

Director	No of board meetings attended	No of audit committee meetings attended
Jonathan Bridel	4	5
Jeremy Thompson	4	5
Angela Behrend-Görnemann	4	4
No. of meetings during the year	**4**	**5**

The Directors also attended a number of ad-hoc Board and Committee meetings in addition to the regular quarterly meetings specified above.

DIRECTORS' REPORT (CONTINUED)

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.

In February 2018 the board reviewed the current director fee levels (inclusive of all subsidiaries) and agreed that remuneration levels of directors were set at the correct level, however it was proposed that the Directors remuneration should be increased by annual inflation amount of 2.6% in line with the latest published independent review. This increase was effective from 1 April 2018.

On appointment of Angela Behrend-Görnemann on 1 May 2016, it was agreed to pay her fees at the agreed GBP/EUR exchange rate of 1.30.

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

	Year ended 31 December 2018		Year ended 31 December 2017	
	£/€	US$ equivalent	£/€	US$ equivalent
Jonathan Bridel (Chairman)	£57,150	76,058	£ 56,050	74,804
Jeremy Thompson (Senior Independent Director and Audit Committee Chairman)	£46,700	62,142	£45,825	61,158
Angela Behrend-Görnemann (Management Engagement Committee Chairman)	€67,880	79,317	€66,205	78,453
		US$ 217,517		US$ 214,415

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. Remuneration is paid quarterly 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 and Audit Chairman (SID) may receive additional remuneration to reflect the increased level of responsibility and accountability. Remuneration may also be payable for specific corporate work if required including a new prospectus. Going forward, the board may appoint an independent consultant to review fees if it is considered an above inflation rise may be appropriate. The maximum amount of directors fees payable in any one year is currently set at £200,000.

Following an independent directors' fee review and on the basis that the board has only previously received two inflationary increases over the last five years, subject to approval at the forthcoming AGM in July 2019, with effect from 1 April 2019 the directors will receive the following fees:

	Proposed fee
Jon Bridel	£64,000
Jeremy Thompson	£52,000
Angela Behrend-Görnemann	€74,100

DIRECTORS' REPORT (CONTINUED)

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.

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.

Auditor

KPMG, Ireland, Chartered Accountants have indicated their willingness to continue in office. Accordingly, a resolution proposing their reappointment will be submitted at the Company's next annual general meeting.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully as the interest on the Group's loans have been fixed with the bank or via an interest rate swap and the lease rental income and supplemental rental income have been set at an aggregate absolute income stream in excess of the Group's expenses, distributions and financing costs. Accordingly, the Directors have prepared the financial statements on the going concern basis. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

DIRECTORS' REPORT (CONTINUED)

Viability Statement

The Directors regularly consider and assess the viability of the Company and prior to approving these financial statements have conducted an assessment over a three-year period and takes into account the Company's current position and the potential impact of the principal risks outlined below.

In making this statement, the Directors have considered the resilience of the Company the principal risks in relatively severe scenarios whilst taking into account the effectiveness of any mitigating factors. This assessment considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

These factors were subjected to a review of different scenarios based on the key assumptions underlying the forecast. Where appropriate, this analysis was carried out to evaluate the potential impact of the Company's principal risks actually occurring, primarily non-payment of leases, significant impairment of aircraft values or the impact of Brexit. The Board of Directors have also taken into account the investment strategy of the Company and the disclosure made in the Prospectus issued during 2015.

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 regularly review the timeliness of receipt of the aircraft rental income. The Directors consider quarterly consolidated management accounts that include the cash flow required for dividend purposes and for the purposes of establishing suitable working capital requirements.

The Directors consider that the Notes to the Financial Statements are integral to the support of the Viability Statement. Note 4 discloses the expected rental income up to and in excess of five years hence. Note 18 contains the expected liability flows and when netted off demonstrates significant net cash inflows, prior to any future dividend declarations under normal circumstances.

From the information provided to, and questions posed by the Directors, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2021.

Annual General Meeting

The AGM of the Company will be held in Guernsey on 8 July 2019 at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The meeting will be held to receive the Annual Report and Audited Consolidated Financial Statements, re-elect Directors, propose the reappointment of the auditor, authorise the Directors to determine the auditor's remuneration and to approve the Directors' remuneration and policy.

Corporate Governance

The Company is not required to comply with any particular corporate governance codes in the UK or Guernsey (since it is not authorised or regulated by the Financial Conduct Authority ("FCA") or Guernsey Financial Services Commission ("GFSC")) 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' REPORT (CONTINUED)

Corporate Governance (continued)

Directors' Share Dealings

The Board has agreed to adopt and implement the Model Code for Directors' dealings contained in the Listing Rules. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code.

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 pages 71 and 72.

The Board have established a Management Engagement Committee which reviews 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 100m (equivalent to US$ 114m at 31 December 2018) 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 100m (equivalent to US$ 114m at 31 December 2018), 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.

Brexit

The Directors do not expect the decision of the UK to withdraw from the EU to have a significant impact on the Company given the nature of its operations. They will, however, continue to monitor the airline industry and any impact on the Company.

By order of the Board

Jon Bridel	Jeremy Thompson
Director	Director

REPORT OF THE AUDIT COMMITTEE

On the following pages, we present the Audit Committee (the 'Committee') Report for 2018, 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 Ms Behrend-Görnemann. The Committee operates within clearly defined terms of reference.

The Committee conducts formal meetings not less than three times a year. There were five meetings during the period under review. 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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Independent Auditor (continued)

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.

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
- Lease and loan cash flows
- 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

The Company's investment in the four aircraft represents substantially all of the net assets of the Company and as such is the biggest factor in relation to the accuracy of the financial statements. The 31 December 2018 valuations of the four aircraft have been independently obtained from three independent expert valuers (all certified by the International Society of Transport Aircraft Trading 'ISTAT'). Two of the independent expert valuers included encumbered economic full-life valuations in their valuations. These were in excess of the encumbered depreciated value indicated within the Company's Statement of Financial Position. An encumbered valuation assesses the value of an aircraft with a lease attached and therefore incorporates the value of the revenue stream into the aircraft valuation. As a result of the valuations obtained, the Directors determined that no impairment charge was required and resolved to adhere to current estimation for residual value and useful economic life of the aircraft for the purpose of calculating depreciation.

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

1) Before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered, and
2) 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;
- 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.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

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, liaising where necessary with KPMG, and assessing the significant areas of focus for the financial statements listed on page 24, 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 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.

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

Asset risks
The Company's Assets comprise of four Boeing 787-8 aircraft.

The Boeing 787-8 is a relatively new generation aircraft and therefore there is insufficient experience and data currently available to be able to give a complete assessment of the long-term use and operation of the aircraft. The Group is exposed to the used aircraft market of the B787-8, which at this time is untested.

Market risks
The airline industry is particularly sensitive to changes in economic conditions and is highly competitive; risks affecting the airline industry generally could affect the ability of Norwegian or Thai Airways to comply with its obligations under the Leases (or any subsequent lease).

There is no guarantee that, upon expiry or cessation of the leases, the Assets could be sold or released 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 risks
The ability of the Company to achieve its investment objective is significantly dependent upon the advice of certain key personnel at 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 Lease 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 risks & Counterparty risks
Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparties are Norwegian and Thai Airways as lessees and providers of income and Norddeutsche Landesbank Girozentrale ('NordLB') and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessees do not maintain a credit rating. The credit rating of NordLB is Baa2 (2017: Baa2) and the credit rating of DekaBank is Aa2 (2017: Aa3).

Norwegian's stated strategy of providing low-cost long haul flights may not be successful; failure of this strategy, or of any other material part of Norwegian's business, may adversely affect Norwegian's ability to comply with its obligations under the leases.

There is no guarantee that the business model of Thai Airways will be successful. Failure of any material part of the business model may have an adverse impact on its ability to comply with its obligations under the leases.

Any failure by Norwegian or Thai Airways to pay any amounts when due would have an adverse effect on the Group's ability to comply with its obligations under the loan agreements, could ultimately have an impact on the Company's ability to pay dividends 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, Norwegian is the second largest airline in Scandinavia and the third largest low-cost airline in Europe and Thai Airways is an International full service carrier.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risks

In order to finance the purchase of the Assets, the Group has entered into four separate loan agreements pursuant to which the Group has borrowed an initial amount of US$ 316,600,000 in total. 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 sell the relevant Asset to repay the outstanding relevant loan.

More detailed explanations of the above risks can be found within note 18 to the Audited Consolidated Financial Statements on pages 64 to 66 of this report.

Emerging Risks

NAS

NAS has undergone an ambitious growth programme and its subsequent financial results reflect ongoing challenges. It has appointed a new CFO and has curtailed further expansion, is selling aircraft, closing some bases and has completed a financing round, which was over subscribed, raising $352 million to assist with the company's ongoing funding requirements.

Unfortunately, the grounding of the 737-Max aircraft by Boeing and global certification authorities has been unwelcome but NAS has taken steps to keep capacity in place by deferring the sale of aircraft, leasing aircraft and seeking compensation from Boeing.

Thai Airways

Elections have taken place in Thailand recently. It is not felt that these will impact the airline industry but these matters are continually monitored. Rolls Royce have recently completed a maintenance agreement with Thai to provide a regional maintenance centre for their engines.

Boeing

Company exposure to Boeing in terms of ongoing guarantees and commitments could be negatively impacted with the recent 737-Max groundings and as yet the financial impact upon Boeing in terms of financial compensation and potential loss of orders is not known although it is expected these matters will be resolved.

Rolls Royce

Company exposure to Rolls Royce in terms of ongoing guarantees and commitments could be negatively impacted with the recent Trent 1000 engine issues and as yet the financial impact upon Rolls Royce in terms of financial compensation, loss of capacity and loss of orders is not known. The Company believes that its engines will actually benefit from the current maintenance and refurbishments under way.

Brexit

The current uncertainty regarding Brexit is probably resulting in travellers delaying reservations. This will have a short term impact upon profitability of airlines operating to and from the UK, including NAS.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 permits the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements are required by law to comply with the Companies (Guernsey) Law, 2008.

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements are properly prepared and comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

So far as each of the Directors are aware, there is no relevant information of which the Company's auditor is unaware, and they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

In accordance with the UK's FCA Disclosure and Transparency Rules, the Directors, who are listed on page 15, confirm that to the best of each person's knowledge and belief:

(a) The Directors' Report incorporates a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces; and
(b) The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group.

Signed on behalf of the Board by

Jon Bridel	Jeremy Thompson
Director	Director

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

1. Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DP Aircraft I Limited ("the Company") and subsidiaries (together and hereinafter the "Group") which comprise the statement of financial position as at 31 December 2018 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements

- give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended;
- have been prepared in accordance with International Financial Reporting Standards (IFRS); and
- have been properly 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 (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey together with International Ethics Standard Board for Accountants Code of Ethics for professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 MEMBERS OF DP AIRCRAFT I LIMITED (CONTINUED)

Valuation of Aircraft and associated aircraft lease premium - $ 423 million (2017: $ 471 million)

Refer to pages 42 & 43 (accounting policy) and pages 53 to 54 (financial disclosures)

The key audit matter

Aircraft and aircraft lease premium make up 90% of total assets (by value). At the end of each reporting period, an impairment assessment is prepared that compares the current market of the lease encumbered aircraft ("recoverable value") to the net book value ("NBV") of the aircraft and aircraft lease premium in line with the relevant accounting standards. If the NBV is not recoverable, a value-in-use calculation is performed, the value-in-use is based on the estimation of expected future cash flows to be generated by the aircraft, discounted to a present value. There is a significant risk relating to the valuation of aircraft given the judgmental nature of the matters that require consideration by the Board of Directors.

How the matter was addressed in our audit

The procedures we undertook included but were not limited to:

- Obtaining and documenting our understanding of the controls over the valuations of aircraft;
- Obtained the appraiser valuation reports and we:
  (i) assessed whether the methodology and assumptions used for determining recoverable amounts for aircraft were applied consistently across the portfolio.
- We tested the accuracy of the impairment assessment model via recalculation of the recoverable amount of the assets and tested the completeness of the inputs;
- We evaluated and challenged the Board of Directors' key judgements and assumptions in determining the recoverable amounts by: (i) comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience; and;
- We assessed the adequacy of the disclosures made by the Group in relation to their description of the judgements, assumptions and estimates made.

No material misstatements were noted as part of our testing.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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.

Other Information

The Directors are responsible for the other information. The other information comprises of the information included in the asset manager's report, chairman's statement, AIFMD checklist, highlights, summary, fact sheet, and the other company information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

We have nothing to report in this regard.

2. Respective responsibilities and restrictions on use

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS**,** and for such internal control as the Directors 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 the Directors either intend to liquidate the Group's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Auditors' 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 or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud 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.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix to this report, which is to be read as an integral part of our report.

Our report is made solely to the Shareholders, 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 Group's Shareholders 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 Group's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

23 April 2019

Killian Croke
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

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

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Appendix to the Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Revenue			
Lease rental income	4	57,352,909	57,330,900
Amortisation of intangible asset – aircraft lease premium	9	(4,362,020)	(4,362,020)
Net Revenue		52,990,889	52,968,880
Expenses			
Asset management fees	21	(982,584)	(958,619)
Asset Manager's disposal fee	21	(423,008)	(833,124)
General and administrative expenses	5	(959,727)	(904,127)
Depreciation	9	(18,860,975)	(19,524,024)
		(21,226,294)	(22,219,894)
Operating profit		31,764,595	30,748,986
Finance costs	6	(10,966,998)	(12,084,659)
Finance income		574,341	283,394
Net Finance Costs		(10,392,657)	(11,801,265)
Profit before tax		21,371,938	18,947,721
Taxation	7	(45,447)	(48,170)
Profit for the year		21,326,491	18,899,551
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	19	1,166,451	116,572
Cash flow hedges – reclassified to profit or loss	19	550,401	1,714,655
Total Other Comprehensive Income		1,716,852	1,831,227
Total Comprehensive Income for the year		23,043,343	20,730,778
		US$	US$
Earnings per Share for the year – basic and diluted	8	0.10188	0.09028

All the items in the above statement derive from continuing operations.

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

The notes on pages 39 to 70 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 US$	2017 US$
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft	9	392,117,975	410,978,950
Intangible Asset – Aircraft Lease Premium	9	30,741,499	35,103,519
Derivative instrument assets	18	153,795	-
Total non-current assets		423,013,269	446,082,469
CURRENT ASSETS			
Cash and cash equivalents		11,122,182	9,442,220
Restricted cash	10	30,657,524	43,484,175
Trade and other receivables		354,127	1,178,711
Total current assets		42,133,833	54,105,106
TOTAL ASSETS		465,147,102	500,187,575
EQUITY			
Share Capital	14	210,556,652	210,556,652
Retained Earnings	15	3,162,525	676,034
Hedging Reserve	15	153,797	(1,563,055)
Total equity		213,872,974	209,669,631
NON-CURRENT LIABILITIES			
Bank borrowings	13	190,531,701	216,136,376
Maintenance reserves	18	16,756,567	30,242,119
Security deposits	11	13,264,420	13,264,420
Derivative instrument liabilities	18	-	1,563,058
Asset manager disposal fee	21	1,856,644	1,433,636
Total non-current liabilities		222,409,332	262,639,609
CURRENT LIABILITIES			
Bank borrowings	13	25,983,973	24,780,594
Deferred income	4	2,579,881	2,641,658
Trade and other payables	12	300,942	456,083
Total current liabilities		28,864,796	27,878,335
TOTAL LIABILITIES		251,274,128	290,517,944
TOTAL EQUITY AND LIABILITIES		465,147,102	500,187,575

The financial statements on pages 35 to 70 were approved by the Board of Directors and were authorised for issue on 23 April 2019. They were signed on its behalf by:

Jon Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 39 to 70 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Profit for the year	21,326,491	18,899,551
Adjusted for:		
Depreciation	18,860,975	19,524,024
Amortisation	4,362,020	4,362,020
Amortisation of deferred finance costs	293,641	294,455
Finance costs	10,673,357	11,790,204
Income tax expense	45,447	48,170
Changes in:		
(Decrease)/ Increase in maintenance provision	(13,485,552)	7,672,141
Decrease in deferred income	(61,777)	(39,768)
Increase in Asset Manager's performance fee	423,008	833,124
(Decrease)/ Increase in accruals and other payables	(102,156)	64,403
Decrease/ (Increase) in receivables	824,584	(1,127,978)
Income taxes paid	(45,352)	(48,197)
NET CASH FLOW FROM OPERATING ACTIVITIES	**43,114,686**	**62,272,149**
INVESTING ACTIVITIES		
Restricted cash	12,826,651	(7,566,164)
NET CASH FLOW USED IN INVESTING ACTIVITIES	**12,826,651**	**(7,566,164)**
FINANCING ACTIVITIES		
Dividends paid	(18,840,000)	(18,840,000)
Bank loan principal repaid	(24,692,717)	(23,612,667)
Bank loan interest paid	(10,125,177)	(10,066,361)
Swap interest paid	(603,481)	(1,755,782)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(54,261,375)**	**(54,274,810)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,442,220**	**9,011,045**
Increase in cash and cash equivalents	1,679,962	431,175
CASH AND CASH EQUIVALENTS AT END OF YEAR	**11,122,182**	**9,442,220**

The notes on pages 39 to 70 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Note	Share capital US$	Retained Earnings US$	Hedging Reserve US$	Total Equity US$
As at 1 January 2018		210,556,652	676,034	(1,563,055)	209,669,631
Total comprehensive income for the year					
Profit for the year		-	21,326,491	-	21,326,491
Other comprehensive income		-	-	1,716,852	1,716,852
Total comprehensive income		-	21,326,491	1,716,852	23,043,343
Transactions with owners of the Company					
Dividends	16	-	(18,840,000)	-	(18,840,000)
As at 31 December 2018		210,556,652	3,162,525	153,797	213,872,974
As at 1 January 2017		210,556,652	616,483	(3,394,282)	207,778,853
Total comprehensive income for the year					
Profit for the year		-	18,899,551	-	18,899,551
Other comprehensive income		-	-	1,831,227	1,831,227
Total comprehensive income		-	18,899,551	1,831,227	20,730,778
Transactions with owners of the Company					
Dividends	16	-	(18,840,000)	-	(18,840,000)
As at 31 December 2017		210,556,652	676,034	(1,563,055)	209,669,631

The notes on pages 39 to 70 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 I Limited, DP Aircraft Guernsey II Limited, 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 two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated company limited by shares and a UK incorporated private limited company respectively.

DP Aircraft I Limited (the 'Company') was incorporated on 5 July 2013 with registered number 56941. The Company was listed on the Channel Islands Securities Exchange until 27 May 2015 and is admitted to trading on the Specialist Fund Segment of the London Stock Exchange.

The Share Capital of the Company comprises 209,333,333 Ordinary Shares (2017: 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 23 April 2019.

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 (collectively IFRSs) issued by the International Accounting Standards Board ('IASB').

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.

<u>Basis of Measurement</u>

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and designated as hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully as the interest on the Group's loans have been fixed with the bank or via an interest rate swap and the lease rental income and supplemental rental income have been set at an aggregate absolute income stream in excess of the Group's current expenses, distributions and financing costs. Accordingly, the Directors have prepared the financial statements on the going concern basis. The Directors are not aware of any material uncertainty 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 2018

There were two new major standards effective for the first time for periods beginning on or after 1 January 2018 that impacted the Group's accounting policies. These two new standards and their impact on the financial statements are detailed below:

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Although the application of IFRS 9 has resulted in changes to the classification of financial assets and liabilities, there has been no impact on the carrying values of such financial instruments. The following table summarises the financial assets and liabilities held by the Group, the treatment under IAS 39, the new treatment under IFRS 9 and the impact on the financial statements at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 at 1 Jan 2018	New carrying amount under IFRS 9 at 1 Jan 2018
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised cost	1,178,711	1,178,711
Cash and cash equivalents	Loans and receivables	Amortised cost	9,442,220	9,442,220
Restricted cash	Loans and receivables	Amortised cost	43,484,175	43,484,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, interpretations and amendments effective from 1 January 2018 (continued)

IFRS 9 Financial Instruments (continued)

	Original classification under IAS 39	**New classification under IFRS 9**	**Original carrying amount under IAS 39 at 1 Jan 2018**	**New carrying amount under IFRS 9 at 1 Jan 2018**
Financial Liabilities				
Interest rate swaps used for hedging	Fair value – hedge instrument	Fair value – hedge instrument	1,563,058	1,563,058
Bank borrowings	Amortised cost	Amortised cost	240,916,970	240,916,970
Maintenance reserves	Amortised cost	Amortised cost	30,242,119	30,242,119
Security deposits	Amortised cost	Amortised cost	13,264,420	13,264,420
Trade and other payables	Amortised cost	Amortised cost	1,433,636	1,433,636

The financial instrument accounting policy in note 2e details the new accounting policies applicable under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

As the Company's revenue is solely derived from leases which are outside the scope of IFRS 15 this standard has had no impact on the Company's consolidated financial statements.

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

There are a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2019 which will be adopted from their effective date. Those which are relevant to the Group's future financial statements are considered below:

IFRS 16 Leases

IFRS 16 Leases is the IASB's replacement of IAS 17 Leases which eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. The standard's approach to lessor accounting is substantially unchanged from IAS 17 and as such is not expected to have a significant impact on the Group. The standard is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

c) Taxation

The Company and the Guernsey subsidiaries are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 (2017: £1,200). This is treated as an operating expense.

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

The tax currently payable is based on taxable profit for the year. 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.

d) Property, plant and equipment – Aircraft and related lease premium

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 Aircraft Lease Premium in non-current assets and are amortised to profit or loss on a straight line basis over the term of the lease.

The two aircraft leased to Norwegian Air Shuttle ASA were acquired in 2013 and had a useful economic lease life of 12 years at acquisition. The two aircraft leased to Thai Airways International were acquired in 2015 and had a useful lease life of 12 years at acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, plant and equipment – Aircraft and related lease premium (continued)

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 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 16 - Property, Plant and Equipment, the Group's aircraft 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 not recoverable and is in excess of its fair value. 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. Future cash flows are assumed to occur under the prevailing market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

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 as 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.

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.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

Fair values of financial assets at amortised cost, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

i. 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. Where investments are categorised as cash equivalents, the related balance has a maturity of three months or less from the date of acquisition.

ii. 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 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

Impairment of financial assets held at amortised cost

IFRS 9 has introduced the expected credit loss ("ECL") model which brings forward the timing of impairments. Under IFRS 9 for trade receivables, including lease receivables, the Company has elected to apply the simplified model as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach practical expedients are available to measure lifetime ECL but forward looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime expected credit losses at all times. The board consider that a significant movement would be required to the credit quality of the lessees, oil prices and inflation to increase the ECL.

The directors have concluded that any ECL on the lease receivables would be highly immaterial to the financial statements following consideration of:

- the historical payment history of the lessees which have always been met in accordance with the lease agreement terms.
- the ability of the lessees to pay the current amounts due based on forward looking information and expectations over items such as oil prices and inflation.
- collateral being held in the form of a security deposit for each lease which can be utilised should there be any payment defaults.
- The credit risk of the lessees.

Accordingly, there has been no change in the allowance for impairment over these receivables in opening retained earnings at 1 January 2018 on transition to IFRS 9.

Other receivables are immaterial to the financial statements and therefore no assessment of the ECL has been completed.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL which includes derivative financial assets.

Financial assets at FVTPL are initially and subsequently measured at fair value. The Company has designated its derivative financial instruments as hedging instruments as detailed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

Hedge accounting

Hedge accounting under IFRS 9 adopts a more principle based approach than that under IAS 39. The quantitative effectiveness test under IAS 39 has been removed and replaced with a number of other effectiveness requirements which must all be met. IFRS 9 requires the company to ensure that the hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.

The Company has two interest rate swaps in order to provide for fixed rate interest to be payable in respect of two of the bank loans. The interest rate swaps have been entered into to provide certainty of cash flows and elimination of volatility.

The directors have considered the requirements of IFRS 9 and given that the critical terms of the hedged item matched those of the hedging instrument in terms of risk, timing and quantity, have concluded that it meets all the hedging requirements. Accordingly, the Company has elected to adopt the new general hedge accounting model in IFRS 9.

The hedges under IAS 39 were accounted for at fair value with the fair value movements being recorded as other comprehensive income and the swap interest being reclassified from other comprehensive income and recognised in profit or loss. Under IFRS 9 there is no change to this accounting treatment.

As the hedging relationship designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 it is regarded as a continuing hedge relationship.

Financial Liabilities at amortised cost

i. 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.

ii. NAS, for example, has Boeing Gold Care cover and Rolls Royce Total Care arrangements under which the majority of the maintenance payments are made. In addition, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (continued)

Financial Liabilities at amortised cost (continued)

Maintenance provisions are recorded in the consolidated statement of financial position during the term of the lease. 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 other income.

iii. Security deposits are paid by the lessee in accordance with the terms of the lease contract, either in cash or in the form of a letter of credit. These deposits are refundable to the lessee upon expiration of the lease and, where such deposits are received in cash, they are recorded in the consolidated statement of financial position as a liability. The cash received related to security deposits is presented as restricted cash in the consolidated statement of financial position.

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

Fair value measurement

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:

- 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.
- 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 retained earnings.

g) Asset Manager's disposal fee provision

The disposal fee provision is measured at the present value of the expenditure expected to be required to settle the obligation. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss in the statement of comprehensive income when the changes arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Dividends

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

Dividends become an obligation when the payment of the dividend is no longer at the discretion of the Company and are therefore recognised when they are paid.

i) 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. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

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

j) Expenses

Expenses are accounted for on an accruals basis.

k) Finance costs and finance income

Interest payable 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.

l) 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.

m) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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.

a) 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. In making a judgement regarding these estimates the Directors will consider previous sales of similar aircraft and other available aviation information. The Group engage three Independent Expert Valuers each year to provide a valuation of the Assets and take into account the average of the three valuations provided. The Group expects that, in performing their valuations, the Independent Expert Valuers will have regard to factors such as the prevailing market conditions (which may impact on the resale value of the Assets), the leases (including the scheduled rental payments and remaining scheduled term of the leases) and the creditworthiness of the lessees. Accordingly, any early termination of the leases may impact on the valuation of the Assets. As at 31 December 2018 there was no indication of impairment in the Group's Assets (2017: nil).

Residual value estimates of the Aircraft were determined by the full life inflated values at the end of the leases from three external valuations and discounted by the inflation rate incorporated into those valuations and the lease premium was determined to have a US$ nil residual value at the end of the leases.

The full life inflated 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". An aircraft's full life value is founded in the historical trend of values and in the projection of value trend and presumes an arm's-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. The full life inflated values used within the financial statements match up the four lease termination dates 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 of the leases for the aircraft as at 31 December 2018 was US$ 255,350,464 (31 December 2017: US$249,761,681). As a result the year ending 31 December 2019 and future aircraft depreciation charges, with all other inputs staying constant, will be US$ 17,865,508 (2018: US$ 18,860,975). The aircraft depreciation charge for 2020 onwards will vary based on the residual value estimates as at 31 December 2019.

b) Derivative fair value

The Directors estimate the fair value of derivative contracts based on valuation techniques. These techniques are significantly affected by the assumptions used which are observable except for credit valuation adjustments and derivative valuation adjustments, including discount rates and estimates of future cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

4) LEASE RENTAL INCOME

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Deferred income brought forward	2,641,658	2,681,426
Lease rental income received	57,291,132	57,291,132
Deferred income carried forward	(2,579,881)	(2,641,658)
Total lease rental income	**57,352,909**	**57,330,900**

All lease rental income is derived from two customers located in Norway and Thailand and all four Assets are Boeing 787-8 aircraft. During the year ended 31 December 2018 the Group earned the following amounts of rental income from these two customers:

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Norway	29,895,229	29,873,220
Thailand	27,457,680	27,457,680
Total lease rental income	**57,352,909**	**57,330,900**

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

31 December 2018	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	21,849,811	96,279,871
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	24,233,281	98,970,481
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	40,091,450	108,819,650
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	37,708,110	106,268,310
	57,291,132	**229,164,528**	**123,882,652**	**410,338,312**

31 December 2017	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	36,735,823	111,165,883
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	39,180,721	113,917,921
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	53,837,090	122,565,290
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	51,420,150	119,980,350
	57,291,132	**229,164,528**	**181,173,784**	**467,629,444**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

5) GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Legal and professional fees	314,093	301,787
Directors fees and expenses (note 20)	227,128	223,684
Administration fees (note 21)	242,449	187,586
Insurance	47,594	114,977
Audit fees	54,503	63,304
Foreign exchange gains	19,025	(949)
Professional fees	35,875	466
Travel expenses	16,534	13,054
Other fees and expenses	2,526	218
Total general and administrative expenses	**959,727**	**904,127**

6) FINANCE COSTS

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Loan interest paid and payable	10,122,956	10,075,549
Amortisation of deferred finance costs	293,641	294,455
Total finance costs at effective interest rate	10,416,597	10,370,004
Cash flow hedges reclassified from other comprehensive income	550,401	1,714,655
Total finance costs	**10,966,998**	**12,084,659**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

7) TAXATION

With the exception of DP Aircraft Ireland Limited and 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 (2017: £1,200).

DP Aircraft Ireland Limited and DP Aircraft UK Limited are subject to taxation at the applicable rate in Ireland and the United Kingdom respectively. The amount of taxation paid during the year ended 31 December 2018 was US$ 45,352 (2017: US$ 48,197). 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 effective tax rate is 0.2% (2017: 0.2%).

8) EARNINGS PER SHARE

	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Profit for the year	21,326,491	18,899,551
Weighted average number of shares	209,333,333	209,333,333
Earnings per share	**0.10188**	**0.09028**

There are no instruments in issue that could potentially dilute earnings per Ordinary Share in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9) PROPERTY, PLANT, EQUIPMENT & INTANGIBLE ASSETS – AIRCRAFT & LEASE PREMIUM

	Aircraft US$	Lease Premium US$	Total US$
COST			
As at 1 January 2018 and 31 December 2018	**476,751,161**	**46,979,793**	**523,730,954**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2018	**65,772,211**	**11,876,274**	**77,648,485**
Charge for the year	18,860,975	4,362,020	23,222,995
As at 31 December 2018	**84,633,186**	**16,238,294**	**100,871,480**
CARRYING AMOUNT			
As at 31 December 2018	**392,117,975**	**30,741,499**	**422,859,474**
COST			
As at 1 January 2017 and 31 December 2017	**476,751,161**	**46,979,793**	**523,730,954**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2017	46,248,187	7,514,254	53,762,441
Charge for the year	19,524,024	4,362,020	23,886,044
As at 31 December 2017	**65,772,211**	**11,876,274**	**77,648,485**
CARRYING AMOUNT			
As at 31 December 2017	**410,978,950**	**35,103,519**	**446,082,469**

The Boeing 787-8 is a new generation of aircraft. Due to the new type of design, in particular in respect of innovative materials and technology, there is currently insufficient experience and data available to be able to give a complete assessment of the long-term use and operation of the aircraft. There is a risk that the newly developed materials may be found to be less efficient or durable than expected and thereby may lead to higher maintenance and repair costs. Under the terms of the leases, the cost of repair and maintenance of the Assets will be borne by NAS and Thai Airways. However, upon expiry or termination of the leases, the cost of repair and maintenance will fall upon the Group. Therefore, upon expiry of the leases, the Group may bear higher costs and the terms of any subsequent leasing arrangement (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be adversely affected, which could reduce the overall distributions paid to the Shareholders.

The first aircraft was acquired in June 2013, the second aircraft acquired in August 2013 and the third and fourth aircraft were acquired in June 2015. All four of the aircraft are used as collateral for the loans as detailed in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

9) PROPERTY, PLANT, EQUIPMENT & INTANGIBLE ASSETS – AIRCRAFT & LEASE PREMIUM (CONTINUED)

The estimated residual value of the Boeing 787-8 Assets as at the end of their respective leases in 2025 and 2026 have been supported by independent experts as at 31 December 2018. The residual value will depend upon a variety of factors including actual or anticipated fluctuations in the results of the airline industry, market perception of the airline industry, general economic and social and political development, changes in industry conditions, fuel prices or rates of inflation.

The future cash in-flows for the Assets (excluding the assets residual value in the event of a sale) have been fixed at a set rate as agreed between the Group and the lessees.

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

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

10) RESTRICTED CASH

	2018 US$	2017 US$
Security deposits	13,476,273	13,355,045
Maintenance reserves	17,181,251	30,129,130
Total restricted cash	**30,657,524**	**43,484,175**

During the year, the Company received US$ 5,017,253 from the lessees in relation to the maintenance reserves. The lessees made claims on the reserves totalling US$ 18,502,815 which were paid by the Company during the year.

11) SECURITY DEPOSITS

	2018 US$	2017 US$
Security deposits:		
Refundable to Norwegian	6,400,000	6,400,000
Refundable to Thai Airways	6,864,420	6,864,420
Total security deposits	**13,264,420**	**13,264,420**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

12) TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Swap interest payable	7,711	60,791
Accruals and other payables	240,070	342,226
Taxation payable	53,161	53,066
Total trade and other payables	**300,942**	**456,083**

13) BANK BORROWINGS

	2018 US$	2017 US$
Current liabilities: bank interest payable and bank borrowings	25,983,973	24,780,594
Non-current liabilities: bank borrowing	190,531,701	216,136,376
Total liabilities	**216,515,674**	**240,916,970**
The borrowings are repayable as follows:		
Interest payable	380,553	382,774
Within one year	25,603,420	24,397,820
In two to five years	115,090,480	109,886,121
After five years	75,441,221	106,250,255
Total bank borrowings	**216,515,674**	**240,916,970**

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

	2018 US$	2017 US$
Opening balance	240,534,196	263,852,408
Repayment of loan	(24,692,716)	(23,612,667)
Amortisation of deferred finance costs	293,641	294,455
Principal bank borrowings	**216,135,121**	**240,534,196**
Interest payable	380,553	382,774
Total bank borrowings	**216,515,674**	**240,916,970**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

13) BANK BORROWINGS (CONTINUED)

The table below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2018:

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2018	9,442,220	(240,534,197)	(382,774)	(1,623,849)	(233,098,600)
Cash flows	1,679,962	24,692,717	10,125,177	603,481	37,101,337
Non cash:-					
Fair value movement	-	-	-	1,716,852	1,716,852
Amortisation of deferred finance costs	-	(293,641)	-	-	(293,641)
Interest charge	-	-	(10,122,956)	(550,401)	(10,673,357)
At 31 December 2018	11,122,182	(216,135,121)	(380,553)	146,083	(205,247,409)

*Including interest payable of US$ 7,712 (2017: US$ 60,793)

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2017	9,011,045	(263,852,409)	(373,586)	(3,496,203)	(258,711,153)
Cash flows	431,175	23,612,667	10,066,361	1,755,782	35,865,985
Non cash:-					
Fair value movement	-	-	-	1,831,227	1,831,227
Amortisation of deferred finance costs	-	(294,455)	-	-	(294,455)
Interest charge	-	-	(10,075,549)	(1,714,655)	(11,790,204)
At 31 December 2017	9,442,220	(240,534,197)	(382,774)	(1,623,849)	(233,098,600)

*Including interest payable of US$ 60,793 (2017: US$ 101,917)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

13) BANK BORROWINGS (CONTINUED)

Loans

During the year ended 31 December 2015 the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank as facility agent of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 31 December 2018 was US$ 115,714,801 (2017: US$ 127,666,181).

During the period ended 31 December 2014 the Company utilised the proceeds from the initial public offering and the proceeds of two separate loans from NordLB as facility agent of US$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 31 December 2018 was US$ 100,800,873 (2017: US$ 112,868,015).

All of the loans will be fully amortised with monthly repayments in arrears over the term until the scheduled expiry of each respective lease. There have been no defaults or breaches under the loan agreements (2017: none).

Structure and term

The committed term of each loan is from the drawdown date until the date falling twelve years from the delivery date of the relevant Asset. Each Loan will be amortised with repayments every month in arrears over the term in amounts as set out in a schedule agreed by the Company and the Lenders. Amortisation will be on an annuity-style (i.e. mortgage-style) basis.

Interest

Interest on each DekaBank loan is payable in arrears on the last day of each interest period, which is one month long. Interest on the loan accrues at a fixed rate of 4.10 per cent including a margin of 1.95 per cent per annum. If any amount is not paid by the Borrower when due under the loan agreements, interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum.

Interest on each NordLB loan is payable in arrears on the last day of each interest period, which is one month long (the ‘Interest Period’). Interest on each loan accrues at a floating rate of interest which is calculated using LIBOR for the length of the Interest Period and a margin of 2.6 per cent per annum (the ‘Loan Margin’) (‘Loan Floating Rate’). For the purposes of calculating the Loan Floating Rate, if on the date when LIBOR is set prior to the beginning of an Interest Period it is not possible for LIBOR to be determined by reference to a screen rate at the time that LIBOR is to be set for that Interest Period (a ‘Market Disruption Event’), the amount of interest payable to each affected Loan Lender during the Interest Period will be the aggregate of each Lender’s cost of funds during that monthly period and the Loan Margin. If any amount is not paid by the Borrower when due under the Loan Transaction Documents, interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum. The Group has entered into ISDA-standard hedging arrangement with NordLB as hedging provider in connection with the Loans, in order to provide for a fixed interest rate of 5.06% and 5.08% to be payable in respect of the loans throughout the whole term.

Cross Collateralisation

The DekaBank loans entered into by the Group to complete the purchase of the third and fourth Assets are cross collateralised. Each of the third and fourth loans 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

13) BANK BORROWINGS (CONTINUED)

Cross Collateralisation (continued)

Similarly, the NordLB loans entered into by the Group to complete the purchase of the first two Assets are cross collateralised. Each of the first and second loans is secured by way of security taken over the first and second 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.

14) SHARE CAPITAL

Authorised share capital
The Company's authorised share capital is unlimited.

Year ended 31 December 2018

Issued and fully paid:	**Subordinated Administrative Share**	**Ordinary Shares**	**Total**
	Number	**Number**	**Number**
Shares as at 1 January 2018 and 31 December 2018	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2018 and 31 December 2018	**1**	**210,556,651**	**210,556,652**

Year ended 31 December 2017

Issued and fully paid:	**Subordinated Administrative Share**	**Ordinary Shares**	**Total**
	Number	Number	Number
Shares as at 1 January 2017 and 31 December 2017	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2017 and 31 December 2017	**1**	**210,556,651**	**210,556,652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

14) 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.

15) RESERVES

The movements in the Group's reserves are shown on page 38.

Retained earnings comprises any surplus arising from the profit for the year or period and is taken to this reserve which may be utilised for the payment of dividends.

The hedging reserve comprises the cumulative net change in the value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

16) DIVIDENDS

During the year ended 31 December 2018 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share US$	Paid US$	Payment date
Quarter ended 31 December 2017	209,333,333	0.0225	4,710,000	15 February 2018
Quarter ended 31 March 2018	209,333,333	0.0225	4,710,000	17 May 2018
Quarter ended 30 June 2018	209,333,333	0.0225	4,710,000	16 August 2018
Quarter ended 30 September 2018	209,333,333	0.0225	4,710,000	15 November 2018
			18,840,000	

A quarterly dividend of US$ 4,710,000 (US$ 0.0225 per share) for the quarter ended 31 December 2018 was paid on 14 February 2019. In accordance with IAS 10, this dividend has not been recognised in these financial statements. A dividend becomes an obligation of the Company when its payment is no longer at the discretion of the Company. Dividends are therefore recognised when they are paid.

During the year ended 31 December 2017 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share US$	Paid US$	Payment date
Quarter ended 31 December 2016	209,333,333	0.0225	4,710,000	13 February 2017
Quarter ended 31 March 2017	209,333,333	0.0225	4,710,000	19 May 2017
Quarter ended 30 June 2017	209,333,333	0.0225	4,710,000	18 August 2017
Quarter ended 30 September 2017	209,333,333	0.0225	4,710,000	17 November 2017
			18,840,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

17) 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 2018
DP Aircraft Guernsey I Limited	10 July 2013	Guernsey	100%
DP Aircraft Guernsey II Limited	10 July 2013	Guernsey	100%
DP Aircraft Guernsey III Limited	21 May 2015	Guernsey	100%
DP Aircraft Guernsey IV Limited	21 May 2015	Guernsey	100%
DP Aircraft Ireland Limited	27 June 2013	Republic of Ireland	100%
DP Aircraft UK Limited	14 April 2015	United Kingdom	100%

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	2018 US$	2017 US$
Financial assets		
Cash and cash equivalents	11,122,182	9,442,220
Restricted cash	30,657,524	43,484,175
Trade and other receivables (excluding prepayments)	354,127	1,142,672
Financial assets measured at amortised cost	**42,133,833**	**54,069,067**
Financial liabilities		
Bank borrowings	216,515,674	240,916,970
Maintenance provision	16,756,567	30,242,119
Security deposit	13,264,420	13,264,420
Trade and other payables (excluding tax)	247,781	403,017
Financial liabilities measured at amortised cost	**246,784,442**	**284,826,526**
Interest rate swaps	(153,795)	1,563,058
Financial liabilities designated as hedging instruments	**(153,795)**	**1,563,058**

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 comprise four separate loan agreements and interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

Income distributions are generally made quarterly, subject to compliance with Applicable Law and regulations, in February, May, August and November of each year. The Company aims to make a distribution to investors of US$ 0.0225 per Share per quarter. There can be no guarantee that dividends will be paid to Shareholders and, if dividends are paid, as to the timing and amount of any such dividend. Any distribution of dividend to Shareholders will be subject always to compliance with the Companies (Guernsey) Law, 2008.

Before recommending any dividend, the Board will consider the financial position of the Company and the impact on such position of paying the proposed dividend. Dividends are declared and paid in US Dollars.

Credit risk

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparties are Norwegian and Thai Airways as lessees and providers of income. There are no lease income receivables at 31 December 2018 (2017: US$ 1,142,672). Cash and restricted cash is all held at NordLB and DekaBank. The lessees do not maintain a credit rating. The credit rating of NordLB is Baa2 (2017: Baa2) and the credit rating of DekaBank is Aa2 (2017: Aa3).

During the term of the leases, the returns on an investment in the Shares will depend in large part on the lease rentals received from Norwegian and Thai Airways under the leases. A failure by Norwegian or Thai Airways to comply with their payment obligations under the leases may lead to a reduction in distributions paid on the shares and/or in the value of the shares and have an adverse effect on the Group.

In advance of the commencement of the lease terms under the leases, both Norwegian and Thai have paid to the Group a security deposit in respect of each Asset. However, the security deposits do not cover the full value of the Group's obligations pursuant to the loan agreements in the event of termination of the leases or default by Norwegian or Thai Airways.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

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. In respect of the floating rate loans advanced by NordLB for the purchase of the first two Assets, the Directors have sought to mitigate this risk by swapping the interest on each loan from a floating rate of interest to a fixed rate of interest. The floating rate of interest is calculated using LIBOR for the length of the interest period and a margin of 2.6 per cent per annum and has been swapped for a fixed rate of 5.06 per cent and 5.08 per cent for the duration of the loans. The Group has entered into ISDA-standard hedging arrangements with NordLB as hedging provider in order to provide for fixed-rate interest for 12 years to be payable in respect of the loan, funded by the fixed rental payments under the corresponding lease. The interest rate swaps are not under a single master netting agreement. As at 31 December 2018 the fair value of the interest rate swaps was a receivable of US$ 153,795 (2017: payable of US$ 1,563,058).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk – interest rate risk (continued)

A 0.25% increase or decrease in interest rates would not have a material impact on the Group due to the derivatives fixing the interest rates paid by the group and the intention to hold the interest rate swaps until maturity.

The following table details the Group's exposure to interest rate risk:

31 December 2018	**Fixed rate instruments US$**	**Variable rate instruments US$**	**Non-interest bearing instruments US$**	**Total US$**
Restricted cash	-	30,657,524	-	30,657,524
Cash and cash equivalents	-	11,122,182	-	11,122,182
Trade receivables			354,127	354,127
Total financial assets	**-**	**41,779,706**	**354,127**	**42,133,833**
Trade and other payables	-	-	(247,781)	(247,781)
Maintenance reserves	-	-	(16,756,567)	(16,756,567)
Security deposits	-	-	(13,264,420)	(13,264,420)
Notional interest rate swap	(101,620,721)	101,620,721	-	-
NordLB loans	-	(100,587,285)	(213,587)	(100,800,872)
DekaBank loans	(115,547,835)	-	(166,966)	(115,714,801)
Total financial liabilities	**(217,168,556)**	**1,033,436**	**(30,649,321)**	**(246,784,441)**
Total interest rate sensitivity gap	**(217,168,556)**	**42,813,142**		

31 December 2017	**Fixed rate instruments US$**	**Variable rate instruments US$**	**Non-interest bearing instruments US$**	**Total US$**
Restricted cash	-	43,484,175	-	43,484,175
Cash and cash equivalents	-	9,442,220	-	9,442,220
Trade receivables	-	-	1,142,672	1,142,672
Total financial assets	**-**	**52,926,395**	**1,142,672**	**54,069,067**
Trade and other payables	-	-	(403,017)	(403,017)
Maintenance reserves	-	-	(30,242,119)	(30,242,119)
Security deposits	-	-	(13,264,420)	(13,264,420)
Notional interest rate swap	(113,955,281)	113,955,281	-	-
NordLB loans	-	(112,868,014)	(196,916)	(113,064,930)
DekaBank loans	(127,666,181)	-	(185,858)	(127,852,039)
Total financial liabilities	**(241,621,462)**	**1,087,267**	**(44,292,330)**	**(284,826,525)**
Total interest rate sensitivity gap	**(241,621,462)**	**54,013,662**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

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 NordLB and 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 Norwegian or Thai Airways, there is a risk that the Group will not be able to remarket the Assets successfully within the remarketing period specified in the loan agreements and that (after using the security deposits and the Liquidity Reserve) 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 lenders 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 as favourable as the existing leases, which may have an adverse effect on the Group and its ability to meet its investment objective and its dividend target. The price paid by the Group for the Assets partly reflects the terms of the leases to which the Assets are subject. Accordingly, were any or all of the Assets to be re-leased on less favourable terms, this may have an adverse effect on the value of the Assets and therefore the share price.

No right of redemption or repurchase

Shareholders will 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 Reserve

In accordance with the Group's financial model, in addition to paying the proposed dividends to shareholders, the Company intends to establish and to build up a liquidity reserve (the "Liquidity Reserve"). The Liquidity Reserve will be accumulated from surplus cash flow from the leases after payment of the Group's costs and after allowing for proposed dividends and currently total US$ 14,651,928 (2017: US$ 14,889,438). The Liquidity Reserve is intended to fund contingencies and to be available to the Group, in addition to the security deposits paid by Norwegian and Thai Airways under the leases, to aid the Group in meeting its loan repayments in the event of a default by Norwegian or Thai Airways and/or to meet costs incurred in connection with a subsequent remarketing of the Assets. In the event of a default on the bank borrowings the accumulation of surplus lease rental by the Group in the Liquidity Reserve will be suspended. In the event of a re-lease of the Assets, the Group may maintain and/or accumulate a Liquidity Reserve in an amount which is considered appropriate by the Directors, having regard to the available security deposits and the other circumstances applicable at such time. Any unused Liquidity Reserve ultimately will be available for distribution to shareholders following the disposal of the Assets and after all loan obligations have been satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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.

The following table details the contractual maturity analysis of the Group's financial liabilities. The amounts are contractual undiscounted cash flows and therefore will not agree directly to the balances in the statement of financial position. Operating lease income is not a financial instrument, however, it has been included in the tables below to illustrate the Group's excess liquidity.

31 December 2018	Next 12 months US$	2-5 years US$	After 5 years US$	Total US$
Bank borrowings and interest	(35,407,388)	(141,478,138)	(80,435,324)	(257,320,850)
Interest rate swaps	(2,206,356)	(5,580,029)	(591,988)	(8,378,373)
Maintenance provision	-	-	(16,756,567)	(16,756,567)
Security deposit	-	-	(13,264,420)	(13,264,420)
Trade and other payables	(247,781)	-	-	(247,781)
Total financial liabilities	**(37,861,525)**	**(147,058,167)**	**(111,048,299)**	**(295,967,991)**
Operating lease income (note 4)	57,291,132	229,164,528	123,882,652	410,338,312
Liquidity excess prior to ongoing expenses and distributions	**19,429,607**	**82,106,361**	**12,834,353**	**114,370,321**

31 December 2017	Next 12 months US$	2-5 years US$	After 5 years US$	Total US$
Bank borrowings and interest	(35,421,377)	(141,540,087)	(115,780,764)	(292,742,228)
Interest rate swaps	(2,522,033)	(6,917,250)	(1,461,123)	(10,900,406)
Maintenance provision	-	-	(30,242,119)	(30,242,119)
Security deposit	-	-	(13,264,420)	(13,264,420)
Trade and other payables	(403,017)	-	-	(403,017)
Total financial liabilities	**(38,346,427)**	**(148,457,337)**	**(160,748,426)**	**(347,552,190)**
Operating lease income (note 4)	57,291,132	229,164,528	181,173,784	467,629,444
Liquidity excess prior to ongoing expenses and distributions	**18,944,705**	**80,707,191**	**20,425,358**	**120,077,254**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

18) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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 per cent. 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 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.

19) 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, restricted cash and interest payable approximate their carrying amounts due to the short term maturities of these instruments.

The fair value of floating rate borrowings is estimated by discounting future cash flows using rates currently available for debt of similar returns and remaining maturities and therefore the carrying value approximates fair value.

The fair value of fixed rate borrowings is estimated by discounting future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of the loans is US$ 105,600,273 (2017: US$ 121,610,356).

The fixed rate loans have been categorised within level 3 of the fair value hierarchy. The fair value of the fixed rate loans for disclosure purposes have been determined by discounting future cash flows at a rate of 6.69% (2017: 5.57%). An increase in the discount rate would decrease the fair value of the fixed rate loans.

Financial liabilities designated as hedging instruments

The fair value of the Group's derivative interest rate swaps is determined by reference to the mid-point on the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted and the valuation rate when applied to the projected balances to the period from the reporting date to the contracted expiry date.

The interest rate swaps are valued on a recurring basis and have been categorised within level 2 of the fair value hierarchy required by IFRS 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

19) FAIR VALUE MEASUREMENT (CONTINUED)

Financial liabilities designated as hedging instruments (continued)

The following table details the contractual undiscounted cash flows of the interest rate swaps:

As at 31 December 2018	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	2,694,002	6,813,045	722,561	10,229,608
Fixed rate payable	(4,900,358)	(12,393,074)	(1,314,549)	(18,607,981)
Interest rate swaps	(2,206,356)	(5,580,029)	(591,988)	(8,378,373)

As at 31 December 2017	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	3,079,476	8,445,930	1,783,678	13,309,084
Fixed rate payable	(5,601,509)	(15,363,180)	(3,244,801)	(24,209,490)
Interest rate swaps	(2,522,033)	(6,917,250)	(1,461,123)	(10,900,406)

As at 31 December 2018, the aggregate profit on the fair value of the interest rate swaps was US$ 153,795 (31 December 2017: loss of US$ 1,563,058).

Transfers between levels

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the year ended 31 December 2018 or in the year ended 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

20) RELATED PARTY TRANSACTIONS

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

	Current fee	Year ended 31 December 2018 US$	Year ended 31 December 2017 US$
Jon Bridel (Chairman)	£57,900	76,058	74,363
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	£47,300	62,142	60,814
Angela Behrend-Görnemann* (Chairman of the Management Engagement Committee)	€68,300	79,317	79,238
Total		**217,517**	**214,415**

*Ms Behrend-Görnemann receives her fee in Euros at the previously agreed GBP/EUR exchange rate of 1.30

During the year ended 31 December 2018, Directors' remuneration totalled US$ 217,517 (year ended 31 December 2017: US$ 214,415) with US$ 53,118 due at the year-end (2017: US$ 55,741). Directors' expenses totalling US$ 9,611 were paid during the year ended 31 December 2018 (2017: US$ 9,269), with US$ nil due to be paid at the year-end (2017: US$ nil).

Following an independent directors' fee review and on the basis that the board has only previously received two inflationary increases over the last five years, subject to approval at the forthcoming AGM in July 2019, with effect from 1 April 2019 the directors will receive the following fees:

	Proposed fee
Jon Bridel	£64,000
Jeremy Thompson	£52,000
Angela Behrend-Görnemann	€74,100

Director's shareholdings in the Company are detailed in the Directors' Report and received dividends of US$ 2,025 during the year (2017: US$ 2,025).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

21) MATERIAL CONTRACTS

Asset Management Agreement

The Asset Management Agreement, dated 19 September 2013, between the Company and DS Aviation was amended on 5 June 2015 to reflect the acquisition of the two aircraft leased to Thai.

The amended agreement provides a new calculation methodology for the disposal fee which will only become payable when all four of the Assets have been sold after the expiry of the fourth 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 is sold prior to the expiry of its lease the percentage hurdles set out above will be adjusted on the following basis:

(i) 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

(ii) 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.

The disposal fee is a cash-settled payment to the Asset Manager. In determining the provision for the financial statements, the Directors have estimated the fee that will be payable on disposal of the assets. This is then being discounted and is then recognised straight line over the period until the estimated payment date. The provision for the disposal fee at 31 December 2018 was US$ 1,856,644 (2017: US$ 1,433,636) and the discount rate used was 2.69% (2017: 2.34%). The resulting charge to the Statement of Comprehensive Income was US$ 423,008 (2017: US$ 833,124).

The directors regularly consider the discount rate and the underlying forecasted cash flows used in calculating the disposal fee provision.

The Asset Manager is paid a base fee which is US$ 21,354 per month in respect of the first two Assets increasing by 2.5% per annum and US$ 16,666 per month in respect of the second two Assets increasing by 2.5% per annum from May 2016. In the year ended 31 December 2018 Asset Management fees totalled US$ 982,584 (2017: US$ 958,619) of which US$ nil were due at 31 December 2018 (2017: US$ 81,011).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

21) MATERIAL CONTRACTS (CONTINUED)

Administration Agreement

Following a review of the work performed by the Administrator, the first detailed review since 2015, it was clear that the initial fee failed to address the work load resulting from increasing the fleet size from two to four aircraft and the added complexity associated with the addition of further subsidiary companies. As a result, the Company agreed to increase the Administration fees as follows:

With effect from 1 January 2018 the Company Secretary receives a fixed fee of £50,000 per annum. Any additional ad hoc meetings are charged on a time spent basis. The Company Administrator receives a fixed administration fee of the Company of £50,000 per annum plus an additional fixed fee of £6,000 for each of the wholly owned Guernsey subsidiaries. Additional work in excess of the above is to be charged on a time spent basis or at a rate agreed between the parties from time to time. Based upon the GBP/USD exchange rates on the value date of each payment, the total fees paid to the administrator for the year ended 31 December 2018 were US$183,262.

Directors' fees

Details of the fees paid to the Directors are included in Note 20.

22) SUBSEQUENT EVENTS

On 17 January 2019 the Company declared a quarterly dividend in respect of the quarter ended 31 December 2018 of US$ 0.0225 per ordinary share to holders of shares on the register at 25 January 2019. The ex-dividend date was 24 January 2019 with payment on 14 February 2019.

On 23 April 2019 the Company declared a quarterly dividend in respect of the quarter ended 31 March 2019 of US$ 0.0225 per ordinary share to holders of shares on the register at 3 May 2019. The ex-dividend date is 2 May 2019 with payment on 16 May 2019.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Angela Behrend-Görnemann
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269 Dortmund Germany
Solicitors to the Company **(as to English law)**	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Advocates to the Company **(as to Guernsey law)**	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA Channel Islands
Auditor	KPMG, Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1 Ireland
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands

COMPANY INFORMATION (CONTINUED)

Corporate Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom

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 arrangement;	Not applicable as no changes to the maximum level of leverage.
(b) the total amount of leverage employed by that AIF.	The total leverage employed at 31 December 2018 is US$ 242,969,330.