QUARTERLY FACT SHEET

September 2021

DORIC NIMROD AIR THREE LIMITED

LSE: DNA3

COVID-19

The impact of the COVID-19 pandemic on the aviation sector has been significant with about a quarter of the global passenger aircraft fleet still grounded. This quarterly fact sheet is exclusively based on known facts at the time of writing and does not seek to draw on any speculation about any possible future, long-term impacts of the pandemic on the aviation sector or the Company specifically and should be read in such context. The Board confirms it has not received a formal request from Emirates to renegotiate its leases and that the lessee is continuing to service its lease payments in line with its obligations. The Board is in close contact with the Asset Manager and its other advisors and will continue to keep shareholders updated via quarterly fact sheets and ad-hoc announcements as required.

The Company

Doric Nimrod Air Three Limited ("the Company", and together with its subsidiary DNA Alpha Ltd. "the Group") is a Guernsey domiciled company. Its 220 million ordinary preference shares ("the Equity") have been admitted to trading on the Specialist Fund Segment (SFS) of the London Stock Exchange's Main Market. The market capitalisation of the Company was GBP 81.4 million as of 30 September 2021.

Investment Strategy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft. The Company receives income from the leases, and targets a gross distribution to the shareholders of 2.0625 pence per share per quarter (amounting to a yearly distribution of 8.25% based on the initial placing price of 100 pence per share).

Company Facts (30 September 2021)	
Listing	LSE
Ticker	DNA3
Current Share Price	37.0p
Market Capitalisation	GBP 81.4 million
Initial Debt	USD 630 million
Outstanding Debt Balance[1]	USD 113.6 million (18% of Initial Debt)
Current and Targeted Dividend	2.0625p per quarter (8.25p per annum)
Earned Dividends	63.6p
Current Dividend Yield	22.30%
Dividend Payment Dates	January, April, July, October
Ongoing Charges (OCF)[2]	2.3%
Currency	GBP
Launch Date/Price	2 July 2013 / 100p
Average Remaining Lease Duration	4 years 1 month
Incorporation	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates)	A6-EEK (29.08.2025), A6-EEO (29.10.2025), A6-EEM (14.11.2025), A6-EEL (27.11.2025)
Asset Manager	Amedeo Management Ltd
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Ltd
Auditor	Deloitte LLP
Market Makers	finnCap Ltd, Investec Bank Plc, Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN, LEI	B92LHN5, GG00B92LHN58, 213800BMYMCBKT5W8M49
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairthree.com

[1]Class B EETC matured in November 2019.

[2]As defined by the AIC.

Asset Manager's Comment

1. The Assets

The Company acquired four Airbus A380 aircraft by the end of November 2013. Since delivery, each of the four aircraft has been leased to Emirates Airline ("Emirates") – the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates – for a term of 12 years with fixed lease rentals for the duration. In order to complete the purchase of the aircraft, DNA Alpha Ltd ("DNA Alpha"), a wholly owned subsidiary of the Company, issued two tranches (Class A & Class B) of enhanced equipment trust certificates ("the Certificates" or "EETC") – a form of debt security – in July 2013 in the aggregate face amount of USD 630 million. The Certificates are admitted to the official list of the Euronext Dublin and to trading on the Main Securities market thereof. DNA Alpha used the proceeds from both the Equity and the Certificates to finance the acquisition of the four new Airbus A380 aircraft.

Due to the effects of COVID-19, all four aircraft were put into storage in March 2020. MSNs 132 and 136 were temporarily transferred from Dubai World Central (DWC) to Dubai International Airport (DXB) in June and July 2021, respectively, before being returned to DWC in July and August 2021, respectively. MSNs 133 and 134 returned to service in late November 2020 but were subsequently placed back into storage at DWC in late January 2021. Both aircraft were transferred to DXB in July 2021.

Maintenance Status

Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at 36-month or 18,000-flight hour intervals, whichever occurs first.

Due to the continuing COVID-19 pandemic, Emirates has stored the aircraft owned by the Group in Dubai. The lessee has "a comprehensive aircraft parking and reactivation programme [in place], that strictly follows manufacturer's guidelines and maintenance manuals". In addition, Emirates has enhanced standards and protocols of their own, to protect and preserve the asset during the downtime. This includes the watertight sealing of all apertures and openings through which environmental factors – sand, water, birds, and insects – can find their way inside an aircraft. During parking, maintenance teams complete periodic checks at different intervals. Depending on the reactivation date of a specific aircraft, Emirates might defer due maintenance checks, which are calendar-based, until that time. This would allow the airline to make use of the full maintenance interval once the operation of a specific aircraft resumes. The aircraft of the Company are in deep storage condition at this time and could be reactivated within weeks.

Emirates bears all costs relating to the aircraft during the lifetime of the leases (including for maintenance, repairs and insurance).

2. Market Overview

The impact of COVID-19 on the global economy has been severe, resulting in an estimated contraction in global GDP of 3.5% for 2020, according to the World Bank's latest revision. This is expected to be followed by a recovery in growth of between 5.6% and 6.0% in 2021. In its latest economic impact analysis from September 2021, the International Civil Aviation Organization (ICAO) estimates that the full year 2021 could experience an overall reduction in seats offered by airlines of 39% to 40% compared with pre-crisis 2019 levels. However, the actual impact of COVID-19 on the airline industry will depend on several factors, including the duration and magnitude of the outbreak and containment measures, the degree of consumer confidence in air travel as well as general economic conditions.

The International Air Transport Association (IATA) anticipates an airline industry-wide net loss of USD 47.7 billion in 2021, after approximately USD 126 billion in the previous year, according to its latest estimates from April 2021.

The rebound in global air passenger traffic has continued through August 2021, supported by vaccine rollouts and a willingness to travel during the northern hemisphere summer.

In August 2021, industry-wide revenue passenger kilometres (RPKs) fell by 56% compared to pre-crisis 2019 levels, while industry-wide capacity, measured in available seat kilometres (ASKs), contracted by 46.2% compared to pre-crisis 2019 levels. This resulted in the worldwide passenger load factor (PLF) falling by 15.6 percentage points to 70%. In comparison to the year prior, RPKs were up 72.9%, ASKs were up 46.9%, and the PLF increased by 10.5 percentage points during the month of August 2021.

Due to their reliance on international long-haul routes, Middle Eastern carriers like Emirates continue to experience greater declines than other regions compared to pre-crisis levels. However, IATA points out that there was a broad-based improvement in international markets in August due to growing vaccination rates and less stringent international travel restrictions in some regions. RPKs fell 68% in August 2021 compared to pre-crisis 2019 levels. Capacity also fell by 53.1% during that period. The result was a 26 percentage points decrease in PLF to 56%. However, in comparison to the lowest point of the crisis a year prior, RPKs were up 229%, ASKs were up 123%, and the PLF increased by 18 percentage points in August 2021.

While IATA notes that the spread of the Delta variant globally did not have a strong impact on international RPKs in August, other macroeconomic factors could impact the speed of the recovery in air travel. IATA states that economic concerns, such as supply chain congestion, labour shortages, a slowdown in Chinese growth as well as inflation, could lead to reduced economic activity in the coming months.

In September 2021 the Biden Administration announced that travelers from 33 specific countries will be allowed to enter the US again from early November, if fully vaccinated and with a negative COVID-19 test result. The list of countries includes the

UK, Ireland, the Schengen Area, Brazil, South Africa, India, and China. IATA sees "a major step forward" in this announcement and expects support for the economic recovery, according to Willie Walsh, IATA's Director General.

Source: IATA, ICAO

3. Lessee – Emirates

Network

Emirates' recovery efforts continued through the third quarter of 2021, coinciding with the easing of entry requirements for travellers into the UAE. At the same time, other countries, such as the UK, have also been relaxing their own restrictions on travellers from the UAE, allowing for a general easing of restrictions for Emirates' passengers. As a result of such changes, Emirates has been actively scaling up its operations in key passenger markets. The carrier now intends to operate 73 weekly flights to the UK by mid-October and has also begun to restore routes to Saudi Arabia and Russia. From December, Emirates will restart flights to London Gatwick Airport (LGW) with a daily Boeing 777 service, increasing the number of weekly flights to the UK to 84 by the end of December. Adnan Kazim, Emirates' Chief Commercial Officer, observed a surge in demand after the UK simplified travel and is prepared to accept international vaccination certificates from 55 countries starting on 4 October.

Emirates has further expanded its network in South Africa through new codeshare and interline agreements with Airlink and CemAir as well as in Brazil through a codeshare agreement with Azul.

On the day of the Biden Administration's decision to lift travel restrictions to the US, Emirates announced plans to increase frequencies to six of its current 12 US destinations starting from October. This will result in 78 weekly flights. By early December Emirates expects to have restored 90% of its pre-COVID flight frequencies to the US.

Fleet

Throughout the crisis, Emirates' operations largely focused on the utilisation of its fleet to meet the global demand for cargo services. As travel restrictions have continued to ease, Emirates has been redeploying its Boeing 777-300ER and Airbus A380 aircraft on newly resumed passenger services as well as up-gauging existing passenger routes. A380s already returned to service are primarily of recent vintage as younger aircraft usually benefit from more comprehensive warranty packages, which dwindle the older an aircraft gets. Warranties can help an operator to reduce its maintenance costs.

The carrier has resumed passenger services to over 120 destinations, recovering approximately 90% of its pre-pandemic network.

The number of pre-pandemic A380 destinations is expected to increase from 16 at present to 27 by the end of November, including Amsterdam, Barcelona, Dusseldorf, Hamburg, Johannesburg, Madrid, Milan, Riyadh (subject to government approvals), Sao Paulo, and Zurich. In addition, Emirates will add Istanbul as an A380 destination for the first time, with services starting from 1 October. Recently restored or up-gauged passenger A380 destinations include Jeddah, London Heathrow, New York JFK, and Manchester. Between now and November Emirates is poised to offer close to 165,000 additional A380 seats.

By the end of the calendar year, the airline expects that more than 50 A380 aircraft will have returned to service, which – together with its active Boeing 777-300ER fleet – will amount to 70% of its pre-pandemic capacity.

The table below details the passenger aircraft fleet activity as of 30 September 2021:

Passenger Aircraft Fleet Activity

Aircraft Type	Grounded	In Service
A380	80	39
777	1	117
Total	**81**	**156**
%	**34%**	**66%**

Source: Cirium as of 30 September 2021

After reaching an agreement with Airbus, Emirates now intends to take delivery of its final Airbus A380 in November 2021, seven months ahead of the originally planned delivery date in June 2022. In total, the carrier will have taken delivery of three new A380s this year, which will bring the fleet to 118 of the type. The three new A380s will also be equipped with Emirates' new premium-economy seats in a four-class cabin configuration, giving the carrier a total of six A380s featuring premium-economy seats. Emirates' President Sir Tim Clark added: "Emirates will continue to be the largest operator of this spacious and modern aircraft for the next two decades, and we're committed to ensuring that the Emirates A380 experience remains a customer favourite with ongoing investments to enhance our product and services."

Key Financials

In the financial year ending 31 March 2021, Emirates recorded its first loss in over 30 years. Revenues fell 66.4% to AED 30.9 billion (USD 8.4 billion) due to the global pandemic. As a result, Emirates recorded a net loss of AED 20.3 billion (USD 5.5 billion) compared to a profit of AED 1.1 billion (USD 287.7 million) in the previous financial year.

The number of passengers Emirates carried fell 88% to 6.6 million during the financial year following the suspension of passenger operations in the early part of the year and the subsequent sluggish recovery. As a result, Emirates reduced its ASKs by 83% in the 2020/21 financial year, while RPKs were down by 90%. During this period, Emirates' average PLF fell to 44.3%, compared to last year's pre-pandemic figure of 78.5%.

In response to the crisis, Emirates took a number of actions to reduce costs, including reducing its workforce by 32.0%. It also trimmed its fleet by a net 11 units. This includes five A380s in total. One was retired during the financial year. A further four were taken out of operations as they are currently grounded and not expected to be used before their scheduled retirement dates within the 2021/22 financial year. Additionally, the carrier sought to restructure certain financial obligations, renegotiate contracts, and consolidate its operations. Overall, Emirates reduced its total operating costs by 46.4%. This was attributable to lower nominal costs in all but one operating cost category. Charges for depreciation, amortization and impairment increased, comprising 42.9% of operating costs. Jet fuel, traditionally the single largest cost category with Emirates, represented a share of 13.9% in the total operating cost. Despite this significant reduction in operations, the carrier's EBITDA remained positive at AED 4.6 billion (USD 1.3 billion).

While demand for air passenger travel was down during the 2020/21 financial year, air freight demand rose strongly. In fact, Emirates SkyCargo increased its revenues by 52.6% to AED 17.1 billion (USD 4.7 billion) during this period. The volume of cargo uplifted decreased by 21.6% to 1.9 million tonnes, due to the lower belly capacity available, while the yield nearly doubled. This development reflects the extraordinary market situation during the global pandemic.

In February 2021, Adel Al Redha, Emirates COO, noted that freight revenues exceeded the airline's expectations. Revenue from cargo operations amounted to 56.6% of Emirates' total revenues during the last financial year, up from 12.8% in the period before. However, passenger travel revenues appear to be volatile, depending on the measures taken by countries to overcome the pandemic.

As of 31 March 2021, Emirates' total liabilities decreased by 11.3% to AED 131.6 billion (USD 35.9 billion USD) compared to the end of the previous financial year. Total equity decreased by 14.6% to AED 20.1 billion (USD 5.5 billion) with an equity ratio of 13.3%. Emirates' cash position amounted to AED 15.1 billion (USD 4.1 billion) at the end of March 2021. This compares to AED 20.2 billion (USD 5.5 billion) in cash assets at the beginning of the 2020/21 financial year. The drop in liquid funds was mainly driven by ticket refund payments to customers in the amount of AED 8.5 billion (USD 2.3 billion), while the cash flow from operating activities was AED 4.0 billion (USD 1.1 billion) positive.

On the ongoing financial position of Emirates in light of the global pandemic, HH Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates, stated: "Our top priorities throughout the year were: the health and wellbeing of our people and customers, preserving cash and controlling costs, and restoring our operations safely and sustainably. Emirates received a capital injection of AED 11.3 billion (USD 3.1 billion) from our ultimate shareholder, the Government of Dubai... [This] helped us sustain operations and retain the vast majority of our talent pool."

In mid-September 2021 the airline announced its intension to hire 3,000 flight attendants and 500 services personnel for its Dubai International Airport (DXB) operations over the next six months. After Emirates had reduced its workforce by about 15% of its pre-pandemic level in an attempt to reduce the cost base during the pandemic, additional staff are needed to support the ramp-up of its operations.

As at the end of September 2021, Emirates has outstanding USD debt issuances with maturities in 2023, 2025, and 2028. These respective bonds were all trading at above par (100 cents) and with running yields ranging from approximately 3.9% to 4.4% in USD. There has also been no upward pressure on yields. This level of yields does not appear to indicate any significant financial stress to the issuer. In its latest annual financial report, the auditor PricewaterhouseCoopers issued an unqualified audit report and the airline stated it "remains confident to meet our financial commitments as they fall due in the coming year and beyond through proactive working capital management and utilisation of available credit lines and facilities".

Source: Bloomberg, Cirium, Emirates, Khaleej Times, Simple Flying

4. Aircraft – A380

As of the end of September 2021, the global A380 fleet consisted of 240 planes with airline operators. Only 47 of these aircraft were in service. The remainder of the fleet is currently parked due to COVID-19. The fifteen operators are Emirates (119), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Qatar Airways (10), Air France (8), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), China Southern Airlines (5), and All Nippon Airways (3). Another three aircraft are on order.

In August 2021, Qantas announced plans to return five Airbus A380s to service in the second half of 2022, a year ahead of schedule. The aircraft are scheduled to operate between Sydney and Los Angeles from July 2022 as well as between Sydney and London (via Singapore) from November 2022. Qantas CEO Alan Joyce stated that the carrier could return five additional A380s to service by early 2024, depending on the market recovery, but its remaining two A380s will be retired "because they will be surplus to requirements".

In September 2021, Lufthansa's final Airbus A380 arrived in Teruel, Spain for storage. The German airline group previously confirmed that its 14 A380s will not be returning to service as it intends to use the pandemic as an opportunity to implement a major reorganisation of its long-haul fleet.

The arrival of the Lufthansa A380 in Teruel came five days after the first A380 departure from Teruel since the onset of the global pandemic, a British Airways (BA) aircraft. BA is the only European A380 operator with intentions to fly the superjumbo again, planning to restore A380 operations in March 2022. In fact, BA extended its maintenance contract for all 12 of its A380s with Lufthansa Technik for at least five years from August 2022.

In a similar move, Singapore Airlines has repatriated three of its A380s in 2021 from storage in Alice Springs, Australia in order to conduct scheduled maintenance. The carrier stated: "This movement is part of the ongoing management of our fleet, ensuring we remain nimble, flexible, and prepared to deploy capacity to markets as the demand warrants."

In late September 2021, Qatar announced that at least five of its ten Airbus A380s will resume service from November this year in order to address the increasing demand for flights while 13 of the carrier's Airbus A350 jets remain grounded over claims of fuselage degradation. Early in the pandemic, the airline had withdrawn all of its A380s from service, declared a permanent retirement for five of them and later admitted that they never wanted to fly any of its A380s again. However, given the latest capacity squeeze Qatar's CEO Akbar Al Baker didn't want to rule out that all ten A380s could be reactivated, as the shortfall in A350 capacity is leaving the carrier roughly 4,000 seats short of its required passenger capacity.

Source: AeroTime, Cirium, Executive Traveller, Simple Flying

Addendum

Implied Future Total Returns based on the latest appraisals as at 31 March 2021

- For illustrative purposes only -

The Directors note that the outlook for the A380, and hence the total return of an investment into the Group, is subject to an increased amount of uncertainty. From the outset of the transaction, the Directors relied on appraisers' valuations based on the assumption that there would be a balanced market, where supply and demand for the A380 are in equilibrium. These values are called future base values. At the instruction of the Group this assumption was changed for the March 2020 appraisals onward. Appraisers assumed a soft market, characterized by less favourable market conditions for the seller, including but not limited to an imbalance of supply and demand in the aircraft type. These values are called future soft values. The Asset Manager advised the Directors that the market sentiment for the A380 had declined since the valuation in March 2019: Following Airbus' announcement to discontinue the A380 production in 2021, a number of operators made determinations about their fleets that indicate an increased supply in used A380s in the coming years. Furthermore, A380s returned from operating leases could not be placed within a reasonable period of time and owners were forced to explore alternative scenarios for revenue generation like engine leasing. The ongoing COVID-19 pandemic with the vast majority of A380s worldwide on the ground, further exacerbates this situation, as potential operators are focused on utilizing their existing capacities. Based on these observations the Asset Manager suggests the continued use of soft values to reflect the prevailing market circumstances in the valuations.

To enable investors to assess the effects of varying residual values on their total returns, the below table is provided for information only and contains a range of discounts to the average independently appraised residual values determined at the last valuation date in March 2021. The table summarises the total return components, calculated on the current exchange rate and using discounts of 25%, 50%, and 75% and the latest available appraised value of the aircraft, which is the average of valuations provided by three independent aircraft appraisers and quoted in US dollars. The latest appraisals available are dated end of March 2021.

The total return for a shareholder investing today (30 September 2021) at the current share price consists of future income distributions during the remaining lease duration and a return of capital at dissolution of the Group. **The latter payment is subject to the future value and the respective sales proceeds of the aircraft, quoted in US dollars and the USD/GBP exchange rate at that point in time.** Since launch, three independent aircraft appraisers have provided the Group with their values for the aircraft at the end of each financial year.

The table below summarises the total return components using the appraised value of the aircraft which is the average of valuations provided by three independent aircraft appraisers and quoted in US dollars. **This residual value at lease expiry takes inflation into account and is the most reliable estimate available. Due to accounting standards, the value used in the Group's Annual Financial Report differs from this disclosure as it excludes the effects of inflation and is converted to sterling at the prevailing exchange rate on the reporting date (i.e. 31 March 2021).**

The contracted lease rentals are calculated and paid in US dollars to satisfy debt interest and principal, and in sterling to satisfy dividend distributions and Group running costs, which are in sterling. The Group's cash flow is therefore insulated from foreign currency market volatility during the term of the lease.

With reference to the following table, there is no guarantee that the aircraft will be sold at such a sale price or that such capital returns will be generated.

The Directors note that any possible long-term impact of the COVID-19 global pandemic on the Group and aviation industry as a whole are entirely unknown at the time of writing. The following table does not therefore include any assumptions in this regard, and should be read accordingly.

Implied Future Total Return Components Based on Soft Market Appraisals

The implied return figures are not a forecast and assume the Group has not incurred any unexpected costs or loss of income.

Aircraft portfolio value at lease expiry according to

- **Latest appraisal[1]** **USD 203.8 million based on inflated future soft market values**

Per Share (rounded)	Income Distributions	Return of Capital			
		Latest Appraisal -75%[2]	Latest Appraisal -50%[2]	Latest Appraisal -25%[2]	Latest Appraisal[2]
Current FX Rate[3]	35p	21p	38p	55p	71p
Per Share (rounded)		Total Return[4]			
		Latest Appraisal -75%[2]	Latest Appraisal -50%[2]	Latest Appraisal -25%[2]	Latest Appraisal[2]
Current FX Rate[3]		56p	73p	90p	106p

[1]Date of valuation: 31 March 2021; inflation rate: 1.5%. [2]Average of the three appraisals at the Group's respective financial year-end in which each of the leases reaches the end of the respective 12-year term less disposal costs. [3]1.3474 USD/GBP (30 September 2021). [4]Including expected future dividends.

So far, only a limited secondary market has developed for the aircraft type.

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