DORIC NIMROD AIR TWO LIMITED

Consolidated Annual Financial Report

From 1 April 2021 to 31 March 2022

CONTENTS

Definitions

"Administrative Shares"	Subordinated administrative shares
"AED"	United Arab Emirates dirham
"AGM"	Annual general meeting
"ANZ"	The Australia and New Zealand Banking Group Limited
"AR Committee"	Audit and Risk Committee
"Articles"	Company's Articles of Incorporation
"ASKs"	Available seat kilometers
"Asset(s)" or the "Aircraft"	Airbus A380 Aircraft
"ATAG"	Air Transport Action Group
"BA"	British Airways
"Board"	Company's Board of directors
"CDSs"	Credit Default Swaps
"Certificates"	DNAFA Pass Through Certificates issued in July 2012
"Chair"	Chair of the Board
"Code"	The UK Corporate Governance Code
"CORSIA"	Carbon Offsetting and Reduction Scheme for International Aviation
"Deloitte"	Deloitte LLP
"DTRs"	Disclosure Guidance and Transparency Rules
"DNA2" or the "Company"	Doric Nimrod Air Two Limited
"DNAFA"	Doric Nimrod Air Finance Alpha Limited
"Doric LLP"	Doric Partners LLP
"Doric" or the "Asset Manager"	Doric GmbH
"DWC"	Dubai World Central International Airport
"EETC" or "Certificates"	Enhanced equipment trust certificates
"Emirates" or the "Lessee"	Emirates Airlines
"EPS or LPS"	Earnings / loss per Share
"Equity"	C Share issue
"ESG"	Environmental, Social and Governance
"EU"	European Union
"EU ETS"	European Union Emissions Trading System
"FCA"	Financial Conduct Authority
"FRC"	Financial Reporting Council

Definitions (continued)

"FVOCI"	Fair value through other comprehensive income
"FVTPL"	Fair value through profit or loss
"GBP", "£" or "Sterling"	Pound Sterling
"GT"	Grant Thornton Limited
"GFSC"	Guernsey Financial Services Commission
"GHG"	Greenhouse gas
"Group"	the Company and its subsidiaries
"IAS 1"	International Accounting Standard 1 - Presentation of financial statements
"IAS 8"	International Accounting Standard 8 - Accounting policies
"IAS 16"	International Accounting Standard 16 - Property, Plant and Equipment
"IAS 36"	International Accounting Standard 36 - Impairment of Assets
"IASB"	International Accounting Standards Board
"IATA"	International Air Transport Association
"ICAO"	International Civil Aviation Organization
"IFRIC"	International Financial Reporting Interpretations Committee
"IFRS"	International Financial Reporting Standards
"IFRS 13"	IFRS 13 - Fair value measurement
"IFRS 16"	IFRS 16 - Leases
"IPCC"	Intergovernmental Panel on Climate Change
"ISAE 3402"	International Standard on Assurance Engagement 3402
"ISTAT"	International Society of Transport Aircraft Trading
"JTC" or "Secretary" or "Administrator"	JTC Fund Solutions (Guernsey) Limited
"Law"	The Companies (Guernsey) Law, 2008, as amended
"Lease(s)"	Lease of Aircraft to Emirates
"Loan(s)"	Borrowings obtained by the Group to part-finance the acquisition of Aircraft
"LSE"	London Stock Exchange
"NBV"	Depreciated cost
"Nimrod" or "Corporate and Shareholder Adviser"	Nimrod Capital LLP
"Pandemic"	COVID-19 pandemic
"Period"	1 April 2021 until 31 March 2022
"PIEs"	Public Interest Entities

Definitions (continued)

“PLF”	Passenger Load Factor
“PPS”	Profit per share
“Registrar”	JTC Registrars Limited
“RPKs”	Revenue passenger kilometers
“SAF”	Sustainable Aviation Fuel
“SDGs”	Sustainable Development Goals
“SFS”	Specialist Fund Segment
“Shareholders”	Shareholders of the Company
“Shares”	Ordinary Preference Shares of the Company
“Share Capital”	Share capital of the Company
“SID”	Senior Independent Director
“Subsidiaries”	MSN077 Limited, MSN090 Limited, MSN105 Limited and DNAFA
“UAE”	United Arab Emirates
“UK”	United Kingdom
“USD” or “$”	US dollars
“VIU”	Value-in-use
“WACC”	Weighted average costs of capital
“Westpac”	Westpac Banking Corporation

SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA2
Share Price	72.50 pence (as at 31 March 2022) 92.00 pence (as at 22 July 2022)
Market Capitalisation	GBP158.93 million (as at 22 July 2022)
Current / Future Anticipated Dividend	Current dividends are 4.5 pence per quarter per Share (18 pence per annum) and it is anticipated that this will continue until the aircraft leases begin to terminate in 2023
Dividend Payment Dates	April, July, October, January
Currency	Sterling
Launch Date / Share Price	14 July 2011 / 200 pence
Incorporation and Domicile	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates including the 2 year extension)	A6-EDP (14 October 2023) A6-EDT (2 December 2023) A6-EDX (1 October 2024) A6-EDY (1 October 2024) A6-EDZ (12 October 2024) A6-EEB (9 November 2024) A6-EEC (30 November 2024)
Asset Manager	Doric GmbH
Corporate and Shareholder Adviser	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	Grant Thornton Limited
Market Makers	finnCap Ltd Investec Bank Jefferies International Ltd Numis Securities Ltd Shore Capital Limited Winterflood Securities Ltd
SEDOL, ISIN, LEI	B3Z6252,GG00B3Z62522, 213800ENH57LLS7MEM48
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

COMPANY OVERVIEW

DNA2 (the "Company") is a Guernsey company incorporated on 31 January 2011.

Pursuant to the Company's prospectus dated 30 June 2011, the Company, on 14 July 2011, raised approximately £136 million by the issue of Shares at an issue price of £2 each. The Company's Shares were admitted to trading on the SFS at 14 July 2011.

The Company raised a further £188.5 million from a C Share fundraising, which closed on 27 March 2012 with the admission of 100,250,000 convertible preference shares to trading on the SFS.

On 6 March 2013, the Company's C Shares converted into an additional 100,250,000 Shares. These additional Shares were admitted to trading on the SFS and rank pari passu with the Shares already in issue.

As at 22 July 2022, the last practicable date prior to the publication of this report, the Company's total issued Share capital consisted of the Administrative Shares and 172,750,000 Shares. The Shares were trading at 92.00 pence per Share.

Investment Objectives and Policy
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 Lease rentals paid to it by Emirates, the national carrier owned by The Investment Corporation of Dubai, based in Dubai, United Arab Emirates, pursuant to the Leases.

Subsidiaries
The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and DNAFA which collectively hold the Assets for the Company.

The first Asset was acquired by MSN077 Limited on 14 October 2011 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years to October 2021, with an extension period of 2 years ending October 2023, with fixed lease rentals for the duration. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The second Asset was acquired by MSN090 Limited on 2 December 2011 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years to December 2021, with an extension period of 2 years ending December 2023, with fixed lease rentals for the duration. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The third Asset was acquired by MSN105 Limited on 1 October 2012 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years to October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The fourth Asset, MSN 106, was acquired by DNAFA on 1 October 2012 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The fifth Asset, MSN 107, was acquired by DNAFA on 12 October 2012 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The sixth Asset, MSN 109, was acquired by DNAFA on 9 November 2012 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years ending November 2022, with an extension period of 2 years ending November 2024, in which rental payments reduce. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

COMPANY OVERVIEW (continued)

The seventh Asset, MSN 110, was acquired by DNAFA on 30 November 2012 for a purchase price of $234 million and has been leased to Emirates for an expected initial term of 10 years ending November 2022, with an extension period of 2 years ending November 2024, in which rental payments reduce. The loan terms for this aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The leases for all aircraft will run for the extended period of twelve years as the lessee has in all cases made use of the extension options.

The fourth, fifth, sixth and seventh Assets were acquired by DNAFA using the proceeds of the issue of the C Shares, together with the proceeds of equipment notes issued by DNAFA. The equipment notes were acquired by two separate pass through trusts using the proceeds of their issue of EETCs. The EETCs, with an aggregate face amount of approximately $587.5 million were admitted to the Official List of the UK Listing Authority and to the LSE on 12 July 2012. These four Assets were also leased to Emirates for 12 years to the second half of 2024, with fixed lease rentals for the duration.

In order to complete the purchase of the related Assets, MSN077 Limited, MSN090 Limited and MSN105 Limited entered into separate loan agreements with a number of banks (see note 15), each of which will be fully amortised with quarterly repayments in arrears over 12 years. A fixed rate of interest applies to the Loans except for 50 percent of the Loan in MSN090 Limited which has a related interest rate swap entered into to fix the interest rate. MSN077 Limited drew down $151,047,059 under the terms of the first loan agreement to complete the purchase of the first Asset; MSN090 Limited drew down $146,865,575 in accordance with the second loan agreement to finance the acquisition of the second Asset; and MSN105 Limited drew down $145,751,153 in accordance with the third loan agreement to finance the acquisition of the third Asset. The first loan agreement, the second loan agreement and the third loan agreement are on materially the same terms.

Emirates bears all costs (including maintenance, repair, and insurance) relating to the Aircraft during the lifetime of the Leases.

Further information about the construction of these Leases is available in note 12 to the financial statements.

Distribution Policy
The Company currently targets a distribution of 4.50 pence per Share per quarter.

There can be no guarantee that dividends will be paid to Shareholders and, if dividends are paid, as to the timing and amount of any such dividend. There can also be no guarantee that the Company will, at all times, satisfy the solvency test required to be satisfied pursuant to section 304 of the Law, enabling the directors to effect the payment of dividends.

Performance Overview
All payments by Emirates have, to date, been made in accordance with the terms of the respective Leases.

During the financial year under review, and in accordance with the Distribution Policy, the Company declared four interim dividends of 4.50 pence per Share. Two interim dividends of 4.50 pence per Share have been declared after the reporting period. Further details of dividend payments can be found on page 23.

Return of Capital
The Company intends to return to Shareholders net capital proceeds if and when the Company is wound-up (pursuant to a Shareholder resolution, including the liquidation resolution below), subject to compliance with the Articles and the applicable laws (including any applicable requirements of the solvency test contained therein).

Liquidation Resolution
Although the Company does not have a fixed life, the Articles require that the directors convene a general meeting of the Company in June 2025 where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up. In the event that the liquidation resolution is not passed, the directors will consider alternatives for the future of the Company, including re-leasing the Assets, or selling the Assets and reinvesting the capital received from the sale of the Assets in other aircraft.

CHAIR’S STATEMENT

During the Period the Company has declared and paid four quarterly dividends of 4.5 pence per Share each, a rate of dividend payment equivalent to 18 pence per Share per annum.

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 structures of the operating Leases relating to the Company’s seven Aircraft are described on pages 5 to 6.

The debt portion of the funding is designed to be fully amortised over the term of the Leases, which would leave the Aircraft unencumbered on the conclusion of the ultimate Lease. Emirates bears all costs (including maintenance, repair and insurance) relating to the Aircraft during the lifetime of the Leases. At 22 July 2022, the latest practicable date prior to this report, the Company had outstanding debt associated with the Aircraft totalling USD 59 million (6% of the initial balance). At the time of writing the share price is 92 pence, representing a market capitalisation of GBP 158.93 million based on the 172,750,000 Shares in issue. The Company’s first Lease expiry falls due in October 2023.

All payments by Emirates during the period and throughout the Leases have been made in accordance with the respective terms of the Leases. The Company’s Aircraft have been stored since 2020, currently at DWC.

Despite the war in Ukraine and COVID-19 related travel restrictions in China, global air travel has resumed its strong recovery trend through April 2022, according to IATA. The recovery has been driven by a continuing rebound in international travel, as previously travel-restricted Asian countries have new flexible conditions that allow more foreign travellers to come in. However, inflation, high jet fuel prices and low consumer confidence are points of concern for the coming months, according to IATA. International bookings still show a high willingness to travel abroad, and this trend is expected to last throughout this summer. Although the relation between rising inflation and increase in cost of travel is not straightforward, it is expected to have an impact on passenger decisions sooner or later.

In late February 2022 Emirates’ President, Sir Tim Clark, provided useful insight into the airline’s fleet operating considerations. Following the retirement of Emirates’ first five A380s, Clark noted: “Cutting up the A380 fleet stops there, after these five are retired, all the other aircraft remain. In fact, where we started to drop some, I just decided to bring them back into the program.” With a looming aircraft shortage in Emirates’ fleet in 2024/25, Clark wants to extend aircraft lives: “Life extension will affect about 120 aircraft, 80 of them A380s… The exact numbers haven’t been fixed, it’s a movable feast. Their life will be extended by six to ten years each.” Clark reiterated this stance in late June, commenting Emirates would be: “retaining all the A380s now, probably until the mid-30s, 118 of those.” In its annual report Emirates noted that the high seat factor on the A380 continues to demonstrate the customer preference for the aircraft with the airline embarking on a major two-year retrofit programme from November 2022, to equip 120 existing 777 and A380 aircraft with their latest Premium Economy cabin class, as well as refreshed interiors, at a cost of over USD 1 billion. Clark also seems sceptical about the delivery timelines of the new aircraft types the airline has ordered with Airbus and Boeing, stressing that the planes need to be “in the shape that the contract requires.”

Emirates results for the year to 31 March 2022 reported a 91% year-on-year increase in revenue and a much improved loss of USD 1.1 billion (FY2021: USD 5.5 billion loss) with the target to return to profitability in the current financial year. Emirates ended the financial year with a cash balance of USD 5.7 billion after receiving a further capital injection of USD 954 million from their ultimate shareholder, the Government of Dubai.

Whilst Emirates do not have a formal credit rating, they have previously issued unsecured USD bonds with maturities in 2023, 2025 and 2028. As at 22 July 2022 these instruments are trading at approximately 99.9, 99.4 and 98.5 cents respectively, equivalent to USD running yields in the range of roughly 3.9 to 4.6%. Further details on Emirates and the A380 can be found in the Asset Manager’s report by Doric.

In line with the appraisals obtained last year your Board has elected to use ‘future soft values’ for the A380 with the published figure based on the average of three independent appraisers all of which have remained the same since the Company’s launch. These values are characterised by less favourable market conditions for the seller, including but not limited to an imbalance of supply and demand in the aircraft type.

CHAIR'S STATEMENT (continued)

On a comparable basis to last year the appraisal value to the Company's asset declined by approximately 16.1% on a USD basis. The Company's quarterly factsheet provides a useful sensitivity analysis of the potential returns to Shareholders, after Lease expiry, under different scenarios for A380 appraisal values. Further details on residual values can be found in notes 2(n), 3 and 10 of the accounts.

The Company's first Lease with Emirates expires in October 2023, approximately 15 months from now. In March and April two of the Company's subsidiaries received notice from Emirates that the lessee is exercising the option to enable it to redeliver the respective Aircraft 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 to the lessor, Emirates will pay the sum of USD 12 million per Aircraft in addition to the normal monetary compensation arrangements. Further, the Board note the announcement by Doric Nimrod Air One Limited whereby it has agreed to sell an Airbus A380-861 (MSN 016) to Emirates for GBP 25.3 million. This outcome provides some much needed transactional evidence for the A380 and appears to have been well received by shareholders in that company. The opportunity for lease extension, sale or re-lease options for the respective Aircraft with Emirates or other counterparties remains open. The redelivery procedure for a widebody aircraft is complex and highly technical and as we move closer to the first Lease expiry your Board will provide more details on the high-level considerations and also the implications of the various potential outcomes for Shareholders.

This report delivers the latest iteration of the Company's Environmental, Social and Governance (ESG) Policy. This report provides Shareholders with further detail on the Company's business model and matters such as the environmental and social considerations of the aviation industry and the importance of high standards of Corporate Governance. Your Board recognises the importance of ESG matters in relation to shareholders' investment considerations and has sought to address the topic in a pragmatic fashion, as detailed in our ESG report on pages 34 to 37.

Doric continues to monitor the Leases and is in frequent contact with the Lessee and reports regularly to the Board. Nimrod continues to liaise with Shareholders on behalf of the Board and has provided valuable feedback on the views of Shareholders in the current climate.

Shareholders should note that although the underlying cash flows received and paid during the Period have been received and paid as anticipated and in accordance with contractual obligations; it may not be obvious that this is so, because of the application of the accounting treatments for foreign exchange, rental income and finance costs mandated by IFRS.

For instance, the entirety of the rental income that is receivable under the 12 year Leases (including advance rental received as part of the initial acquisition of the Assets) is credited evenly over each of the 144 months of the Leases. However rental income has been received in advance of this uniform pattern in order to match and fund the accelerated payment down of debt. Thus as at 31 March 2022, some 94% of income receivable under the Leases has been received, which has funded the payment down of 91% initial borrowings, whereas under the relevant accounting standard only some 82% may be recognised. This mismatch in timing between the receipt and recognition of rental income results in a deferred income creditor of £129 million or some 75 pence per share in the 31 March 2022 balance sheet. This is an artificial accounting adjustment in the sense that it does not represent a liability to pay £129 million to third parties. The faster that income is received and debt repaid the larger the resultant creditor producing a reduction in reported net asset value.

Similarly, the relevant accounting standards require that transactions denominated in currencies other than the presentation currency (including, most importantly, the cost of the Aircraft) are translated into the presentation currency at the exchange rate ruling at the date of the transaction whilst monetary items (including also very significantly, the outstanding borrowings and the deferred income creditor) are translated at the rate prevailing on the reporting date. The result is that the figures sometimes show large mismatches which are reported as unrealised foreign exchange differences - although the distortive effect becomes less pronounced over time as debt is paid down.

On an ongoing basis and assuming the Lease rental is received, and the loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in USD are in fact closely matched. Rental income received in USD is used to make loan repayments due which are likewise denominated

CHAIR'S STATEMENT (continued)

in USD. Furthermore, the USD Lease rentals and loan repayments are fixed at the inception of the respective Leases and are very similar in amount and timing.

The Board encourages Shareholders to read the Company's quarterly fact sheets which we believe provide a great deal of interesting information. We hope these regular reports, in addition to the communication you receive from Nimrod, are useful and informative. The directors welcome Shareholder engagement and feedback and encourage you to contact Nimrod to request a meeting or to relay any feedback.

Finally, on behalf of the Board, I would like to thank our service providers for all their help and, most importantly, all Shareholders for their continuing support. I look forward to keeping all Shareholders up to date with further progress.

Geoffrey Hall
Chair

29 July 2022

ASSET MANAGER'S REPORT

At the request of the Directors of the Company, this commentary has been provided by the Asset Manager of the Company. The report reflects the information available at the end of March 2022 unless otherwise noted.

COVID-19

The Pandemic continues to impact private and economic life worldwide. The consequences of COVID-19 are far reaching and changing at a significant pace. The impact of this Pandemic on the aviation sector has been significant. At the end of January 2022 about 18% of the global commercial passenger aircraft fleet was still in storage. This is an improvement of 5 percentage points compared to the levels six month earlier, but still 11 percentage points higher than in January 2019.

This Asset Manager's report is exclusively based on facts known 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.

1. The Assets

The Group acquired a total of seven Airbus A380-861 aircraft between October 2011 and November 2012. Each aircraft is 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 from the point of delivery, with fixed lease rentals for the duration. In order to complete the purchase of the first three aircraft, MSN077 Limited, MSN090 Limited and MSN105 Limited entered into three separate loans, each of which will be fully amortised with quarterly repayments in arrears over 12 years.

The net proceeds from the C Share issue ("the Equity") were used to partially fund the purchase of four of the seven Airbus A380s. In order to help fund the acquisition of these final four aircraft, DNAFA issued two tranches (Class A & Class B) of enhanced equipment trust certificates ("the Certificates" or "EETC") – a form of debt security – in June 2012 in the aggregate face value of USD587.5 million. The Certificates are admitted to the official list of the Euronext Dublin and to trading on the Main Securities market thereof. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft which were then leased to Emirates.

The seven Airbus A380 aircraft bear the manufacturer's serial numbers (MSN) 077, 090, 105, 106, 107, 109, and 110.

Due to the effects of COVID-19, the Aircraft have been stored since 2020, currently at Dubai World Central International Airport (DWC). The aircraft with MSN 106 has returned to passenger service in June 2022.

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 Group (with the exception of MSN 106) are in deep storage condition at this time and could be reactivated within weeks of any decision to do so.

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

ASSET MANAGER'S REPORT (continued)

Inspections

Doric, the asset manager, conducted physical inspections and records audits of the aircraft as per the below table. Due to the storage of the aircraft and the protective measures associated with this, the inspections of the aircraft were limited to viewing the outside of the aircraft from ground level. The condition of the aircraft – to the extent visible – and the records were in compliance with the provisions of the respective lease agreements, taking into account that the aircraft were in storage at that moment.

MSN	Last Inspection	MSN	Last Inspection
077	09/2021 & 03/2022	107	09/2021 & 04/2022
090	03/2022	109	11/2021
105	06/2021	110	11/2021
106	09/2021		

2. Market Overview

The impact of COVID-19 on the global economy has been severe, resulting in a contraction in global GDP of 3.4% for 2020, followed by an expected recovery of 5.5% in 2021 and 4.1% in 2022, according to the World Bank. In its latest economic impact analysis from March 2022, the International Civil Aviation Organization (ICAO) estimates that the full year 2021 experienced an overall reduction in seats offered by airlines of 40% compared with pre-crisis 2019 levels. In the current year, the number of seats offered by airlines is expected to be reduced by 20% to 23% from its 2019 levels. This translates into a 34% to 38% seat reduction in the international passenger traffic segment, while domestic air passenger traffic is less affected from the Pandemic.

The International Air Transport Association (IATA) indicates an airline industry-wide net loss of USD51.8 billion for 2021, after approximately USD137.7 billion in the previous year, according to its latest estimates from October 2021. For 2022, the combined net loss of airlines worldwide is expected to reach USD11.6 billion. However, the estimate does not yet include negative geopolitical impacts from the Russian invasion of Ukraine.

The rebound in global air passenger traffic has continued through calendar year-end 2021, supported by vaccine rollouts, improved testing efficiency and a strong demand over the holiday season, which compensated for the Omicron-related disruptions towards the end of the year. Overall, industry-wide RPKs rose to 41.6% of its 2019 pre-Pandemic levels, which is an improvement of 7.4 percentage points against 2020. Industry-wide capacity, measured in ASKs, recovered to 51.2% of pre-Pandemic levels in 2021. The global PLF averaged at 67.2% last year, down by 15.4 percentage points from 2019. Global air travel had a soft start into 2022 as disruptions due to the Omicron variant have left their marks. While industry-wide RPKs rose by 82.3% year-on-year in January 2022, this key performance indicator was 4.9% down compared to December 2021. The PLF averaged 64.5% during the month of January 2022, an improvement of 10.8 percentage point compared to the same month a year ago.

With the number of new COVID-19 infections per week more than halved between mid-January and late-February 2022, IATA's outlook beyond Q1 2022 has become more optimistic. However, the war in Ukraine as well as rising inflationary pressure were clearly identified as "downside risks to further recovery". More and more countries have started to lift their international travel restrictions, including some in the long time closed Asia Pacific region such as Australia, while the Chinese international market remains shut. The war in Ukraine will likely disrupt air travel in this area and likely also beyond. With Russian airspace banned for European and US carriers, IATA expects delays, expensive rerouting or complete cancellations of flights on some routes. The spike in oil prices translating into a sharp increase in jet fuel prices will most likely result in higher fares on some routes. This could particularly impact the more price-sensitive leisure travel segment.

Source: IATA, ICAO, World Bank

ASSET MANAGER'S REPORT (continued)

3. Lessee – Emirates

Network

In late January 2022 Emirates announced a resumption of passenger operations between Dubai and five African countries including South Africa, Kenya, Ethiopia, Tanzania, and Zimbabwe by the end of the month. This includes twice daily services from Johannesburg and daily services to Dubai from Cape Town and Durban respectively.

With the return of passenger services to and from Casablanca (Morocco) in February 2022, Emirates has fully restored its pre-Pandemic African network with 21 destinations across the continent.

In March 2022 Emirates and Garuda Indonesia launched their codeshare partnership which gives customers of Emirates and Indonesia's national carrier seamless connectivity on 16 routes between Indonesia, the Middle East and Europe. Emirates currently has codeshare cooperation agreements in place with 23 airline partners and two rail companies around the world.

From 1 April 2022 Emirates will re-instate its pre-Pandemic flight frequencies to the carrier's nine destinations in India, intending to operate 170 weekly flights from Dubai. Already since March 2022 the lessee has brought back its daily A380 service between Dubai and Mumbai.

From 1 May 2022 Emirates will add a second daily A380 flight from Dubai to Melbourne in Australia, doubling the daily seat capacity to more than 1,000. Demand for international travel is expected to increase following the re-opening of Australia's borders. Reportedly, Australia is the third-largest destination for Emirates' A380. As of May Emirates will also operate A380 services twice daily to Sydney and a daily A380 service to Brisbane. In addition, the lessee will offer daily flights to Perth on a Boeing 777-300ER.

Emirates has confirmed that it will be commencing daily services to Tel Aviv (Israel) from 23 June 2022 with its three-class Boeing 777-300ER, adding another country to its global network. The flight schedules will allow passengers arriving in Dubai to conveniently reach connecting flights to popular holiday destinations including Thailand, India, the Philippines, the Maldives, Sri Lanka, and South Africa. In late March 2022 Emirates' President, Sir Tim Clark, announced that the airline would continue to fly to Russia "as long as the state, our owner, requires us to fly there" and continued: "We carry humanitarian goods in our holds. We've got NGOs travelling in and out of Russia. We have got the diplomatic community going in and out … so all we're doing is being an enabler, facilitator, without taking a political position on this for the time being".

Current flight schedules indicate that Emirates has deferred A380 services to the following destinations beyond 2022: Beijing, Birmingham, Copenhagen, Hong Kong, Nice, Prague, Shanghai, and Tokyo. Earlier versions of the flight schedules showed that the superjumbo would operate on these routes at some point this year. The adjustments are a result of "a routine review of our operational requirements", according to an Emirates spokesperson.

As of May 2022, Emirates will no longer operate lessor owned aircraft in Russia, due to restrictions imposed upon their insurance policy, but they may continue to operate aircraft they own on Russian routes.

By 31 March 2022, Emirates was operating over 1,100 weekly passenger flights to 127 airports around the world.

ASSET MANAGER'S REPORT (continued)

Fleet

In late February 2022 Emirates' President, Sir Tim Clark, provided insight into fleet operating considerations for his airline. Reporting on recycling efforts of Emirates' first five A380s recently retired, Clark pointed out that these efforts will not continue with more A380s: "Cutting up the A380 fleet stops there, after these five are retired, all the other aircraft remain. In fact, where we started to drop some, I just decided to bring them back into the program." With a looming aircraft shortage in Emirates' fleet in 2024/25, Clark wants to extend aircraft lives: "Life extension will affect about 120 aircraft, 80 of them A380s, plus about 40 or 50 Boeing 777-300ERs. The exact numbers haven't been fixed, it's a movable feast. Their life will be extended by six to ten years each."

Clark is sceptical about the delivery timelines of the new aircraft types the airline has ordered with Airbus and Boeing. He also stressed that the planes need to be "in the shape that the contract requires":

Boeing 777X
Clark claims Boeing has already produced twelve Boeing 777-9 for Emirates which the manufacturer has put in storage without their engines. But he cannot foresee when these aircraft could be delivered. Due to certification issues he considers it less likely that Boeing will achieve certification in July 2023. At some point Emirates could even cancel the order: "If it goes beyond 2023 and it goes on for another year, we probably cancel the program." But with Airbus A380 and Boeing 747 no longer available for order, the Boeing 777X is the biggest in production aircraft and Clark still hopes to get it even with four years' delay. Only weeks later Boeing had to admit that its late-2023 target for the first 777X deliveries to airline customers is no longer achievable, now aiming for a delivery date in early 2025.

Boeing 787
The aircraft are supposed to be delivered from May 2023. But Clark does not expect the 30 Boeing 787s to join his fleet anytime soon: "Look at the huge backlog, they haven't produced any aircraft lately, that'll take them two or three years to go over that. They [have] got production and quality control issues that they admit, and now after the [Boeing 737] MAX crisis with the regulator saying 'we want to have a good look at everything', that is slowing the whole thing down."

Airbus A350
Emirates has also ordered 50 Airbus A350-900 widebody aircraft with the first deliveries starting in 2023, according to data and aviation analytics provider Cirium. But a legal dispute between manufacturer Airbus and A350 operator Qatar Airways (Qatar) about deterioration of the aircraft's paint and lightning protection issues is challenging this timeline. Upon instruction from its civil aviation authority, Qatar had to ground a significant number of A350s and will not accept any new deliveries from Airbus until the issues have been resolved. Addressing the manufacturer, Clark made clear that he would not accept any deliveries until Airbus has developed a fix: "If we have the same problem on one of our aircraft, we won't take them over."

During the 2021/22 financial year Emirates reportedly extended the operating lease agreements for 12 aircraft, "most of which were due to retire in the current year", according to its annual report.

The table below details the passenger aircraft fleet activity as of 31 March 2022:

Passenger Aircraft Fleet Activity

Aircraft Type	Grounded	In Service
A380	50	71
777	0	124
Total	**50**	**195**
%	**20%**	**80%**

Source: Cirium as of 31 March 2022

ASSET MANAGER'S REPORT (continued)

Commenting on the number of A380 aircraft currently in service, Sir Tim Clark explained that returning more of them is contingent on being able to hire more crew to operate the jets. Emirates intends to hire 8,000 to 10,000 crew members to fly these A380s, but is constrained by how soon it can re-hire some of the pilots it let go, retrain staff and cope with the changes in the labour market after the pandemic. He would be happy to utilize the additional capacity: "Today, if we had 118 [A380s] they'd all be full," he said.

Back in December 2021, Emirates received its 123rd Airbus A380, which also marked the end of production of the world's largest commercial aircraft. On this occasion, Emirates' President, Tim Clark, confirmed that "the A380 will remain Emirates' flagship product for the coming years, and a vital pillar of our network plans".

<u>Key Financials</u>

In the financial year ending 31 March 2022, Emirates recorded a net loss of AED 3.9 billion (USD 1.1 billion), the second in more than 30 years. This is a significant improvement of the airline's profitability, after the previous year's net loss amounted to AED 20.3 billion (USD 5.5 billion). Thanks to an expansion of its global capacity and reinstatement of more passenger flights, the lessee was able to increase its revenue by 91% to AED 59.2 billion (USD 16.1 billion). The share of the cargo business to Emirates' overall revenue is 37%.

Pandemic-induced travel restrictions and safety measures in many regions around the globe were partially retracted and allowed passenger air travel to recover from its Pandemic lows. During the 2021/22 financial year Emirates carried 19.6 million passengers, almost a tripling from last year, but still two third below its pre-Pandemic levels. As more countries eased travel restrictions, Emirates increased its capacity measured in ASKs, by 150%. At the same time its passenger traffic, measured in RPKs, increased by 235%. This resulted in the average passenger seat load factor of 58.6%, an improvement of 14.3 percentage points compared to last year. Emirates strives to return to 100% of its pre-Pandemic capacity, measured in available tonne kilometres, by the 2023/24 financial year.

Given the substantial increase in flight operations, Emirates' operating costs increased by 29.8%. The carrier's fuel cost more than doubled compared to the same period last year, primarily due to a 66% higher fuel uplift in line with increasing flight operations as well as a 75% increase in average fuel prices. Fuel, which had been the largest component of Emirates' operating cost prior to the Pandemic, accounted for 23% of operating costs. The increase in jet fuel prices was partially mitigated through hedging. Depreciation, amortisation and impairment still remain the largest component of the carrier's operating cost for the second consecutive year with a share of 30%.

The recovery in Emirates' operations during the 2021/22 financial year led to an improved EBITDA of AED 17.7 billion (USD 4.8 billion) compared to AED 4.6 billion (USD 1.3 billion) from last year. Demand for air freight also remained strong. The volume of cargo uplifted increased by 14% to 2.1 million tonnes, restoring Emirates' cargo operation to almost 90% of its pre-Pandemic (2019) levels by volume handled. Robust demand for essential goods and medical supplies and global supply chain issues making air cargo popular due to lower lead times were pushing overall air cargo demand from Emirates' customers. To meet overall demand in its passenger and cargo businesses the airline recalled employees on furlough or unpaid leave, rehired those previously impacted by layoffs and launched recruitment drives. These measures resulted in an increase in employee numbers by 12.4% to 45,843 at the end of March 2022.

As of 31 March 2022, Emirates' total liabilities decreased by 1.5% to AED 129.7 billion (USD 35.3 billion) compared to the end of the previous financial year. Amongst other things, the airline repaid AED 4.5 billion (USD 1.2 billion) in debt out of the total of AED 17.5 billion (USD 4.8 billion) raised since the beginning of the Pandemic. Total equity came in at an almost unchanged AED 20.3 billion (USD 5.5 billion). Emirates' equity ratio stood at 13.5% and its cash position, including short term bank deposits, amounted to AED 20.9 billion (USD 3.9 billion) at the end of March 2022. In comparison, the carrier had AED 15.1 billion (USD 4.1 billion) in cash assets and short term bank deposits at the end of the 2020/21 financial year. The cash flow from operating activities came in at AED 24.4 billion (USD 6.7 billion) in 2021/22, the highest in the company's history.

During the 2021/22 financial year, the carriers' ultimate shareholder, the government of Dubai, continued to support the airline and therefore injected equity of AED 3.5 billion (USD 0.95 billion). Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief

ASSET MANAGER'S REPORT (continued)

Executive Emirates Airline and Group, the combined business of Emirates Airline and ground handler dnata, stated in the latest annual report that "our business recovery picked up pace in 2021-22 as Pandemic-related restrictions lifted around the world, particularly in the second half of our financial year", and added "As a group we invested over AED 7.9 billion [USD 2.2 billion] in new aircraft, engines, equipment, facilities and technologies … As travel restrictions around the world eased, we reinstated services, added flights to dozens of cities, and ramped up our A380 deployment to efficiently serve pent-up customer demand".

As at the end of March 2022, Emirates has outstanding US dollar debt issuances with maturities in 2023, 2025, and 2028. These bonds were all trading at above par (100 cents) respectively and with running yields ranging from approximately 3.9% to 4.4% in US dollars. 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 most recent annual financial report, the auditor PricewaterhouseCoopers issued an unqualified audit report. And the management of Emirates Group (combined businesses of Emirates Airline and dnata) expects to return to profitability in the 2022/23 financial year "while keeping a close watch on headwinds such as high fuel prices, inflation, new COVID-19 variants, and political and economic uncertainty". In the second half of the 2021/22 financial year Emirates already generated a net profit of AED 1.9 billion (USD 0.5 billion), which helped to significantly improve profitability in the 2021/22 financial year.

Source: Airline Ratings, Emirates, Reuters, The National

4. Aircraft – A380

As of the end of March 2022, the global A380 fleet consisted of 238 planes with 14 airline operators. Only 97 of these aircraft were in service. The remainder of the fleet is currently parked due to COVID-19. The 14 operators are Emirates (121), Singapore Airlines (17), 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 (3), and All Nippon Airways (3).

The A380 became the latest Airbus aircraft type to perform a test flight with one of its engines powered by 100% sustainable aviation fuel (SAF). The particular SAF used for that flight performed by aircraft manufacturer Airbus consisted mainly of used cooking oil as well as some other waste fats. An increasing use of SAF is the single most important measure to meet the aviation industry's target of net-zero carbon emissions by mid-century and could account for as much as 53% to 71% of carbon reductions required to meet that target.

In January 2022 A380 operator Asiana Airlines dropped plans to redeploy its A380 on routes from Seoul to Frankfurt and Los Angeles for the 2022 summer schedule. Flight schedules now indicate a return for the aviation winter season starting on 30 October 2022.

In February 2022 various sources reported that China Southern Airlines had decided to retire its fleet of five A380s by the end of the year. China's international borders continue to remain largely closed and the country has a quarantine requirement. Unlike other countries, there is no indication of restrictions being lifted anytime soon.

In February 2022 Airbus announced that the first A380 ever built, with manufacturer's serial number 1, has been picked to become Airbus' so-called ZEROe demonstrator, an important tool for Airbus' aspirations to develop the world's first zero-emission commercial aircraft by 2035. The multi-year demonstrator programme is designed to test a variety of hydrogen technologies both on the ground and in the air. "It will carry four liquid hydrogen tanks in a caudal position, as well as a hydrogen combustion engine mounted along the rear fuselage", according to an Airbus press release. Demonstrator aircraft are fundamental to developing new aviation technology and primarily used to test and prove the viability of designs, processes, fuels, materials, and equipment, both on the ground and in the air.

Source: Airbus, Cirium, Simple Flying

DIRECTORS

As at 31 March 2022 the Company had four directors all of whom were independent and non-executive.

Geoffrey Alan Hall - Chair of the Company and of the Nomination Committee
Geoffrey Hall has extensive experience in asset management, having previously been Chief Investment Officer of Allianz Insurance plc, a major UK general insurance company and an investment manager at HSBC Asset Management, County Investment Management, and British Railways Pension Funds. Geoffrey is also a director and Chair of the Audit and Risk Committee of Doric Nimrod Air One Limited and of Doric Nimrod Air Three Limited.

Geoffrey earned his master's degree in Geography at the University of London and is an associate of the CFA Society of the UK. He is resident in the United Kingdom.

Charles Edmund Wilkinson
Charles Wilkinson is a solicitor who retired from Lawrence Graham LLP in March 2005. While at Lawrence Graham he specialised in corporate finance and commercial law, latterly concentrating on investment trust and fund work.

Charles is Chair of Doric Nimrod Air One Limited and of Doric Nimrod Air Three Limited and is a director of Landore Resources Ltd, a mining exploration company. He is resident in Guernsey.

Fiona Le Poidevin
Fiona Le Poidevin is a non-executive director with a particular focus on listed investment companies and private equity. Among her appointments, Fiona is non-executive director and Audit Chair of ICG-Longbow Senior Secured UK Property Debt Investments Limited, a premium listed company with shares admitted to trading on the Main Market of the LSE. She is also a director of Doric Nimrod Air One Limited, Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited.

A Chartered Director, Fellow of the Institute of Directors and Chartered Accountant (FCA), Fiona has 25 years' experience working in financial services in both London and the Channel Islands across the accounting and tax professions with experience in strategy, marketing, PR and the regulatory and listed company environments.

Until the end of July 2020, Fiona was Chief Executive Officer of The International Stock Exchange Group Limited where she was responsible for the commercial aspects of the listed exchange group's operation.

Previously Fiona was Chief Executive of Guernsey Finance, the promotional body for Guernsey's finance industry internationally, and prior to this she was an auditor and latterly tax adviser at PwC (London and Channel Islands) and KPMG (Channel Islands) for over 13 years.

Fiona is a member of the AIC Channel Islands Committee and non-executive Chairman of a local Sea Scouts group.

Andreas Josef Tautscher – Chair of the AR Committee and the Management Engagement Committee
Andreas Tautscher brings over 33 years' financial services experience. He serves as a non-executive director and member of the Audit Committee of MJ Hudson PLC which is an AIM traded Financial Services Group. He is also a non-executive director of Globalworth PLC which is an AIM listed Central European property Group. He is an independent director of Condor Ferries Limited. Andreas is a director and Chair of Arolla Partners, a leading independent director services business in the Channel Islands. From 1994 to 2018 Andreas held various roles at Deutsche Bank and was most recently CEO of the Channel Islands and Head of Financial Intermediaries for EMEA. He was previously a non-executive director of the Virgin Group. Andreas qualified as a Chartered Accountant in 1994.

Andreas is also Chair of the Management Engagement Committees of Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited, and a director of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited. He is resident in Guernsey.

SERVICE PROVIDERS

Management and the Delegation of Functions
The directors, whose details are set out on page 16 are responsible for reviewing the business affairs of the Group in accordance with the Articles and have overall responsibility for the Group's activities including all business decisions, review of performance and authorisation of distributions. The Company has delegated management of the Group's Aircraft to Doric, which is a company incorporated in Germany. Further details are outlined below under the heading Asset Manager. The directors delegate secretarial and administrative functions to JTC which is a company incorporated in Guernsey and licensed by the GFSC for the provision of administration services. The registrar function is delegated to the Registrar, which is licensed and regulated by the GFSC.

Asset Manager
Doric has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement, Doric will: (i) monitor Emirates' and any subsequent lessees' performance of its obligations under the Leases and any subsequent leases respectively (which shall include the obligations relating to the maintenance of insurance cover); (ii) provide the Group with information regarding alternatives with respect to any potential sale or re-lease of the Assets; (iii) carry out mid-lease inspections of the Assets; (iv) provide the Group with asset monitoring reports describing the state and any material changes to the state of the Assets; and (v) liaise, as and when necessary, with lenders, on all matters relating to the loans and EETCs, as required.

Doric has further undertaken that it will dedicate sufficient time and resources as it reasonably believes is required from time to time to fulfil any contractual arrangements it enters into with the Company.

The Doric Group is also a member of ISTAT and is a leading provider of products and services for investors in the fields of aviation, shipping, renewable energy and real estate. The Doric Group has an international presence, with offices in Germany, Hong Kong, the United Kingdom, and the United States, and a multinational team which offers access to extensive relationship networks and expert asset knowledge maintaining regulated financial institutions in Europe. One of the firm's core competencies is its asset management expertise, which is an integrated part of all Doric transactions and a cornerstone of the business. For further information about the Doric Group, please visit www.doric.com.

The aircraft portfolio currently managed by the Doric Group is valued at $6 billion and consists of 33 aircraft and 5 engines under management. These aircraft include commercial airliners ranging from ATR 72-500s and the Airbus A320 family, through the Boeing 777, 787 and Airbus A330, up to the Airbus A380.

The Doric Group has 20 Airbus A380 aircraft currently under management and is therefore considered well positioned to perform the technical asset management of this aircraft type.

Corporate and Shareholder Adviser
Nimrod, which is authorised by the FCA has been appointed as the Corporate and Shareholder Adviser by the Company.

Nimrod was founded in 2008 as an independent organisation which specialises in generating and sourcing interesting investment funds, themes and solutions managed by experts in their fields for the professional investor marketplace. It has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their boards and managers.

Nimrod, together with Doric and Emirates, was awarded the "Innovative Deal of the Year 2010 award" by the international aviation magazine Airfinance Journal in recognition of the innovative financing of an Airbus A380 leased to Emirates by the first stock market listed aircraft investment vehicle, Doric Nimrod Air One Limited.

Secretary & Administrator
JTC is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. For further information about the JTC Group, please visit www.jtcgroup.com.

SERVICE PROVIDERS (continued)

JTC is a Guernsey incorporated company and provides administration and secretarial services to the Group pursuant to an Administration and Secretarial Agreement. In such capacity, JTC is responsible for the general secretarial functions required by the Law and assists the Group in its compliance with its continuing legal and regulatory obligations, as well as providing advice on good corporate governance and best practice for a publicly traded company.

JTC is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and audited annual financial reports, subject to the direction and oversight of the Board.

Registrar

JTC Registrars is the Company's CREST compliant registrar. The Registrar is responsible for the maintenance of the Company's Share register and for the processing of dividend payments and stock transfers. The Registrar is licensed and regulated by the GFSC and further information about The Registrar may be obtained from their website at www.jtcgroup.com.

Review

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, the Secretary, Administrator and the Registrar and the powers delegated to each service provider. In the opinion of the Board, the continuing appointments of the service providers on the terms agreed is in the best interest of the Company's Shareholders as a whole.

A full list of the Company's service providers is set out on page 87.

MANAGEMENT REPORT

A description of important events which have occurred during the financial year under review, their impact on the performance of the Group as shown in the consolidated financial statements and a description of the principal risks and uncertainties facing the Group are given in the Chair's Statement, Asset Manager's Report, Statement of Principal Risks and the notes to the consolidated financial statements contained on pages 58 to 86 and are incorporated here by reference.

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal risks facing the Group and has undertaken a detailed review of the effectiveness of its risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored on a regular basis.

The risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Group. Additional risks and uncertainties of which the Group is presently unaware or that the Group currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the Shares.

The principal risks associated with the Group are:

- **Operational risk:** The Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Group has no employees and so enters into a series of contracts/legal agreements with a series of service providers to ensure both operational performance and the regulatory obligations are met. This risk has been mitigated by the Group using well established, reputable and experienced service providers and assessing service providers' continued appointment on at least an annual basis.

- **Investment risk:** There are a number of risks associated with the Group's Assets in relation to the occurrence of technical faults with the Assets or actions by third parties causing both damage to the Assets and also damaging the demand for global air travel. This risk has been mitigated by the Lessee's contractual responsibility to insure, repair and maintain the Aircraft for the duration of the Leases.

- **Borrowings and financing risk:** There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates. This risk has been mitigated by ensuring that debt repayments are made from lease rental revenues received in the matching currency and by fixing the interest rates on debt and lease rentals.

- **Credit risk:** Emirates is the sole lessee of the Assets and is headquartered in the Middle East. Should Emirates default on the rental payments due to domestic events, events in the wider airline industry or other reasons it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern. The risk of default is potentially mitigated by the ability of the Group to sell or re-lease the Assets in the event of a single default. However, this could be impacted by market conditions at the time.

- **Secondary market risk:** There is a risk that the Group would not be able to achieve the projected resale value of the Assets due to i) changes in demand for second hand aircraft of the type owned by the Group, ii) the limited number of airlines operating the aircraft type, and iii) an increasing trend for airlines to operate newer generation aircraft that produce lower emissions. Therefore, the Board monitors, and revises the residual value of the Aircraft on an annual basis, from three independent appraisers, who consider these market trends in the aircraft valuations.

- **Aircraft preservation risk:** In the case that the aircraft are returned and there are not yet secondary leases in place, there is a risk that the Company would need to utilise financial resources to cover storage costs, preservation of the aircraft whilst in storage, and maintain insurance on the aircraft though this would be a smaller cost as the aircraft would not be flying. The risk is mitigated by ensuring proactive engagement with the Group's lessee so that the end of lease situation is known and planned for well in advance of expiry date. The Board also maintains a healthy cash position from rentals received which is not paid out as regular dividend in order to facilitate end of lease planning.

MANAGEMENT REPORT (continued)

- **Regulatory risk:** The Group is required to comply with the DTRs of the FCA and the requirements imposed by the Law and any other legislation and regulations as applicable. Any failure to comply could lead to criminal or civil proceedings. Although responsibility ultimately lies with the Board, the Board is assisted by the Secretary which also monitors compliance with regulatory requirements.

- **Valuation risk:** There is a risk that the useful life or residual value used in determining depreciation are not appropriate or accurately calculated. The Board assess, based on the latest forecast valuations, particularly in light of the ongoing effects of the Pandemic, whether the selected residual values remains as an appropriate basis of valuation and with consideration to the range of estimates provided by the external valuers. The Group has a robust audit process to ensure that valuations accurately reflect the requirements of IFRS.

- **Global Pandemic:** The emergence of a global pandemic has had a profound and negative impact on the operations and performance of the Group and may directly or indirectly affect some of the other risks mentioned in this table. The Board and its key service providers all act to the best of their abilities to protect the welfare of the various teams involved in the affairs of the Group to ensure operations are maintained to the extent possible and to protect and support the Assets of the Group for as long as is required. Please refer to the Chair's Statement, the Asset Manager's Report and the going concern statement below for more information on how the Group is being affected by COVID-19.

Emerging Risks

The Board has developed and continues to maintain a risk matrix for the Company which is reviewed at each quarterly Board meeting. The Board continually monitors emerging risk areas relevant to the performance of the Group including those that would threaten its business model, future performance, solvency and liquidity on an ongoing basis. The board receives from the Company's Asset Manager bi-annual reporting confirming the Asset Manager's obligations and highlighting key issues and risks to be brought to the Company's attention.

Additional risks and uncertainties of which the Board is presently unaware may also adversely affect its business, financial condition, results of operations or the value of shares.

Data Protection

The Company has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey. The Company has also issued a privacy notice explaining the data it holds, how the data is used and its procedures for processing this data. This notice is available for review and download at the Company's website.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 5. The financial position of the Group is set out on page 58. In addition, note 19 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Directors, in consultation with the Asset Manager, are monitoring the continuous effect of the Pandemic generally on the aviation industry and specifically on the Group's aircraft values and the financial wellbeing of its Lessee both now and in the future. The Pandemic continues to have a pervasive impact on the global economy, and it remains possible that the Group's future performance could be impacted in this prolonged period of uncertainty. In some jurisdictions restrictions on the ability of people to travel still adversely affect the airline sector, and by extension the aircraft leasing sector. The risk therefore remains that some airlines may not be able to pay rent as it falls due. The impact of the Pandemic on the aviation industry has been significant. Entering the third year of the Pandemic commercial operators worldwide still had 18% of their combined passenger aircraft fleet stored at the end of January 2022. This compares to a pre-Pandemic level of 7% in January 2019. These factors, together with wider economic uncertainty and disruption, have had an adverse impact on the future value of the Aircraft owned by the Group since the beginning of the Pandemic, and could also negatively impact the sale, re-lease or other disposition of the relevant Aircraft.

MANAGEMENT REPORT (continued)

Given the prolonged impact of the Pandemic, increased lessee counterparty credit risk remains in existence and there could be requests for lease rental deferrals. However, notwithstanding the challenging business environment, Emirates was able to substantially improve its financial position during the 2021-22 financial year, reducing its net loss by 81% to USD1.1 billion. In the second half of the 2021/22 financial year Emirates generated a net profit of AED 1.9 billion (USD 0.5 billion). The management of Emirates Group (combined businesses of Emirates Airline and dnata) expects to return to profitability in its current financial year.

Reduced rents receivable under the Leases may not be sufficient to meet the debt interest and regular repayments of debt scheduled during the life of each Loan and the EETC, and may not provide surplus income to pay for the Group’s expenses and permit the declaration of dividends. However, this would only apply if the Lessee became unable to meet its debt repayment obligations or insisted on a rent holiday, and the Lessee has given no indication of either scenario.

The Directors consider that the going concern basis of accounting remains appropriate. Based on current information the Directors have reasonable expectation that the Group has sufficient financial resources, including cash and cash equivalents and expected rent receipts to continue in operational existence for at least twelve months from the date of this report, although the risk to this is higher compared to a pre-COVID-19 environment.

The Board will continue to actively monitor the financial impact on the Group from the evolving position with its Lessee and debt providers whilst bearing in mind its fiduciary obligations and the requirements of Guernsey law which determine the ability of the Group to make dividends and other distributions.

The Directors have considered Emirates’ ability to continue paying the lease rentals over the next 12 months and are satisfied that the Group can meet its liabilities as they fall due over this period. Further detail regarding the assumptions adopted when forming this conclusion can be found in the Viability Statement below.

Viability Statement
In accordance with Provision 31 of the Code, the directors of the Company have considered the prospects of the Group over the period from present until the liquidation resolution is put to Shareholders in June 2025, a period of three years. In choosing the period of viability for the Group the Board has considered the prospect of Emirates performing their obligations until the end of their Leases.

The Board, in assessing the viability of the Group, has paid particular attention to the principal risks faced by the Group as disclosed in the Management Report and the notes to the consolidated financial statements, reviewing on an ongoing basis the risks faced and ensuring that any mitigation measures in place are functioning correctly.

The Directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of the Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments due to the following:

— Emirates continues to be a going concern as at the date of the Lessee’s latest signed annual financial report for the financial year ended on March 31, 2022.

— Challenged by the continued effects of the Pandemic on its business, the Lessee was able to quickly adapt its business model, generating additional revenue by expanding its global capacity and reinstating more passenger flights: In its 2021-22 financial year ended on March 31, 2022 the airline increased its revenue by 91% to USD16.1 billion. The net loss could be reduced by 81% to USD1.1 billion.

— Although Emirates concluded its last financial year with the second net loss in more than 30 years, the carrier showed a strong operating cash flow of USD6.7 billion, which contributed to an 38% increase in cash assets amounting to USD5.7 billion, compared to the previous financial year.

— The ultimate shareholder of Emirates Airline has injected another AED 3.5 billion (USD954 million) into Emirates Airline, during the Period.

MANAGEMENT REPORT (continued)

— Emirates’ listed debt and CDSs are trading at non-distressed levels.

— As of the date of the Consolidated Financial Statements, the Board is not aware of a formal request to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transaction.

— Emirates has paid all the lease rentals to the Group in a timely manner.

The Group retains sufficient cash to cover the forecast operating costs of the Group until the termination date of the final Leases in 2024, assuming receipt of planned rental income.

The directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and encompassed the risks which would threaten the business model, future performance, solvency or liquidity of the Group.

As a result of their review, the directors of the Company have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due until the last Lease is due to terminate in 2024.

Responsibility Statement
The directors jointly and severally confirm that to the best of their knowledge:

(a) the financial statements, prepared in accordance with IFRS give a true and fair view of the assets, liabilities, financial position and profits of the Group and performance of the Group;

(b) the Management Report includes or incorporates by reference a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and

(c) the annual report taken as a whole is fair, balanced and understandable and provides the information necessary for the Company’s Shareholders to assess the Company’s and the Group’s position, performance, business model and strategy.

Geoffrey Hall
Chair

Andreas Tautscher
Director

29 July 2022

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the Group for the financial year ended 31 March 2022.

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Group in the year under review is given in the Chair's Statement and the Asset Manager's Report respectively on pages 7 to 9 and 10 to 15.

Status

The Company is a Guernsey domiciled company, the Shares of which are admitted to trading on the SFS. Its registered number is 52985. The Company operates in accordance with the Law.

Results and Dividends

The results of the Group for the financial year are set out on page [58].

The Company declared dividends during the financial year under review as follows:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
31 March 2021	15 April 2021	30 April 2021	4.50
30 June 2021	15 July 2021	31 July 2021	4.50
30 September 2021	14 October 2021	30 October 2021	4.50
31 December 2021	13 January 2022	29 January 2022	4.50

The Company declared the following dividends after the financial year end:

Announcement Date	Payment Date	Dividend per Share (pence)
12 April 2022	30 April 2022	4.50
14 July 2022	29 July 2022 (expected payment date)	4.50

The Company aims to continue to pay quarterly dividends of 4.50 pence per Share, in line with the Distribution Policy. There is no guarantee that any future dividends will be paid.

Directors

The directors in office are shown on page 16 and all directors remain in office as at the date of signing of these financial statements. Further details of the directors' responsibilities are given on page 27.

No director has a contract of service with the Group, nor are any such contracts proposed.

DIRECTORS' REPORT (continued)

The following interests in Shares of the Company are held by persons discharging directorial responsibility and their persons closely associated:

	Number of Shares held as at 31 March 2022	Number of Shares held as at 30 July 2022
Charles Wilkinson	75,000	75,000
Geoffrey Hall	75,000	75,000
Fiona Le Poidevin	0	0
Andreas Tautscher	6,489	6,489

Other than the above shareholdings, none of the directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year and none of the directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the reporting year.

At the financial year end and as at the date of this report, there are no outstanding loans or guarantees between the Company and any director.

There were no material related party transactions which took place in the financial year under review, other than those disclosed in the Directors' Report and at note 22 to the financial statements.

Substantial Controllers of Voting Rights

The Company has identified the following substantial controlling interests in voting rights attached to the Company's issued Share capital in accordance with Chapter 5 of the DTRs. These are based on notifications made to the Company since inception and may differ substantially from positions recorded on the Company's Share register.

There have been no material changes in the below list of substantial controlling interests between the end of the year under review and 22 July 2022, being the latest practicable date prior to the date of approval of this report.

Name	**% of Total Voting Rights**	**Number of Shares**
Weiss Asset Management LP	11.34%	19,591,892
City of Bradford Metropolitan District Council	10.16%	17,550,000
Schroders plc	7.68%	13,267,887
FIL Limited	5.43%	9,388,030
Seneca IM Limited	5.10%	8,810,883
Quilter Cheviot Limited	5.00%	8,641,973

DIRECTORS' REPORT (continued)

Corporate Governance

Statement of Compliance with the Code, as published in July 2018

As a Guernsey incorporated company and under the DTRs, the Company was not, for the year under review, required to comply with the Code. The Company has, however, voluntarily committed to comply with the Code or explain any departure. A copy of the Code is available for download from FRC's website (www.frc.org.uk).

Having reviewed the Code, the Board considers that it has maintained procedures during the year to ensure that it has complied with the Code, other than the following exceptions:

(i) Provision 2: The board should assess and monitor culture.

Provision 5: The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director.

Provision 6: There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously.

Company Response: The Company does not have any employees and therefore does not assess and monitor culture (other than the culture of the Board) or engage with the workforce.

(ii) Provision 10: The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:

- has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- has served on the board for more than nine years from the date of their first appointment.

Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.

Provision 19: The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.

Company Response: The Board considers the directors to be independent. The directors of the Company are also directors of other DNA Companies and therefore the Board has implemented measures to manage any conflicts which might arise as a result of these appointments. The Chair and one director have been in situ since incorporation of the Company in

DIRECTORS' REPORT (continued)

October 2010 which exceeds the nine year provision. The Group's Assets each have a fixed Lease term of 12 years ending at different times and as such the Board remain of the opinion that continuity is important in the final years of the Company's life. The Nomination Committee will meet in Q4 2022 to continue discussions around effective succession planning, mindful of the tenure of Board members and the remaining life of the Company.

Provision 12: The Board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

Company Response: The previously appointed senior independent director retired during the Period. The Board have formed the view that it is not be necessary to appoint an immediate replacement and that such an appointment will be subject to the ongoing consideration of the Board.

(iii) Provision 9: The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual.

Company Response: There is no chief executive. However, the Nomination Committee will meet in Q4 2022 to continue discussions around effective succession planning and board composition, mindful of the tenure of Board members and the remaining life of the Company.

(iv) Provision 20: Open advertising and / or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

Company Response: Due to the specific nature of the Company, it has thus far used industry contacts to identify a list of suitable candidates and undertakes a rigorous interview process.

(v) Provision 13: Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

Provision 32: The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies [i.e. not in the FTSE 350], two.

Provision 33: The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management.

Provision 35: Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee.

Provision 41: There should be a description of the work of the remuneration committee in the annual report.

Company Response: The Company has no executive directors, senior management or employees. It does not have a remuneration committee given the small size of the exclusively non-executive and independent board. Remuneration provision is set out in this Directors' Report.

Board Evaluation

The Board is committed to ensuring that on an annual basis the strengths of the Board are recognised and any weaknesses are addressed. Each director has undertaken to engage with the evaluation process and take appropriate action when development needs have been identified. An external facilitation of the performance evaluation is considered by the Chair of the Nomination Committee on an annual basis.

DIRECTORS’ REPORT (continued)

For the financial year under review, the Nomination Committee agreed that an external facilitation of the performance evaluation required by provision 21 of the Code was not required and instead the evaluation was performed by the Nomination Committee.

Directors were asked to complete individual questionnaires on the performance of the Board and its committees on an anonymous basis and the completed questionnaires were considered at a meeting of the Nomination Committee. At the conclusion of its evaluation, the Nomination Committee made minor suggestions for improvements and also concluded that the Board generally operated well given its compact size.

Board Responsibilities

The Board comprises four directors and their biographies appear on page 16 demonstrating the wide range of skills and experience they each bring to the Board. All the directors are non-executive and independent, with Geoffrey Hall acting as Chair.

The Nomination Committee regularly reviews the balance, knowledge and effectiveness of the Board, to identify if any additional experience or skills are needed and to ensure that the current directors have sufficient available time to undertake the tasks required and remain independent. The directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes. When undertaking a search for a new director the Board is mindful of diversity and meritocracy.

The other significant commitments of the current Chair are detailed in his biography on page 16. The Board was satisfied during the year and remains satisfied that the Chair’s other commitments do not interfere with the day-to-day performance of his duties to the Company and that he has the commitment and time to make himself available at short notice should the need arise.

In accordance with the Articles the directors shall determine the directors’ fees payable provided that the aggregate amount of such fees paid in respect of services rendered to the Company shall not exceed £250,000 per annum. All directors receive an annual fee and there are no share options or other performance related benefits available to them. All directors are paid a fee of £48,000 per annum. The Chair is paid an additional fee of £11,000 per annum and the Chair of the AR Committee is paid an additional £9,000 per annum. The terms and conditions of appointment of non-executive directors are available for inspection at the Company’s registered office by prior arrangement with the Secretary.

The Board usually meets in Guernsey at least four times per year to consider the business and affairs of the Group, at which meetings the directors review the Group’s Assets and all other important issues to ensure control is maintained. The directors hold a Dividend Committee meeting in Guernsey each quarter to consider and if thought suitable, approve the payment of a dividend in accordance with the Company’s distribution policy.

Between these regular meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally, the directors may hold strategy meetings with its relevant advisors as appropriate.

The directors are kept fully informed by the Asset Manager and Secretary of all matters that are relevant to the business of the Group and should be brought to the attention of the directors and/or the Shareholders. All directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the committees and the Board.

The directors also have access to the advice and services of the Asset Manager and Corporate and Shareholder Adviser and may also, in the furtherance of their duties, take independent professional advice at the Company’s expense.

DIRECTORS' REPORT (continued)

During the year under review the number of full Board meetings and committee meetings attended by the Directors was as follows:

Director	Board Meetings	Audit and Risk Committee Meetings	Nomination Committee Meetings	Management Engagement Committee Meetings	Dividend Committee Meetings***
Geoffrey Hall	5 of 5	N/A	3 of 3	1 of 1	4 of 4
Charles Wilkinson	5 of 5	5 of 6	3 of 3	1 of 1	3 of 4
Fiona Le Poidevin	N/A	N/A	1 of 1	N/A	N/A
Andreas Tautscher	5 of 5	6 of 6	3 of 3	1 of 1	4 of 4

*** refer to page 29 for the composition and function of the Dividend Committee.

Audit and Risk Committee

Mr Tautscher, Mr Wilkinson and Mrs Le Poidevin are all members of the AR Committee, with Mr Tautscher acting as Chair. The AR Committee has regard to the Guidance on Audit and Risk Committees published by the FRC in September 2012 and as updated in April 2016. The AR Committee examines the effectiveness of the Group's, and its service providers' internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them.

The FRC published updated Ethical and Auditing Standards in December 2019, which further restrict the provision of non-audit services by audit firms to their clients. The previous list of prohibited non-audit services list has been replaced with a short list of permitted services. Auditors of PIEs can now only provide non-audit services which are closely linked to the audit itself or are required by law or regulation. Also, whereas PIEs were previously limited to those entities incorporated in the EU, the FRC now defines PIEs as all issuers whose transferable securities have been admitted to trading on a UK regulated market, which includes the London Stock Exchange but not AIM. The Crown Dependency rules were also changed so that Market Traded Companies incorporated in the Crown Dependencies are also included in this requirement.

The AR Committee considers the nature, scope and results of the auditor's work and reviews it annually prior to providing a recommendation to the Board on the re-appointment or removal of the auditor. When evaluating the external auditor the AR Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group's service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories. All engagements with the auditor are subject to pre-approval from the AR Committee and fully disclosed within the annual financial report for the relevant period. A new lead audit partner is appointed every five years and the AR Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

The AR Committee usually meets in Guernsey at least twice per year, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also has annual planning and final meetings with the auditor. In addition the Board also meets during the audit process with the auditors to discuss issues relating to the residual values of the Assets. The AR Committee operates within clearly defined terms of reference based on The Chartered Governance Institute UK & Ireland recommended terms and provides a forum through which the Group's external auditor reports to the Board. The AR Committee can request information from the Group's service providers with the majority of information being directly sourced from the Asset Manager, the Secretary and Administrator and the external auditor. The terms of reference of the AR Committee are available on the Company's website and on request from the Secretary.

Each year the Board examines the AR Committee's performance and effectiveness and ensures that its tasks and processes remain appropriate. Key areas covered included the clarity of the AR Committee's role and responsibilities, the balance of skills

DIRECTORS' REPORT (continued)

among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the AR Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall, the Board considers that the AR Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year under review.

During the financial year the AR Committee met six times. The AR Committee considered the annual financial report for the year ended 31 March 2022 and the half-yearly financial report for the period ended 30 September 2022. The AR Committee also met in February 2022, with the external auditor in attendance, to approve the 2022 audit plan. The AR Committee also undertook a review of the Company's auditor during the year.

Dividend Committee
The Dividend Committee consists of any one or more director, who has been given full power and authority to consider and, if thought suitable, declare and approve the payment of a dividend in accordance with the Company's distribution policy, provided that all directors had been provided with prior notice of the proposal to declare each dividend and no director had raised any objection to the declaration of each dividend.

Nomination Committee
The Nomination Committee consists of all directors of the Company, with Mr Hall acting as Chair of the committee, except when the Nomination Committee considers any matter in relation to the chairmanship of the Company, in which case an alternative chair would be appointed.

The functions of the Nomination Committee include to regularly review the structure, size and composition of the Board (including the skills, knowledge, experience, diversity and how effectively members work together to achieve objectives) and make recommendations to the Board with regard to any changes, and to perform a formal and rigorous performance evaluation of the Board, its committees, the Chair and individual directors, including the consideration of having a regular externally facilitated Board evaluation. Full description of the Board evaluation is included on page 26, above.

During the financial year the Nomination Committee met three times, to consider the appointment of a new non-executive director, to consider whether a SID was still required and to undertake the annual performance evaluation of the Board and its committees.

The Nomination Committee is responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise. Prior to any appointment made by the Board, the Nomination Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Nomination Committee shall:

- generally use open advertising or the services of external advisers to facilitate the search, unless there is a valid reason for not doing so in which case justification for this decision would be disclosed;

- consider candidates from a wide range of backgrounds; and

- consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

The Nomination Committee prepares a job specification for the appointment of a director, including the time commitment expected. A proposed director's other significant commitments should be disclosed to the Board before their appointment and any significant changes to the director's commitments should be reported to the Board as they arise.

Prior to the appointment of a director, the Nomination Committee requires any proposed appointee to disclose any other business interests that may result in a conflict of interest.

DIRECTORS' REPORT (continued)

The Nomination Committee ensures that, on appointment to the Board, a new non-executive director receives a formal letter of appointment, setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

The Nomination Committee met during the period to discuss the appointment of a new non-executive director. Subject to the above approach to board appointments, Fiona Le Poidevin was appointed to the Board on 1 March 2022.

Succession planning is performed based on the results of the Nomination Committee's evaluation of the structure, size and composition of the Board as well as the results of the Board evaluation. In giving full consideration to succession planning for directors, the Nomination Committee takes into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future. The Nomination Committee keeps under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to operate effectively in the marketplace. The Board has a succession plan in place which commenced with the appointment of Andreas Tautscher in August 2019 and continued with the appointment of Fiona Le Poidevin in March 2022. Both directors bring a diverse set of skills and knowledge to the Board from their prior experience and Mrs Le Poidevin's appointment demonstrates the Board's commitment to gender diversity. A Board Evaluation was carried out during the year. The Nomination Committee will meet in Q4 2022 to continue discussions around effective succession planning, mindful of the tenure of Board members and the remaining life of the Company.

Management Engagement Committee

The Management Engagement Committee was established on 15 October 2020 and consists of all directors of the Company, with Andreas Tautscher acting as Chair. The Management Engagement Committee meets at least once a year and the principal duties of the Management Engagement Committee are to review the terms of the agreements between the Company and its key service providers to ensure that they are competitive, fair and reasonable for Shareholders, to review and make recommendations on any proposed amendment or material breach of those agreements and to monitor and evaluate the performance of the key service providers including the ongoing suitability of the key service providers to provide advice to the Company.

During the financial year the Management Engagement Committee met once, to perform a review of the Company's service providers.

Internal Control and Financial Reporting

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and monitoring the significant risks faced by the Group.

The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Board reviews its risk matrix on a quarterly basis, which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and business activities.

Asset Management services are provided to the Company by Doric. Corporate and Shareholder advisory services are provided to the Company by Nimrod. Administration and secretarial duties for the Group are performed by JTC.

The Board clearly defines the duties and responsibilities of their agents and advisors. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their ongoing performance and contractual arrangements. The Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its agents and advisers.

DIRECTORS' REPORT (continued)

Management of Conflicts of Interest

The Company has adopted a formal conflicts of interest policy and is committed to ensuring that all directors and service providers facilitate the Group conducting its business in a manner that is consistent with its reputation, conducive to maintaining high standard of integrity in all its business dealings, in the best interests of the Company's Shareholders.

The Board considers the director's conflicts of interest at each Board meeting by reviewing a schedule of each directors other directorships and other interests held. Each director is required to notify the Secretary of any potential, or actual, conflict situations that would need to be considered by the Board.

No director has a service contract with the Company, although directors are issued with letters of appointment nor did any director have any interest in contracts with the Company during the financial year under review, or subsequently.

Anti Bribery Policy

The directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.
- The Group has implemented and enforces effective procedures to counter bribery.
- The Group requires all its service providers and advisors to adopt equivalent or similar principles.

Dialogue with Shareholders

All holders of Shares in the Company have the right to receive notice of, and attend, the general meetings of the Company, during which members of the Board will be available to discuss issues affecting the Group.

The primary responsibility for shareholder relations lies with the Company's Corporate and Shareholder Adviser. The Corporate and Shareholder Adviser regularly meets with Shareholders to discuss the Company and seek feedback. The views of Shareholders are discussed by the Board at every Board meeting, and action would be taken to address any shareholder concerns. The Company provides regular updates to Shareholders through the annual and half-yearly financial reports and quarterly factsheets.

In addition, the directors are available to enter into dialogue with Shareholders and the Chair is willing to meet Shareholders as the Company believes such communication to be important. The Company's directors can be contacted at the Company's registered office or via the Secretary.

Stakeholders and Section 172

The Code requires that the Company should understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making. Section 172 is not strictly applicable as this is a Guernsey company. However, its application is being considered as part of the Code requirements.

The Company has no employees and all of the directors are non-executive, so the Board considers that its key stakeholders are its Shareholders, its lessee, its service providers, society, the government and regulators.

As the Company's sole lessee the Board recognises Emirates as an important stakeholder and maintains a regular dialogue with Emirates through the Asset Manager. The activities of Emirates are more fully considered within the Asset Manager's Report.

The Board's engagement with Shareholders is described in the "Dialogue with Shareholders" section above. All Shareholders are treated equally and no Shareholder receives preferential treatment. When making decisions of relevance to Shareholders, the Board considers first and foremost the likely consequences of their decisions in light of their duty to act in the best interests of

DIRECTORS' REPORT (continued)

the Company. The Board also considers what is likely to be in the best interests of Shareholders as a whole, but does not consider individual Shareholders' specific circumstances or desires when making its decisions.

In addition to the regular reporting provided by key service providers, the Management Engagement Committee undertakes a review of the performance of these key service providers on an annual basis. The services provided by the key third party service providers are critical to the ongoing operational performance of the Company. The Board believes that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all Shareholders.

As described in detail in the Company's Viability Statement, the Board considers the prospects of the Company for at least the next three years whenever it considers the Company's long-term sustainability. All strategic decisions are therefore taken with the success of the Company in mind and the Board would take external advice whenever it considered that such would be beneficial to its decision making process, primarily from its retained service providers (including legal counsel), but also from other external consultants.

The Board recognises that responsible investment and the associated ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for Shareholders. Please see more information regarding ESG in the report on pages 34 to 37.

The Board ascribes to the highest standards of business conduct and has policies in place to ensure compliance with all applicable laws and regulations. In addition to the monitoring of the Company's compliance with its own obligations, the Board also monitors compliance by its service providers with their own obligations. The Board encourages openness and transparency and promotes proactive compliance with new regulation.

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable Guernsey law and regulations. Under the Law the directors are required to prepare financial statements for each financial year. The directors have chosen to prepare the Group's financial statements in accordance with IFRS.

Under the Law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS’ REPORT (continued)

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

Disclosure of Information to the Auditor

The directors who held office at the date of approval of this Directors’ Report confirm in accordance with the provisions of Section 249 of the Law that, so far as they are each aware, there is no relevant audit information of which the Group’s auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group’s auditor is aware of that information.

Auditor

During the period the AR Committee undertook an audit tender process as an exercise of good corporate governance procedures, on the basis that Deloitte had been in situ as Auditors of the Group for 10 years. As a result, Deloitte retired and Grant Thornton Limited was appointed as external auditor by the Board, both effect from 2 August 2021. Pursuant to section 199 of the Law, the Shareholders of the Company approved the appointment of Grant Thornton at the annual general meeting of the Company held on 9 December 2021.

Geoffrey Hall	**Andreas Tautscher**
Chair	**Director**

Signed on behalf of the Board
On 29 July 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board recognises that responsible investment and the associated ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for Shareholders. This report sets out our policy and approach to ensuring that the level of engagement on ESG matters is commensurate to the size, nature and complexity of the business.

This policy seeks to address ESG matters on two levels; firstly, with regard to the Company itself and secondly, in relation to the Assets which the Group owns. The direct and practical management of the Company seeks to uphold ESG standards where possible and applicable. This is greatly influenced by the nature of the Group's activities and the legal structure of the associated Leases.

The Company

The Company is a self-managed Guernsey company incorporated on 31 January 2011. Its Shares were initially admitted to trading on the SFS on 14 July 2011. Following the closing of a C Share fundraising on 27 March 2012, these C Shares were converted to additional ordinary preference shares which were admitted to trading on the SFS on 6 March 2013.

The Company is under the control of its Board of directors on behalf of Shareholders. All directors are independent and non-executive. The Board are responsible for reviewing the business affairs of the Company in accordance with the Articles and have overall responsibility for the Company's activities including all business decisions, review of performance and authorisation of distributions.

The Company has delegated the following activities to its appointed service providers:

- Asset Management – Doric
- Corporate and Shareholder Adviser – Nimrod
- Secretary and Administrator – JTC
- Registrar – JTC Registrars Limited

The Company has no executive directors or employees and no physical office premises. The Company's business is carried out in a series of meetings held in the offices of its administrator JTC, in Guernsey, the Company's place of incorporation.

Subject to any travel restrictions imposed, the directors are required to travel in the fulfilment of their duties. Where circumstances allow, travel is kept to a minimum. The directors are required to travel to Guernsey on at least a quarterly basis for board and other committee meetings, and to the UK to visit Shareholders and service providers as and when required. Regular dialogue with the asset lessee is maintained via the Asset Manager.

The Company consequently has a limited physical footprint and therefore its environmental impact is considered to be low.

The Modern Slavery Act

Due to the nature of the Company's business, being a company that does not offer goods or services to customers, the Board considers there are no relevant disclosures with regard to modern slavery in relation to the Company's own operations. The Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in this regard.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Assets
The principal activity of the Company is to acquire, lease and then sell aircraft. The Company has four wholly-owned subsidiaries; MSN077 Limited, MSN090 Limited, MSN105 Limited and DNAFA. The Group owns seven Airbus A380-861 aircraft which are leased for twelve years to the Lessee, the national carrier owned by The Investment Corporation of Dubai based in Dubai, United Arab Emirates.

The Group's own operational influence in the fields of climate change, air quality, and resource efficiency is minimal. The nature of the Leases with the Lessee means that control over the usage of the Assets rests with the Lessee. The Group has leased the Assets for a term of twelve years, with fixed lease rentals for the duration, to the Lessee. The Lessee bears all costs (including for maintenance, repairs and insurance) relating to the Aircraft during the lifetime of the Leases. This would include any modifications or modernisations related to ESG requirements as mandated by regulatory agencies. However, in all other respects, the influence of the Group over the Lessee with regard to voluntary ESG concerns is limited due to existing quiet enjoyment arrangements between the Group and the Lessee.

The Airbus A380 is the world's largest commercial passenger aircraft. It is the first and only aircraft with two full-length passenger decks, giving it a maximum capacity of up to 853 passengers. In a typical three-class configuration (First, Business and Economy Class), the Airbus A380 has capacity for approximately 525 passengers. Additionally, developments with respect to the aircraft's aerodynamics, control elements and flight systems, coupled with the use of advanced, lightweight composite materials make the A380 an attractive and efficient aircraft. In comparison with other modern long-range passenger aircraft of the same category (the so-called Very Large Aircraft segment), the Airbus A380 consumes less fuel per passenger, using approx. three litres of kerosene per 100 passenger kilometers, when equipped with Engine Alliance engines. Furthermore, the A380 offers an efficient way to capture traffic at the most concentrated airports and times by giving airlines the ability to consolidate routes, thereby increasing seat capacity while creating economies of scale.

The most critical environmental issue related to aircraft operations is GHG emissions generated from fossil energy consumption. Air transportation is one of the most energy and carbon dioxide intensive modes of transport, whether measured per passenger kilometre or per hour in transit. According to Oxford University, the global aviation industry (including domestic and international; passenger and freight) accounts for:

- 1.9% of GHG emissions (e.g. all greenhouse gases, not only CO2);
- 2.5% of carbon emissions; and
- 3.5% of 'effective radiative forcing' – a measure of impact on global warming.

The first figure refers to 2016, while the latter two refer to 2018, each being the latest year for which such data are available.

The Aviation Industry
Despite aviation's important role in local and global economic development, the aviation industry faces the challenge of meeting long term strong growth in passenger demand while simultaneously reducing its environmental impacts. In addition to GHG emissions, these environmental impacts could also include noise and nuisance, as well as water pollution (due to aircraft de-icing, cleaning, and other chemical-heavy aircraft operations).

To address these growing environmental concerns, the cross-industry ATAG developed the 'Wayward 2025' action plan in line with the Paris Agreement on climate change. The blueprint builds on IATA's 2009 commitment to (1) increase fuel efficiency by 1.5% every year between 2010-20, (2) to cap carbon emissions (carbon neutral growth) from 2020, and (3) to achieve the 50% emissions reduction by the middle of the century, as the first two goals have already been accomplished. Annual fuel efficiency gains have exceeded expectations with annual improvements greater than 2%. The mechanism for ensuring carbon neutral growth, known as CORSIA, started as a pilot scheme in 2021 with approx. 100 countries participating and the remaining scheduled to join by 2027.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In pursuit of the final goal, Wayward 2050 has identified three key technological developments to accelerate the reduction of carbon emissions:

1. Improved aircraft and engine designs for lighter, more efficient aircraft;

2. Hydrogen and electric powered aircraft; and

3. SAF.

The analysis performed for Wayward 2050 revealed that SAF will play a key role, driving between 50% and 75% of the emissions’ reductions. SAFs, such as drop-in power fuels like biofuels that can be used in today’s aircraft and engines without modification, are already commercially available and are expected to increase in prominence once initial costs can be reduced through scale. Evolutionary concepts, such as the second-generation geared turbo fan engine, could become widely commercially available in the medium-term. Revolutionary concepts such as hydrogen and electric powered aircraft, represent the greatest potential improvements, but will most likely not be commercially available until the 2050s, based on current forecasts.

As these technological developments progress, the aviation industry is taking additional measures to curb its environmental impact, while maintaining its commitment to local and global economic development. For example, alongside CORSIA, the aviation industry is able to participate in other carbon dioxide emissions trading markets, such as the EU ETS.

Furthermore, a number of countries currently levy passenger taxes on air tickets over and above infrastructure charges and there are a number of proposals for additional environmental taxes to be imposed on the aviation industry. However, as IATA notes, the income generated from an environmental tax is usually seen as general revenue by governments, thus it can be used to fund any variety of public sector programs and initiatives. As such, IATA takes the position that, while the overall goal of an environmental tax is laudable, it has distortionary effects on jobs and the economy, while at the same time not effectively incentivising the development or use of newer and greener technology. The effects of any newly introduced environmental taxes on the aviation industry will have to be monitored. The aviation industry plays a critical role in local and global economic development, contributing 4.1% to global gross GDP and supporting 87.7 million jobs worldwide.

The Wayward 2050 plan can be found here: https://aviationbenefits.org/media/167187/w2050_full.pdf

Further environmental information can be found on the IATA website: https://www.iata.org/en/policy/environment/.

ICAO have used the United Nations’ SDGs as a basis to identify the contributions the aviation industry is making to sustainable development. For further information and the full working paper on aviation’s contributions towards the United Nations’ 2030 agenda for sustainable development from ICAO’s 40th session please refer to the ICAO website: https://www.icao.int/Meetings/A40/Documents/WP/wp_189_en.pdf

Concerning the role of aircraft in sustainable development, aircraft assets are likely to contribute to at least five of the SDGs. Specifically, airlines are able to utilize aircraft in a manner consistent with the achievement of the following targets:

1. **SDG 5:** Aviation is working to achieve gender balance across the sector. In Europe, aviation is the most gender-balanced of all transport modes with 41 percent female employees. More work is still needed to encourage balance in technical and executive roles;

2. **SDG 8.1:** Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products;

3. **SDG 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all;

4. **SDG 12.2:** Achieve sustainable management and efficient use of natural resources productions; and

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

5. **SDG 13:** Invest in the transition to net-zero carbon dioxide energy, energy efficiency and the reduction of GHG emissions from transport operations.

Detailed information on the SDGs can be found on the United Nations website: https://sustainabledevelopment.un.org/.

Emirates, the Lessee, is committed to efforts to reduce resource consumption while also investing in wildlife conservation and protection. This includes participation in CORSIA as well as internal initiatives.

For further information on Emirates' environmental policy and initiatives, please visit the Emirates website where annual environmental reports are also available: https://www.emirates.com/english/about-us/our-planet/

In the context of the Assets and the associated Leases, the Board are committed to responsible decision making throughout the lifecycle of the Group. The Board is in continuous dialogue with its service providers and regularly reviews processes to guarantee transparency and accountability. The Board will continue to monitor the sustainability efforts of the industry and the Lessee and keep Shareholders abreast of developments.

AUDIT AND RISK COMMITTEE REPORT

Membership
Andreas Tautscher – Chair of the AR Committee
Charles Wilkinson – Non-executive Director
Fiona Le Poidevin – Non-executive Director

Key Objective
The provision of effective governance over (i) the appropriateness of the Group’s financial reporting including the adequacy of related disclosures, (ii) the performance of the Group’s external auditor, (iii) monitoring of the systems of internal controls operated by the Company and (iv) the Group’s principal service providers and the management of the Company’s regulatory compliance activities.

Responsibilities
The key duties of the AR Committee are as follows:

- reviewing the Group’s financial results announcements and financial statements and monitoring compliance with relevant statutory and listing requirements;

- reporting to the Board on the appropriateness of the Group’s accounting policies and practices including critical accounting policies and practices;

- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position, performance, business model and strategy;

- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process; and

- monitoring the systems of internal controls operated by the Group and by the Group’s principal service providers.

AR Committee Meetings
The AR Committee usually meets in Guernsey at least twice a year. The AR Committee reports to the Board as part of a separate agenda item, on its activities and on matters of particular relevance to the Board in the conduct of its work. During the financial year under review the AR Committee formally reported to the Board on three occasions.

Main Activities of the AR Committee during the Financial Year
The AR Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, compliance and the assessment of internal controls. The AR Committee also managed the Group’s relationship with the external auditor and undertook an audit tender process.

Fair, Balanced and Understandable
In order to comply with the Code, the Board requested that the AR Committee advises them on whether it believes the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group’s performance, business model and strategy.

The AR Committee engaged with the Group’s auditor and the Administrator in order to ensure that the financial statements were fair, balanced and understandable.

Financial Reporting and Significant Issues
The AR Committee’s primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-year and annual financial statements, the significant financial reporting issues and

AUDIT AND RISK COMMITTEE REPORT (continued)

accounting policies and disclosures in the financial statements. The AR Committee has considered the key risks identified as being significant to these accounts and the most appropriate treatment and disclosure of any new significant issues identified during the audit and half-year reviews as well as any recommendations or observations made by the external auditor, Deloitte. To aid its review the AR Committee considered reports prepared by external service providers, including Doric and Nimrod, and reports from Deloitte on the outcome of their annual audit. The significant issues considered by the AR Committee in relation to the 2022 accounts and how these were addressed are detailed below:

Significant issues for the year under review	How the AR Committee addressed these significant issues
Residual value of aircraft assets The non-current assets of the Group comprise of seven Airbus A380 aircraft. An annual review is required of the residual value of the Assets as per IAS 16, which defines residual value as *"the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life."*	The Group has engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. In the absence of sales data for similar used assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook. In the aftermath of Airbus' February 2019 decision to discontinue the A380 production in 2021, a number of A380 operators disclosed plans to withdraw at least parts of their A380 fleets earlier than originally anticipated. Furthermore, it became obvious that A380s returned following the expiration of operating lease agreements could not be placed with a new operator within a reasonable period of time and owners were forced to explore alternative scenarios for revenue generation like engine lease. This also includes part-out activities for the first few A380s returned from Singapore Airlines. With the Pandemic and its consequences still impacting air travel, the global passenger air traffic recovered during the Period, but has not yet reached its pre-Pandemic levels. About two years into the Pandemic, around 60% of all A380s worldwide were still on the ground at the end of the first quarter of 2022.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	Due to the A380-specific developments over the last few years and the generally dimmed market sentiment in the aviation sector since the COVID-19 outbreak, which is not over yet, there is an elevated risk that the underlying assumptions of the Base Value concept might not be met at the time when the Leases expire. For this reason, the Asset Manager recommended to continue with making use of a more conservative approach by deploying Future Soft Values instead of Base Values. Soft Values are more conservative, also applicable under "abnormal conditions" and do not necessarily require a balanced market as the Base Value concept does. The Group's estimation technique is to make reference to the most recently produced forecast soft values (excluding inflation), not an estimate of the amount that would currently be achieved and which therefore could be different, and so this is not a direct application of the IAS 16 definition. This approach has been taken because current market values in today's prices for comparable twelve year old A380s were not available at the reporting date. A decrease in USD terms in the residual values of the Aircraft from the prior year, has resulted in an adjustment made to depreciation in the current year, details of which have been disclosed in note 10. As updated valuations of all Assets as at the financial year end were commissioned and received from third party professional valuers and analysed by the Asset Manager and the directors, the AR Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the average residual values excluding inflation used in the accounts are based on these appraisals. Upon review of the advice they have received from Doric and the appraisers, the AR Committee is of the opinion that, the latest estimate of the residual soft values excluding inflation of the Assets is a reasonable approximation of the residual value of the Aircraft within the IAS 16 definition. Residual values remain exposed to estimation uncertainty. This is disclosed in note 3 and has been highlighted by the auditor in their key observations section of the valuation and ownership of aircraft key audit matter.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
Recording foreign exchange gains/losses IFRS require that certain transactions denominated in currencies other than the presentation currency (including, most importantly, the cost of the Assets) be translated into the presentation currency at the exchange rate ruling transaction date whilst monetary balances (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences. During the year under review the Group recorded a significant foreign exchange rate profit due to the appreciation of Sterling against US dollars and the consequent decrease in the Sterling value of the US dollar denominated debt.	In assessing foreign exchange, the AR Committee has considered the issue at length and is of the opinion that, on an ongoing basis and assuming the lease and debt payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US dollars are in fact closely matched. Rental income received in US dollars is used to pay debt repayments due which are likewise denominated in US dollars. Furthermore, US dollar lease rentals and debt repayments are fixed at the outset of the Group's life and are very similar in amount and timing. The AR Committee concluded that the matching of the lease rentals to settle debt repayments therefore mitigates risks of foreign exchange fluctuations. The AR Committee carefully considered the disclosure in note 19(b) to the Consolidated Financial Statements to ensure that the reality of the Group's foreign exchange risk exposure is properly explained

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
Going concern risk Emirates are the sole lessee of the Assets. Should Emirates default on the rental payments, it will result in the Group failing to service debt and it is unlikely the Group will be able to meeting its targeted dividend or, in the case of ongoing default, continue as a going concern.	The AR Committee received quarterly reports from Doric during the year which comment on the performance of Emirates. In the financial year ending 31 March 2022, Emirates recorded a net loss of AED 3.9 billion (USD 1.1 billion), the second in more than 30 years. This is a significant improvement of the airline's profitability, after the previous year's net loss amounted to AED 20.3 billion (USD 5.5 billion). In the second half of the 2021/22 financial year Emirates even generated a net profit of AED 1.9 billion (USD 0.5 billion), which helped to significantly improve profitability in the 2021/22 financial year. Pandemic-induced travel restrictions and safety measures in many regions around the globe were partially retracted and allowed passenger air travel to recover from its Pandemic lows. Thanks to an expansion of its global capacity and reinstatement of more passenger flights, the lessee was able to increase its revenue by 91% to AED 59.2 billion (USD 16.1 billion). The recovery in Emirates' operations during the 2021/22 financial year led to an improved EBITDA of AED 17.7 billion (USD 4.8 billion) compared to AED 4.6 billion (USD 1.3 billion) from last year. Demand for air freight also remained strong. The airline repaid AED 4.5 billion (USD 1.2 billion) in debt out of the total of AED 17.5 billion (USD 4.8 billion) raised since the beginning of the Pandemic. The carrier's cash position, including short-term bank deposits, amounted to AED 20.9 billion (USD 5.7 billion) at the end of March 2022. In comparison, the carrier had AED 15.1 billion (USD 4.1 billion) in cash assets and short-term bank deposits at the end of the 2020/21 financial year. The cash flow from operating activities came in at AED 24.4 billion (USD 6.7 billion) in 2021/22, the highest in the company's history. The management of the airline came to the conclusion that the company is a going concern. The auditors PwC did not raise a material uncertainty on going concern in its unqualified audit report, which is dated 9 May 2022. During the 2021/22 financial year, the carriers' ultimate shareholder, the government of Dubai, continued to support the airline and therefore injected equity of AED 3.5 billion (USD 0.95 billion). Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive Emirates Airline and Group, the

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	combined business of Emirates Airline and ground handler dnata, stated in the latest annual report that "our business recovery picked up pace in 2021-22 as Pandemic-related restrictions lifted around the world, particularly in the second half of our financial year", and added "As a group we invested over AED 7.9 billion [USD 2.2 billion] in new aircraft, engines, equipment, facilities and technologies … As travel restrictions around the world eased, we reinstated services, added flights to dozens of cities, and ramped up our A380 deployment to efficiently serve pent-up customer demand". For the first half of Emirates' 2022/23 financial year, President Tim Clark is encouraged by the demand: "Demand is strong and sustained, we are looking at our booking from July to September and Christmas, they are soaring above 2019 levels, even at the prices we are now having to charge due to the fuel price. The question is how long this is going to last before the global economy starts to tip with interest rates going up and inflation rising and fuel prices at these ridiculous levels. The Asset Manager is not aware of a formal request addressed to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transactions and could potentially have an impact on the committed future lease rental receipts. Emirates is owned by the Investment Corporation of Dubai, a state-owned holding company that can be characterized as a sovereign wealth fund owned by the Government of Dubai. It is neither listed nor carry its bond issuances an issuer rating. However, Emirates' senior unsecured USD bonds with maturities in 2023, 2025 and 2028 are trading and the markets' pricing for such instruments provide proxies for the credit risk of the Lessee. As the operating lease agreements between Emirates and the Group include a hell or highwater clause, the lease rental stream and any other contractual payment primarily depends to Emirates' ability to meet its financial obligations whenever they fall due. As at the end of June 2022, Emirates has outstanding US dollar debt issuances with maturities in 2023, 2025 and 2028. These bonds were all trading close to par and with running yields ranging from approximately 3.9% to 4.6% in US dollars. 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. The management of Emirates Group (combined businesses of Emirates Airline and dnata) expects to return to profitability in the 2022/23 financial year "while keeping a close watch on headwinds such as high fuel prices, inflation, new COVID-19 variants, and political and economic uncertainty".

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	The AR Committee concluded that it would continue to receive regular updates from Doric on the performance of Emirates and would continue to monitor Emirates' overall performance. The AR Committee carefully considered the disclosure in note 19(c) to the consolidated financial statements to ensure that this concentration of credit risk is properly reflected.
Consideration of any triggers for impairment IAS 36 Impairment of Assets requires that a review for impairment be carried out by the Company when there is an indication of impairment of an asset and if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review will compare the carrying amount of the Asset with its recoverable amount, since it was not possible to measure fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions hence, the entity used the asset's value in use as it recoverable amount.	The AR Committee has considered the issue at length and accordingly an impairment review has been undertaken as at 31 March 2022. Refer to note 3 for further detail on the factors triggering the review and the sensitivity analysis performed on the discount rates and residual value inputs. As a result of the current year review, an impairment loss of £39,850,734 was booked in the accounts as disclosed in note 3. Contributing factors, which triggered the AR Committee's decision to perform an impairment review, included the Pandemic and its consequences. It was also necessary as the Group continued to adhere to the concept of Future Soft Values for measuring the residual value of the Aircraft.
Global Pandemic Risk The emergence of a global Pandemic may have a profound and negative impact on the operations and performance of the Group and may directly or indirectly affect some of the other risks mentioned in this table.	The COVID-19 pandemic continues with rising numbers of infections in many countries around the world. Restrictions on people socialising and travelling have begun to ease in some countries but remain in a significant number of others and this continues to have a significant effect on many industries and in particular the airline industry. Due to restriction on travel imposed by many countries, a significant share of passenger aircraft remain grounded. The consequent lack of income for airlines may cause bankruptcy and, in a worse case, repossession of aircraft which would need to be stored pending remarketing when restrictions are eased. The Board and its key service providers have all acted to the best of their abilities to protect the welfare of the various teams involved in the affairs of the Group to ensure operations are maintained to the extent possible and to protect and support the Assets of the Group for as long as is required. The impact of COVID-19 on financial reporting has been considered in respect of other risks such as residual value, impairment and going concern. More information of COVID-19 is set out in the Chair's Statement on pages 7 to 9 and the Asset Manager Report on pages 10 to 15.

AUDIT AND RISK COMMITTEE REPORT (continued)

We note that the auditor also considers the recognition of rental income within their key audit matters. This item has been considered by the AR Committee in the current year, but, as there have been no changes in respect of this risk, it has not been a primary area of focus of the AR Committee in the current year.

Going Concern

The directors in consultation with the Asset Manager are monitoring the continuous effect of the Pandemic generally on the aviation industry and specifically on the Group's Aircraft value and the financial wellbeing of its Lessee both now and in the future. The Pandemic continues to have a pervasive impact on the global economy and it remains possible that the Group's future performance could be impacted in this prolonged period of uncertainty. In some jurisdictions restrictions on the ability of people to travel still adversely affect the airline sector, and by extension the aircraft leasing sector. The risk therefore remains that some airlines may not be able to pay rent as it falls due. The impact of the Pandemic on the aviation industry has been significant. Entering the third year of the Pandemic commercial operators worldwide still had 18% of their combined passenger aircraft fleet stored at the end of January 2022. This compares to a pre-Pandemic level of 7% in January 2019. These factors, together with wider economic uncertainty and disruption, have had an adverse impact on the future value of the Aircraft owned by the Group since the beginning of the Pandemic, and could also negatively impact the sale, re-lease or other disposition of the Aircraft.

Given the prolonged impact of the Pandemic, increased Lessee counterparty credit risk remains in existence and there could be requests for Lease rental deferrals. However, notwithstanding the challenging business environment, Emirates was able to substantially improve its financial position during the 2021-22 financial year, reducing its net loss by 81% to USD 1.1 billion. And the management of Emirates Group (combined businesses of Emirates Airline and dnata) expects to return to profitability in its current financial year.

Reduced rents receivable under the Leases may end up not be sufficient to meet the fixed loan interest and regular repayments of debt scheduled during the life of each Loan and may not provide surplus income to pay for the Group's expenses and permit the declaration of dividends.

The option to remarket the Aircraft following a potential event of default by the Lessee has not been taken into account. The period of time necessary to successfully complete such a process is beyond the twelve months forecasting horizon of the going concern considerations. This applies in particular in times of COVID-19, as various restrictions are still in place to contain the Pandemic.

The Directors consider that the going concern basis of accounting remains appropriate. Based on current information the directors have a reasonable expectation that the Group has sufficient financial resources, including cash and cash equivalents and expected rent receipts to continue in operational existence for at least twelve months from the date of this report, although the risk to this is clearly higher compared to a pre-COVID-19 environment.

Whilst there is some uncertainty as to the airline industry in general, and specifically Emirates' financial position and credit risk profile, on the basis that (i) Emirates has shown no intention of failing to meet its obligations (ii) Emirates has the financial backing to continue paying these rentals, the directors believe that it is appropriate to prepare these financial statements under the going concern basis of preparation.

Internal Controls

The AR Committee has made due enquiry of the internal controls of the Administrator. The AR Committee is satisfied with the controls currently implemented by the Administrator. However, it has requested that the Administrator keeps the Company informed of any developments and improved internal control procedures.

The most recent report on the internal control of JTC's administration services, prepared in accordance with the ISAE 3402, for the period from 1 April 2021 to 31 March 2022, has been provided.

AUDIT AND RISK COMMITTEE REPORT (continued)

Internal Audit
The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. Following a recommendation from the AR Committee, the Board has therefore taken the decision that it would be of insufficient benefit for the Group to engage an internal auditor.

External Audit
The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The AR Committee received from Grant Thornton a detailed audit plan identifying their assessment of the key risks. For the financial year under review, the primary risks identified were in respect of valuation of the Group's Assets, the recognition of Lease rental income and the presumed risk on management override of controls.

Using its collective skills, the AR Committee evaluates the effectiveness of the audit process in addressing the matters raised through the reporting it received from Grant Thornton at the conclusion of the audit. In particular the AR Committee formally appraise Grant Thornton against the following criteria:

- Independence
- Ethics and conflicts
- Knowledge and experience
- Challenge
- Promptness
- Cost
- Overall quality of service

In addition the AR Committee also seeks feedback from the Administrator on the effectiveness of the audit process.

For the financial year under review, the AR Committee was satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good.

The AR Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. Should it be necessary, the AR Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters typically discussed include the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no restriction in scope placed on them by the Administrator on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence
Grant Thornton provided audit services to the Company for the financial year under review. This has been the first audit of the Company carried out by Grant Thornton, following its appointment on 2 August 2021. Deloitte had been the Company's external auditor since October 2012, with the first audit being carried out for the year ended 31 March 2012.

The AR Committee considered Grant Thornton Limited, the Company's new auditor, to be independent of the Company. The AR Committee has provided the Board with its recommendation to Shareholders on the ratification of the appointment of Grant Thornton Limited as external auditor for the year ending 31 March 2022 at the forthcoming AGM.

AUDIT AND RISK COMMITTEE REPORT (continued)

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the AR Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No changes have been made to this policy during the year. This policy specifies that the external auditor should only be engaged for non-audit services where there is considered to be a very low threat to auditor independence. No non-audit services had been provided by Grant Thornton during the year.

The external auditor is prohibited from providing any other services without the AR Committee's prior approval. In reaching such a determination the AR Committee will take into consideration whether it is in the best interests of the Group that such services should be supplied by the Group's external auditor (rather than another service provider) and, if so whether any safeguards regarding auditor objectivity and independence in the conduct of the audit should be put in place, whether these would be effective and how such safeguards should be disclosed.

Committee Evaluation

The AR Committee's activities formed part of the review of Board effectiveness performed in the year under review.

An internal evaluation of the AR Committee's effectiveness will be carried out in 2022.

Andreas Tautscher
Chair of the Audit and Risk Committee

29 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED

Opinion

We have audited the consolidated financial statements of Doric Nimrod Air Two Limited (the 'Company') and its subsidiary (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in management's base case cash flow forecasts and considering their reasonableness based on other evidence obtained during the audit;
- Performing our own scenario analysis to assess the reasonableness of management's assessment; and
- Considering potential mitigating actions that management could take in response to possible future liquidity risks.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's business model including effects arising from macro-economic uncertainties such as Brexit, Covid-19 and Russia's invasion of Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

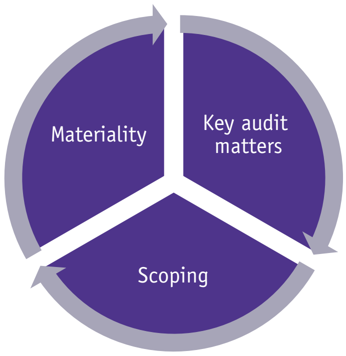
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

In auditing the consolidated financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the consolidated financial statements' section of this report.

Our approach to the audit

GrantThornton



Overview of our audit approach

Overall materiality: £4,694,000, which represents approximately 3% of the Group's net assets value ("NAV") as at 31 March 2022 determined at the fieldwork stage of the audit.

Key audit matters were identified as:

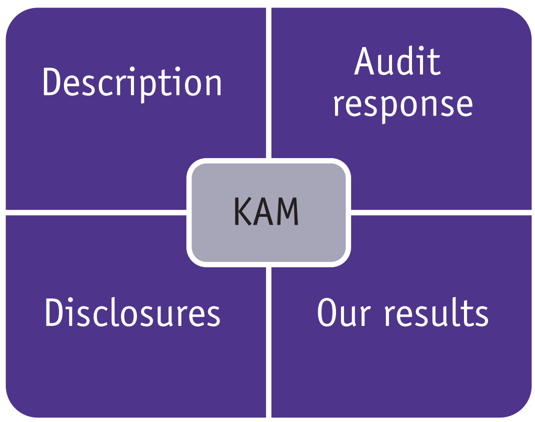
- Valuation of aircraft (same as last year)

The predecessor auditor's report for the year ended 31 March 2021 included two (2) key audit matters that have not been reported as key audit matters in our current year's report. These relates to recognition of lease rental income and the impact of COVID-19 on the going concern assumption. Lease rental income, although remains as a significant risk, does not include significant judgment. Whilst, as a result of COVID-19, there are still some uncertainties in the travel industry, the Groups' lessee proved to be resilient during the most difficult times.

Our audit approach was a risk-based substantive audit.

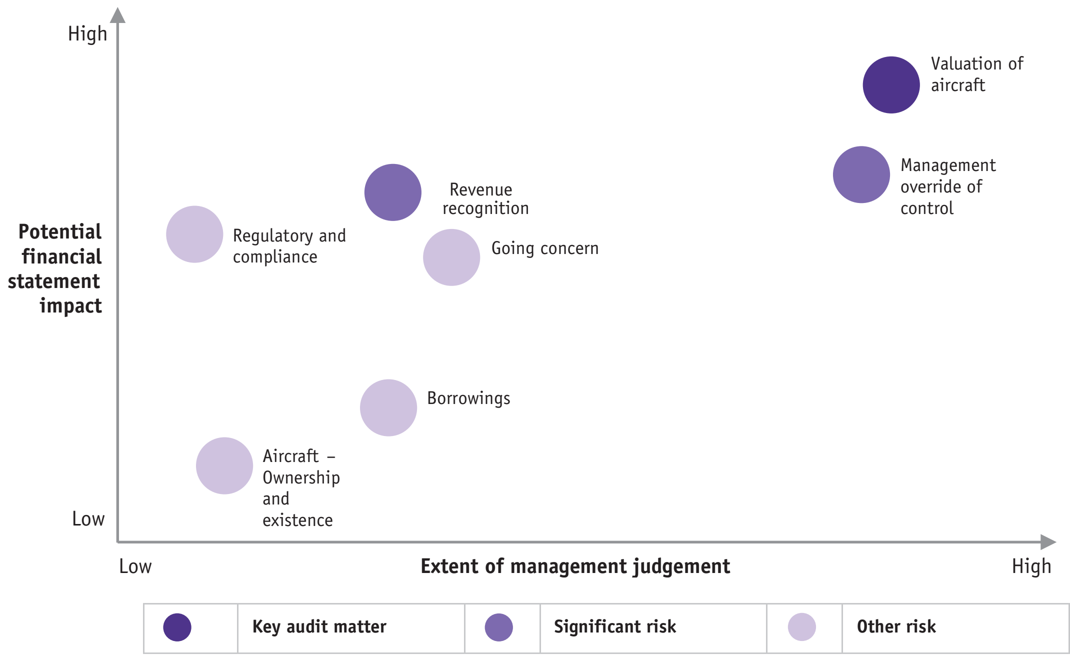
Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed the matter</th></tr>
<tr><td>
Valuation of aircraft
We identified the valuation of aircraft as one of the most significant assessed risks of material misstatement due to error.
Included in the Group's statement of financial position as at 31 March 2022 is an aircraft asset with a balance of £331,705,622 (2021: £446,259,788) as disclosed in Note 10 to the consolidated financial statements.
As explained in Note 2(m), the Group's accounting policy is to measure its aircraft asset at depreciated historic cost less impairment. The asset is being depreciated on a straight-line basis over the term of the lease to an estimated residual value at the end of that period.
As stated in Note 3, estimation of the aircraft's residual value is a significant source of estimation uncertainty. The Group uses external appraisers who provide an estimate of the residual value which is based on significant judgement and assumptions about current and future market conditions.
Note 3 further describes that the Group's future performance can potentially be impacted should COVID-19 have a pervasive and prolonged impact on the aviation industry and on the business of its lessee and also affect the residual value of the aircraft it owns. This together with the wider economic uncertainty and disruption, are likely to have an adverse impact on the future value of the aircraft asset owned by the Group, as well as on the sale, re-lease, or other disposition of the relevant aircraft.
As disclosed in Note 3, if the assumptions used in the determining the valuations prove to be false, actual results of operations and the realisation of the Group's aircraft asset differ from estimates set forth in the consolidated financial statements, the difference in the valuation could be material.
</td><td>
In responding to the key audit matter, we performed the following audit procedures:

We have assessed that the Group's accounting policies regarding the valuation of aircraft is in accordance with International Accounting Standard (IAS) 16 – Property, Plant and Equipment;
We held detailed discussions with management, including directors and obtained an understanding of the processes and controls in place regarding the valuation of aircraft. We have also obtained understanding of the supporting documentation or papers prepared and approved by management;
We have obtained and assessed detailed supporting documentation from management for key inputs, assumptions and methodology used from which the valuation of aircraft are derived;
We have assessed and documented the competence, capability and objectivity of the external appraisers that management have engaged in the process;
We have assessed all information provided including all appraiser's report, lease agreement, amendment to such agreement, redelivery condition side letter and valuation report from asset manager. We have challenged management on their method selection and why alternative methods, assumptions and data that could have been used were not (i.e. use of half-life rather than full-life);
We have engaged our internal aircraft asset valuation specialists to assist us in performing the testing of the valuation of aircraft which included the following:

Assisted in determining whether the valuation methodologies used to estimate the residual values of the aircraft are consistent with methods usually used by similar companies;
Used their knowledge of the market to assess and corroborate valuation inputs by reference to comparable transactions, and independently compiled databases/indices;
Assisted in determining whether the appraisers were appropriate, qualified and independent. and

We have assessed the sufficiency of related disclosures in the consolidated financial statements.

Our results
We have not identified any matters after completing our procedures as indicated above in relation to the valuation of aircraft.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

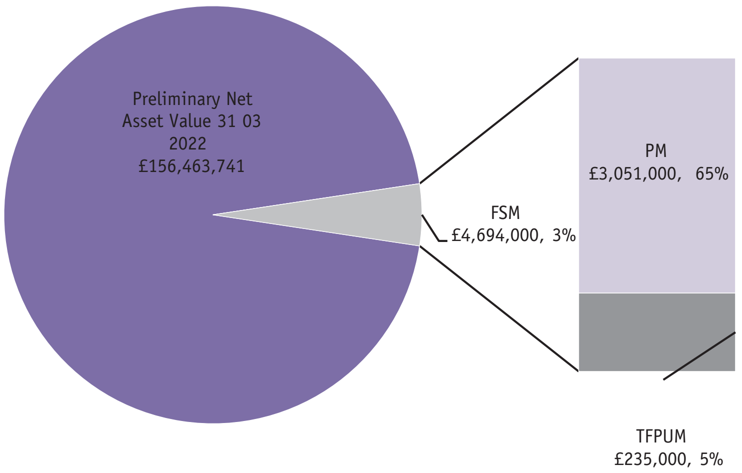
Materiality measure	Group
Materiality for consolidated financial statements as a whole	We define materiality as the magnitude of misstatement in the consolidated financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these consolidated financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£4,694,000, which represents approximately 3% of the Group's NAV as of 31 March 2022 determined at the fieldwork stage of the audit.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • NAV is the most appropriate benchmark considering the following: – Although the Group does not have a fixed life, the Group has one operation - i.e. leasing (then selling) its sole aircraft. The lease term is for 12 years ending in 2023. The shareholders (primary users of consolidated financial statements) focus is on the NAV after the Lease end as they are concerned as to how much return they would get for their shares. – The lenders secondary focus (main focus being profit before tax/rental income considering this is the means for them to be repaid by the Group), is the value of the aircraft asset considering that the lease is secured by the said asset. • We have updated the materiality to 31 March 2022 NAV as the materiality determined at planning stage is higher and based on our professional judgment it is appropriate to use the updated materiality for audit purposes; and • Our materiality threshold was set at the lower end of our acceptable range due to the Group being a listed entity and in line with our methodology.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the consolidated financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole.
Performance materiality threshold	£3,051,000 which is 65% of consolidated financial statement materiality.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

Materiality measure	Group
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Performance materiality be set at 65% of consolidated financial statement materiality, as the probability that the aggregate of uncorrected and undetected misstatements that exceed materiality was assessed as low; and • Our determination is based on the fact that no misstatements were identified in the prior year audit and our assessment of the control environment which concluded there were effective controls around business processes and financial reporting activities.
Specific materiality	We have not determined a lower level of specific materiality.
Communication of misstatements to the Audit and Risk committee	We determine a threshold for reporting unadjusted differences to the Audit and Risk Committee.
Threshold for communication	£235,000, which is approximately 5% of the consolidated financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



FSM: Financial statements materiality

PM: Performance materiality

TFPUM: Tolerance for potential uncorrected misstatements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

An overview of the scope of our audit
We performed a risk-based audit that requires an understanding of the Group's business and in particular matters related to:

- Assessment of audit risk, our evaluation of materiality and our allocation of performance materiality to determine our audit scope for the Group. We took into account size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed;

- The day-to-day management of the Group and the maintenance of the Group's accounting records are being outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Group and the third-party service providers, and inspecting records and documents held by these third-party service providers;

- We performed test of operating effectiveness of control and substantive testing on significant risk accounts – i.e. the revenue occurrence considering the lease rental income is based on the schedule of rental payments stated in the lease agreements;

- We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks; and

- For highly subjective estimates made by management, the valuation of aircraft asset, we engaged an external expert to confirm the reasonableness of the valuation methodology used with consideration to industry valuation benchmarks used by market participants.

Other information
The directors are responsible for the other information. The other information comprises the information included in the consolidated annual financial report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement
We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- the directors' statement in the consolidated financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements and the directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

- the directors' explanation in the consolidated annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;

- the directors' statement that they consider the consolidated annual report and consolidated financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy;

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the Group including the impact of Covid-19 and the disclosures in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated including the impact of Covid-19;

- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and

- the section of the annual report describing the work of the audit and risk committee, including significant issues that the audit and risk committee considered relating to the consolidated financial statements and how these issues were addressed.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or

- the Company's financial statements are not in agreement with the accounting records; or

- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the consolidated financial statements

As explained more fully in the Statement of Director's Responsibilities as set out on page 37 to 38 the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements regarding irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the consolidated financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the industry in which it operates. We determined that the following laws and regulations were most significant: IFRSs, the Companies (Guernsey) Law, 2008, the UK Corporate Governance Code, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the consolidated financial statements, and those laws and regulations relating to bribery and corruption practices;

- We obtained an understanding of how the Group is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and papers provided to the audit and risk committee;

- We enquired of management and the Board of Directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud;

- We assessed the susceptibility of the Group's consolidated financial statements to material misstatement, including how fraud might occur. We considered the possibility of fraud through management override and, based on our understanding we designed and incorporated the following audit procedures into our audit strategy to identify instances of fraud and non-compliance with such laws and regulations:

  - identifying and assessing the design and implementation of controls management has put in place to prevent and detect fraud;

  - challenging assumptions and judgements made by management in its significant accounting estimates;

  - utilising a valuation specialist to check external valuation reports;

  - identifying and testing journal entries, in particular, any journal entries posted for which we have not identified and/or tested the relevant control; and

  - obtaining an understanding of the nature of the journal entries as mentioned above and checking whether such journals are in line with our understanding of the business of the Group and, as necessary, obtaining supporting documentation for such journals.

- These audit procedures were designed to provide reasonable assurance that the consolidated financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations from events and transactions reflected in the consolidated financial statements, the less likely we would become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;

- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cyril Swale
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 29 July 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2021 Restated GBP
INCOME			
A rent income	4	89,736,446	94,053,630
B rent income	4	37,691,148	36,359,139
Bank interest received		63,680	8,542
		127,491,274	130,421,311
EXPENSES			
Operating expenses	5	(3,846,163)	(3,754,436)
Depreciation of Aircraft	10	(74,603,433)	(85,740,072)
Impairment of Aircraft	10	(39,850,734)	(65,060,280)
		(118,300,330)	(154,554,788)
Net profit/(loss) for the year before finance costs and foreign exchange profit/losses		9,190,944	(24,133,477)
Finance costs	11	(6,271,400)	(10,664,875)
Net profit/(loss) for the year after finance costs and before foreign exchange profit/ (losses)		2,919,544	(34,798,352)
Unrealised foreign exchange (loss)/gain	7	(3,224,055)	17,510,686
Loss for the year		(304,511)	(17,287,666)
Total Comprehensive Losses for the year		(304,511)	(17,287,666)

		Pence	Pence
Earnings per Share for the year – Basic and Diluted	9	(0.18)	(10.00)

In arriving at the results for the financial year, all amounts above relate to continuing operations.

The notes on pages 62 to 86 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	31 Mar 2022 GBP	31 Mar 2021 (As restated)* GBP	31 Mar 2020 (As restated)* GBP
NON-CURRENT ASSETS				
Property, Plant and Equipment – Aircraft	10	331,705,621	446,159,788	596,960,140
		331,705,621	446,159,788	596,960,140
CURRENT ASSETS				
Accrued income		7,016,693	5,646,316	4,940,074
Receivables	13	116,540	121,312	53,262
Cash and cash equivalents	17	28,328,157	29,926,638	30,016,771
		35,461,390	35,694,266	35,010,107
TOTAL ASSETS		367,167,011	481,854,054	631,970,247
CURRENT LIABILITIES				
Borrowings	15	62,995,731	76,027,801	85,703,367
Deferred income		26,955,846	7,594,336	6,960,422
Payables – due within one year	14	88,470	96,745	72,928
		90,040,047	83,718,882	92,736,717
NON-CURRENT LIABILITIES				
Borrowings	15	8,766,531	67,277,093	158,380,240
Financial liabilities at fair value through profit and loss	19	989	121,420	255,930
Deferred income		101,957,714	132,935,418	134,413,452
		110,725,234	200,333,931	293,049,622
TOTAL LIABILITIES		200,765,281	284,052,813	385,786,340
TOTAL NET ASSETS		166,401,730	197,801,241	246,183,907
EQUITY				
Share capital	16	319,836,770	319,836,770	319,836,770
Retained loss		(153,435,040)	(122,035,529)	(73,652,863)
		166,401,730	197,801,241	246,183,907

	Pence	Pence	Pence
Net Asset Value per Ordinary Share based on 172,750,000 (31 March 2021: 172,750,000) Shares in issue	96.33	114.50	142.51

The consolidated financial statements were approved by the Board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:

Geoffrey Hall
Director

Andreas Tautscher
Director

The notes on pages 62 to 86 form an integral part of these consolidated financial statements.

*Refer to note 2(c) for details

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2021 (As restated) GBP
OPERATING ACTIVITIES			
Loss for the year		(304,511)	(17,287,666)
Movement in accrued and deferred income		(12,986,572)	(1,550,363)
Interest received		(63,680)	(8,542)
Accrued interest		–	–
Depreciation of Aircraft	10	74,603,433	85,740,072
Impairment of Aircraft	10	39,850,734	65,060,280
Loan interest payable	11	5,372,283	9,779,836
Movement in interest rate swap	11	(120,432)	(134,510)
Decrease/Increase in payables	14	(8,272)	23,818
Decrease/Increase in receivables	13	4,767	(68,050)
Foreign exchange movement	7	3,224,055	(17,510,686)
Amortisation of debt arrangement costs	11	1,019,549	1,019,549
NET CASH FROM OPERATING ACTIVITIES		110,591,354	125,063,738
INVESTING ACTIVITIES			
Interest received		63,680	8,542
NET CASH FROM INVESTING ACTIVITIES		63,680	8,542
FINANCING ACTIVITIES			
Dividends paid	8	(31,095,000)	(31,095,000)
Repayments of capital on borrowings	20	(76,255,138)	(83,075,662)
Interest on borrowings	20	(5,270,898)	(10,084,861)
NET CASH USED IN FINANCING ACTIVITIES		(112,621,036)	(124,255,523)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		29,926,638	30,016,771
Increase in cash and cash equivalents		(1,966,001)	816,757
Effects of foreign exchange rates		367,520	(906,890)
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	28,328,157	29,926,638

The notes on pages 62 to 86 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2021 (As previously reported)		319,836,770	(126,596,035)	193,240,735
Restatement		–	4,560,506	4,560,506
Balance as at 1 April 2021 (As restated)		319,836,770	(122,035,529)	197,801,241
Total Comprehensive Loss for the year		–	(304,511)	(304,511)
Dividends paid	8	–	(31,095,000)	(31,095,000)
Balance as at 31 March 2022		319,836,770	(153,435,040)	166,401,730

		Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2020 (As previously reported)		319,836,770	(91,534,081)	228,302,689
Restatement		–	17,881,218	17,881,218
Balance as at 1 April 2020 (As restated)		319,836,770	(73,652,863)	246,183,907
Total Comprehensive Losses for the year		–	(17,287,666)	(17,287,666)
Dividends paid	8	–	(31,095,000)	(31,095,000)
Balance as at 31 March 2021		319,836,770	(122,035,529)	197,801,241

The notes on pages 62 to 86 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 GENERAL INFORMATION

The consolidated financial statements incorporate the results of the Subsidiaries.

The Company was incorporated in Guernsey on 31 January 2011 with registered number 52985. The address of the registered office is given on page 87. Its Share Capital consists Shares and Administrative Shares. The Company's Shares have been admitted to trading on the SFS of the LSE Main Market.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling of the Aircraft. The principal activities of the Group are set out in the Chair's Statement and Management Report on pages 7 to 9 and pages 19 to 22 respectively.

2 ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

(a) Basis of Preparation

The financial statements have been prepared in conformity with EU IFRS, which comprise standards and interpretations approved by the IASB and IFRIC and applicable Guernsey law. The financial statements have been prepared on a going concern basis under the historical cost convention.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new and amended standards set out below.

(b) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for current year

The following Standard and Interpretations have been adopted in the current year. Their adoption has not had a material impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods except where stated otherwise:

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16). The amendments amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The effective date is for annual periods beginning on or after 1 January 2022. The standard is not expected to have a material impact on the financial statements or performance of the Group.

New and Revised Standards in issue but not yet effective

IAS 1 'Presentation of financial statements' Classification of Liabilities as Current or Non-current – The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. This standard is effective for annual periods beginning on or after 1 January 2023 deferred until accounting periods starting not earlier than 1 January 2024. The new standard does not have a significant impact on the Group's financial position, performance or disclosures in its financial statements.

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material. The effective date is for annual periods beginning on or after 1 January 2023. These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

— use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;

— clarify the explanation of the definition of material; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised Standards (continued)

New and Revised Standards in issue but not yet effective (continued)

— incorporate some of the guidance in IAS 1 about immateriality information.

Annual Improvements 2018-2020 Cycle. Makes amendments to the following standards:

— IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

— IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

— IFRS 16 Leases – Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

— IAS 41 Agriculture – Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. The standard is not expected to have a material impact on the financial statements or performance of the Group.

(c) Prior period statement

A prior year adjustment of £4,560,506 has been recognised to the opening retained earnings. This is as a result of the prior year adjustment in respect of the unrealised foreign exchange profit/loss on the deferred income liability. This has since been classified as a non-monetary item. As a consequence, the deferred income liability and the related unrealised foreign exchange was overstated/understated.

The following table summarises the impact on the Group's consolidated financial statements:

	2021 (as previously stated) GBP	Correction GBP	2021 (As restated) GBP
Unrealised foreign exchange profit	30,831,398	(13,320,712)	17,510,686
Loss for the financial year	(3,966,954)	(13,320,712)	(17,287,666)
Deferred income liability	145,090,260	(4,560,506)	140,529,754
Retained loss	(126,596,035)	4,560,506	(122,035,529)
Earnings per share (pence)	(2.30)	(7.70)	(10.00)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(d) Basis of Consolidation
The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100% of all the shares in the Subsidiaries which grants it exposure to variable returns from the entities and the power to affect those returns, granting it control in accordance with IFRS 10.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(e) Taxation
The Company and its Subsidiaries have been assessed for tax at the Guernsey standard rate of 0 percent.

(f) Share Capital
Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(g) Expenses
All expenses are accounted for on an accruals basis.

(h) Interest Income
Interest income is accounted for on an accruals basis.

(i) Foreign Currency Translation
The currency of the primary economic environment in which the Group operates (the "functional currency") is GBP, £ or Sterling, which is also the presentation currency.

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

(j) Cash and Cash Equivalents
Cash at bank and short term deposits which are held to maturity are recognised at initial recognition at its fair value plus transaction costs and are subsequently at measured at amortised cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(k) Segmental Reporting
The directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and then selling of the Aircraft.

As the lessee is based in the Middle East, rental income as well as the net book value of aircraft held by the Group is all considered to be from the Middle East. Revenue from the Group's country of domicile, Guernsey, was £Nil (2021: £Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(l) Going Concern

The Group’s principal activities are set out within note 1. The financial position of the Group is set out on page 59. In addition, note 19 to the consolidated financial statements includes the Group’s objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Directors, with the support of its Asset Manager, believe that it is reasonable to assume as at the date of approval of the Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments due to the following:

— Emirates continues to be a going concern as at the date of the Lessee’s latest signed annual financial report for the financial year ended 31 March 2022.

— Challenged by the continued effects of the Pandemic on its business, the Lessee was able to quickly adapt its business model, generating additional revenue by expanding its global capacity and reinstating more passenger flights: In its 2021-22 financial year ended on 31 March 2022 the airline reported an increase in revenue by 91% to USD 16.1 billion. Net losses have also been reported to be significantly reduced by 81% which translates to USD 1.1 billion compared to prior year reported net loss of USD 5.5 billion.

— Although Emirates concluded its last financial year with the second net loss in more than 30 years, the carrier showed a strong operating cash flow of USD 6.7 billion, which contributed to an 38% increase in cash assets amounting to USD 5.7 billion, compared to the previous financial year.

— The ultimate shareholder of Emirates Airline has injected another USD 954 million into Emirates Airline, during their financial year-end.

— Emirates’ listed debt and CDSs are trading at non-distressed levels.

— As at the date of the Consolidated Financial Statements, the Board is not aware of a formal request to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transaction.

— Emirates has paid all lease rentals due to the Group in a timely manner.

The Directors have considered Emirates' ability to continue paying the lease rentals until the end of the current lease agreement in December and are satisfied that the Company can meet its liabilities as they fall due over the next twelve months from the date of approval the Annual Financial Report. Refer to note 12 for expiry dates of the Leases.

The Directors consider that the going concern basis of accounting remains appropriate. Based on current information the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, although the risk to this is higher compared to a pre-COVID-19 environment.

The Board will continue to actively monitor the financial impact on the Group from the evolving position with its Lessee and debt providers whilst bearing in mind its fiduciary obligations and the requirements of Guernsey law which determine the ability of the Group to make dividends and other distributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(m) Leasing and Rental Income

The Leases relating to the Assets have been classified as operating leases as the terms of the Leases do not transfer substantially all the risks and rewards of ownership to the Lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the Leases are given in note 12.

Rental income and advance lease payments from operating leases are recognised on a straight-line basis over the term of the relevant Lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased Asset and amortised on a straight-line basis over the lease term.

The deferred and accrued income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight line basis over the lease terms. This liability will reduce over time as the leases continue and approach the end if the lease terms.

(n) Property, Plant and Equipment – Aircraft

In line with IAS 16, each Asset is initially recorded at the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Asset plus any costs directly attributable to bringing it into working condition for its intended use. Costs incurred by the Lessee in maintaining, repairing or enhancing the Aircraft are not recognised as they do not form part of the cost to the Group. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

Subsequently, depreciation is recognised so as to write off the cost of the each Asset less the estimated residual value over the estimated useful life of the Asset of 12 years, using the straight line method. As at 31 March 2022, the estimated residual value of the seven planes ranges from £28 million to £29.9 million (31 March 2021: £32.0 million to £34.1 million). Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees where applicable The residual values of the A380 Aircraft were determined using soft values excluding inflation, which best approximates residual value as required by IAS 16.

The combined effect of translating residual values at the Sterling / US Dollar exchange rate prevailing at 31 March 2022 of 1.3138 (31 March 2021: 1.3783) and a 16.1 percent decrease in average appraised residual values in US Dollar terms, resulted in a £9,273,511 increase in the annual depreciation charge for the current year as compared to the charge which would have been made if based on the 31 March 2021 residual value and foreign exchange rates.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is an estimate of the fair amount the entity would receive today. Useful life is also reviewed annually and for the purposes of the financial statements represents the likely period of the Group's ownership of these Assets. Depreciation starts when the Asset is available for use.

At each audited Consolidated Statement of Financial Position date, the Group reviews the carrying amounts of its Aircraft to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(o) Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the Asset, or if the Group does not retain control of the Asset and transfers substantially all the risk and rewards of ownership of the Asset.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

— Amortised cost;

— FVOCI; or

— FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group only has financial assets that are classified as amortised cost.

i) Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of financial instruments and allocates the interest over the period of the instrument.

The Group's financial assets held at amortised cost include trade and other receivables and cash and cash equivalents.

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets held at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ii) Financial liabilities held at amortised cost

Financial liabilities consist of payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

2 ACCOUNTING POLICIES (continued)

(o) Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

iii) Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its derivative i.e. the interest rate swap, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are designated by the Board of directors at fair value through profit or loss. The Group does not classify any derivatives as hedges in a hedging relationship.

(b) Recognition/derecognition

Financial assets or liabilities are recognised on the trade date – the date on which the Group commits to enter into the transactions. Financial assets or liabilities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets and financial liabilities at FVTPL are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the year in which they arise.

(p) Dividend policy

Dividends are accounted for in the period which they are declared and approved by the Board of Directors.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Following are the critical judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates

Residual Value, Impairment and Useful Life of Aircraft

As described in note 2 (n), the Group depreciates the Assets on a straight line basis over the estimated useful life of the Assets after taking into consideration the estimated residual value. IAS 16 requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if the Asset were of the age and condition expected at the end of its useful life. However, there are currently no data for aircraft of a similar type of sufficient age for the directors available to make a direct market comparison in making this estimation. The residual values of the A380 Aircraft are determined using soft values excluding inflation since directors consider this best approximates to residual value as required by IAS 16.

In estimating residual value for the year, the directors refer to future soft values (excluding inflationary effects) for the Asset obtained from three independent expert aircraft valuers. This has resulted in a further reduction in the anticipated residual value of the Aircraft since the prior financial year. Details of which have been disclosed in note 10.

The Group's future performance can potentially be impacted should the Pandemic have a pervasive and prolonged impact on the aviation industry and on the business of its lessee and also affect the residual values of the aircraft it owns. This together with the wider economic uncertainty, disruption and illiquid market for the A380, are likely to have an adverse impact on the future value of the aircraft assets owned by the Group, as well as on the sale, re-lease, or other disposition of the relevant aircraft. Therefore the estimation of residual value remains subject to material uncertainty.

If the estimate of uninflated residual value for use in calculating depreciation had been decreased by 30 percent with effect from the beginning of this period, the depreciation charge for the period would have increased by approximately £18.6 million (31 March 2021: £16.3 million). However because residual value is a component of the VIU calculation that forms part of the impairment loss calculation, the overall impact on profit for the period would be £54.04 million.

An increase in residual value by 30 percent would have had an equal but opposite effect. This reflects the range of estimates of residual value that the directors believe would be reasonable at this time. The useful life of each Asset, for the purpose of depreciation of the Asset under IAS 16, is estimated based on the expected period for which the Group will own and lease the Aircraft. The Board of directors expects that the Aircraft will have a working life in excess of this year.

The impairment assessment was performed by comparing the depreciated cost of the Aircraft with VIU (since it was not possible to measure fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions hence, the entity used the asset's value in use as it recoverable amount). Rental cash flows, to the end of the contracts, have been used in the calculation of VIU as the cash flows are contractual. Any assumptions with regards to issues in counterparty credit risk would be reflected in the discount rate used to calculate the net present value of future cash flows. In determining the VIU, the gross value of future contractual cash flows including a residual value assumption was discounted to present value using the companies WACC (6.5 percent). The present value of the cash flows was lower than depreciated cost which therefore gave rise to an impairment loss.

Residual values for the purpose of the impairment test are determined to be the soft values (at an inflation rate of 1.5 percent at the end of the Aircraft's useful life), being considered the most appropriate. A soft market is considered where the world's principal traffic generating regions are in the middle of a recession or a period of economic stagnation, which historically have a negative impact on aircraft values. This is when airlines experience low growth or even traffic reductions, make losses, cut their fleets and staff or reduce fleet growth plans. The market becomes imbalanced, with supply outstripping demand, resulting in more parked aircraft and lower utilisation rates, which in turn, increase aircraft availability. The prevailing conditions, the lack of transactional data and the limited second hand market for A380 aircraft that currently exists means that the independent expert aircraft valuers have attributed a more significant weighting to a part out value when determining their soft value point estimate. It is also assumed that a market will exist under each scenario contemplated when determining those valuations. If the assumptions prove to be false, actual results of operations and realisation of the Company's Aircraft asset could differ from the estimates set forth in these financial statements, and the difference could be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)
Additionally, these values have been tested with regards its sensitivity to the discount rates. Discount rates at a – 0.5 percent and +0.5 percent interval have been tested on either side of the WACC (6.5 percent) initially, with – 1 percent and +1 percent intervals used for the analysis thereafter.

The Asset Manager considers that the inflated future soft value is the most appropriate measures to use for the residual value for the following reasons:

- The residual value is discounted at the WACC which would include a return for the time value of money (inflation). The inflated values (1.5 percent p.a. inflation assumed) are therefore used to avoid double counting when producing the discounted future cash flow value.

- The calculation of cash flow is an assumption on the Group's best estimation of a) contracted cash flows and b) residual. Pricing increases of 1.5 percent p.a. is considered to be the best estimation as to what the Group would receive for residual value in future years on a like for like basis, taking the current economic climate into account.

Rental cash flows to the end of the contract has been used in the calculation of the future cash flow as the cash flows are contractual. Any assumptions with regards issues in counterparty credit risk would be reflected in the discount rate used to calculate the net present value of future cash flows. The directors, with the support of its Asset Manager believe that for the Group it is reasonable to assume as of date of approval of annual financial statements that Emirates will continue with the contracted lease rental payments and there is no evidence at this time that either Emirates will default. The marketability of the aircraft post Lease will depend on how demand for air travel will bounce back in a post COVID-19-crisis environment.

The directors on the advice of the Asset Manager considers that 6.5 percent is the most appropriate WACC for the following reasons:

- The discount rate should be a rate commensurate with what a normal market participant would consider to be the risk inherent in the assets.

- The risk profile of Emirates. Emirates unsecured USD bonds indicate a running USD yield of 3.8 percent to 4.4 percent, depending on the maturity.

- By using soft values to approximate residual values (and 1.5 percent p.a. inflation), the discount rate is considered appropriate to avoid double counting of risk.

Based on the impairment review performed, an impairment loss of £39,850,734 was recognised in the current year (31 March 2021: £65,060,280), which resulted in an updated carrying value of the Aircraft in total to £331,705,623 at year end (31 March 2021: £446,159,788), as reflected in note 10.

If the discount rates had been decreased by 0.5 percentage points with effect from the beginning of this year, the net profit for the year and closing Shareholders' equity would have been increased by approximately £2.5 million. An increase in the discount rates by 0.5 percentage points would have had an equal but opposite effect.

If the latest residual value estimates had been decreased by 30 percent, the impairment loss would have increased by £35.4 million. This together with the decreased depreciation charge of £18.6 million (see page 58) means that the overall impact of a 30 percent fall in residual values would be to reduce net profit for the year and closing Shareholders equity by 54.04 million. An increase in residual value estimates would have an equal and opposite effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)
As described in note 2(n), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, since it was not possible to measure fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions hence the Group used the asset's VIU as it recoverable amount.

The directors review the carrying amount of its Assets at each audited Statement of Financial Position date and monitor the Assets for any indications of impairment as required by IAS 16 and IAS 36.

In assessing VIU, the estimated future cash flows expected to be generated by the Assets (i.e. the income streams associated with the Lease and the expected future soft value of the Aircraft at the end of the Lease) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Assets and the credit risk profile of the Lessee.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Such valuation reflects the current use given the fact that the Aircraft are held for use in a leasing business.

Factors that are considered important which could trigger an impairment review include, but are not limited to, significant decline in the market value beyond that which would be expected from the passage of time or normal use, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the Assets are, or will be, worse than expected.

The Board together with the Asset Manager have conducted an impairment review in the current year as the below item may result in pricing changes for the Aircraft:

- The ongoing impact of the Pandemic on the business of airlines and indirectly aircraft values, as well as on the credit risk profile of the Company's Lessee could indicate the need for impairment.

Judgements

Operating Lease Commitments – Group as Lessor
The Group has entered into operating leases on seven (31 March 2021: seven) Assets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, including consideration of the useful life versus the useful economic life of the aircraft, that it retains all the significant risks and rewards of ownership as well as assume the entirety of the residual value risk, of these Assets and accounts for the contracts as operating leases.

Functional Currency
Considering the primary indicators as per IAS 21, it is unclear what the functional currency is. However after taking into consideration the secondary indicators which are as follows, the Directors are of the opinion that the functional currency is GBP

- the Company's share capital was issued in GBP;
- its dividends are paid to Shareholders in GBP, and that certain of the Group's significant operating expenses as well as portion of the Groups' rental income are incurred/earned in GBP.
- Lease rentals that are received in USD (as per note 4 and 12) are used to pay the USD loan payments on the USD denominated debt.
- In addition, the set-up of the leasing structures was designed to offer a GBP return to GBP investors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

4 RENTAL INCOME

	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2021 GBP
A rent income	78,156,548	93,199,282
Adjustment to spread total income receivable over the term of the lease	3,609,362	(6,970,301)
Amortisation of advance rental income	7,970,536	7,824,649
	89,736,446	94,053,630
B rent income	36,284,474	35,663,124
Adjustment to spread total income receivable over the term of the lease	1,406,674	696,016
	37,691,148	36,359,139
Total rental income	127,427,594	130,412,769

Rental income is derived from the leasing of the Assets. Rent is split into A rent, which is received in $ and B rent, which is received in Sterling. Rental income received in US dollars is translated into the functional currency (Sterling) at the date of the transaction.

5 OPERATING EXPENSES

	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2021 GBP
Corporate shareholder and advisor fee (note 22)	889,186	869,620
Asset management fee (note 22)	2,150,027	2,102,717
Liaison agency fee (note 22)	7,925	11,941
Administration fees (note 22)	152,630	171,051
Bank interest and charges	1,596	1,224
Accountancy fees (note 22)	34,898	33,197
Registrars fee (note 22)	14,799	15,054
Audit fee	46,900	52,650
Directors' remuneration (note 6)	202,390	212,000
Directors' and officers' insurance*	276,731	204,092
Legal and professional expenses	52,652	45,845
Annual fees	2,500	16,178
Other operating expenses	13,929	18,867
	3,846,163	3,754,436

*Due to market conditions at renewal, the directors' and officers' insurance premium was subject to a large increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

6 DIRECTORS' REMUNERATION

Under their terms of appointment, each director is paid a fee for their services as a director of the Company at a fee of £48,000 per annum, except for the Chair, who receives £59,000 per annum and the Chair of Audit committee, who received £57,000 per annum. The rate of remuneration per director has remained unchanged.

7 UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)

	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2021 (As restated) GBP
Cash at bank	367,520	(906,891)
Borrowings	(3,591,575)	18,417,577
	(3,224,055)	17,510,686

The foreign exchange gain in the year reflects the 4.91 percent movement in the Sterling/US dollar exchange rate from 1.3138 as at 31 March 2022 to 1.3783 as at 31 March 2021.

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

	Year ended 31 Mar 2022	
	GBP	Pence per share
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
Third interim dividend	7,773,750	4.50
Fourth interim dividend	7,773,750	4.50
	31,095,000	18.00

	Year ended 31 Mar 2021	
	GBP	Pence per share
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
Third interim dividend	7,773,750	4.50
Fourth interim dividend	7,773,750	4.50
	31,095,000	18.00

Refer to the Subsequent Events in note 23 in relation to dividends declared after year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

9 EARNINGS PER SHARE

Earnings per share is based on the net loss for the year, attributable to holders of Shares of the Company of £304,511 (31 March 2021 restated: net loss £17,287,666) and 172,750,000 (31 March 2021: 172,750,000) Shares being the weighted average number of Shares in issue during the year.

There are no dilutive instruments and therefore basic and diluted loss per share are identical.

10 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2022 GBP	Aircraft 31 Mar 2021 GBP
COST		
As at 31 March	1,039,148,193	1,039,148,193
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
As at 1 April	592,988,405	442,188,053
Depreciation charge based on previous residual values	65,329,921	76,184,493
Adjustment due to change in US dollar residual values	12,186,058	3,596,911
Adjustment due to FX movements on residual values	(2,912,547)	5,958,668
Depreciation charge for the year	74,603,433	85,740,072
Adjustment due to impairment	39,850,734	65,060,280
As at 31 March	707,442,572	592,988,405
CARRYING AMOUNT		
As at 31 March	331,705,621	446,159,788

The Group used forecast soft values excluding inflation which best approximates residual value as required per IAS 16 (refer to note 3). The combined effect of translating residual values at the Sterling / US Dollar exchange rate prevailing at 31 March 2022 of 1.3138 (31 March 2021: 1.3783) and a 16.1 percent decrease in average appraised residual values in US Dollar terms, resulted in a £9,273,511 increase in the annual depreciation charge for the current year as compared to the charge which would have been made if based on the 31 March 2021 residual value and foreign exchange rates.

The Group can sell the Assets during the term of the Leases (with the Lease attached and in accordance with the terms of the transfer provisions contained therein).

Under IFRS 16 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and therefore are being recognised as an expense over the lease term. The costs have been allocated to each Aircraft based on the proportional cost of the Asset.

Refer to note 3 for details on the impairment review, sensitivities conducted and residual value assumptions and estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

11 FINANCE COSTS

	Year ended 31 Mar 2022 GBP	Year ended 31 Mar 2022 GBP
Amortisation of debt arrangements costs	1,019,549	1,019,549
Loan interest	5,372,283	9,779,836
Fair value adjustment on financial assets at fair value through profit and loss	(120,432)	(134,510)
	6,271,400	10,664,875

12 OPERATING LEASES

The amounts of minimum future lease receipts at the reporting date under non-cancellable operating leases are detailed below:

31 March 2022	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft – A rental receipts	63,898,609	8,119,394	–	72,018,003
Aircraft – B rental receipts	38,919,484	51,908,198	–	90,827,682
	102,818,093	60,027,592	–	162,845,685

31 March 2021	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft – A rental receipts	78,011,587	68,647,792	–	146,659,379
Aircraft – B rental receipts	36,041,010	89,610,362	–	125,651,372
	114,052,597	158,258,154	–	272,310,751

The operating leases are for seven Airbus A380-861 aircraft. The terms of the leases are as follows:

MSN077 – term of the lease is for 12 years ending October 2023. The initial lease is for 10 years ending October 2021, with an extension period of 2 years ending October 2023, in which rental payments reduce. The lease extension option was confirmed on 17 October 2019 and therefore extended by 2 years to the expiry date of October 2023.

MSN090 – term of the lease is for 12 years ending December 2023. The initial lease was for 10 years ending December 2021, with an extension period of 2 years, in which rental payments reduce. The lease extension option was confirmed on 5 December 2019 and therefore extended by 2 years to the expiry date of December 2023.

MSN105 – term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The lease extension option was confirmed on 16 January 2020 and therefore extended by 2 years to the expiry date of October 2024.

MSN106 – term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The lease extension option was confirmed on 16 January 2020 and therefore extended by 2 years to the expiry date of October 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

12 OPERATING LEASES (continued)

MSN107 – term of the lease is for 12 years ending October 2024. The initial lease is for 10 years ending October 2022, with an extension period of 2 years ending October 2024, in which rental payments reduce. The lease extension option was confirmed on 16 January 2020 and therefore extended by 2 years to the expiry date of October 2024.

MSN109 – term of the lease is for 12 years ending November 2024. The initial lease is for 10 years ending November 2022, with an extension period of 2 years ending November 2024, in which rental payments reduce. The lease extension option was confirmed on 16 January 2020 and therefore extended by 2 years to the expiry date of November 2024.

MSN110 – term of the lease is for 12 years ending November 2024. The initial lease is for 10 years ending November 2022, with an extension period of 2 years ending November 2024, in which rental payments reduce. The lease extension option was confirmed on 16 January 2020 and therefore extended by 2 years to the expiry date of November 2024.

At the end of each lease the Lessee has the right to exercise an option to purchase the Asset if the Group chooses to sell the Asset. If a purchase option event occurs the Group and the Lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

13 RECEIVABLES

	31 Mar 2022 GBP	31 Mar 2021 GBP
Prepayments	77,249	82,182
Sundry debtors	39,291	39,130
	116,540	121,312

The above carrying value of receivables is its reasonable approximation of value.

14 PAYABLES (due within one year)

	31 Mar 2022 GBP	31 Mar 2021 GBP
Accrued administration fees	14,817	16,158
Accrued audit fee	46,900	51,200
Other accrued expenses	26,753	29,387
	88,470	96,745

The above carrying value of payables is its reasonable approximation of value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

15 BORROWINGS

	31 Mar 2022 GBP	31 Mar 2021 GBP
Bank loans	25,849,194	57,025,093
Equipment Notes	48,249,386	89,635,668
	74,098,580	146,660,761
Associated costs	(2,336,318)	(3,355,867)
	71,762,262	143,304,894
Current portion	62,995,731	76,027,801
Non-current portion	8,766,531	67,277,093

Notwithstanding the fact that £76.3 million (31 March 2021: £83.1 million) debt was repaid during the year, as per the Consolidated Statement of Cash Flows, the value of the borrowings has decreased by £71.5 million (31 March 2021: £100.8 million) due to the 4.91 percent movement in the Sterling / US dollar exchange rate for the year from 1.3783 at 31 March 2022 to 1.3138 at 31 March 2021. See note 19.

The amounts below detail the future contractual undiscounted cash flows in respect of the Loans and equipment notes, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Consolidated Statement of Financial Position:

	31 Mar 2022 GBP	31 Mar 2021 GBP
Amount due for settlement within 12 months	66,405,834	81,296,113
Amount due for settlement after 12 months	9,789,108	72,631,218

The loan to MSN077 Limited was arranged with Westpac for $151,047,509 and runs for 12 years until October 2023 and has an effective interest rate of 4.590 percent.

The loan to MSN090 Limited was arranged with ANZ for $146,865,575 and runs for 12 years until December 2023 and has an effective interest rate of 4.558 percent.

The loan to MSN105 Limited was arranged with ICBC, BoC and Commerzbank for $145,751,153 and runs for 12 years until October 2024 and has an effective interest rate of 4.780 percent.

Each Loan is secured on one Asset. No significant breaches or defaults occurred in the year. The Loans are either fixed rate over the term of the Loan or have an associated interest rate swap contract issued by the lender in effect fixing the loan interest over the term of the Loan. Transaction costs of arranging the Loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

15 BORROWINGS (continued)

In order to finance the acquisition of the fourth, fifth, sixth and seventh Assets, DNAFA used the Certificates. The Certificates have an aggregate face amount of approximately $587.5 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate have a face amount of $433,772,000 with an interest rate of 5.125 percent and a final expected distribution date of 30 November 2022. The Class B certificates in aggregate had a face amount of $153,728,000 with an interest rate of 6.5 percent and were repaid on 30 May 2019. There is a separate trust for each class of Certificate. The trusts used the funds from the Certificates to acquire equipment notes. The equipment notes were issued to Wilmington Trust, National Association as pass through trustee in exchange for the consideration paid by the purchasers of the Certificates. The equipment notes were issued by DNAFA and the proceeds from the sale of the equipment notes financed a portion of the purchase price of the four Airbus A380-861 aircraft, with the remaining portion being financed through contribution from the Company of the C Share issue proceeds. The holders of the equipment notes issued for each aircraft will have the benefit of a security interest in such aircraft. The remaining balance is being repaid by continuing to amortise borrowings that pays both principal and interest through periodic payments.

In the directors' opinion and with reference to the terms mentioned, the above carrying values of the bank and equipment notes are approximate to their fair value.

16 SHARE CAPITAL

The Share Capital of the Group is represented by an unlimited number of shares.

Issued	Administrative Shares	Shares	C Shares	Total Shares
Issued shares as at 31 March 2022 and 31 March 2021	2	172,750,000	–	172,750,002

Issued Shares	Administrative Shares GBP	Shares GBP	C Shares GBP	Total GBP
Total Share Capital as at 31 March 2022 and as at 31 March 2021	–	319,836,770	–	319,836,770

Members holding Shares are entitled to receive and participate in any dividends out of income attributable to the Shares; other distributions of the Group available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

Upon winding up, Shareholders are entitled to the surplus assets attributable to the share class remaining after payment of all the creditors of the Group. Members have the right to receive notice of and to attend, speak and vote at general meetings of the Group.

On 6 March 2013, 100,250,000 C Shares were converted into Shares with a conversion of 1:1.

The holders of Administrative Shares are not entitled to receive, and participate in, any dividends out of income; other distributions of the Group available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein. On a winding up, holders are entitled to a return of capital paid up on them after the Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Shares.

The holders of Administrative Shares shall not have the right to receive notice of and no right to attend, speak and vote at general meetings of the Group, except for the Liquidation Proposal Meeting (general meeting convened six months before the end term of the Leases where the Liquidation Resolution will be proposed) or if there are no Shares in existence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

17 CASH AND CASH EQUIVALENTS

	31 Mar 2022 GBP	31 Mar 2021 GBP
Cash at bank	15,380,457	29,926,638
Cash deposits	12,947,700	–
	28,328,157	29,926,638

Cash and cash equivalents are highly liquid, readily convertible and are subject to insignificant risk of changes in value.

18 FINANCIAL INSTRUMENTS
The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations;

(b) The Loans secured on non-current assets; and

(c) Interest rate swap

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Group's objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft.

The following table details the categories of financial assets and liabilities held by the Group at the reporting date:

	31 Mar 2022 GBP	31 Mar 2021 GBP
Financial assets		
Cash and cash equivalents	28,328,157	29,926,638
Receivables (excluding prepayments)	39,288	39,130
Financial assets at amortised cost	28,367,445	29,965,768
Financial liabilities		
Interest rate swap	989	121,420
Financial liabilities at fair value through profit or loss	989	121,420
Payables	–	96,745
Borrowings	71,762,263	143,304,894
Financial liabilities measured at amortised cost	71,850,733	143,401,639

In accordance with IFRS 13 this standard requires the Group to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swap is considered to be level 2 in the Fair Value Hierarchy.

The following tables show the Group's financial assets and liabilities as at 31 March 2022 and 31 March 2021 based on hierarchy set out in IFRS:

31 March 2022	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial liabilities at fair value through profit and loss				
Interest rate swap	–	989	–	989

31 March 2021	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial liabilities at fair value through profit and loss				
Interest rate swap	–	121,420	–	121,420

Derivative financial instruments

The following tables show the Group's derivative position as at 31 March 2022 and 31 March 2021:

31 March 2022 Interest Rate Swap	Financial liability at fair value GBP	Notional amount US dollar	Maturity
MSN090 Loan	989	3,296,254	4 Dec 2023

31 March 2021 Interest Rate Swap	Financial liability at fair value GBP	Notional amount US dollar	Maturity
MSN090 Loan	121,420	10,154,511	4 Dec 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the Group's financial instruments are capital management risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below:

(a) Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents disclosed in note 17 and equity attributable to equity holders, comprising issued capital and retained earnings.

The Group's Board reviews the capital structure on a bi-annual basis.

Equity includes all capital and reserves of the Group that are managed as capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

(b) Foreign Currency Risk

The Group's accounting policy under IFRS requires the use of a Sterling historic cost of the assets and the value of the US dollar debt as translated at the spot exchange rate on every Statement of Financial Position date. In addition US dollar operating lease receivables are not immediately recognised in the Consolidated Statement of Financial Position and are accrued over the period of the Leases. The directors consider that this introduces an artificial variance due to the movement over time of foreign exchange rates. In actuality, the US dollar operating leases should offset the US dollar payables on the amortising debt. The foreign exchange exposure in relation to the Loans and equipment notes is thus almost entirely hedged.

Lease rentals (as detailed in notes 4 and 12) are received in US dollar and Sterling. Those lease rentals received in US dollar are used to pay the debt repayments due, also in US dollar (as detailed in note 15). Both US dollar lease rentals and debt repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle debt repayments therefore minimises risks caused by foreign exchange fluctuations.

The amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31 Mar 2022 GBP	31 Mar 2021 GBP
Debt (US dollar) – Liabilities	(74,098,581)	(146,660,761)
Financial (liabilities at fair value through profit and loss)	(989)	(121,420)
Cash and cash equivalents (US dollar) – Asset	6,305,946	9,324,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk (continued)

The following table details the Group's sensitivity to a 15 percent (31 March 2021: 25 percent) appreciation of the US dollar relative to the pound. This represents the directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The table below shows that profit and other equity fall where the US dollar strengthens 15 percent because the net dollar liabilities increase in pound terms. For a 15 percent (31 March 2021: 25 percent. weakening of the US dollar against the pound, there would be a comparable but opposite impact on the profit and other equity

	31 Mar 2022 US dollar Impact GBP	31 Mar 2021 US dollar Impact GBP
Profit or Loss	(10,169,191)	27,491,560
Net asset value	(10,169,191)	27,491,560

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if settled in a currency other than Sterling. Transactions in similar assets are typically priced in US dollars.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Refer to the going concern section on pages 64 to 66 where an assessment of Emirates is made.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Group's financial assets exposed to credit risk are as follows:

	31 Mar 2022 GBP	31 Mar 2021 GBP
Receivables (excluding prepayments)	39,291	39,130
Cash and cash equivalents	28,328,157	29,926,638
	28,367,448	29,965,768

Surplus cash in the Company is held in Barclays. Surplus cash in the Subsidiaries is held in accounts with Barclays, Westpac and ANZ, which have credit ratings given by Moody's of A1, Aa2 and Aa3 respectively. Moody's considers the outlook of the banks current ratings to be stable.

There is a contractual credit risk arising from the possibility that the Lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the Lessee and the Group, any non-payment of the lease rentals constitutes a "Special Termination Event", under which the Lease terminates and the Group may either choose to sell the Asset or lease the Assets to another party.

At inception of the Lease, the Group selected a Lessee with a strong statement of financial position and financial outlook. The financial strength of Emirates is regularly reviewed by the Board and the Asset Manager.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Group's main financial commitments are its ongoing operating expenses, loan repayments to Westpac, ANZ, ICBC, BoC and Commerzbank, and repayments on equipment Notes.

Ultimate responsibility for liquidity risk management rests with the Board of directors, which established an appropriate liquidity management framework at the incorporation of the Group, through the timings of lease rentals and debt repayments. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

The table below details the residual contractual maturities of financial liabilities, including estimated interest payments. The amounts below are contractual undiscounted cash flows, including both the principal and interest payments, and will not agree directly to the amounts recognised in the consolidated statement of financial position:

31 Mar 2022	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	Over 5 years GBP
Financial liabilities					
Payables – due within one year	–	–	–	–	–
Interest rate swap	–	–	–	989	–
Bank loans	4,925,184	12,122,202	7,549,680	2,239,427	–
Equipment Notes	24,693,762	24,664,686	–	–	–
	29,618,946	36,786,888	7,549,680	2,240,416	–

31 Mar 2021	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	Over 5 years GBP
Financial liabilities					
Payables – due within one year	96,745	–	–	–	–
Interest rate swap	–	–	–	121,420	–
Bank loans	9,814,220	24,325,091	16,251,577	9,331,009	–
Equipment Notes	23,591,591	23,565,212	47,048,632	–	–
	33,502,556	47,890,303	63,300,209	9,452,429	–

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a reduction in deposit interest earned on bank deposits held by the Group. The MSN090 loan which is at a variable rate, has an associated interest rate swap contract issued by the lender in effect fixing the loan interest over the term of the Loan.

The Group mitigates interest rate risk by fixing the interest rate on its debts with the exception of MSN090, which has an associated interest rate swap as mentioned above. The lease rentals are also fixed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2022

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

The following table details the Group's exposure to interest rate risks:

31 Mar 2022	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial assets				
Receivables (excluding prepayments)	–	–	39,291	39,291
Cash and cash equivalents	28,328,157	–	–	28,328,157
Total Financial Assets	28,328,157	–	39,291	28,367,448
Financial liabilities				
Interest rate swap	989	–	–	989
Payables	–	–	88,470	88,470
Bank loans	–	25,849,194	–	25,849,194
Equipment Notes	–	48,249,386	–	48,249,386
Total Financial Liabilities	989	74,098,580	88,470	74,188,039
Total interest sensitivity gap	28,329,146	74,098,580		

31 Mar 2021	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial assets				
Receivables (excluding prepayments)	–	–	39,130	39,130
Cash and cash equivalents	29,926,638	–	–	29,926,638
Total Financial Assets	29,926,638	–	39,130	29,965,768
Financial liabilities				
Interest rate swap	121,420	–	–	121,420
Payables	–	–	96,745	96,745
Bank loans	–	57,025,093	–	57,025,093
Equipment Notes	–	89,635,668	–	89,635,668
Total Financial Liabilities	121,420	146,660,761	96,745	146,878,927
Total interest sensitivity gap	29,805,218	146,660,761		

If interest rates had been 250 basis points (31 March 2021: 50 basis points) higher throughout the period and all other variables were held constant, the Group's net assets attributable to Shareholders as at 31 March 2022 would have been £748,166 (31 March 2021: £149,026) greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 250 basis points (31 March 2021: 50 basis points) lower throughout the period and all other variables were held constant, the Group's net assets attributable to Shareholders as at 31 March 2022 would have been £748,166 (31 March 2021: £149,026) lower due to a decrease in the amount of interest receivable on the bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2022

20 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows which requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. The table below excludes non-cash flows arising from the amortisation of associated costs (see note 15).

	31 Mar 2022 GBP	31 Mar 2021 GBP
Opening Balance	146,660,761	248,459,026
Cash flows paid – capital	(76,255,138)	(83,075,662)
Cash flows paid – interest	(5,270,898)	(10,084,861)
Non-cash flows		
– Interest accrued	5,372,283	9,779,836
– Effects of foreign exchange	3,591,572	(18,417,578)
Closing Balance	74,098,580	146,660,761

21 ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the Group has no ultimate controlling party.

22 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Significant contracts who provide key management personnel to the reporting entity

Doric is the Group's Asset Manager.

During the year, the Group incurred £2,150,027 (31 March 2021: £2,103,349) of expenses with Doric of which £2,150,027 (31 March 2021: £2,102,717) related to asset management fees as shown in note 5, and £nil (31 March 2021: £632) was reimbursed expenses. At 31 March 2022, £nil (31 March 2020: £nil) was owing to this related party.

Amedeo Services (UK) Limited was the liaison agent.

During the year, the Group incurred £7,925 (31 March 2021: £11,941) of expenses with Amedeo Services (UK) Limited which related to liaison agent fees as shown in note 5. At 31 March 2022, £nil (31 March 2021: £7,908) was prepaid to this related party. The Group terminated the agreement with the liaison agent with immediate effect on 21 April 2021.

Nimrod is the Group's Corporate and Shareholder Advisor.

During the year, the Group incurred £889,186 (31 March 2021: £880,925) of expenses with Nimrod. As at 31 March 2022, £nil (31 March 2021: £ nil) was owing to this related party.

JTC Registrars Limited is the Group's registrar, transfer agent and paying agent.

During the year, the Group incurred £14,799 (31 March 2021: £15,054) of expenses with JTC Registrars as shown in note 5. As at 31 March 2022, £979 (31 March 2021: £1,092) was owing to this related party.

Significant contracts

JTC Fund Solutions (Guernsey) Limited is the Group's Company Secretary and Administrator.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2022

22 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS (continued)

Significant contracts (continued)

During the year, the Group incurred administration fees with JTC Fund Services (Guernsey) Limited of £152,630 (31 March 2021: £171,051) with JTC Fund Solutions (Guernsey) Limited as shown in note 5. In addition, the Group incurred accounting fees of £34,898 (31 March 2021: £33,197) with this related party. As at 31 March 2022, £14,817 (31 March 2021: £16,158) was owing to this related party.

Related parties

The Board are considered to be key management personnel. For details regarding the directors' remuneration please refer to note 6. Shares held by them are disclosed on page 29 in the directors' report.

23 SUBSEQUENT EVENTS

On 12 April 2022, a further dividend of 2.25 pence per Share was declared and this was paid on 30 April 2022.

On 14 July 2022, a further dividend of 4.50 pence per Share was declared and this will be paid on 29 July 2022.

No further subsequent events to note.

KEY ADVISERS AND CONTACT INFORMATION

KEY INFORMATION

Exchange: Specialist Fund Segment of the London Stock Exchange's Main Market

Ticker:	DNA2
Listing Date:	14 July 2011
Financial Year End:	31 March
Base Currency:	Pound Sterling
ISIN:	GG00B3Z62522
SEDOL:	B3Z6252
LEI:	213800ENH57LLS7MEM48
Country of Incorporation:	Guernsey
Registration number:	52985

MANAGEMENT AND ADMINISTRATION

Registered Office
Doric Nimrod Air Two Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Company Secretary and Administrator
JTC Fund Solutions (Guernsey) Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Asset Manager
Doric GmbH
Berliner Strasse 114
63065 Offenbach am Main
Germany

Lease and Debt Arranger
Doric Asset Finance GmbH & Co. KG
Berliner Strasse 114
63065 Offenbach am Main
Germany

Corporate and Shareholder Advisor
Nimrod Capital LLP
1-3 Norton Folgate
London
E1 6DB

Advocates to the Company (as to Guernsey Law)
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Solicitors to the Company (as to English Law)
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London, England
EC2A 2EG

Auditor
Grant Thornton Limited
P O Box 313
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey
GY1 3TF

Registrar
JTC Registrars Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT