DP AIRCRAFT I LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

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$ 0.01 at 31 December 2021
Latest Share Price	US$ 0.02 at 27 April 2022
Loss per Share	US$ 0.10215 for the year ended 31 December 2021
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	Investec Bank Plc
Aircraft Registration	LN-LNA (sold under receivership) LN-LNB (sold under receivership) HS-TQD HS-TQC
Aircraft Serial Number	35304 (sold under receivership) 35305 (sold under receivership) 35320 36110
Aircraft Type and Model	B787-8
Lessees	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

SUMMARY

COMPANY OVERVIEW

DP Aircraft I Limited (the 'Company') was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 on 5 July 2013 with registered number 56941.

The Company was established to invest in aircraft. The Company is a holding company, and initially made 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 private limited company and a UK incorporated private limited company respectively. Effective 26 February 2021, the aircraft and the related aircraft leasing activities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are no longer controlled by the Company as a result of receivership proceedings described on the next page under Norddeutsche Landesbank Girozentrale and in note 3 therefore the assets and liabilities of these two entities are no longer part of the consolidated Group. Furthermore, DP Aircraft Ireland Limited is no longer controlled by the Company effective 26 February 2021 as a result of the same receivership proceedings and is no longer part of the consolidated Group. The Company and its remaining consolidated subsidiaries, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited and DP Aircraft UK Limited comprise the consolidated Group (the 'Group').

Pursuant to the Company's Prospectus dated 27 September 2013, the Company offered 113,000,000 ordinary shares of no par value in the capital of the Company at an issue price of US$ 1.00 per share by means of a Placing. The Company's shares were admitted to trading on the Specialist Fund Segment (previously the Specialist Fund Market) of the London Stock Exchange on 4 October 2013 and the Company was listed on the Channel Islands Securities Exchange until 27 May 2015.

On 5 June 2015, the Company offered 96,333,333 ordinary shares (the 'New Shares') of no par value in the capital of the Company at an issue price of US$ 1.0589 per share by means of a Placing. The Company's New Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 12 June 2015.

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

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

INVESTMENT OBJECTIVE & POLICY

The Company and Group's investment objective is to obtain income and capital returns for its Shareholders by acquiring, leasing and then, when the Board considers it appropriate, selling aircraft (the 'Asset' or 'Assets').

THE BOARD

The Board comprises independent non-executive Directors. The Directors of the Board are responsible for managing the business affairs of the Company and Group in accordance with the Articles of Incorporation and have overall responsibility for the Company's and Group's activities, including portfolio and risk management. The asset management activities of the Group are provided by DS Aviation GmbH & Co. KG (the 'Asset Manager').

THE ASSET MANAGER

The Asset Manager has undertaken to provide the asset management advisory services to the Company and Group under the terms of an asset management agreement but does not undertake any regulated activities for the purpose of the UK Financial Services and Markets Act 2000.

SUMMARY (CONTINUED)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

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

CORONAVIRUS ('COVID-19')

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

NORWEGIAN AIR SHUTTLE ('NORWEGIAN' / 'NAS')

The lease agreements with NAS were, in the judgement of the Directors de-facto terminated in December 2020. This is on the basis that prior to 31 December 2020, NAS had suspended all lease payments (since May 2020) on both aircraft, the lessee had filed for Examinership in Ireland in November 2020 and had also not fulfilled certain other obligations of the aircraft including safe storage. The board considered that as at 31 December 2020, due to the above, NAS were in full breach of the lease agreement and that NAS had no intention to continue the leases. Whilst the leases were not formally terminated, the board were in negotiations regarding the lease terminations pre 31 December 2020 year end. As a result, the board concluded that in substance a 'de-facto' lease termination occurred in the year ended 31 December 2020. Therefore, no rental income has been earned from NAS in the 2021 period.

The Group has submitted claims against NAS for losses suffered but do not expect to receive any compensation due to the related lending bank enforcing their security rights over the lease contracts after declaring an Event of Default as detailed below.

Whilst the Irish High Court approved the survival plan for NAS and related companies on 22 April 2021, this had no impact on the Group.

NORDDEUTSCHE LANDESBANK GIROZENTRALE AND THREE OTHER CONSORTIUM MEMBERS ('NordLB')

On 24 February 2021, NordLB declared an Event of Default under the relevant loan agreements with DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, which resulted in NordLB being entitled to enforce rights under the relevant security documents. On 26 February 2021, the Group received notices of security enforcement and loan acceleration from NordLB, and accordingly, receivers were appointed in relation to the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited and the shares in the Irish special purpose vehicle, DP Aircraft Ireland Limited which holds title to the NAS aircraft.

NordLB therefore took control of the process of disposing of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft-specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to NordLB, and any balance remaining thereafter being remitted to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as is applicable.

Due to the receivership proceedings mentioned above, and as detailed in note 3, the Directors concluded that effective 26 February 2021 the Company no longer controlled DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. As a result, DP Aircraft Ireland Limited, and the assets and liabilities DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are no longer consolidated as part of the Group.

SUMMARY (CONTINUED)

NORDDEUTSCHE LANDESBANK GIROZENTRALE AND THREE OTHER CONSORTIUM MEMBERS ('NordLB') (CONTINUED)

Consequently, the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited including the NAS aircraft, related cash balances and NordLB loans no longer form part of these consolidated accounts with effect from 26 February 2021. Similarly, only the income and expenses of these entities relating to the period from beginning of the year to 26 February 2021 is reported in these consolidated financial statements. Please refer to note 8 of the financial statements for details regarding the financial impact of loss of control. It is the intention of the Group to put all DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited into voluntary liquidation along with and DP Aircraft Ireland Limited if and when the Group retain control of this subsidiary, once NordLB has finalised its enforcement procedures.

Concurrently with the inception of the loan transaction DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited had entered into ISDA Swap Agreements with NordLB. Under the terms of the swap DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited were fixed interest rate payers and a floating interest rate payee. The event of default detailed above also extends to the ISDA Swap Agreements which were terminated in February 2021 and balance due on the swaps became payable as part of the loan balance.

The two aircraft were sold on 14 December 2021 and the proceeds from sale were applied against the amounts outstanding under the loan agreements between NordLB and DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited respectively. The total settled, including the amount payable under the swaps, by application of the proceeds from sale was US$ 73,351,832. The aircraft were sold into a weak market by the security trustee and given they had not been operational for a considerable period of time, had no lease attached and would likely require significant reconfiguration costs if used by another airline the proceeds were insufficient to cover the loans due. There were no excess proceeds remaining post application of the sale proceeds therefore no amounts were remitted to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited respectively by NordLB. DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are therefore not able to repay loans advanced to them by the Group. The total amount outstanding under the loan agreements with NordLB immediately following the application of enforcement proceeds was US$ 14,516,716 including the remaining principal amount outstanding, breakage costs and swap unwinding cost.

Note, the developments mentioned above for the loans and related swaps impact solely upon DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited; they have no effect upon the Group's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Group itself.

Note, per the deed of resignation and appointment dated 23 September 2021 NordLB was replaced as facility agent and security trustee under the Loan Agreements by Global Loan Agency Services Limited as new facility agent and GLAS Trust Corporation Limited as new security trustee, and all rights, interests and powers of NordLB under, amongst others, the loan agreements have been transferred to Global Loan Agency Services Limited and GLAS Trust Corporation Limited respectively.

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

The suspension of travel due to COVID-19 caused significant financial difficulties for Thai. Due to these financial difficulties Thai Airways entered business rehabilitation under Thailand's Central Bankruptcy Court on 27 May 2020, with a view to a restructuring of the airline. The Central Bankruptcy Court finally approved Thai's Business Rehabilitation plan on 15 June 2021.

The Group signed a Letter of Intent ('LOI') dated 1 March 2021 with Thai Airways under which the parties agreed to amend the existing lease terms. The new terms provide for a power by the hour ('PBH') arrangement until December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with scaled back monthly fixed lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was

SUMMARY (CONTINUED)

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

extended for a further 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, the extension is however subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. Given the uncertainty around the extension of the lease term, the lease term is considered to be the period to December 2026.

Also, per the LOI it was agreed that Thai would not be required to pay rent due under the old lease agreement accrued between 15 September 2020 and the amendment effective date. In accordance with the LOI, the effective date for the lease modification is 15 June 2021, being the date at which the Thailand's Central Bankruptcy Court approved the restructuring. Thai Airways also undertook to ensure that the Thai aircraft were airworthy and in-flight ready condition in all respects by 30 June 2021 and this was achieved. The actual lease agreement reflecting the terms set out in the LOI was signed on 1 April 2022.

A corresponding agreement was reached with the bank providing finance for the aircraft leased to Thai Airways as detailed below.

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

On 6 May 2021, subsequent to the LOI being entered into by the Group and Thai as described above, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of principal are being deferred until after the end of the PBH arrangement, 31 December 2022; and the Group and DekaBank will enter into discussions towards the end of the PBH period to determine how best to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Group in respect of the Thai aircraft, and the running costs of the Group and its subsidiaries. From the effective date interest is charged on the deferred principal at the percentage rate per annum equal to the sum of five per cent. (5.0%) per annum (which, for the avoidance of doubt, includes the Margin) plus LIBOR for the applicable period (such rate to be determined by the Facility Agent). Prior to the end of the PBH arrangement DekaBank and the Group will enter into negotiations to fix the interest rate for the period post the PBH Arrangement.

Prior to the loan amendment detailed above, the Group and DekaBank had agreed that the Group would only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Group would make no dividend payments while deferrals remained outstanding under those borrowings.

IMPAIRMENT

In line with each reporting date, but more relevant in light of the continuing impact of COVID-19 and market capitalisation of US$ 2million at 31 December 2021, a detailed impairment assessment of the aircraft and lease premiums have been undertaken. Following this review an impairment of US$ nil (31 December 2020: US$ 148,300,052) was booked against the aircraft and US$ nil (31 December 2020: US$ 22,017,459) against the lease premium. See note 3 for further details regarding the impairment and comments under Highlights on page 9 where comment regarding the difference between net asset value and market capitalisation.

DISTRIBUTION POLICY

Under normal circumstances, the Group aims to provide shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company targets a quarterly distribution in February, May, August and November of each year. The target distribution is US$ 0.0225 per share per quarter. 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.

SUMMARY (CONTINUED)

DISTRIBUTION POLICY (CONTINUED)

Due to the impact of COVID-19 on the aviation industry and therefore our lessors, the Board suspended the payment of dividends from 3 April 2020 until further notice. The suspension remains in place to date. As mentioned before, during 2021 NordLB declared an Event of Default, enforced its security rights in respect of the NAS aircraft and, subsequently sold the aircraft with all proceeds from sale being applied against the loan amounts outstanding. This coupled with the fact that any lease rental payments received by the Company in respect of the Thai aircraft are expected to be applied exclusively towards the running costs of the Company and its subsidiaries, and interest payments and principal repayments to the Thai lenders (DekaBank), means that there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution. The Board and its advisers will be consulting with shareholders in the future with a view to determining the best course of action to take for the future of the Company.

HIGHLIGHTS

RESULTS FOR THE YEAR

Results for the year ended 31 December 2021 is a loss after tax of US$ 21,859,073 (loss per Share US$ 0.10442). For the year ended 31 December 2020 there was a loss after tax of US$ 155,127,051 (loss per Share US$ 0.74105).

The loss recognised in the year is mainly attributable to losses suffered on write off of rentals receivable, loss of control and movement in the fair value of investment in Norwegian. Refer to page 40 for full details of results for the year.

Note, as a result of loss of control as detailed in note 3 of the Notes to the annual financial statements, the results of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited form part of the financial statements only up to 26 February 2021.

NET ASSET VALUE ('NAV')

The NAV was US$ 0.17366 per share at 31 December 2021 (2020: US$ 0.27808). NAV per share has decreased due to the loss made during the year (see above).

As at 31 December 2021 the price per share was US$ 0.01 which is significantly lower than the NAV per share above. The reason for the difference is due to the fact that the market price per share reflects other factors such as market sentiment that cannot be accounted for in a set of annual financial statements. The main asset in the Group, the aircraft, has been assessed for impairment (see note 3) and found not to be impaired. Other significant assets comprise cash and receivables whose values are considered to be reflective of fair value due to their short term nature. Therefore, the low share price is not indicative of a need for further impairment to the assets of the Group.

DIVIDENDS

As a result of the Coronavirus pandemic impact on global aviation and especially its lessees, on 3 April 2020, the company suspended dividends until further notice to help preserve liquidity. Further details on the impact of the Covid-19 pandemic can be found within the Summary, the Asset Manager's Report, and the Directors' Report.

Furthermore, in accordance with the amended loan agreement with DekaBank, the Group will make no dividend payments while loan deferrals remained outstanding under the amended loan agreement.

OFFICIAL LISTING

The Company's Shares were first admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 4 October 2013.

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Annual Report of the Group for the year ended 31 December 2021.

The loss per share for the year was US$ 0.10442 compared to loss per share of US$ 0.74105 last year. The net asset value per share at the year end was US$ 0.17366 compared to US$ 0.27808 at 31 December 2020.

As investors will be aware the year presented further significant challenges to the global aviation market as it has endeavoured to deal with the effects of the COVID-19 pandemic on its operations.

As previously noted, the two Boeing 787-8 aircraft, LN-LNA and LN-LNB (the 'Assets') previously leased to Torskefjorden Leasing Limited, part of Norwegian, were placed into receivership along with the related cash balances and proceeds from the sale of the Norwegian shares. The NAS Lenders took control of the NAS Assets and went on to sell the loans with the associated security assets to a third party. The Assets have been subsequently sold and as expected there was no balance remaining to be distributed to the Group with the relevant intergroup loans fully provided for as at 31 December 2021.

We are pleased to advise both Thai aircraft are operational and all engine issues have been resolved. Following agreements with Thai and Rolls Royce - an equivalent replacement engine was installed on TQC in March 2022. With both aircraft now in full return to service condition, we expect both Thai aircraft to be utilised on a regular basis during 2022. All final documentation has been concluded in relation to the revised lease documentation reflecting the LOI signed in March 2021. Income has been received under the new Power by the Hour (PBH) arrangement which is in place until the end of 2022 with scaled back monthly lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was extended by a further 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consultation with the Lenders.

Repayments of principal will be deferred until after the end of the PBH arrangement and the Group and the Thai Lenders will enter into discussions at that time to determine how best to structure debt service and to measure the final balloon repayment, having regard for both the income being received by the Group under the PBH arrangement in respect of the Thai Assets, the running costs of the Company and its subsidiaries and the interest rates prevailing at that time.

As previously noted, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution. During the second half of 2021, a number of uncertainties were resolved. The key uncertainty remaining is the outlook for the airline industry and its impact upon Thai and its financial position but also upon aircraft values in general and the Boeing 787-8 in particular.

The Company will be shortly looking to raise further equity under a tap issue and taking the opportunity to repay some amounts due to certain service providers and the directors by way of equity in lieu of cash payments. The focus of the Company remains the preservation of the Group's long-term financial stability and assets, although the challenges facing the Group given the current state of the airline industry, combined with high fuel prices and the Ukraine conflict remain significant.

I would like to thank the Board for their continued significant support over the year with many management meetings taking place. Thanks also go to the team at the Asset Manager and Administrator for their considerable support and assistance.

CHAIRMAN'S STATEMENT (CONTINUED)

I would like to thank our Investors for their continued support in the Company and its subsidiaries. The Board and its advisers will continue consulting with Shareholders.

Jonathan Bridel
Chairman

ASSET MANAGER REPORT

THE AIRLINE MARKET

Covid-19 Pandemic in brief

The Covid-19 pandemic still impacts everyday life and travelling, both domestic and international, around the globe. That has a significant impact on the airline industry, including airline restructurings and bankruptcies. The number of stored widebody aircraft worldwide remains high. Although vaccination coverage is increasing, different virus variants leading to increased infection rates and have added to travel restrictions imposed by various governments. It is impossible to determine the total impact on the airline and aviation industry or when all Covid-19 restrictions might be globally lifted.

Global

- Current Situation
  - Largest decline in demand since World War 2
  - Drop of 49% in air passenger numbers in 2021 compared to 2019 pre-Covid levels
  - Decrease in international tourist receipts of USD 1.3 trillion
  - A significant gap exists between airlines' announced capacity and actual capacity
  - Asia/Pacific has experienced 20-25% less decline in domestic passenger travel than international
  - Cargo demand was back to 2019-levels in January 2021

- Outlook
  - Passenger numbers in 2022 expected to be 29-34% below 2019-levels
  - Estimated seat capacity for 2022 expected to be 23-26% below 2019-levels
  - Anticipated return to 2019-level not expected before 2024
  - In the short term, travellers prefer domestic and short- to medium-haul destinations, e.g., German tourists spent more at European destinations in May 2021 than before the Pandemic
  - Airlines optimistic about passenger recovery and Cargo growth expected to ease from record-high but to remain strong

	2019 (actuals)	2020 (actuals)	2021 (estimated as of 10/2021	2022 (forecast)
Revenues [billion USD]	838	373	472	658
Capacity (ASK) [% change vs. 2019]		-56.7	-50.4	-33.1
Demand (RPK) [% change vs. 2019]		-65.9	-59.7	-39.2
Passenger Load Factor [ASK %]	82.6	65.1	67.1	75.1
Passenger Yield [% change vs. 2019]		-8.8	2.0	10.0
Net Results [billion USD]	26.4	-137.7	-51.8	-11.6
CO_2 [million tonnes]	905	495	547	671

Source: IATA October 2021

ASSET MANAGER REPORT (CONTINUED)

THE AIRLINE MARKET (CONTINUED)

Europe
Impact of Covid-19
- Over half of the world's international traffic in 2021 is accounted to Europe
- 18% decline in international passenger traffic compared to 2019
- 83% Intra-Region passengers in 2021
- Passenger revenue for 2022 estimated to increase by 85-105% compared to 2021-levels
- Passenger numbers in 2022 expected to be below 2019-levels

Asia
Impact of Covid-19
- 55% decline in overall demand (RPK) in 2021 compared to 2019
- Seat capacity 2022 estimated to increase by 9-16% compared to 2021-levels
- Passenger revenue 2022 estimated to increase by 15-33% compared to 2021-levels
- Passenger numbers in 2022 expected to be 50-44% below 2019-levels

Outlook & Conclusion
The Covid-19 pandemic continues to put significant burden on airlines. Even if the level of coronavirus cases flattens and travel bans are gradually lifted resulting from a worldwide mass vaccination, it will take years until capacity and numbers of passenger will return to pre-Covid-19 levels. The longer the pandemic continues, the more the industry will rely on governmental and creditor support. As most of the governmental support – if any – are in form of credits, airlines` financial results will be negatively impacted for future years, even if passenger travel might already have returned to pre-COVID-19 levels. Some governments only granted their support subject to the power of co-decision making which impacts the airline´s flexibility and results in conflicts of interest in regard to future strategic measurements.

All outlooks shared in this report are based on historic data and assumptions made by industry experts. It should be considered as a potential guideline only. From a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises and up to date 2022 shows a slight recovery compared to the previous year. However, recovery will take significantly longer as the decline in passenger traffic is not only driven by an economic downturn but a global continuing pandemic. According to McKinsey, these aspects will lead to the necessity of adapting to long-term changes. For example, business travel has been partially substituted by video conferences and might never recover to pre-Covid levels, as many companies significantly progressed in digitalisation and take advantage of travel cost reductions.

Clearly, this time the recovery period will take significantly longer than average to return to pre-Covid-19 levels and as long as the pandemic lasts and most of the travel restrictions remain in place, the number of airlines filing for bankruptcy and restructuring will continue to increase. As the pandemic is continuing, it is impossible to assess the total impact of the Covid-19 pandemic at the current stage.

THE LESSEE

Thai Airways International Public Company Limited

Impact from Covid-19 pandemic
- 32 aircraft in operation and 63 aircraft in storage

ASSET MANAGER REPORT (CONTINUED)

THE LESSEE (CONTINUED)

Thai Airways International Public Company Limited (continued)

Impact from Covid-19 pandemic (continued)

- Thailand has resumed TEST & GO scheme from 1 February 2022
- Annual results of 2020 stated a net loss of THB 141 billion (appr. USD 4.7 billion) compared to a net loss of THB 12 billion the previous year; passenger numbers dropped by 76%
- Thai Airways has put up for sale a total of 10 land parcels and office buildings across Thailand as it seeks at least THB 50 billion in new credit and loans to repay debts

Impact of the Ukraine-Russia-Conflict

- thousands of Russian tourists are stuck in Thailand due to cancelled flights and the ban of Russian financial transactions in Thailand
- since the reopening of Thailand for international tourists, Russian citizens have been the biggest group. In January 2022, 20% of all tourists were from Russia. As of March 2022, only a fraction of that is arriving in Thailand.
- Thai Airways flight routes to Europe are not affected by the closure of the Ukrainian airspace.

Restructuring and Rehabilitation Process since 18th August 2021

- 17th August 2021: Thai Airways writes off unissued and unsold share capital, reducing registered capital by about 19%
- 21st September 2021: Highlight of Thai Airways obligation to seek regulatory permission before transferring or selling an aircraft in accordance with whether the transfer of aircrafts is consistent with the proposed business plan
- 30th September 2021: Thai Airways has repaid US$ 37 million to creditors since the implementation of its restructuring plan in June. The company called it “a great indication of its ability to repay debt as determined in the plan”. Thai Airways has also received full payment for the sale of non-core assets.
- 2nd November 2021: Plan to halve its fleet and completely phase out several aircraft types from its fleet. Thai Airways plans to reduce its employees by nearly a thousand by December 2022.
- 15th November 2021: Pre-tax loss of US$ 1.57 billion for the nine-month period ended 30 September 2021
- 30th December 2021: Thai Airways has continued to repay all its creditors. As of 15 November, the repayment stood at nearly THB 130 billion (US$ 3.87 billion) and no default of any clauses under its rehabilitation plan has occurred.

Outlook & Opportunities post-Covid-19 pandemic - The “New Thai Airways”

- Measures to be taken
    - Reduction of fleet and aircraft types to minimise maintenance costs and increase crew efficiency; different aircraft types put up for sale, including A300s, A330s and A340s
    - Amendment of aircraft leases with more favourable terms and lease rates, e.g., power-by-the hour contracts
    - Adjustment of flight routes and cancellation of low return flights
    - Downsizing the workforce and flattening the hierarchy
- Capital raise of about USD 1.5 billion necessary to repay the debt
- Fleet of 86 aircraft and five different aircraft types in 2025; phasing-out Boeing 747s
- Thai expects to return to profits in 2023 and to state shareholder equity above zero in 2030

ASSET MANAGER REPORT (CONTINUED)

THE LESSEE (CONTINUED)

Thai Airways International Public Company Limited (continued)

Outlook & Opportunities post-Covid-19 pandemic - The “New Thai Airways” (continued)

- Thailand´s economy is dependent on tourism and Thai Airways benefits from measures initiated by the Government to stimulate tourism arrivals (objective to return to pre-Covid levels before 2025), such as the “sandbox model”:
  - Opening of specific regions to foreign fully-vaccinated tourists from countries considered as “low-risk” without any mandatory quarantine requirements
  - 1st July 2021: Province of Phuket re-opened
    - Arrival of nearly 2,000 tourists within the first five days
    - Thai operates flights from London, Frankfurt, Paris, and Zurich to Phuket
    - 426 inbound flights expected during July
    - 100,000 tourist arrivals targeted for the third quarter 2021
  - 15th July 2021: Islands Koh Samui, Koh Phangan and Koh Tao re-opened

Comments & conclusions

Thai Airways is dependent on the tourism sector, particularly on in-bound tourism which has been severely impacted by the Covid-19 pandemic. The carrier remains contingent on any decision made by the Government to elevate or soften travel restrictions. The Thai Government´s establishment of the sandbox model is a first move to support tourism, although strict requirements need to be met. And it is important for Thai that this model proves to be successful and sustainable to support the step-by-step re-opening of the country. Unfortunately, the increasing number of cases in Thailand might not be supportive.

The process of business rehabilitation made a significant step forward with the approval of the Business Rehabilitation Plan by the creditors and the Central Court of Bankruptcy. Negotiated and signed agreements with several lessors for a PBH-period facilitate the carrier the smooth increase of international operations without the back-breaking burden of fixed monthly lease rentals. From the stakeholders` perspective, including creditors and lessors, the final impact of the Business Rehabilitation Process continues to remain unknown for the time being and undoubtedly, most stakeholders and presumably all operating lessors will suffer significant losses.

Thai's recent decision to keep the B787 in their future fleet is backed by the fact that both DP Aircraft owned B787s are back into commercial service. Having a fleet of modern aircraft, including B787s and A350s, supports Thai to compete with other carriers and base operations on a competitive cost level, particularly if jet fuel prices increase over time.

Nevertheless, there is no guarantee for the airline's survival. However, it might be considered that the carrier's long-term existence is in the country's interest as tourism counted for one-fifth of the country's national income (pre-Covid). A successful proof of the "sandbox model" could be a first step on the long road of recovery of Thai Airways.

THE ASSETS

Update B787

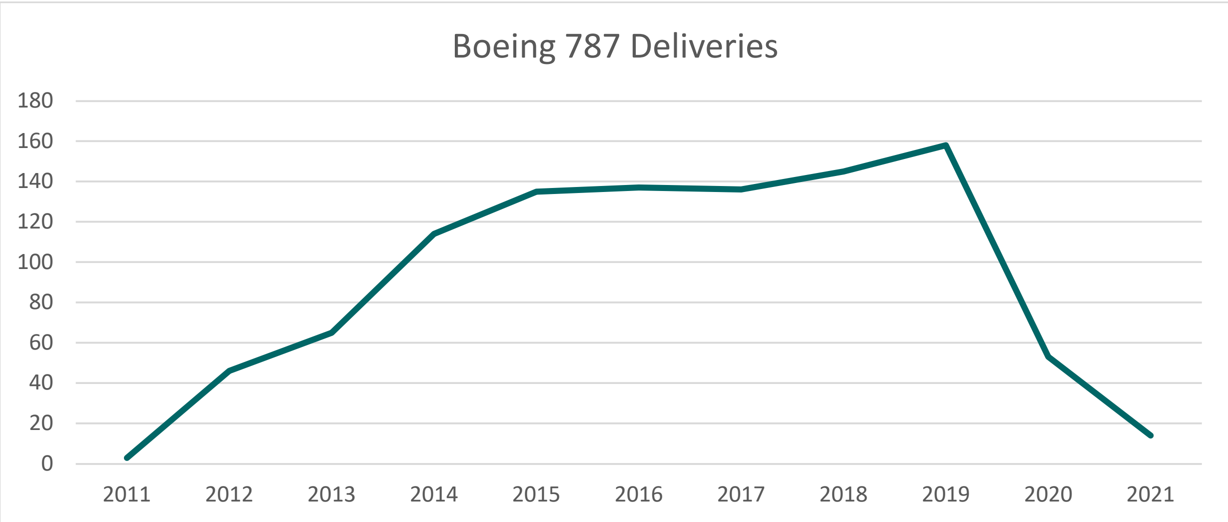
- Monthly production rate reduced to two aircraft
- Discovery of issues during production require re-work even on already delivered aircraft
- Deliveries of new aircraft stopped, and Boeing is working together with the FAA to analyse and rectify systematic problems during production. Once deliveries resume, FAA will be deeply involved in the certification of each aircraft

ASSET MANAGER REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Update B787 (continued)

- 110 B787s currently produced and not delivered
- According to Cirium Fleet Analysis, most of the in-service world fleet is already back in operation after covid related storage periods



Source: Boeing, January 31, 2022

Assets & Operations

<u>Overview</u>

Both aircraft TQC and TQD are kept in a technical condition that allows them to be used in commercial operations. They both have a valid Certificate of Airworthiness and are based at Bangkok Airport. Depending on the current passenger demand, from time to time, one of the aircraft is kept in short-term storage if the capacity is not needed. During this storage, the aircraft are preserved in accordance with the manufacturer's procedures. As of now (April 12, 2022) TQC and TQD are both used for daily flight operation on international routes.

ASSET MANAGER REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Assets & Operations (continued)

Overview (continued)

AIRCRAFT OPERATIONS	Thai Airways	
	HS-TQC	HS-TQD
Cabin Layout	24 Business Class Seats 240 Economy Class Seats	
LAST PHYSICAL INSPECTION		
Date	23.06.2021	02.02.2022
Place	Bangkok Airport (BKK)	
AIRFRAME STATUS (31st March 2022)		
Total Flight Hours	17,660	16,218
Total Flight Cycles	3,957	3,697
Hours/cycles ratio since delivery	4.46	4.39

Titled Engines Report

As of 1st February 2022	HS-TQC		HS-TQD	
	ESN 10239	ESN 10243	ESN 10244	ESN 10248
Total Time [Flight Hours]	16,277	15,140	11,408	17,131
Total Flight Cycles	3,577	3,080	2,729	3,738
Location	On-wing	On- wing	On-wing	On-wing

As the titled engine 10240 was declared a total loss (Beyond Economic Repair), the asset manager worked with Thai Airways to appropriately replace that engine. A replacement engine had been suggested and the process of reviewing the respective records and physical condition had been completed. The discussion about the commercial aspects with Rolls Royce and Thai Airways took much longer than expected due to the rehabilitation process. Nevertheless, the title change was successfully completed on 1 April 2022 and the new title engine is already installed on the aircraft. The complete technical process of the engine replacement, including testing, was supported, and monitored closely by the asset manager´s on-site team.

ASSET MANAGER REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Assets & Operations (continued)

Asset Manager´s actions ensured asset value

Keeping the assets under management in the best possible condition and in accordance with the manufacturer's requirement is the top priority for DS Aviation as DP Aircraft´s Asset Manager. Given the unfortunate combination of the two circumstances of Trent 1000 issues and the Covid-19 pandemic, TQC and TQD had been stored in the past and are still facing some operational interruptions due to travel restrictions staying longer in place than expected. Additionally, the restructuring process is still ongoing. These facts, accompanied by the experiences from working with Thai Airways in the past months, still make intensive monitoring necessary, including the support by an on-site technical team. Whenever not in operation, the aircraft are periodically inspected to check the technical condition during maintenance events or short-term storage periods. Furthermore, through the on-site team, it is possible to get an overall view of the current situation at Thai Airways, which is very helpful.

Comments and Conclusions

As per the analysis above, the effects of the Covid-19 Pandemic are still present in the entire aviation industry and will also impact the market for future years. As of February 2022, still approximately 20% of the global widebody fleet is stored, primarily affecting the largest widebodies like the A380 or ageing aircraft like the A340 and A330. On the other hand, the latest generation widebodies A350 and Boeing 787 have recovered much better and show storage rates of 10% or less.

Besides the Covid related issues, there are some issues affecting the manufacturer side, especially the widebody market. Airbus is facing problems with the surface coating of its A350 models, and Boeing has discovered several production problems with the B787. Also, the 777X, as the subsequent widebody development, is facing issues that will delay the first deliveries at least until late 2023, which is still subject to Certification by the FAA and other local authorities. Additionally, the global shortage of electronic components, the increased cost of sourcing raw materials for the production lines, and international political disputes and skills shortages hurt the aircraft and engine manufacturers, suppliers, and the MRO industry. These problems with the delivery of new aircraft and the respective uncertainties focus on the existing aircraft. Airlines need to postpone the decommissioning of older airframes and might need to extend their usage to bridge the time until newly produced jets are ready to enter service. In some cases, this will not be possible, and even if so, the later fleet renewal will lead to increased operating costs (fuel burn, maintenance, etc.) and could be an additional burden for some airlines.

All the above-mentioned factors will, especially in the future, require close monitoring of the assets' condition and the need to put all efforts to keep the value of the aircraft. Nevertheless, the Boeing 787 is well-positioned for the near and mid-term future in the passenger market. The aircraft benefits from its latest generation technology and has a strong position in the market, with more than 1000 units delivered to date.

DIRECTORS

Jonathan (Jon) Bridel, *Non-Executive Chairman (57)*

Jon is a Guernsey resident and is currently a non-executive director of The Renewables Infrastructure Group Limited (FTSE 250) until 27 May 2022, Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and SME Credit Realisation Fund Limited (in wind down) 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, *Non-Executive Director (66)*

Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a non-executive director to a number of businesses which include three private equity funds and to an Investment Manager serving the listed NextEnergy Solar Fund Limited. In addition, Jeremy is also a non-executive director of London listed Riverstone Energy Limited. Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group. Jeremy has studied and worked in the UK, USA and Germany.

Jeremy currently serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel. Jeremy is an engineering graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and attended the UK's senior defence course (Royal College of Defence Studies). He holds the Institute of Directors (IoD) Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He completed an M.Sc in Corporate Governance in 2016 and qualified as a Chartered Company Secretary in 2017.

Harald Brauns, *Non-Executive Director (67)*

Harald is a German banker with extensive experience in the specialised lending sector. He joined NORD/LB Hannover, Germany in 1977 with a first engagement in the shipping segment. In 1985 he started the aircraft finance activities for the bank from scratch. As the Global Head of Aircraft Finance, he built successively a team of more than 40 dedicated aviation experts located in Hannover, New York and Singapore. Focused on an asset-based business model with sophisticated solutions for selected clients he and his team advanced to global leaders in commercial aircraft finance with an exposure of well above US$ 10 billion split over a portfolio of 650 aircraft assets. After more than 35 years in the aviation industry Harald retired in October 2019. He is a resident in Germany and was appointed as a non-executive director of the Company with effect from 1 November 2019.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated Financial Statements for DP Aircraft I Limited for the year ended 31 December 2021.

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 owned 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'). As stated in the Summary on page 4 the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, and DP Aircraft Ireland Limited are no longer consolidated as part of the Group with effect from 26 February 2021 following loss of control.

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.

Due to the impact of Covid-19 on the airline industry, lease agreements with Norwegian were de-facto terminated in the prior year and Thai went into business rehabilitation which resulted in a restructuring of the lease agreements (further details in the Summary report on pages 5 and 6). The Norwegian leases termination and the Thai leases restructure have adversely affected current year results. For the year ended 31 December 2021 no rental income has been earned from Norwegian and less rental income has been earned from Thai under the updated lease terms. Furthermore, the Thai leases restructure resulted in rentals due for the period January 2021 to May/June 2021 being provided for by way of an impairment charge and then written off in the current year. All of this has contributed to the loss recognised in the current year, see page 40 for full results for the year.

Notwithstanding the requirement for the aircraft to be parked in the past due to Trent 1000 issues there are no incidents to bring to the attention of Shareholders concerning the operation of the Thai aircraft. Inspections have revealed no matters of concern. The engine that was damaged beyond repair was replaced. The aircraft have been operational for most of the second half of the 2021 year and are currently airworthy. Rolls Royce are continuing to address the Trent 1000 engine warranty related issues which have not impacted on the Company's revenues. A more detailed review of the business and prospects is contained in detail in the Asset Manager's Report on pages 12 to 18.

Results and Dividends

The loss for the year ended 31 December 2021 was US$ 21,859,073 (31 December 2020: US$ 155,127,051).

Under normal circumstances, the Company aims to provide Shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company targets a quarterly distribution in February, May, August and November of each year. The target distribution is US$ 0.0225 per Share per quarter.

On 3 April 2020, the Company announced a suspension of dividends until further notice due to Covid-19 impact. The suspension is continuing and due to recent developments as noted in Summary report on pages 7 and 8, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution.

Subsequent Events

Refer to note 29 for further details regarding Subsequent Events.

DIRECTORS' REPORT (CONTINUED)

Directors

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

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

Directors' Interests

The Directors interests in the shares of the Company as at 31 December 2021 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 December 2021	Number of ordinary shares 31 December 2020
Connected parties of Jon Bridel	90,000	90,000
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

Principal Risks and Uncertainties

The Statement of Principal Risks and Uncertainties are as described on pages 31 to 33.

Substantial Shareholdings

The Directors note the following substantial interests in the Company's share capital as at 31 December 2021 (10% and more shareholding):

- Prudential Client HSBC GIS Nominee (UK) Limited 44,058,026 shares – 21.05%
- Nortrust Nominees Limited 26,813,026 shares – 12.81%

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 (the 'SID') on 1 April 2016.

During the year ended 31 December 2021 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.

Directors

As the Company is not a FTSE 350 company, Directors were not subject to annual election by the shareholders nor for the requirement for the external audit contract to be put out to tender every 10 years. Historically, the Directors had offered themselves by rotation for re-election at each annual general meeting ('AGM'). Harald Brauns was re-elected at the AGM on 10 July 2020 and Jeremy Thompson was re-elected at the AGM on 1 July 2021. Jon Bridel 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.

Director	No of board meetings attended	No of audit committee meetings attended
Jonathan Bridel	4	4
Jeremy Thompson	4	4
Harald Brauns	4	4
No. of meetings during the year	**4**	**4**

DIRECTORS' REPORT (CONTINUED)

The Directors also attended over 60 ad-hoc Board, Management and Committee meetings in addition to the regular quarterly meetings as shown in the above table and the Chairman attended further meetings with various stakeholders and on management related matters. The board also attended committee meetings for the Management Engagement Committee and the Nominations Committee. The significant number of meetings reflects the additional time the Directors spent due to the significant industry developments and the resultant time spent with advisors.

Directors' Remuneration

The remuneration of the non-executive Directors is reviewed on an annual basis and compared with the level of remuneration for directorships of funds with similar responsibilities and commitments.

Base annual fees are as follows:

Annual Fee	**2021**	**2020**
Jonathan Bridel	£66,000	£66,000
Jeremy Thompson	£53,700	£53,700
Harald Brauns	£55,050	£58,800

In recognition of the extra services performed by the Directors and the significant increase of committed time during 2021 due to the Group's circumstances, the board have earned extra fees of £65,000 (2020: 81,100) split as follows:-

Additional Fee	**2021**	**2020**
Jonathan Bridel	£25,000	£30,000
Jeremy Thompson	£20,000	£24,400
Harald Brauns	£20,000	£26,700

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

	Year ended 31 December 2021		**Year ended 31 December 2020**	
	£	**US$ equivalent**	**£**	**US$ equivalent**
Jonathan Bridel (Chairman)	91,000	121,613	96,000	124,994
Jeremy Thompson (Audit Committee Chairman)	73,700	98,493	78,100	101,665
Harald Brauns (Management Engagement Committee Chairman)	75,050	100,298	85,500	111,346
	239,750	**320,404**	259,600	**338,005**

10% of base fees and all extra fees are not currently being paid by way of cash payments but are being deferred or being paid by way of equity. There has been no settlement of director remuneration via the issue of equity in the current year (2020: nil). Refer to note 26 and 27 for further details.

There are no executive director service contracts in issue.

DIRECTORS' REPORT (CONTINUED)

Remuneration Policy
All directors of the Company are non-executive and therefore there are no incentive or performance schemes. Each director's appointment is subject to an appointment letter and article 24 of the Company's articles of association. Base remuneration is paid monthly in arrears and reflects the experience, responsibility, time, commitment and position on the main board as well as responsibility for sitting on subsidiary boards when required. The Chairman, Audit Chairman (SID) and other committee Chairman may receive additional remuneration to reflect the increased level of responsibility and accountability. The maximum amount of directors' fees payable by the Company in any one year is currently set at £200,000 in accordance with article 24. Remuneration may if deemed appropriate also be payable for special or extra services if required in accordance with article 24. This is defined as work undertaken in connection with a corporate transaction including a new prospectus to acquire, finance and lease an aircraft and/or engines, managing a default, refinancing, sale or re-lease of aircraft and for defending a takeover bid. This may include reasonable travel time if applicable. The board may appoint an independent consultant to review fees if it is considered an above inflation rise may be appropriate.

Internal Controls and Risk Management Review
The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and monitoring the significant risks faced by the Company.

The Board carries out an annual review of internal controls including those of the administrator. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Directors of the Company clearly define the duties and responsibilities of their agents and advisors. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their ongoing performance and contractual arrangements. Each service provider is reviewed annually, and key risks and operating matters are addressed as part of that review.

Dialogue with Shareholders
All holders of shares in the Company have the right to receive notice of, and attend, all general meetings of the Company, during which the Directors are available to discuss issues affecting the Company. The Directors are available to enter into dialogue with shareholders and make themselves available for such purpose when reasonably required. The Company believes such communications to be important. Reports are provided to the Board of Directors on shareholders' views about the Company and any issues or concerns they might have.

Board Policy on Tenure and Independence
The Board has not yet formed a policy on tenure. However, it does consider the independence of each director on an annual basis during the performance evaluation process. All directors are considered independent.

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

Going Concern
The Directors believe that it is appropriate to prepare these financial statements on the going concern basis due to current cash flow forecasts which comprise of PBH rentals until 2023, fixed rentals thereafter which show that the Group has sufficient cash and resources to cover operating costs for a period of at least 12 months from the signing of these financial statement.

DIRECTORS' REPORT (CONTINUED)

Going Concern (continued)
In making this conclusion, the Directors have also taken into account:-

- the positive outlook for Thai Airways with the aircraft now in a full return to service condition and the expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements; and
- the strong belief that Dekabank which made loans to the Group (with certain loan concessions) will continue supporting the Group. This is now considered likely given documentation for the revised Thai lease agreements reflecting the terms that were agreed in the LOI put in place last year were finalised and signed in April 2022.

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

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

The Group has been in extensive negotiations with both its lenders and its lessees during the year and subsequent to the year end.

Lease agreements with Norwegian were de-facto terminated in the prior year, the NAS aircraft that were placed in receivership in February 2021 and were sold by the receiver in December 2021. There was no balance remaining post application of the sale proceeds therefore no amounts were remitted to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, these entities are therefore not able to repay loans advanced to them by the Group.

A LOI was signed with Thai Airways that amended the lease agreements and at the same time an agreement was reached with Dekabank to amend the loan terms to match the changes to the related lease agreements with Thai. Final documentation in relation to the revised Thai lease arrangements reflecting the terms agreed in the LOI was completed and signed on 1 April 2022.

The Group has successfully addressed the major threats to getting both of the remaining aircraft in a return to service condition by concluding an Amended Lease Agreement and all matters relating to the replacement of the damaged Trent engine which was deemed beyond economic repair. This has involved contractual agreements with the Lenders, Thai, Rolls Royce and the Group. Rolls Royce have provided a replacement engine of equivalent condition and hours to the one damaged. The viability and therefore continuation of the Group looks positive save any major, likely force majeure, scenarios.

Furthermore, now that both aircraft are in a return to service condition, this not only means the aircraft are earning revenue but it also means that, were Thai to default, the aircraft are in the best possible condition for either a re-lease or a sale.

Mindful of the significant challenges which could still impact the airline industry, Thai Airways in particular and the Company, the Company has extended its viability period to two years assuming a successful fund raise.. There is an expectation that an equity fund raise to bolster cash resources will be successful based on liaison with the corporate broker, a sufficient number of shareholders and potential new investors.

Foremost amongst the near-term risks faced by the Group, is the successful emergence from restructuring of Thai Airways and the recovery from Covid related restrictions to Thai's tourist economy. So far, the news from Thai Airways has been positive, the Thai Administrator (Planner) responsible for the rehabilitation of Thai has outlined

DIRECTORS' REPORT (CONTINUED)

Viability Statement (continued)

that he feels that the measures taken have materially addressed major cost areas (fleet size reduction, staff cuts, pay cuts, property rationalisation) and further that Thai have raised a reasonably good amount of capital from asset sales. The Directors note that whilst they believe that Thai Airways has a strong possibility of successfully completing the rehabilitation, there is no guarantee of this. The Directors continue to monitor the developments of the rehabilitation process and the impact on the Group.

The Directors regularly consider and assess the viability of the Company and take into account the Company's current position and the potential impact of the principal risks outlined below. Also, the Directors have considered the impact of the Russian invasion of Ukraine on the Group and concluded that to date there has been no material impact on the operations of the Group or the operations of Thai Airways. However, the full impact of the invasion is not yet known and there is a risk that increases in price of fuel and other such factors may negatively impact profitability of Thai Airways and indirectly the Group.

The Directors continue to consider that an investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts and private clients (all of whom will invest through brokers), in each case, who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the shares.

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

Annual General Meeting

The AGM of the Company will be held in Guernsey on 29 July 2022 at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The meeting will be held to, inter alia; receive the Annual Report and Audited Consolidated Financial Statements; elect and re-elect Directors; propose the reappointment of the auditor; authorise the Directors to determine the auditor's remuneration; approve the Directors' remuneration policy; authorise the Company to issue and allot new shares and approve a partial disapplication of the pre-emption rights to allow the Company to issue new shares by way of tap issues. Given the ongoing challenges regarding Covid-19, it is likely the AGM will be restricted to two shareholders and shareholders are encouraged to vote in advance by proxy. The formal notice of AGM will be issued to shareholders in due course.

The Board continues to welcome engagement with its shareholders and those who have questions relating directly to the business of the AGM can forward their questions to the Company Secretary by email to DPA@aztecgroup.co.uk by no later than one week before the AGM, being 22 July 2022.

A Q&A reflecting the questions received and responses provided will be made available on the Company's website at www.dpaircraft.com as soon as practicable following the AGM.

Corporate Governance

The Company is not required to comply with any particular corporate governance codes in the UK or Guernsey but the Directors take corporate governance seriously and will have regard to relevant corporate governance standards in determining the Company's governance policies including without limitation in relation to corporate reporting, risk management and internal control procedures.

The Directors intend to comply, and ensure that the Company complies, with any obligations under the Companies (Guernsey) Law, 2008 and the Articles to treat shareholders fairly as between themselves.

DIRECTORS' REPORT (CONTINUED)

Directors' Share Dealings
The Board has agreed to adopt and implement the Market Abuse Regulation for Directors' dealings. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Market Abuse Regulation .

Board Committees
The Board of Directors has established an audit committee, which operates under detailed terms of reference, copies of which are available on request from the Company Secretary. Details of the Company Secretary are included within the Company information on pages 82 and 83.

The Board have established a Management Engagement Committee which reviewed the performance of the Asset Manager and the key service providers at least annually and this review includes a consideration of the service providers' internal controls, risk management, operational management, information technology and their effectiveness.

Alternative Investment Fund Managers Directive ('AIFMD')
In July 2013 the European Alternative Investment Fund Management Directive ('AIFMD') came into effect with transitional provisions until July 2014. The Company has been determined to be a 'self-managed' Guernsey Alternative Investment Fund ('AIF') and as such will be treated as a non-EU AIFM for the purposes of the Directive. The Company has registered with the Financial Conduct Authority (and notified the Guernsey Financial Services Commission) under the AIFMD (Marketing) Rules, 2013.

For a non-EU AIFM that has over EUR 100 million (equivalent to US$ 114 million at 31 December 2021) of net assets under management and also utilises leverage, certain Annual Investor Disclosures are required.

Alternative Investment Fund Managers Directive ('AIFMD') (continued)
For the purpose of AIFMD, the Company is a Self-Managed Alternative Investment Fund Manager with assets above the EUR 100 million (equivalent to US$ 114 million at 31 December 2021), with leverage, threshold.

AIFMD does not prescribe use of any one particular accounting standard. However, the financial statements must be audited by an auditor empowered by law to audit the accounts in accordance with the EU Statutory Audit Directive.

The required disclosures for investors are contained within the Financial Conduct Authority checklist and the Company's compliance therewith can be found in Appendix 1 to these financial statements.

Environmental, social and governance (ESG)
The Group recognises the Paris Agreement on climate change. The Group operates NTA (New Technology Aircraft) - specifically Boeing 787-8's equipped with Rolls Royce Trent-1000 engines which are 20% more fuel efficient on a revenue-per-kilometer basis than similar comparable current technology legacy aircraft. The Board has taken steps to reduce its own travelling and maximises the use of virtual meetings within the board and with all its key service providers. Guernsey operations benefit from the majority of its electricity consumption being sourced from verifiably renewable sources.

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

REPORT OF THE AUDIT COMMITTEE

On the following pages, we present the Audit Committee (the 'Committee') Report for 2021, setting out the Committee's structure and composition, principal duties and key activities during the year. The Committee has reviewed the Company's financial reporting, the independence and effectiveness of the independent auditor (the 'auditor') and the internal control and risk management systems of service providers.

The Board is satisfied that for the period under review and thereafter the Committee has recent and relevant commercial and financial knowledge sufficient to satisfy the requirements of the Committee's remit.

Structure and Composition
The Committee is chaired by Mr Thompson and its other members are Mr Bridel and Mr Brauns.

The Committee conducts formal meetings not less than three times a year. There were four meetings during the period under review and multiple ad-hoc meetings. All Directors were present and forming part of the quorum. The auditor is invited to attend those meetings at which the annual and interim reports are considered.

Principal Duties
The role of the Committee includes:

- Monitoring the integrity of the published financial statements of the Group;
- Keeping under review the consistency and appropriateness of accounting policies on a year to year basis;
- Satisfying itself that the annual financial statements, the interim statement of financial results and any other major financial statements issued by the Group follow International Financial Reporting Standards and give a true and fair view of the Group and its subsidiaries' affairs; matters raised by the external auditors about any aspect of the financial statements or of the Group's internal control, are appropriately considered and, if necessary, brought to the attention of the board, for resolution;
- Monitoring and reviewing the quality and effectiveness of the auditor and their independence;
- Considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Group's auditor;
- Monitoring and reviewing the internal control and risk management systems of the service providers; and
- Considering at least once a year whether there is a need for an internal audit function.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, a copy of which can be obtained from the Secretary.

Independent Auditor
The Committee is also the forum through which the auditor reports to the Board of Directors. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to the terms under which it is appointed to perform non-audit services including fees. The Committee has established pre-approval policies and procedures for the engagement of KPMG, Ireland ('KPMG') to provide non-audit services. KPMG has been the independent auditor from the date of the initial listing on the Specialist Fund Segment of the London Stock Exchange.

The audit fees proposed by the auditor each year are reviewed by the Committee taking into account the Group's structure, operations and other requirements during the year and the Committee make appropriate recommendations to the Board. The Committee considers KPMG to be independent of the Company. The Committee also met with the external auditors without the Asset Manager or Administrator being present so as to provide a forum to raise any matters of concern in confidence.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Evaluations or Assessments made during the year

The following sections discuss the assessments made by the Committee during the year:

Significant Areas of Focus for the Financial Statements

The Committee's review of the interim and annual financial statements focused on:

- Valuation of the Company's Assets (more detail in relation to the approach is in note 3);
- Lease and loan modifications;
- Loss of control accounting implications;
- The financial statements giving a true and fair view and being prepared in accordance with International Financial Reporting Standards and the Companies (Guernsey) Law, 2008; and
- Going concern and the viability statement including the creation of scenario planning and review.

Effectiveness of the Audit

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

- Before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered; and
- After the audit work was concluded to discuss any significant matters such as those stated above.
- The Board considered the effectiveness and independence of KPMG by using a number of measures, including but not limited to:
- The audit plan presented to them before the start of the audit;
- The audit results report;
- Changes to audit personnel;
- The auditor's own internal procedures to identify threats to independence; and
- Feedback from both the Asset Manager and Administrator.

Internal Audit

There is no internal audit function. As all of the Directors are non-executive and all of the Company's administration functions have been delegated to independent third parties, the Audit Committee considers that there is no need for the Company to have an internal audit function. However, this matter is reviewed periodically.

Conclusion and Recommendation

After reviewing various reports such as the operation and risk management framework and performance reports from the Directors and the Asset Manager and assessing the significant areas of focus for the financial statements listed on pages 40 to 43, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

The Committee is also satisfied that the significant assumptions used for assessing going concern and, determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The independent auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to presentation.

The Committee confirms that it is satisfied that the independent auditor has fulfilled its responsibilities with diligence and professional scepticism. Following the completion of the financial statements review process on the effectiveness of the independent audit and the review of audit services, the Committee will recommend that KPMG be reappointed at the next Annual General Meeting.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

Conclusion and Recommendation (continued)
For any questions on the activities of the Committee not addressed in the foregoing, a member of the Committee will attend each Annual General Meeting to respond to such questions.

By order of the Audit Committee

Jeremy Thompson
Audit Committee Chairman

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Geopolitical and economic risks

The Company leases aircraft to a customer in Thailand exposing it to (i) Thailand's varying economic, social, legal and geopolitical risks, (ii) instability of Thailand markets and (iii) the impact of global health pandemics and other global market disruptions. The Directors continue to monitor the development of Covid-19 and are continuing to assess the impact on the Company. Exposure to Thailand's jurisdiction may adversely affect the Company's future performance, position and growth potential. The adequacy and timeliness of the Company's response to emerging risks in this jurisdiction is of critical importance to the mitigation of their potential impact on the Company.

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

Exposure to the commercial airline industry

As a supplier to and partner of the airline industry, the Group is exposed to the financial condition of the airline industry as it leases its aircraft to commercial airline customers. The financial condition of the airline industry is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases and natural disasters, fuel costs and the demand for air travel. To the extent that any of these factors adversely affect the airline industry they may result in (i) downward pressure on lease rates and aircraft values, (ii) higher incidences of lessee defaults, restructuring, and repossessions and (iii) inability to lease aircraft on commercially acceptable terms.

Thai Airways

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

The continuing impact of COVID-19 is likely to impact passenger numbers for Thai given the reduced Chinese and regional demand. This is particularly relevant for the Group given the aircraft leased to Thai Airways is under a PBH arrangement up to 31 December 2022. There is no guarantee that the Group will continue to receive any rental payments from Thai Airways during this period.

Covid-19 Impact

COVID-19 has spread across the globe, with major outbreaks across China, the Middle East, Europe and America, resulting in widespread restrictions on the ability of people to travel, socialise and leave their homes. COVID-19 has had a significant impact for the airline sector, and by extension the aircraft leasing sector. Thai Airways entered into restructuring in 2020 and is still in the early stages of implementing an approved rehabilitation plan. Given the continuing evolution of the significant impact of, and the uncertainties created by COVID-19, this has meant that this risk has now become the most significant, although there are early signs the worst may be over. Note, while there are signs that the worst appears to be over, there is a possibility of further strains cannot be ruled out.

Asset risk

The Company's Assets as at year end comprise of two Boeing 787-8 aircraft. The Group bears the risk of selling or re-leasing the aircraft in its fleet at the end of their lease terms or if the lease is terminated. If demand for aircraft decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and may result in an impairment charge. The Directors have engaged an asset manager with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required to reduce this risk. Any lasting impact of the Covid-19 situation on both aircraft demand and lease rates are at present unknown.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Asset risk (continued)
There is no guarantee that, upon expiry or cessation of the leases, the Assets could be sold or re-leased for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss. Costs regarding any future re-leasing of the assets would depend upon various economic factors and would be determinable only upon an individual re-leasing event. Potential reconfiguration costs could in certain circumstances be substantial.

Key personnel risk
The ability of the Company to achieve its investment objective is significantly dependent upon the advice of certain key personnel at DS Aviation GmbH & Co. KG; there is no guarantee that such personnel will be available to provide services to the Company for the scheduled term of the Leases or following the termination of the Lease. However, Key Man clauses within the Asset Management agreement do provide a base line level of protection against this risk.

Credit risk & Counterparty risk
Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparty is Thai Airways as lessee and provider of income and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessee does not maintain a credit rating. Thai Airways is currently in the early stages of implementing a rehabilitation plan. The credit rating of DekaBank is Aa2 (2020: Aa2).

There is no guarantee that the business rehabilitation process of Thai Airways will be successful even though developments to date have been positive. Failure of any material part of the business rehabilitation plan may have an adverse impact on its ability to comply with its obligations under the LOI entered into during March 2021 and the subsequent amended lease agreement entered into in 2022.

Any failure by Thai Airways to pay any amounts when due could have an adverse effect on the Group's ability to comply with its obligations under the DekaBank loan agreements and could result in the lenders enforcing their security and selling the relevant Assets on the market potentially negatively impacting the returns to investors. In mitigation, Thai Airways is an international full-service carrier and is important to Thailand's economy and as such it is unlikely that the Government will not provide it with the necessary support to see it through its restructure. However, there is no guarantee and hence a significant risk remains.

Liquidity risk
In order to finance the purchase of the Assets, the Group entered into loan agreements. Pursuant to the loan agreements, the lenders are given first ranking security over the Assets. Under the provisions of each of the loan agreements, the Borrowers are required to comply with loan covenants and undertakings. A failure to comply with such covenants or undertakings may result in the relevant lenders recalling the relevant loan, as has been the case with NordLB. In such circumstances, the Group may be required to remarket the relevant Asset (either sell or enter into a subsequent lease) to repay the outstanding relevant loan and/or re-negotiate the loan terms with the relevant lender.

As detailed in the Summary report on page 5, NordLB declared an Event of Default in February 2021 and enforced its security over certain of the Group assets. The NordLB debt default impacted solely upon the two NAS aircraft and has no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself. Please refer to Summary report for further details.

Boeing
Company exposure to Boeing in terms of ongoing guarantees and commitments could be negatively impacted with any ongoing 737-Max or 787 production problems and the financial impact upon Boeing in terms of financial

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Boeing (continued)
compensation and potential loss of orders is not known. However, the 737-Max situation appears resolved with the resumption of operations by multiple operators and with Boeing receiving new orders for the aircraft type.

Rolls Royce
Company exposure to Rolls Royce in terms of ongoing guarantees and commitments could be negatively impacted with the Trent 1000 engine issues and as yet the full 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 could actually benefit from the current maintenance and refurbishments underway. Announcements by Rolls Royce have implied that the low pressure turbine and other issues are now under control.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing these financial statements, the Directors have:

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

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

The Directors are responsible for the maintenance and integrity of the financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by

Jonathan Bridel
Director

Jeremy Thompson
Director

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

1. Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of DP Aircraft I Limited ("the Company") and its subsidiaries (together and hereinafter the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 2021, 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) as issued by the International Accounting Standards Board (IASB); 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 the Financial Reporting Council (FRC)'s Ethical Standard as applied to listed entities 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.

Emphasis of matter – going concern

We draw attention to Note 2(a) of the consolidated financial statements, which describe the matters considered by the Directors in forming their view on the appropriateness of the going concern basis of preparation. Our opinion is not modified in respect of this matter

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation of PPE – Aircraft & related components $126.4 million (2020: $126.6 million)

Refer to page 47 (accounting policy), page 54 and 55 (significant estimates) and page 62 (financial disclosures)

The key audit matter	**How the matter was addressed in our audit**
At 31 December 2021, the carrying value of the Group's aircraft portfolio, including related components amounted to $126.4 million or 84% of total assets. *The Group applies the requirements of IAS-36 Impairment of Assets ('IAS-36') in order to determine whether it is necessary to recognise an impairment loss on any aircraft and related assets.* *There is a significant risk relating to the valuation of aircraft given the judgemental nature of the assumptions, and the inputs to the impairment model that require consideration by the Board of Directors.*	*In relation to the audit of the impairment assessment of aircraft and related components, the procedures we undertook included, amongst others:* *We obtained an understanding of and documented the key control around the impairment assessment of aircraft and related components, testing the effectiveness of the design and implementation of the control, including consideration of approval by the Board of Directors.* *We inquired of the Board of Directors about plans for aircraft disposals or other actions that may negatively impact on aircraft recoverable amounts.* *We evaluated the (i) competence, capabilities and objectivity of experts employed by the Group to provide aircraft current market values and (ii) the appropriateness of their work as audit evidence. We obtained the current market value reports from the independent valuers to validate the current market values to the impairment model and compared to internal data sources to determine they were reasonable.* *We evaluated the Board of Directors identification of impairment indicators, and assessed the methodology adopted in its impairment model with reference to our understanding of the Group's business and the requirements of IAS-36. We assessed the calculations underlying the impairment model by checking that the data and assumptions input (including current market value, lease rental streams, residual values and discount rate) into the model were in agreement with those that we had evaluated.* *We assessed the adequacy of the disclosures made by the Group regarding the impairment assessment of aircraft and related components in the financial statements for compliance with the relevant accounting standards.* *As a result of the procedures performed, we found that the Groups judgements around current market values, lease rental streams, residual values and discount rate were reasonable.*

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

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the director's report, asset manager's report, chairman's statement, highlights, summary, fact sheet, directors, report of the audit committee, statement of principal risks and uncertainties, company information and appendix 1 – Alternative Investment Fund Manager's Directive.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

2. Respective responsibilities and restrictions on use

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

The 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 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.

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.

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

2. Respective responsibilities and restrictions on use (continued)

Our report is made solely to the Company's 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 Company's Shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

Appendix to the Independent Auditors' 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 scepticism 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.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Income			
Lease rental income	4	18,391,211	47,285,233
Lease related income	5	-	41,334,854
		18,391,211	**88,620,087**
Expenses			
Asset management fees	28	(757,254)	(1,032,327)
Asset manager's disposal fee	28	-	2,479,634
General and administrative expenses	6	(2,640,895)	(2,472,196)
Expected credit loss on receivables	15	(12,508,499)	(11,416,244)
Depreciation and amortisation	11	(175,160)	(21,714,435)
Impairment loss on aircraft and related components	11	-	(170,317,511)
		(16,081,808)	**(204,473,079)**
Operating profit/(loss)		2,309,403	(115,852,992)
Finance costs	7	(5,869,097)	(14,481,281)
Net losses on financial assets at fair value	13	(8,547,935)	(24,859,692)
Loss on loss of control of assets, liabilities and subsidiary undertaking	8	(9,874,940)	-
Dividend income		57,902	-
Finance income		21,358	107,930
Net finance costs		**(24,212,712)**	**(39,233,043)**
Loss before tax		(21,903,309)	(155,086,035)
Taxation	9	44,236	(41,016)
Loss for the year		**(21,859,073)**	**(155,127,051)**
Other Comprehensive (Loss)/Income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value		-	(3,462,554)
Cash flow hedges – reclassified to profit or loss		-	5,811,395
Cash flow hedge income	25	**-**	**2,348,841**
Total Other Comprehensive Income		-	2,348,841
Total Comprehensive Loss for the year		**(21,859,073)**	**(152,778,210)**
Loss per Share for the year – basic and diluted	10	(0.10442)	(0.74105)

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

The notes on pages 44 to 81 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 US$	2020 US$
NON-CURRENT ASSETS			
PPE – Aircraft & Related Components	11	126,424,840	126,600,000
Total non-current assets		**126,424,840**	**126,600,000**
CURRENT ASSETS			
Assets held for sale	12	-	82,000,000
Investment held at fair value	13	-	15,630,526
Cash and cash equivalents		1,179,211	6,949,167
Restricted cash	14	17,253,846	27,438,332
Trade and other receivables	15	5,023,512	45,930
Total current assets		**23,456,569**	**132,063,955**
TOTAL ASSETS		**149,881,409**	**258,663,955**
EQUITY			
Share Capital	20	210,556,652	210,556,652
Retained deficit	21	(174,204,530)	(152,345,457)
TOTAL EQUITY		**36,352,122**	**58,211,195**
NON-CURRENT LIABILITIES			
Bank borrowings	18	98,304,863	-
Maintenance reserves	16	14,460,682	14,460,682
Share-based payment liability	19	-	110,710
Total non-current liabilities		**112,765,545**	**14,571,392**
CURRENT LIABILITIES			
Bank borrowings	18	136,010	180,915,582
Derivative instrument liabilities	25	-	4,183,715
Share-based payment liability	19	218,697	-
Trade and other payables	17	409,035	782,071
Total current liabilities		**763,742**	**185,881,368**
TOTAL LIABILITIES		**113,529,287**	**200,452,760**
TOTAL EQUITY AND LIABILITIES		**149,881,409**	**258,663,955**

The financial statements on pages 40 to 81 were approved by the Board of Directors and were authorised for issue on 27 April 2022. They were signed on its behalf by:

Jonathan Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 44 to 81 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Loss for the year		(21,859,073)	(155,127,051)
Adjusted for:			
Depreciation and amortisation		175,160	21,714,435
Finance costs	7	6,328,112	15,724,086
Gain on derivatives at fair value		(459,015)	(1,242,805)
Loss on financial assets at fair value	13	8,547,935	24,859,692
Impairment loss on aircraft and related components		-	170,317,511
Taxation		(44,236)	41,016
Loss on loss of control of assets, liabilities and subsidiary undertaking	8	9,874,940	-
Expected credit loss on receivables	15	12,508,499	11,416,244
Changes in:			
Decrease in security deposit		-	(13,264,420)
Decrease in maintenance provision		-	(5,746,940)
Decrease in deferred income		-	(42,771,405)
Decrease in Asset Manager's performance fee provision		-	(2,479,634)
(Decrease)/Increase in accruals and other payables		(92,942)	374,821
Increase in receivables		(17,486,081)	(11,304,821)
Income taxes paid		(54,388)	(9,681)
NET CASH FLOW FROM OPERATING ACTIVITIES		**(2,561,089)**	**12,501,048**
INVESTING ACTIVITIES			
Loss of control of subsidiary undertakings	8	(5,456,182)	-
Sales of investments in Norwegian	13	4,069,880	-
Restricted cash		3,348,896	7,125,339
NET CASH INFLOW FROMINVESTING ACTIVITIES		**1,962,594**	**7,125,339**
FINANCING ACTIVITIES			
Dividends paid		-	(4,710,000)
Bank loan principal repaid	18	(274,173)	(11,700,921)
Bank loan interest paid	18	(4,595,529)	(6,981,540)
Swap interest paid	18	(301,759)	(1,500,852)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(5,171,461)**	**(24,893,313)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**6,949,167**	**12,216,093**
Decrease in cash and cash equivalents		(5,769,956)	(5,266,926)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,179,211**	**6,949,167**

The notes on pages 44 to 81 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital US$	Retained deficit US$	Hedging Reserve US$	Total Equity US$
As at 1 January 2021		210,556,652	(152,345,457)	-	58,211,195
Total comprehensive income for the year					
Loss for the year		-	(21,859,073)	-	(21,859,073)
Other comprehensive income		-	-	-	-
Total comprehensive loss		**-**	**(21,859,073)**	**-**	**(21,859,073)**
As at 31 December 2021		**210,556,652**	**(174,204,530)**	**-**	**36,352,122**
As at 1 January 2020		210,556,652	7,491,594	(2,348,841)	215,699,405
Total comprehensive income for the year					
Loss for the year		-	(155,127,051)	-	(155,127,051)
Other comprehensive income		-	-	2,348,841	2,348,841
Total comprehensive (loss)/income		**-**	**(155,127,051)**	**2,348,841**	**(152,778,210)**
Transactions with owners of the Company					
Dividends	22	-	(4,710,000)	-	(4,710,000)
As at 31 December 2020		**210,556,652**	**(152,345,457)**	**-**	**58,211,195**

The notes on pages 44 to 81 form an integral part of these financial statements. **NOTES TO THE CONSOLIDATED**

FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 (consolidated up to 26 February 2021), DP Aircraft Guernsey II Limited (consolidated up to 26 February 2021), 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 (consolidated up to 26 February 2021) 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 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 (2020: 209,333,333) of no par value and one Subordinated Administrative Share of no par value.

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

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2022.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations ('IFRS') issued by the International Accounting Standards Board ('IASB') and the Disclosure and Transparency Rules (the 'DTRs') of the UK's Financial Conduct Authority (the 'FCA').

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The financial statements are presented in United States Dollars (US$) which is also the functional currency of the Company and its subsidiaries.

Going Concern

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

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

- the positive outlook for Thai Airways with the aircraft now in a full return to service condition and the expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

Going Concern (continued)

- the strong belief that DekaBank which made loans to the Group (with certain loan concessions) will continue supporting the Group. This is now considered likely given documentation for the revised Thai lease agreements reflecting the terms that were agreed in the LOI put in place last year were finalised and signed in April 2022.

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

New standards, interpretations and amendments effective from 1 January 2021

The below new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 January 2021 and have no material impact on the financial statements:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) effective 1 January 2021
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) effective 1 April 2021

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

There are no new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2022 which are expected to have a material impact on the financial statements in future reporting periods.

b) Basis of consolidation

The financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the Company made up to 31 December each year. Control is achieved where the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of the investor's returns.

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

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Taxation

The Company and the Guernsey subsidiaries are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 (2020: £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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Taxation (continued)

Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date in the relevant jurisdictions.

d) Property, Plant and Equipment – Aircraft and Related Components

Upon delivery, aircraft (the 'Assets') are initially recognised at cost plus initial direct costs which may be capitalised under IAS 16. In accounting for property, plant and equipment, the Group makes estimates about the expected useful lives, the fair value of attached leases and the estimated residual value of aircraft. In estimating useful lives, fair value of leases and residual value of aircraft, the Group relies upon actual industry experience, supported by estimates received from independent appraisers.

Upon delivery, aircraft (the 'Assets') are initially recognised at cost plus initial direct costs which may be capitalised under IAS 16. In accounting for property, plant and equipment, the Group makes estimates about the expected useful lives, the fair value of attached leases and the estimated residual value of aircraft. In estimating useful lives, fair value of leases and residual value of aircraft, the Group relies upon actual industry experience, supported by estimates received from independent appraisers.

When an aircraft is acquired with a lease attached, an evaluation of whether the lease is at fair value is undertaken. A lease premium is recognised when it is determined that the acquired lease terms are above fair value. Lease premiums are recognised as a component of aircraft and are amortised to profit or loss on a straight-line basis over the term of the lease.

The two aircraft leased to Thai Airways International were acquired in 2015 and had a useful economic lease life of 12 years at acquisition. The useful economic lease life since acquisition of 12 year is unchanged as at year end despite the lease modification mentioned in note 3 (see note 3).

The Group's policy is to depreciate the Assets over their remaining lease life (given the intention to sell the Assets at the end of each respective lease) to an appraised residual value at the end of the lease. Residual values are reviewed annually at the beginning of each year, and such estimates are supported by future values determined by three external valuations and discounted by the inflation rate incorporated into those valuations, see note 3 for further details.

In accordance with IAS 16 - Property, Plant and Equipment, the Group's aircraft and related components that are to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying value of an aircraft including related assets is in excess of the higher of its value in use (discounted cashflows) and its fair value less costs to sell. In such circumstances a loss is recognised as a write down of the carrying value of the aircraft to the higher of value in use and fair value less cost to sell. The review for recoverability has a level of subjectivity and requires the use of judgement in the assessment of estimated future cash flows associated with the use of an item of property, plant and equipment and its eventual disposition. See note 3 for further details regarding impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Non-current assets held for sale*

In line with IFRS 5 non-current assets are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

f) *Financial Instruments*

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations, specified in the contract, expire or are discharged or cancelled. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the asset, or if the Group does not retain control of the asset and transfers substantially all the risk and rewards of ownership of the asset.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ('FVTPL').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company only has financial assets that are classified as amortised cost or FVTPL.

Financial assets at amortised cost are initially measured fair value plus transaction costs that are directly attributed to its acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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.

Trade and other receivables are classified as held 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.

Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held by the Group, but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash includes monies received in relation to maintenance provisions and security deposits.

Impairment of financial assets held at amortised cost

The Company has elected to apply the simplified model for trade receivables, including lease receivables and maintenance reserve receivables, 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 expected credit losses (ECL).

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, investments held and loans receivable at fair value.

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

Hedge accounting

Hedge accounting is applied to certain risks in financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge; and
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

Hedge accounting (continued)

The Directors previously concluded, given that the critical terms of the hedged item matched those of the hedging instrument in terms of risk, timing and quantity, that the requirements of hedge accounting were met for the Group's floating to fixed interest rate swaps.

Cash flow hedges - interest rate swaps

The Company had two floating to fixed interest rate swaps in order to provide for fixed rate interest to be payable in respect of two of the bank loans. The effective portion of gains and losses on the floating to fixed interest rate swaps were recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The ineffective portion of gains and losses on the floating to fixed interest rate swaps used to manage cash flow interest rate risk were recognised in profit or loss within finance expense or finance income.

However, the cumulative gains and losses recognised in other comprehensive income were reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. From date of discontinuation, movements in the fair value of the hedge instrument were accounted for in profit or loss.

Hedge accounting is discontinued when:

- The risk management objective of an entity for the hedging relationship has changed - i.e., continuing to apply hedge accounting would no longer reflect its risk management objective;
- The hedging instrument expires or is sold, terminated or exercised; this excludes scenarios in which the expiry or termination is a replacement or rollover of a hedging instrument into another that is part of, and consistent with, the entity's documented risk management objective - discontinuation would not be required in these scenarios;
- There is no longer an economic relationship between the hedged item and hedging instrument; or
- The effect of credit risk starts dominating the value changes that result from the economic relationship.

If the hedge no longer meets the criteria for hedge accounting, then the hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss. Note, hedge accounting was discontinued in the prior year.

Financial liabilities at amortised cost

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised through profit or loss in the consolidated statement of comprehensive income over the period of borrowing using the effective interest rate method. Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Initial direct costs related to bank borrowings are capitalised, presented net against the bank borrowings in the statements of financial position and amortised to the statement of comprehensive income over the period of the related loan as part of the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial Instruments (continued)

Financial liabilities at amortised cost (continued)

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

Maintenance reserves are lessee contributions to a retention account held by the lessor which are calculated by reference to the budgeted cost of maintenance and overhaul events (the 'supplemental rentals'). They are intended to ensure that at all times the lessor holds sufficient funds to cover the proportionate cost of maintenance and overhaul of the Asset relating to the life used on the airframe, engines and parts since new or since the last overhaul. During the term of the lease, all maintenance is required to be carried out at the cost of the lessee, and maintenance provisions are required to be released only upon receipt of satisfactory evidence that the relevant qualifying maintenance or overhaul has been completed.

Maintenance reserves are recorded in the consolidated statement of financial position during the term of the lease as a liability. Reimbursements will be charged against this liability as qualifying maintenance work is performed. Maintenance reserves are restricted and not distributable until, at the end of the lease, the Group is released from the obligation to make any further reimbursements in relation to the aircraft, and the remaining balance of maintenance provisions, if any, is released through profit or loss as lease related income. On termination of the lease maintenance reserves balance is also released to profit or loss as lease related income.

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

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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from retained earnings.

h) 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.

i) Dividends

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

j) Lease rental income

Leases relating to the Aircraft are classified as operating leases where the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee. Fixed rental income from operating leases is recognised on a straight-line basis over the term of the lease. Variable rental income is accounted for on an accrual basis. Any modifications to operating leases are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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

Rentals received in advance are accounted for a deferred income and are released to profit or loss on a straight-line basis. Where the lease is terminated prior to the lease term, any remaining deferred income is released to the Statement of Comprehensive Income.

k) Expenses

Expenses are accounted for on an accrual basis.

l) Finance costs and finance income

Interest expense is calculated using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over the relevant period.

l) Finance costs and finance income (continued)

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.

m) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) 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.

o) Share based payments

When the Group grants employees or directors the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the Group treats this as having granted a compound financial instrument, which includes a (liability) debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. Where the fair value of one settlement alternative is the same as the other i.e. the fair value of settling by issuing shares is the same as the fair value of paying cash then the fair value of the equity component is zero, and hence the fair value of the compound financial instrument is the same as the fair value of the liability component.

The Group recognises the services received as an expense in the Statement of Comprehensive Income, and a liability to pay for those services, as the directors render service. The services acquired and liability incurred are measured at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

At the date of settlement, the Group remeasures the liability to its fair value. If the entity issues equity instruments on settlement rather than paying cash, the liability will be transferred direct to equity, as the consideration for the equity instruments issued.

If the entity pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources.

Information about assumptions and estimation uncertainty at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are:

a) Significant judgements

Loss of control of assets, liabilities and subsidiary undertaking

The Directors have concluded that the Group has lost control of DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as a result of receivership proceedings instigated by NordLB following an Event of Default on the NordLB loans and the enforcement of security by NordLB over the two NAS aircraft, the related lease and contract rights, related cash and the shares in the Irish special purpose vehicle which holds title to the NAS aircraft.

The Directors considered the following factors that need to all be present for control to exist in reaching their conclusion:

- 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 Directors determined that effective from 26 February 2021, when the NAS aircraft were placed in receivership, the Group lost the power over the investees as the Group no longer had the right to direct the relevant activities of the investees, for example how the aircraft is utilised, disposed of or the value of any such disposal. That power was now with the receiver following the enforcement of NordLB security.

As a result of the loss of control, the Group deconsolidated the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as at 26 February 2021. A resulting loss on loss of control has been recognised in profit or loss.

The fair value of loans advanced to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as well as the fair value of the shares held in the two entities is dependent on monies that these entities expected to receive from NordLB. NordLB appointed a receiver to dispose of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to the bank, and any balance remaining thereafter being remitted to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. After NordLB loans are paid off, no surplus proceeds were expected to be received therefore the loans and the shares held in DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited had a nil fair value on loss of control. Note, when the aircraft were eventually sold in December 2021, no surplus proceeds were received post sale of the aircraft and application of the sale proceeds against the NordLB loans.

Note, the loans advanced to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are limited recourse loans and on initial recognition the Group has economic exposure to the underlying aircraft value and cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

a) Significant judgements (continued)

Loss of control of assets, liabilities and subsidiary undertaking (continued)

instead of exposure to the borrowers' overall credit risk and cash flows. Therefore, the loans are classified as financial assets at fair value through profit or loss in line with IFRS 9 Financial Instruments ('IFRS 9').

b) Significant estimates

Impairment of property, plant and equipment

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

IAS 36 requires an assessment of the aircraft carrying value against the recoverable amount (the higher of the value in use and fair value less cost to sell). The lease encumbered value is the value of the aircraft on lease, given a specified lease payment stream (rents and terms), and estimated future base value adjusted for return condition at lease termination, and an appropriate discount rate i.e., value in use.

Thai Aircraft

In considering the impairment of the Thai aircraft the board concluded value in use to be the recoverable amount given it is higher than fair value less costs to sell. Both value in use and fair value (current market value) were determined by two independent appraisers. The board considered it appropriate not to apply any discounts and adjustments for these aircraft given the specific circumstances of these aircraft.

The lease encumbered value (value in use) supports the carrying value of the aircraft as at year end and suggest there is no impairment. The key estimates in calculating the lease encumbered values used by the 2 independent appraisers were the aircraft residual values at end of the respective leases, lease cash inflows during the PBH period and the ability of Thai to pay future rental income which is captured in the discount rate applied. A range between 7.5-8.0% has been applied as the discount rate between the two independent appraisers. This range is consistent with prior year as well as the interim period and is considered reasonable given no significant changes in Thai's position since then. The board has settled on a discount rate of 8% for the impairment assessment. See note 11 for sensitivity analysis on impact of changes in discounts rate.

In conclusion, the board considered all possible valuation ranges and concluded that the aircraft were not impaired further as at 31 December 2021. Therefore, no impairment loss has been recognised during the year ended 31 December 2021 (31 December 2020: US$ 170,317,511 – note this includes impairment on NAS aircraft which was deconsolidated of on loss of control as detailed in note 8).

The board also considered if there was an indication that the prior year Thai aircraft impairment of US$ 58,839,697 had reversed in full or partially during the year and concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the year ended 31 December 2021.

Depreciation of aircraft

As described in note 2, the Group depreciates the Assets on a straight-line basis over the remaining lease life and taking into consideration the estimated residual value at the end of the lease term. The Group engage independent expert valuers (appraisers) each year to provide a valuation of the Assets and take into account the average of the valuations provided.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

b) Significant estimates (continued)

Depreciation of aircraft (continued)

The full life inflated base value is the appraiser's opinion of the underlying economic value of the aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes full consideration of its 'highest and best use'. The full life inflated values used within the financial statements match up the two lease termination dates and have been discounted by the inflation rate incorporated into the valuations. Note, as discussed below under the heading lease term, the lease term has been determined to end in 2026 even though there is an extension option, see below for further details regarding lease term. The residual value of the aircraft does not represent the current fair value of the aircraft.

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates for aircraft as at 31 December 2021 was US$ 121,750,421 (31 December 2020: US$ 125,572,493), carrying value as at 31 December 2021 was US$ 126,424,840 (31 December 2020: US$ 126,600,000). As a result, the year ending 31 December 2022 and future aircraft depreciation charges for aircraft, with all other inputs staying constant, will be US$ 956,542 (2021: US$ 175,160). The actual aircraft depreciation charge for 2023 onwards will vary based on the residual value estimates as at 31 December 2022.

Lease term

The Thai lease agreements were amended such that the lease term may be extended by three years to December 2029 (the "Extension Period") with further scaled back monthly lease payments starting from January 2027, subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. The Directors have applied judgement to determine the lease term i.e., period to 2026 or period to 2029. At commencement of the amended leases, there was no reasonable certainty that the lenders would approve an extension of the lease given decision would depend on facts and circumstances around the time of extension. Therefore, the Directors concluded that the lease term was the period to 2026, same period as before the lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

4) LEASE RENTAL INCOME

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Variable rent (PBH rent)	1,110,416	-
Fixed (straight-lining) rental income	17,280,795	47,285,233
Total lease rental income	**18,391,211**	**47,285,233**

The lease agreements with Thai Airways were amended during the period. In March 2021 the Group signed a Letter of Intent ('LOI') with Thai Airways under which the parties agreed to amend the existing lease terms. In accordance with the LOI, the effective date for the lease modification was 15 June 2021, being the date on which Thailand's Central Bankruptcy Court approved the Thai Airways restructuring plan. The new terms provide for a power by the hour ('PBH') arrangement until December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with monthly fixed lease payments of US$ 510,000 per month thereafter until 2026. The monthly PBH rent amount is capped at US$ 510,000.

The lease term was extended by three years to December 2029 (the "Extension Period") with further scaled back monthly lease payments starting from January 2027, the extension is however subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. As detailed in note 3, the lease term has been determined to be the period to December 2026, see note 3 for further details. Also, per the LOI it was agreed that Thai would not be required to pay rent accrued under the old agreements between 15 September 2020 and the amendment effective date, 15 June 2021 (see note 15).

The actual lease agreement reflecting the terms set out in the LOI was signed on 1 April 2022.

In 2021 all lease rental income was derived from Thai Airways and the related two Boeing 787-8 aircraft leased to them. The lease agreements with NAS were de-facto terminated in December 2020, therefore no rental income has been earned from NAS in the current year. During the year ended 31 December 2020 the Group earned the following amounts of rental income from these two customers:

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Norway	-	19,790,602
Thailand	18,391,211	27,494,631
Total lease rental income	**18,391,211**	**47,285,233**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

4) LEASE RENTAL INCOME (CONTINUED)

The contracted cash lease rental payments to be received under non-cancellable operating leases at the reporting date excluding receivables already recognised at year end are:

31 Dec 2021	Boeing 787-8 Serial No: 35304 US$	Boeing 787-8 Serial No: 35305 US$	Boeing 787-8 Serial No: 35320 US$	Boeing 787-8 Serial No: 36110 US$	Total US$
< 1 year	-	-	-	-	-
1 to 2 years	-	-	6,120,000	6,120,000	12,240,000
to 3 years	-	-	6,120,000	6,120,000	12,240,000
3 to 4 years	-	-	6,120,000	6,120,000	12,240,000
4 to 5 years			5,758,065	5,095,846	10,853,911
>5 years			-	-	-
	-	**-**	**24,118,065**	**23,455,846**	**47,573,911**

31 Dec 2020	Boeing 787-8 Serial No: 35304 US$	Boeing 787-8 Serial No: 35305 US$	Boeing 787-8 Serial No: 35320 US$	Boeing 787-8 Serial No: 36110 US$	Total US$
<1 year	-	-	13,745,640	13,712,040	27,457,680
1 to 2 years	-	-	13,745,640	13,712,040	27,457,680
2 to 3 years	-	-	13,745,640	13,712,040	27,457,680
3 to 4 years	-	-	13,745,640	13,712,040	27,457,680
4 to 5 years	-	-	13,745,640	13,712,040	27,457,680
>5 years	-	-	12,600,170	10,284,030	22,884,200
	-	**-**	**81,328,370**	**78,844,230**	**160,172,600**

5) LEASE RELATED INCOME

Lease related income is made up as follows:

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Maintenance reserves liability released to Profit or Loss	-	7,041,816
Deferred income released to Profit or Loss	-	34,293,038
	-	**41,334,854**

The lease agreements with NAS were de-facto terminated in December 2020 and as a result the deferred income in relation to the NAS leases and the related maintenance reserve liability were released in full to the profit or loss account as lease related income in the prior year. No lease terminations arose in the current year therefore no such income recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

6) GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Administration fees	438,198	401,553
Aircraft agency fees	12,000	12,018
Aircraft valuation fees	9,170	11,786
Audit fees	89,991	99,782
Company broker fees	167,902	168,626
Broker fees on sale of NAS shares	8,140	-
Directors' fees and expenses	326,650	344,827
Insurance costs, including directors' insurance	71,318	55,947
Foreign exchange loss	21,736	21,299
IT and printing costs	6,376	5,453
Legal fees	3,326	7,585
Costs in relation to DPAG I & II	19,488	-
Marketing fees	4,175	1,936
Miscellaneous costs	6,118	5,118
Registrar fees	21,454	18,875
Regulatory fees	23,098	23,508
Restructuring fees *	1,385,214	1,266,900
Aircraft security trustee fees	17,985	17,100
Tax advice fees	8,556	9,883
Total general and administrative expenses	**2,640,895**	**2,472,196**

*The restructuring fees include professional fees in relation to the renegotiation of the aircraft leases and associated bank loans. The restructuring costs for the year ended 31 December 2021 can be split US$ 1,094,936 and US$ 290,278 between Thai Airways and Norwegian Air Shuttle respectively.

7) FINANCE COSTS

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Loan interest paid and payable	4,727,053	6,903,447
Amortisation of deferred finance costs	-	1,847,855
Loan modification adjustment	432,976	-
Total finance costs at effective interest rate*	5,160,029	8,751,302
Cash flow hedges reclassified from OCI while hedge accounting was applied	-	384,877
Swap interest paid	228,277	1,161,389
Swap breakage costs	939,806	-
	6,328,112	10,297,568
Reserve reclassification on hedge discontinuation	-	5,426,518
Gain on derivative at fair value (note 25)	(459,015)	(1,242,805)
Total finance costs	**5,869,097**	**14,481,281**

*On liabilities measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2021

7) FINANCE COSTS (CONTINUED)

The Group defaulted on the loans to which the interest swaps related to, see note 18 under NordLB for further details. As a result of the default, the swaps were terminated in February 2021 and the balance due on the swaps became payable as part of the loan balance.

Note, the Group previously applied hedge accounting however after a change in terms of the hedged loan in the prior year, hedge accounting was discontinued. The cumulative other comprehensive income cash flow hedge reserve recognised up to the date hedge accounting was discontinued of US$ 5,426,518 was reclassified in full to the Consolidated Statement of Comprehensive Income as at 31 December 2020.

8) LOSS OF CONTROL OF ASSETS, LIABILITIES AND SUBSIDIARY UNDERTAKINGS

As detailed in note 3, the Group lost control of DP Aircraft Ireland Limited and the assets and liabilities DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as a result of receivership proceedings instigated by NordLB following an Event of Default on the NordLB loans and the enforcement of security by NordLB over the two NAS aircraft, the related lease and contract rights, related cash and the shares in the Irish special purpose vehicle, DP Aircraft Ireland Limited which holds title to the NAS aircraft. As a result of the loss of control, the Group has deconsolidated DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as at the date control was determined to be lost, being 26 February 2021. A resulting loss on loss of control of assets, liabilities and subsidiary undertaking have been recognised in profit or loss.

Concurrently with the inception of the loan transaction DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited had entered into ISDA Swap Agreements with NordLB. Under the terms of the swap DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited were fixed interest rate payers and a floating interest rate payee. The event of default detailed above also extends to the ISDA Swap Agreements which were terminated in February 2021 and balance due on the swaps became payable as part of the loan balance.

The two aircraft were sold on 14 December 2021 and the proceeds from sale were applied against the amounts outstanding under the loan agreements between NordLB and DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited respectively. The total settled, including the amount payable under the swaps, by application of the proceeds from sale was US$ 73,351,832. The aircraft were sold into a weak market by the security trustee and given they had not been operational for a considerable period of time, had no lease attached and would likely require significant reconfiguration costs if used by another airline the proceeds were insufficient to cover the loans due. There were no excess proceeds remaining post application of the sale proceeds therefore no amounts were remitted to DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited respectively by NordLB. DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are therefore not able to repay loans advanced to them by the Group. The total amount outstanding under the loan agreements with NordLB immediately following the application of enforcement proceeds was US$ 14,516,716 including the remaining principal amount outstanding, breakage costs and swap unwinding cost.

Note, the developments mentioned above for the loans and related swaps impact solely upon DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited; they have no effect upon the Group's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Group itself.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

8) LOSS OF CONTROL OF ASSETS, LIABILITIES AND SUBSIDIARY UNDERTAKINGS (CONTINUED)

Effect of loss of control summarised:

	26 February 2021 US$
Assets and liabilities derecognised	
Assets held for sale	82,000,000
Investments held at fair value	3,012,711
Cash and cash equivalents	5,456,182
Restricted cash	6,835,590
Swap payables	(4,664,507)
Bank loan and interest payable	(82,765,036)
Net assets	**9,874,940**
Consideration:	
Investment retained in former subsidiaries	-
Loans advanced to former subsidiaries	-
Cash consideration received	-
Total consideration	**-**
Loss on loss of control of assets, liabilities and subsidiary undertaking	**(9,874,940)**
Cash flow on loss of control of assets, liabilities and subsidiary undertaking:	
Consideration received	-
Cash and cash equivalents disposed of	(5,456,182)
Net cash outflow	**(5,456,182)**

9) 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 (2020: £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 during the year ended 31 December 2021 was US$ 44,236 (2020: refund of US$ 41,016). The Directors do not expect the taxation payable to be material to the Group.

A taxation reconciliation has not been presented in these financial statements as the tax expenses is not material. The effective tax rate based on tax charge for the year is (0.0021%) (2020: 0.027%).

10) LOSS PER SHARE

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Loss for the year	(21,859,073)	(155,127,051)
Weighted average number of shares	209,333,333	209,333,333
Loss per Share	**(0.10442)**	**(0.74105)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

11) PROPERTY, PLANT & EQUIPMENT – AIRCRAFT & RELATED COMPONENTS

	Aircraft US$	Lease Premium US$	Total US$
COST			
As at 1 January 2021 and 31 December 2021	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2021	53,291,464	8,200,047	61,491,511
Charge for the year	175,160	-	175,160
Reclassified as held for sale	-	-	-
As at 31 December 2021	**53,466,624**	**8,200,047**	**61,666,671**
IMPAIRMENT			
As at 1 January 2021	58,839,697	9,198,446	68,038,143
Charge for the year	-	-	-
As at 31 December 2021	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2021	**126,424,840**	**-**	**126,424,840**
COST			
As at 1 January 2020	**476,751,161**	**46,979,793**	**523,730,954**
Reclassified as held for sale	(238,020,000)	(29,581,300)	(267,601,300)
31 December 2020	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION / AMORTISATION			
As at 1 January 2020	102,498,694	20,600,314	123,099,008
Charge for the year	17,352,415	4,362,020	21,714,435
Reclassified as held for sale	(66,559,645)	(16,762,287)	(83,321,932)
As at 31 December 2020	**53,291,464**	**8,200,047**	**61,491,511**
IMPAIRMENT			
As at 1 January 2020	-	-	-
Charge for the year	148,300,052	22,017,459	170,317,511
Reclassified as held for sale	(89,460,355)	(12,819,013)	(102,279,368)
As at 31 December 2020	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2020	**126,600,000**	**-**	**126,600,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

11) PROPERTY, PLANT & EQUIPMENT – AIRCRAFT & RELATED COMPONENTS (CONTINUED)

As at year end PPE is comprised of two aircraft leased to Thai Airways. Under the terms of the leases that existed during the year, the cost of repair and maintenance of the Assets is to be borne by Thai Airways. However, upon expiry or termination of the leases, the cost of repair and maintenance will fall upon the Group. Therefore, upon expiry or termination 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 residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates for aircraft as at 31 December 2021 was US$ 121,750,421 (31 December 2020: US$ 125,572,493), carrying value as at 31 December 2021 was US$ 126,424,840 (31 December 2020: US$ 126,600,000). As a result, the year ending 31 December 2022 and future aircraft depreciation charges for aircraft, with all other inputs staying constant, will be US$ 956,542 (2021: US$ 175,160). The actual aircraft depreciation charge for 2023 onwards will vary based on the residual value estimates as at 31 December 2022.

The Group depreciates the aircraft on a straight-line basis over the remaining lease life, as detailed in note 3 under the heading lease term, the lease term has been determined to end in 2026.

As detailed in note 3, as at 31 December 2021 there are no impairments to the aircraft in the current year. The board also considered if there were indications that the prior year aircraft impairment had reversed in full or partially during the year and concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the year ended 31 December 2021.

The table below shows the impact of changes in discount rates on the value in use all other factors held constant:

Description	**Valuation technique**	**Original discount rate 2021**	**5% increase in discount rate**	**5% decrease in discount rate**
Aircraft 1	Lease Encumbered / Securitized value Basis (discounted cash flows)	8.0%	Value in use decreases from US$ 64.9mil to US$ 63.9mil. No resulting impairment on aircraft.	Value in use increases from US$ 64.9mil to US$ 66.9mil. No resulting impairment on aircraft.
Aircraft 2	Lease Encumbered / Securitized value Basis (discounted cash flows)	8.0%	Value in Use decreases from US$ 63.9mil to US$ 62.9mil. Aircraft would be impaired by US$ 0.29mil.	Value in use increases from US$ 63.9mil to US$ 64.8mil. No resulting impairment on aircraft

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

11) PROPERTY, PLANT & EQUIPMENT – AIRCRAFT & RELATED COMPONENTS (CONTINUED)

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

12) ASSETS HELD FOR SALE

The following major asset class has been classified as held for sale in the consolidated statement of financial position on 31 December:

	2021	2020
	US$	US$
Property, Plant and Equipment – Aircraft	-	82,000,000
	-	**82,000,000**

During the period, the assets held for sale have been deconsolidated as a result of loss of control as detailed in note 3 and 8.

13) INVESTMENT HELD AT FAIR VALUE

	2021	2020
	US$	US$
Opening investment held at fair value	15,630,526	-
Additions	-	40,490,218
Disposal proceeds	(4,069,880)	-
Realised loss	(1,252,152)	-
Unrealised fair value loss	(7,295,783)	(24,859,692)
Loss of control of assets, liabilities and subsidiary undertaking (see note 8)	(3,012,711)	-
Balance as at year end	**-**	**15,630,526**

Fair value movement is made up as follows:

Realised loss	(1,252,152)	-
Unrealised loss	(7,295,783)	(24,859,692)
Closing balance	**(8,547,935)**	**(24,859,692)**

Included within investments was the investment in Norwegian that was held through the DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. The investment in Norwegian has been deconsolidated as a result of loss of control during the period as detailed in note 3 and 8.

Also, from 26 February 2021, included in the investments held at fair value through profit and loss are the shares retained in the DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, see note 3 and 8 regarding loss of control. The fair value of the investment is based on net proceeds expected to be received by DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited from NordLB post sale of the aircraft seized by NordLB. Based on probability weighted outcomes, the directors considered it unlikely that any excess proceeds will be received from NordLB and hence the investment in the DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited has been valued at US$ nil as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

14) RESTRICTED CASH

	2021 US$	2020 US$
Security deposit account	90	5,054,768
Lease rental accounts	2,788,427	-
Maintenance reserves account	14,465,329	22,383,564
Total restricted cash	**17,253,846**	**27,438,332**

The majority of security deposits have been transferred to lease rental accounts during the period and are being used to service loan payments due to DekaBank in accordance with the DekaBank financing arrangements.

As part of the DekaBank loan agreement amendment (see note 18), it was agreed that monies received into the Lease Rental Accounts during the PBH and fixed rent period would be transferred into Borrower Rental Accounts and applied in a specific manner as agreed between the parties. Therefore, these monies have been classified as restricted cash.

As a result of loss of control of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as detailed in note 8, the group derecognised maintenance reserves restricted cash of US$ 6,835,590 from its accounts during the period. The remaining maintenance reserves relate only to Thai Airways.

15) TRADE AND OTHER RECEIVABLES

	2021 US$	2020 US$
Prepayments	110,996	45,930
Rent receivable	140,220	10,111,605
Straight-lining lease asset	4,772,296	-
Total trade and other receivables	**5,023,512**	**10,157,535**
Less: Lifetime Expected Credit Loss provision		
Rent receivable	-	(10,111,605)
Total provision	**-**	**(10,111,605)**
Net trade and other receivables	**5,023,512**	**45,930**

The straight-lining lease asset represents the lease revenue recognised but not yet received in cash. This arises as a result of the requirements of IFRS 16 to recognise lease revenue on a consistent basis through the term of the lease. As this amount does not represent a cash receivable at year end the Directors note that an adjusted Net Asset Value (NAV) excluding this straight-lining lease asset would be $0.15086 per share (2020: $0.27808 per share), which represents in their view a more relevant assessment of the Group's net asset position.

In the prior year the receivable was in relation to outstanding amounts due under the Thai leases and was fully provided for. The prior year rent receivable of US$ 10,111,605 has been written off in the current period as the balance will not be recovered following an amendment to the lease agreement with Thai. As part of the amendment, parties agreed that Thai would not pay rent due under old leases for the period 15 September 2020 to 15 June 2021. Also, per the amendment, rental due up to 14 September 2020 is to be resolved as part of the Thai rehabilitation. There is no expectation that this rental will be recovered given the continuing impact of COVID-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

15) TRADE AND OTHER RECEIVABLES (CONTINUED)

19 on the airline sector and as a result this has also been fully written off. Also, as a result of the amendment, rental due between 1 Jan 2021 and 14 June 2021 of US$ 12,508,499 has been provided for and fully written off during the year.

The Group applies the IFRS 9 simplified approach to measuring ECL using a lifetime ECL provision for trade receivables. Note that the majority of trade and other receivables as at year end is the result of straight- lining of future fixed Thai lease payments over the lease term thus no ECL as is purely an accounting adjustment that will unwind itself over time. The remaining receivables are immaterial and the directors have concluded that any resulting ECL would also be immaterial therefore no ECL recognised on these.

Movements in the impairment allowance for trade receivables are as follows:

	2021 US$	2020 US$
Opening provision for ECL	**10,111,605**	**-**
Increase during the year	12,508,499	11,416,244
Lifetime ECL write off	(22,620,104)	(1,304,639)
At 31 December	**-**	**10,111,605**

16) MAINTEANCE RESERVES LIABILITY

	2021 US$	2020 US$
Maintenance reserves:		
Refundable to Thai Airways	14,460,682	14,460,682
Total maintenance reserves	**14,460,682**	**14,460,682**

Maintenance reserves liability relates to funds received from Thai Airways reserved for covering the cost of maintenance. Per the updated lease terms as set out in the LOI and subsequent lease agreements signed reflecting the terms of the LOI, Thai Airways no longer has to make maintenance contributions to the Group. However, Thai still remains responsible for costs of maintenance of the aircraft. There has been no maintenance event during the year and the expectation is that maintenance reserves will be used up as at the end of the lease term.

17) TRADE AND OTHER PAYABLES

	2021 US$	2020 US$
Swap interest payable	-	73,483
Accruals and other payables	409,035	609,964
Taxation payable	-	98,624
Total trade and other payables	**409,035**	**782,071**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18) BANK BORROWINGS

	2021 US$	2020 US$
Current liabilities: bank interest payable and bank borrowings	136,010	180,915,582
Non-current liabilities: bank borrowing	98,304,863	-
Total liabilities	**98,440,873**	**180,915,582**

The borrowings are repayable as follows:		
Interest payable	136,010	238,969
Within one year	-	180,676,613
In two to five years	98,304,863	-
After five years	-	-
Total bank borrowings	**98,440,873**	**180,915,582**

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

	2021 US$	2020 US$
Opening balance	180,676,613	190,529,679
Loan modification adjustment	432,976	-
Repayment of loan	(274,173)	(11,700,921)
Loss of control of subsidiary undertakings (see note 8)	(82,530,553)	-
Amortisation of deferred finance costs	-	1,847,855
Principal bank borrowings	**98,304,863**	**180,676,613**
Interest payable	136,010	238,969
Total bank borrowings	**98,440,873**	**180,915,582**

The table below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2021:

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

*Including interest payable of US$ nil (2020: US$ 73,483)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18) BANK BORROWINGS (CONTINUED)

	Cash and cash equivalents US$	Principal US$	Interest US$	Derivative Instrument* US$	Net Debt US$
At 1 January 2020	**12,216,093**	**(190,529,679)**	**(317,062)**	**(2,376,913)**	**(181,007,561)**
Cash flows	(5,266,926)	11,700,921	6,981,540	1,500,852	14,916,387
Non cash: -					
Fair value movement	-	-	-	(1,834,871)	(1,834,871)
Amortisation of deferred finance costs	-	(1,847,855)	-	-	(1,847,855)
Interest charge	-	-	(6,903,447)	(1,546,266)	(8,449,713)
At 31 December 2020	**6,949,167**	**(180,676,613)**	**(238,969)**	**(4,257,198)**	**(178,223,613)**

*Including interest payable of US$ 73,483 (2019: US$ 28,070)

Loans

The loans are split across two banks as follows:

	2021 US$	2020 US$
DekaBank Deutsche Girozentrale	98,407,629	98,001,743
Norddeutsche Landesbank	-	82,913,839
Total loans	**98,407,629**	**180,915,582**

As a result of loss of control of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as detailed in note 8, the Group has deconsolidated the NordLB loan. Therefore, the remaining balance of bank borrowings relates only to DekaBank.

a) Norddeutsche Landesbank Girozentrale

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 Norddeutsche Landesbank Girozentrale ('NordLB') of US$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance of both loans at 31 December 2021 was US$ nil (31 December 2020: US$ 82,913,839).

The committed term of each loan was from the drawdown date until the date falling twelve years from the delivery date of the relevant Asset. Interest on each NordLB loan was payable in arrears on the last day of each interest period, which was one month long (the 'Interest Period'). Interest on each loan accrued at a floating rate of interest which was 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'). The Group had entered into an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18) BANK BORROWINGS (CONTINUED)

a) Norddeutsche Landesbank Girozentrale (continued)

The NordLB loans entered into by the Group to complete the purchase of the first two Assets were cross collateralised. Each of the first and second loan was secured by way of security taken over each of the two NAS aircraft (first and second Assets) and enforce security over both Assets. This means that a default on one loan places both of the NAS Assets at risk.

Due to missed loan repayments, on 24 February 2021, NordLB declared an Event of Default under the relevant loan agreements with the Company's two borrower subsidiaries which meant that NordLB was entitled to enforce rights under the relevant security documents. On 26 February 2021, the Company received notices of security enforcement and loan acceleration from NordLB, and accordingly, receivers were appointed in relation to the two NAS aircraft, the related lease and contract rights, the restricted cash and the shares in the Irish special purpose vehicle which holds title to the NAS aircraft. NordLB has therefore taken control of the process of disposing of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft-specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to the bank, and any balance remaining thereafter being remitted to the relevant subsidiaries of the Company. There were no excess proceeds remaining post application of the sale proceeds therefore no amounts are to be remitted to the relevant subsidiaries of the Company.

These developments impact solely upon the two NAS aircraft; they have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself.

Note, per the deed of resignation and appointment dated 23 September 2021 NordLB was replaced as facility agent and security trustee under the Loan Agreements by Global Loan Agency Services Limited as new facility agent and GLAS Trust Corporation Limited as new security trustee, and all rights, interests and powers of NordLB under, amongst others, the Loan Agreements have been transferred to Global Loan Agency Services Limited and GLAS Trust Corporation Limited respectively.

The instigation of receivership proceedings as detailed above led to a loss of control of the relevant subsidiaries, see note 8 for further details.

b) DekaBank Deutsche Girozentrale

During the year ended 31 December 2015, the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank Deutsche Girozentrale (‘DekaBank’) of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 31 December 2021 was US$ 98,407,629 (31 December 2020: US$ 98,001,743).

The committed term of each loan was from the drawdown date until the date falling twelve years from the Delivery Date of the relevant Asset. Each Loan was to 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 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. No interest accrued on unpaid amounts during the period as there was an agreement to defer principal repayments as mentioned below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18) BANK BORROWINGS (CONTINUED)

b) DekaBank Deutsche Girozentrale (continued)

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 loan is secured by way of security taken over the third and fourth Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Company.

On 6 May 2021, subsequent to the new lease arrangements entered into by the Company and Thai as described in note 4, the Company and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of principal are being deferred until after 31 December 2022, which is after the end of the PBH arrangement; and the Company and DekaBank will enter into discussions at that time to determine how best to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Company in respect of the Thai aircraft, and the running

costs of the Company and its subsidiaries. From the effective date interest is charged on the deferred principal at the percentage rate per annum equal to the sum of five per cent. (5.0%) per annum (which, for the avoidance of doubt, includes the Margin) plus LIBOR for the applicable period (such rate to be determined by the Facility Agent).

Prior to the loan amendment detailed above, the Company and DekaBank had agreed that the Company would only be required to make interest payments on its borrowings relating to the assets leased to Thai, with no concomitant capital repayment obligation; and that the Company would make no dividend payments while deferrals remained outstanding under those borrowings.

The loan related to Aircraft 35320 has a final maturity date of 9 December 2026 and the loan related to Aircraft 36110 has final maturity date of 29 October 2026 unless these dates are varied once the deferral period has ended.

19) SHARE-BASED PAYMENT LIABILITY

	2021	2020
	US$	US$
Share-based payment- liability component (note 26)	218,697	110,710
	218,697	**110,710**

10% of director annual base fees and all additional director fees above the base fee that are being deferred to be settled in cash or by way of equity in the future at a share price to be determined in the future. There has been no settlement of director remuneration via the issue of equity in the current year (2020: nil). The movement in the liability represents director fee incurred and deferred in the current year of US$ 107,987 (2020: US$ 110,710). Refer to note 26 and 27 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2021

20) SHARE CAPITAL

Company's authorised share capital is unlimited.

Year ended 31 December 2021

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

Year ended 31 December 2020

Issued and fully paid (no par value shares):	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Shares as at 1 January 2020 and 31 December 2020	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2020 and 31 December 2020	**-**	**210,556,652**	**210,556,652**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

20) SHARE CAPITAL (CONTINUED)

The Directors are entitled to issue and allot C Shares. No C Shares have been issued since the Company was incorporated.

21) RESERVES

The movements in the Group's reserves are shown on page 43.

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

22) DIVIDENDS

The dividends declared and paid during the year ended 31 December 2021 are US$ nil (31 December 2020: US$ 4,710,000).

23) 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 2021
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%

As detailed in note 3, effective 26 February 2021 the Group lost control of DP Aircraft Ireland Limited and the ability to direct the relevant activities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as a result of receivership proceedings instigated by NordLB (see note 3 and 8). Therefore, the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are not consolidated in these consolidated financial statements effective 26 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	2021	2020
	US$	US$
Financial assets		
Investment held at fair value	-	15,630,526
Financial assets measured at fair value through profit or loss	**-**	**15,630,526**
Cash and cash equivalents	1,179,211	6,949,167
Restricted cash	17,253,846	27,438,332
Trade and other receivables (excluding prepayments and straight-lining lease asset)	140,220	-
Financial assets measured at amortised cost	**18,573,277**	**34,387,499**
Financial liabilities		
Bank borrowings	98,440,873	180,915,582
Maintenance reserves	14,460,682	14,460,682
Share based payment liability	218,697	110,710
Trade and other payables (excluding tax)	409,035	683,447
Financial liabilities measured at amortised cost	**113,529,287**	**196,170,421**
Interest rate swaps	-	4,183,715
Financial liabilities designated as hedging instruments	**-**	**4,183,715**

The primary risks arising from the Group's financial instruments are capital management, credit risk, market risk and liquidity risk. The principal nature of such risks is summarised below. The Group's main financial instruments as at year end comprised of cash and cash equivalents, restricted cash, maintenance reserves payable and bank loans.

Capital Management

The capital managed by the Group comprises the ordinary shares and the subordinated administrative shares. The Company is not subject to externally imposed capital requirements.

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

As a result of the Covid-19 pandemic impact on global aviation and especially its lessees, the Group has suspended dividends until further notice to help preserve liquidity. Further details on the impact of the Covid-19 pandemic can be found within the Directors' Report.

Credit risk

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's main counterparty during the year was Thai Airways as lessee and provider of income. There are gross lease rentals receivable from Thai at 31 December 2021, US$ 140,220 (2020: US$ 10,111,605). A full lifetime ECL was recognised for the lease rentals receivable from Thai in the prior year however no ECL has been recognised for the balance due as at year end (see note 15). Note, the amount due as at year end from Thai is the result of straight-lining future rentals expected thus ECL on these has been assessed with reference to the value in use of the Thai aircraft.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

Cash and restricted cash are all held at DekaBank. The credit rating of DekaBank is Aa2 (2020: Aa2). The lessees do not maintain a credit rating.

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

Market risk – interest rate risk

Interest rate risk arises on the Group's various interest-bearing assets and liabilities from changes in the general economic conditions of the market from time to time.

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

31 December 2021	**Fixed rate instruments US$**	**Variable rate instruments US$**	**Non-interest bearing instruments US$**	**Total US$**
Restricted cash	-	17,253,846	-	17,253,846
Trade and other receivables *(excluding prepayments and straight-lining lease asset)*	-	-	140,220	140,220
Cash and cash equivalents	-	1,179,211	-	1,179,211
Total financial assets	**-**	**18,433,057**	**140,220**	**18,573,277**
Trade and other payables	-	-	(409,035)	(409,035)
Maintenance reserves	-	-	(14,460,682)	(14,460,682)
Share based payment liability	-	-	(218,697)	(218,697)
DekaBank loans*	(77,208,294)	(21,096,569)	(136,010)	(98,440,873)
Total financial liabilities	**(77,208,294)**	**(21,069,569)**	**(15,224,424)**	**(113,529,287)**
Total interest rate sensitivity gap	**(77,208,294)**	**(2,663,512)**		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk – interest rate risk (continued)

31 December 2020	**Fixed rate instruments US$**	**Variable rate instruments US$**	**Non-interest bearing instruments US$**	**Total US$**
Restricted cash	-	27,438,332	-	27,438,332
Cash and cash equivalents	-	6,949,167	-	6,949,167
Total financial assets	-	34,387,499	-	34,387,499
Trade and other payables	-	-	(683,447)	(683,447)
Maintenance reserves	-	-	(14,460,682)	(14,460,682)
Share based payment liability	-	-	(110,710)	(110,710)
Notional interest rate swap	(74,678,094)	74,678,094	-	-
NordLB loans	-	(82,804,726)	(109,113)	(82,913,839)
DekaBank loans	(97,871,887)	-	(129,856)	(98,001,743)
Total financial liabilities	**(172,549,981)**	**(8,126,632)**	**(15,493,808)**	**(196,170,421)**
Total interest rate sensitivity gap	**(172,549,981)**	**26,260,868**		

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.

Market risk – price risk

Price risk represents the potential loss the group may suffer through holding investments in securities. As at year end the Group holds shares in the former subsidiary undertakings DP Aircraft Ireland Limited, DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited.

As at 31 December 2021, the total exposure to market price risk is US$ nil (2020: US$ 15,630,526) being 100% of the value of the Group's equity financial assets measured at fair value through profit or loss. As shares are valued at nil at year end no further future losses are expected.

The effect of a 10% increase in the value of the investments held at the reporting date would, all other variables held constant, have resulted in an increase in profit and net assets of US$ nil (2020: US$ 1,734,920). A 10% decrease in value would, on the same basis, have decreased profit and net assets by the same amount.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations in respect of its financial liabilities. The Group's main financial commitments are the loans due to DekaBank as well as meeting its ongoing operating expenses.

Liquidity risk management

In the event that the Leases are terminated as a result of a default by Thai Airways, there is a risk that the Group will not be able to remarket the Thai Assets successfully within the remarketing period specified in the loan agreements and that the Group will not have sufficient liquidity to comply with its obligations under the Loan Agreements. This may lead to a suspension in distributions paid on the shares and/or a reduction in the value of the shares and have an adverse effect on the Group and could ultimately result in the Dekabank enforcing their

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

security and selling the relevant Asset or Assets on the market. There can be no guarantee that the Group will be able to re-lease the Assets on terms equivalent to the existing leases, which may have an adverse effect on the Group and its ability to meet its investment objective and its dividend target. Accordingly, were any or all of the Assets to be re-leased on less favourable terms, this may have an adverse effect on the Group and its share price.

No right of redemption or repurchase

Shareholders have no right to have their shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company would be required to dispose of their shares on the stock market. Accordingly, the ability of shareholders to realise the Net Asset Value of, or any value in respect of, their shares is mainly dependent on the existence of a liquid market in the shares and the market price of such shares.

Liquidity Proposal

Although the Company does not have a fixed life, the Articles require that the Directors convene a Liquidity Proposal Meeting to be held no later than 30 June 2026 at which a Liquidity Proposal in the form of an ordinary resolution will be put forward proposing that the Company should proceed to an orderly wind-up at the end of the term of the leases. In the event the Liquidity Proposal is not passed, the Directors will consider alternatives for the Company and shall propose such alternatives at a general meeting of the shareholders, including re-leasing the Assets, or selling the Assets and reinvesting the capital received from the sale of the Assets in other aircraft.

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.

31 December 2021	Next 12 months	2-5 years	After 5 years	Total
	US$	US$	US$	US$
Bank borrowings and interest	(4,302,804)	(103,353,004)	-	(107,655,808)
Maintenance provision	-	(14,460,682)	-	(14,460,682)
Share based payment liability	(218,697)	-	-	(218,697)
Trade and other payables	(409,035)	-	-	(409,035)
Total	**(4,930,536)**	**(117,813,686)**	**-**	**(122,744,222)**

31 December 2020	Next 12 months	2-5 years	After 5 years	Total
	US$	US$	US$	US$
Bank borrowings and interest	(180,915,582)	-	-	(180,915,582)
Interest rate swaps	(4,183,715)	-	-	(4,183,715)
Maintenance provision	-	-	(14,460,682)	(14,460,682)
Share based payment liability	-	(110,710)	-	(110,710)
Trade and other payables	(782,071)	-	-	(782,071)
Total	**(185,881,368)**	**(110,710)**	**(14,460,682)**	**(200,452,760)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24) 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 percent of the net asset value of the Group at the time of drawdown. Borrowing facilities will only be drawn down with the approval of the Directors on a case by case basis. The Directors may also draw down on an overdraft facility for extraordinary expenses determined 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.

25) FAIR VALUE MEASUREMENT

The accounting policies and basis of measurement in respect of financial instruments are detailed in note 2.

Financial assets at fair value through profit or loss

As at year end the Group holds loans and unquoted investments in the two former subsidiaries, DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. The loans and investments have a fair value of US$ nil and have been valued based on the cash expected to be received from the former subsidiaries. No cash is to be received from the former subsidiaries. Therefore, the loans and investments are categorised within level 3 of the IFRS 13 fair value hierarchy.

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.

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.

During the period, the derivative interest rate swaps have been terminated with effect from 25 February 2021. See note 7 for details re breakage costs charged on termination. Also note, hedge accounting on the interest rate swaps was discontinued effective 13 May 2020.

As at 31 December 2021, the fair value of the interest rate swaps was a liability US$ nil (31 December 2020: liability of US$ 4,183,715). During the year ended 31 December 2021, a fair value gain of US$ 459,015 (31 December 2020: US$ 1,242,805) was recognised in profit or loss on the interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2021

25) FAIR VALUE MEASUREMENT (CONTINUED)

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

As at 31 December 2021	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	-	-	-	-
Fixed rate payable	-	-	-	-
Interest rate swaps	**-**	**-**	**-**	**-**

As at 31 December 2020	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	1,881,220	3,388,735	-	5,269,955
Fixed rate payable	(3,499,198)	(5,977,750)	-	(9,476,948)
Interest rate swaps	**(1,617,978)**	**(2,589,015)**	**-**	**(4,206,993)**

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 2021 or in the year ended 31 December 2020.

26) RELATED PARTY TRANSACTIONS

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

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Jonathan Bridel (Chairman)	121,613	124,994
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	98,493	101,665
Harald Brauns (Chairman of the Management Engagement Committee)	100,298	111,346
Total	**320,404**	**338,005**
Base annual fees	212,417	227,295
Share based payment expense (note 27)	107,987	110,710
Total	**320,404**	**338,005**

During the year ended 31 December 2021, Directors' remuneration totalled US$ 320,404 (31 December 2020: US$ 338,005) with US$ 218,697 due at the year-end (2020: US$ 171,712). Directors' expenses totalling US$ 63 were paid during the year ended 31 December 2021 (2020: US$ 1,018), with US$ nil due to be paid at the year-end (2020: US$ nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

26) RELATED PARTY TRANSACTIONS (CONTINUED)

Base annual fees are as follows:

Annual Fee	**2021**	**2020**
Jonathan Bridel	£66,000	£66,000
Jeremy Thompson	£53,700	£53,700
Harald Brauns	£55,050	£58,800

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

In recognition of the additional work performed in relation to the group's circumstances, the board have earned extra fees of £65,000 (2020: 81,100) split as follows:-

Additional Fee	**2021**	**2020**
Jonathan Bridel	£25,000	£30,000
Jeremy Thompson	£20,000	£24,400
Harald Brauns	£20,000	£26,700

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

10% of base fees and all extra fees are not currently being paid by way of cash payments but are being deferred or being paid by way of equity. There has been no settlement of director remuneration via the issue of equity in the current year (2020: nil).

Director's shareholdings in the Company are detailed in the Directors' Report and received dividends of US$ nil during the year (2020: US$ 506).

Refer to note 13 for details regarding the investments in DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited.

27) SHARE BASED PAYMENT EXPENSE

Share based payment arrangement relates to 10% of annual director base fees and all additional director fees that are currently being deferred and are to be settled either by payment of cash or issue of equity of the Company or both. The Directors have the option to choose whether payment in the future is in cash or by issuing of equity instruments at a price to be determined in the future or both. The deferral for settlement in the future will continue for as long as the deferred principal due to DekaBank remains outstanding (see note 18).

The Group has granted a compound financial instrument to the directors i.e. the share based payment includes a liability component and an equity component. The fair value of the compound financial instrument is determined as the value of the liability component and the equity component.

The fair value of the liability component is based on cost of the services provided as agreed with the directors. The equity component has been deemed to have a nil value at the yearend. The fair value of the liability and equity elements are unchanged as at year end since initial recognition. Refer to note 19 for share based payment liability details and note 26 for details regarding the related expense recognised in the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

28) MATERIAL CONTRACTS

Asset Management Agreement

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

Disposal fee

The initial amendment provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets (first two currently under receivership and second two currently held by the Group) have been sold after the expiry of the second Thai Airways lease in December 2026. The fee will be calculated as a percentage of the aggregate net sale proceeds of the four assets, such percentage rate depending upon the Initial Investor Total Asset Return per share being the total amount distributed to an initial investor by way of dividend, capital return or otherwise over the life of the Company. If each of the Assets is sold subsequent to the expiry of their respective leases, the percentage rate shall be:

- Nil if the Initial Investor Total Asset Return per Share is less than 205%;
- 1.5% if the Initial Total Asset Return per Share equals or exceeds 205% but is less than 255%;
- 2% if the Initial Total Asset Return per Share equals or exceeds 255% but is less than 305%; or
- 3% if the Initial Total Asset Return per Share equals or exceeds 305%.

In the event that any of the Assets are sold prior to the expiry of its lease the percentage hurdles set out above will be adjusted on the following basis:

- An amount will be deducted in respect of each Asset sold prior to the expiry of its lease, equal to the net present value of the aggregate amount of dividends per Share that were targeted to be paid but were not paid as a result of the early divestment of the relevant Asset; and
- A further amount will be deducted, in respect of each Asset sold prior to the expiry of its lease, equal to the amount by which the proportion of the non-dividend component of the relevant percentage hurdle attributable to the relevant Asset would need to be reduced in order to meet its net present value.

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

The disposal fee is a cash-settled payment to the Asset Manager. There is no disposal fee expected to be payable as at 31 December 2021 (31 December 2020: US$ nil).

Management fees

The provisions related to Asset Manager base fee have been revised under the second amendment. Under the second amendment, the Asset Manager is paid a monthly base fee of US$ 24,764 per asset in respect of the first two Assets and US$ 15,085 per asset in respect of the second two Assets increasing by 2.5 per cent per annum from May 2021.

The monthly base fee in relation to the first two Assets as set out above shall be payable up to (and including) the month of June 2021, and thereafter no such monthly base fee shall be payable. The Asset Manager shall not be required to provide any services in relation to the first two Assets from 1 July 2021 (inclusive). Notwithstanding the aforementioned, if the Company and the Asset Manager agree that further services will be provided with respect to the first two Assets after June 2021, then the monthly base fee shall recommence for each month that such services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

28) MATERIAL CONTRACTS (CONTINUED)

Management fees (continued)

Prior to the second amendment, the Asset Manager was paid a base fee of 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.

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

In the year ended 31 December 2021 Asset Management fees totalled US$ 757,254 (2020: US$ 1,032,327) of which US$ 122,941 was due at 31 December 2021 (2020: US$ 87,240).

Administration Agreement

The Administrator of the Company is Aztec Financial Services (Guernsey) Limited. Aztec Financial Services (Guernsey) Limited, Aztec Financial Services (UK) Limited, Alter Domus Fund Services (Ireland) Limited and A&L Goodbody LLP provide administration services to the Company's underlying subsidiaries. These administrator companies are collectively known as the "Administrators". Total fees charged by the Administrators during the period were US$ 438,198 (2020: US$ 401,553) of which US$ 46,876 remained payable at 31 December 2021 (2020: US$ 109,037).

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

Directors' fees

Details of the fees paid to the Directors are included in note 26.

29) SUBSEQUENT EVENTS

On 24 February 2022, Russia invaded Ukraine, resulting in sanctions being imposed by the United States of America, the European Union member countries, the United Kingdom, and other countries to pressure Russia to cease its invasion of Ukraine. The situation continues to evolve, and management has considered it to be a post year end non-adjusting event. The Group continues to monitor its activities and investors for any direct or indirect affiliation to the designated persons in the ongoing sanctions. As at the date of the signing the annual financial statements, the invasion and subsequent sanctions do not have a material impact on the Group and its activities.

On 1 April 2022, final documentation in relation to the revised Thai lease arrangements was completed and signed. The terms of the new arrangements reflect those set out in the Letter of Intent signed between the Group and Thai Airways last year i.e.

- a Power by the Hour (PBH) arrangement which will remain in place until the end of 2022
- an extension of the lease term by 3 years to December 2029, with the Company retaining a right of early termination in December 2026 after consulting with its lending banks (the "Thai Lenders")
- scaled-back monthly lease payments from 2023 to 2026, reflecting the reduced rates now seen in the market, with further scale-back in the event that the lease continues beyond 2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

29) SUBSEQUENT EVENTS (CONTINUED)

Also, on 1 April 2022, the Engine Exchange Agreement with Rolls Royce for the replacement of the damaged Trent engine was concluded.

Apart from the above, there are no other relevant subsequent events to disclose in these annual financial statements.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Harald Brauns
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)	Mourant Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 1HP 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	Investec Bank plc 30 Gresham Street London EC2V 7QN 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 2021 is US$ 98,545,953.