DP AIRCRAFT I LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

CONTENTS

SUMMARY

COMPANY OVERVIEW

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

The Company was established to invest in aircraft. The Company is a holding company, and makes its investment in aircraft through four wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited and DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise the 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 of the London Stock Exchange on 4 October 2013.

On 5 June 2015, the Company offered 96,333,333 Ordinary 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. These Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 12 June 2015.

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

INVESTMENT OBJECTIVE

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

DP Aircraft I Limited owns two Boeing 787-8 aircraft, manufacturer serial number (MSN) 35304 and MSN 35305, both on a long-term lease with Norwegian Air Shuttle ASA as well as two Boeing 787-8 aircraft, MSN 35320 and MSN 36110, both on a long term lease with Thai Airways International PCL (the '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 while the asset management of the Group is undertaken by DS Aviation GmbH & Co. KG (the 'Asset Manager').

THE ASSET MANAGER

The Asset Manager has undertaken to provide the asset management 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.

BREXIT

Refer to note 21 of the financial statements for the Directors' considerations of the impact of Brexit on the Company.

SUMMARY (CONTINUED)

DISTRIBUTION POLICY

The Company aims to provide Shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company targets a quarterly distribution in February, May, August and November of each year. The target distribution is US$ 0.0225 per share per quarter. Two quarterly dividends have been paid during the period ended 30 June 2019 and one has been paid subsequent to the period end, each meeting the US$ 0.0225 per share target. The target dividends are targets only and should not be treated as an assurance or guarantee of performance or a profit forecast. Investors should not place any reliance on such target dividends or assume that the Company will make any distributions at all.

FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment ('SFS') of the London Stock Exchange
SFS Admission Date	4-Oct-13
Share Price	US$ 0.913 at 30 June 2019
Earnings per share	US$ 0.0558 for the period ended 30 June 2019
Country of Incorporation	Guernsey
Current Shares in Issue	209,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG, Chartered Accountants
Corporate Broker	Canaccord Genuity Limited
Aircraft Registrations	LN-LNA
	LN-LNB
	HS-TQD
	HS-TQC
Aircraft Serial Numbers	35304
	35305
	35320
	36110
Aircraft Type and Model	Boeing 787-8
Lessees	Norwegian Air Shuttle ASA ('Norwegian' or 'NAS')
	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

HIGHLIGHTS

PROFIT FOR THE PERIOD

Profit for the period ended 30 June 2019 is US$ 11,688,490 and Earnings per Share is US$ 0.0558 per Share. The profit for the period ended 30 June 2018 was US$ 10,533,504 and Earnings per Share was US$ 0.0503.

NET ASSET VALUE ('NAV')

The NAV per Share was US$ 1.0199 at 30 June 2019 (31 December 2018: US$ 1.0217).

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

	As at 30 June 2019		As at 31 December 2018	
	US$	US$ per share	US$	US$ per share
NAV per the financial statements	213,497,369	1.0199	213,872,974	1.0217
Add back:				
Derivative instruments payable	2,490,300	0.0119	(153,795)	(0.0007)
Swap interest payable	1,350	-	7,711	-
NAV excluding swap instruments	215,989,019	1.0318	213,726,890	1.0210

INTERIM DIVIDENDS

Dividends were declared on:

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

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 Interim Report of the Company for the six-month period to 30 June 2019.

The Lessees have continued to meet their lease obligations. There are no material incidents to bring to the attention of Shareholders concerning the operation of the aircraft, inspections have revealed no matters of concern and the Company and group continues to report a healthy performance.

The Earnings per Share for the period was US$ 0.0558 compared to US$ 0.0503 for the same period last year. The first interim dividend for 2019 was paid on 16 May 2019, with the second interim dividend being declared on 08 July 2019 and paid on 15 August 2019.

The outlook for the airline industry for 2019 remains positive, with it being expected to be the tenth year in a row of airline profits according to the International Air Transport Association. However, the organisation downgraded its expectations of global net profits from US$ 35.5 billion to US$ 28 billion in 2019. This was largely as a result of slower growth in world trade as well as increasing costs, particularly in fuel, labour and infrastructure. Yields continue to remain under pressure, although constant compared to 2018. Unit costs, excluding fuel, are anticipated to increase by 7.4% whereas overall revenues are expected to grow by 6.5%. Passenger numbers are expected to increase from 4.4 billion to 4.6 billion.

Due to a bottleneck by Rolls-Royce with regards to spare engines and shop visit slots, both Thai Airways aircraft had been parked for a number of months during the period. However, TQC returned back into service at the end of March 2019 and TQD returned back into service end of May 2019. The airline continues to fulfil all of its lease obligations in full.

During the period ended 31 March 2019 Thai's operating revenues were THB 49.8 billion compared to THB 53.5 billion for the previous comparable period. Operating losses were THB 828 million compared to an operating profit of THB 3.8 billion in the first quarter 2018. Net profit was THB 445 million compared to THB 2.7 billion for the previous comparable period. Thai Airways continues to focus on its revised 2018-2022 transformation plan to exit the business rehabilitation process. The current focus is to deliver a profitable business performance and to improve service quality and customer satisfaction.

I am pleased to advise that the economy cabins of both aircraft leased to NAS were refurbished during November 2018 and January 2019. NAS continues to focus on management of costs and effective use of its aircraft. It has been affected by the ongoing grounding of all B737-MAX aircraft and NAS has successfully reached an agreement with Rolls-Royce regarding settlement of compensation. NAS has a challenging period ahead and the company is monitoring the airline's outlook. During the period, the LNA Norwegian Airways aircraft had been parked due to Trent 1000 engines issues; however, the airline continued their lease payments and to fulfil all lease obligations in full. It is not clear at this time when the Trent 1000 issues will be resolved.

During the period ended 31 March 2019 NAS operating revenues were NOK 7.99 billion compared to NOK 6.99 billion for the previous comparable period. Operating losses were NOK 1.46 billion compared to NOK 2.22 billion. Net loss was NOK 1.49 billion compared to NOK 0.05 billion. NAS has shifted its focus from growth to profitability which is evidenced by the reduced capacity growth in the first quarter 2019 and a cost saving programme has also been implemented.

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

Jon Bridel
Chairman

ASSET MANAGER'S REPORT

The Aviation Market - Overview and Development
2019 is expected to be the tenth year in a row of airline profits according to the International Air Transport Association (IATA). However, the organisation downgraded its expectations of global net profits from USD 35.5 billion to USD 28.0 billion in 2019. The IATA also re-stated the 2018 global net profit estimate to USD 30.0 billion (previous assumption USD 32.3 billion). The change mainly results from slower growth in world trade as well as increasing costs, particularly of fuel but also of labour and infrastructure. For 2019, yields continue to remain under pressure but constant compared to 2018. The continuing trade war between the U.S. and China might further weaken global trade resulting in a stagnation in cargo volume. Overall costs are anticipated to increase by 7.4 per cent whereas overall revenues are expected to grow by 6.5 per cent. Passenger numbers are expected to increase from 4.4 billion to 4.6 billion.

Airlines´ ancillary revenues are anticipated to be USD 92.9 billion in 2018, which is an increase of 312 per cent since 2010. Once a crucial revenue stream in the business model of low-cost carriers, legacy carriers´ profitability has become more and more dependent on ancillary revenues too, especially in an environment of fierce competition. Besides traditional ancillary revenues such as seat reservations, baggage fees or fast-track access, additional offered products are accommodation arrangements, car hire or special pet care services. Low-cost airlines generally have leaner corporate structures and are able to respond faster to changes in customer needs and preferences. Legacy carriers generally have a more complex ticket distribution process in place, and consequently ancillary products atop the traditional ones, can partly only be sold via their website but not by travel agents or third-party websites. However, different initiatives have been launched and digital services are available to support airlines to move from selling tickets to selling a travel experience via various distribution channels. According to IATA many people enjoy highly digitised life experiences and are therefore willing to share personal information, as they believe they may get targeted offers in return.

In 2019, European carriers are expected to generate a total net profit of USD 8.1 billion compared to USD 9.4 billion in 2018. Break-even load factors are the highest amongst all regions and are anticipated to be 70.2 per cent on average. Capacity is assumed to increase by 5.6 per cent, whereas demand is anticipated to increase by only 4.9 per cent. Carriers of the Asia-Pacific region are anticipated to deliver a total net profit of USD 6.0 billion compared to USD 7.7 billion in 2018. Demand is assumed to increase by 6.3 per cent, being the strongest growth amongst all regions, and to outperform capacity growth of 5.7 per cent.

The recently published Boeing Outlook (Current Market Outlook 2019-2038) expects deliveries of 44,040 aircraft with a market value of USD 6,810 billion within the next 20 years. Widebody aircraft and freighter deliveries will account for more than 40 per cent of the total market value. 17,390 aircraft deliveries are expected to be for airlines in the Asia Pacific region and 8,990 deliveries for European airlines. Annual global fleet growth is anticipated to be 3.4 per cent on average. Both Boeing and Airbus (Global Market Forecast 2018-2037) forecast that the global passenger and freighter fleet will double within the next 20 years. According to Airbus the total fleet will grow by 2.3 times within the next 20 years. In 2019, 1,770 new aircraft will be delivered with a value of USD 80 billion according to IATA. About half of these deliveries will replace older, less fuel-efficient aircraft. The global fleet would consequently increase by 3.6 per cent to more than 30,500 commercial aircraft until year´s end.

ASSET MANAGER'S REPORT (CONTINUED)

The Aviation Market - Overview and Development (continued)
Discussions regarding climate change intensified recently in some European countries. Aviation accounts for about two per cent of global CO2 emission. The airline industry, represented by IATA, agreed on three main objectives to minimise CO2 emissions: to improve fuel efficiency from 2019 to 2020 by 1.5 per cent, stabilise CO2 emission on 2020 level (carbon neutral growth) and to reduce CO2 emission to 2005 levels by 2050. In 2016, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) had been adopted by the UN specialised agency ICAO (International Civil Aviation Organization), which is based in Montreal (Canada). Consequently, aviation is the first single industry agreeing to a global market-based measure in the climate change field. The objective of CORSIA is not to slow down any technological, operational or infrastructural progress but to provide additional support to mitigate CO2 emissions and to freeze them at 2020 levels. Since 1 January 2019, all airline operators are obliged to report emissions for international flights. From 2021 on, all flights between countries which are volunteering to take part, and from 2027 on, all international flights (there exist some exceptions such as for example, small island developing states) will become subject to the offsetting requirements.

The Assets - Four Dreamliner Boeing 787-8s
Boeing has delivered 859 Boeing 787 Dreamliner aircraft, of which 361 aircraft are B787-8s, 467 aircraft are B787-9s and 31 are B787-10s (as of 30 June 2019). These deliveries had been made to 54 customers consisting of airlines and lessors. In 2019, two new customers of this aircraft type placed orders: Bamboo Airways (Vietnam) and Lufthansa (Germany). The number of total orders for the B787 family now amounts to 1,441 aircraft from a total of 74 customers.

Thai Airways´ B787-8 offers a total of 264 seats, of which 24 are business and 240 economy class seats. The carrier operates this aircraft type to destinations such as Vienna, Seoul and Hanoi. A bottleneck by Rolls-Royce in regard to spare engines and shop visit slots and the engine manufacturers´ engine shops being busy with upgrades on the Trent engines, had certain effects on Thai Airways´ Boeing 787 fleet. Some of the aircraft, including TQC and TQD, had been parked. However, TQC returned back into service at the end of March 2019 and TQD returned back into service end of May 2019. Our technical inspector completed an interim storage inspection on 24 October 2018 at Bangkok International Airport and concluded that both aircraft had been stored in accordance with the applicable storage requirements. The next annual inspection is scheduled for October 2019.

Norwegian has equipped its B787-8 fleet with a total of 291 seats, of which 32 are premium economy and 259 economy class seats. This type of aircraft is used to fly from Europe to destinations in Asia and America, amongst others Los Angeles, New York and Fort Lauderdale. On 26 February 2019 and 27 February 2019 respectively, aircraft LNB and LNA were physically inspected at Copenhagen Airport. Our inspector considers the aircraft and the technical records to be in good condition with no significant defects or airworthiness related issues. Aircraft LNB flight DY-7055 from Copenhagen (Denmark) to Orlando (USA) on 13 May 2019, was diverted to Goose Bay due to a problem with the left-hand engine. The crew performed a safe landing in Goose Bay with the left hand thrust lever at idle. The left-hand engine is not the originally installed engine and as such is not owned by DP Aircraft. On 6 June 2019, the aircraft returned back to service. Since the end of May 2019, aircraft LNA is parked in the United Kingdom at Prestwick Airport due to the above-mentioned bottleneck by Rolls-Royce in providing spare engines. The temporary storage does not release Norwegian to pay lease rentals. The airline continues to fulfil all of its lease obligations in full.

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

ASSET MANAGER'S REPORT (CONTINUED)

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

AIRFRAME STATUS (31st May 2019)	Norwegian Air Shuttle			
	LN-LNA		LN-LNB	
	TOTAL	May 2019	TOTAL	May 2019
Flight Hours	29,177	404	29,417,553	216
Flight Cycles	3,386	45	3,483	23
Average Monthly Utilisation	410 hours 48 cycles	---	425 hours 50 cycles	---
Flight Hours/Flight Cycles Ratio	8.62 : 1	8.99 : 1	8.45 : 1	9.39 : 1

ENGINE DATA (31st May 2019)	Norwegian Air Shuttle			
	LN-LNA		LN-LNB	
Engine Serial Number	10118	10119	10130	10135
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	21,762	22,396	18,284	24,553
Total Flight Cycles	2,582	2,674	2,040	2,828
Location	LN-LNE	LN-LNF	LN-LNB	LN-LNG

AIRFRAME STATUS (30th June 2019)	Thai Airways International			
	HS-TQC		HS-TQD	
	TOTAL	June 2019	TOTAL	June 2019
Flight Hours	16,093	258	14,048	343
Flight Cycles	3,460	50	3,293	82
Average Monthly Utilisation	288 hours 65 cycles	---	257 hours 60 cycles	---
Flight Hours/Flight Cycles Ratio	4.42 : 1	5.16 : 1	4.27 : 1	4.18 : 1

ENGINE DATA (30th June 2018)	Thai Airways International			
	HS-TQC		HS-TQD	
Engine Serial Number	10239	10240	10244	10248
Engine Manufacturer	Rolls-Royce	Rolls-Royce	Rolls-Royce	Rolls-Royce
Engine Type and Model	Trent 1000	Trent 1000	Trent 1000	Trent 1000
Total Time [Flight Hours]	12,599	10,518	11,035	14,068
Total Flight Cycles	2,930	2,583	2,675	3,196
Location	HS TQD	In shop	In shop	HS-TQA

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees

Norwegian Air Shuttle ASA

Norwegian Air Shuttle ASA is the 3rd largest low-cost carrier in Europe and the 5th largest worldwide. It operates on short-, medium- and long-haul routes. As of 30 June 2019, the fleet comprised 162 aircraft, including 36 B787 aircraft. In the second quarter 2019, the carrier received two B787-9 Dreamliner aircraft. In 2018, the airline transported more than 37 million passengers, an increase of 13 per cent over the previous year and took delivery of 11 Dreamliners. The low-cost carrier operates a network of more than 500 routes to over 150 destinations including more than 60 intercontinental city pairs. This year, Norwegian Air Shuttle had been awarded 'Europe's Leading Low-Cost Airline 2019' for the fifth consecutive year at the annual World Travel Awards. The airline had also been awarded 'World´s Best Low Cost Long-Haul Airline' by SkyTrax World Airline Awards. Norwegian Airlines is the first low cost airline which introduced free Wi-Fi on intercontinental routes in 2019.

2Q - KEY FIGURES [billion NOK]	2Q2019	2Q2018	Change
Operating Revenues	12,182	10,228	+ 19 %
EBITDAR	2,210	1,619	+ 36 %
Operating Result	623	154	+ 306 %
Net Result	83	300	- 72 %
Capacity - ASK (million)	27,074	25,633	+ 6 %
Demand - RPK (million)	23,819	22,242	+ 7 %
Load Factor	88.0 %	86.8 %	+ 1.2 pp

During the second quarter of 2019, operating revenues increased by 19 per cent to NOK 12.18 billion (USD 1.43 billion) whereas passenger numbers remained stable compared to the second quarter 2018. Operating profit increased by 306 per cent to NOK 623 million (USD 73 million). The operating result was negatively impacted by a loss of NOK 74 from jet fuel hedges and a loss of NOK 50 million from currency effects. Net profit decreased by 72 per cent to NOK 83 million (USD 10 million). Results benefitted from a gain of NOK 174 million from the sale of shares in Lilienthal to Norwegian Finans Holding ASA (NOFI) including the license to use the name and logo of Norwegian for the period of five years in Europe. Beyond this date, additional license fees will apply. In January 2019, Norwegian implemented the new lease accounting standard International Financial Reporting Standard 16 ('IFRS 16'). This has an impact on the Statement of Financial Position and Statement of Comprehensive Income as upon other terms, operating leases are entering the Statement of Financial Position. Amongst others, IFRS 16 negatively affected EBT by NOK 183 million, increased additional interest expenses by NOK 426 million and reduced net costs on depreciation and aircraft leases by NOK 177 million in the second quarter 2019. There are further effects as for example on lease liabilities, net assets and the equity ratio. Without IFRS 16, the equity ratio at the end of the second quarter would have been 6.0 per cent instead of 3.2 per cent. Transition effects on total non-current assets amounted to NOK 32,797 million.

Moreover, second quarter results 2019 benefitted from the Easter shift if compared to the second quarter the previous year. While unit costs excluding fuel increased by 2 per cent, unit revenue and yield improved by 13 per cent and 11 per cent respectively. The average sector length grew by 5 per cent and ancillary revenues per passengers increased by 15 per cent. As capacity grew by 6 per cent and demand by 7 per cent, the passenger load factor improved by 1.2 percentage points to 88.0 per cent. Revenues from travel originating the United States became the largest share of the company´s revenues. Travel originating Norway and Spain rank second and third. The second quarter emphasis Norwegian´s move to reduce growth.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Norwegian Air Shuttle ASA (continued)
The grounding of the B737MAX aircraft impacted the second quarter results by NOK 400 million (USD 47 million). The carrier currently assumes that the B737MAX returns to service in October and that the grounding might impact annual results by NOK 700 million. Norwegian stated to request compensation from Boeing but no agreement had been signed yet and it is not clear when the Boeing 737MAX will be allowed to return into commercial service. The airline rebooks affected passengers within its own network and wet-leases aircraft. The total effect of the grounding cannot be conclusively determined yet. Deliveries of B737MAXs are put on hold and total aircraft deliveries for 2019 are expected to decrease from 16 to 6 aircraft. This in turn would reduce capital expenditure ('Capex') which is currently estimated to be USD 1.2 billion in 2019.

1st HALF - KEY FIGURES [million NOK]	1H2019	1H2018	Change
Operating Revenues	20,173	17,221	+ 17 %
EBITDAR	2,297	738	+ 211 %
Operating Result	- 836	- 2,073	- 60 %
Net Result	- 1,407	254	---
Capacity - ASK (million)	50,531	45,628	+ 11 %
Demand - RPK (million)	42,813	39,129	+ 9 %
Load Factor	84.7 %	85.8 %	- 1.1 pp

Norwegian closed the first half of 2019 with an operating loss of NOK 836 million (USD 98 million) compared to an operating loss of NOK 2,073 in the same period the last year. The net loss amounted to NOK 1,407 million (USD 165 million) compared to a net profit of NOK 254 million. Operating revenues increase by 17 per cent to NOK 20.17 billion (USD 2.36 billion). Capacity growth outperformed the increase in demand and the load factor dropped from 85.8 per cent to 84.7 per cent. Passenger numbers increased by 4 per cent to 18.09 million and the average stage length increased to 1,867 kilometres, up 4 per cent. Ancillary revenues per passengers increased by 10 per cent to NOK 177 (USD 21). Unit costs excluding fuel decreased by 2 per cent whereas unit revenue and yield grew by 6 per cent and 7 per cent respectively. Cash and cash equivalents as at 30th June 2019 stood at NOK 1.69 billion (USD 198 million). Norwegian signed an agreement to sell two Boeing 737-800 aircraft which is assumed to have a cash effect of USD 21 million in the second half of 2019. Receivables are NOK 4 billion above normalised levels due to holdbacks from credit card acquirers. Norwegian announced early 2019, that they had reached an agreement with Rolls-Royce regarding the Trent 1000 issues, having a positive effect in 2019.

In the first half 2019, the low-cost carrier stated cost reductions of NOK 1,021 million (USD 120 million) through the implemented cost saving programme, named #Focus2019, which is intended to contribute savings of at least NOK 2 billion in total during the year. The programme includes, amongst others, network optimisation, crewing efficiency, refinancing of aircraft deliveries and the divesting of several aircraft on order. The airline reduced Capex to USD 1.2 billion in 2019 and USD 1.3 billion in 2020.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Norwegian Air Shuttle ASA (continued)
Norwegian Air Shuttle shifted its focus from growth to profitability. This became significantly evident in the second quarter 2019. Capacity growth was 6 per cent compared to 48 per cent in the same quarter 2018 and is anticipated to further reduce speed. Estimated capacity growth for 2019 had been downgraded from a range between 5 to 10 per cent to a range between 0 to 5 per cent. In February 2019, Norwegian completed a NOK 3 billion (USD 349 million) fully underwritten rights issue to strengthen the balance sheet and comply with equity covenants. Moreover, this year Norwegian started operations from Dublin to Hamilton International Airport which is about 80 kilometres south of Toronto and the carrier´s first Canadian destination. Norwegian announced with the half year results the step down of Bjorn Kjos, CEO and founder of Norwegian. The 72-year-old held the position as CEO for 17 years and will take a role as advisor. Geir Karlsen, CFO of Norwegian, will take over the position as CEO on an interim basis. In July 2019, Norwegian Air Argentina applied for eleven routes between Argentina and the U.S. after both countries had been concluded a liberalisation bilateral air services agreement.

Eurowings announced to virtually interline with Norwegian and SunExpress on European routes. Although passengers need to re-check in their luggage on transfer routes, they will benefit from having one ticket and therefore guaranteed transportation should the connecting flight not been reached due to delays on previous flight sectors. The launch date of the cooperation had not been announced yet. Eurowings has no extensive network to Nordic destinations but operates flights to Copenhagen, Goteborg, Oslo and Stockholm where passengers would then transfer to Norwegian´s Nordic network.

Norwegian is exposed to normal business risks such as fluctuations in fuel prices and currencies, fierce competition, operational risks (as for example the Boeing 737MAX grounding), Brexit and regulatory issues. Besides, Norwegian is aware that it is exposed to a liquidity risk, amongst others regarding commitments for future aircraft deliveries, lease commitments and the refinancing or paying back of its NOK 2.4 billion bond due at the end of the year. Regarding the bond maturity, the carrier identified various potential sources of financing, including amongst others the divestment of aircraft, the shareholding in Bank Norwegian and improved operational performance. The carrier does not intent to raise more equity. To reduce the liquidity risk, the airline performed the previous mentioned rights issue, and has followed, as mentioned above, a strategic change from growth to profitability, including postponements of aircraft deliveries, divesting aircraft, network optimisation and the implementation of #Focus2019.

Thai Airways International PCL
Thai Airways International Public Company Limited, full-service network carrier and flag carrier of the Kingdom of Thailand is majority-owned by the Thai Government (Ministry of Finance) (51.03 per cent). In 2018, Thai Airways International, including its subsidiary Thai Smile, transported more than 24 million passengers. As at 31 March 2019, the fleet comprised 103 active aircraft of which 83 were wide-body aircraft. Thai and Thai Smile operate routes to nearly 80 destinations in 34 countries, including 13 destinations in eleven European countries. In 2019, Thai Airways is ranking again in the top ten of 'the World´s Best Airlines' by Skytrax. In the category 'The World´s Best Airline Cabin Crew' and 'World´s Best Airport Services', Thai Airways was voted fourth best and second-best airline respectively. Additionally, the carrier was rated number one in the category 'Best Airline Staff in Asia'.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL (continued)

Annual - KEY FIGURES [billion THB]	2018	2017	Change
Operating Revenues	199.5	191.9	+ 3.9 %
Operating Result	- 9.0	2.9	---
Net Result	- 11.6	- 2.1	- 451.7 %
Capacity - ASK (million)	93,131	90,498	+ 2.9 %
Demand - RPK (million)	72,315	71,634	+ 1.0 %
Load Factor	77.6 %	79.2 %	- 1.6 pp
Passengers (million)	24.32	24.56	- 1.0 %

Thai Airways closed the financial year 2018 with a net loss of THB 11.6 billion (USD 358 million) compared to a net loss of THB 2.1 billion (USD 64 million) in the previous year. Total operating revenues increased by 3.9 per cent to THB 199.5 billion (USD 6.16 billion) whereas passenger and excess baggage revenues increased by 1.8 per cent totalling THB 160.3 billion and freight and mail revenues grew by 10.2 per cent to THB 22.3 billion. Revenues from other activities, including amongst others catering and cargo handling services, increased by 10.4 per cent to THB 13.4 billion and other income grew by 69.3 per cent to THB 3.5 billion. Other income includes gains from sale of unusable property and shares in Royal Orchid Hotel (Thailand) PCL. Total operating expenses increased by 10.3 per cent to a total of THB 208.6 billion (USD 6.4 billion). Fuel and oil expenses increased by 19.7 per cent compared to 2017 while the average fuel price increased by 30.1 per cent. The carrier stated an operating loss of THB 9.0 billion (USD 278 million) compared to an operating profit of THB 2.9 billion in the previous year. Aircraft utilisation remained stable at 12.0 block hours a day. While capacity increased by 2.9 per cent, demand grew by 1.0 per cent and the load factor decreased by 1.6 percentage points to 77.6 per cent. The number of transported passengers decreased by 1.0 per cent to 24.32 million.

Annual results of Thai Airways have been impacted by one-time expenses, including an impairment loss of assets and aircraft amounting to THB 3.5 billion and gains on foreign currency exchange of THB 911 million. Thai´s results have been further affected by raising fuel prices, fierce competition, repair and maintenance costs, the lease of aircraft and spare parts as well as higher depreciation and amortisation costs. A further effect on results derives from a change in the accounted residual values of aircraft and engines from 10 per cent to 6 per cent (in accordance with TAS 16 (Thai Accounting Standard)). That resulted in an increase of around THB 3.1 billion in operating expenses (depreciation expenses). Results were also affected by the bottleneck of spare engines due to the Trent 1000 issues which presupposed Thai to temporary park part of its Dreamliner fleet.

In 2018, the airline declared a new vision as part of its transformation: 'National Premium Airline with Touches of Thai and Effective Management for Sustainable Profitability'. This comprises the core values of customer satisfaction, world-class service and value creation for all stakeholders. In line with the objective of sustainable growth, Thai Airways signed code share agreements with NOK Airlines on secondary routes (from Bangkok Don Muang Airport), Bangkok Airways (ten domestic and six international routes) and Shenzhen Airlines (three international routes) and moved some routes to its subsidiary Thai Smile. The latter expanded routes to strengthen its network to destinations in China, India and the member states of the Association of Southeast Asian Nations (ASEAN).

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL (continued)

Q1 - KEY FIGURES [billion THB]	1Q 2019	1Q 2018	Change
Operating Revenues	49.8	53.5	- 6.9 %
Operating Result	- 0.8	3.8	---
Net Result	0.4	2.7	- 83.6 %
Capacity - ASK (million)	22,871	23,535	- 2.8 %
Demand - RPK (million)	18,362	18,969	- 3.2 %
Load Factor	80.3 %	80.6 %	- 0.3 pp
Passengers (million)	6.29	6.25	+ 0.6 %

In the first quarter 2019, Thai Airways stated a net profit of THB 445 million (USD 14 million); down by 83.6 per cent. Total operating revenues decreased by 6.9 per cent to THB 49.8 billion (USD 1.567 million) while total operating expenses increased by 2.0 per cent to THB 50.6 billion (USD 1.59 million) compared to the same quarter in the previous year. Operating expenses regarding depreciation and amortization increased by 7.3 per cent compared to the same quarter 2018. The increase is mainly conditional on the change in the estimate residual value of aircraft and spare engines. The carrier stated an operating loss of THB 828 million (USD 26 million) compared to an operating profit of THB 3.8 billion in the first quarter in the previous year. Capacity decreased by 2.8 per cent and demand by 3.2 percent respectively. The load factor therefore decreased by 0.3 percentage points to 80.3 per cent. The passenger yield was THB 2.20, down by 4.3 per cent. Aircraft utilisation grew by 5.0 per cent to an average of 12.5 block hours per day. Net results benefitted from a gain on foreign currency of THB 1.4 billion and a gain from change in ownership of THB 273 million. As Thai Airways did not exercise its right to purchase ordinary shares of NOK Airlines in the course of NOK´s capital increase in January 2019, Thai´s share in NOK decreased from 21.80 per cent to 15.94 per cent. This is recognised in the balance sheet as gain on change in ownership interest. Impairment loss of assets and aircraft decreased from THB 2,473 million in the first quarter 2018 to THB 213 million in the first quarter 2019. As at the end of the quarter, the airline held 21 decommissioned aircraft for sale. Cash and cash equivalents stood at THB 13.69 billion (USD 431 million) and total assets amounted to THB 267.28 billion (USD 8.42 billion).

Although the number of total international tourists travelling to Thailand increased by 1.9 per cent during the first quarter 2019, the number of Chinese tourists (accounting for nearly 30 per cent of total foreign tourists in Thailand) declined by 2.1 per cent. The decline in Chinese tourist numbers is still the aftermath of the boat tragedy in Phuket in 2018 and the effect of US trade barriers. On 27th February 2019, the Pakistani airspace was closed for several days forcing Thai Airways to cancel flights not only to and from Pakistan but also to and from Europe. Two of three Pakistani destinations Thai Airways used to serve before, remain suspended until at least end of June. Another decrease in capacity compared to the previous first quarter resulted from the reduction of frequencies to Sydney and Brisbane as well as the cancellation of the route Bangkok – Tehran. The main reason for Thai´s active fleet being four aircraft less than in the first three months of the previous year derives from the shortage of available spare engines by Rolls-Royce affecting Thai's B787 fleet.

ASSET MANAGER'S REPORT (CONTINUED)

The Lessees (continued)

Thai Airways International PCL (continued)
For 2019, the airline expects increasing passenger numbers as a result of various governmental promotions to increase tourism; amongst others through the free visa on arrival policy for 21 countries and the promotion of secondary destinations. Thai Airways also expects further recovery of the number of Chinese tourists. On 3rd May 2019, Thai Airways raised THB 10 billion (USD 313 million) through an unsecured debenture issue for institutional and high net worth investors. The coupon rates between 2.35 per cent and 4.65 per cent have tenures between one and 15 years. The debenture received an A-rating by the rating agency TRIS which is aware of the fact that Thai´s debt to capitalisation ratio remains high. The raised capital will be used to refinance maturing debt and investments. In July 2019, Thai Airways will increase its daily flights to Fukuoka in Japan to ten times a week and in in October, the airline will launch flights to Sendai becoming the airline´s sixth destination in Japan.

Thai Airways continues to focus on its revised 2018-2022 transformation plan to exit the business rehabilitation process. The current focus is to deliver a profitable business performance and to improve service quality and customer satisfaction. In 2020, the airline aims at being ranked among the world´s top 5 airlines and the reduction of negative retained earnings by 2022. Moreover, Thai Airways has a long-term 10-year strategy in place (2017 – 2026). The airline´s five strategic objectives of the implementation plan include: Aggressive profit, business portfolio, customer experience, digital technology and effective human capital management. The 2018-2022 fleet plan had been revised and renamed as 2019-2026 fleet acquisition plan which had been approved by the Board of Directors in January 2019 and now awaits governmental approval. The acquisition of aircraft mainly focusses on replacing aircraft of 20 or more years of age. Due to the governmental elections taking place in the first half 2019, decision-making had been delayed. Furthermore, Thai and Thai Smile will work closer together to profit from synergies and offer better onward connections to and from Thai Airways routes. Thai Smile applied in June 2019 to become a Connecting Partner of the Star Alliance in 2020.

Thai Airways identified various risk factors for 2019, amongst others natural disasters, accidents where tourists are involved, and trade wars. Furthermore, growing market shares of low-cost carriers as well as fluctuation risks of fuel price, foreign exchange rates and interest levels put yields under pressure. Thai Airways has implemented Enterprise Risk Management (ERM) in 2003 which has also been integrated into the airlines business rehabilitation plan to support enhanced efficiency and proactiveness.

DS Aviation GmbH & Co. KG
Member of Dr. Peters Group
Stockholmer Allee 53
44269 Dortmund, Germany

DIRECTORS

Jonathan (Jon) Bridel, Non-Executive Chairman (54)
Jon is a Guernsey resident and is currently a non-executive director of The Renewables Infrastructure Group Limited (FTSE 250), Starwood European Real Estate Finance Limited, Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and SME Credit Realisation Fund Limited which are listed on the Main Market of the London Stock Exchange. Other companies include Fair Oaks Income Fund Limited. Jon was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands and served as a director on other RBC companies including RBC Regent Fund Managers Limited. Prior to joining RBC, Jon served in a number of senior management positions in banking, specialising in credit and corporate finance and private businesses as Chief Financial Officer in London, Australia and Guernsey having previously worked at Price Waterhouse Corporate Finance in London.

Jon graduated from the University of Durham with a degree of Master of Business Administration, holds qualifications from the Institute of Chartered Accountants in England and Wales (1987) where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jon is a Chartered Marketer and a Member of the Chartered Institute of Marketing, a Chartered Director and Fellow of the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment.

Jeremy Thompson, Non-Executive Director (64)
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 Riverstone Energy Limited (FTSE 250). Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group. Jeremy has studied and worked in the UK, USA and Germany.

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

Angela Behrend-Görnemann, Non-Executive Director (62)
Angela started her career with Hapag-Lloyd AG and was, from 1984 until 2015, employed with HSH Nordbank AG, Hamburg, Germany as the Global Head of Aviation Finance and Global Head of Transportation Finance. In this function she was responsible for Aviation, Rail and Infrastructure Finance with more than 100 employees in teams in New York, London, Hamburg, Kiel, Singapore and Shanghai. She initiated the foundation of the Dublin based Aviation Asset Manager Amentum Capital. Between 2007 and 2011 she was Class B Manager and member of the Investment Committee of HSH Global Aircraft I S.a.r.l, Luxembourg, a closed ended Aircraft Fund. She has extensive experience in the transportation and banking industries with more than 20 years experience in aviation. Angela is resident in Germany.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

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

There is no guarantee that, upon expiry of the leases, the Assets could be sold for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss. 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.

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

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 Lease or following the termination of the Lease. However, Key Man clauses within the Asset Management Agreement do provide a base line level of protection against this risk.

Credit risk & Counterparty risk
Credit risk is the risk that a counterparty will default on its contractual obligations. The Group's most significant counterparties are Norwegian and Thai Airways as lessees and providers of income and Norddeutsche Landesbank Girozentrale ('NordLB') and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessees do not maintain individual corporate credit ratings. The credit rating of NordLB is Baa2 (2018: Baa2) and the credit rating of DekaBank is Aa2 (2018: Aa2).

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

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

Any failure by Norwegian or Thai Airways to pay any amounts when due would have an adverse effect on the Group's ability to comply with its obligations under the loan agreements, could ultimately have an impact on the Company's ability to pay dividends and could result in the lenders enforcing their security and selling the relevant Assets on the market potentially negatively impacting the returns to investors. In mitigation, Norwegian is the second largest airline in Scandinavia and the third largest low-cost airline in Europe and Thai Airways is an International full service carrier. The group also holds security deposits in the amount of US$ 13,264,420 (31 December 2018: US$ 13,264,420) as collateral for lessees' obligations.

Maintenance reserves are being paid by the lessees to the manufacturers The Boeing Company ('Boeing') and Rolls Royce plc ('Rolls Royce') under Gold and Total Care Agreements. Failure of the manufacturers to fulfil their respective obligations might adversely affect the lessees' compliance under the leases. The credit rating of Boeing is A2 (2018: A2) and the credit rating of Rolls Royce is A3 (2018: A3).

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk
In order to finance the purchase of the Assets, the Group has entered into four separate loan agreements pursuant to which the Group has borrowed an initial amount of US$ 316,600,000 in total. Pursuant to the loan agreements, the lenders are given first ranking security over the Assets. Under the provisions of each of the loan agreements, the Borrowers are required to comply with loan covenants and undertakings. A failure to comply with such covenants or undertakings may result in the relevant lenders recalling the relevant loan. In such circumstances, the Group may be required to sell the relevant Asset to repay the outstanding relevant loan.

Emerging Risks

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

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

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

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

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

Brexit
The current uncertainty regarding Brexit is likely resulting in travellers delaying reservations. This will likely have a short term impact upon profitability of certain airlines operating to and from the UK, including NAS. Refer to note 21 of the financial statements for the Directors considerations of the impact of Brexit on the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the six months ended 30 June 2019

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority (the 'UK FCA').

In preparing the condensed set of financial statements included within the half-yearly financial report, the directors are required to:

— prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the DTR of the UK FCA;
— ensure the condensed set of financial statements has adequate disclosures;
— select and apply appropriate accounting policies; and
— make accounting estimates that are reasonable in the circumstances.

The directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of DP Aircraft I Limited ('the company') for the six months ended 30 June 2019 (the 'interim financial information') which comprises Condensed Consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, and the DTR of the UK FCA.
(2) The interim financial information presented, as required by the DTR of the UK FCA, includes:
   a. an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements;
   b. a description of the principal risks and uncertainties for the remaining six months of the financial year;
   c. related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

On behalf of the board

Director   Director

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED

Introduction

We have been engaged by DP Aircraft I Limited (the "company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equityand the related explanatory notes. Our review was conducted in accordance with the International Standard on Review Engagements ("ISRE") 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA. The annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED (CONTINUED)

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

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

19 August 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six month period ended 30 June 2019

	Note	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Revenue			
Lease rental income	4	28,626,892	28,688,669
Amortisation of intangible asset – aircraft lease premium	10	(2,181,009)	(2,181,009)
		26,445,883	26,507,660
Expenses			
Asset management fees	19	(500,012)	(487,816)
Asset Manager's disposal fee	19	(137,189)	(159,308)
General and administrative expenses	5	(452,451)	(491,792)
Depreciation	10	(8,858,182)	(9,481,279)
		(9,947,834)	(10,620,195)
Operating profit		16,498,049	15,887,465
Finance costs	6	(4,986,849)	(5,587,252)
Finance income	7	231,772	254,251
Net Finance Costs		(4,755,077)	(5,333,001)
Profit before tax		11,742,972	10,554,464
Taxation	8	(54,482)	(20,960)
Profit for the period		11,688,490	10,533,504
Other Comprehensive Income / (Expense)			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	17	(2,635,461)	2,049,291
Cash flow hedges – reclassified to profit or loss	17	(8,636)	399,351
Total Other Comprehensive Income		(2,644,097)	2,448,642
Total Comprehensive Income for the period		9,044,393	12,982,146
		US$	US$
Earnings per Share for the period - basic and diluted	9	0.0558	0.0503

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

The notes on pages 27 to 44 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	Note	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft	10	383,259,793	392,117,975
Intangible Asset – Aircraft Lease Premium	10	28,560,490	30,741,499
Derivative instrument assets	17	-	153,795
Total non-current assets		411,820,283	423,013,269
CURRENT ASSETS			
Cash and cash equivalents		11,753,653	11,122,182
Restricted cash	11	32,582,269	30,657,524
Trade and other receivables	13	432,888	354,127
Total current assets		44,768,810	42,133,833
TOTAL ASSETS		456,589,093	465,147,102
EQUITY			
Share Capital	15	210,556,652	210,556,652
Retained Earnings		5,431,015	3,162,525
Hedging Reserve		(2,490,300)	153,797
Total equity		213,497,367	213,872,974
NON-CURRENT LIABILITIES			
Bank borrowings	14	177,280,390	190,531,701
Maintenance reserves		18,552,143	16,756,567
Security deposits		13,264,420	13,264,420
Derivative instrument liabilities	17	2,490,300	-
Asset Manager's disposal fee	19	1,993,835	1,856,644
Total non-current liabilities		213,581,088	222,409,332
CURRENT LIABILITIES			
Bank borrowings	14	26,523,190	25,983,973
Deferred income	4	2,598,555	2,579,881
Trade and other payables	12	388,893	300,942
Total current liabilities		29,510,638	28,864,796
TOTAL LIABILITIES		243,091,726	251,274,128
TOTAL EQUITY AND LIABILITIES		456,589,093	465,147,102

The financial statements on pages 23 to 44 were approved by the Board of Directors and were authorised for issue on 19 August 2019. They were signed on its behalf by:

Jon Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 27 to 44 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2019

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Profit for the period	11,688,490	10,533,504
Adjusted for:		
Depreciation	8,858,182	9,481,279
Amortisation	2,181,009	2,181,009
Amortisation of deferred finance costs	146,003	146,033
Finance costs	4,840,846	5,441,219
Income tax expense	54,482	20,960
Changes in:		
Increase in maintenance provision	1,795,576	2,947,582
Increase/ (Decrease) in deferred income	18,674	(43,103)
Increase in Asset Manager's performance fee	137,191	159,308
(Decrease)/ Increase in accruals and other payables	39,829	(3,710)
(Increase)/ Decrease in receivables	(78,761)	(21,210)
NET CASH FLOW FROM OPERATING ACTIVITIES	29,681,521	30,842,871
INVESTING ACTIVITIES		
Restricted cash	(1,924,745)	(3,541,422)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,924,745)	(3,541,422)
FINANCING ACTIVITIES		
Dividends paid	(9,420,000)	(9,420,000)
Bank loan principal repaid	(12,807,754)	(12,233,704)
Bank loan interest paid	(4,899,825)	(5,044,227)
Swap interest received/(paid)	2,274	(434,277)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(27,125,305)	(27,132,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,122,182	9,442,220
Increase in cash and cash equivalents	631,471	169,241
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,753,653	9,611,461

The notes on pages 27 to 44 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six month period ended 30 June 2019

	Note	Share Capital US$	Retained Earnings US$	Hedging Reserve US$	Total Equity US$
As at 1 January 2018		210,556,652	676,034	(1,563,055)	209,669,631
Total comprehensive income for the period					
Profit for the period		-	10,533,504	-	10,533,504
Other comprehensive income		-	-	2,448,642	2,448,642
Total comprehensive income		-	10,533,504	2,448,642	12,982,146
Transactions with owners of the Company					
Dividends	16	-	(9,420,000)	-	(9,420,000)
As at 30 June 2018 (unaudited)		210,556,652	1,789,538	885,587	213,231,777
As at 1 January 2019		210,556,652	3,162,525	153,797	213,872,974
Total comprehensive income for the period					
Profit for the period		-	11,688,490	-	11,688,490
Other comprehensive income		-	-	(2,644,097)	(2,644,097)
Total comprehensive income		-	11,688,490	(2,644,097)	9,044,393
Transactions with owners of the Company					
Dividends	16	-	(9,420,000)	-	(9,420,000)
As at 30 June 2019 (unaudited)		210,556,652	5,431,015	(2,490,300)	213,497,367

The notes on pages 27 to 44 form an integral part of these financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2019

1) GENERAL INFORMATION

The unaudited condensed consolidated financial statements (the 'financial statements') incorporate the results of the Company and that of wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey Incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. The Company and its subsidiaries (the Borrowers and the Lessors) comprise the Group.

DP Aircraft I Limited (the 'Company') was incorporated on 5 July 2013 with registered number 56941. The Company is admitted to trading on the Specialist Fund Segment of the London Stock Exchange.

The Share Capital of the Company comprises 209,333,333 Ordinary Shares 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.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements for the period 1 January 2019 to 30 June 2019 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules (the 'DTRs') of the UK's Financial Conduct Authority (the 'FCA').

The financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 December 2018. The Group's annual financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and are available on the Company's website or from the Company Secretary.

The financial statements have been prepared on the basis of the accounting policies set out in the Group's annual consolidated financial statements for the year ended 31 December 2018 but also taking into account any new policies that will be applied in the Group's annual consolidated financial statements for the year ended 31 December 2019.

The Directors considered all new standards, amendments and interpretations to existing standards effective for the financial statements for the six month period ended 30 June 2019. The major new standards and their impact on the financial statements are detailed below:-

IFRS 16 Leases

IFRS 16 Leases is the IASB's replacement of IAS 17 Leases which eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. The standard's approach to lessor accounting is substantially unchanged from IAS 17.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six month period ended 30 June 2019

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
a) Basis of preparation (continued)

IFRS 16 Leases (continued)
When the Company acts as a lessor, it determines at the inception of the lease whether it is a finance lease or an operating lease. To classify each lease, the Company makes an assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying assets. If this is the case, the lease if a finance lease; if not, the lease is an operating lease. In reaching this conclusion, the Company considers certain indicators such as whether the lease is for the majority of the useful economic life of the asset.

The accounting policies applicable to the Company in the comparative period were not different from IFRS 16. As such there has been no change to their classification as operating leases or their measurement.

Going Concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully as the interest on the Group's loans have been fixed with the bank or via an interest rate swap and the lease rental income and supplemental rental income have been set at an aggregate absolute income stream in excess of the Group's expenses, distributions and finance costs.

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES
The preparation of unaudited condensed consolidated financial statements in compliance with IAS 34 requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources.

The adoption of IFRS 16 has resulted in management considering the impact of change in classification of leases as either operating or finance. As detailed in the annual financial statements for the year ended 31 December 2018 no material changes to judgements and estimates were expected. There have been no other material revisions to the significant judgements made by management or the nature and amount of changes in estimates of amounts reported in the annual financial statements for the year ended 31 December 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2019

4) LEASE RENTAL INCOME

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Deferred income brought forward	2,579,881	2,641,658
Lease rental income received	28,645,566	28,645,566
Deferred income carried forward	(2,598,555)	(2,598,555)
Total lease rental income	28,626,892	28,688,669

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

30 June 2019	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	14,406,805	88,836,865
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	16,759,561	91,496,761
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	33,218,630	101,946,830
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	30,852,090	99,412,290
	57,291,132	229,164,528	95,237,086	381,692,746

30 June 2018	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Boeing 787-8 Serial No: 35304	14,886,012	59,544,048	29,292,817	103,722,877
Boeing 787-8 Serial No: 35305	14,947,440	59,789,760	31,707,001	106,444,201
Boeing 787-8 Serial No: 35320	13,745,640	54,982,560	46,964,270	115,692,470
Boeing 787-8 Serial No: 36110	13,712,040	54,848,160	44,564,130	113,124,330
	57,291,132	229,164,528	152,528,218	438,983,878

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Legal and professional fees	116,480	141,166
Directors fees and expenses	116,375	117,581
Administration fees	136,090	155,315
Insurance	26,810	17,993
Audit fees	21,510	34,044
Other fees and expenses	35,186	25,693
Total general and administrative expenses	452,451	491,792

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

6) FINANCE COSTS

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Loan interest paid and payable	4,849,482	5,041,868
Amortisation of deferred finance costs	146,003	146,033
Total finance costs at effective interest rate*	4,995,485	5,187,901
Cash flow hedges reclassified from other comprehensive income	(8,636)	399,351
Total finance costs	4,986,849	5,587,252

* On liabilities measured at amortised cost

7) FINANCE INCOME

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Bank interest received	231,772	254,251
Total finance income	231,772	254,251

8) 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 (2018: £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 charged during the period ended 30 June 2019 was US$ 54,482 (period 1 January 2018 to 30 June 2018: US$ 20,960). The Directors do not expect the taxation payable to be material to the Group.

A tax reconciliation has not been presented in these financial statements as the effective tax rate of 0.5% is not material and the reconciliation is not relevant to the understanding of the Company's results for the period end.

9) EARNINGS PER SHARE

	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Profit for the period	11,688,490	10,533,504
Weighted average number of shares	209,333,333	209,333,333
Earnings per share	0.0558	0.0503

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

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

	Aircraft (unaudited) US$	Lease Premium (unaudited) US$	Total (unaudited) US$
COST			
As at 1 January and 30 June 2019	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2019	84,633,186	16,238,294	100,871,480
Charge for the period	8,858,182	2,181,009	11,039,191
As at 30 June 2019	93,491,368	18,419,303	111,910,671
CARRYING AMOUNT			
As at 30 June 2019	383,259,793	28,560,490	411,820,283
COST			
As at 1 January and 31 December 2018	476,751,161	46,979,793	523,730,954
ACCUMULATED DEPRECIATION			
As at 1 January 2018	65,772,211	11,876,274	77,648,485
Charge for the year	18,860,975	4,362,020	23,222,995
As at 31 December 2018	84,633,186	16,238,294	100,871,480
CARRYING AMOUNT			
As at 31 December 2018	392,117,975	30,741,499	422,859,474

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

The first aircraft was acquired in June 2013, the second aircraft acquired in August 2013 and the third and fourth aircraft were acquired in June 2015. All four of the aircraft are used as collateral for the loans as detailed in note 14.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

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

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates of the leases for the aircraft as at 31 December 2018 was US$ 255,350,464 (31 December 2017: US$249,761,681). As a result, the year ending 31 December 2019 and future aircraft depreciation charges, with all other inputs staying constant, will be US$ 17,865,508 (2018: US$ 18,860,975). The aircraft depreciation charge for 2020 onwards will vary based on the residual value estimates as at 31 December 2019.

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

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

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

11) RESTRICTED CASH

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Security Deposits	13,560,170	13,476,273
Maintenance reserves	19,022,099	17,181,251
Total restricted cash	32,582,269	30,657,524

The security deposits held have been provided by the two lessees in accordance with the lease agreements, Norwegian Air Shuttle ASA has provided a security deposit of US$ 6,400,000 and Thai Airways International PCL has provided a security deposit of US$ 6,864,420.

12) TRADE AND OTHER PAYABLES

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Swap interest payable	1,350	7,711
Accruals and other payables	279,899	240,070
Taxation payable	107,644	53,161
Total trade and other payables	388,893	300,942

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2019

13) TRADE AND OTHER RECEIVABLES

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Prepayments and other receivables	432,888	354,127
Total trade and other receivables	432,888	354,127

14) BANK BORROWINGS

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Current liabilities: bank interest payable and bank borrowings	26,523,190	25,983,973
Non-current liabilities: bank borrowing	177,280,390	190,531,701
Total liabilities	203,803,580	216,515,674

The borrowings are repayable as follows:

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Interest payable	330,210	380,553
Within one year	26,192,980	25,603,420
In two to five years	117,799,521	115,090,480
After five years	59,480,869	75,441,221
Total bank borrowings	203,803,580	216,515,674

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

14) BANK BORROWINGS (CONTINUED)

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

	30 June 2019 (unaudited) US$	31 December 2018 (audited) US$
Opening balance	216,135,121	240,534,196
Repayment of loan	(12,807,754)	(24,692,716)
Amortisation of deferred finance costs	146,003	293,641
Principal bank borrowings	203,473,370	216,135,121
Interest payable	330,210	380,553
Total bank borrowings	203,803,580	216,515,674

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2019:

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2019	11,122,182	(216,135,121)	(380,553)	146,083	(205,247,409)
Cash flows	631,471	12,807,754	4,899,825	(2,272)	18,336,778
Non cash:-					
Fair value movement	-	-	-	(2,644,097)	(2,644,097)
Amortisation of deferred finance costs	-	(146,003)	-	-	(146,003)
Interest charge	-	-	(4,849,482)	8,636	(4,840,846)
At 30 June 2019	11,753,653	(203,473,370)	(330,210)	(2,491,650)	(194,541,577)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

14) BANK BORROWINGS (CONTINUED)

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2018:

	Cash and cash equivalents	Principal	Interest	Derivative Instrument*	Net Debt
At 1 January 2018	9,442,220	(240,534,196)	(382,775)	(1,623,845)	(233,098,596)
Cash flows	169,241	12,233,704	5,044,227	434,274	17,881,446
Non cash:-					
Fair value movement	-	-	-	2,448,642	2,448,642
Amortisation of deferred finance costs	-	(146,033)	-	-	(146,033)
Interest charge	-	-	(5,041,868)	(399,351)	(5,441,219)
At 30 June 2018	9,611,461	(228,446,525)	(380,416)	859,720	(218,355,760)

The balance of unamortised deferred finance costs at 30 June 2019 was US$ 1,995,488 (30 June 2018: US$ 2,289,101).

*Including interest payable of US$ 1,350 (30 June 2018: US$ 25,865).

Loans
During the year ended 31 December 2015 the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank 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 30 June 2019 was US$ 109,439,320 (31 December 2018: US$ 115,714,801).

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 on the loans at 30 June 2019 was US$ 94,364,260 (31 December 2018: US$ 100,800,873).

All of the loans will be fully amortised with monthly repayments in arrears over the term until the scheduled expiry of each respective lease. There have been no defaults or breaches under the loan agreements (2018: none).

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

14) BANK BORROWINGS (CONTINUED)

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

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

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

Similarly the NordLB loans entered into by the Group to complete the purchase of the first two Assets are cross collateralised. Each of the first and second loan is secured by way of security taken over the first and second Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk.

Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors’ initial investment in the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

15) SHARE CAPITAL

Period ended 30 June 2019 (unaudited) Issued and fully paid:	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Shares as at 1 January and 30 June 2019	1	209,333,333	209,333,334
Share capital:	US$	US$	US$
Share capital as at 1 January and 30 June 2019	1	210,556,651	210,556,652

Period ended 30 June 2018 (unaudited) Issued and fully paid:	Subordinated Administrative Share Number	Ordinary Shares Number	Total Number
Shares as at 1 January and 30 June 2018	1	209,333,333	209,333,334
Share capital:	US$	US$	US$
Share capital as at 1 January and 30 June 2018	1	210,556,651	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.

On 12 June 2015 a total of 96,333,333 shares were issued under the placing at an issue price of US$ 1.0589 per share raising gross proceeds of US$ 102 million. Total issue costs were US$ 2.3 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

On 10 June 2013 a total of 113,000,000 shares were issued under the initial public offering placing at an issue price of US$ 1 per share raising gross proceeds of US$ 113 million. Total issue costs were US$ 2.1 million which included the 1.5% placing commission paid to Canaccord Genuity as placing agent.

The Subordinated Administrative Share is held by 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.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

16) DIVIDENDS

During the period ended 30 June 2019 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share	Paid	Declaration date	Payment date
		US$	US$		
Quarter ended 31 December 2018	209,333,333	0.0225	4,710,000	17 January 2019	14 February 2019
Quarter ended 31 March 2019	209,333,333	0.0225	4,710,000	23 April 2019	16 May 2019
			9,420,000		

A quarterly dividend of US$ 4,710,000 (US$ 0.0225 per share) for the quarter ended 30 June 2019 was paid on 15 August 2019. In accordance with IAS 10, this dividend has not been recognised in these financial statements.

During the period ended 30 June 2018 the Company declared and paid the following dividends:

Dividend reference period	Shares	Dividend per share	Paid	Declaration date	Payment date
		US$	US$		
Quarter ended 31 December 2017	209,333,333	0.0225	4,710,000	18 January 2018	15 February 2018
Quarter ended 31 March 2018	209,333,333	0.0225	4,710,000	18 April 2018	17 May 2018
			9,420,000		

17) FAIR VALUE MEASUREMENT

Financial assets and financial liabilities at amortised cost
The fair value of cash and cash equivalents, trade and other receivables, restricted cash and interest payable approximate their carrying amounts due to the short term maturities of these instruments.

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

The fair value of fixed rate borrowings is estimated by discounting future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value of the loans is US$ 102,780,267 (31 December 2018: US$ 105,600,273).

The fixed rate loans have been categorised within level 3 of the fair value hierarchy. The fair value of the fixed rate loans for disclosure purposes have been determined by discounting future cash flows at a rate of 6.20% (31 December 2018: 6.21%). An increase in the discount rate would decrease the fair value of the fixed rate loans.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

17) FAIR VALUE MEASUREMENT (continued)

Financial liabilities designed as hedging instruments
The fair value of the Group's derivative interest rate swaps are 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.

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

As at 30 June 2019	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	4,131,863	8,704,611	452,381	13,288,855
Fixed rate payable	(4,562,627)	(10,854,836)	(656,776)	(16,074,239)
Interest rate swaps	(430,764)	(2,150,225)	(204,395)	(2,785,384)

As at 30 June 2018	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	4,973,549	11,691,867	1,596,988	18,262,404
Fixed rate payable	(5,276,824)	(13,895,232)	(2,179,007)	(21,351,063)
Interest rate swaps	(303,275)	(2,203,365)	(582,019)	(3,088,659)

As at 30 June 2019, the unrealised aggregate loss on the fair value of the interest rate swaps was US$ 2,490,300 (31 December 2018: aggregate gain of US$ 153,795).

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 six month period ended 30 June 2019 or in the year ended 31 December 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2019

18) RELATED PARTY TRANSACTIONS

The Directors of the Company received total fees from the Group as follows:

	Current fee	30 June 2019 (unaudited) US$	30 June 2018 (unaudited) US$
Jon Bridel (Chairman)	£64,000	39,328	39,054
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	£52,000	32,038	31,921
Angela Behrend-Görnemann (Chairman of the Management Engagement Committee)	€74,100	40,204	39,641
Total		111,570	110,616

Between 1 April 2018 until 31 March 2019 the Directors received the following fees:

- Jon Bridel, Chairman £57,900 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director £47,300 per annum; and
- Angela Behrend-Görnemann, Chairman of the Management Engagement Committee €68,300 per annum.

Following the Directors annual review of the Directors' fees and subsequent approval at the Company's AGM on 16 July 2019, with effect from 1 April 2019 the Directors receive the following fees:

- Jon Bridel, Chairman £64,000 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director £52,000 per annum; and
- Angela Behrend-Görnemann, Chairman of the Management Engagement Committee €74,100 per annum.

The Directors' interests in the shares of the Company are detailed below:

	30 June 2019 Number of ordinary shares	31 December 2018 Number of ordinary shares
Jon Bridel	7,500	7,500
Jeremy Thompson	15,000	15,000
Angela Behrend-Görnemann	-	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

19) MATERIAL CONTRACTS

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

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

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

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

(i) an amount will be deducted in respect of each Asset sold prior to the expiry of its lease, equal to the net present value of the aggregate amount of dividends per share that were targeted to be paid but were not paid as a result of the early divestment of the relevant Asset; and

(ii) a further amount will be deducted, in respect of each Asset sold prior to the expiry of its lease, equal to the amount by which the proportion of the non-dividend component of the relevant percentage hurdle attributable to the relevant Asset would need to be reduced in order to meet its net present value.

The disposal fee is a cash-settled payment to the Asset Manager. In determining the provision for the financial statements, the Directors have estimated the fee that will be payable on disposal of the assets. This is then discounted and recognised straight line over the period until the estimated payment date. The provision for the disposal fee at 30 June 2019 was US$ 1,993,833 (31 December 2018: US$ 1,856,644) and the discount rate used was 2.00% (31 December 2018: 2.69%).

The Asset Manager is paid a base fee which is US$ 21,354 per month in respect of the first two Assets increasing by 2.5% per annum and US$ 16,666 per month in respect of the second two Assets increasing by 2.5% per annum from May 2016. In the six month period ended 30 June 2019 Asset Management fees totalled US$ 500,012 (six month period ended 30 June 2018 US$ 487,816) of which US$ 83,934 were due at 30 June 2019 (31 December 2018: US$ 81,886).

Pursuant to the agreement, the Asset Manager received an arrangement fee of US$ 2.72 million in respect of the acquisition of the first two assets in the period ended 31 December 2014, and an arrangement fee of US$ 2.07 million in respect of the acquisition of the third and fourth assets in the year ended 31 December 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2019

20) SEGMENTAL INFORMATION

The Group is engaged in one operating segment, being acquiring, leasing and subsequent selling of Aircraft. The geographical location of the Assets of the Group is Norway and Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from two lessees, one in Norway and one in Thailand.

21) BREXIT

On 31 October 2019 the United Kingdom ('UK') has stated its intent to leave the European Union ('EU') – 'Brexit'. The terms of the withdrawal agreement between the UK and EU have not yet been finalised and consequently the impact, if any on the Company and/or its lessees cannot, at this time, be determined with any certainty. The Company has not identified any likely material effect of Brexit, and no actions to-date have been identified as being required to be taken in this regard. The impact, if any, of Brexit on the Company remains subject to review and oversight by the Board as the Brexit negotiations develop and the form of a withdrawal agreement is determined. Set out below are some observations on Brexit as it relates to the Company:

- DPA is an internally managed, non-EU AIF;
- DPA has not relied on EU regulations to market the shares in the Company to EU investors, rather all shares have been promoted and sold under the UK private placement exemption only;
- All placements of shares to-date have been to UK institutional investors, not to EU institutional or retail investors, although some EU investors have subsequently purchased shares independently in the Company;
- No commitment or obligation was provided in any Prospectus issued by the Company to attain non-UK EU authorisation; and
- The UK's exit from the EU is at this stage not expected to impact the Company's operations, its capital structure or its regulatory status.

The Company has also identified some potential risks that may result from Brexit although it is not possible to quantify any outcome or plan of action at this stage:

- Impact upon airline, maintenance, components and safety regulations as the UK leaves the EU regulatory framework in these regards – in particular the possible impact on one of the lessees given the significant number of flights that it operates from the UK; and
- Possible changes to tax treatment as it relates to the UK no longer being part of the EU.

22) SUBSEQUENT EVENTS

On 9 July 2019 the Company declared a dividend in respect of the quarter ended 30 June 2019 of US$ 0.0225 per ordinary share to holders of shares on the register at 26 July 2019. The ex-dividend date was 25 July 2019 with payment on 15 August 2019.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Angela Behrend-Görnemann
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269 Dortmund Germany
Solicitors to the Company (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Advocates to the Company to 23 July 2018 (as to Guernsey law)	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA Channel Islands
Advocates to the Company from 23 July 2018 (as to Guernsey law)	Mourant Ozannes Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4HP 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
Corporate Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom