QUARTERLY FACT SHEET

31 December 2018

DORIC NIMROD AIR TWO LIMITED

LSE: DNA2

The Company

Doric Nimrod Air Two Limited ("the Company") is a Guernsey domiciled company, which was listed on the Specialist Fund Segment (SFS) of the London Stock Exchange's Main Market on 14 July 2011 with the admission of 72.5 million Ordinary Shares at an issue price of 200p per share. On 27 March 2012, the Company issued 100,250,000 C Shares at 200p per share. With effect from 6 March 2013, the C Shares were converted into Ordinary Shares. One Ordinary Share has been received for every one C Share, resulting in 172,750,000 Ordinary Shares in total. The market capitalisation of the Company was GBP 373.1 million as of 31 December 2018.

The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited ("DNAFA").

Investment Strategy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling a portfolio of aircraft. The Company receives income from the leases and targets a gross distribution to the shareholders of 4.5 pence per share per quarter (amounting to a yearly distribution of 9.0% based on the initial placing price of 200p per share). It is anticipated that income distributions will continue to be made quarterly.

The total return for a shareholder investing today (31 December 2018) at the current share price consists of future income distributions during the remaining lease duration and a return of capital at dissolution of the Company. **The latter payment is subject to the future value and the respective sales proceeds of the aircraft, quoted in US dollars and the USD/GBP exchange rate at that point in time.** Since launch, three independent appraisers have provided the Company with their future values for the aircraft at the end of each financial year. The latest appraisals available are dated the end of March 2018. The table No I below summarises the total return components, calculated on different exchange rates and using the appraised value of the aircraft, which is the average of valuations provided by three independent external appraisers and quoted in US dollars. **This residual value at lease expiry takes inflation into account and is the most reliable estimate available in the Company's Asset Manager's opinion. Due to accounting standards, the values used in the Company's financial reports differ from this disclosure as they exclude the effects of inflation and are converted to sterling at the prevailing exchange rate on the reporting date (e.g. 31 March 2018).**

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

With reference to the following two tables, there is no guarantee that the aircraft will be sold at such a sale price or that such capital returns would be generated. It is also assumed that the lessee will honour all its contractual obligations during the entire anticipated lease term:

I. Implied Future Total Return Components Based on Appraisals

The implied return figures are not a forecast and assume the Company has not incurred any unexpected costs.

Aircraft portfolio value at lease expiry according to

- Prospectus appraisal USD 863 million
- Latest appraisal[1] USD 780.4 million

Per Share (rounded)	Income Distributions	Return of Capital		Total Return[2]	
		Prospectus Appraisal	Latest Appraisal[3]	Prospectus Appraisal	Latest Appraisal[3]
Prospectus FX Rate[4]	104p	322p	296p	426p	400p
Current FX Rate[5]	104p	389p	356p	493p	460p

[1]Date of valuation: 31 March 2018 [2]Includes future dividends [3]Average of the three appraisals as at the end of the Company's respective fiscal years in which each of the leases reached the end of their respective 12-year terms
[4]1.56 USD/GBP Initial Admission / 1.53 USD/GBP C Shares Admission
[5]1.2736 USD/GBP (31 December 2018)

II. Company Facts (31 December 2018)

Listing	LSE
Ticker	DNA2
Current Share Price	216.0p (closing)
Market Capitalisation	GBP 373.1 million
Initial Debt	USD 1.03 billion
Outstanding Debt Balance	USD 420 million (41% of Initial Debt)
Current/ Future Anticipated Dividend	4.5p per quarter (18p per annum)
Earned Dividends	120.5p
Current Dividend Yield	8.33%

II. Company Facts (continued)	
Dividend Payment Dates	April, July, October, January
Cost Base Ratio[1]	1.0% (based on Average Share Capital)
Currency	GBP
Launch Date/Price	14 July 2011 / 200p
Average Remaining Lease Duration	5 years 7 months
C Share Issue Date/Price	27 March 2012 / 200p
C Share Conversion Date/Ratio	6 March 2013 / 1:1
Incorporation	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates)	A6-EDP (14.10.2023) A6-EDT (02.12.2023) A6-EDX (01.10.2024) A6-EDY (01.10.2024) A6-EDZ (12.10.2024) A6-EEB (09.11.2024) A6-EEC (30.11.2024)
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Ltd
Auditor	Deloitte LLP
Market Makers	Canaccord Genuity Ltd, finnCap Ltd, Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN	B3Z6252, GG00B3Z62522
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

[1]Calculated as Operating Costs / Average Share Capital as per the latest published Half-Yearly Financial Report.

Asset Manager's Comment

1. The Assets

The Company 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 an initial 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 arrear 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 of enhanced equipment trust certificates ("the Certificates" or "EETC") – a form of debt security – in June 2012 in the aggregate face value of USD 587.5 million. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft leased to Emirates.

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

The seven A380s owned by the Company recently visited Dusseldorf, Guangzhou, London Heathrow, Los Angeles, Madrid, Manchester, Munich, New York, Prague, Singapore, Tokyo, Vienna and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of November 2018 was as follows:

Aircraft Utilization

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
077	14/10/2011	33,106	3,921	8 h 25 min
090	02/12/2011	29,740	4,843	6 h 10 min
105	01/10/2012	26,705	4,263	6 h 15 min
106	01/10/2012	29,302	3,408	8 h 35 min
107	12/10/2012	28,673	3,361	8 h 30 min
109	09/11/2012	25,848	4,088	6 h 20 min
110	30/11/2012	26,206	4,261	6 h 10 min

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. The increased C check interval from two years to three years which was revised earlier this year allows for a higher aircraft availability due to lower downtime.

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

Inspections

Doric, the asset manager, conducted records audits of the aircraft with MSNs 105, 106 and 107 as well as a physical inspection of MSN 109 in September 2018. The records and physical condition of the aircraft were in compliance with the provisions of the respective lease agreements.

Additionally, Doric conducted records audits of the aircraft with MSNs 109 and 110 in November 2018. The lessee was again very helpful in the responses given to the asset manager's technical staff, and the technical documentation was found to be in good order.

2. Market Overview

Industry-wide growth in passenger traffic, measured in global revenue passenger kilometres (RPKs), has moderated in recent months with the seasonally-adjusted passenger trend sharply slowing in the middle of 2018, as the boost to demand from lower airfares reduced, but posted their strongest month-on-month gain in October in almost two years. Between January and October 2018 RPK growth amounted to 6.7%, compared to the same period in the previous year. For 2019 the increase in demand is forecast to be 6.0%, according to IATAs latest report on the economic performance of the airline industry issued in December 2018.

Industry-wide capacity, measured in available seat kilometres (ASKs), has grown by 6.0% between January and October against the same period the year before, leading to a 0.5 percentage point increase in worldwide passenger load factors (PLFs) to 82.2%. For 2019 IATA expects the capacities to grow by another 5.8%, which would push PLFs to 82.1%, or 0.2 percentage points higher than the expected value of 81.9% for the 2018 calendar year.

RPK growth in the Middle East has increased by 4.7% until October 2018, compared to the same period in the year before. While the region has been adversely impacted by a number of policy measures and geopolitical tensions in recent years, IATA notes that while growth remains volatile, seasonally-adjusted passenger volumes are once again trending solidly upward. However, between January and October 2018, passenger load factors of Middle East based carriers decreased to 75.5%.

Asia/Pacific-based operators remain the top performers in overall market demand. Through October 2018, RPKs increased by 9.0% compared to the same period last year. Europe ranked second with 6.3% followed closely by Latin America with 6.1%. North America experienced an increase of 5.1%, while Africa had the slowest growth rate at 2.5%.

For 2018 IATA expects airlines to generate an industry-wide net profit of USD 32.2 billion. This figure could increase to USD 35.5 billion in 2019. Furthermore, IATA expects the average price per barrel kerosene to reduce from USD 87.6 in the 2018 calendar year to USD 81.3 in 2019. However, ongoing hedging agreements could result in an estimated fuel bill of USD 200 billion in 2019, an uplift of 11% against 2018. This would increase the share in operating cost paid for fuel by 0.7 percentage points to 24.2%.

3. Lessee – Emirates Key Financials

In the first half of the 2018/19 financial year ending on 31 March 2019, Emirates recorded revenue of AED 48.9 billion (USD 13.3 billion), up 10% compared with the AED 44.5 billion (USD 12.1 billion) recorded during the same period last year. However, Emirates' net profit amounted to AED 226 million (USD 62 million), down 86% compared to last year. The decrease in profit was primarily due to a 37% increase in oil prices compared to the same period last year as well as the negative impact of currencies in certain markets.

Emirates' overall passenger traffic continued to grow during the first half of the 2018/19 financial year as the airline carried 30.1 million passengers. Passenger traffic, measured in RPKs, increased by 6.3%, while capacity, measured in ASKs, grew by 4.1%. This resulted in a passenger load factor of 78.8% compared to last year's 77.2%.

Total operating costs rose by 13%. This is largely due to increasing fuel prices as well as an increase in fuel uplift of 4% due to Emirates' expanding fleet operations. Fuel remained the largest component of the airline's cost, making up 33% of operating costs compared with 26% in the first six months of the previous financial year.

As of 30 September 2018, Emirates' balance sheet amounted to AED 126.4 billion (USD 34.4 billion), down 1.0% compared to the end of the previous financial year. Total equity increased marginally by 0.6% to AED 37.3 billion (USD 10.2 billion). The equity ratio rose to 29.5%. The airline's cash balance amounted to AED 17.0 billion (USD 4.6 billion) at the end of the period, down by AED 3.4 billion (USD 919.3 million) compared to the end of the previous financial year.

During the first six months of the financial year, Emirates received three new Airbus A380s and five new Boeing 777s. Additionally, five more new aircraft are scheduled to be delivered before the end of the current financial year. The airline also retired seven older aircraft from its fleet with four further aircraft to be returned by 31 March 2019. As of 30 September, Emirates' fleet stood at 269 aircraft including freighters and its global network spanned 161 destinations in 85 countries.

Emirates has also continued to develop its partnership with flydubai, optimising flight schedules and offering new city-pair connections through Dubai. The codeshare and network optimisation scheme is set to cover 240 destinations by 2022, of which 83 were already available as of September 2018. The two airlines have also combined their loyalty programmes under Emirates Skywards.

Emirates' Chairman His Highness (HH) Sheikh Ahmed bin Saeed Al Maktoum expects a "tough" six months of trading ahead, due to downward pressure on yields and uncertain economic and political conditions within its home region and in other parts of the world. To cope with these challenges, Emirates intends to tightly control costs and to drive efficiency improvements through the implementation of new technology and business processes.

Source: Emirates

4. Aircraft — A380

As of mid-December 2018, Emirates operated a fleet of 108 A380s, which currently serve 50 destinations within its global network via its hub in Dubai. A380 destinations include: Amsterdam, Athens, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Casablanca, Christchurch, Copenhagen, Dusseldorf, Frankfurt, Guangzhou, Hamburg, Hong Kong, Houston, Johannesburg, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Moscow, Mumbai, Munich, New York JFK, Nice, Osaka, Paris, Perth, Prague, Rome, San Francisco, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Taipei, Tokyo Narita, Toronto, Vienna, Washington, and Zurich.

As of mid-December 2018, the global A380 fleet consisted of 229 commercially operated planes in service. The fourteen operators are Emirates (108), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Air France (10), Qatar Airways (10), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), China Southern Airlines (5) and Hi Fly (1). Another two are listed as in storage. In addition, two A380s are earmarked for part-out after the owners of the aircraft voted for such a solution. The number of undelivered A380 orders stood at 98.

According to a Bloomberg report published in October 2018, Emirates has not yet selected the engines for its latest order of up to 36 additional A380s, as the airline and Rolls-Royce continue to negotiate on price and fuel burn. This could possibly delay the first delivery scheduled for 2020. Engine Alliance, the only other competitor for the A380 engine, also provided Emirates an offer but has reportedly not aggressively pursued the bid because they have not had new orders in years and have since turned their attention to other programs. Rolls-Royce has not been able to meet the fuel-improvement guarantees it previously promised, racking up millions in charges against durability issues on the engine's high-pressure turbine blades.

Air France is reported to be evaluating a reduction in its A380 fleet, possibly returning up to five of its ten superjumbos. This comes as the carrier is preparing a cabin refurbishment programme for its superjumbos beginning in 2020, which will include the installation of full-flat business class seats which were not incorporated originally.

All Nippon Airways (ANA) is preparing to receive its first A380. The aircraft came off the final assembly line in Toulouse (France) in August and is currently being outfitted in Hamburg (Germany). ANA has already announced that it will operate the A380 between Tokyo Narita (Japan) and Honolulu (Hawaii) beginning in May 2019.

Source: Bloomberg, Emirates, FlightGlobal

Contact Details

Company
Doric Nimrod Air Two Limited
Dorey Court, Admiral Park
St Peter Port
Guernsey GY1 2HT
Tel: +44 1481 702400
www.dnairtwo.com

Corporate & Shareholder Advisor
Nimrod Capital LLP
3 St Helen's Place
London EC3A 6AB
Tel: +44 20 7382 4565
www.nimrodcapital.com