

28 September 2022

**DP Aircraft I Limited (the 'Company')**

**Interim Report and Accounts**

The Company is pleased to provide a copy of the Unaudited Condensed Consolidated Interim Report for the six-month period ended 30 June 2022 (the “**Interim Report**”), which is available from the Company’s registered office and will shortly be available to view or download from the Company’s website [www.dpaircraft.com](http://www.dpaircraft.com)

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Sarah Felmingham / Chris Copperwaite

## **DP AIRCRAFT I LIMITED**

### **UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**

#### **FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

#### **FACT SHEET**

<b>Ticker</b>	DPA
<b>Company Number</b>	56941
<b>ISIN Number</b>	GG00BBP6HP33
<b>SEDOL Number</b>	BBP6HP3
<b>Traded</b>	Specialist Fund Segment (‘SFS’) of the London Stock Exchange
<b>SFS Admission Date</b>	4-Oct-13
<b>Share Price</b>	US\$ 0.025 at 30 June 2022
<b>Earnings per Share</b>	US\$ 0.0143 for the period ended 30 June 2022
<b>Country of Incorporation</b>	Guernsey
<b>Current Ordinary Shares in Issue</b>	209,333,333
<b>Administrator and Company Secretary</b>	Aztec Financial Services (Guernsey) Limited
<b>Asset Manager</b>	DS Aviation GmbH & Co. KG
<b>Auditor</b>	KPMG, Chartered Accountants
<b>Corporate Broker</b>	Investec Bank Plc
<b>Aircraft Registration</b>	HS-TQD HS-TQC
<b>Aircraft Serial Number</b>	35320 36110
<b>Aircraft Type and Model</b>	B787-8
<b>Lessees</b>	Thai Airways International Public Company Limited (‘Thai
<b>Website</b>	<a href="http://www.dpaircraft.com">www.dpaircraft.com</a>

## SUMMARY

### COMPANY OVERVIEW

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

The Company was established to invest in aircraft. The Company is a holding company, and made its investment in aircraft held through two wholly owned subsidiary entities, DP Aircraft Guernsey III Limited and DP Aircraft Guernsey IV Limited (collectively and hereinafter, the 'Borrowers'), each being a Guernsey incorporated company limited by shares and one intermediate lessor company, DP Aircraft UK Limited (the 'Lessor'), a UK incorporated private limited company. The Company and its consolidated subsidiaries, DP Aircraft Guernsey III Limited, DP Aircraft Guernsey IV Limited and DP Aircraft UK Limited comprise the consolidated Group (the 'Group').

Pursuant to the Company's Prospectus dated 27 September 2013, the Company offered 113,000,000 ordinary shares of no-par value in the capital of the Company at an issue price of US\$ 1.00 per share by means of a placing. The Company's Shares were admitted to trading on the Specialist Fund Segment 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 per above, the Group also utilised external debt to fund the 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.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

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

### CORONAVIRUS ('COVID-19')

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

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

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

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

The new lease terms provide for a power by the hour ('PBH') arrangement until 31 December 2022 (i.e., rent will be payable by reference to actual monthly utilisation of the Thai aircraft and engine), with scaled back monthly fixed lease payments thereafter until 2026 that reflect reduced rates now seen in the market. The lease term was extended for a further 3 years to 9 December 2029, with further scaled back monthly lease payments starting from January 2027, the extension is however subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. Given the uncertainty around the extension of the lease term, the lease term is considered to be the period to 9 December 2026.

A corresponding agreement was reached with the bank providing finance for the aircraft leased to Thai Airways as detailed below. Note, under the terms agreed with the lending banks, the Company is (i) permitted a monthly payment of US\$ 70,000 out of the monies received by the Group from Thai Airways through the PBH arrangement and (ii) restricted from holding more than US\$ 1,200,000 in cash at any time, with any excess in either case paid over to the lending banks. This will continue when the PBH period ends.

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

In May 2021, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of principal are being deferred until after the end of the PBH arrangement, 31 December 2022; and the Group and DekaBank will enter discussions towards the end of the PBH arrangement to determine how to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Group in respect of the Thai aircraft, and the running costs of the Group and its subsidiaries. Based on the amended and restated loan agreements in place, post the PBH period monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loan, and the final balloon repayment will be settled out of proceeds from sale of the aircraft at the end of the lease term.

From the effective date (date loan agreement was amended and restated) 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 SONIA (previously LIBOR up to 31 December 2021) for the applicable period (such rate to be determined by the Facility Agent). Prior to the end of the PBH arrangement, DekaBank and the Group will enter into negotiations to fix the interest rate for the period post the PBH Arrangement.

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

#### **IMPAIRMENT**

In line with each reporting date, but more relevant in light of the developments of COVID-19 and market capitalisation of US\$ 5.2 million at 30 June 2022, a detailed impairment assessment of the aircraft has been undertaken. Following this review an impairment of US\$ nil (31 December 2021: US\$ nil) was booked against the aircraft. See note 3 for further details regarding the impairment and comments under Highlights where commented regarding the difference between net asset value and market capitalisation.

#### **GOING CONCERN**

The Directors believe that it is appropriate to prepare these interim financial statements on the going concern basis due to current cash flow forecasts which comprise of PBH rentals until 31 December 2022 with fixed monthly rentals thereafter which show that the Group has sufficient cash and resources to cover costs for a period of at least 12 months from the signing of these interim financial statements.

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

- the positive outlook for Thai Airways with both Thai aircraft in a full return to service condition and earning materially more power by the hour revenue to date than anticipated. There is an

expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements. This position regarding Thai's viability is further enhanced by the announcement on 9 August that Thai state owned banks will provide new loans and cash infusions of US\$2.3bn to Thai. Furthermore, the Thai Government has stated that it plans to preserve its 40% holding in Thai which may grow further but will not exceed 50%;

- the expectation that DekaBank which made loans to the Group (with certain loan concessions) will continue supporting the Group. Currently the Group is deferring repayments of principal and this will continue up to 31 December 2022 per the amended loan agreements in place. Furthermore, in accordance with the same amended and restated loan agreements, the Group and DekaBank will enter discussions in the last quarter of 2022 to determine how to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Group in respect of the Thai aircraft, and the running costs of the Group and its subsidiaries. Effectively, based on these amended and restated loan agreements in place, post the PBH period monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loan, and the final balloon repayment will be settled out of proceeds from sale of the aircraft at the end of the lease term; and
- the successful equity fund raise in July 2022. The Group successfully concluded a US\$750,000 equity raise which was supported by many of the largest shareholders and will be used for working capital purposes.

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

## **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 lessee, the Board suspended the payment of dividends from 3 April 2020 until further notice. The suspension remains in place to date. Note, 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), which means that there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution. The Board and its advisers will be consulting with shareholders in the future with a view to determining the best course of action to take for the future of the Company.

## **HIGHLIGHTS**

### **PROFIT FOR THE PERIOD**

The profit for the period ended 30 June 2022 is US\$ 2,998,596 and profit per share is US\$ 0.0143. The loss for the period ended 30 June 2021 was US\$ 24,171,431 and loss per share was US\$ 0.1155.

The results for the period ended 30 June 2022 are mainly driven by rental income earned of US\$ 7,575,435 (30 June 2021: US\$ 12,915,197), a provision on straight lining lease asset of US\$ 1,106,575 (30 June 2021: US\$ 12,508,499) and finance costs incurred of US\$ 2,194,840 (30 June 2021: US\$ 4,314,137).

Refer to the Condensed Consolidated Statement of Comprehensive Income for full details of results for the period.

### **NET ASSET VALUE ('NAV')**

The NAV per share was US\$ 0.1880 at 30 June 2022 (31 December 2021: US\$ 0.1737). The price per share for the same dates was US\$ 0.025 (31 December 2021: US\$ 0.01). NAV per share has increased due to the profit made during the interim period (see above). The NAV excluding the financial effects of the straight-lining lease asset was US\$ 0.1493 per Share at 30 June 2022 (31 December 2021: US\$ 0.1509).

The straight-lining lease asset will reduce to nil over time. The NAV excluding the straight-lining lease asset is therefore presented to provide what the Directors consider to be a more relevant assessment of the Group's net asset position.

	As at 30 June 2022		As at 31 December 2021	
	US\$	US\$ per share	US\$	US\$ per share
NAV per the financial statements	39,350,718	0.1880	36,352,122	0.1737
Less: Straight-lining lease asset	(9,112,927)	(0.0435)	(4,772,296)	(0.0228)
Add: Provision on straight-lining lease asset	1,001,511	0.0048	-	-
NAV excluding straight-lining lease asset	31,239,302	0.1493	31,579,826	0.1509

As at 30 June 2022, the price per share was US\$ 0.025 which is significantly lower than the NAV per share above. The reason for the difference is due to the fact that the market price per share reflects other factors such as market sentiment that cannot be accounted for in a set of annual financial statements. The main asset in the Group, the aircraft, has been assessed for impairment (see note 3) and found not to be impaired. Other significant assets comprise cash and receivables whose values are considered to be reflective of fair value due to their short-term nature. Therefore, the low share price is not indicative of a need for further impairment to the assets of the Group.

### INTERIM DIVIDENDS

As a result of the COVID-19 pandemic impact on global aviation and especially its lessee, the Group 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.

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

### OFFICIAL LISTING

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

### CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Interim Report of the Group for the period ended 30 June 2022.

The profit per share for the period was US\$ 0.0143 compared to a loss per share of US\$ 0.1155 for the same period last year. The net asset value per share at the period end was US\$ 0.1880 compared to US\$ 0.1737 at 31 December 2021.

IFRS requires rental income to be recognised on a straight line basis over the remaining lease period and consequently the accounting treatment has resulted in some income being recognised earlier than would normally be the case. In addition, IFRS requires a provision to be made against that additional income which has been estimated based on recent credit reports on Thai. Please refer to Highlights which explains the net impact of this on the NAV as at 30 June 2022, NAV per share as at 30 June 2022 is more by US\$ 0.0387 per share (31 December 2021: US\$ 0.0228).

During the period we have seen an improvement in the global aviation market following the challenges resulting from the effects of the Covid-19 pandemic on its operations.

The Thai aircraft are operational and we expect both Thai aircraft to be utilised on a regular basis during 2022. Income has been received under the new Power by the Hour (PBH) arrangement which is in place until the end of 2022. We then operate under scaled back monthly lease payments thereafter until 9 December 2026, reflecting the reduced lease rates now seen in the market. As previously noted, the lease term may be extended by a further 3 years to 9 December 2029, with further scaled back monthly lease payments starting from January 2027, and the Group retaining a right of early termination in December 2026 after consultation with the Lenders.

Repayments of loan principal are deferred until after the end of the PBH arrangement and the Group and the Lenders will shortly enter into discussions to determine how best to structure debt service and to measure the final balloon repayment, having regard for both the income being received by the Group under both the PBH and fixed rentals 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 distributions prior to the end of the lease term. The key uncertainty remains the outlook for the airline industry particularly with higher fuel prices and the impact of inflation resulting from the Ukraine conflict and a slowing economy on travel demand, its impact upon Thai and its financial position and upon aircraft values in general and the Boeing 787-8 in particular.

The Company raised \$750,000 in equity following a successful tap issue in July. Some service providers and the directors will continue to defer some amounts due. The focus of the Company remains the preservation of the Group's long-term financial stability and assets notwithstanding the challenges noted above.

I would like to thank the Board for their continued significant support over the period. 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 and its subsidiaries. The Board and its advisers will continue consulting with investors.

**Jon Bridel**  
Chairman

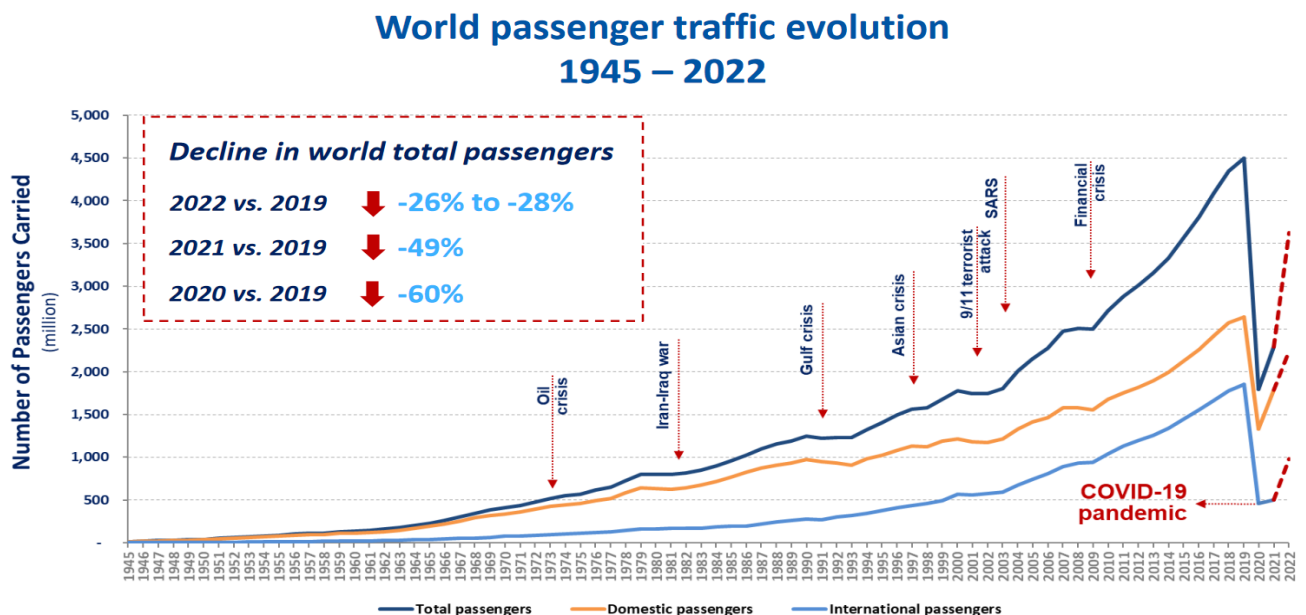
## ASSET MANAGER'S REPORT

### THE AIRLINE MARKET

#### COVID-19 pandemic in brief

The Covid-19 pandemic still impacts travelling, both domestic and international, around the globe. Although travel restrictions have been lifted during the last months and demand for flights is increasing faster than Airlines have expected, it still has a significant impact on the airline industry, including airline restructurings and bankruptcies. The number of stored widebody aircraft worldwide remains high. Even with increased vaccination coverage worldwide, different virus variants can still lead to increased infection rates and new travel restrictions imposed by various governments. It is impossible to determine the total impact on the airline and aviation industry or when all Covid-19 restrictions might be globally lifted.

The world passenger traffic collapsed with unprecedented decline in history as shown in the picture below.



The severe impact of the pandemic compared to other major events in history is shown in the graph above. The total passenger numbers are slightly recovering from year to year but it will take some more time to get back to pre-Covid numbers.

### Year 2022 Outlook

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

- Overall reduction of 22% to 24% of seats offered by airlines
- Overall reduction of 1,186 to 1,271 million passengers (-26 % to -28%)
- Approx. USD164 to 176 billion loss of gross passenger operating revenues of airlines

International passenger traffic (2022 vs. 2019)

- Overall reduction of 31% to 34 % of seats offered by airlines
- Overall reduction of 628 to 627 million passengers (-33% to -36%)
- Approx. USD118 to 127 billion loss of gross operating revenues of airlines

The below fact sheet is provided by IATA on a regular basis and shows statistics about the airline industry as of June 2022.

June 2022

<b>System-wide global commercial airlines</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>
<b>REVENUES, \$ billion</b>	<b>838</b>	<b>382</b>	<b>506</b>	<b>782</b>
% change y-o-y	3.2%	-54.4%	32.4%	54.5%
% change vs 2019			-39.6%	-6.7%
Passenger, \$ billion	607	189	239	498
Cargo, \$ billion	100.8	138.5	204.1	191.0
<b>Traffic volumes</b>				
Passenger growth, RPK, %ch y-o-y	4.1%	-65.8%	21.9%	97.6%
% ch vs 2019			-58.3%	-17.6%
Sched passenger numbers, millions	4,543	1,807	2,185	3,781
Cargo growth, CTK+MTK, %ch y-o-y	-3.2%	-9.9%	18.7%	4.4%
%ch vs 2019			6.9%	11.7%
Cargo tonnes, millions	61.5	55.4	65.6	68.4
World economic growth, %ch y-o-y	2.5%	-3.5%	5.8%	3.4%
Passenger yield, %ch y-o-y	-3.7%	-9.1%	3.8%	5.6%
Cargo yield %ch y-o-y	-8.2%	52.5%	24.2%	-10.4%
<b>EXPENSES, \$ billion</b>	<b>795</b>	<b>493</b>	<b>552</b>	<b>796</b>
% change y-o-y	3.7%	-37.9%	11.8%	44.4%
% change vs 2019			-30.6%	0.2%
Fuel, \$ billion	190	80	103	192
% of expenses	24%	16%	19%	24%
Crude oil price, Brent, \$/b	65.0	41.8	70.7	101.2
Jet kerosene price, \$/b	79.7	46.6	77.8	125.5
Fuel consumption, billion gallons	95	52	60	84
CO2 emissions, million tonnes	905	495	577	809
Non-fuel, \$ billion	605	413	448	604
cents per ATK (non-fuel unit cost)	39.2	48.1	44.9	42.7
% change y-o-y	-0.3%	22.7%	-6.7%	-4.9%
Capacity growth, atk, %ch y-o-y	3.1%	-44.3%	16.3%	41.7%
%ch vs 2019			-35.3%	-8.2%
Flights, million	38.9	16.9	20.1	33.8
Break-even weight load factor, % ATK	66.4%	76.8%	67.2%	69.3%



Weight load factor achieved, % ATK	70.0%	59.5%	61.7%	68.1%
Passenger load factor achieved, % ASK	82.6%	65.2%	67.0%	77.4%
<b>OPERATING PROFIT, \$ billion</b>	<b>43.2</b>	<b>-110.8</b>	<b>-45.2</b>	<b>-14.4</b>
% margin	5.2%	-29.0%	-8.9%	-1.8%

June 2022

<b>System-wide global commercial airlines</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>
<b>NET PROFIT, \$ billion</b>	<b>26.4</b>	<b>-137.7</b>	<b>-42.1</b>	<b>-9.7</b>
% margin	3.1%	-36.0%	-8.3%	-1.2%
per departing passenger, \$	5.80	-76.22	-19.26	-2.58
<b>RETURN ON INVESTED CAPITAL, %</b>	<b>5.8%</b>	<b>-19.3%</b>	<b>-8.0%</b>	<b>-2.5%</b>

**Sources:** ICAO, IATA, The Airline Analyst, Datastream, Platts.

**Updated:** 06/2022

#### Financial Results

System-wide global commercial airlines	EBIT margin, % revenues				Net profit, \$ billion			
	2019	2020	2021E	2022F	2019	2020	2021E	2022F
Global	5.2%	-29.0%	-8.9%	-1.8%	26.4	-137.7	-42.1	-9.7
Regions								
North America	9.6%	-27.3%	-5.9%	1.9%	17.4	-35.1	-2.2	8.8
Europe	4.8%	-27.1%	-8.8%	-2.6%	6.5	-34.5	-11.9	-3.9
Asia-Pacific	3.7%	-34.3%	-13.5%	-5.9%	4.9	-45.0	-15.2	-8.9
Middle East	-5.2%	-24.3%	-11.4%	-3.0%	-1.5	-9.4	-4.7	-1.9
Latin America	2.9%	-28.5%	-9.0%	-2.8%	-0.7	-11.9	-6.9	-3.2
Africa	1.0%	-16.9%	-6.8%	-2.8%	-0.3	-1.8	-1.1	-0.7

**Sources:** IATA estimates for regions. IATA forecast for 2022.

**Updated:** 06/2022

#### Traffic Results

System-wide global commercial airlines	Passenger traffic (RPK)				Passenger capacity (ASK)			
	% change vs previous		% change vs 2019		% change vs previous		% change vs 2019	
	year				year			
	2019	2020	2021E	2022F	2019	2020	2021E	2022F
Global	4.1%	-65.8%	-58.3%	-17.6%	3.4%	-56.6%	-48.6%	-12.0%
Regions								
North America	4.0%	-65.1%	-39.7%	-5.0%	2.9%	-50.3%	-29.8%	-0.5%
Europe	4.2%	-69.5%	-61.2%	-17.3%	3.5%	-62.3%	-51.2%	-10.0%
Asia-Pacific	4.7%	-62.0%	-66.8%	-26.3%	4.4%	-53.8%	-56.6%	-18.5%
Middle East	2.3%	-72.1%	-68.8%	-20.9%	0.1%	-63.0%	-55.5%	-19.5%
Latin America	4.2%	-62.5%	-47.4%	-5.8%	3.0%	-59.0%	-43.9%	-6.8%
Africa	4.7%	-68.2%	-62.9%	-28.0%	4.5%	-62.1%	-55.1%	-24.8%

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

**Updated:** 06/2022

#### Outlook & Conclusion

The Covid-19 pandemic continues to put significant burden on airlines. Even if the 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 regarding future strategic measurements.

All outlooks shared in this report are based on historic data and assumptions made by industry experts. It should be considered as a potential guideline. From a historical point of view, the airline industry has proven to be resilient and has recovered from all previous crises and up to date 2022 shows a slight recovery compared to the previous year. However, recovery will take significantly longer as the decline in passenger traffic is not only driven by an economic downturn but a global continuing pandemic. According to McKinsey, these aspects will lead to the necessity of adapting to long-term changes. For example, business travel has been partially substituted by video conferences and might never recover to pre-Covid-19 levels, as many companies significantly progressed in digitalisation and take advantage of travel cost reductions.

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

## THE LESSEE

### Thai Airways International Public Company Limited

#### Impact from Covid-19 pandemic

- According to data from Cirium 40 aircraft are in operation and 51 aircraft are stored.
- Thailand ends almost all travel restrictions – from July 1, only one Covid-related document is required (vaccination or test)

#### Restructuring and Rehabilitation Process since 31<sup>st</sup> December 2021

- 30<sup>th</sup> December 2021: Thai Airways has continued to repay all its creditors. As of 15 November, the repayment stood at nearly THB 130 billion (3.87 billion USD) and no default of any clauses under its rehabilitation plan has occurred
- 28<sup>th</sup> February 2022: Thai Airways swings into positive financial territory (pre-tax profit of \$1.6 billion) for the full-year 2021 compared to a 3.8 billion loss in 2020
- 01<sup>st</sup> April 2022: Thai Airways has repaid about one third of its THB410 billion debt
- 04<sup>th</sup> July 2022: Thai Airways is targeting to complete its debt and capital restructuring within 2024. The airline expects their shares likely to be traded on the stock exchange again in 2025

#### Quarterly financial results

QUARTERLY FINANCIAL RESULT	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Quarter to end	Jun 22	Mar 22	Dec 21	Sep 21
Exchange rate (USD/local)	34.61	33.08	33.43	32.58
Passenger revenue (millions)	387	116	90	20
Passenger revenue change	▲ 1221.9%	▲ 267.1%	▲ 50.7%	▼ 49.4%
Cargo revenue (millions)	185	158	134	80
Cargo revenue change	▲ 218.3%	▲ 139.8%	▲ 275.3%	▲ 247.1%
Other revenue (millions)	0	34	57	28
Other revenue change	-	▼ 1.2%	▼ 28.2%	▲ 26.5%
Total revenue (millions)	570	308	281	127
Total revenue change	▲ 237.6%	▲ 133.3%	▲ 61.0%	▲ 51.8%
Operating result (millions)	-84	-126	-230	-220
Operating margin	-14.7%	-40.8%	-82.0%	-173.2%
Net result (millions)	-81	-49	120	1,227
Net margin	-14.2%	-15.9%	42.6%	967.9%

## **Outlook & Opportunities post-Covid-19 pandemic – The "New Thai Airways"**

- Measures to be taken
  - Reduction of fleet (other than the B787) 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

## **Comments & conclusions**

Thai Airways is dependent on the tourism sector, particularly on in-bound tourism which has been severely impacted by the Covid-19 pandemic. The carrier remains contingent on any decision made by the Government to elevate or soften travel restrictions. The Thai Government's decision to ease almost all travel restrictions is a step forward in the rehabilitation process of tourism in Thailand.

The mid- and long-term impacts of the Ukraine-Russian-conflict are not yet measurable to their full extent and depend on the developments in the near time future. In any case we are monitoring the situation and will take necessary actions to respond accordingly.

Thai's 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 B787s and A350s, supports Thai to compete with other carriers and base operations on a competitive cost level, particularly if jet fuel prices increase over time.

Nevertheless, there is no guarantee for the airline's survival. However, it might be considered that the carrier's long-term existence is in the country's interest as tourism counted for one-fifth of the country's national income (pre-Covid-19).

## **THE ASSETS**

### **Update B787**

- 787 deliveries resumed on 10<sup>th</sup> August after a 15-month long break imposed by the FAA due to manufacturing issues
- Following a recent review of the market, Ascend, by Cirium's Value Review Board, increased Current Market Values by up to 5% and Current Market Lease Rates by up to 17% for all variants of the 787, reflecting strengthening demand for the type as global recovery continues. In constant-age terms, market values are still down over 25% on pre-pandemic levels, but it seems that the trend is now upwards
- The orderbook stands at 409 aircraft destined for 50 airline customers. There are an additional 30 unplaced lessor commitments, a further 41 orders for unannounced customers, and one BBJ.

## **Assets & Operations**

### Overview

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

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As of now (September 22<sup>nd</sup>, 2022) TQC and TQD (including all four engines, that are currently installed on the airframes) are used for flight operations on international routes.

Aircraft operations	Thai Airways	
	HS-TQC	HS-TQD
Cabin layout	24 business class seats 240 economy class seats	
<b>Last physical inspection</b>		
Date	18.02.2022	18.02.2022
Place	Bangkok Airport (BKK)	
<b>Airframe status (31<sup>st</sup> August 2022)</b>		
Total flight hours	19,269	17,836
Total flight cycles	4,202	3,985
Hours/cycles ratio since delivery	4.6	4.5

#### Titled Engines Report

As of 31 <sup>st</sup> August 2022	HS-TQC		HS-TQD	
	ESN 10239	ESN 10243	ESN 10244	ESN 10248
Total time [flight hours]	17,348	15,375	13,382	19,105
Total flight cycles	3,822	3,143	3,068	4,077
Location	On-wing	On-wing	On-wing	On-wing

As the titled engine 10240 was declared a total loss, the asset manager worked with Thai Airways to appropriately replace that engine. A replacement engine (ESN10243) had been suggested and the process of reviewing the respective records and physical condition had been completed. The discussion about the commercial aspects with Rolls Royce and Thai Airways took much longer than expected due to the rehabilitation process. Nevertheless, the title change was successfully completed on 1st of April 2022 and the new title engine (ESN10243) is already installed on the aircraft. The complete technical process of the engine replacement, including testing, was supported, and monitored closely by the asset manager's on-site team.

On the 5th of May 2022, HS-TQC suffered an aborted take-off run due to an engine related warning message on the flight deck. During the technical troubleshooting, Thai airways found a defect valve at the air control system of ESN 10243. In accordance with the applicable task in the aircraft maintenance manual, the engine was removed from the aircraft. The engine manufacturer reviewed all data and declared the engine as airworthy without further work necessary. The engine was installed back onto TQC on 31st of August and is now in regular operation.

#### Asset Manager's actions ensured asset value

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

#### **Comments and Conclusions**

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

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

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

## **DIRECTORS' INFORMATION**

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

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

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

### **Jeremy Thompson, *Non-Executive Director (67)***

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 (68)**

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 facing in the second half of 2022.

### **Geopolitical and economic risks**

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

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

### **Exposure to the commercial airline industry**

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

### **Thai Airways**

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

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

### **COVID-19 Impact**

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

**Asset risk**

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

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

**Key personnel risk**

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

**Credit risk & counterparty risk**

Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparty is Thai Airways as lessee and provider of income and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessee does not maintain a credit rating. Thai Airways is currently implementing a rehabilitation plan and to date things are going well with Thai having made significant improvements. The Moody's credit rating of DekaBank is Aa2 (2021: Aa2).

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

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

**Liquidity risk**

In order to finance the purchase of the Assets, the Group entered into loan agreements. Pursuant to the loan agreements, the lenders are given first ranking security over the Assets. Under the provisions of each of the loan agreements, the Borrowers are required to comply with loan covenants and undertakings. A failure to comply with such covenants or undertakings may result in the relevant lenders recalling the relevant loan. 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.

**Boeing**

Company exposure to Boeing in terms of ongoing guarantees and commitments could be negatively impacted with any problems Boeing faces with its aircraft. Problems for Boeing may result in it failing to fulfil its obligations.

**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.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 consolidated financial statements included within the half-yearly financial report, the directors are required to:

- prepare and present the condensed set of consolidated 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 consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 consolidated financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

- (1) The condensed set of consolidated financial statements included within the half-yearly financial report of DP Aircraft I Limited for the six months ended 30 June 2022 ("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, as 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.

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

On behalf of the Board

Director

Director

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DP AIRCRAFT I LIMITED

### Conclusion



We have been engaged by the Group to review the Group's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 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 a summary of significant accounting policies and other explanatory notes.

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 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") 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").

#### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued by the IASB. 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.

#### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

#### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as issued by the IASB.

The annual financial statements of the Group for the year ended 31 December 2021 are prepared in accordance with international accounting standards.

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

#### **Directors' responsibilities (continued)**

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Our responsibility**

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

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

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

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin  
Ireland

28 September 2022

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the six-month period ended 30 June 2022

		<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>Notes</b>	<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>			
Lease rental income	4	7,575,435	12,915,197
<b>Expenses</b>			
Asset management fees	21	(233,862)	(525,325)
General and administrative expenses	5	(566,886)	(1,750,546)
Depreciation	9	(478,271)	(87,581)
Provision on straight lining lease asset	12	(1,106,575)	(12,508,499)
		(2,385,594)	(14,871,951)
Operating Profit/(Loss)		5,189,841	(1,956,754)
Net losses on financial assets at fair value	10	-	(8,547,935)
Gain on derivatives at fair value	19	-	459,015
Loss on loss of control of subsidiary undertakings	2	-	(9,874,940)
Dividend income		-	9,549
Finance costs	6	(2,194,840)	(4,314,137)
Finance income		9,158	11,693
Net finance costs		(2,185,682)	(22,256,755)
Profit/(Loss) before tax		3,004,159	(24,213,509)
Taxation	7	(5,563)	42,078
Profit/(Loss) for the period		2,998,596	(24,171,431)
Total Comprehensive Income/(Loss) for the period		2,998,596	(24,171,431)
		US\$	US\$

Profit/(Loss) per Share for the period - basic and diluted	8	0.0143	(0.1155)
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All the items in the above statement derive from continuing operations.

The notes form an integral part of these interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

		30 June 2022 (unaudited)	31 December 2021 (audited)
	Notes	US\$	US\$
<b>NON-CURRENT ASSETS</b>			
PPE – Aircraft & Related Components	9	125,946,569	126,424,840
Restricted cash	11	14,843,101	14,465,329
Total non-current assets		140,789,670	140,890,169
<b>CURRENT ASSETS</b>			
Cash and cash equivalents – available for use		913,380	1,179,211
Restricted cash	11	2,301,761	2,788,517
Trade and other receivables	12	9,308,792	5,023,512
Total current assets		12,523,933	8,991,240
<b>TOTAL ASSETS</b>		<b>153,313,603</b>	<b>149,881,409</b>
<b>EQUITY</b>			
Share capital	17	210,556,652	210,556,652
Accumulated losses		(171,205,934)	(174,204,530)
Total equity		39,350,718	36,352,122
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	16	90,396,871	98,304,863
Maintenance reserves liability	13	14,829,296	14,460,682
Total non-current liabilities		105,226,167	112,765,545
<b>CURRENT LIABILITIES</b>			
Bank borrowings	16	8,049,720	136,010
Share based payment liability	15	344,896	310,715
Trade and other payables	14	342,102	317,017
Total current liabilities		8,736,718	763,742
<b>TOTAL LIABILITIES</b>		<b>113,962,885</b>	<b>113,529,287</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>153,313,603</b>	<b>149,881,409</b>

The financial statements were approved by the Board of Directors and were authorised for issue on 28 September 2022. They were signed on its behalf by:

**Jon Bridel**  
Chairman

**Jeremy Thompson**  
Director

The notes form an integral part of these interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

30 June 2022 (unaudited)	30 June 2021 (unaudited)
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	US\$	US\$
Profit/(Loss) for the period	2,998,596	(24,171,431)
<i>Adjusted for:</i>		
Depreciation	478,271	87,581
Finance costs	2,194,840	4,314,137
Income tax expense/(recovery)	5,563	(42,078)
Loss on loss of control of subsidiary undertakings	-	9,874,940
Net losses on financial assets at fair value	-	8,547,935
Gain on derivatives at fair value	-	(459,015)
Provision on straight lining lease asset	1,106,575	12,508,499
Straight-lining rental income	(4,340,631)	(12,901,531)
<i>Changes in:</i>		
Increase in maintenance provision	368,614	-
Increase in trade and other payables	19,522	270,978
Increase in share based payment liability	34,181	-
Increase in trade and other receivables	(1,051,224)	(1,738)
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,814,307</b>	<b>(1,971,723)</b>
<b>INVESTING ACTIVITIES</b>		
Sale proceeds of investments held at fair value	-	4,069,880
Cash impact on loss of control of subsidiary undertakings	-	(5,456,182)
Restricted cash movement	108,984	1,490,797
<b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>108,984</b>	<b>104,495</b>
<b>FINANCING ACTIVITIES</b>		
Bank loan principal repaid	-	(274,173)
Bank loan interest paid	(2,189,122)	(2,469,951)
Swap interest paid	-	(301,761)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<b>(2,189,122)</b>	<b>(3,045,885)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,179,211</b>	<b>6,949,167</b>
Decrease in cash and cash equivalents	(265,831)	(4,913,113)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>913,380</b>	<b>2,036,054</b>

The notes 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 2022

	Share Capital	Accumulated Losses	Total Equity
	US\$	US\$	US\$
As at 1 January 2021	210,556,652	(152,345,457)	58,211,195
<b>Total comprehensive Loss for the period</b>			
Loss for the period	-	(24,171,431)	(24,171,431)
<b>Total Comprehensive Loss</b>	-	<b>(24,171,431)</b>	<b>(24,171,431)</b>
<b>As at 30 June 2021 (unaudited)</b>	<b>210,556,652</b>	<b>(176,516,888)</b>	<b>34,039,764</b>

	Share Capital	Accumulated Losses	Total Equity
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	US\$	US\$	US\$
As at 1 January 2022	210,556,652	(174,204,530)	36,352,122
<b>Total comprehensive Income for the period</b>			
Profit for the period	-	2,998,596	2,998,596
<b>Total Comprehensive Income</b>	-	<b>2,998,596</b>	<b>2,998,596</b>
<b>As at 30 June 2022 (unaudited)</b>	<b>210,556,652</b>	<b>(171,205,934)</b>	<b>39,350,718</b>

The notes 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 2022

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

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

The Share Capital of the Company comprises 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 2022 to 30 June 2022 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 2021. The Group's annual financial statements for the year ended 31 December 2021 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 2021 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 2022.

These are non-statutory financial statements. The last statutory financial statements were issued on 27 April 2022.

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.

In the prior year the Group lost control of DP Aircraft Ireland Limited, DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited which resulted in derecognition of the assets and liabilities of these entities from 26 February 2021, and recognition of a loss on loss of control of US\$ 9,874,940 in the Statement of Comprehensive Income. DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited are now in voluntary liquidation.

### **Going concern**

The Directors believe that it is appropriate to prepare these interim financial statements on the going concern basis due to current cash flow forecasts which comprise of PBH rentals until 31 December 2022 with fixed monthly rentals thereafter which show that the Group has sufficient cash and resources to cover operating costs for a period of at least 12 months from the signing of these interim financial statement.

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

- the positive outlook for Thai Airways with both Thai aircraft in a full return to service condition and earning materially more power by the hour revenue to date than anticipated. There is an expectation, based on commentary by the Thai Administrator responsible for the rehabilitation of Thai Airways, that Thai Airways will continue to be viable and will be able to meet the terms of the revised lease agreements. This position regarding Thai's viability is further enhanced by the announcement on 9 August that Thai state owned banks will provide new loans and cash infusions to Thai. Furthermore, the Thai Government has stated that it plans to preserve its 40% holding in Thai which may grow further but will not exceed 50%;
- the expectation that DekaBank which made loans to the Group (with certain loan concessions) will continue supporting the Group. Currently the Group is deferring repayments of principal and this will continue up to 31 December 2022 per the amended loan agreements in place. Furthermore, in accordance with the same amended and restated loan agreements, the Group and DekaBank will enter discussions in the last quarter of 2022 to determine how to schedule interest payments, principal repayments and a final balloon repayment, having regard for both the income being received by the Group in respect of the Thai aircraft, and the running costs of the Group and its subsidiaries. Effectively, based on these amended and restated loan agreements in place, post the PBH period monthly payments of interest and principal will be limited to net lease rental monies available for application towards the loan, and the final balloon repayment will be settled out of proceeds from sale of the aircraft at the end of the lease term; and
- the successful equity fund raise in July 2022. The Group successfully concluded a US\$750,000 equity raise which was supported by many of the largest shareholders and will be used for working capital purposes.

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

### **Prior year reclassification adjustment**

Prior year restricted cash comprising maintenance reserves of US\$ 14,465,329 as at 31 December 2021 has been reclassified from current assets to non-current assets, the prior year balance sheet presentation has been updated to reflect this adjustment. The reclassification adjustment has no effect on prior year retained earnings.

## **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 2022 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:

### ***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 has been undertaken.

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

#### **Thai Aircraft**

The board considered all possible valuation ranges and concluded that the aircraft were not impaired as at 30 June 2022 given the recoverable amount was greater than the book value of the aircraft. Therefore, no impairment loss has been recognised during the period ended 30 June 2022 (30 June 2021: US\$ nil).

The board also considered if there was an indication that the prior periods' Thai aircraft accumulated 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 period ended 30 June 2022.

#### **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 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.

The two aircraft leased to Thai Airways International were acquired in 2015 and had a useful economic life of 12 years at acquisition. The useful economic life since acquisition of 12 years is unchanged as at period end. As at 30 June 2022, the remaining useful life of the aircraft is 4.5 years (31 December 2021: 5 years).

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.

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

#### **Lease term**

The Thai lease agreements were amended such that the lease term may be extended by three years to 9 December 2029 (the "Extension Period") with further scaled back monthly lease payments starting from



January 2027, subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. The Directors have applied judgement to determine the lease term i.e., period to 9 December 2026 or period to 9 December 2029. At commencement of the amended leases, there was no reasonable certainty that the lenders would approve an extension of the lease given decision would depend on facts and circumstances around the time of extension. Therefore, the Directors concluded that the lease term was the period to 9 December 2026, same period as before the lease modification

#### 4) LEASE RENTAL INCOME

	Period ended 30 June 2022 US\$	Period ended 30 June 2021 US\$
Variable rent (PBH rent)	3,234,804	13,666
Fixed (straight-lining) rental income	4,340,631	12,901,531
<b>Total lease rental income</b>	<b>7,575,435</b>	<b>12,915,197</b>

All lease rental income was derived from Thai Airways and the related two Boeing 787-8 aircraft leased to them.

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

The lease term may be extended by three years to 9 December 2029 (the "Extension Period") with further scaled back monthly lease payments starting from January 2027, the extension is however subject to the Group retaining a right of early termination in December 2026 after consulting the Lenders. As detailed in note 3, the lease term was determined to be the period to 9 December 2026, see note 3 for further details.

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

	Boeing 787-8 Serial No: 35320 US\$	Boeing 787-8 Serial No: 36110 US\$	Total US\$
<b>30 June 2022</b>			
< 1 year	3,060,000	3,060,000	6,120,000
1 to 2 years	6,120,000	6,120,000	12,240,000
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	2,698,065	2,007,097	4,705,162
>5 years	-	-	-
	<b>24,118,065</b>	<b>23,427,097</b>	<b>47,545,162</b>

	Boeing 787-8 Serial No: 35320 US\$	Boeing 787-8 Serial No: 36110 US\$	Total US\$
<b>30 June 2021</b>			
< 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
	<b>24,118,065</b>	<b>23,455,846</b>	<b>47,573,911</b>

**5) GENERAL AND ADMINISTRATIVE EXPENSES**

	30 June 2022 (unaudited) US\$	30 June 2021 (unaudited) US\$
Administration fees	166,472	232,631
Aircraft agency fees	5,556	5,951
Aircraft security trustee fees	5,934	8,918
Aircraft valuation fees	4,119	2,874
Audit fees	41,089	41,585
Broker fees on sale of NAS shares	-	8,140
Company broker fees	83,951	83,951
Directors' fees and expenses	112,438	119,063
Foreign exchange losses	(6,292)	412
Insurance costs, including directors'	54,355	12,492
IT and printing costs	16,970	6,154
Legal fees	3,157	4,724
Liquidation costs in relation to DPAG I & II	-	19,488
Miscellaneous costs	4,157	8,887
Registrar fees	12,253	9,567
Regulatory fees	5,947	11,700
Restructuring fees in relation to NAS	20,175	334,774
Restructuring fees in relation to Thai	34,502	835,299
Tax advice fees	2,103	3,936
<b>Total general and administrative expenses</b>	<b>566,886</b>	<b>1,750,546</b>

**6) FINANCE COSTS**

	30 June 2022 (unaudited) US\$	30 June 2021 (unaudited) US\$
Loan interest	2,194,840	3,146,054
Total finance costs at effective interest rate*	2,194,840	3,146,054
Swap interest paid and payable	-	228,277
Swap breakage costs	-	939,806
<b>Total finance costs</b>	<b>2,194,840</b>	<b>4,314,137</b>

\* On liabilities measured at amortised cost

**7) TAXATION**

With the exception of DP Aircraft UK Limited, all companies within the Group are exempt from taxation in Guernsey and are charged an annual exemption fee of £1,200 each (2021: £1,200).

DP Aircraft UK Limited is subject to taxation at the applicable rate in the United Kingdom. The tax charge during the period ended 30 June 2022 was US\$ 5,563 (period 1 January 2021 to 30 June 2021: tax credit of US\$ 42,078). 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 0.14% is not material and the reconciliation is not relevant to the understanding of the Company's results for the period end.

**8) PROFIT/(LOSS) PER SHARE**

30 June 2022 (unaudited)	30 June 2021 (unaudited)
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	US\$	US\$
Profit/(Loss) for the period	2,998,596	(24,171,431)
Weighted average number of shares	209,333,333	209,333,333
<b>Profit/(Loss) per share</b>	<b>0.0143</b>	<b>(0.1155)</b>

There are no instruments in issue that could potentially dilute earnings per ordinary share in future periods.

#### 9) PROPERTY, PLANT & EQUIPMENT – AIRCRAFT & RELATED COMPONENTS

30 June 2022	Aircraft (unaudited) US\$	Lease Premium (unaudited) US\$	Total (unaudited) US\$
<b>COST</b>			
<b>As at 1 January and 30 June 2022</b>	<b>238,731,161</b>	<b>17,398,493</b>	<b>256,129,654</b>
<b>ACCUMULATED DEPRECIATION</b>			
As at 1 January 2022	53,466,624	8,200,047	61,666,671
Charge for the period	478,271	-	478,271
<b>As at 30 June 2022</b>	<b>53,944,895</b>	<b>8,200,047</b>	<b>62,144,942</b>
<b>IMPAIRMENT</b>			
As at 1 January 2022	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
<b>As at 30 June 2022</b>	<b>58,839,697</b>	<b>9,198,446</b>	<b>68,038,143</b>
<b>CARRYING AMOUNT</b>			
<b>As at 30 June 2022</b>	<b>125,946,569</b>	<b>-</b>	<b>125,946,569</b>
<b>31 December 2021</b>	<b>Aircraft (audited) US\$</b>	<b>Lease Premium (audited) US\$</b>	<b>Total (audited) US\$</b>
<b>COST</b>			
<b>As at 1 January and 31 December 2021</b>	<b>238,731,161</b>	<b>17,398,493</b>	<b>256,129,654</b>
<b>ACCUMULATED DEPRECIATION</b>			
As at 1 January 2021	53,291,464	8,200,047	61,491,511
Charge for the period	175,160	-	175,160
<b>As at 31 December 2021</b>	<b>53,466,624</b>	<b>8,200,047</b>	<b>61,666,671</b>
<b>IMPAIRMENT</b>			
As at 1 January 2021	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
<b>As at 31 December 2021</b>	<b>58,839,697</b>	<b>9,198,446</b>	<b>68,038,143</b>
<b>CARRYING AMOUNT</b>			
<b>As at 31 December 2021</b>	<b>126,424,840</b>	<b>-</b>	<b>126,424,840</b>

As detailed in note 3, as at 30 June 2022 there are no further impairments to the aircraft. There are also no reversals of prior year impairments.

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

#### 10) INVESTMENTS HELD AT FAIR VALUE

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
<b>Opening balance</b>	-	<b>15,630,526</b>
Additions	-	-
Disposal proceeds	-	(4,069,880)
Realised loss	-	(1,252,152)
Unrealised fair value loss to date of loss of control	-	(7,295,783)
Loss of control of subsidiary undertakings	-	(3,012,711)
<b>Closing balance</b>	-	-

Fair value movement is made up as follows:

Realised loss	-	(1,252,152)
Unrealised loss	-	(7,295,783)
<b>Closing balance</b>	-	<b>(8,547,935)</b>

The investment in Norwegian Air Shuttle was derecognised in the prior period as a result of loss of control of the assets and liabilities of DP Aircraft Guernsey I Limited and DP Aircraft Guernsey II Limited in the prior period.

#### 11) RESTRICTED CASH

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
<b>Non-current assets</b>		
Maintenance reserves	14,843,101	14,465,329
	14,843,101	14,465,329
<b>Current assets</b>		
Security deposit accounts	90	90
Lease rental accounts	2,301,671	2,788,427
	2,301,761	2,788,517
<b>Total restricted cash</b>	<b>17,144,862</b>	<b>17,253,846</b>

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

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

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

#### 12) TRADE AND OTHER RECEIVABLES

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Prepayments	46,523	110,996
Rent receivable	870,853	140,220
Reimbursable costs	280,000	-
Straight-lining lease asset	9,112,927	4,772,296
<b>Total trade and other receivables</b>	<b>10,310,303</b>	<b>5,023,512</b>

**Less: Lifetime Expected Credit Loss provision**

Straight-lining lease asset	1,001,511	-
<b>Total provision</b>	<b>1,001,511</b>	<b>-</b>

<b>Net trade and other receivables</b>	<b>9,308,792</b>	<b>5,023,512</b>
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The Group has assessed the straight-lining lease asset for impairment. This balance represents the result of straight-lining of future fixed Thai lease payments over the lease term. The Group has performed an assessment on the rent receivable and the straight-lining lease asset taking into account current and future information relating to the airline industry as well as the lessee specifically and concluded that the impairment provision as at 30 June 2022 is US\$ 1,001,511 (31 December 2021: US\$ nil). For the remaining receivables, the Group has concluded that these are not material thus any provision, if any, would also be immaterial and so no further assessment is necessary.

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

	<b>30 June 2022 (unaudited) US\$</b>	<b>31 December 2021 (audited) US\$</b>
<b>Opening provision</b>	-	<b>10,111,605</b>
Increase during the period/year	1,106,575	12,508,499
Receivable written off	(105,064)	(22,620,104)
<b>Closing provision</b>	<b>1,001,511</b>	<b>-</b>

In the prior year, due to amendment of the lease agreements with Thai, rental due between 1 January 2021 and 14 June 2021 of US\$ 12,508,499 was provided for and fully written off during the 2021 year together with the opening provision. In the current period the provision increased by US\$ 1,106,575 and rental due from Thai of US\$ 105,064 was written off as agreed per the Engine Exchange Agreement entered into on 1 April 2022.

**13) MAINTENANCE RESERVES LIABILITY**

	<b>30 June 2022 (unaudited) US\$</b>	<b>31 December 2021 (audited) US\$</b>
Maintenance reserves - Thai Airways	14,829,296	14,460,682
<b>Total maintenance reserves</b>	<b>14,829,296</b>	<b>14,460,682</b>

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

**14) TRADE AND OTHER PAYABLES**

	<b>30 June 2022 (unaudited) US\$</b>	<b>31 December 2021 (audited) US\$</b>
Accruals and other payables	336,539	317,017
Corporation tax payable	5,563	-
<b>Total trade and other payables</b>	<b>342,102</b>	<b>317,017</b>

**15) SHARE BASED PAYMENT LIABILITY**

	<b>30 June 2022 (unaudited) US\$</b>	<b>31 December 2021 (audited) US\$</b>
Asset manager fees share-based payment liability	138,790	92,018
Director fees share-based payment liability	206,106	218,697

344,896

310,715

Currently 20% of asset management fees, 10% of director annual base fees and all additional director fees above the base fee are being deferred and the intention is for these deferred fees to be settled by way of issue of shares of the Company in the future at a share price to be determined in the future. There is however no formal agreements in place to this effect therefore reported fees due as share based payment liability given might be settled in cash future circumstances permitting. There has been no settlement of any of the fees via the issue of equity in the current period (30 June 2021: US\$ nil).

The share-based payment expense related to asset management fees for the period is US\$ 46,772 (30 June 2021: US\$ 45,632) and this forms part of the asset management fee line item in the Condensed Statement of Comprehensive Income. Refer to note 21 for further details.

The share-based payment expense related to director fees for the period is US\$ 11,045 (30 June 2021: US\$ 11,906) and this forms part of the general and administrative expenses line item in the Condensed Statement of Comprehensive Income. Refer to note 20 for further details.

## 16) BANK BORROWINGS

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Current liabilities: bank interest payable and bank borrowings	8,049,720	136,010
Non-current liabilities: bank borrowings	90,396,871	98,304,863
<b>Total liabilities</b>	<b>98,446,591</b>	<b>98,440,873</b>

The borrowings are repayable as follows:

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Interest payable	141,728	136,010
Within one year	7,907,992	-
In two to five years	90,396,871	98,304,863
After five years	-	-
<b>Total bank borrowings</b>	<b>98,446,591</b>	<b>98,440,873</b>

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

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Opening balance	98,304,863	180,676,613
Loan modification adjustment	-	432,976
Repayment of loan	-	(274,173)
Loss of control of subsidiary undertakings	-	(82,530,553)
<b>Principal bank borrowings</b>	<b>98,304,863</b>	<b>98,304,863</b>
Interest payable	141,728	136,010
<b>Total bank borrowings</b>	<b>98,446,591</b>	<b>98,440,873</b>

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2022 and 30 June 2021:

	Cash and cash equivalents US\$	Principal US\$	Interest US\$	Derivative Instrument US\$	Net Debt US\$
<b>At 1 January 2022</b>	<b>1,179,211</b>	<b>(98,304,863)</b>	<b>(136,010)</b>	<b>-</b>	<b>(97,261,662)</b>
Cash flows	(265,831)	-	2,189,122	-	1,923,291

Non cash:-					
Interest charge	-	-	(2,194,840)	-	(2,194,840)
<b>At 30 June 2022</b>	<b>913,380</b>	<b>(98,304,863)</b>	<b>(141,728)</b>	<b>-</b>	<b>(97,533,211)</b>

	Cash and cash equivalents US\$	Principal US\$	Interest US\$	Derivative Instrument* US\$	Net Debt US\$
<b>At 1 January 2021</b>	<b>6,949,167</b>	<b>(180,676,613)</b>	<b>(238,969)</b>	<b>(4,257,198)</b>	<b>(178,223,613)</b>
Cash flows	(5,769,956)	274,173	4,595,529	301,759	(598,495)
Non cash: -					
Fair value movement	-	-	-	459,015	459,015
Termination	-	-	-	4,664,507	4,664,507
Interest charge	-	-	(4,727,053)	(228,277)	(4,955,330)
Penalty fees	-	-	-	(939,806)	(939,806)
Loan modification adjustment	-	(432,976)	-	-	(432,976)
Loss of control of assets and liabilities	-	82,530,553	234,483	-	82,765,036
<b>At 31 December 2021</b>	<b>1,179,211</b>	<b>(98,304,863)</b>	<b>(136,010)</b>	<b>-</b>	<b>(97,261,662)</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 2022 was US\$ 98,446,591 (31 December 2021: US\$ 98,440,873).

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, overdue interest will accrue on such amount at the then current rate applicable to the loan plus 2.0 per cent per annum. No overdue interest accrued on unpaid amounts during the period as there was an agreement to defer principal repayments as mentioned below. Note, the deferred principal has its own interest terms different to the above.

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

On 6 May 2021, subsequent to the new lease arrangements entered into by the Company and Thai as described in note 4, the Company and DekaBank have amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms. Repayments of any 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. Effectively, post the PBH period repayment of principal including the principal to be agreed as mentioned above shall be deferred further and such deferred principal is to be repaid only to the extent that amounts are available for application towards such deferred principal.



From May 2021 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/SONIA 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 two loans related to the two Thai aircraft have a final maturity date of 29 October 2026 and 9 December 2026 respectively.

## 17) SHARE CAPITAL

<b>Period ended 30 June 2022 (unaudited)</b>	<b>Subordinated Administrative Share Number</b>	<b>Ordinary Shares Number</b>	<b>Total Number</b>
<b>Issued and fully paid (no par value):</b>			
<b>Shares as at 1 January 2022 and 30 June 2022</b>	<b>1</b>	<b>209,333,333</b>	<b>209,333,334</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Share capital as at 1 January 2022 and 30 June 2022</b>	<b>1</b>	<b>210,556,651</b>	<b>210,556,652</b>
<b>Period ended 30 June 2021 (unaudited)</b>	<b>Subordinated Administrative Share Number</b>	<b>Ordinary Shares Number</b>	<b>Total Number</b>
<b>Issued and fully paid (no par value):</b>			
<b>Shares as at 1 January 2021 and 30 June 2021</b>	<b>1</b>	<b>209,333,333</b>	<b>209,333,334</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Share capital as at 1 January 2022 and 30 June 2021</b>	<b>1</b>	<b>210,556,651</b>	<b>210,556,652</b>

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.

## 18) DIVIDENDS

The dividends declared and paid during the period ended 30 June 2022 are US\$ nil (30 June 2021: US\$ nil).

## 19) 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 payables approximate their carrying amounts due to the short-term maturities of these instruments.

**Derivative instruments held at fair value**

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

**20) RELATED PARTY TRANSACTIONS**

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

	Current fee (annual) £	30 June 2022 (unaudited) US\$	30 June 2021 (unaudited) US\$
Jon Bridel (Chairman)	66,000	42,412	44,545
Jeremy Thompson (Chairman of the Audit Committee and Senior Independent Director)	53,700	34,508	37,864
Harald Brauns (Chairman of the Management Engagement Committee)	53,800	34,572	36,654
<b>Total</b>	<b>173,500</b>	<b>111,492</b>	<b>119,063</b>

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

Director fees are made up as follows:

	30 June 2022 (unaudited) US\$	30 June 2021 (unaudited) US\$
Base annual fees (cash)	100,447	107,157
Share based payment expense (note 16)	11,045	11,906
<b>Total</b>	<b>111,492</b>	<b>119,063</b>

10% of base fees and all extra fees are currently being deferred to be settled in the future via cash or by way of issue of equity of the Company or both. There has been no settlement of director remuneration via the issue of equity in the current period (30 June 2021: USD nil). Refer to note 15 for further details.

The Directors receive the following base annual 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 £53,800 per annum.

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

	30 June 2022	31 December 2021
	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	-	-

**21) MATERIAL CONTRACTS****Asset Management Agreementssss**

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.

### **Disposal fee**

The initial amendment provides a calculation methodology for the disposal fee which will only become payable when all four of the Assets (two sold under receivership in the prior period and second two currently held by the Group) have been sold after the expiry of the second Thai Airways lease on 9 December 2026. The fee will be calculated as a percentage of the aggregate net sale proceeds of the four Assets, such percentage rate depending upon the Initial Investor Total Asset Return per share being the total amount distributed to an initial investor by way of dividend, capital return or otherwise over the life of the Company. If each of the Assets is sold subsequent to the expiry of their respective leases, the percentage rate shall be:

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

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

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

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

The disposal fee is a cash-settled payment to the Asset Manager. There is no disposal fee expected to be payable and hence no provision recognised within these interim financial statements.

### **Management fees**

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

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

20% of asset management fees are currently being deferred to be settled in cash or by way of issue of equity of the Company in the future at a share price to be determined in the future. See below and refer to note 21 for further details.

In the period to 30 June 2022 asset management fees totalled US\$ 233,862 (30 June 2021 US\$ 525,325) of which US\$ 170,487 was due as at 30 June 2022 (31 December 2021: US\$ 122,941). US\$ 46,772 (30 June 2021 US\$ 45,632) of the asset management fees expense is a share-based payment expense and of the total asset management fees balance due as at period end, US\$ 138,790 (31 December 2021: US\$ 92,018) is a share-based payment liability (see note 15).

## 22) 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.

## 23) SUBSEQUENT EVENTS

Subsequent to period end, DP Aircraft I Limited raised gross proceeds of \$750,000 through the issue of 30,000,000 new ordinary shares in the capital of the Company at a price of US\$0.025 per new ordinary share which were issued to the investors on 13 July 2022 under tap issue. Immediately following admission, the Company's issued share capital will consist of 239,333,333 Ordinary Shares with voting rights.

## COMPANY INFORMATION

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

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Guernsey  
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**Corporate Broker**

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