QUARTERLY FACT SHEET

December 2024

DORIC NIMROD AIR THREE LIMITED

LSE: DNA3

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 136.4 million as of 31 December 2024.

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). It is anticipated that income distributions will continue to be made quarterly.

Company Facts (31 December 2024)	
Listing	LSE
Ticker	DNA3
Current Share Price	62.0p
Market Capitalisation	GBP 136.4 million
Initial Debt	USD 630 million
Outstanding Debt Balance[1]	USD 0 million (0% of Initial Debt)
Current Dividend	2.0625p per quarter per share (8.25p per annum)
Earned Dividends	90.41p
Current Dividend Yield	13.31%
Dividend Payment Dates	January, April, July, October
Ongoing Charges (OCF)[2]	1.7%
Currency	GBP
Launch Date/Price	2 July 2013 / 100p
Average Remaining Lease Duration	10 months
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 Ltd
Corporate & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Ltd
Auditor	Grant Thornton Ltd
Market Makers	Investec Bank Plc, Jefferies International Ltd, Panmure Liberum Ltd, Peel Hunt LLP, 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 A EETC matured in May 2023, 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 them has been leased to Emirates Airline ("Emirates") – the national carrier owned by the Investment Corporation of Dubai, based in Dubai (UAE) – for a term of 12 years with fixed lease rentals for the duration. In order to complete the purchase, DNA Alpha Ltd ("DNA Alpha"), a wholly owned subsidiary of the Company, issued enhanced equipment trust certificates ("EETC") – a form of debt security –in the aggregate face amount of USD 630 million. In May 2023 DNA Alpha has fully repaid all outstanding EETC obligations.

In 2024 the Company announced that DNA Alpha has received notices from Emirates that it is exercising the options redeliver MSNs 132, 133, 134 and 136 in the minimum condition equivalent to “half-life”, together with a cash sum, as opposed to delivery in full-life condition. In the event the aircraft are returned, Emirates will pay USD 12 million per aircraft, in addition to the contracted monetary compensation arrangements. The notices received do not preclude the Company from considering lease extension, sale or re-lease options for the aircraft with Emirates or other counterparties.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of November 2024 was as follows:

Aircraft Utilisation

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	40,128	4,947	8h 7m
133	27/11/2013	40,747	4,771	8h 32m
134	14/11/2013	38,296	4,418	8h 40m
136	29/10/2013	40,335	4,558	8h 51m

Maintenance Status

Emirates maintains its A380 aircraft fleet based on a 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.

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

2. Market Overview

According to its June 2024 report on global economic prospects, the World Bank expects a total global gross domestic product (GDP) growth rate of 2.7% for each of 2025 and 2026. GDP growth and air passenger traffic growth are strongly correlated.

The year 2024 is marked by an ongoing industry-wide recovery of air passenger traffic, measured in revenue passenger kilometres (RPK), which has already caught up to the 2019 levels in February 2024. As of October 2024, a year-to-date growth of 10.8% was recorded compared to the same period the year before. The supply of capacity, measured in available seat kilometres (ASK), increased by 9.3% during the first ten month of 2024 compared to the same periode in 2023. The average passenger load factor (PLF) came in at 83.5%, an improvement of 1.2 percentage point from the same period in 2023. In October 2024 both domestic and international PLFs reached historic highs. A contributing factor to the recent PLF trend are continuing supply chain challenges, which result in fewer new aircraft deliveries, while the demand for air travel remains strong, according to the International Air Transport Association (IATA).

International travel – measured in RPKs – is up 14.1% year-to-date in October 2024. The strongest improvements in international traffic could again be observed in the Asia-Pacific region with an increase in RPKs of 17.9%. Global domestic travel on the other hand increased by 5.9% between January and October 2024 in comparison with domestic travel levels during the first ten month of 2023.

The Middle East, where the lessee is located, recorded an RPK increase of 9.5% in the period from January to October 2024 compared to the same period in 2023. Capacities, measured in ASKs, expanded by 9.1% over the period with a 0.3 percentage point increase of the average PLF to 80.7%.

As per the Global Outlook for Air Transport from December 2024, IATA forcasts the airline industry’s profitability to increase, reaching USD 36.6 billion in 2025, a year-over-year improvement of 16.2%. For 2024 a net profit of USD 31.5 billion is expected, while final numbers have not yet been released.

Source: IATA, World Bank

Air Passenger Market Analysis October 2024
Global Outlook for Air Transport – December 2024
Available on the IATA Economics page

3. Lessee – Emirates

Network

During the first half of Emirates’ 2024/25 financial year, the carrier increased scheduled flights to eight cities: Amsterdam, Cebu, Clark, Luanada, Lyon, Madrid, Manila, and Singapore.

Between April and September 2024 Emirates extended its partnerships by entering into seven new agreements with codeshare, interline, and intermodal partners including AirPeace, Avianca, BLADE, ITA Airways, Iceland Air, SNCF Railway, and Viva Aerobus.

In October 2024, Emirates signed memoranda of understanding with Vietnam Airlines and VietJet to improve connectivity and travel choices between its Dubai hub and the Vietnamese gateways Ho Chi Minh City and Hanoi. This step will enhance the existing cooperation and could also add reciprocal loyalty benefits.

Fleet

Due to the lack of availability of similar-sized replacement aircraft and delays in the delivery of new aircraft ordered, Emirates plans to keep its A380s flying until the late 2030s with corresponding extensions of aircraft leases, according to a statement made in March 2024.

In May 2024, the airline announced an expansion of its Airbus A380 and Boeing 777 cabin retrofit programmes. It now covers all of Emirates’ existing 110 Airbus A380s delivered without premium economy seats installed, and will also potentially include the four A380s owned by the Company, however at the time of reporting the airline has not made such request for the Company’s aircraft.

In June 2024, Emirates claimed that the delivery delay to the Boeing 777X will cost the airline USD 4 billion in refurbishment of its existing A380 and 777 fleet. In order to maintain its existing network Emirates has also extended lease agreements and bought a number of the previously leased aircraft, including A380s.

In November 2024, Emirates President Tim Clark hinted at increasing the order book for the A350, as the UAE carrier enters an "expansionist period". "We are a frustrated entity because we need airplanes and we need them like now", said Clark in response to the continuing delivery delays of new aircraft. "Had the 777 9X been delivered to us, we would have 85 [new aircraft] by now."

At the 2023 Dubai Air Show Emirates added a number of aircraft to its existing order book for a combined list price value of USD 58 billion.

Boeing 777X

Emirates topped up an existing order for 115 Boeing 777Xs, by signing a firm order for another 35 777-8 and 55 777-9 aircraft, which brings the lessee's 777X orderbook to a total of 205 units. But delivery of the first 777-9 has been deferred multiple times, and latest statements point to delivery in 2026 - six years behind the original date.

After the manufacturer had received type inspection authorization in July 2024 Boeing began certification flight testing. But during scheduled maintenance, a structural component between the engine and aircraft structure "did not perform as designed", according to the manufacturer. In response to the discovery of cracks Boeing suspended test flights in August 2024 and has not yet resumed them.

With Airbus A380s and Boeing 747s no longer available for order, the Boeing 777X is currently the biggest aircraft in production, but has not yet been certified.

Boeing 787

Emirates also updated an existing order for 30 Boeing 787-9 aircraft and committed to purchasing another five. As per the latest agreement of mid-November 2023, Emirates will receive 20 Boeing 787-8s and 15 Boeing 787-10s. However, the airline did not share an updated delivery timeline.

The previously ordered 787-9 aircraft were supposed to be delivered from May 2023 onwards. But Boeing's production line was plagued by multiple delays: Delivery of the 787 family paused for about 19 months between November 2020 and August 2022 after Boeing had identified quality issues. It only resumed after the US Federal Aviation Administration (FAA) decided the airframer "had made the necessary changes to ensure that the 787 Dreamliner meets all certification standards." Deliveries paused for another few weeks in February/March 2023 over concerns connected to the aircraft's forward pressure bulkhead which were then resolved. In June 2023 Boeing announced the discovery of yet another production flaw that required the manufacturer to inspect all 90 787 aircraft in its inventory. In 2024 Boeing delivered just 50 787s compared to 73 Dreamliners a year prior.

Airbus A350

An order of a further 15 A350-900s placed during the 2023 Dubai Air Show increases the number of A350-900 widebody aircraft ordered by Emirates to 65. The first aircraft was delivered to Emirates in late November 2024. It's first scheduled commercial A350 flight is scheduled for 3 January 2025 to Edinburgh, the capital of Scotland. Kuwait and Bahrain will become the second and third destinations to be served by the airline's newest aircraft.

With the A350 Emirates aims to expand into new destinations globally, "including mid-sized airports unsuited for larger aircraft", according to an Emirates' press release. Two versions of the aircraft will allow service to regional routes as well as ultra long-haul routes with up to 15 hours of flight time.

Key Financials

In the first six months of its 2024/25 financial year ending on 30 September 2024, Emirates recorded a profit before tax of AED 9.7 billion (USD 2.6 billion), a record performance for the company and 4.6% more than in the same period of the previous year. After accounting for the 9% corporate income tax applicable for the first time since it was enacted in 2023, the net profit amounts to AED 8.7 billion (USD 2.4 billion). The airline attributes its performance to consistently strong travel and air cargo demand across markets. Revenue, including other operating income, was up 4.5% from last year and reached AED 62.2 billion (USD 16.9 billion), a new record for the company.

Between 1 April and 30 September 2024, the airline carried 26.9 million passengers, an increase of 3% over the previous financial year. Emirates' SkyCargo uplifted 1,198,000 tonnes during that period, an increase of 16% over the previous financial year. Strong Chinese eCommerce traffic and a rise in shipments bound for Dubai were contributing to growth, according to a company statement.

During the first half of its 2024/25 financial year Emirates' capacity grew by 4% measured in ASK. At the same time RPKs increased by 2%. This resulted in an average PLF of 80.0%, or 1.5 percentage points lower compared to the same period in the previous year.

Emirates' total operating costs increased 6%. Fuel was the largest cost component amounting to 32% of operating costs, 2 percentage points lower than in the period from April to September 2023. The EBITDA of AED 19.1 billion (USD 5.2 billion) came in 2% lower than a year before.

As of 30 September 2024, Emirates' total liabilities decreased by 7.7% to AED 108.4 billion (USD 29.5 billion) compared to the end of the previous financial year. Amongst other things, the airline repaid AED 6.7 billion (USD 1.8 billion) in bonds and term loans and paid a dividend to its shareholders in the amount of AED 1.0 billion (USD 272 million). Total equity came in at AED 50.8 billion (USD 13.8 billion), an improvement of 9% since the beginning of the financial year in April 2024. Emirates' equity ratio stood at 31.9% and its cash position, including short-term bank deposits, amounted to AED 40.0 billion (USD 10.9 billion) at the end of September 2024, about 7% less than at the beginning of the financial year. The net cash flow from operating activities came in at AED 15.2 billion (USD 4.1 billion) between April and September 2024, about 17% lower than in the same period in the year before.

Sustainability

When Emirates ferried its first A350 from Toulouse (France) to Dubai in November 2024 it took the opportunity to power the engines with a blend of jet fuel and sustainable aviation fuel (SAF). This is the most recent example of the airline's commitment to advanced fuel solutions, which also includes a USD 200 million commitment the airline has made in 2023 to fund research and development projects focussed on reducing the impact of fossil fuels in commercial aviation.

Source: Cirium, Emirates, LSEG

4. Aircraft – A380

According to Cirium, as of the end of December 2024 the global A380 fleet consisted of 201 aircraft operated by 12 airlines. Of these, 168 were in service. The remainder of the fleet is currently parked. The 12 operators are Emirates (118), Singapore Airlines (13), British Airways (12), Etihad Airways (10), Qantas (10), Qatar Airways (10), Deutsche Lufthansa (8), Korean Air Lines (7), Asiana Airlines (6), Air France (3), All Nippon Airways (3) and HiFly Malta/Global Airlines (1). Another 20 aircraft are registered with non-airline entities.

Source: Cirium

Addendum

Implied Future Total Returns based on the latest appraisals as at 31 March 2024 – For illustrative purposes only –

The Directors note that the outlook for the A380, and hence the total return of an investment in the Group, is subject to an increased amount of uncertainty. From the outset of the transaction, the Directors have 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 such as engine leasing. 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 table below is provided for informational purposes only and contains a range of discounts to the average independently appraised residual values determined at the last valuation date in March 2024. 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 2024.

The total return for a shareholder investing today (31 December 2024) 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 2024)**.

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

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.

While the UN World Health Organization (WHO) declared an end to COVID-19 as a public health emergency back in May 2023, subsequent economic issues including high inflation and rapidly rising interest rates to curb inflation put a strain

on the economy. Furthermore, airlines are directly impacted by continuing supply chain issues with aircraft and engine manufacturers not always able to deliver new aircraft or spare parts to maintain existing fleets on time. 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 163.0 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]	8p	19p	34p	48p	63p
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]		27p	42p	57p	72p

Table may contain rounding differences.

[1] Date of valuation: 31 March 2024; inflation rate: 3.0%

[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] 1.2514 USD/GBP (31 December 2024)

[4] Including expected future dividends

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

Contact Details

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