30 September 2024

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 2024 (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

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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 2024

CONTENTS

FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	Specialist Fund Segment ('SFS') of the London Stock Exchange
SFS Admission Date	4-Oct-13
Share Price	US$ 0.0650 at 30 June 2024
Earnings per share	US$ 0.01106 for the period ended 30 June 2024
Country of Incorporation	Guernsey
Current Shares in Issue	239,333,333
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG Channel Islands Limited
Corporate Broker	Investec Bank Plc
Aircraft Registrations	HS-TQD HS-TQC
Aircraft Serial Numbers	35320
	36110
Aircraft Type and Model	Boeing 787-8
Lessee	Thai Airways International Public Company Limited ('Thai Airways')
Website	www.dpaircraft.com

SUMMARY

COMPANY OVERVIEW

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

The Company was established to invest in aircraft. The Company is a holding company and made its investment in aircraft held through two wholly owned subsidiaries, 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 issued 113,000,000 ordinary shares of no-par value at an issue price of US$ 1.00 per ordinary share by means of a placing. The Company's ordinary 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 issued 96,333,333 ordinary shares of no-par value at an issue price of US$ 1.0589 per ordinary 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.

On 13 July 2022, the Company raised gross proceeds of US$750,000, due to lender restrictions on the DP Aircraft I Limited Topco balance, through the issue of 30,000,000 additional ordinary shares in the capital of the Company at a price of US$0.025 per share. These additional ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 15 July 2022.

In total there are now 239,333,333 ordinary shares in issue with voting rights.

In addition to the equity raised above in 2013, 2015 and 2022, the Group also utilised external debt to fund the initial acquisition of the aircraft. Further details are given within this summary section.

INVESTMENT OBJECTIVE

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

THE BOARD

The Board comprises of independent Directors (the 'Directors') or (the 'Board'). 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 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 legacy engine 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.

SUMMARY (CONTINUED)

CORONAVIRUS ('COVID-19 ')

COVID-19 continues to have 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 on pages 11 to 22 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 15 June 2021.

The new lease terms provided for a power by the hour ('PBH') arrangement until 31 December 2022 (with rent payable by reference to actual monthly utilisation of the Thai aircraft and engines), with scaled back monthly fixed lease payments thereafter until October 2026 for aircraft MSN 36110 and December 2026 for aircraft MSN 35320 reflecting reduced market rates in the long-haul market. The lease term was extended for a further 3 years to October and December 2029 respectively, with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively. The Extension Period is however subject to agreement where the Group has the option to terminate the lease early in October 2026 and December 2026 after consulting with the Lenders. Given the uncertainty around the lease extension, the lease terms are considered to be the period up to October and December 2026, respectively.

A corresponding agreement was reached with the lenders as detailed below.

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

On 6 May 2021, subsequent to the LOI being entered into by the Group and Thai as described above, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms, the First Amendment and Restatement to the Loan Agreements. Repayments of principal were deferred until after the end of the PBH arrangement (31 December 2022), and a new repayment schedule was to be renegotiated close to the end of the PBH arrangement.

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreement (the 'Loan Agreement') in which the parties agreed on the following main terms:

- the total loan amount outstanding was split into two tranches:
  - Facility A is a loan of US$ 61,144,842, made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
  - Facility B is a loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.
- US$ 2.36m of surplus cash generated under the PBH period was used to immediately repay debt on the amortizing Facility A loan in February 2023, while an agreed cash reserve of US$ 500,000 per aircraft will be retained to cover unforeseen costs going forward.

SUMMARY (CONTINUED)

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

- the interest rate swap currently in place for the scheduled debt was dissolved at cost.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is contractually restricted so that those funds are only payable to the lenders and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

Due to the limited liquidity position of the Group, restructuring fees associated with the second amendment and restatement will be paid after the eventual remarketing of the aircraft, subject to surplus sales proceeds being realised.

IMPAIRMENT

In line with each reporting date, and market capitalisation of US$ 15.56 million at 30 June 2024, a detailed impairment assessment of the aircraft has been undertaken. Following this review an impairment of US$ nil (31 December 2023: US$ nil) was booked against the aircraft. See note 3 for further details regarding the impairment and comments under Highlights on page 7 regarding the difference between net asset value and market capitalisation.

DISTRIBUTION POLICY

Under normal circumstances, the Group aims to provide shareholders with an attractive total return comprising income, from distributions through the period of the Company's ownership of the Assets, and capital, upon any sale of the Assets. The Company originally targeted a quarterly distribution in February, May, August and November of each year. The target distribution was US$ 0.0225 per share per quarter. The dividends were targets only with no assurance or guarantee of performance or 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 lessor, the Board suspended the payment of dividends from 3 April 2020 until further notice. This suspension remains in place to date. 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 as a priority towards interest and principal repayments to DekaBank. Given this backdrop the Board and its advisors feel that there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution during the remaining lease period. The Board and its advisors will continue to consult with shareholders in the future, with a view to determining the best course of action to take for the future of the Company.

HIGHLIGHTS

RESULTS FOR THE PERIOD

The profit for the period ended 30 June 2024 is US$ 2,647,707 and profit per share is US$ 0.0111. The loss for the period ended 30 June 2023 was US$ 4,072,482 and loss per share was US$ 0.0170.

The results for the period ended 30 June 2024 are mainly driven by rental income earned of US$ 4,364,612 (30 June 2023: US$ 4,340,629) and finance costs incurred of US$ 1,982,139 (30 June 2023: US$ 7,495,940). The decrease of finance costs is a result of an adjustment required by IFRS to reflect the modification to the loan terms in February 2023.

Refer to page 28 for full details of results for the period.

NET ASSET VALUE (‘NAV’)

The NAV per share was US$ 0.18751 at 30 June 2024 (31 December 2023: US$ 0.17645) and the price per share was US$ 0.065 (31 December 2023: US$ 0.0625). NAV per share increased due to the profit made during the interim period (see above). The NAV excluding the financial effects of the straight-lining lease asset and the loan modification adjustment was US$ 0.15671 per share at 30 June 2024 (31 December 2023: US$ 0.16018).

The straight-lining lease asset and the loan modification adjustment will reduce to nil over time. The NAV excluding the straight-lining lease asset and loan modification adjustment 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 2024	As at 31 December 2023

	US$	US$ per share	US$	US$ per share
NAV per the financial statements	**44,878,141**	**0.18751**	**42,230,434**	**0.17645**
Less: Straight-lining lease asset	(8,283,322)	(0.0346)	(10,038,709)	(0.04194)
Add: Provision on straight-lining lease asset	910,337	0.0038	1,103,254	0.00461
Add: Loan modification adjustment	-	-	5,042,029	0.02107
	(7,372,985)	(0.0308)	(3,893,426)	(0.01627)
Adjusted NAV	**37,505,156**	**0.15671**	**38,337,008**	**0.16018**

As at 30 June 2024, the price per share was US$ 0.065 which is significantly lower than the NAV per share above, excluding the straight-lining lease asset and the loan modification adjustment. The main asset in the Group, the aircraft, have 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.

HIGHLIGHTS (CONTINUED)

INTERIM DIVIDENDS

As previously outlined, as a result of the impact of the COVID-19 pandemic on global aviation and particularly on its lessees; the Company suspended dividends on 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 Asset Manager's Report. Furthermore, in accordance with the second amended loan agreement with DekaBank, the Group will make no dividend payments while loan deferrals remained outstanding under the Loan Agreement.

OFFICIAL LISTING

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

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Annual Report of the Group for the period ended 30 June 2024.

The profit per share for the period was US$ 0.0111 compared to a loss per share of US$ 0.0170 for the same period last year. The net asset value per share at the period end was US$ 0.18751 compared to US$ 0.17645 at 31 December 2023.

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 lease income which has been estimated based on recent credit reports on Thai. Please refer to page 7 which explains the net impact of this on the profit for the period and the NAV of US$ per share.

There has been a continued improvement in the global aviation market following the challenges resulting from the effects of the Covid-19 (Covid) pandemic. Recent sentiment on airline and related stocks has been more optimistic. although airlines are struggling meeting their forecast growth numbers in an environment of constrained new aircraft deliveries. The Ukraine war has not had as significant impact on the industry as was expected. The same currently applies to the conflicts in the Middle East but potential future adverse effects remain unknown. With Covid restrictions in China being lifted there is cause for some optimism in tourism numbers from that market going forward.

Both our aircraft, HS-TQC and HS-TQD have mainly flown in the Asian region with regular rotations to Perth in Australia during the period. This has also been true of the other four, Rolls Royce Trent 1000 powered 787-8 aircraft in the Thai fleet. Sector lengths flown through the year have varied from just under two hours (Singapore and KL) to approximately six hours (Japanese and Australian routes). Other larger aircraft in the Thai fleet have also been serving Asian routes which at present represent the largest passenger segment. Under the terms of industry lease arrangements, lessee's have the right to fly the routes which serve their needs. Shorter sector lengths do not reduce the airlines responsibility to maintain the aircraft nor in our case to return the aircraft at the lease term end in full life condition. Our asset manager is responsible for liaison with Thai on all operational matters and to regularly inspect our assets. An inspection was performed in April 2024 with no major defects found and the aircraft being airworthy.

To participate in the uptick of passenger numbers, Thai Airways expects to grow its fleet by about 11 aircraft in 2025. The airline´s order of 45 Boeing 787-9's underlines the expectations of further growing markets and is good news as a reinforcement of Boeing as a core fleet constituent, however it has opted for GE engines rather than Rolls Royce which power the current six 787-8's in their fleet (including both our aircraft). The positioning of the smaller 787-8 within Thai's forward fleet plans is not conclusively known and we, through our asset manager, will be seeking to clarify greater detail in that regard.

Thai has regained profitability but operating profit excluding one-time items declined 76% year on year to Bt1.13 billion ($32 million) in the second quarter. Thai is looking to finalize its capital restructuring plan by the end of 2024. In May Thailand's Ministry of Finance announced its intention to invest another THB 12 billion (US$ 330m) in Thai by October 2024 and Thai will seek cancellation of the business rehabilitation before resuming trading on the stock exchange within 2Q 2025.

Our aircraft are now operating on fixed monthly lease payments with Thai until October/December 2026 respectively, reflecting the prior negotiated reduced lease rates. As previously noted, the lease term was extended by a further 3 years to October/December 2029, with further scaled back monthly lease payments starting from November 2026/January 2027, and with the Group retaining a right of early termination in October/December 2026 after consultation with the Lenders.

The current finance arrangements with our Lenders expire at the end of 2026. In this respect the Group can therefore (i) negotiate to extend the loans with the existing Lenders, (ii) refinance the loans with new lenders or (iii) sell the aircraft to an investor within a time frame until the end of 2026. Any option has to be agreed with the current Lending group and corresponding discussions will start in October 2024, however early discussions with the Lenders indicate there may

CHAIRMAN'S STATEMENT (CONTINUED)

be a willingness on behalf of the Lenders to extend the arrangements until the end of an extended lease period to October/December 2029.

The Group is also in discussions with Thai on proposals to amend the current lease arrangements. Otherwise, by April 2025, the Group and Lenders have to inform Thai whether or not they will execute the early termination option under the lease. By October 2025, the Group has to provide the Lenders with information on the steps it is taking to refinance or to remarket the aircraft followed by a Term sheet no later than August 2026. As an ongoing obligation, the Group has to inform the Lenders in relation to any negotiations and or consultation with Thai regarding any restructuring of the Operating Lease Agreement.

Whilst the situation can change, the current preferred option for the Group is the sale of the aircraft with a lease attached which reflects improved market terms and conditions. The current leases require the aircraft to be returned in full life condition.

The Board and the Asset Manager remain fully committed to extracting the best value for shareholders in this process and are focussed on actions to improve and preserve the value of the assets. We continue to consider and review the various options before recommending a preferred path. Necessarily this will need to involve the proactive involvement of our lenders, advisors and our valued lessee.

The Company believes the Boeing 787 remains an attractive asset and notes recent transactions in the market though transparency around transaction values is not currently available. Boeing 787 wide body production is still behind historic levels and delayed deliveries for new aircraft are further strengthening this demand.

The Board notes that whilst the 787 aircraft is now key to Thai, the Group's aircraft type are the smaller 8 series and we note that all new wide bodied aircraft Thai propose to add to their fleet are the larger 787-9 variant. The priority of the Group will therefore be commencing discussions with Thai on how our aircraft fit into the overall Thai fleet strategy and to what extent existing arrangements can be enhanced for the mutual benefit of both parties.

As previously noted, there is no realistic prospect of the Company's shareholders receiving a dividend or other distribution prior to the end of the lease term. The key uncertainty remains the outlook for Thai, though the position of Thai has improved considerably, the impact of inflation on the travel industry and the knock-on effect these factors may have on aircraft values and lease rentals.

Notwithstanding there has been some unavoidable cost increases and inflationary pressures, with respect to ongoing working capital requirements, the Group has been able to control the net cash burn because some service providers have deferred certain amounts due.

In order to ensure the Group has sufficient funds to adequately finance the period over which the Board would like to realise value for shareholders, should an appropriate opportunity arise, the Company intends to raise additional equity of up to $1 million in Q4 2024. A further announcement in relation to this will be made in due course.

The Board and its advisers will continue consulting with Shareholders on an ongoing basis. I am especially grateful to the Board and our key service providers for their significant continued support. Finally, I would like to thank our Shareholders for their continued support.

Jonathan Bridel
Chairman

ASSET MANAGER'S REPORT

EXECUTIVE SUMMARY

The airline market in 2024 has developed more than expected by the International Air Transport Association (IATA) at the beginning of the year. The Asian region, where restrictions had been lifted later, is catching up and is expected to grow quicker than the global average, e.g. on passenger numbers. The aviation sector is generally suffering from a reduced number of new aircraft deliveries, which could continue for the next two to three years, in turn limiting growth of air travel, investment volumes and market transactions. The Rehabilitation Programme of Thai Airways is on track and the carrier expects to exit Rehabilitation in the first half of 2025. Both aircraft TQC and TQD owned by DP Aircraft are in regular commercial operations with Thai Airways; the latest inspection took place in April 2024, with no major issues found. The aircraft are mainly operating on Asia-Pacific routes, including Perth (Australia), with the potential of other long routes such as Brussels beginning in December 2024.

THE AVIATION MARKET

- The airline global outlook published by IATA in June 2024 showed slightly improved numbers compared to the last forecast made in December 2023[1]:

	2019	2020	2021	2022	2023 (estimated)	2024 (forecasted)
Revenues [billion USD]	838	384	513	738	908	996
Passenger Revenue [billion USD]	607	189	242	437	646	744
Net Result [billion USD]	26.4	- 137.7	- 40.4	- 3.5	27.4	30.5

[1] IATA: "Willie Walsh's Report on the Air Transport Industry at the 80th IATA AGM"; 3rd June 2024 // IATA: "Airline Profitability Outlook Improves for 2024"; 3rd June 2024

Operating Profit [billion USD]	43.2	- 110.8	- 43.5	11.2	52.2	59.9
Passenger Load Factor	83%	65%	67%	79%	82%	83%

Source: IATA "Industry Statistics: Fact Sheet June 2024"

- In June 2024, travel demand measured in RPK (Revenue Passenger Kilometres) increased by more than 9% and the load factor by 0.5 percentage points to 85% compared to the same month in the previous year[2]
- Global average load factor is expected to be 82.5% in 2024 which would represent pre-Covid levels[3]
- The forecast of aircraft deliveries in 2024 had been reduced by 11% due to ongoing supply chain issues[4]

ASSET MANAGER'S REPORT (CONTINUED)

THE AVIATION MARKET (CONTINUED)

- Fuel prices remain high and are expected to account for 31% of airlines´ operating costs[5]
- CO2 emission per RPK decreased by 53% since 1990 resulting from improved and new technology[6]

The Asian Airline Market

- Airlines based in Asia/Pacific announced a net profit of USD 8.8 billion in 2023 after a net loss of USD 9.7 billion in 2022[7]
- Preliminary numbers for July 2024 announced by the Association of Asia Pacific Airlines (AAPA) state that international passengers carried by airlines based in Asia-Pacific increased by 23% compared to the same month in 2023 reflecting about 95% of pre-Covid passenger numbers (July 2019) [8]
- Cargo demand benefits from disruptions of maritime shipping and a strong e-commerce[9]

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[2] IATA: "Passenger Demand Up 9.1% in June"; 31st July 2024
[3] IATA: "Airline Profitability Outlook Improves for 2024"; 3rd June 2024
[4] IATA: "Willie Walsh's Report on the Air Transport Industry at the 80th IATA AGM"; 3rd June 2024 // IATA: "Airline Profitability Outlook Improves for 2024"; 3rd June 2024
[5] IATA: "Airline Profitability Outlook Improves for 2024"; 3rd June 2024
[6] Airbus: "GMF 2024-43 Summary take aways"
[7] AAPA: "Asia Pacific Airlines Return to Profitability in 2023"; 18th June 2024 (based on data of 27 airlines based in Asia/Pacific)
[8] Cirium: "APAC passenger and cargo demand up again in July: AAPA"; 30th August 2024
[9] Cirium: "APAC passenger and cargo demand up again in July: AAPA"; 30th August 2024

- According to the latest forecast by Boeing, the fleet of Chinese airlines will annually grow by 4.1% on average and more than double within the next 20 years[10]
- IATA expects that in 2043 about 50% of the global net passenger increase will be contributed by the Asia Pacific region[11]

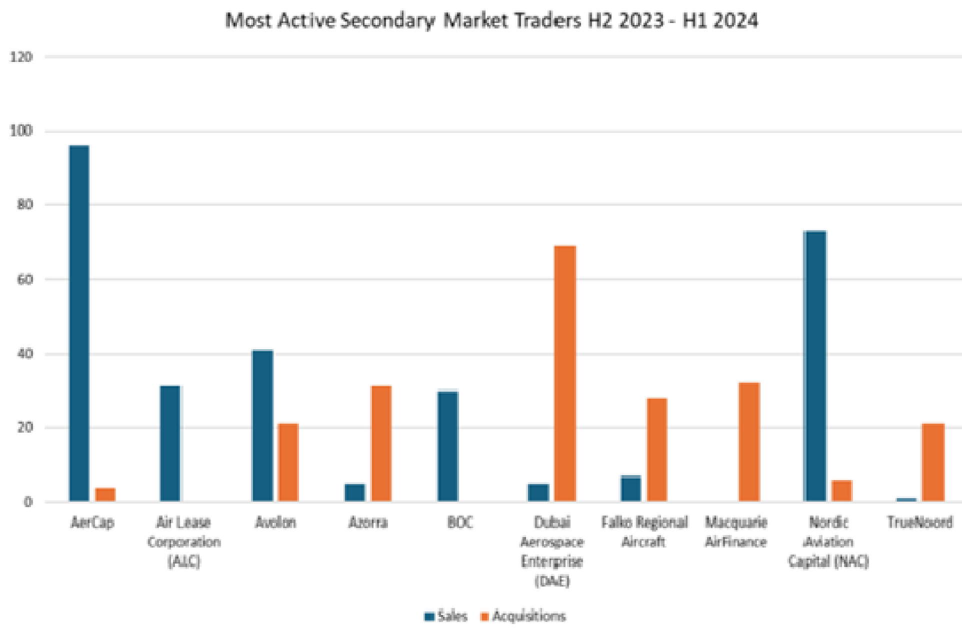
The Lessor Market

- On the one hand, lessors are suffering from delivery delays and on the other hand they are benefitting from the resulting higher numbers of lease extensions and increasing lease rates[12]
- Airbus and Boeing delivered 28 per cent of their July 2024 deliveries to leasing companies, including one B787-9 and one B787-10 to ALC (Air Lease Corporation)[13]
- The top three leasing companies regarding passenger wide-body aircraft orders at Airbus and Boeing are Avolon (42 A330-900s), ALC (15 B787-10s, four B787-9s, four A330-900s) and AerCap (17 B787-9s, three A330-900s)[14]
- AerCap acquired 36 aircraft of the A320neo family from Spirit´s order book (American low-cost carrier) with the benefit of circumventing a competitive sale and lease back process at a later stage, to have earlier delivery slots and to acquire new assets in a time of low supply[15]

ASSET MANAGER’S REPORT (CONTINUED)

The Lessor Market (Continued)

[10] Cirium: “China needs 8,830 new aircraft in next 20 years: Boeing”; 27th August 2024
[11] IATA: “Global Outlook for Air Transport: Deep Change”; June 2024
[12] ISHKA: “ALC Q2 2024: Boeing strike could slow deliveries, over-ordered airlines will ‘need lessor help’ ”; 7th August 2024
[13] ISHKA: „Lessor order books: ACG and Macquarie Boeing orders hit the books, 33 leasing deliveries in July”; 21st August 2024
[14] ISHKA: „Lessor order books: ACG and Macquarie Boeing orders hit the books, 33 leasing deliveries in July”; 21st August 2024
[15] ISHKA: “AerCap Q2 2024: Why engines are driving mid-life demand, lessor buys 36 of Spirit's A320neo family order”; 5th August 2024



The top three traded aircraft types has been the narrowbody types B737 (MAX; NG and Classic) and A320ceo followed by the regional aircraft type DHC8-400

Source: ISHKA: “Trading Update: Buyers gravitate to older assets”; 26th July 2024

Outlook & Conclusion

The global market has recovered from the pandemic apart from the Asia Pacific region which is still slightly lacking behind pre-Covid levels. However, high growth rates in this region are promising to outperform pre-Covid levels in the very near future. The overall market remains adversely affected by the shortage of new aircraft which might not change for the next two to three years. On the one hand, the lower number of deliveries of new aircraft affects airlines as they need to extend the aircraft utilisation lives, close lease extensions or introduce used aircraft to fill the gaps. This in turn slows down their fleet renewal and CO2 emission reduction plans. On the other hand, sale and leaseback transactions of new aircraft deliveries become more and more competitive, not only for lessors but also for financing parties who are aiming to close transactions. Additionally, lower numbers of aircraft deliveries results in less income for the manufacturers.

Although the current development of the airline market is showing signs of promise, it remains vulnerable to external shocks, at least over the near-term. While the war in Ukraine has only marginally impacted the overall market, it has caused imbalances in relation to the competition between European and Chinese carriers. As Chinese airlines are still flying over Russian airspace, they are benefitting from lower costs than their European competitors which in turn cut capacities due to economic inefficiency. Another unknown is the potential of the Middle East conflict to geographically expand and to further escalate.

ASSET MANAGER’S REPORT (CONTINUED)
THE LESSEE – THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

Snapshot

- Network of 59 destinations, including 8 domestic routes, during the second quarter of 2024[16]
- Launch of daily Brussels services on 1st December 2024 with B787-8s[17]
- New or resumed destinations 2024: Milan (Italy), Oslo (Norway) and Kochi (India)[18]
- The Business Rehabilitation Plan is on track
- Thai closed the first half of 2024 with a net profit, although smaller than in the same period last year
- Foreign tourist arrivals in Thailand during the second quarter 2024 increased by 26% compared to the same quarter in 2023; nearly 80% of the foreign tourists are form the Asia-Pacific region and tourist numbers from China are recovering[19]

Restructuring and Rehabilitation Process: since January 2024[20]

- Debt repayment in line with the Business Rehabilitation Plan is on track
- Agreed sales for two inactive aircraft and two engines
- Delivery of aircraft to buyer and receipt of the respective sale prices of five aircraft from THAI fleet
- As part of the carrier´s fleet efficiency and route expansion plan, Thai received three A350-900s, increased several frequencies (e.g. to Tokyo and Manila) and resumed flights (to Perth and Colombo) during the first half of 2024[21]
- Continued focus on achieving positive shareholder equity at year´s end by completing a debt-to equity conversion and issuing new ordinary shares; a successful capital restructuring is one of the conditions to exit Business Rehabilitation[22]

Thai´s Financial & operational performance in brief (incl. subsidiaries)[23]

[billion THB**]	1st Half 2024	1st Half 2023	Change	Remarks*
Operating Revenues	**89.94**	**78.89**	**+ 14 %**	

[16] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[17] Cirium: “Thai Airways to resume Brussels service”; 5th June 2024
[18] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[19] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[20] Thai Airways International PCL: “The update on the 11th progress of the implementation of the Business Rehabilitation Plan for the period from 15 December 2023 to 14 March 2024 (3rd quarter of the 3rd year); 27th March 2024 // Thai Airways International PCL: “The update on the 12th progress of the implementation of the Business Rehabilitation Plan for the period from 25 March 2024 to 14 June 2024 (4th quarter of the 3rd year); 28th June 2024
[21] Thai Airways International PCL: “Management´s Discussion and Analysis for the three months ended March 31, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[22] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[23] Thai Airways International PCL: “Management´s Discussion and Analysis for the first quarter of 2024 ended March 31, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“

- Passenger and Excess Baggage	74.61	66.10	+ 13 %	
- Freight and Mail	7.95	8.20	- 3 %	
- Other Businesses	5.27	3.90	+ 35 %	a)
- Other Income	2.11	0.69	+ 206 %	
Operating Expenses	**72.94**	**57.28**	**+ 27 %**	**b)**

ASSET MANAGER'S REPORT (CONTINUED)

Thai´s Financial & operational performance in brief (incl. subsidiaries) [24]**(Continued)**

- Fuel and Oil	26.67	22.30	+ 20 %	c)
- Non-Fuel Operating Costs	46.27	34.98	+ 32 %	d)
Operating Result excl. One-Time Items	**7.60**	**14.09**	**- 46 %**	
Net Result	**2.72**	**14.78**	**- 82 %**	**e)**
Capacity - ASK (million)	**30,639**	**26,505**	**+ 16 %**	
Demand - RPK (million)	**23,927**	**21,567**	**+ 11 %**	
Load Factor	**78.1 %**	**81.4 %**	**- 3.3pp**	
Passengers (million)	**7.68**	**6.87**	**+ 12 %**	
Passenger Yield [THB/RPK]	**3.11**	**3.05**	**+ 2%**	
Aircraft Utilisation [block hours]	**13.0**	**12.0**	**+ 8 %**	
Number of Aircraft	**78**	**74**	**+ 5 %**	

[24] Thai Airways International PCL: "Management´s Discussion and Analysis for the first quarter of 2024 ended March 31, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries"

Cash & Cash Equivalents [bn THB]; Jun 24 vs. Dec 23	**56.26**	**52.94**	**+ 6 %**	
Current Ratio (consolidated)	**2.45**	**2.24**		**f)**

**Exchange rate THB:USD as at 30th June 2024: 1.00 THB : 0.027 USD[25]

*<u>*Remarks</u>*

a) Catering, ground services, cargo handling, etc.

b) Increase in operating expenses increased more strongly than operating revenues

c) Average fuel price in the first half of 2024 was nearly stable (up 1%) compared to the same period in 2023

d) Crew expenses, aircraft maintenance, lease of aircraft, etc.

e) Affected by one-time expenses, particularly due to a gain on outdated passenger ticket revenue adjustment (THB 4.14 billion; expired tickets due to the pandemic which had not been submitted for refund), gain from debt restructuring (THB 1.35 billion), an impairment loss of assets (THB 4.07 billion) and a loss on foreign currency exchange (THB 6.40 billion)

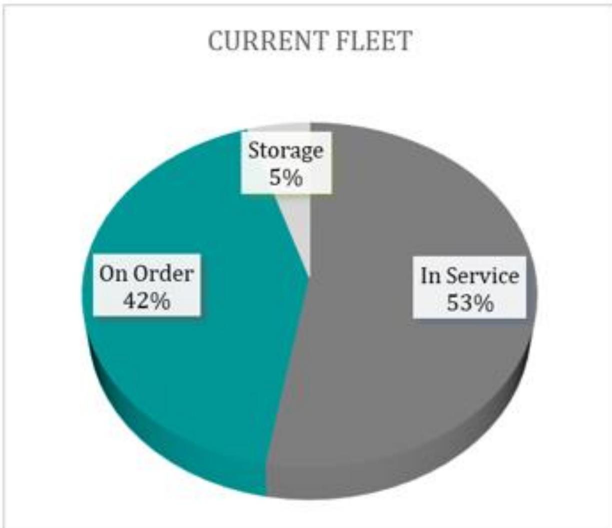
f) Improvement in liquidity and the ability to pay debt services (Current Ratio = Current Assets/Current Liabilities)

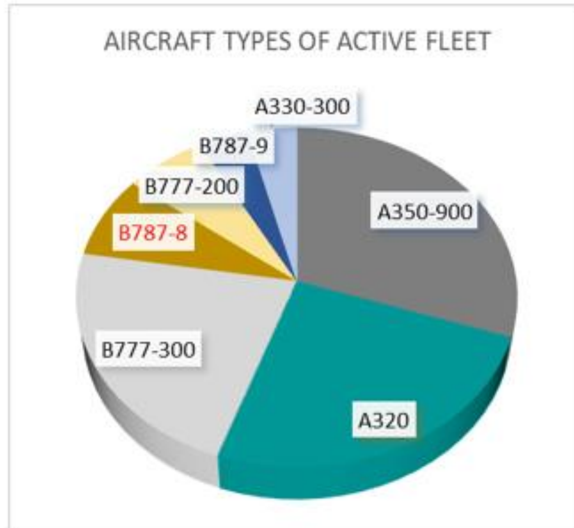
ASSET MANAGER'S REPORT (CONTINUED)

Thai´s Financial & operational performance in brief (incl. subsidiaries) [26] (Continued)

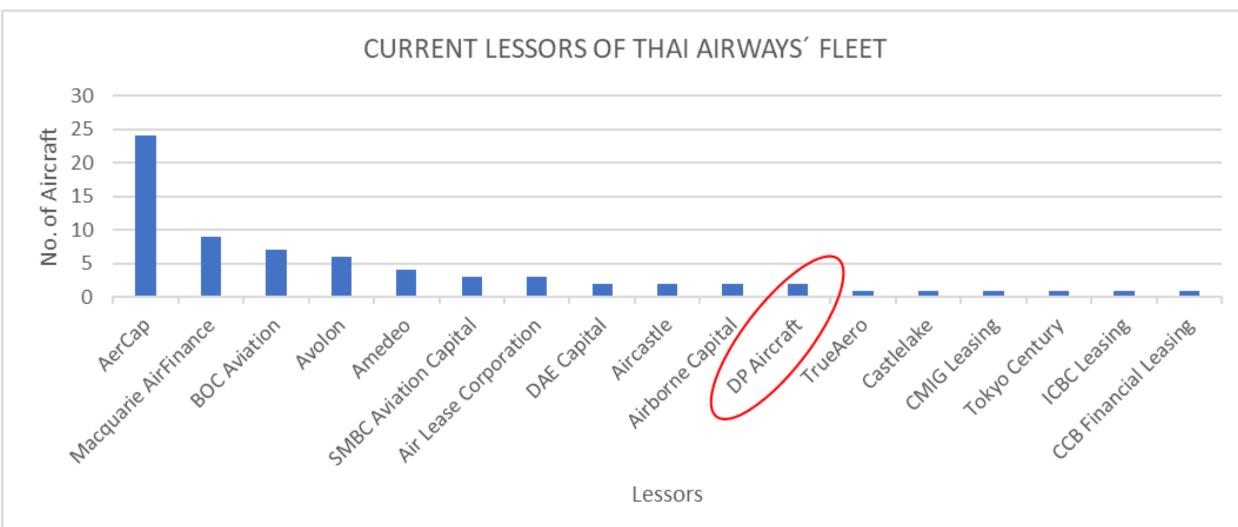
[25] Bundesverband Deutscher Banken; 9th August 2024

[26] Thai Airways International PCL: "Management´s Discussion and Analysis for the first quarter of 2024 ended March 31, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries"





Source: Cirium: “Thai Airways International Fleet Summary”; 19th August 2024



Source: Cirium: “Thai Airways International Fleet Summary”; 19th August 2024

- Second quarter 2024[27]
    - Delivery of one B787-9 and three A350-900s

ASSET MANAGER’S REPORT (CONTINUED)

[27] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“

Thai´s Financial & operational performance in brief (incl. subsidiaries)[28](Continued)

  - Sale of one A340-600, one B777-200 and two spare engines

- Thai Airways expects delivery of two A330-300s in November 2024[29]
- The airline intends to increase its active fleet to a size between 96 and 131 aircraft in 2033[30]
- During the fourth quarter the carrier has planned to start the retrofit of the A320 Business Class to align the product with their wide-bodies´ Business Class[31]

Outlook & Opportunities[32]

- Thai expects to receive 13 aircraft including five B787-9s and to phase out two widebodies (B777-200ERs) in 2025[33]
- The carrier currently focuses on leasing rather than buying aircraft to allow for a maximum of flexibility in upgrading and modernising its fleet[34]
- The airline announced a reciprocal codeshare partnership with Kuwait Airways
- The ongoing Middle East conflict has not had a significant impact on Thai Airways as the carrier does not focus on this region; however, it is unknown how a potential escalation might affect global trading, travelling and the economy which in turn might hit the airline indirectly
- Thailand´s carriers are increasing their fleet, including Thai Airways´ competitors such as Thai Air Asia, Thai Air Asia X and Thai Lion Air[35]
- The global economy is recovering, and demand of international air travel is increasing in the Asia Pacific region most strongly
- Thailand´s tourist numbers are expecting to increase by 26 per cent in 2024 compared to the previous year
- In-bound travel to Thailand benefits from the extension of the Free Visa policy for 93 countries (previously 57 countries) effective from 15th July 2024 including China, Malaysia, India, South Korea and Laos, the top five nationalities visiting Thailand
- The number of Indian visitors to Thailand is expected to increase by about 0.4 million to 2.0 million in 2024 compared to the previous year; although these numbers are still small, the Indian market has a huge potential for continuous growth as spending money on travel and lifestyle becomes more and more important for its young people and middle class[36]
- The number of flights between Thailand and China is expected to increase by 126% in 2024 compared to 2023[37]

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[28] Thai Airways International PCL: “Management´s Discussion and Analysis for the first quarter of 2024 ended March 31, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[29] Cirium: “Thai Airways second-quarter profit slips”; 9th August 2024
[30] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“
[31] Cirium: “Thai Airways second-quarter profit slips”; 9th August 2024
[32] Thai Airways International PCL: “Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries“ // Königlich Thailändisches Generalkonsulat München: “REISENDE GRUPPE 2: VISA EXEMPTION”; 22nd August 2024
[33] Ch-Aviation: “Thai Airways expects 13 aircraft deliveries in 2025”; 28th August 2024
[34] Ch-Aviation: “Thai Airways CEO now says B777s not sold”; 16th August 2024
[35] The Nati: “New aircraft deliveries on: “6 Thai airlines eye fleet expansion as aviation industry bounces back”; 23rd August 2024
[36] The Nation: “Extension of visa waiver results in unprecedented growth in the Thai tourism sector, boosting economic prospects in both primary and secondary cities”; 5th July 2024
[37] The Nation: “Thai aviation industry gearing up for rapid expansion in the coming years”; 8th July 2024

ASSET MANAGER'S REPORT (CONTINUED)

Outlook & Opportunities[38] (continued)

- Thailand is taking measurements to be prepared for growing air traffic in the next years including the improvement of the country´s air navigation services and opening a third runway at Bangkok Suvarnabhumi Airport[39]

Comments & Conclusions

Although Thai Airways closed the first half of 2024 with a positive result, expenses increased more than revenues resulting in a significant lower profit than in the first half of 2023. This was partially caused by the depreciation of the Thai currency as a significant percentage of airline expenses, such as lease rates, maintenance and navigation fees, are paid in U.S. Dollar or other currencies[40]. Moreover, the carrier´s load factor decreased compared to 2023 in an environment of overall increasing demand, pointing out that the airline might need to better align capacity increase and passenger demand as well as to review their route network. Apart from that, the increased utilisation of aircraft and the resulting improvement in fleet efficiency is an encouraging development.

The results of the Visa-free extension are promising, leading to increasing tourist numbers visiting Thailand. Additionally, the Indian market seems auspicious with raising numbers of Indian tourists visiting Thailand. Therefore, it makes sense that Thai Airways is growing its Indian route network. The airline is also increasing its number of flights to China as the biggest market of incoming tourists. Although Thai Airways is not facing the aforementioned routing issue like European carriers on their China routes, the competition remains tough in this market.

Thai Airways´ recently placed order for B787 aircraft shows that the airline intends to grow over the coming years and to retain and regain market shares. It would be a positive development if the airline successfully concluded the capital restructuring and exited Rehabilitation in the first half of 2025. This would allow the carrier to be more flexible in decision making, providing further comfort to all involved parties such as creditors and lessors. This in turn might offer Thai Airways more options for financing their future growth.

THE ASSETS
Update Boeing 787

- Boeing delivered 43 aircraft in July 2024, reaching the first time this year the same total of deliveries as in a corresponding month of 2023[41]

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[38] Thai Airways International PCL: "Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries" // Königlich Thailändisches Generalkonsulat München: "REISENDE GRUPPE 2: VISA EXEMPTION"; 22nd August 2024
[39] The Nation: "Thai aviation industry gearing up for rapid expansion in the coming years"; 8th July 2024
[40] Thai Airways International PCL: "Management´s Discussion and Analysis for the second quarter of 2024 ended June 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries"
[41] ISHKA: "New aircraft deliveries: July 2024"; 16th August 2024

- Boeing´s July deliveries included two B787-9s and four B787-10s[42]
- Latest transactions
    - March 2024
        - Japan Airlines ordered additional ten B787-9s to start joining the fleet in 2027[43]
        - El Al ordered three additional B787-9s (delivery dates in 2029 and 2030) and placed an option for another six with the flexibility to change the variant[44]

ASSET MANAGER’S REPORT (CONTINUED)

THE ASSETS (CONTINUED)

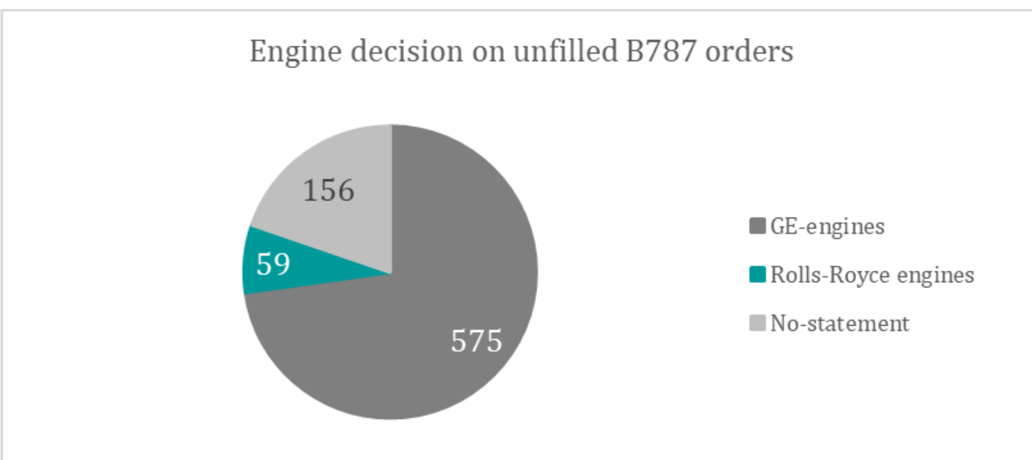
- April 2024
    - Lufthansa took delivery of two B787-9s leased from CALC (China Aircraft Leasing Group) which had been operated by Bamboo Airlines (Vietnam) [45]
    - One ex-Kalair B787-9 in long term storage had been purchased by the AJW Group (a component part and MRO provider)[46]
    - MIAT Mongolian Airlines took delivery of one B787-9 from AerCap[47]
- May 2024
    - Eva Air (Taiwan) ordered additional four B787-10s from Boeing[48]
- June 2024
    - Austrian Airlines introduced its first of eleven B787-9s to the fleet[49]
- July 2024
    - British Airways closed a leasing agreement for one B787-10 with a Japanese leasing entity[50]
    - British Airways decided for GEnx Engines for six incoming B787s; the carrier´s current operational B787 fleet is equipped with Rolls-Royce engines[51]
    - Korean Air ordered 30 B787-10s and placed an option for another ten aircraft of this variant[52]

[42] ISHKA: July 2024”; 16th August 2024
[43] Cirium: “JAL to order A350-900s, 787-9s and A321neos”; 21st March 2024
[44] FlightGlobal: “Israel’s El Al tentatively signs for up to nine more 787s“; 23rd March 2024
[45] Cirium: “CALC delivers two 787s to Lufthansa“; 16th April 2024
[46] Cirium: “AJW acquires ex-Kalair 787”; 25th April 2024 / A J Walter Aviation Limited: “About us”; 5th June 2024
[47] Cirium: “DEALS REPORT: Bidding war for Lynx jets; Scoot's E2 escape clause“; 26th April 2024
[48] ISHKA: “New aircraft deliveries: May 2024”; 19th June 2024
[49] Cirium: “NETWORKS REPORT: Has peak passenger demand passed?“; 21st June 2024
[50] Cirium: “BA closes Japanese equity financing for 787”; 5th July 2024
[51] Cirium: “BA switches to GEnx for incoming 787s”; 23rd July 2024
[52] Cirium: “Korean signs for up to 50 Boeing widebodies”; 22nd July 2024

        - JAL ordered further ten B787-9s and placed an option for additional 10 aircraft of the same model; the aircraft will be equipped with GE-engines like the 53 B787s which the airline already operates[53]
        - Aeroméxico took delivery of one B787-9 from ALC[54]
        - Vietnam Airlines took delivery of one B787-10 from ALC[55]
    - August 2024
        - ALC delivered the first of ten B787-10s to Korean Air[56]
- According to ISHKA´s August remarketing update, three B787s are advertised[57]
- During the second half of 2023 and the first half of 2024, two used B787s had been re-marketed according to ISHKA[58]
- Most unfilled orders for the B787 are assigned to General Electric GEnx engines:

ASSET MANAGER'S REPORT (CONTINUED)

THE ASSETS (CONTINUED)



Source: Boeing: "Airplane Unfilled Orders": 26th August 2024

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[53] Cirium: "JAL agrees deal for up to 20 more 787s"; 22nd July 2024 // Cirium: "JAL picks GEnx-1B engines to power new 787s"; 23rd July 2024
[54] ISHKA: "Lessor order books: ACG and Macquarie Boeing orders hit the books, 33 leasing deliveries in July"; 21st August 2024
[55] ISHKA: "Lessor order books: ACG and Macquarie Boeing orders hit the books, 33 leasing deliveries in July"; 21st August 2024
[56] Air Lease Corporation: "Air Lease Corporation Announces Delivery of First of Ten New Boeing 787-10 Aircraft to Korean Air"; 7th August 2024
[57] ISHKA: "Remarketing Watch Data Sheet: August 2024"; 15th August 2024
[58] ISHKA: "Market snapshot: Trading levels, interest rates, and unsecured debt issuances"; 22nd August 2024

- Rolls-Royce intends to gain back market share on the Trent 1000 equipped B787s by improving the engines´ on-wing time[59]:
    - a new high-pressure turbine blade – expected to be introduced in early 2025 – might double the engine time on-wing according to Rolls-Royce
    - The engine manufacturer additionally develops further hot-section improvements which might increase on-wing time by up to 30 per cent
    - A retrofit could be performed during shop-visits

Assets & Operations
TQC and TQD are in regular commercial service. Their utilisation and their respective titled engines are shown in the following tables:

AIRCRAFT OPERATIONS	Thai Airways	
	HS-TQC	HS-TQD
AIRFRAME STATUS (31st July 2024)		
Total Flight Hours	25,773	23,550
Total Flight Cycles	6,184	5,600

ASSET MANAGER'S REPORT (CONTINUED)

Assets & Operations (Continued)

TITLED ENGINES (31st July 2024)	HS-TQC		HS-TQD	
	ESN 10239	ESN 10243	ESN 10244	ESN 10248
Total Time [Flight Hours]	24,196	16,645	20,293	22,814
Total Flight Cycles	5,804	3,482	5,056	5,088
Location	On-wing of TQC	In-shop at SAESL for repair	HS-TQE	On-wing of TQD

59 Cirium: "Rolls sees time-on-wing as key to regaining 787 market share"; 1st August 2024

Engine ESN 10243 was removed due to IPC Stage 8 blade damage and was inducted into shop at the SAESL facility in Singapore on 31st January 2024.

On 23rd and 24th April 2024, the annual inspection of HS-TQD and HS-TQC respectively had been performed at Bangkok Suvarnabhumi Airport during regular operations. No major issues were found with the aircraft being airworthy.

Monthly lease rentals are fixed and independent from the utilisation of Airframe and Engines.

Snapshot: Destinations of HS-TQC and HS-TQD between 21st May 2024 and 19th August 2024

Destination	Average Flight Time	Frequency – TQC	Frequency – TQD
Ahmedabad, India	3:46	8	10
Bengaluru, India	3:12	1	---
Calcutta, India	2:06	2	3
Chengdu; China	2:50	12	19
Chiang Mai, Thailand	0:54	1	1
Delhi, India	3:37	---	1
Dhaka, Bangladesh	2:03	1	1
Fukuoka; Japan	4:53	14	15
Ho Chi Minh City, Vietnam	1:10	3	2
Hong Kong	2:34	---	3
Hyderabad, India	3:01	10	22
Islamabad, Pakistan	4:26	---	3
Jakarta, Indonesia	2:53	3	5
Kuala Lumpur, Malaysia	1:46	10	23
Madras, India	2:52	2	8

ASSET MANAGER’S REPORT (CONTINUED)

Snapshot: Destinations of HS-TQC and HS-TQD between 21st May 2024 and 19th August 2024 (Continued)

Manila, Philippines	2:55	---	1
Milan, Italy	11:03	1	1
Mumbai, India	4:12	1	1
Perth; Australia	6:23	23	14
Phuket; Thailand	1:10	3	3
Rangoon, Myanmar	1:13	7	16
Singapore, Singapore	2:00	22	8
Tokyo, Japan	6:05	---	1

Source: Flightaware; 20th August 2024

Asset Manager´s actions ensure asset value

As mentioned above, both aircraft were inspected by DS Aviation´s technical staff at Bangkok Airport this April. Regular monitoring, including physical inspections, is the top priority for DS Aviation as DP Aircraft's Asset Manager ensuring that the Lessee is maintaining the aircraft in the best condition per the manufacturer's and Lessor's requirements. Furthermore, DS Aviation is dedicated to maintaining a constant exchange with Thai Airways as it is essential to ensure a prompt exchange of updated information. Additionally, DS Aviation continues to have an "on-demand" contract with an on-site service provider. Their expertise and workforce are available whenever the circumstance calls for it, ensuring prompt and efficient support on the spot.

Comments & Conclusions

Although the quality issues impacting Boeing are mostly related to the B737MAX family, it also affects the overall image of the company, its culture and the number of new aircraft orders and deliveries. It will be interesting to see how things are going to change with the newly appointed CEO Ortberg[60] and the company´s decision to buy the component supplier Spirit AeroSystems[61]. Additionally, it remains to be seen if the improvements of the Trent 1000 engines will increase the on-wing time of the engines as announced by Rolls-Royce. It shows that Rolls-Royce believes in their engine as otherwise the manufacturer would probably not have invested both cash and manpower.

The shortage of aircraft deliveries and parts´ support is expected to continue as the number of lease extensions increases compared to prior years (including years prior to Covid)[62]. However, this situation may change as aircraft deliveries increase or the growth rates in travel demand flattens.

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[60] CNN: „Boeing’s new CEO is already making an overdue change his first day on the job”; 8th August 2024
[61] Cirium: „Boeing to buy Spirit AeroSystems in $4.7 billion deal”; 1st July 2024
[62] ISHKA: „ISTAT Austin: Lessors CEOs debate peak aircraft shortage and M&A”; 8th March 2024

Even though airlines have shown a preference for the B787-9 and B787-10 variants, which is illustrated by the latest orders, the smaller B787-8 remains a valuable niche product as a route-opener which can be operated on routes with lower travel demand. DS Aviation, as the funds´ asset manager, continues to monitor the market and asset conditions closely.

DIRECTORS' INFORMATION

Jonathan (Jon) Bridel, *Chairman (59), appointed 10 July 2013*
Jon is a Guernsey resident and is currently a non-executive director of Fair Oaks Income Fund Limited. Jon was previously managing director of Royal Bank of Canada's ('RBC') 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, *Director (69) appointed 10 July 2013*
Jeremy Thompson is a Guernsey resident. He acts as a non-executive director to a number of businesses which include three private equity funds, an investment manager serving the listed NextEnergy Solar Fund Limited and London listed Riverstone Energy Limited. 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 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, *Director (70), appointed 1 November 2019*
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 resident in Germany and was appointed as a director of the Company with effect from 1 November 2019.

Robert Knapp, *Director* (57), appointed 23 May 2024
Robert represents Ironsides Partners LLC ("Ironsides"), which has an interest of 60,082,972 shares in the Company.

Robert is the founder and CIO of Ironsides, and is a specialist in closed-end funds and asset value investing. Over his career he has served as a director of numerous listed investment and operating companies. In addition to the Company, he is a director of Barings BDC, Inc. and Okeanis Eco Tankers Corp., both of which are listed on the New York Stock Exchange, and Africa Opportunity Fund Limited, which is listed on the Specialist Fund Segment of the London Stock Exchange. Robert earned a BSc in Electrical Engineering from Princeton University and a BA in PPE from New College, Oxford University.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Geopolitical and economic risks

The Company leases aircraft to a customer in Thailand exposing it to (i) Thailand's varying economic, social, legal and geopolitical risks, (ii) instability of Thailand markets and (iii) the impact of global health pandemics and other global market disruptions. 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 ongoing conflict in the Middle East and the subsequent consequences have the potential to impact travel and/or travellers' willingness to travel which in turn could affect the volume of traffic to and from Thailand. The Thai government led by PM Thavisin and the return from exile of former PM Thaksin provides an unknown backdrop in terms of political stability. However, it is clear though that tourism is a major part of the Thai economy.

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 could have an adverse impact on the entity's lease arrangements, with Thai Airways which is the core source of income for the Group.

Thai is under the contractual obligation to return the aircraft in full life condition. The additional requirement to cash collateralize the obligation by payment of Maintenance Reserves was waived in the novated lease agreement. This leaves the company with the risk that in case of a Thai default under the lease the aircraft may not be returned in a full life status.

In addition, the continuing impact of COVID-19 and the conflict between Russia and Ukraine has the potential to impact Thai's business rehabilitation plan and adversely impact the Group. This is particularly relevant for the Group given the aircraft leased to Thai Airways are the sole source of income for the Group.

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

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Asset risk (Continued)

The Company's Assets as at year end comprise of two Boeing 787-8 aircraft. The Group bears the risk of selling or re-leasing the aircraft in its fleet at the end of their lease terms or if the lease is terminated. If demand for aircraft decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and may result in an impairment charge. The Directors have engaged an asset manager with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required to reduce and address 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 its Asset Manager 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 and counterparty risk
Credit risk is the risk that a significant counterparty will default on its contractual obligations. The Group's most significant counterparty is Thai Airways as lessee and provider of income and DekaBank Deutsche Girozentrale ('DekaBank') as holder of the Group's cash and restricted cash. The lessee does not maintain a credit rating. Thai Airways is currently in the early stages of implementing a rehabilitation plan. The

Moody's credit rating of DekaBank is Aa2 (2022: 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. Thai Airways is however 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. There is no guarantee and hence a significant risk remains.

Refinancing risk

The Group is required to present a plan for refinancing or similar to the lenders before the expiry of the current loan facilities in the last quarter of 2026. There is a risk that the Group will not be able to replace the DekaBank debt obligation with new debt before the expiry of the current loan facilities. If not able to refinance, the Group would have to dispose the aircraft to settle the loan and there is no guarantee that the Assets could be sold for an amount that would enable shareholders to realise a capital profit on their investment or to avoid a loss.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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. With respect to working capital, the Company intends to raise additional finance in Q4 2024 as stated in the material uncertainty related to going concern section on page 33.

Cyber risk

The Group relies on its key third party service providers' cyber security measures including firewalls, encryption protocols, employee training programs and regular security assessments to safeguard the Group's data and records from unauthorized access and harmful exploitations. The Management Engagement Committee receives annual confirmation from all its third parties service providers to ensure that controls over cyber security and IT infrastructure are in place.

Boeing

The Company is exposed to Boeing being able to resolve any identified 787 related problems which the FAA or other regulatory bodies designate as restricting commercial operations. At present no such restrictions exist. The 787 is considered a latest generation aircraft type which has pioneered areas including the extensive use of carbon fibre in its fuselage and wing construction.

Rolls Royce

The Company has exposure to Rolls Royce as suppliers of the Trent 1000 engines in terms of ongoing support. Announcements by RR have implied that the low-pressure turbine (LPT) and other known previous engine performance issues have been resolved. The Trent 1000 is a highly fuel-efficient engine, representing the latest engine technology. As such the Company is exposed to any future as yet unknown performance issues. This situation is partially mitigated by Thai using Rolls Royce Total Care and by the Asset Manager having oversight of performance issues from both physical and desktop checks.

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 2024 (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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2024

	Notes	30 June 2024 (unaudited) US$	30 June 2023 (unaudited) US$
Income			
Lease rental income	4	4,364,612	4,340,629
Expenses			
Asset management fees	19	(253,621)	(239,709)
General and administrative expenses	5	(467,105)	(609,451)
Depreciation	9	(220,391)	(671,749)
Expected credit loss movement on straight lining lease asset	11	192,917	191,272

		(748,200)	(1,329,637)
Operating Profit		3,616,412	3,010,992
Other income	11	556,664	2,791
Finance costs	6	(1,982,139)	(7,495,940)
Finance income		460,285	409,675
Net finance costs		(965,190)	(7,083,474)
Profit/ (Loss) before tax		2,651,222	(4,072,482)
Taxation	7	(3,515)	-
Profit/(Loss) for the period		2,647,707	(4,072,482)
Total Comprehensive Income/(Loss) for the period		2,647,707	(4,072,482)
		US$	US$
Profit/(Loss) per Share for the period - basic and diluted	8	0.0111	(0.0170)

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

The notes on pages 32 to 47 form an integral part of these Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

	Notes	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
NON-CURRENT ASSETS			
PPE – Aircraft & Related Components	9	123,902,191	124,122,582
Trade and other receivables	11	4,269,390	5,853,206
Restricted cash	10	16,152,413	15,735,805
Total non-current assets		144,323,994	145,711,593
CURRENT ASSETS			
Cash and cash equivalents – available for use		919,240	914,505
Restricted cash	10	1,126,553	1,093,759
Trade and other receivables	11	3,621,782	3,144,163
Total current assets		5,667,575	5,152,427
TOTAL ASSETS		**149,991,569**	**150,864,020**
EQUITY			
Share capital	15	211,279,828	211,279,828
Accumulated losses		(166,401,687)	(169,049,394)
TOTAL EQUITY		**44,878,141**	**42,230,434**
NON-CURRENT LIABILITIES			
Bank borrowings	14	81,111,914	85,027,721
Maintenance provision	12	14,829,296	14,829,296
Total non-current liabilities		95,941,210	99,857,017
CURRENT LIABILITIES			
Bank borrowings	14	7,882,448	7,684,502
Trade and other payables	13	1,289,770	1,092,067
Total current liabilities		9,172,218	8,776,569
TOTAL LIABILITIES		**105,113,428**	**108,633,586**
TOTAL EQUITY AND LIABILITIES		**149,991,569**	**150,864,020**

The financial statements on pages 28 to 47 were approved by the Board of Directors and were authorised for issue on 27 September 2024. They were signed on its behalf by:

Jonathan Bridel
Chairman

Jeremy Thompson
Director

The notes on pages 32 to 47 form an integral part of these Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2024

	Notes	**30 June 2024 (unaudited) US$**	**30 June 2023 (unaudited) US$**
Profit/(Loss) for the period		2,647,707	(4,072,482)
Adjusted for:			
Depreciation	9	220,391	671,749
Finance costs	6	1,982,139	7,495,940
Income tax expense/(recovery)	7	3,515	-
Provision on straight lining lease asset	11	(192,917)	(191,272)
Straight-lining rental income	11	1,755,387	1,740,412
Changes in:			
Increase in trade and other payables	13	195,225	95,316
(Increase)/Decrease in trade and other receivables	11	(456,273)	715,835
Income taxes paid		(1,037)	-
NET CASH FLOW FROM OPERATING ACTIVITIES		**6,154,137**	**6,455,498**
INVESTING ACTIVITIES			
Restricted cash movement	10	(449,402)	2,765,981
NET CASH FLOW FROM INVESTING ACTIVITIES		**(449,402)**	**2,765,981**
FINANCING ACTIVITIES			
Bank loan principal repaid	14	(2,966,233)	(6,689,862)
Bank loan interest paid	14	(2,733,767)	(2,916,008)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(5,700,000)**	**(9,605,870)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**914,505**	**1,479,541**
Decrease in cash and cash equivalents		4,735	(384,391)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**919,240**	**1,095,150**

The notes on pages 32 to 47 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 2024

	Share Capital	Accumulated Losses	Total Equity
	US$	**US$**	**US$**
As at 1 January 2023	211,279,828	(166,543,707)	44,736,121
Total comprehensive Income for the period			
Loss for the period	-	(2,505,687)	(2,505,687)
Total Comprehensive Income	**-**	**(2,505,687)**	**(2,505,687)**
As at 30 June 2023 (unaudited)	**211,279,828**	**(169,049,394)**	**42,230,434**

	Share Capital	Accumulated Losses	Total Equity
	US$	**US$**	**US$**
As at 1 January 2024	211,279,828	(169,049,394)	42,230,434
Total comprehensive Income for the period			
Profit for the period	-	2,647,707	2,647,707
Total Comprehensive Income	**-**	**2,647,707**	**2,647,707**
As at 30 June 2024 (unaudited)	**211,279,828**	**(166,401,687)**	**44,878,141**

The notes on pages 32 to 47 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 2024

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 239,333,333 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 2024 to 30 June 2024 have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ('IASB') and the DTR of the UK 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 2023. The Group's annual financial statements for the year ended 31 December 2023 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 2023 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 2024.

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 2024 which have a material impact on the Interim Financial Statements.

These are unaudited non-statutory interim financial statements and they have not been reviewed by the auditors. The last audited statutory financial statements were issued on 25 April 2024 in respect of the year ended 31 December 2023.

These unaudited condensed consolidated Interim Financial Statements as at and for the six-month period ended 30 June 2024, have not been reviewed or audited by the Group's auditor.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Material uncertainty relating to going concern

The Directors believe that it is appropriate to prepare these consolidated financial statements on a going concern basis as the current cash flow forecasts demonstrate that the Group, with continued deferral of fees, as outlined below, from some service providers, has sufficient cash to cover operating costs for a period of at least twelve months from the signing of the consolidated financial statements (the "going concern period").

Should a plausible downside scenario occur additional finance will be required to provide sufficient funding to fund the Group's activities to cover any negotiations with the lenders as further detailed below. In this respect the Company believes it is therefore prudent to raise additional capital in Q4 2024. The Board will consult with its broker regarding a proposed capital raise and its uptake. However, the outcome is currently uncertain.

The Board therefore concludes that to sufficiently cover off all going concern scenarios, there is a material uncertainty, however it remains appropriate to prepare the financial statements on a going concern basis.

In making this conclusion, the Board have taken into consideration:

- that Thai Airways have made monthly fixed lease rental payments on time and in full from the start of the revised fixed rental period commencing in January 2023. Further that Thai have reported a consistent return to profitability and have projected that they could exit their formal rehabilitation Period in Q2 2025;
- that given Thai Airways improved performance the Company will continue to receive US$ 35,000 per aircraft per month as a contribution towards its operating costs with the rest going towards the pay down of the Group's outstanding loan arrangements;
- the continued deferral of some fees by the Board, the Asset Manager and the Broker as noted in note 13;
- successfully raising up to US$ 1m in Q4 2024 to allow the Group to trade beyond the going concern period to facilitate negotiating (i) an extension to the current loan maturities beyond the expiring loan terms in Q4 2026 with the Lenders, and (ii) an enhancement of the terms and conditions of the leases with Thai Airways, noting that negotiations with the lenders will commence in late 2024; and

- as a matter of prudence, the Company will need to consider costs associated with the winding up of the Group should it be required.

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 2024, 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.

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Significant estimates (continued)

Impairment of property, plant and equipment (continued)

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 two independent appraisers given the aircraft have a lease with a contractual 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.

The Board considered all possible valuation ranges and concluded that the Thai aircraft were not impaired as at 30 June 2024, given the fair value less costs to sell was greater than the book value of the aircraft. Two independent appraisers determined that the full life market value of the aircraft as at 30 June 2024 ranged from US$ 59.8mil to US$ 74.5 mil. It should be noted that each appraiser will have its own opinion of the market and how the market may develop. On a specific aircraft type, one appraiser might be more optimistic compared to another provider and vice versa. In addition, appraisers obtain their market information from various sources and use different calculation models. This may have influence on future and current market values, hence the wide range. Therefore, there is no absolute estimate of future and current market values. In order to minimise variance in estimates an average of the two appraisals is used in determining market values for the aircraft. This approach is consistent with the approach adopted by other market participants (lessors, lenders, etc) and is consistent with prior periods. Given the nature and life of the Company's aircraft this approach is considered to be reasonable. The average market value, less selling costs for each aircraft, is more than each aircraft's carrying value. Therefore, no impairment loss has been recognised during the financial period ended 30 June 2024 (31 December 2023: US$ nil).

The Board also considered if there was any indication that the accumulated impairment recognised in previous years on the aircraft of US$ 58,839,697 had reversed partially or in full. The Board has concluded that based on the possible ranges of the aircraft valuations, there was no reversal during the period ended 30 June 2024.

The aircraft are currently in a half-life state which means the airframe, engines, landing gear and other major time/cycle limited components are halfway through their various overhaul and /or life cycles. Note that the aircraft will be returned in a full-life condition on termination of the leases hence full-life market value was used in the impairment assessment.

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. The Group engages independent expert valuers (appraisers) each year to provide a valuation of the Assets and take into account the average of the valuations provided.

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

3) SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

The full life inflated base value is the appraiser's opinion of the underlying economic value of the aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes full consideration of its 'highest and best use'. The full life inflated values used within the financial statements match up the two lease termination dates (October 2026 and December 2026) 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 2023 was US$ 120,247,389 (31 December 2023: US$ 122,852,389) and carrying value as at 31 December 2023 was US$ 124,122,582 (31 December 2023: US$ 125,466,080).

4) LEASE RENTAL INCOME

	30 June 2024 (unaudited)	30 June 2023 (unaudited)

	US$	US$
Straight lining rental income	4,364,612	4,340,629
Total lease rental income	4,364,612	**4,340,629**

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

Lease payments are fixed at US$ 510,000 per month until October and December 2026 respectively for each lease.

The lease term was extended by three years to October 2029 for aircraft MSN 36110 and December 2029 for aircraft MSN 35320 (the 'Extension Period') with further scaled back monthly lease payments starting from November 2026 and January 2027 respectively. The Extension Period is however subject to an early termination option in 2026 if the Group after consulting its lenders decides to do so. The lease term has been determined to be the period to October 2026 and December 2026 respectively which is the non-cancellable term of each aircraft lease.

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	Boeing 787-8 Serial No: 36110	Total
30 June 2024	**US$**	**US$**	**US$**
< 1 year	6,120,000	6,120,000	12,240,000
1 to 2 years	6,120,000	6,120,000	12,240,000
2 to 3 years	2,698,065	2,007,097	4,705,162
3 to 4 years	-	-	-
4 to 5 years	-	-	-
>5 years	-	-	-
	14,938,065	**14,247,097**	**29,185,162**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

4) LEASE RENTAL INCOME (CONTINUED)

30 June 2023	Boeing 787-8 Serial No: 35320	Boeing 787-8 Serial No: 36110	Total
	US$	**US$**	**US$**
< 1 year	6,120,000	6,120,000	12,240,000
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	2,698,065	2,007,097	4,705,162

4 to 5 years	-	-	-
>5 years	-	-	-
	21,058,065	**20,367,097**	**41,425,162**

5) GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2024 (unaudited) US$	30 June 2023 (unaudited) US$
Administration fees	114,068	121,307
Aircraft agency fees	-	5,523
Aircraft security trustee fees	5,971	7,047
Aircraft valuation fees	-	5,089
Audit fees	86,546	37,171
Company broker fees	83,950	83,951
Directors' fees and expenses	102,600	100,242
Foreign exchange losses	4,374	20,634
Insurance costs	34,864	46,174
IT and printing costs	4,596	10,664
Legal fees	-	5,194
Miscellaneous costs	3,626	11,511
Registrar fees	11,229	9,545
Regulatory fees	6,060	3,307
Restructuring fees in relation to Thai and loan agreement	2,014	142,092
Tax advice fees	7,207	-
Total general and administrative expenses	**467,105**	**609,451**

6) FINANCE COSTS

	30 June 2024 (unaudited) US$	30 June 2023 (unaudited) US$
Loan interest	1,982,139	2,453,911
Modification adjustment	-	5,042,029
Total finance costs	**1,982,139**	**7,495,940**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

6) FINANCE COSTS (CONTINUED)

During the period there was a restructure of the loans advanced by DekaBank. Management, in line with IFRS 9, assessed whether the modification was substantial or not. The assessment was done on a quantitative basis and compared the net present value of the modified cash flows per the amended loan terms including any fees payable or receivable, discounted at the original effective interest rate, against the carrying value of the loans prior to the modification. A difference of 10% or more would have been considered substantial as is advised in IFRS 9. Management concluded that the modification was not substantial, and a modification adjustment, being the difference between the net present value of the cash flows under the revised terms discounted at the original agreement's effective interest rate and the carrying value of the loans immediately prior to the modification, was made to the existing loan in line with IFRS 9. This totalled US$ 5,042,029 and increased both finance costs and the loans payable at the point of modification. This adjustment essentially recognises a loss now due to the less favourable terms (primarily interest rate increases) under the modified terms compared to the original terms. As a result of this adjustment, interest will be recognised at the lower original effective interest rate as opposed to the higher modified interest rate going forward.

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 £1,600 each (2023: £1,200).

DP Aircraft UK Limited is subject to taxation at the applicable rate in the United Kingdom. The tax rebate during the period ended 30 June 2024 was US$ 3,515 (period 1 January 2023 to 30 June 2023: US$ nil). 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 0.00% (30 June 2023: (0.00%)) 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 2024 (unaudited) US$	**30 June 2023 (unaudited) US$**
Profit/ (Loss) for the period	2,647,707	(4,072,482)
Weighted average number of shares	239,333,333	239,333,333
Profit/(Loss) per share	**0.0111**	**(0.0170)**

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

For the six-month period ended 30 June 2024

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

30 June 2024	Aircraft (unaudited) US$	Lease Premium (unaudited) US$	Total (unaudited) US$
COST			
As at 1 January 2024 and 30 June 2024	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION			
As at 1 January 2024	55,768,882	8,200,047	63,968,929
Charge for the period	220,391	-	220,391
As at 30 June 2024	**55,989,273**	**8,200,047**	**64,189,320**
IMPAIRMENT			
As at 1 January 2024	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
As at 30 June 2024	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 30 June 2024	**123,902,191**	**-**	**123,902,191**

31 December 2023	Aircraft (audited) US$	Lease Premium (audited) US$	Total (audited) US$
COST			
As at 1 January 2023 and 31 December 2023	**238,731,161**	**17,398,493**	**256,129,654**
ACCUMULATED DEPRECIATION/AMORISATION			
As at 1 January 2023	54,425,384	8,200,047	62,625,431
Charge for the period	1,343,498	-	1,343,498
As at 31 December 2023	**55,768,882**	**8,200,047**	**63,968,929**
IMPAIRMENT			
As at 1 January 2023	58,839,697	9,198,446	68,038,143
Charge for the period	-	-	-
As at 31 December 2023	**58,839,697**	**9,198,446**	**68,038,143**
CARRYING AMOUNT			
As at 31 December 2023	**124,122,582**	**-**	**124,122,582**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

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

As at period end PPE is comprised of two aircraft leased to Thai Airways. Under the terms of the leases that existed during the period, the cost of repair and maintenance of the Assets is to be borne by Thai Airways and Thai Airways has a contractual obligation to return the Assets in a full life condition. However, after expiry or termination of the leases with Thai, the cost of repair and maintenance will fall upon the Group. Therefore, after expiry or termination of the Thai leases, the Group may bear higher costs and the terms of any subsequent leasing arrangements (including terms for repair, maintenance and insurance costs relative to those agreed under the leases) may be less favourable, which could reduce the overall distributions paid to the shareholders.

Refer to note 3 for details regarding residual value estimates. The Group depreciates the aircraft on a straight-line basis over the remaining lease term. The lease term has been determined to end in 2026.

As detailed in note 3, as at 30 June 2024, there is no impairment to the aircraft and there are no indications of reversal of prior year impairments either. Refer to note 3 for further details.

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) RESTRICTED CASH

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Non-current assets		
Maintenance reserves	16,152,413	15,735,805
	16,152,413	15,735,805
Current assets		
Security deposit accounts	99	97
Lease rental accounts	1,126,454	1,093,662
	1,126,553	1,093,759
Total restricted cash	**17,278,966**	**16,829,564**

Maintenance reserves held, are to be used solely to cover costs related to the maintenance of the two aircraft. Effective 15 June 2021, the Group no longer receives maintenance reserves contributions from the lessee in line with the updated lease terms.

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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

11) TRADE AND OTHER RECEIVABLES

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Prepayments	34,095	61,914
Straight-lining lease asset	8,283,322	10,038,709
Debtor due from Thai- Maintenance reserve	484,092	-
Total trade and other receivables	**8,801,509**	**10,100,623**
Less: Expected credit loss on straight lining lease asset	(910,337)	(1,103,254)
Net trade and other receivables	**7,891,172**	**8,997,369**

Current and non-current split as at year end is as follows:

Current assets	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Prepayments	34,095	61,914
Straight-lining lease asset	3,103,595	3,082,249
Debtor due from Thai- Maintenance reserve	484,092	-
	3,621,782	3,144,163
Non-current assets		
Straight-lining lease asset	4,269,390	5,853,206
Trade and other receivables	**7,891,172**	**8,997,369**

The Group has assessed the straight-lining lease asset for impairment. This balance represents the result of straight-lining of future fixed 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 2024 is US$ 910,337 (31 December 2023: US$ 1,103,254).

Debtors due from Thai-Maintenance reserve amounting to £484,092 along with other income amount in the statement of comprehensive Income amounting to £556,664 is in relation to the recovered maintenance reserves from Thai Airways. It has been agreed that these payments started in June 2024 and will continue every 6 months up to 2027. The receivable has been recognised in full from June 2024, the impact of discounting on this receivable is immaterial and has therefore, not been adjusted for in the financial statements.

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

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Opening provision	**1,103,254**	**1,486,453**
Expected credit loss on straight lining lease asset	(192,917)	(383,199)
Expected credit loss on lease receivable	-	-
Lease receivable written off	-	-
Closing provision	**910,337**	**1,103,254**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

12) MAINTENANCE PROVISION

The maintenance reserves liability relates to funds received from Thai Airways reserved for covering the cost of maintenance. Effective 15 June 2021, the Group no longer receives maintenance reserves contributions from the lessee in line with the updated lease terms.

13) TRADE AND OTHER PAYABLES

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Current		
Accruals and other payables	256,027	255,581
Asset Manager fees payable	419,751	283,011
Broker fees payable	381,698	321,809
Director fees payable	223,256	225,105
Taxation payable	9,038	6,560
Total trade and other payables	**1,289,770**	**1,092,066**

All directors, brokers fees and most of the asset manager fees have been classified as current liabilities under IFRS but these creditors have agreed the amounts are not payable within twelve months unless there is an asset sale.

14) BANK BORROWINGS

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Current liabilities: bank interest payable and bank borrowings	(7,882,448)	(7,684,502)
Non-current liabilities: bank borrowings	(81,111,914)	(85,027,721)
Total liabilities	**(88,994,362)**	**(92,712,223)**

The borrowings are repayable as follows:

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Interest payable	162,502	183,992
Within one year	7,719,946	7,500,510
In two to five years	81,111,914	85,027,721
After five years	-	-
Total bank borrowings	**88,994,362**	**92,712,223**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

14) BANK BORROWINGS (CONTINUED)

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

	30 June 2024 (unaudited) US$	31 December 2023 (audited) US$
Opening balance	92,528,231	98,304,863
Loan modification adjustment (Note 6)	-	5,042,029
Repayment of loan	(2,966,233)	(9,556,363)
Amortisation adjustment	(730,138)	(1,262,298)
Principal bank borrowings	**88,831,860**	**92,528,231**
Interest payable	162,502	183,992
Total bank borrowings	**88,994,362**	**92,712,223**

The tables below sets out an analysis of net debt and the movements in net debt for the period ended 30 June 2024:

	Cash and cash equivalents US$	Principal US$	Interest US$	Net Debt US$
At 1 January 2024	**914,505**	**(92,528,231)**	**(183,992)**	**(91,797,718)**
Cash flows	4,735	2,966,233	2,733,767	5,704,735
Non cash:-				
Modification adjustment	-	-	-	-
Amortisation adjustment	-	730,138	(730,138)	-

Interest charge	-	-	(1,982,139)	(1,982,139)
At 30 June 2024	**919,240**	**(88,831,860)**	**(162,502)**	**(88,075,122)**

The tables below sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2023:

	Cash and cash equivalents US$	**Principal US$**	**Interest US$**	**Net Debt US$**
At 1 January 2023	**1,479,541**	**(98,304,863)**	**(181,493)**	**(97,006,815)**
Cash flows	(565,036)	9,556,363	5,769,445	14,760,772
Non cash: - Modification adjustment	-	(5,042,029)	-	(5,042,029)
Amortisation adjustment	-	1,262,298	(1,262,298)	-
Interest charge	-	-	(4,494,653)	(4,494,653)
Loan arrangement fee	-	-	(14,993)	(14,993)
At 31 December 2023	**914,505**	**(92,528,231)**	**(183,992)**	**(91,797,718)**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

14) BANK BORROWINGS (CONTINUED)

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 2024 was US$ 88,994,362 (31 December 2023: US$ 92,712,223).

On 6 May 2021, subsequent to the LOI being entered into by the Group and Thai as described in the summary in page 4, the Group and DekaBank amended and restated the existing loan facility agreements in respect of the Thai aircraft to accommodate the new lease terms, First Amendment and Restatement to the Loan Agreements. Repayments of principal were deferred until after the end of the PBH arrangement (31 December 2022), and a new repayment schedule was to be renegotiated close to the end of the PBH arrangement.

On 7 February 2023, the Group and DekaBank entered into a Second Amendment and Restatement to the Loan Agreement (the ‘Loan Agreement’) in which the parties agreed on the following main terms:

- the total loan amount outstanding was split into two tranches:
    - Facility A is a loan of US$ 61,144,842, made up of MSN 35320 loan of US$ 31,099,453 and MSN 36110 loan of US$ 30,045,389. The Facility A loan amortizes to a combined balloon of US$ 33,947,878 and represents the scheduled debt.
    - Facility B is a loan of US$ 35,504,024 (non-amortizing), made up of MSN 35320 loan of

US$ 17,366,650 and MSN 36110 loan of US$ 18,137,374. The Facility B loan will be settled as a balloon payment at the end of the loan term in 2026.

- US$ 2.36m of surplus cash generated under the PBH period was used to immediately repay debt on the amortizing Facility A loan in February 2023, while an agreed cash reserve of US$ 500,000 per aircraft will be retained to cover unforeseen costs going forward.
- the interest rate swap currently in place for the scheduled debt was dissolved at cost.
- the MSN 35320 and MSN 36110 Facility A loans bear fixed interest rates of 6.61% and 6.89% respectively.
- the MSN 35320 and MSN 36110 Facility B loans bear fixed interest rates of 5.26% and 5.42% respectively.
- from the monthly fixed lease rental of US$ 510,000 per aircraft (which denotes the maximum amount the Company can earn in operations per month), US$ 475,000 is contractually restricted so that those funds are only payable to the lenders and US$ 35,000 per aircraft can be retained by the company to contribute towards ongoing fixed costs of the Company.

The MSN 35320 loan and the MSN 36110 loan have a final maturity date of 9 December 2026 and 29 October 2026 respectively.

Due to the limited liquidity position of the Group, restructuring fees associated with the second amendment and restatement will be paid after the eventual remarketing of the aircraft, subject to surplus sales proceeds being realised. While there are covenants attached to the loans, there has been no issues of non-compliance within the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

15) SHARE CAPITAL

Period ended 30 June 2024 (unaudited) **Issued and fully paid (no par value):**	**Subordinated Administrative Share Number**	**Ordinary Shares Number**	**Total Number**
Shares as at 1 January 2024 and 30 June 2024	**1**	**239,333,333**	**239,333,334**
	US$	**US$**	**US$**
Share capital as at 1 January 2024 and 30 June 2024	**1**	**211,279,827**	**211,279,828**

Period ended 30 June 2023 (unaudited)	**Subordinated Administrative**	**Ordinary**	

Issued and fully paid (no par value):	Share Number	Shares Number	Total Number
Shares as at 1 January 2023 and 30 June 2023	**1**	**239,333,333**	**239,333,333**
	US$	**US$**	**US$**
Share capital as at 1 January 2023 and 30 June 2023	**1**	**211,279,827**	**211,279,828**

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.

16) DIVIDENDS

There were no dividends declared and paid during the period ended 30 June 2024 and 30 June 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

17) FAIR VALUE MEASUREMENT

Financial assets and financial liabilities at amortised cost

The fair value of cash and cash equivalents, trade and other receivables, restricted cash and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments.

18) RELATED PARTY TRANSACTIONS

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

	Current fee (annual) £	30 June 2024 (unaudited) US$	30 June 2023 (unaudited) US$
Jon Bridel (Chairman)	61,750	39,005	38,481
Jeremy Thompson (Chairman of the Audit and Risk Committee and Senior Independent Director)	49,450	31,236	30,483
Harald Brauns (Chairman of the Management Engagement Committee)	49,450	31,230	31,278
Robert Knapp	-	-	-
Total	**160,650**	**101,471**	**100,242**

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

Up to 30 September 2022, 10% of base fees and all extra fees were being deferred to be settled in the future via cash or by way of issue of equity of the Company or both.

Directors' expenses totalling US$ 1,129 were paid during the period ended 30 June 2024 (30 June 2023: US$ 1,213), with US$ nil due to be paid at the year-end (31 December 2023: US$ nil).

Robert Knapp was appointed with effect from 23 May 2024, he will not receive any fees but is able to claim for any expenses incurred in relation to DP Aircraft up to $15,000 per annum.

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

	30 June 2024 Number of ordinary shares	31 December 2023 Number of ordinary shares
Robert Knapp via Ironsides	60,082,972	-
Jon Bridel and connected persons	90,000	90,000
Jeremy Thompson	15,000	15,000
Harald Brauns	-	-

19) MATERIAL CONTRACTS

Asset Management Agreement

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

19) MATERIAL CONTRACTS (CONTINUED)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2024

19) MATERIAL CONTRACTS (CONTINUED)

Management fees (Continued)

In the period to 30 June 2024 asset management fees totalled US$ 253,621 (30 June 2023 US$ 239,709) and US$ 419,751 was due as at 30 June 2024 (31 December 2023: US$ 29,998). As discussed in note 13, the amounts due are not payable within twelve months unless there is an asset sale.

20) SEGMENTAL INFORMATION

The Group is engaged in one operating segment, being acquiring, leasing and subsequent selling of aircraft. The geographical location of the Assets of the Group is Thailand, where the Assets are registered. The income arising from the lease of the Assets originates from a lessee based in Thailand.

21) SUBSEQUENT EVENTS

There are no relevant subsequent events to disclose during the period.

COMPANY INFORMATION

Directors	Jonathan Bridel Jeremy Thompson Harald Brauns Robert Knapp
Registered Office	East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP, Channel Islands
Asset Manager	DS Aviation GmbH & Co. KG Stockholmer Allee 53 44269 Dortmund, Germany
Solicitors to the Company (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ, United Kingdom
Advocates to the Company (as to Guernsey law)	Mourant Ozannes Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4HP, Channel Islands
Auditor	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR, Channel Islands
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP, Channel Islands
Corporate Broker	Investec Bank Plc 30 Gresham Street

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