DP AIRCRAFT I LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

CONTENTS

FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment ('SFS') of the London Stock Exchange
SFS Admission Date	4-Oct-13
Share Price	US$ 0.04 at 30 June 2021
Earnings per share	US$ (0.1129) for the period ended 30 June 2021
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	Investec Bank Plc
Aircraft Registrations	LN-LNA (under receivership – see note 3a)
	LN-LNB (under receivership – see note 3a)
	HS-TQD
	HS-TQC
Aircraft Serial Numbers	35304 (under receivership – see note 3a)
	35305 (under receivership – see note 3a)
	35320
	36110
Aircraft Type and Model	Boeing 787-8
Lessees	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

SUMMARY

COMPANY OVERVIEW

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

The Company was established to invest in aircraft. The Company is a holding company, and initially made its investment in aircraft through four wholly owned subsidiary entities, DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited, DP Aircraft Guernsey III Limited and DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated private limited company and a UK incorporated private limited company respectively. DP Aircraft Guernsey I Limited, DP Aircraft Guernsey II Limited and DP Aircraft Ireland Limited are no longer subsidiaries of the Company with effect from 26 February 2021 following the loss of control as a result of receivership proceedings described on the next page under Norddeutsche Landesbank Girozentrale and in note 3a. The Company and its remaining 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 and the Company was listed on the Channel Islands Securities Exchange until 27 May 2015.

On 5 June 2015, the Company offered 96,333,333 Ordinary Shares 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.

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

INVESTMENT OBJECTIVE

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

THE BOARD

The Board comprises independent non-executive directors. The directors of the Board are responsible for managing the business affairs of the Company and Group in accordance with the Articles of Incorporation and have overall responsibility for the Company's and Group's activities, including portfolio and risk management 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

The Directors do not expect that the United Kingdom ('UK') withdrawal from the European Union ('EU') will have a significant impact on the Company given the nature of its operations. However, they continue to monitor the airline industry for any potential impact on the Company.

SUMMARY (CONTINUED)

CORONAVIRUS ('COVID-19')

COVID-19 rapidly spread across the globe and continues to create widespread restrictions on the ability of people to travel, socialise and leave their homes. Global financial markets reacted sharply to this pandemic and concerns remain regarding the long-term economic impact that this may have on a global scale. COVID-19 has had a significant impact on the airline sector, and by extension the aircraft leasing sector. More information is provided below and in the Asset Manager's Report.

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

As detailed in the 31 December 2020 financial statements, the lease agreements with NAS were, in the judgement of the Directors de-facto terminated in December 2020. Therefore, no rental income has been earned from NAS in the current period.

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

Whilst the High Court approved the survival plan for NAS and related companies on 22 April 2021 this is not expected to have an impact on the Group and the position in relation to the aircraft.

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

On 24 February 2021, NordLB declared an Event of Default under the relevant loan agreements with the Company's two borrower subsidiaries (see note 3a), DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, which meant that NordLB was entitled to enforce rights under the relevant security documents. On 26 February 2021, the Company received notices of security enforcement and loan acceleration from NordLB; and accordingly, receivers were appointed in relation to the two aircraft previously leased to NAS (NAS aircraft), the related lease and contract rights, and the shares in the Irish special purpose vehicle which holds title to the NAS aircraft. NordLB has therefore taken control of the process of disposing of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft-specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to the bank, and any balance remaining thereafter being remitted to the relevant subsidiaries of the Company. The subsidiaries will then in turn use monies received from NordLB, if any, to repay loans advanced to them by the Company. However, the directors consider the prospects of any recovery to be remote.

Concurrently with the inception of the loan transaction the Company had entered into an ISDA Swap Agreement with NordLB. Under the terms of the swap the Company was a fixed interest rate payer and a floating interest rate payee. The event of default detailed above also extends to the ISDA Swap Agreement.

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

Due to the receivership proceedings mentioned above, and as detailed in note 3a, the directors have concluded that the Company has lost control of DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited and as a result the assets, liabilities, income and expenses of these investees no longer form part of these consolidated accounts with effect from 26 February 2021. Please refer to note 7 of the interim financial statements for details regarding the financial impact of loss of control.

SUMMARY (CONTINUED)

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

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

In March 2021 the Company signed a Letter of Intent ('LOI') with Thai Airways under which the parties agreed to amend the existing lease terms. The new terms provide for a power by the hour ('PBH') arrangement until the December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with scaled back monthly fixed lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was extended for 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consulting the Lenders. Also, per the LOI it was agreed that Thai would not be required to pay rent due under the old lease agreement accrued between 15 September 2020 and the amendment effective date. The effective date for the lease modification is 15 June 2021, being the date at which the Thailand's Central Bankruptcy Court approved the restructuring. Thai Airways also undertook to ensure that the Thai aircraft were airworthy and in-flight ready condition in all respects by 30 June 2021 and this has been achieved. On 1 March 2021 a corresponding agreement was reached with the bank providing finance for the aircraft leased to Thai Airways as detailed below.

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

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

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

GOING CONCERN

The Directors have considered the Group's cash requirements for a period of 12 months from the signing of these interim financial statements. This forecast shows the likely need for further equity to be raised to fund the period post 12 months and to allow for other contingencies given the Group's circumstances. However, the Directors believe that it is appropriate to prepare these interim financial statements under the going concern basis of preparation due to:-

- The continuing support of DekaBank which made loans to the Group (with certain loan concessions);
- The ongoing viability of Thai Airways following approval by Thailand's Central Bankruptcy Court of the revised lease per the LOI and, the ability of Thai Airways to satisfy the terms of the LOI for the revised lease;

SUMMARY (CONTINUED)

GOING CONCERN (CONTINUED)

- The expectation that an equity fund raise will be successful based on liaison with sufficient shareholders;
- Having regard to the limited recourse nature of the loans which means NordLB debt default impacts solely upon DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited and has no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself; and
- The expectation that all operational requirements will continue to be fulfilled.

Refer to Going Concern on pages 22 and 23 for additional details regarding going concern and related uncertainties. No adjustments have been made to the interim financial statements in the event that the Company was unable to continue as a going concern.

IMPAIRMENT

In line with each reporting date, but more relevant in light of the developments of COVID-19, a detailed impairment assessment of the aircraft and lease premiums have been undertaken. Following this review an impairment of US$ nil (31 December 2020: US$ 148,300,052 was booked against the aircraft and US$ nil (31 December 2020: US$ 22,017,459) against the lease premium. (See Note 3 for further details).

DISTRIBUTION POLICY

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

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

HIGHLIGHTS

LOSS FOR THE PERIOD

The loss for the period ended 30 June 2021 is US$ 24,171,431 and loss per share is US$ 0.1155. The loss for the period ended 30 June 2020 was US$ 71,992,915 and loss per share was US$ 0.3439.

The loss recognised in the current interim period is mainly attributable to losses suffered on write off of rentals receivable, loss of control of subsidiary undertakings and movement in fair value of investment in Norwegian. Refer to page 27 for full details of results for the interim period. The June 2021 loss is less compared to the same period in the prior year mainly due to fact that no further impairment losses have been recognised in the current interim period.

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

NET ASSET VALUE ('NAV')

The NAV per share was US$ 0.1626 at 30 June 2021 (31 December 2020: US$ 0.2781). The price per share for the same dates was US$ 0.04 (31 December 2020: US$ 0.06). NAV per share has decreased due to the loss made during the interim period (see above).

INTERIM DIVIDENDS

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

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 2021.

The loss per share for the period was US$ 0.1155 compared to loss per share of US$ 0.3439 for the same period last year. The net asset value per share at the period-end was US$ 0.1626 compared to US$ 0.2781 at 31 December 2020.

As investors will be aware the half year has presented further significant challenges to the global aviation market as it has endeavoured to deal with the effects of the COVID-19 virus on its operations. Airlines, irrespective of geography, particularly those serving long-haul routes, have been consequentially impacted.

As you are aware the two Boeing 787-8 aircraft, LN-LNA and LN-LNB (the 'Assets') previously leased to Torskefjorden Leasing Limited, part of Norwegian, have been placed into receivership along with the related cash balances and proceeds from sale of the Norwegian shares previously received. The NAS Lenders have therefore taken control of the NAS Assets, with the proceeds of sale being applied in the first instance to pay off any outstanding amounts owed to the NAS Lenders, and any balance remaining thereafter being remitted to the relevant subsidiaries of the Company.

As previously noted, these developments impact solely upon the Assets; they have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by the NAS Lenders to the Company itself. The aircraft are now being managed by advisors appointed by the Receiver. These assets and the associated liabilities are no longer recognised on the balance sheet with any intergroup loans fully provided for.

We are pleased to advise both Thai aircraft are now operational and progress is being made to finalise lease documentation reflecting the LOI signed in March 2021. Income has been received under the new Power by the Hour (PBH) arrangement which is in place until the end of 2022 with scaled back monthly lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was extended by 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consulting the Lenders.

One of the Thai engines was deemed beyond economical repair ('BER'). The relevant TQC Thai aircraft is flying in commercial service with a replacement engine. We are receiving full PBH rental payments until an equivalent Trent 1000 engine is received from Rolls Royce. All efforts are being taken to resolve the replacement in conjunction with Thai Airways, Rolls Royce and the Lenders.

Revised arrangements with the Thai Airways lender were completed in respect of the Thai Assets related loans, to accommodate the new lease arrangements described above. Repayments of principal will be deferred until the end of the PBH arrangement; and the Company and the Thai Lenders will enter into discussions at that time to determine how best to structure debt service and to measure the final balloon repayment, having regard for both the income being received by the Company under the PBH arrangement in respect of the Thai Assets, the running costs of the Company and its subsidiaries and the interest rates prevailing at that time.

As previously noted, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution for the foreseeable future.

The situations identified above including certain ongoing operational matters of the Parent have been determined by the Directors to represent a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern (see pages 22 and 23).

CHAIRMAN'S STATEMENT (CONTINUED)

The focus of the Company remains the preservation of the Company's long-term financial stability, although the challenges facing the Company are significant.

The Company intends to undertake an equity tap issue to provide additional finance to support the business going forward. As previously noted, the ongoing cash burn, once significant restructuring costs have ceased, will be considerably reduced on an annual basis.

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

I would like to thank our Investors for their continued support in the Company. The Board and its advisers have been consulting further with shareholders since March 2021 and will be consulting further in the coming days.

Jon Bridel
Chairman

ASSET MANAGER'S REPORT

THE AIRLINE MARKET

COVID-19 Pandemic in brief

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

Global

- Current Situation
  - Largest decline in demand since WW2
  - Drop of 60% in air passenger numbers in 2020
  - Decrease in international tourist receipts of USD 1.3 trillion
  - Cargo demand was back on 2019-levels by January 2021
  - Half of announced and scheduled resumption of service to be withdrawn again

- Outlook
  - Domestic markets anticipated to recover first
  - Passenger numbers 2021 expected to be 44-47% below 2019-levels
  - Estimated seat capacity 2021 to be 35-38% below 2019-levels
  - Anticipated return to 2019-level not before 2024
  - In the short term, travellers prefer domestic and short- to medium-haul destinations; e.g., German tourists spend more at European destinations in May 2021 than before the Pandemic

	2019	2020	2021
Revenues [billion]	838	372	458
Capacity (ASK) [% YoY] vs. 2019	3.4	(56.7)	(47.2)
Demand (RPK) [% YoY] vs. 2019	4.1	(65.9)	(57.0)
Passenger Load Factor [%]	82.6	65.1	67.3
Passenger Yield [% YoY] vs. 2019	(3.7)	(8.7)	(3.0)
Net Results [billion USD]	26.4	(126.4)	47.7
CO2 [million tonnes]	905	495	580

Source: IATA April 2021

Europe

Impact of COVID-19

- 70% decline in overall demand (RPK) in 2020
- 58% drop in total capacity (ASK) in 2020
- Intra-European travel was hit hard by the second wave; markets expected to open in phases
- Passenger revenue in 2021 estimated to decrease by 75 – 86 billion USD compared to 2019-levels
- Passenger numbers in 2021 expected to be 49-56% below 2019-levels

ASSET MANAGER'S REPORT (CONTINUED)

Asia

Impact of COVID-19

- 62% decline in overall demand (RPK) in 2020
- 45% drop in total capacity (ASK) in 2020
- The domestic Chinese market already fully recovered in 2020
- Passenger revenue in 2021 estimated to decrease by 110 – 115 billion USD compared to 2019-levels
- Passenger numbers in 2021 expected to be 46-48% below 2019-levels

Outlook & Conclusion

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

All outlooks shared in this report are based on historic data and assumptions made by industry experts. It can be considered as a potential guideline. From a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises and up to date 2021 shows a slight recovery compared to the previous year. However, this time, any recovery will take significantly longer as the decline in passenger traffic is not only driven by an economic downturn but a continuing global pandemic. According to McKinsey, these aspects will lead to the necessity of adapting to long-term changes. For example, business travel has been partially substituted by video conferences and might never recover to pre-Covid levels, as many companies significantly progressed in digitalisation - taking advantage of resultant travel cost reductions.

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

THE LESSEE

<u>Thai Airways International Public Company Limited</u>

Impact from COVID-19 pandemic

- 20 aircraft in operation and 75 aircraft in storage
- Thai Smile, a subsidiary of Thai Airways, suspended all scheduled domestic flights from 21st July until 19th August 2021 in compliance with the regulations by the Thai Government´s COVID-19 containment
- Shareholders equity as at 31st December 2020 remained negative (THB -128,665 million; appr. USD -4,294 million); potential delisting from the SET (Stock Exchange of Thailand) after three years
- No submission of first quarter results but half-year results announced to be published
- Annual results of 2020 stated a net loss of THB 141 billion (appr. USD 4.7 billion) compared to a net loss of THB 12 billion the previous year; passenger numbers dropped by 76%

ASSET MANAGER'S REPORT (CONTINUED)

THE LESSEE (CONTINUED)

__Thai Airways International Public Company Limited (continued)__

Impact from COVID-19 pandemic (continued)

- Acceptance to sell one of its office buildings in Bangkok for an amount of Bt1.81 billion (appr. USD 58 million) to generate cash

Restructuring and Rehabilitation Process since 2nd March 2021

- 12th May 2021: Scheduled voting of the creditors on the business rehabilitation plan had been postponed by a week
- 19th May 2021: Creditor´s Meeting – more than 90% of the votes accepted the Rehabilitation Plan including three plan amendment petitions and the Creditors´ Committee had been appointed
- 28th May 2021: Hearing of the Central Bankruptcy Court to consider the Rehabilitation Plan in which two objection petitions were raised; hearing of reading the court order had been deferred
- 15th June 2021: Hearing of reading the court order – Approval of the Business Rehabilitation Plan including the nominated Plan Administrators by the Central Bankruptcy Court
- 8th July 2021: Plan Administrator´s Meeting – approval of the plan to decrease the registered capital by about THB 5 billion (appr. USD 154 million) due to a write-off of unissued and unsold shares
- Implementation of Business Rehabilitation Plan limited to a period of five years, extensions can be granted by the Central Bankruptcy Court

Outlook & Opportunities post-COVID-19 pandemic - The 'New Thai Airways'

- Measures to be taken
    - Reduction of fleet and aircraft types to minimise maintenance costs and increase crew efficiency; different aircraft types put up for sale, including A300s, A330s and A340s
    - Amendment of aircraft Leases with more favourable terms and lease rates, e.g., Power-by-the Hour contracts
    - Adjustment of flight routes and cancellation of low return flights
    - Downsizing the workforce and flattening the hierarchy
- Capital raise of about USD 1.5 billion necessary to repay the debt
- Fleet of 86 aircraft and five different aircraft types in 2025; phasing-out Boeing 747s
- Thai expects to return to profits in 2023 and to state shareholder equity above zero in 2030
- Thailand´s economy is dependent on tourism and Thai Airways benefits from measures initiated by the Government to stimulate tourism arrivals (objective to return to pre-Covid levels before 2025), such as the "sandbox model":
    - Opening of specific regions to foreign fully vaccinated tourists from countries considered as "low-risk" without any mandatory quarantine requirements
    - 1st July 2021: Province of Phuket reopened
        - Arrival of nearly 2,000 tourists within the first five days
        - Thai operates flights from London, Frankfurt, Paris, and Zurich to Phuket
        - 426 inbound flights expected during July
        - 100,000 tourist arrivals targeted for the third quarter 2021
    - 15th July 2021: Islands Koh Samui, Koh Phangan and Koh Tao re-opened
    - If the sandbox model proves to be successful, further provinces will follow to be opened

ASSET MANAGER'S REPORT (CONTINUED)

THE LESSEE (CONTINUED)

Thai Airways International Public Company Limited (continued)

Comments & conclusions

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

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

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

Nevertheless, there is no guarantee for the airline´s survival and Thailand is also hit by an increasing number of daily COVID-19 cases. However, it might be considered that the carrier´s long-term existence is in the interest of the country as tourism counted for one fifth of the country´s national income (pre-Covid). A successful proof of the "sandbox-model" could be a first step on the long road of recovery of Thai Airways.

THE ASSETS

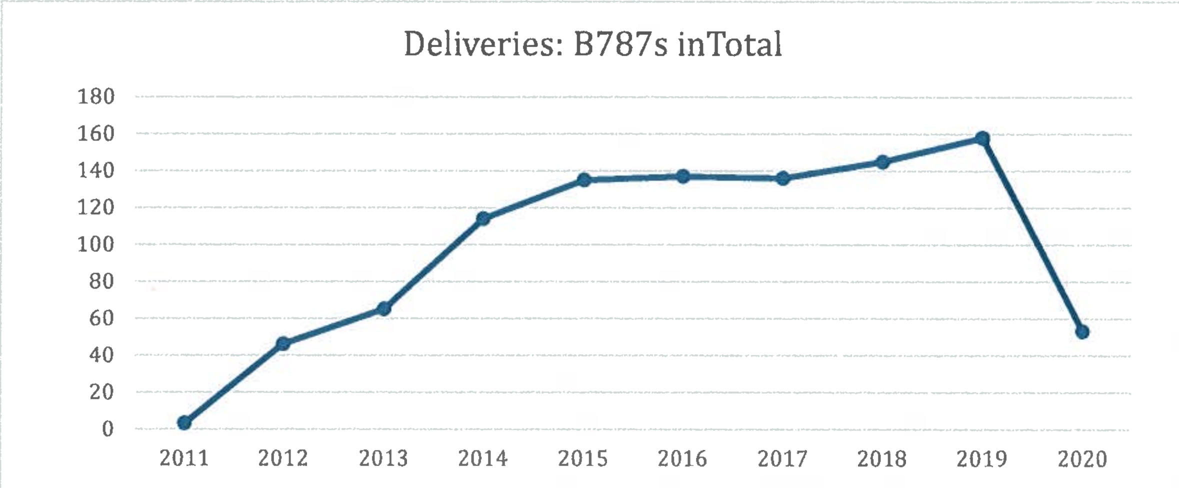
Update B787

- Monthly production rate to be reduced below five aircraft monthly
- 82 undelivered B787s in storage due to COVID-19 pandemic and fuselage defects
- According to the world´s biggest lessor AerCap, the re-opening of the transatlantic market might brighten the outlook for the B787 which AerCap considers as one of the most successful widebody aircraft

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Update B787 (continued)



Source: Boeing, 26th March 2021

Assets & Operations

<u>Overview</u>

Both aircraft TQC and TQD are back in commercial operations. TQC completed the return-to-service check at Don Mueang Airport in Bangkok 4th June 2021, operated its test flight 21st June 2021 and returned to commercial operations 29th June 2021. TQD completed the return-to-service check at Don Mueang Airport in Bangkok 15th June 2021, operated its test flight 4th July 2021 and returned to commercial operations 8th July 2021. Since then, both aircraft have been deployed to Tokyo (Japan) and have been operated to Europe to fly tourists to Phuket as part of the sandbox-model.

AIRCRAFT OPERATIONS	Thai Airways	
	HS-TQC	HS-TQD
Cabin Layout	24 Business Class Seats 240 Economy Class Seats	
LAST PHYSICAL INSPECTION		
Date	23.06.2021	6.07.2021
Place	Bangkok Airport (BKK)	
Type of inspection	Inspection after return-to-service-check	
AIRFRAME STATUS (31st July 2021)		
Total Flight Hours	17,013	15,642
Total Flight Cycles	3,835	3,615
Hours/cycles ratio since delivery	4.44	4.33

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Assets & Operations (continued)

Titled Engines Report

As at 31st July 2021	HS-TQC		HS-TQD	
	ESN 10239	ESN 10240	ESN 10244	ESN 10244
Total Time [Flight Hours]	15,436	10,518	11,188	16,911
Total Flight Cycles	3,455	2,583	2,698	3,707
Location	On-wing	Shop	On-wing	On-wing
Remarks		ESN 10240 beyond economical repair; to be replaced by Rolls-Royce		

As the titled engine ESN 10240 was declared a total loss, the asset manager has worked together with Thai Airways to appropriately replace that engine. A replacement engine had been suggested and the process of reviewing the respective records and physical condition has been completed. As soon as all commercial aspects are agreed, the suggested replacement engine will be accepted and a title transfer performed. The complete technical process of the engine replacement, including testing, is supported and monitored closely by the asset manager´s on-site team. Apart from this, a temporary replacement engine is installed on TQC to support the commercial operations.

Asset Manager´s actions to ensure asset value

Keeping the assets under management in the best possible condition and in accordance with the manufacturer's requirement is the top priority for DS Aviation as DP Aircraft´s Asset Manager. Given the unfortunate combination of the two circumstances of Trent 1000 issues and the COVID-19 pandemic, TQC and TQD had been stored since different dates back in 2019 until mid-2021. This, including some findings during the storage inspections as well as Thai undergoing restructuring, made a closer monitoring of the assets essential, particularly during the storage period. This included amongst others:

- On-site representative
- Additional physical and records inspections as well as follow-up inspections
- Following-up on findings´ rectification
- Back-to Birth records review
- Regular calls with Lessee
- Negotiation of asset condition as part of restructuring agreements

All these measures proved to be successful as TQC and TQD are the first of Thai`s stored B787 fleet which returned to commercial service. Although the current utilisation of the aircraft is lower than back in 2019 before the pandemic hit the global airline industry, it is a positive sign and generates income for the Lessor.

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

Comments and Conclusions

COVID-19 not only impacts the airline and travel industry but the entire aviation business, including manufacturers. As some airlines even downsized their fleet, particularly through retirement of older less fuel-efficient aircraft, they are reluctant in placing new orders and look for opportunities to cancel orders or postpone deliveries. Boeing announced stopping production of the B747 last year and further to postpone its first B777X delivery. However, the second quarter 2021 showed a slight recovery in Boeing´s aircraft deliveries, numbers rose from 20 to 79 compared with the same quarter in the previous year.

Airlines gradually started to bring back stored aircraft into commercial operations as travel demand increased. Airlines who take advantage of the lower lease rates and purchase prices in the market, generally decide for efficient and new technology aircraft such as B787s or A350s (as example in the wide body segment) as due to airline failures and restructurings resulting from the pandemic, even these new technology aircraft have entered the secondary market. Airlines who are able to benefit from this situation might have a significant advantage on the longer term as their cost structure might be more competitive. It remains to be seen when and if lease rates will return to pre-Covid levels.

In these times of uncertainty, it remains essential for Lessors to closely monitor the asset conditions and put all efforts to keep the value of the aircraft.

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

DIRECTORS

Jonathan (Jon) Bridel, *Non-Executive Chairman (56)*
Jon is a Guernsey resident and is currently a non-executive director of The Renewables Infrastructure Group Limited (FTSE 250), Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and SME Credit Realisation Fund Limited (in wind down) which are listed on the Main Market of the London Stock Exchange. Other companies include Fair Oaks Income Fund Limited. Jon was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands and served as a director on other RBC companies including RBC Regent Fund Managers Limited. Prior to joining RBC, Jon served in a number of senior management positions in banking, specialising in credit and corporate finance and private businesses as Chief Financial Officer in London, Australia and Guernsey having previously worked at Price Waterhouse Corporate Finance in London.

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

Jeremy Thompson, *Non-Executive Director (66)*
Jeremy Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a non-executive director to a number of businesses which include three private equity funds and to an Investment Manager serving the listed NextEnergy Solar Fund Limited. In addition, Jeremy is also a non-executive director of London listed Riverstone Energy Limited. Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group. Jeremy has studied and worked in the UK, USA and Germany.

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

Harald Brauns, *Non-Executive Director (67)*
Harald is a German banker with extensive experience in the specialised lending sector. He joined NORD/LB Hannover, Germany in 1977 with a first engagement in the shipping segment. In 1985 he started the aircraft finance activities for the bank from scratch. As the Global Head of Aircraft Finance, he built successively a team of more than 40 dedicated aviation experts located in Hannover, New York and Singapore. Focused on an asset-based business model with sophisticated solutions for selected clients he and his team advanced to global leaders in commercial aircraft finance with an exposure of well above US$ 10 billion split over a portfolio of 650 aircraft assets. After more than 35 years in the aviation industry Harald retired in October 2019. He is a resident in Germany and was appointed as a non-executive director of the Company with effect from 1 November 2019.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

These are the principal risks and uncertainties that the Group is facing and expects to continue to facing in the second half of 2021.

Geopolitical and economic risks
The Company leases aircraft to customers operating in multiple jurisdictions exposing it to (i) many and varying economic, social, legal and geopolitical risks, (ii) instability in key markets and (iii) global health pandemics. The Directors continue to monitor the development of COVID-19 and are continuing to assess the impact on the Company. Exposure to multiple jurisdictions may adversely affect the Company's future performance, position and growth potential. The adequacy and timeliness of the Company's response to emerging risks in these jurisdictions are of critical importance to the mitigation of their potential impact on the Company.

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

Thai Airways
Thai went into debt rehabilitation on 27 May 2020 and the business rehabilitation plan was only just approved on 15 June 2021 by the Central Bankruptcy Court of Thailand. There is risk that the business rehabilitation plan does not achieve the desired results, and this could have an adverse impact on the entity's lease arrangement with Thai Airways. Rental due up to 14 September 2020 was to be resolved as part of the rehabilitation and there is no guarantee that the Group will recover partially or in full the amounts due as the rehabilitation plan is put into action.

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

COVID-19 Impact
COVID-19 has spread across the globe, with major outbreaks across China, the Middle East, Europe and America, resulting in widespread restrictions on the ability of people to travel, socialise and leave their homes. COVID-19 has had a significant impact for the airline sector, and by extension the aircraft leasing sector. Thai Airways entered into restructuring in 2020 and is still in the first stages of implementing an approved rehabilitation plan. NAS put its lessee entity into liquidation in early 2021 following a de-facto termination of the lease agreement with the Group in December 2020. Given the continuing evolution of the significant impact of, and the uncertainties created by COVID-19, this has meant that this risk has now become the most significant.

Asset risk
The Company's Assets comprise of four Boeing 787-8 aircraft. However, two aircraft that were leased to NAS have been taken over by NordLB in February 2021 following NordLB declaring an Event of Default on its loan agreements and enforcing its security rights to the aircraft.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Asset risk (continued)
The Group bears the risk of selling or re-leasing the remaining aircraft in its fleet at the end of their lease terms or if the lease is terminated. If demand for aircraft decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and may result in a further

impairment charge. The Directors have engaged an asset manager with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required to reduce this risk. Any lasting impact of the COVID-19 situation on both aircraft demand and lease rates continues to be unknown.

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

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

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

There is no guarantee that the business rehabilitation process of Thai Airways will be successful. Failure of any material part of the business rehabilitation plan may have an adverse impact on its ability to comply with its obligations under the LOI entered into during March 2021.

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

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

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk (continued)

As detailed in the Summary report on page 5, NordLB has declared an Event of Default and enforced its security over the Group's NAS aircraft, related lease contract rights, cash balances and shares held in Norwegian. The NordLB debt default impacts solely upon the two NAS aircraft and has no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself.

Boeing

Company exposure to Boeing in terms of ongoing guarantees and commitments could be negatively impacted with any ongoing 737-Max problems 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 in time.

Rolls Royce

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

GOING CONCERN

Going Concern – Material Uncertainty
The Directors have prepared the interim financial statements for the period ended 30 June 2021 on the going concern basis. However, the Directors have identified the matters referred to below, in addition to Company operational requirements that may not be within the control of the Company, which indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and that the Company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

COVID-19 has resulted in widespread restrictions on the ability of people to travel, socialise and leave their homes and has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. As at 30 June 2021 the Company has two (2) Boeing 787 aircraft (the 'Aircraft') leased to Thai Airways International ('Thai').

The application of the going concern basis of preparation is dependent upon the Company's aircraft leasing and the related financing activities as described below.

Thai - leases and related loans
The Thai Leases
In March 2021 the Company signed a LOI with Thai Airways under which the parties agreed to amend the existing lease terms. The new terms provide for a PBH arrangement until 31 December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with scaled back monthly fixed lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was extended for 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consulting the Lenders. Thai Airways also undertook to ensure that the Thai aircraft are airworthy and in flight ready condition in all respects by 30 June 2021, and this has been achieved. A corresponding agreement was reached with the bank providing finance for the aircraft leased to Thai Airways, see below.

The Thai Loans
On 6 May 2021, subsequent to the new lease arrangements entered into by the Company and Thai as described above, the Company and DekaBank have amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of principal will be deferred until the end of the PBH arrangement, 31 December 2022; and the Company and DekaBank will enter into discussions at that time to determine how best to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Company in respect of the Thai aircraft, and the running costs of the Company and its subsidiaries. The loan is secured by charges over the two Thai aircraft and the underlying leases.

The Directors expect that the Thai rehabilitation plan, approved on 15 June 2021, which is in the early stages of implementation will succeed and, under the terms of the new lease to be entered into with Thai based on the LOI signed on 2 March 2021 and the corresponding agreement reached with the bank providing finance for the aircraft leased to Thai Airways (DekaBank), the Company will have sufficient liquidity from (i) the lease payments from Thai and (ii) monies that will be raised from an equity fund raise expected to be successful based on liaison with sufficient shareholders and (iii) utilising certain of its own funds to continue to meet all of its obligations under the Thai loans as well as operating costs for the Group.

NordLB and loans advanced to former subsidiaries
The default and enforcement of security as detailed previously impact solely upon the two NAS aircraft. They have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways and there is no recourse by NordLB to the Company itself.

GOING CONCERN (CONTINUED)

Conclusion

The Directors have considered the Group's cash requirements for a period of 12 months from the signing of these interim financial statements. This forecast shows the likely need for further equity to be raised to fund the period post 12 months and to allow for other contingencies given the Group's circumstances. However, the Directors believe that it is appropriate to prepare these interim financial statements under the going concern basis of preparation due to:-

- The continuing support of DekaBank which made loans to the Group (with certain loan concessions);
- The ongoing viability of Thai Airways following approval by Thailand's Central Bankruptcy Court of the revised lease per the LOI and, the ability of Thai Airways to satisfy the terms of the LOI for the revised lease;
- The expectation that an equity fund raise will be successful based on liaison with sufficient shareholders;
- Having regard to the limited recourse nature of the loans which means NordLB debt default impacts solely upon DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited and have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself; and
- The expectation that all operational requirements will continue to be fulfilled.

No adjustments have been made to the interim financial statements in the event that the Company was unable to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the six months ended 30 June 2021
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 interim financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of interim financial statements in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board ('IASB') and the DTR of the UK FCA;
- ensure the condensed set of interim 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 interim 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 interim financial statements included within the half-yearly financial report of DP Aircraft I Limited ('the Company') for the six months ended 30 June 2021 (the 'interim financial information') which comprises Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed 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, issued by the IASB, 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 interim 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

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Review Report to DP Aircraft I Limited

Introduction

We have been engaged by DP Aircraft I Limited ("the Entity" or "the Group") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity, and the related explanatory notes. Our review was conducted in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK & Ireland) 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 2021 is not prepared, in all material respects in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Material uncertainty related to going concern

We draw attention to Note 3 ('Significant Judgements and Estimates – Going Concern') in the financial statements, which outlines the Group's dependencies on the ongoing viability of Thai Airways, which alongside the continuing support of the Group's lender, Dekabank, are key uncertainties in the coming 12 months. Furthermore, the directors consider that there is an expectation that the Group will require further equity to be raised in the period post 12 months from the date of approval of these financial statements. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. As disclosed in note 2, the annual financial statements of the Group for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 issued by the International Accounting Standards Board ("IASB").

Our responsibility

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

KPMG

Independent Review Report to DP Aircraft I Limited *(continued)*

Scope of review

We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 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.

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

This report is made solely to the Entity in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Entity 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 Entity for our review work, for this report, or for the conclusions we have reached.

Niall Naughton

Niall Naughton — 17 September 2021

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2021

	Note	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Revenue			
Lease rental income	4	12,915,197	27,449,994
Expenses			
Asset management fees	23	(525,325)	(512,512)
Asset Manager's disposal fee	23	-	2,479,634
General and administrative expenses	5	(1,750,546)	(1,081,706)
Depreciation and amortisation	10	(87,581)	(10,857,218)
Impairment charge on aircraft and related components	10	-	(86,892,116)
Expected credit loss on receivables	15	(12,508,499)	(1,304,638)
		(14,871,951)	(98,168,556)
Operating loss		(1,956,754)	(70,718,562)
Net (losses)/gains on financial assets at fair value	12	(8,547,935)	3,085,028
Gain on derivatives at fair value		459,015	-
Loss on loss of control of subsidiary undertakings	7	(9,874,940)	-
Dividend income		9,549	-
Finance costs	6	(4,314,137)	(4,417,263)
Finance income		11,693	94,110
Net finance costs		(22,256,755)	(1,238,125)
Loss before tax		(24,213,509)	(71,956,687)
Taxation	8	42,078	(36,228)
Loss for the period		(24,171,431)	(71,992,915)
Other Comprehensive Loss			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – changes in fair value	21	-	(3,529,174)
Cash flow hedges – reclassified to profit or loss	21	-	632,113
Total Other Comprehensive Loss		-	(2,897,061)
Total Comprehensive Loss for the period		(24,171,431)	(74,889,976)
		US$	US$
Loss per Share for the period - basic and diluted	9	(0.1155)	(0.3439)

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

The notes on pages 31 to 54 form an integral part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2021

	Note	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
NON-CURRENT ASSETS			
PPE – Aircraft & Related Components	10	126,512,419	126,600,000
Total non-current assets		126,512,419	126,600,000
CURRENT ASSETS			
Cash and cash equivalents		2,036,054	6,949,167
Restricted cash	14	19,111,945	27,438,332
Trade and other receivables	15	440,700	45,930
Investments held at fair value	12	-	15,630,526
Assets held for sale	11	-	82,000,000
Loans receivable at fair value	13	-	-
Total current assets		21,588,699	132,063,955
TOTAL ASSETS		148,101,118	258,663,955
EQUITY			
Share capital	19	210,556,652	210,556,652
Accumulated losses		(176,516,888)	(152,345,457)
Total equity		34,039,764	58,211,195
NON-CURRENT LIABILITIES			
Bank borrowings	18	98,413,859	-
Maintenance reserves	16	14,460,682	14,460,682
Total non-current liabilities		112,874,541	14,460,682
CURRENT LIABILITIES			
Bank borrowings	18	138,617	180,915,582
Derivative instrument liabilities	21	-	4,183,715
Trade and other payables	17	1,048,196	892,781
Total current liabilities		1,186,813	185,992,078
TOTAL LIABILITIES		114,061,354	200,452,760
TOTAL EQUITY AND LIABILITIES		148,101,118	258,663,955

The financial statements on pages 27 to 54 were approved by the Board of Directors and were authorised for issue on 16 September 2021. They were signed on its behalf by:

Jon Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 31 to 54 form an integral part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Loss for the period	(24,171,431)	(71,992,915)
Adjusted for:		
Depreciation	87,581	8,676,208
Amortisation	-	2,181,010
Impairment loss	-	86,892,116
Amortisation of deferred finance costs	-	146,003
Finance costs	4,314,137	4,271,260
Income tax expense	(42,078)	36,228
Loss on loss of control of subsidiary undertakings	9,874,940	-
Net losses/(gains) on financial assets at fair value	8,547,935	(3,085,028)
Gain on derivatives at fair value	(459,015)	-
Expected credit loss	12,508,499	1,304,638
Changes in:		
Decrease in security deposits payable	-	(10,974,880)
Increase in maintenance provision	-	1,287,945
Decrease in deferred income	-	(2,555,135)
Decrease in Asset Manager's performance fee	-	(2,479,634)
Increase in trade and other payables	270,978	542,496
(Increase)/decrease in trade and other receivables	(12,903,269)	48,463
Income taxes paid	-	(36,228)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**(1,971,723)**	**14,262,547**
INVESTING ACTIVITIES		
Sale proceeds of investments held at fair value	4,069,880	-
Cash impact on loss of control of subsidiary undertakings (see note 7)	(5,456,182)	-
Restricted cash	1,490,797	5,382,644
NET CASH FLOW FROM INVESTING ACTIVITIES	**104,495**	**5,382,644**
FINANCING ACTIVITIES		
Dividends paid	-	(4,710,000)
Bank loan principal repaid	(274,173)	(10,809,624)
Bank loan interest paid	(2,469,951)	(3,732,773)
Swap interest paid	(301,761)	(575,976)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(3,045,885)**	**(19,828,373)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,949,167**	**12,216,093**
Decrease in cash and cash equivalents	(4,913,113)	(183,182)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,036,054**	**12,032,911**

The notes on pages 31 to 54 form an integral part of these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2021

	Note	Share Capital US$	Accumulated Losses US$	Hedging Reserve US$	Total Equity US$
As at 1 January 2020		210,556,652	7,491,594	(2,348,841)	215,699,405
Total comprehensive loss for the period					
Loss for the period		-	(71,992,915)	-	(71,992,915)
Other comprehensive loss		-	-	(2,897,061)	(2,897,061)
Total comprehensive loss		-	**(71,992,915)**	**(2,897,061)**	**(74,889,976)**
Transactions with owners of the Company					
Dividends	20	-	(4,710,000)	-	(4,710,000)
As at 30 June 2020 (unaudited)		**210,556,652**	**(69,211,321)**	**(5,245,902)**	**136,099,429**
As at 1 January 2021		210,556,652	(152,345,457)	-	58,211,195
Total comprehensive loss for the period					
Loss for the period		-	(24,171,431)	-	(24,171,431)
Total comprehensive loss		-	**(24,171,431)**	-	**(24,171,431)**
Transactions with owners of the Company					
Dividends	20	-	-	-	-
As at 30 June 2021 (unaudited)		**210,556,652**	**(176,516,888)**	-	**34,039,764**

The notes on pages 31 to 54 form an integral part of these interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

1) GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements (the 'interim financial statements') incorporate the results of the Company and that of wholly owned subsidiary entities, DP Aircraft Guernsey I Limited (consolidated up to 26 February 2021), DP Aircraft Guernsey II Limited (consolidated up to 26 February 2021), DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and two intermediate lessor companies, DP Aircraft Ireland Limited (consolidated up to 26 February 2021) and DP Aircraft UK Limited (the 'Lessors'), an Irish incorporated 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

Basis of preparation

The interim financial statements for the period 1 January 2021 to 30 June 2021 have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ('IASB')and the Disclosure and Transparency Rules (the 'DTRs') of the UK's Financial Conduct Authority (the 'FCA').

The interim 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 2020. The Group's annual financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the IASB and are available on the Company's website or from the Company Secretary.

The interim 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 2020 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 2021.

These are not-statutory financial statements. The last statutory financial statements were issued on 12 May 2021, and they were not qualified.

The Directors have concluded that there are no new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2021 which have a material impact on the interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six-month period ended 30 June 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of unaudited condensed consolidated interim 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.

Information about assumptions and estimation uncertainty at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the interim financial statements for the period are:

a) *Significant judgements*

Going Concern – material uncertainty

The Directors have prepared the interim financial statements for the period ended 30 June 2021 on the going concern basis. However, the Directors have identified the matters referred to below, in addition to Company operational requirements that may not be within the control of the Company, which indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and that the Company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

COVID-19 has resulted in widespread restrictions on the ability of people to travel, socialise and leave their homes and has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. As at 30 June 2021 the Company has two (2) Boeing 787 aircraft (the 'Aircraft') leased to Thai Airways International ('Thai').

The application of the going concern basis of preparation is dependent upon the Company's aircraft leasing and the related financing activities as described below.

Thai - leases and related loans

The Thai Leases

In March 2021 the Company signed a LOI with Thai Airways under which the parties agreed to amend the existing lease terms. The new terms provide for a PBH arrangement until 31 December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft), with scaled back monthly fixed lease payments thereafter until 2026, reflecting the reduced rates now seen in the market. The lease term was extended by 3 years to December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consulting the Lenders. Thai Airways also undertook to ensure that the Thai aircraft are airworthy and in flight ready condition in all respects by 30 June 2021, and this has been achieved. A corresponding agreement was reached with the bank providing finance for the aircraft leased to Thai Airways, see below.

The Thai Loans

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six-month period ended 30 June 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

a) *Significant judgements (continued)*

Going Concern – material uncertainty (continued)
in respect of the Thai aircraft, and the running costs of the Company and its subsidiaries. The loan is secured by charges over the two Thai aircraft and the underlying leases.

The Directors expect that the Thai rehabilitation plan, approved on 15 June 2021, which is in the early stages of implementation will succeed and, under the terms of the new lease to be entered into with Thai based on the LOI signed on 2 March 2021 and the corresponding agreement reached with the bank providing finance for the aircraft leased to Thai Airways (DekaBank), the Company will have sufficient liquidity from (i) the lease payments from Thai and (ii) monies that will be raised from an equity fund raise expected to be successful based on liaison with sufficient shareholders and (iii) utilising certain of its own funds to continue to meet all of its obligations under the Thai loans as well as operating costs for the Group.

NordLB and loans advanced to former subsidiaries
The default and enforcement of security as detailed previously impact solely upon the two NAS aircraft. They have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways and there is no recourse by NordLB to the Company itself.

Conclusion
The Directors have considered the Group's cash requirements for a period of 12 months from the signing of these interim financial statements. This forecast shows the likely need for further equity to be raised to fund the period post 12 months and to allow for other contingencies given the Group's circumstances. However, the Directors believe that it is appropriate to prepare these interim financial statements under the going concern basis of preparation due to:-

- The continuing support of DekaBank which made loans to the Group (with certain loan concessions);
- The ongoing viability of Thai Airways following approval by Thailand's Central Bankruptcy Court of the revised lease per the LOI and, the ability of Thai Airways to satisfy the terms of the LOI for the revised lease;
- The expectation that an equity fund raise will be successful based on liaison with sufficient shareholders;
- Having regard to the limited recourse nature of the loans which means NordLB debt default impacts solely upon DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited and have no effect upon the Company's arrangements in respect of the aircraft which it leases to Thai Airways; and there is no recourse by NordLB to the Company itself; and
- The expectation that all operational requirements will continue to be fulfilled.

No adjustments have been made to the interim financial statements in the event that the Company was unable to continue as a going concern.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

a) Significant judgements (continued)

Loss of control of subsidiary undertakings (continued)

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

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect the amount of the investor's returns.

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

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

Fair value of loans advanced to the former subsidiaries as well as the fair value of the shares held in the formers subsidiaries on loss of control is dependent on monies that the former subsidiaries expect to receive from NordLB. NordLB has appointed a receiver to dispose of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to the bank, and any balance remaining thereafter being remitted to the relevant former subsidiaries of the Company. After NordLB loans are paid off, no surplus proceeds are expected to be received therefore the loans and the retained interest in the subsidiaries have a nil fair value on loss of control.

Note, the loans advanced to the former subsidiaries are limited recourse loans and on initial recognition the Group has economic exposure to the underling aircraft value and cash flows instead of exposure to the borrowers' overall credit risk and cash flows. Therefore, the loans are classified as financial assets at fair value through profit or loss in line with IFRS 9 Financial Instruments ('IFRS 9').

Modification of borrowings

During the period there was a restructure of the loans advanced by DekaBank. The Directors have, in line with IFRS 9, assessed whether the modification was substantial. If deemed substantial, then the original loan liability would have been derecognised and a new loan liability recognised. The assessment was done on a quantitative basis and compared the net present value of the modified cash flows including any fees payable or receivable against the net present value of the remaining cash flows of the loan prior to the modification, both discounted at the original effective interest rate. A difference of 10% or more would have been considered substantial as is advised in IFRS 9. The directors have assessed this and considered the modification not to be substantial.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six-month period ended 30 June 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

b) Significant estimates

Impairment of property, plant and equipment
As with each reporting date, but more relevant in light of the developments of COVID-19, a detailed impairment assessment of the aircraft and lease premiums has been undertaken.

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

Thai Aircraft
In considering the impairment of the Thai aircraft the board considered both the value in use and the fair value less costs to sell. The value in use is based on independent valuations. The fair value less costs to sell is based on the current market values based on independent valuations. The board considered it appropriate not to apply any discounts and adjustments for these aircraft given the specific circumstances of these aircraft.

The fair values (current market value) estimated by the independent valuers support the carrying values of the aircraft. In addition, the lease encumbered (value in use) also continue to support the carrying value of the aircraft. The key estimates in calculating the lease encumbered values derived by the independent valuers were the aircraft residual values at end of the respective leases and the ability of Thai to pay future rental income which is captured in the discount rate applied. A range between 7.5-8% has been applied as the discount rate by the independent valuers. As the current market values support the carrying costs the discount rate has not been adjusted to be a specific rate to the Company as opposed a third party buyer.

The board considered all possible valuation ranges and concluded that the aircraft were not impaired further as at 30 June 2021. Therefore, no impairment loss has been recognised during the interim period ended 30 June 2021 (30 June 2020: US$ 71,238,614).

The board also considered if there was an indication that the prior year Thai aircraft impairment of US$ 58,839,697 had reversed in full or partially during the period and concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the interim period ended 30 June 2021.

The board also considered if there was an indication that the prior year Thai aircraft lease premium impairments of US$ 9,198,446 (fully impaired) had reversed in full or partially during the period and concluded that based on the fact that there has been no changes to the lease terms that led to impairment in the first place, there was no impairment reversal during the interim period ended 30 June 2021.

Depreciation of aircraft
The Group depreciates the Assets on a straight-line basis over the remaining lease life, taking into consideration the estimated residual value at the end of the lease term. In making a judgement regarding these estimates the Directors will consider previous sales of similar aircraft and other available aviation information. The Group engages three Independent Expert Valuers each year to provide a valuation of the Assets and take into account the average of the three valuations provided. In performing their valuations, the Independent Expert Valuers will have regard to factors such as the prevailing market conditions (which may

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

b) *Significant estimates (continued)*

Depreciation of aircraft (continued)

impact on the resale value of the Assets), the leases (including the scheduled rental payments and remaining scheduled term of the leases) and the creditworthiness of the lessees. Accordingly, any early termination of the leases may impact on the valuation of the Assets.

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

The full life inflated value is the appraiser's opinion of the underlying economic value of the aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes full consideration of its "highest and best use". An aircraft's full life value is founded in the historical trend of values and in the projection of value trend and presumes an arm's-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. The full life inflated values used within the interim financial statements match up the two lease termination dates and have been discounted by the inflation rate incorporated into the valuations. The residual value of the aircraft does not represent the current fair value of the aircraft.

The residual value estimates at the end of each year are used to determine the aircraft depreciation of future periods. The residual value estimates for aircraft not held for sale as at 31 December 2020 was US$ 125,572,493 (31 December 2019: US$ 132,158,208), carrying value as at 31 December 2020 was US$ 126,000,000 (31 December 2019: US$ 194,508,960). As a result, the year ending 31 December 2021 and future aircraft depreciation charges for aircraft not held for sale, with all other inputs staying constant, will be US$ 175,160 (2019: US$ 10,635,167). The actual aircraft depreciation charge for 2022 onwards will vary based on the residual value estimates as at 31 December 2021.

4) LEASE RENTAL INCOME

	Period ended 30 June 2021 US$	Period ended 30 June 2020 US$
Total lease rental income	**12,915,197**	**27,449,994**

Rental income per customer in the current period is made up as follows:

	Period ended 30 June 2021 US$	Period ended 30 June 2020 US$
Norway	-	13,721,154
Thailand	12,915,197	13,728,840
Total lease rental income	**12,915,197**	**27,449,994**

All lease rental income was derived from two customers, one located in Norway and one in Thailand and all four Assets leased were Boeing 787-8 aircraft. As detailed in the 31 December 2020 annual financial statements, the lease agreements with NAS were in the judgement of the Directors de-facto terminated in December 2020, therefore no rental income has been earned from NAS in the current period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six-month period ended 30 June 2021

4) LEASE RENTAL INCOME (CONTINUED)

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

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

The contractual future lease rentals to be received under non-cancellable operating leases effective as at the reporting date are:

	Boeing 787-8 Serial No: 35304	Boeing 787-8 Serial No: 35305	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
30 June 2021	**US$**	**US$**	**US$**		**US$**
< 1 year	-	-	-	-	-
1 to 2 years	-	-	3,060,000	3,060,000	6,120,000
2 to 3 years	-	-	6,120,000	6,120,000	12,240,000
3 to 4 years	-	-	6,120,000	6,120,000	12,240,000
4 to 5 years			6,120,000	6,120,000	12,240,000
>5 years			2,698,065	2,035,846	4,733,911
	-	**-**	**24,118,065**	**23,455,846**	**47,573,911**

	Boeing 787-8 Serial No: 35304	Boeing 787-8 Serial No: 35305	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
30 June 2020	**US$**	**US$**	**US$**		**US$**
< 1 year	8,400,000	8,400,000	13,745,640	13,712,040	44,257,680
1 to 2 years	8,400,000	8,400,000	13,745,640	13,712,040	44,257,680
2 to 3 years	8,400,000	8,400,000	13,745,640	13,712,040	44,257,680
3 to 4 years	8,400,000	8,400,000	13,745,640	13,714,040	44,257,680
4 to 5 years	7,956,826	8,400,000	13,745,640	13,712,040	43,814,506
>5 years	-	848,174	19,472,990	17,140,050	37,461,214
	41,556,826	**42,848,174**	**88,201,190**	**85,700,250**	**258,306,440**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six-month period ended 30 June 2021

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Restructuring costs	1,170,073	640,507
Legal and professional fees	104,826	100,017
Directors' fees and expenses	119,063	109,576
Administration fees	232,631	141,656
Insurance	12,492	28,393
Audit fees	41,585	26,806
Other fees and expenses	69,876	34,751
Total general and administrative expenses	**1,750,546**	**1,081,706**

The restructuring fees include professional fees in relation to the renegotiation of the aircraft leases and associated bank loans. Administration fees were higher in the current interim period because of significant extra work required.

6) FINANCE COSTS

	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Loan interest paid and payable	3,146,054	3,639,147
Amortisation of deferred finance costs	-	146,003
Total finance costs at effective interest rate*	3,146,054	3,785,150
Swap interest paid and payable	228,277	-
Swap breakage costs (see note 21)	939,806	-
Cash flow hedges reclassified from other comprehensive income	-	632,113
Total finance costs	**4,314,137**	**4,417,263**

* On liabilities measured at amortised cost

7) LOSS OF CONTROL OF SUBSIDIARY UNDERTAKINGS

As detailed in note 3, the Group lost control of the subsidiaries DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited effective 26 February 2021 as a result of receivership proceedings instigated by NordLB following an Event of Default on the NordLB loan and enforcement of security NordLB had over the two NAS aircraft, the related lease and contract rights, and the shares in the Irish special purpose vehicle which holds title to the NAS aircraft.

As a result of the loss of control of DP Aircraft Ireland Limited and the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, the Group has derecognised the assets and liabilities of these subsidiaries as at the date control was determined to be lost, being 26 February 2021. A resulting loss on loss of control of subsidiary undertakings has been recognised in profit or loss. The interest retained in the former subsidiaries as well as the loans advanced to them, were measured at fair value at the date of loss of control.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

7) LOSS OF CONTROL OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

Effect of loss of control summarised:

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

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 (2020: £1,200).

DP Aircraft Ireland Limited and DP Aircraft UK Limited are subject to taxation at the applicable rate in Ireland and the United Kingdom respectively. The amount of tax credit during the period ended 30 June 2021 was US$ 42,078 (period 1 January 2020 to 30 June 2020: tax charge of US$ 36,228). The Directors do not expect the taxation payable or refundable to be material to the Group.

A tax reconciliation has not been presented in these interim financial statements as the effective tax rate of 0.18% is not material and the reconciliation is not relevant to the understanding of the Company's results for the period end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

9) LOSS PER SHARE

	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Loss for the period	(24,171,431)	(71,992,915)
Weighted average number of shares	209,333,333	209,333,333
Loss per share	**(0.1155)**	**(0.3439)**

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

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

30 June 2021	Aircraft (unaudited) US$	Lease Premium (unaudited) US$	Total (unaudited) US$
COST			
As at 1 January and 30 June 2021	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION			
As at 1 January 2021	53,291,464	8,200,047	61,491,511
Charge for the period	87,581	-	87,581
As at 30 June 2021	**53,379,045**	**8,200,047**	**61,579,092**
IMPAIRMENT			
As at 1 January 2021	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
As at 30 June 2021	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 30 June 2021	**126,512,419**	**-**	**126,512,419**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

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

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

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 not held for sale as at 31 December 2020 was US$ 125,572,493 (31 December 2019: US$ 132,158,208). As a result, the year ending 31 December 2021 and future aircraft depreciation charges for aircraft not held for sale, with all other inputs staying constant, will be US$ 175,160 (2019: US$ 10,635,167). The actual aircraft depreciation charge for 2022 onwards will vary based on the residual value estimates as at 31 December 2021.

As detailed in note 3, as at 30 June 2021 there are no further impairments to the aircraft and lease premium. There are also no reversals of prior year impairments.

The loans entered into by the Group to complete the purchase of the two aircraft not held for sale are cross collateralised. Each of the loans are secured by way of security taken over each of the two aircraft.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

11) ASSETS HELD FOR SALE

The following major asset class has been classified as held for sale:

	30 June 2021 (unaudited)	31 December 2020 (audited)
Property, Plant and Equipment – Aircraft	-	82,000,000
	-	**82,000,000**

During the period, the assets held for sale have been derecognised as a result of loss of control of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as detailed in note 7.

12) INVESTMENTS HELD AT FAIR VALUE

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Opening balance	**15,630,526**	**-**
Additions	-	40,490,218
Disposal proceeds	(4,069,880)	-
Realised loss	(1,252,152)	-
Unrealised fair value loss to date of loss of control	(7,295,783)	(24,859,692)
Loss of control of subsidiary undertakings (see note 7)	(3,012,711)	-
Closing balance	**-**	**15,630,526**

Fair value movement is made up as follows:

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

Included within investments was the investment in Norwegian that was held through the former subsidiaries, DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. The investment in Norwegian has been derecognised as a result of loss of control of these subsidiary undertakings during the period as detailed in note 7.

Also, from 26 February 2021, included in the investments held at fair value through profit and loss are the shares retained in the former subsidiaries DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited, see note 7 regarding loss of control of the two subsidiaries. The fair value of the investment is based on net proceeds expected to be received by the former subsidiaries from NordLB post sale of the aircraft seized by NordLB. Based on probability weighted outcomes, the directors consider it unlikely that any proceeds will be received from NordLB and hence the investment in the former subsidiaries has been valued at US$ nil as at 30 June 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

13) LOANS RECEIVABLE AT FAIR VALUE

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
DP Aircraft Guernsey I Limited	-	-
DP Aircraft Guernsey II Limited	-	-
Total	-	-

The loans receivable are in relation to loans advanced to subsidiaries undertakings DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited by the Company. On initial recognition of the loans, after loss of control of the subsidiary undertakings on 26 February 2021, it was determined that the loans advanced have nil fair value (i.e., the loans are credit impaired at initial recognition). See note 3 for more details. The nominal principal value of each loan as at 30 June 2021 is US$ 57,905,079 and US$ 57,472,307 respectively for DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited.

The loans advanced are due to be repaid at the Company's request and no later than 30 June 2025 and are unsecured. Technically the loans bears interest at 9.61% however, given the loans advanced to the former subsidiary undertakings remain credit impaired, no interest is being recognised. Any recovery of the loan amounts, which is unlikely, is expected in the next 12 months after the two NAS aircraft have been sold by the receiver and hence the loans have been classified as current assets within the interim financial statements and are carried at nil fair value as at period end.

14) RESTRICTED CASH

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Security deposit accounts	90	5,054,768
Lease rental accounts	3,554,107	-
Maintenance reserves	15,557,748	22,383,564
Total restricted cash	**19,111,945**	**27,438,332**

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

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

As a result of loss of control of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as detailed in note 7, the group derecognised maintenance reserves restricted cash of US$ 6,835,590 from its accounts during the period. The remaining maintenance reserves relate only to Thai Airways.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

15) TRADE AND OTHER RECEIVABLES

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Prepayments	34,002	45,930
Rent receivable	13,666	10,111,605
Deferred revenue	393,032	-
Total trade and other receivables	**440,700**	**10,157,535**
Less: Lifetime Expected Credit Loss provision		
Rent receivable	-	(10,111,605)
Total provision	**-**	**(10,111,605)**
Net trade and other receivables	**440,700**	**45,930**

In the prior year the receivable was in relation to outstanding amounts due under the Thai leases and was fully provided for. The prior year rent receivable of US$ 10,111,605 has been written off in the current period as the balance will not be recovered following an amendment to the lease agreement with Thai. As part of the amendment, parties agreed that Thai would not pay rent due under old leases for the period 15 September 2020 to 15 June 2021. Also, per the amendment, rental due up to 14 September 2020 is to be resolved as part of the Thai rehabilitation. There is no expectation that this rental will be recovered given the continuing impact of COVID-19 on the airline sector and as a result this has also been fully written off. Also, as a result of the amendment, rental due between 1 Jan 2021 and 14 June 2021 of US$ 2,396,894 has been provided for and fully written off during the period to 30 June 2021.

The Group applies the IFRS 9 simplified approach to measuring ECL using a lifetime ECL provision for trade receivables. Movements in the impairment allowance for trade receivables are as follows:

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Opening provision for ECL	**10,111,605**	-
Increase during the period/year	12,508,499	11,416,244
Receivable written off	(22,620,104)	(1,304,639)
Closing provision for ECL	**-**	**10,111,605**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

16) MAINTENANCE RESERVES LIABILITY

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Refundable to Thai Airways	14,460,682	14,460,682
Total maintenance reserves	**14,460,682**	**14,460,682**

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

17) TRADE AND OTHER PAYABLES

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Swap interest payable	-	73,483
Accruals and other payables	1,021,746	720,674
Corporation tax payable	26,450	98,624
Total trade and other payables	**1,048,196**	**892,781**

18) BANK BORROWINGS

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Current liabilities: bank interest payable and bank borrowings	138,617	180,915,582
Non-current liabilities: bank borrowings	98,413,859	-
Total liabilities	**98,552,476**	**180,915,582**

The borrowings are repayable as follows:

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Interest payable	138,617	238,969
Within one year	-	180,676,613
In two to five years	91,306,089	-
After five years	7,107,770	-
Total bank borrowings	**98,552,476**	**180,915,582**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

18) BANK BORROWINGS (CONTINUED)

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

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
Opening balance	180,676,613	190,529,679
Repayment of loan	(274,173)	(11,700,921)
Amortisation of deferred finance costs	-	1,847,855
Interest capitalised	541,972	-
Loss of control of subsidiary undertakings (see note 7)	(82,530,553)	-
Principal bank borrowings	**98,413,859**	**180,676,613**
Interest payable	138,617	238,969
Total bank borrowings	**98,552,476**	**180,915,582**

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2021:

	Cash and cash equivalents US$	Principal US$	Interest US$	Derivative Instrument* US$	Net Debt US$
At 1 January 2021	**6,949,167**	**(180,676,613)**	**(238,969)**	**(4,257,198)**	**(178,223,613)**
Cash flows	(4,913,113)	274,173	2,469,951	301,761	(1,867,228)
Non cash:-					
Fair value movement	-	-	-	459,015	459,015
Interest charge	-	-	(3,146,054)	(228,277)	(3,374,331)
Interest capitalised	-	(541,972)	541,972	-	-
Termination	-	-	-	3,724,699	3,724,699
Loss of control of subsidiary undertakings	-	82,530,553	234,483	-	82,765,036
At 30 June 2021	**2,036,054**	**(98,413,859)**	**(138,617)**	**-**	**(96,516,422)**

*Including interest payable of US$ nil (2020: US$ 84,207).

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2020:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

18) BANK BORROWINGS (CONTINUED)

	Cash and cash equivalents US$	Principal US$	Interest US$	Derivative Instrument US$	Net Debt US$
At 1 January 2020	**12,216,093**	**(190,529,679)**	**(317,062)**	**(2,376,913)**	**(181,007,561)**
Cash flows	(183,182)	10,809,624	3,732,773	575,976	14,935,191
Non cash:-					
Fair value movement	-	-	-	(2,897,063)	(2,897,063)
Amortisation of deferred finance costs	-	(146,003)	-	-	(146,003)
Interest charge	-	-	(3,639,147)	(632,113)	(4,271,260)
At 30 June 2020	**12,032,911**	**(179,866,058)**	**(223,436)**	**(5,330,113)**	**(173,386,696)**

The balance of unamortised deferred finance costs at 30 June 2021 was US$ nil (30 June 2020: US$ 1,701,852).

The loans consist of the following:

	30 June 2021 (unaudited) US$	31 December 2020 (audited) US$
DekaBank Deutsche Girozentrale	98,552,476	98,001,743
Norddeutsche Landesbank	-	82,913,839
Total loans	**98,552,476**	**180,915,582**

As a result of loss of control of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited as detailed in note 7, the Group has derecognised the NordLB loan. Therefore, the remaining balance of bank borrowings relates only to DekaBank.

a) Norddeutsche Landesbank Girozentrale

During the period ended 31 December 2014 the Company utilised the proceeds from the initial public offering and the proceeds of two separate loans from Norddeutsche Landesbank Girozentrale ('NordLB') of US$ 79,800,000 each to fund the purchase of two Boeing 787-8 aircraft (NAS Aircraft). The balance on the loans at 30 June 2021 was US$ nil (31 December 2020: US$82,913,839).

The committed term of each loan was from the drawdown date until the date falling twelve years from the Delivery Date of the relevant Asset. Interest on each NordLB loan was payable in arrears on the last day of each interest period, which was one month long (the 'Interest Period'). Interest on each loan accrued at a floating rate of interest which was calculated using LIBOR for the length of the Interest Period and a margin of 2.6 per cent per annum (the 'loan Margin') ('Loan Floating Rate'). The Group had entered into an ISDA-standard hedging arrangement with NordLB as hedging provider in connection with the Loans, in order to provide for a fixed interest rate of 5.06% and 5.08% to be payable in respect of the loans throughout the whole term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

18) BANK BORROWINGS (CONTINUED)

a) Norddeutsche Landesbank Girozentrale (continued)

The NordLB loans entered into by the Group to complete the purchase of the first two Assets 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.

Due to missed loan repayments, on 24 February 2021, NordLB declared an Event of Default under the relevant loan agreements with the Company's two borrower subsidiaries which meant that NordLB was entitled to enforce rights under the relevant security documents. On 26 February 2021, the Company received notices of security enforcement and loan acceleration from NordLB, and accordingly, receivers were appointed in relation to the two NAS aircraft, the related lease and contract rights, the restricted cash and the shares in the Irish special purpose vehicle which holds title to the NAS aircraft. NordLB has therefore taken control of the process of disposing of the two NAS aircraft, with the proceeds of sale (along with relevant aircraft-specific cash balances, claims against Norwegian and shares in Norwegian held as security) being applied in the first instance to pay off any outstanding amounts owed to the bank, and any balance remaining thereafter being remitted to the relevant subsidiaries of the Company.

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

The instigation of receivership proceedings as detailed above led to a loss of control of the relevant subsidiaries, see note 7 for further details.

b) DekaBank Deutsche Girozentrale

During the year ended 31 December 2015 the Company utilised the proceeds from the placing and the proceeds of two separate loans from DekaBank Deutsche Girozentrale ('DekaBank') of US$ 78,500,000 each to fund the purchase of two Boeing 787-8 aircraft. The balance on the loans at 30 June 2021 was US$ 98,552,476 (31 December 2020: US$ 98,001,743).

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

Interest on each DekaBank loan is payable in arrears on the last day of each interest period, which is one month long. Interest on the loan accrues at a fixed rate of 4.10 per cent including a margin of 1.95 per cent per annum. If any amount is not paid by the Borrower when due under the loan agreements, interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum. No interest accrued on unpaid amounts during the period as there was an agreement to defer principal repayments as mentioned below.

The DekaBank loans entered into by the Group to complete the purchase of the third and fourth Assets are cross collateralised. Each of the third and fourth loan is secured by way of security taken over the third and fourth Assets and enforce security over both Assets. This means that a default on one loan places both of the Assets at risk. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

18) BANK BORROWINGS (CONTINUED)

b) DekaBank Deutsche Girozentrale (continued)

On 6 May 2021, subsequent to the new lease arrangements entered into by the Company and Thai as described in note 4, the Company and DekaBank have amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of principal will be deferred until the end of the PBH arrangement, 31 December 2022; and the Company and DekaBank will enter into discussions at that time to determine how best to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Company in respect of the Thai aircraft, and the running costs of the Company and its subsidiaries. From the effective date interest is charged on the deferred principal at the percentage rate per annum equal to the sum of five per cent. (5.0%) per annum (which, for the avoidance of doubt, includes the Margin) plus LIBOR for the applicable period (such rate to be determined by the Facility Agent).

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

The loan related to Aircraft 35320 has a final maturity date of 9 December 2026 and the loan related to Aircraft 36110 has final maturity date of 29 October 2026.

19) SHARE CAPITAL

Period ended 30 June 2021 (unaudited) Issued and fully paid (no par value):	**Subordinated Administrative Share** Number	**Ordinary Shares** Number	**Total** Number
Shares as at 1 January 2021 and 30 June 2021	**1**	**209,333,333**	**209,333,334**
Share capital:	US$	US$	US$
Share capital as at 1 January 2021 and 30 June 2021	**1**	**210,556,651**	**210,556,652**

Period ended 30 June 2020 (unaudited) Issued and fully paid (no par value):	**Subordinated Administrative Share** Number	**Ordinary Shares** Number	**Total** Number
Shares as at 1 January 2021 and 30 June 2020	**1**	**209,333,333**	**209,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2021 and 30 June 2020	**1**	**210,556,651**	**210,556,652**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

19) SHARE CAPITAL (CONTINUED)

Subject to the applicable company law and the Company's Articles of Incorporation, the Company may issue an unlimited number of shares of par value and/or no-par value or a combination of both.

The Subordinated Administrative Share is held by 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.

20) DIVIDENDS

As a result of the Coronavirus ('COVID-19') pandemic impact on global aviation and especially its lessees the Group has suspended dividends until further notice to help preserve liquidity. Further details on the impact of the COVID-19 pandemic can be found within the Directors' Report. Therefore, dividends declared and paid during the period ended 30 June 2021 are US$ nil (30 June 2020: US$ 4,710,000).

21) 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 trade and other payable approximate their carrying amounts due to the short-term maturities of these instruments.

Financial assets at fair value through profit or loss

As at period end the Group holds loans and unquoted investments in the former subsidiaries, DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited. The loans and investments have a fair value of US$ nil and have been valued based on the cash expected to be received from the former subsidiaries. Therefore, the loans and investments are categorised within level 3 of the IFRS 13 fair value hierarchy.

Financial liabilities designated as hedging instruments

The fair value of the Group's derivative interest rate swaps was determined by reference to the mid-point on the yield curves prevailing on the reporting date and represented 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 were valued on a recurring basis and were categorised within level 2 of the fair value hierarchy required by IFRS 13 Fair Value Measurement ('IFRS 13').

During the period, the derivative interest rate swaps have been terminated with effect from 25 February 2021. See note 6 for details re breakage costs charged on termination.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

21) FAIR VALUE MEASUREMENT (CONTINUED)

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

As at 30 June 2021	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	-	-	-	-
Fixed rate payable	-	-	-	-
Interest rate swaps	-	-	-	-

Financial liabilities designated as hedging instruments (continued)

As at 30 June 2020	Next 12 months US$	2 to 5 years US$	After 5 years US$	Total US$
Floating rate receivable	2,103,667	4,070,744	10,141	6,184,552
Fixed rate payable	(3,868,340)	(7,619,745)	(17,099)	(11,505,184)
Interest rate swaps	**(1,764,673)**	**(3,549,001)**	**(6,958)**	**(5,320,632)**

During the period ended 30 June 2021, a fair value gain of US$ 459,015 (30 June 2020: US$ nil) was recognised in profit or loss on the interest rate swaps.

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 2021 or in the year ended 31 December 2020.

22) RELATED PARTY TRANSACTIONS

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

	Current fee (annual) £	30 June 2021 (unaudited) US$	30 June 2020 (unaudited) US$
Jon Bridel (Chairman)	66,000	44,545	40,138
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	53,700	37,864	32,635
Harald Brauns (Chairman of the Management Engagement Committee)	58,800	36,654	36,803
Total	**178,500**	**119,063**	**109,576**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

22) RELATED PARTY TRANSACTIONS (CONTINUED)

Following the Directors annual review of the Directors' fees and subsequent approval at the Company's AGM on 1 July 2020, with effect from 1 April 2020 the Directors receive the following fees:

- Jon Bridel, Chairman £66,000 per annum;
- Jeremy Thompson, Chairman of the Audit Committee and Senior Independent Director £53,700 per annum; and
- Harald Brauns £58,800 per annum.

The directors are entitled to additional fees for significant extra work and these were accrued in the last six month period to 31 December 2020.

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

	30 June 2021	31 December 2020
	Number of ordinary shares	Number of ordinary shares
Jon Bridel and connected persons	90,000	90,000
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

23) MATERIAL CONTRACTS

Asset Management Agreement

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

23) MATERIAL CONTRACTS (CONTINUED)

Asset Management Agreement (continued)

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.

Per the second amendment, payment of any Disposal Fee per above (if any) in connection with the sale of any of the Assets currently under receivership is subordinated to the DekaBank loans and wi
ll only become payable after the loans (including the deferred element) have been repaid or prepaid in full. The disposal fee is a cash-settled payment to the Asset Manager. There is no disposal fee expected to be payable and hence no provision recognised within these interim financial statements.

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

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

Prior to the second amendment, the Asset Manager was paid a base fee of US$ 21,354 per month in respect of the first two Assets increasing by 2.5% per annum and US$ 16,666 per month in respect of the second two Assets increasing by 2.5% per annum from May 2016.

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

In the six-month period ended 30 June 2021 Asset Management fees totalled US$ 525,325 (six-month period ended 30 June 2020 US$ 512,512) of which US$ 206,535 was due at 30 June 2021 (31 December 2020: US$87,249).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2021

24) 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 Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from a lessee based in Thailand.

25) SUBSEQUENT EVENTS

There were no significant events post 30 June 2021 to date that require disclosure in the interim accounts.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Harald Brauns
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269 Dortmund Germany
Solicitors to the Company (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Advocates to the Company (as to Guernsey law)	Mourant 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 GssY1 3PP Channel Islands
Corporate Broker	Investec Bank Plc 30 Gresham Street London EC2V 7QN United Kingdom