QUARTERLY FACT SHEET

31 December 2017

DORIC NIMROD AIR THREE LIMITED

LSE: DNA3

The Company

Doric Nimrod Air Three 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 2 July 2013 with the admission of 220 million Ordinary Shares ("the Equity") at an issue price of 100p per share. The market capitalisation of the Company was GBP 212.9 million as of 31 December 2017.

Investment Strategy

The Company's investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft.

The Company receives income from the leases, and targets a gross distribution to the shareholders of 2.0625p per share per quarter (amounting to a yearly distribution of 8.25% based on the initial placing price of 100p per share).

The total return for a shareholder investing today (31 December 2017) 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 2017. The table below summarises the total return components, calculated on different exchange rates and using the average value of the aircraft as provided by the three independent external appraisers.

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 556 million
- Latest appraisal[1] USD 507 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]	66p	169p	156p	235p	222p
Current FX Rate[5]	66p	185p	171p	251p	237p

[1]Date of valuation: 31 March 2017 [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]1.4800 USD/GBP [5]1.3493 USD/GBP (31 December 2017)

II. Company Facts (31 December 2017)

Listing	LSE
Ticker	DNA3
Current Share Price	96.75p (closing)
Market Capitalisation	GBP 212.9 million
Initial Debt	USD 630 million
Outstanding Debt Balance	USD 352 million (56% of Initial Debt)
Current/Future Anticipated Dividend	2.0625p per quarter (8.25p per annum)
Earned Dividends	32.8p
Current Dividend Yield	8.53%
Dividend Payment Dates	April, July, October, January
Cost Base Ratio[1]	0.7% (based on Average Share Capital)
Currency	GBP
Launch Date/Price	2 July 2013 / 100p
Average Remaining Lease Duration	7 years 10 months
Incorporation	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates)	A6-EEK (29.08.2025), A6-EEL (27.11.2025), A6-EEM (14.11.2025), A6-EEO (29.10.2025)
Asset Manager	Amedeo Management Ltd
Corp & Shareholder Advisor	Nimrod Capital LLP

[1]Calculated as Operating Costs / Average Share Capital as per the latest published Half Yearly Financial Report. This is considered a better measure of the impact of costs than a formula using net asset value per the published financial reports. This is because international accounting standards require the translation into sterling of the aircraft assets and outstanding borrowings at different exchange rates, producing a material distortion of net assets relative to the commercial substance of the position.

II. Company Facts (continued)	
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	B92LHN5, GG00B92LHN58
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairthree.com

Asset Manager's Comment

1. The Assets

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

The four Airbus A380 aircraft bearing manufacturer's serial numbers (MSN) 132, 133, 134 and 136 recently visited Auckland, Beijing, Brisbane, Hong Kong, Los Angeles, Madrid, Melbourne, Milan, Munich, New York JFK and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of November 2017 was as follows:

Aircraft Utilization

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	21,632	2,537	8 h 30 min
133	27/11/2013	20,625	2,195	9 h 25 min
134	14/11/2013	20,798	2,243	9 h 15 min
136	29/10/2013	20,971	2,218	9 h 25 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 24 month or 12,000 flight hour intervals, whichever occurs first. Emirates bears all costs relating to the aircraft during the lifetime of the leases (including for maintenance, repairs and insurance).

Inspections

The asset manager performed an inspection of the aircraft with MSN 134 in September 2017. The physical condition of the aircraft was in compliance with the provisions of the lease agreement. The aircraft with MSN 132 underwent a records audit in November 2017. The lessee was 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

Between January and October of 2017, global revenue passenger kilometres (RPKs) have grown by 7.7% compared to the same period in the previous year. As such, IATA expects that 2017 will remain on course to be another year of above-trend passenger growth, especially compared to the ten-year average pace of 5.5%. However, the broader upward trend in seasonally adjusted RPKs continues to slow, mainly because the degree of stimulation to demand from lower airfares has fallen. Nevertheless, due to a combination of factors, the upward trend in passenger traffic is likely to continue into 2018 at its current rate according to IATA. As per the latest calculations released in December 2017, it expects RPK growth of 6.0% for the whole of 2018.

In the first ten months of 2017, industry-wide available seat kilometres (ASKs) increased by 6.4%. As the growth in passenger traffic outpaced the growth in capacity, the global passenger load factor (PLF) rose by 1.0 percentage points to 81.6% during the first ten months of 2017. All regions except the Middle East experienced an increase in PLF during this period.

International RPKs flown by Middle Eastern airlines have grown by 7.0% in the first ten months of 2017. However, the upward trend in RPKs has slowed to an annualized rate of less than 4% between August and October. Traffic between the Middle East and North America has continued to fall as the result of a combination of factors, with RPKs flown on these routes falling for the seventh month in a row in September. This makes it the only of the main international markets tracked by IATA to not have grown in annual terms so far in 2017. Seasonally adjusted passenger volumes on these routes are currently back down to levels last seen in early 2016.

Through October 2017, Asia/Pacific-based operators outperformed the overall market demand with an RPK growth rate of 10.0%. Europe recorded the second highest growth rate with 8.4%, followed by Latin America with 7.6%. The Middle East (6.8%) and Africa (6.7%) achieved fourth and fifth place, respectively. North America grew the slowest with a rate of 4.1%.

For 2018, IATA forecasts an industry-wide net profit of USD 38.4 billion, the highest nominal net profit on record. This comes despite rising unit costs, which are partially offset by the rise in achieved load factors. Fuel prices, the single largest operating cost for airlines, are expected to increase to USD 73.8 per barrel and represent 20.5% of average operating costs in 2018, an increase of 1.7 percentage points compared to the previous year.

3. Lessee – Emirates Key Financials

In the first half of the 2017/18 financial year ending on 31 March 2018, Emirates recorded revenue of USD 12.1 billion (AED 44.5 billion), a 6% increase compared to the first half of the previous financial year. Net profit increased by approx. 111% to USD 452 Million (AED 1.7 billion) during the same period. This came despite strong downward pressure on margins from increased competition, rising oil prices and weak economic and uncertain political realities in many parts of the world. His Highness (HH) Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates, attributes the positive result to the capacity optimisation and efficiency initiatives across the company, steady business growth and a more favourable foreign exchange situation compared to the same period last year.

During the period, Emirates carried 29.2 million passengers, up 4% compared to the same period in the previous fiscal year. Capacity for passengers, measured in ASKs, increased by 3%, while passenger traffic carried, measured in RPKs, grew by 5%. This resulted in the passenger seat factor rising by 1.9 percentage points to 77.2%.

As of 30 September 2017, the balance sheet totalled USD 33.0 billion (AED 121.1 billion), down 4% from USD 33.1 billion (AED 121.6 billion) compared to the previous financial year. Total equity grew by 4.8% to USD 10.0 billion (AED 36.8 billion), giving the company an equity ratio of nearly 30.4%. Emirates had a cash balance of USD 4.0 billion (AED 14.7 billion) at the end of the period, down by USD 254 million (AED 0.9 billion) compared to the previous financial year.

Emirates continued its strategy to increase capacity through a young and efficient fleet in the first six months of the 2017/18 financial year. During this period, Emirates received 10 wide-body aircraft: 4 Airbus A380s and 6 Boeing 777s. There are 9 more new aircraft scheduled to be delivered before the end of this financial year. The carrier also retired 5 older aircraft from its fleet and plans to return another 4 aircraft by 31 March 2018. As of 30 September, Emirates' global network spanned 156 destinations in 84 countries, including two new passenger destinations, which were launched in the first six months of the financial year: Phnom Penh (Cambodia) and Zagreb (Croatia). At the same time, its fleet totalled 264 aircraft including freighters.

At the Dubai Air Show in November 2017, Emirates revealed that it has ordered 40 Boeing 787-10 aircraft, worth USD 15.1 billion (AED 55.4 billion) at list prices, which will be introduced to its fleet from 2022. The order includes flexibility on delivery dates, variants and the possibility of additional aircraft.

Source: CAPA, Emirates, FlightGlobal

4. Aircraft — A380

By mid-December 2017, Emirates operated a fleet of 101 A380s, which currently serve 46 destinations within its global network via its hub in Dubai. A380 destinations include: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Casablanca, Christchurch, Copenhagen, Dusseldorf, Frankfurt, Guangzhou, Hong Kong, Johannesburg, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Moscow, Mumbai, Munich, New York JFK, Nice, Paris, Perth, Prague, Rome, San Francisco, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Taipei, Tokyo, Toronto, Vienna, Washington, and Zurich.

As of mid-December 2017, the global A380 fleet consisted of 216 commercially operated planes in service. The thirteen operators are Emirates (101), Singapore Airlines (17), Deutsche Lufthansa (14), Qantas (12), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Air France (9), Qatar Airways (8), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), and China Southern Airlines (5). Another three were temporarily parked: one for lease return preparations and one due to an engine incident. A third one has returned to its lessor. The number of undelivered A380 orders stood at 97.

Emirates, the most important customer of the A380 program, has tied its business model to the capacity offered by the superjumbo more closely than any other A380 operator and currently serves nearly 50 destinations with the aircraft. According to an analysis conducted by CAPA – Centre for Aviation, if earlier A380s were to be replaced with Boeing 777-9s, of which Emirates currently has 115 on order, it would lead to a 25-32% loss in capacity. In order to maintain the current capacity levels on the route between London Heathrow and Dubai alone, Emirates would need to deploy up to 3 additional flights daily and acquire the landing rights for each additional flight. However, this would prove difficult as Emirates already faces challenges from limited slots, hub congestion and traffic rights.

Emirates has been negotiating a new A380 order with Airbus, and a commitment for a significant number of A380s was expected to be announced at the Dubai Air Show in November 2017. An order has so far not been announced. Given its strategic importance to the airline, Emirates is seeking guarantees from Airbus that the programme will continue for another 10-15 years. Emirates' president Tim Clark remains confident that the two sides will reach an agreement: “We need to have that undertaking,” he said, continuing “I believe Airbus will deliver that undertaking.” Clark is also convinced that the A380 has a future and that Emirates has an interest in contributing to the model’s continuity: “It remains our flagship,” he stated. “It’s a huge profit-earner for us – the loss of which would be significant.” Likewise, Airbus’ departing chief executive Tom Enders has also expressed confidence: “I am convinced we will still produce A380s 10 years from now.”

Airbus is exploring plans to cut A380 production to as low as six aircraft per year in order to make the programme commercially viable beyond the end of the decade. According to industry sources, Airbus has indicated that it is comfortable giving Emirates the desired undertaking as it would ensure production remains open until 2028, though there are questions over the support of suppliers. A reduction in output to six a year would help to bridge that period while Airbus looks for new buyers.

The first A380 to come off lease has been placed into temporary storage in France following its redelivery from Singapore Airlines (SIA). As an interim solution engine manufacturer Rolls-Royce is leasing the four engines.

On 3 November 2017, Emirates received its 100th A380. At the milestone handover, Emirates’ chief executive HH Sheikh Ahmed bin Saeed Al Maktoum stated, “For Emirates, the A380 has been a success. We’ve been able to utilise it at slot-constrained airports, as well as at regional and ‘secondary’ airports where we have grown passenger demand.”

During an Airbus A380 flight on 30 September 2017 from Paris to Los Angeles operated by Air France, the fan blades mounted on the fan hub at the engine intake, the so-called fan, as well as the fan hub dislodged from the engine. The aircraft was then diverted and landed safely in Goose Bay, Canada. In response, US-based engine manufacturer Engine Alliance published a so-called Alert Service Bulletin on 6 October 2017, which contained detailed information on the implementation of a one-time visual inspection. The American aviation supervisory authority, the Federal Aviation Administration (FAA), mandated in an emergency airworthiness directive issued on 12 October 2017 that all Airbus A380 GP7200 engines immediately undergo this visual inspection. The respective lease contracts of the Company provide that this work be carried out as the responsibility of the lessee.

Source: Ascend, Bloomberg, CAPA, Emirates, FAA, Financial Times, FlightGlobal, Reuters

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