Doric Nimrod Air Three Limited

Half-Yearly Financial Report

For the period from 1 April 2021 to 30 September 2021

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DEFINITIONS

"Administrative Shares"	Subordinated Administrative Shares
"AED"	United Arab Emirates Dirham
"AGM"	Annual General Meeting
"Amedeo" or the Asset Manager	Amedeo Management Limited
"Articles"	Company's Articles of Incorporation
"ASKs"	Available Seat Kilometres
"Asset(s)" or the "Aircraft"	Airbus A380 Aircraft owned by DNA 3
"BA"	British Airways
"Board"	Company's Board of directors
"Bond(s)"	Borrowings obtained by the Group to part-finance the acquisition of Aircraft
"CDS"	Credit Default Swaps
"Certificates"	DNA Alpha Pass Through Certificates issued in August 2013
"Chair"	Chair of the Board
"Code"	The UK Corporate Governance Code
"CORSIA"	Carbon Offsetting and Reduction Scheme for International Aviation
"DGTRs"	Disclosure Guidance and Transparency Rules
"Distribution Policy"	Distribution of 2.0625 Pence per Share per Quarter
"DNA3" or the "Company"	Doric Nimrod Air Three Limited
"DNA Alpha"	DNA Alpha Limited

"DWC"	Dubai World Central International Airport
"DXB"	Dubai International Airport
"EETC" or "Certificates"	Enhanced Equipment Trust Certificates
"Emirates" or the "Lessee"	Emirates Airline
"EPS or LPS"	Earnings / Loss Per Share
"ESG"	Environmental, Social and Governance
"EU"	European Union
"EU ETS"	European Union Emission Trading Scheme
"FCA"	Financial Conduct Authority
"FRC"	Financial Reporting Council
"FVOCI"	Fair Value through Other Comprehensive Income
"FVTPL"	Fair Value through Profit or Loss
"GBP", "£" or "Sterling"	Pound Sterling
"GFSC"	Guernsey Financial Services Commission
"Grant Thornton"	Grant Thornton Limited
"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 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
“LGW”	London Gatwick Airport
“LSE”	London Stock Exchange’s
“MAG”	Malaysia Aviation Group
“NBV”	Net Book Value
“Nimrod” or “Corporate and Shareholder Adviser”	Nimrod Capital LLP
“Pandemic”	COVID-19 Pandemic
“Period”	1 April 2021 until 30 September 2021
“PIES”	Public Interest Entities
“PLF”	Passenger Load Factor
“Registrar”	JTC Registrars Limited
“RPKs”	Revenue Passenger Kilometres
"SAF”	Sustainable Aviation Fuel
“SFS”	Specialist Fund Segment

"Shareholders"	Shareholders of the Company
"Shares"	Ordinary Preference Shares of the Company
"Share Capital"	Share Capital of the Company
"SIA"	Singapore Airlines
"SID"	Senior Independent Director
"Subsidiary"	DNA Alpha Limited
"UAE"	United Arab Emirates
"UK"	United Kingdom
"USD" or "$"	US Dollars
"VIU"	Value-In-Use
"WACC"	Weighted Average Costs of Capital

SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA3
Share Price	37.0 pence
Market Capitalisation	GBP 81.4 million
Initial Debt	USD 630 million
Outstanding Debt Balance	USD 113.6 million (18% of Initial Debt)
Current and Targeted Dividend	2.0625 pence per quarter per share (8.25 pence per annum)
Earned Dividends	63.59p
Dividend Yield	22.30%
Dividend Payment Dates	January, April, July, October
Ongoing Charges (OCF)	2.3%
Currency	GBP
Launch Date/Price	2 July 2013 / 100 pence
Average Remaining Lease Duration	4 years 1 month
Incorporation and Domicile	Guernsey
Aircraft Registration Number (Lease Expiry Dates)	A6 - EEK (29 August 2025), A6 - EEO (29 October 2025), A6 - EEM (14 November 2025), A6 - EEL (27 November 2025)
Asset Manager	Amedeo Management Limited
Corporate and Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	Grant Thornton
Market Makers	finnCap Ltd, Investec Bank, Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN, LEI	B92LHN5, GG00B92LHN58, 213800BMYMCBKT5W8M49
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairthree.com

Please note that the Group has determined that the operating leases on the Assets are for 12 years based on an initial term of 10 years followed by an extension term of 2 years. For the purpose of this report the Leases are all referred to as 12 year leases.

COMPANY OVERVIEW

DNA3 is a Guernsey company incorporated on 29 March 2012.

Pursuant to the Company's Prospectus dated 20 June 2013, the Company, on 2 July 2013, offered its Shares for issue by means of a placing and raised approximately £211 million by the issue of Shares at an issue price of 100 pence per share. The Company's Shares were admitted to trading on the SFS on 2 July 2013.

As at 30 November 2021, the last practicable date prior to the publication of this report, the Company's total issued Share Capital consisted of 220,000,000 Shares and these Shares were trading at 36.50 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. To pursue its investment objective, the Company has used the net proceeds of placings and other equity capital raisings, together with debt facilities (or instruments), to initially acquire four Airbus A380 Aircraft which are leased to Emirates, the national carrier owned by The Investment Corporation of Dubai based in Dubai, UAE.

DNA Alpha

The Company has one wholly-owned subsidiary: DNA Alpha which holds the Assets for the Company.

The first Asset was acquired by DNA Alpha on 29 August 2013 for a purchase price of $245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the first Asset has been leased to Emirates for an initial term of 10 years, ending August 2023, with an extension period of two years ending August 2025.

The second Asset was acquired by DNA Alpha on 29 October 2013 for a purchase price of $245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the second Asset has been leased to Emirates for an initial term of twelve years, with fixed lease rentals for the duration. The initial lease is for 10 years ending October 2023, with an extension period of two years ending October 2025.

The third Asset was acquired by DNA Alpha on 14 November 2013 for a purchase price of $245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the third Asset has been leased to Emirates for an initial term of twelve years, with fixed lease rentals for the duration. The initial lease is for 10 years ending November 2023, with an extension period of two years ending November 2025.

The fourth Asset was acquired by DNA Alpha on 27 November 2013 for a purchase price of $245 million. Upon delivery, DNA Alpha entered into an operating lease with Emirates, pursuant to which the fourth Asset has been leased to Emirates for an initial term of twelve years, with fixed lease rentals for the duration. The initial lease is for 10 years ending November 2023, with an extension period of two years ending November 2025.

DNA Alpha acquired the Assets, using a combination of a portion of the proceeds of the issue of the Ordinary Shares by the Company together with the proceeds of the sale of equipment notes issued by DNA Alpha and the initial rent payment pursuant to the relevant operating Leases. The equipment notes were acquired by two separate pass through trusts using the proceeds of their issue of EETCs as detailed within the offering circular issued by DNA Alpha dated 10 July 2013.

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

Financial Statements.

The EETCs, with an aggregate face amount of approximately $630 million, were admitted to the official list of the Euronext Dublin and to trading on the Main Securities market thereof and will mature on 30 May 2025.

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

Distribution Policy
The Company currently targets a distribution of 2.0625 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 been made in accordance with the terms of the respective Leases.

During the Period and in accordance with the Distribution Policy the Company declared two interim dividends of 2.0625 pence per Share each. One interim dividend of 2.0625 pence per Share was declared after the Period. Further details of dividend payments can be found on page 35.

Return of Capital
The Company intends to return to Shareholders the net capital proceeds if and when the Company is wound up (pursuant to a shareholder resolution, including the Liquidation Resolution), 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 November 2026 where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Leases. In the event that the liquidation resolution is not passed, the directors will consider alternatives for the future of the Company, and shall propose such alternatives at a general meeting of the Members, 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 two quarterly dividends of 2.0625 pence per Share each, a rate of dividend payment equivalent to 8.25 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 four 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 30 November 2021, the latest practical date prior to this report, the Company had outstanding debt associated with the Aircraft totaling USD 113.6 million (18% of the initial balance). At 30 November 2021 the share price was 36.5 pence, representing a market capitalisation of GBP 80.3 million based on the 220,000,000 Shares in issue. The Company's first lease expiry falls due in August 2025.

All payments by Emirates during the Period and throughout the Lease have been made in accordance with the terms of the Lease. All four of the Company's Aircraft were put into storage in March 2020. MSNs 132 and 136 are currently stored at DWC. MSNs 133 and 134 have been stored at DXB since July 2021.

The emergence of the Omicron variant in late November 2021 has significantly increased uncertainty over the path of recovery of global air passenger traffic in the next few months, according to an IATA report from early December, as it may result in countries reimposing more extensive travel restrictions again. Israel and Japan have become the first to shut their borders for foreign travellers.

There are currently 70 A380 Aircraft in service globally of which 57 are being operated by Emirates. Emirates highlighted in late September that plans to restore 70% of its capacity by the end of 2021 are on track with the return to service of more than 50 A380 aircraft. Around the same time Emirates also embarked upon a worldwide campaign to recruit 3,000 cabin crew and 500 airport services employees to join its Dubai hub over the following six months. Pleasingly, several other A380 operators have stated plans to reintroduce the A380 to their fleets including British Airways, Singapore Airlines, Qatar Airways and Qantas Airways.

In its recent half-year results Emirates Airline reported that revenue rose by 86%, supported by increasing passenger demand and continuous strong cargo business. The airline reported EBITDA recovered to USD 1.4 billion but posted an overall loss of USD 1.6 billion. In the first half of 2021-22, the Government of Dubai injected a further USD 681 million into Emirates Group by way of an equity investment and they continue to support the airline on its recovery path. The airline reported a cash position of USD 3.9 billion as at 30 September 2021. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates noted "Our cargo transport and handling businesses continued to perform strongly, providing the bedrock upon which we were able to quickly reinstate passenger services.

While there's still some way to go before we restore our operations to pre-Pandemic levels and return to profitability, we are well on the recovery path with healthy revenue and a solid cash balance at the end of our first half of 2021-22."

Whilst Emirates do not have a formal credit rating, they have previously issued unsecured USD bonds with maturities in 2023, 2025 and 2028. At the time of writing these instruments are trading at approximately 101,102.7 and 103 cents respectively, equivalent to USD running yields in the range of roughly 3.8% to 4.4%. Further details on Emirates and the A380 can be found in the Asset Manager's report by Amedeo.

The Company's first Lease with Emirates expires in August 2025, approximately three years and eight months from now.

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.

Amedeo 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 from the accounts 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 10-year Leases followed by an extension term of 2-years (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 the actual 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 30 September 2021, 86% of income receivable under the Leases has been received, which has funded the payment down to 82% initial borrowings, whereas under the relevant accounting standard only 65% may be recognised. This mismatch in timing between the receipt and recognition of rental income results in a deferred income creditor of £126.8 million or 58 pence per Share in the 30 September 2021 balance sheet. This is an artificial accounting adjustment in the sense that it does not represent a liability to pay £126.8 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 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 on-going basis and assuming the lease rental is received, and the Bond 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 Bond repayments due which are likewise denominated in USD. Furthermore, the USD lease rentals and Bond repayments are fixed at the inception of the respective Lease 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 of the Company during these difficult times. I look forward to keeping all Shareholders up to date with further progress.

Charles Wilkinson
Chair
16 December 2021

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 September 2021 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 with a large part of the global passenger aircraft fleet grounded. This Asset Manager's report is exclusively based on known facts at the time of writing and does not seek to draw on any speculation about any possible future, long-term impacts of the Pandemic on the aviation sector or the Company specifically and should be read in such context.

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 – the national carrier owned by the Investment Corporation of Dubai, based in Dubai, UAE – for a term of 12 years based on an initial term of 10 years followed by an extension term of 2 years with fixed lease rentals for the duration. In order to complete the purchase of the Aircraft, DNA Alpha Ltd, a wholly owned subsidiary of the Company, issued two tranches (Class A & Class B) of EETC – a form of debt security – in July 2013 in the aggregate face amount of USD 630 million. The Certificates are admitted to the official list of the Euronext Dublin and to trading on the Main Securities market thereof. DNA Alpha used the proceeds from both the Equity and the Certificates to finance the acquisition of the four new Airbus A380 aircraft.

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

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of September 2021 was as follows:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	31,010	3,622	8 h 35 min
133	27/11/2013	31,449	3,324	9 h 30 min
134	14/11/2013	29,867	3,183	9 h 25 min
136	29/10/2013	31,569	3,334	9 h 30 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.

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 Assets during the downtime.

This includes the watertight sealing of all apertures and openings through which environmental factors – sand, water, birds, and insects – can find their way inside an aircraft. During parking, maintenance teams complete periodic checks at different intervals. Depending on the reactivation date of a specific aircraft, Emirates might defer due maintenance checks, which are calendar-based, until that time. This would allow the airline to make use of the full maintenance interval once the operation of a specific aircraft resumes. The Aircraft of the Company are in deep storage condition at this time and could be reactivated within weeks.

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

Inspections

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 inspection 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 their technical records were in compliance with the provisions of the respective lease agreements, taking into account that the Aircraft were in storage at the moment of the audit.

MSN	Last Inspection	MSN	Last Inspection
132	11/2020	134	01/2021
133	01/2021	136	01/2021

2. Market Overview

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

The IATA anticipates an airline industry-wide net loss of USD 51.8 billion in 2021, after approximately USD 138 billion in the previous year, according to its latest estimates from October 2021.

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

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

Due to their reliance on international long-haul routes, Middle Eastern carriers like Emirates continue to experience greater declines than other regions compared to pre-crisis levels. However, IATA points out that there was a broad-based improvement in international markets in August due to growing vaccination rates and less stringent international travel restrictions in some regions. RPKs fell 68% in August 2021 compared to pre-crisis 2019 levels. Capacity also fell by 53% during that period.

The result was a 26 percentage points decrease in PLF to 56%. However, in comparison to the lowest point of the crisis a year prior, RPKs were up 229%, ASKs were up 123%, and the PLF increased by 18 percentage points in August 2021.

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

In September 2021 the Biden Administration announced that travellers from 33 countries would be allowed to enter the US again from early November, if fully vaccinated and with a negative COVID-19 test result. The list of countries included the UK, Ireland, the Schengen Area, Brazil, South Africa, India, and China. IATA sees “a major step forward” in this announcement and expects support for the economic recovery, according to Willie Walsh, IATA’s Director General.

The emergence of the Omicron variant in late November 2021 has significantly increased uncertainty over the path of recovery of global air passenger traffic in the next few months, according to an IATA report from early December, as it may result in countries reimposing more extensive travel restrictions again. Israel and Japan have become the first to shut their borders for foreign travellers.

Source: IATA, ICAO

3. Lessee – Emirates

Network

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

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

On the day of the Biden Administration’s decision to lift travel restrictions to the US from November 2021, Emirates announced plans to increase frequencies to six of its current 12 US destinations starting from October. This will result in 78 weekly flights. By early December Emirates expects to have restored 90% of its pre-COVID flight frequencies to the US.

Fleet

Throughout the crisis, Emirates’ operations largely focused on the utilisation of its fleet to meet the global demand for cargo services. As travel restrictions have continued to ease, Emirates has been redeploying its Boeing 777-300ER and Airbus A380 Aircraft on newly resumed passenger services as well as up-gauging existing passenger routes.

A380s already returned to service are primarily of recent vintage as younger Aircraft usually benefit from more comprehensive warranty packages, which dwindle the older an Aircraft gets. Warranties can help an operator to reduce its maintenance costs.

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

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

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

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

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

Source: Cirium as of 30 September 2021

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

Key Financials

In the first half of the financial year ending 31 March 2022, Emirates recorded a net loss of AED 5.8 billion (USD 1.6 billion) compared to AED 12.6 billion (USD 3.4 billion) loss for the same period in the previous year. However, revenues increased 86% to AED 21.7 billion (USD 5.9 billion), with the increasing passenger demand and strong cargo demand aiding the recovery.

During the first half of the 2021/22 financial year, Emirates carried 6.1 million passengers up 319% from the same period last year. As more countries eased travel and flight restrictions, Emirates increased capacity by 250% and its passenger traffic increased 335%. This resulted in the average passenger seat load factor recovering to 47.9% (compared with last year's Pandemic figure of 38.6%).

Given the substantial increase in flight operations during the six-month period up to end of September 2021, Emirates' operating costs increased by 22% against an overall capacity growth of 66%.

The carrier's fuel costs more than doubled compared to the same period last year, primarily due to an 81% higher fuel uplift in line with increasing flight operations as well as an increase in average oil prices. Fuel, which had been the largest component of the Emirates' operating cost prior to the Pandemic, accounted for 20% of operating costs compared to only 11% in the same period last year.

The recovery in Emirates' operations during the first six months of the 2021/22 financial year led to an improved EBITDA of AED 5.0 billion (USD 1.4 billion) compared to AED 290 million (USD 79 million) for the same period last year.

Demand for air freight also remained strong. The volume of cargo uplifted between April and September 2021 increased by 39% to 1.1 million tonnes, restoring Emirates' cargo operation to 90% of its pre-Pandemic (2019) levels by volume handle.

As of 30 September 2021, Emirates' total liabilities decreased by 2.2% to AED 128.7 billion (USD 35.1 billion USD) compared to the end of the previous financial year. Total equity decreased by 14.7% to AED 17.2 billion (USD 4.7 billion). Emirates' equity ratio stood at 11.8% and its cash position amounted to AED 14.2 billion (USD 3.9 billion) at the end of September 2021. In comparison, the carrier had AED 15.1 billion (USD 4.1 billion) in cash assets at the end of the 2020/21 financial year. The cash flow from operating activities remained positive at AED 6.9 billion (USD 1.9 billion).

In the first half of the 2021/22 financial year, the carrier's ultimate shareholder, the Government of Dubai, injected a further AED 2.5 billion (USD 681 million) into the Emirates Group by way of an equity investment, demonstrating continued support for the airline on its recovery path. On the ongoing performance of Emirates in light of the global Pandemic, HH Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates, stated: "Our cargo transport and handling businesses continued to perform strongly, providing the bedrock upon which we were able to quickly reinstate passenger services. While there's still some way to go before we restore our operations to pre-Pandemic levels and return to profitability, we are well on the recovery path with healthy revenue and a solid cash balance at the end of our first half of 2021-22."

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

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

In early November 2021 Emirates' President Sir Tim Clark shared the news that the airline had just returned to profit and also achieved a cash surplus. With about 60,000 to 70,000 daily passengers the airline still has some way to go before reaching its pre-Pandemic level of 170,000 passengers. However, higher yields with its passenger and cargo operations allowed for the turnaround. During the Pandemic Emirates was also able to double its cargo operations, benefiting from a surge in demand for air cargo transport.

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

4. Aircraft – A380

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

In April 2021, Etihad chief executive Tony Douglas disclosed that the carrier has decided to ground its 10 Airbus A380 "indefinitely" as it remodels its fleet around the Boeing 787 and the Airbus A350. He added that the A380 is "a wonderful product… but they are no longer commercially sustainable. So, we have taken the difficult decision to park those machines up indefinitely". As a part of its streamlining process, the carrier has also already removed its Airbus A330 aircraft from service and intends to remove its Boeing 777-300ER aircraft from service by the end of the year.

Also in April, British Airways chief executive Sean Doyle stated that the Airbus A380 will continue to play a role in the carrier's fleet strategy, following the retirement of British Airways' Boeing 747 aircraft in 2020, which represented a large portion of its pre-COVID capacity. The A380 will serve to offer flexibility on a range of routes, especially to the USA and Asia, while also maximising efficiency at carrier's slot-constrained London Heathrow base, according to Doyle.

In May 2021, MAG, Malaysia Airlines' parent company, announced its intention to retire its Airbus A380 fleet "in the coming months". The retirement of the A380 is a part of MAG's larger reorganisation plan, known as "Long-Term Business Plan 2.0". Under the plan, MAG's pilgrimage-focused subsidiary Amal will cease flying A380s and will instead operate A330-200 aircraft.

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

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

SIA has repatriated three of its A380s in 2021 from storage in Alice Springs, Australia in order to conduct scheduled maintenance. The carrier stated: "This movement is part of the ongoing management of our fleet, ensuring we remain nimble, flexible, and prepared to deploy capacity to markets as the demand warrants."
After a Pandemic-related grounding of its entire A380 fleet for about 20 months, the carrier wants to return the superjumbo to the skies and intends to operate daily A380 flights between Singapore and London from 18 November 2021.

To get the crews certified for the A380 once again, SIA has scheduled daily flights between Singapore and Kuala Lumpur for a period of one month, starting in early November. The flight time between these two destinations is only about 30 minutes.

In late September 2021, Qatar announced that at least five of its ten Airbus A380s will resume service from November this year in order to address the increasing demand for flights while 13 of the carrier's Airbus A350 jets remain grounded over claims of fuselage degradation.

Early in the Pandemic, the airline had withdrawn all of its A380s from service, declared a permanent retirement for five of them and later admitted that they never wanted to fly any of its A380s again.

However, given the latest capacity squeeze Qatar's CEO Akbar Al Baker didn't want to rule out that all ten A380s could be reactivated, as the shortfall in A350 capacity is leaving the carrier roughly 4,000 seats short of its required passenger capacity.

In October 2021, BA announced it will return some of its A380s to service before the end of this year. UK's flag carrier plans to re-familiarise its crews on short-haul European connections, before operating the superjumbos on routes to Los Angeles, Miami, and Dubai in December. This move is an acceleration of the airline's previous plans to reintroduce the A380 in March 2022. Recently BA extended its maintenance contract for all 12 of its A380s with Lufthansa Technik until at least August 2027.

Source: AeroTime, Cirium, Executive Traveller, One Mile at a Time, Simple Flying

DIRECTORS

As at 30 September 2021 the Company had four directors all of whom were independent and non-executive.

Charles Edmund Wilkinson - Chair of the Company and of the Nomination Committee

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 a director of Doric Nimrod Air Two Limited. Charles is also a director of Landore Resources Ltd, a Guernsey based mining exploration company. He is resident in Guernsey.

Geoffrey Alan Hall – Chair of the Audit 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 Committee of Doric Nimrod Air One Limited and Chair of Doric Nimrod Air Two 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.

Suzanne Elaine Procter – SID

Suzanne Procter brings over 38 years' experience in financial markets, with specific expertise in asset management. She was previously a non-executive director of TR Property Investment Trust plc, an investment company listed on the FTSE 250 index. Her executive roles included Partner and member of the Executive Management Committee at Cantillon Capital Management LLC, Managing Director of Lazard Asset Management, Head of Institutional Sales at INVESCO Asset Management, Director and Head of Fixed Income Business at Pictet International Management Ltd and Head of Fixed Income at Midland Montagu Asset Management.

Suzanne is also the SID of Doric Nimrod Air One Limited and Doric Nimrod Air Two Limited. She is resident in the United Kingdom.

Andreas Josef Tautscher

Andreas Tautscher brings over 31 years' financial services experience. He serves as a non-executive director and member of the Audit Committee of MJ Hudson PLC, a Jersey based holding company whose shares are traded on the AIM Market of the London Stock Exchange. He is also a director of Arolla Partners Limited, 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 Audit Committee of Doric Nimrod Air Two Limited and a director of Doric Nimrod Air Three Limited. He is resident in Guernsey.

INTERIM MANAGEMENT REPORT

A description of important events which have occurred during the Period 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 is given in the Chair's Statement, Asset Manager's Report, and the Notes to the Consolidated Financial Statements contained on pages 25 to 47 and are incorporated here by reference.

There were no material related party transactions which took place in the Period, other than those disclosed at note 23 of the Notes to the Consolidated Financial Statements.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company for the remaining six months of the financial year are unchanged from those disclosed in the Company's Consolidated Annual Financial Report for the year ended 31 March 2021.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 5 to 6. The financial position of the Group is set out on page 22. In addition, note 20 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 many 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 with more than 60% of the global passenger aircraft fleet temporarily grounded back in April 2020. This number has decreased to about 22% at the time of writing, but is still materially higher than the historical average. 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, and could also negatively impact the sale, re-lease, refinancing or other disposition of the relevant 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. Reduced rents receivable under the Leases may not be sufficient to meet the fixed loans or equipment note interest and regular repayments of debt scheduled during the life of each Bond and equipment note 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 adequate resources to continue in operational existence for the foreseeable future, 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.

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. In forming this conclusion, the directors considered the following evidence.

- 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, 2021.
- Challenged by an unprecedented drop in passenger air travel during 2020, the Lessee reacted quickly and temporarily adjusted its business model with a particular focus on air cargo services. The high Pandemic-driven demand in this space helped the Lessee to offset some of its losses in the passenger segment.
- Although Emirates concluded its last financial year with the first net loss in more than 30 years and refunded already paid tickets in the amount of USD 2.3 billion, it still has a substantial cash position, which also benefited from the support of its ultimate shareholder.
- Emirates confirmed to have access to the capital markets and was able already able to secure committed offers for the financing of two upcoming aircraft deliveries.
- The ultimate shareholder of Emirates Airline has injected another AED 2.5 billion (USD 681 million) into Emirates Airline, during the Period. Together with the USD 3.1 billion already contributed during the previous financial year, this adds up to approximately USD 3.8 billion in total.
- Emirates' listed debt and CDS are trading at non-distressed levels, indicating the trust capital markets have in Emirates.
- As of the date of the half-yearly financial report, the Board is not aware of a formal request to the Group for a lease payment 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.
- If end of lease negotiations with Emirates have not been concluded by the end of the terms of each current Lease, the lease rentals due under the existing agreements must continue to be paid.

Responsibility Statement

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

a) the Consolidated Financial Statements, prepared in accordance with IFRS give a fair, balanced and understandable view of the assets, liabilities, financial position and profits of the Company and performance of the Company; and

b) this Interim Management Report includes or incorporates by reference:

i. an indication of important events that have occurred during the Period and their impact on the Consolidated Financial Statements;

ii. a description of the principal risks and uncertainties for the remaining six months of the financial year; and

iii. confirmation that there were no related party transactions in the Period that have materially affected the financial position or the performance of the Company during that Period.

Signed on behalf of the Board of Directors of the Company.

Charles Wilkinson
Chair

Geoffrey Hall
Director

16 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2021 to 30 September 2021

	Notes	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
INCOME			
A rent income	4	25,718,503	28,629,339
B rent income	4	10,264,236	10,264,236
Bank interest received		1,781	7,144
		35,984,520	38,900,719
EXPENSES			
Operating expenses	5	(899,183)	(831,248)
Depreciation of Aircraft	10	(16,992,018)	(18,685,018)
		(17,891,201)	(19,516,266)
Net profit for the period before finance costs and foreign exchange gains		18,093,319	19,384,453
Finance costs	11	(2,722,574)	(4,095,314)
Net profit for the period after finance costs before foreign exchange gains		15,370,745	15,289,139
Unrealised foreign exchange (loss)/gain	7	(4,137,113)	10,117,880
Profit for the Period		11,233,632	25,407,019
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		11,233,632	25,407,019
		Pence	**Pence**
Earnings per Share for the Period - Basic and Diluted	9	5.11	11.55

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

The notes on pages 25 to 47 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	30 Sep 2021 GBP	31 Mar 2021 GBP
NON-CURRENT ASSETS			
Aircraft	10	275,642,874	292,634,892
CURRENT ASSETS			
Receivables	13	220,425	124,564
Cash and cash equivalents	18	13,813,432	13,749,583
		14,033,857	13,874,147
TOTAL ASSETS		289,676,731	306,509,039
CURRENT LIABILITIES			
Borrowings	15	40,173,924	39,933,913
Deferred income		3,184,479	3,184,479
Rebates	16	347,598	339,805
Payables - due within one year	14	137,487	99,211
		43,843,488	43,557,408
NON-CURRENT LIABILITIES			
Borrowings	15	43,908,783	61,758,176
Deferred income		123,656,545	124,922,062
Rebates	16	347,597	509,707
		167,912,925	187,189,945
TOTAL LIABILITIES		211,756,413	230,747,353
TOTAL NET ASSETS		77,920,318	75,761,686
EQUITY			
Share capital	17	208,953,833	208,953,833
Retained loss		(131,033,515)	(133,192,147)
		77,920,318	75,761,686
		Pence	**Pence**
Net Asset Value per Share based on 220,000,000 (31 Mar 2021: 220,000,000) shares in issue		35.42	34.44

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 16 December 2021 and are signed on its behalf by:

Charles Wilkinson
Chair

Geoffrey Hall
Director

The notes on pages 25 to 47 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 April 2021 to 30 September 2021

	Notes	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
OPERATING ACTIVITIES			
Profit for the Period		11,233,632	25,407,019
Movement in deferred income		(4,103,829)	(3,286,568)
Interest received		(1,781)	(7,144)
Depreciation of Aircraft	10	16,992,016	18,685,018
Bond and EETC interest payable	11	2,528,373	3,901,114
Increase/(decrease) in payables		38,277	(9,825)
Decrease in receivables		(95,861)	(147,009)
Foreign exchange movement	7	4,137,113	(10,117,880)
Amortisation of debt arrangement costs	11	194,200	194,200
NET CASH FROM OPERATING ACTIVITIES		30,922,140	34,618,925
INVESTING ACTIVITIES			
Interest received		1,781	7,144
NET CASH FROM INVESTING ACTIVITIES		1,781	7,144
FINANCING ACTIVITIES			
Dividends paid	8	(9,075,000)	(9,075,000)
Repayments of capital on borrowings	21	(19,367,615)	(21,508,144)
Payments of interest on borrowings	21	(2,439,876)	(4,052,392)
NET CASH USED IN FINANCING ACTIVITIES		(30,882,491)	(34,635,536)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		13,749,583	13,719,497
Increase/(decrease) in cash and cash equivalents		41,430	(9,467)
Effects of foreign exchange rates	7	22,419	(65,273)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	13,813,432	13,644,757

The notes on pages 25 to 47 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 1 April 2021 to 30 September 2021

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2021		208,953,833	(133,192,147)	75,761,686
Total Comprehensive Income for the Period		-	11,233,632	11,233,632
Dividends paid	8	-	(9,075,000)	(9,075,000)
Balance as at 30 September 2021		208,953,833	(131,033,515)	77,920,318

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2020		208,953,833	(113,657,684)	95,296,149
Total Comprehensive Income for the Period		-	25,407,019	25,407,019
Dividends paid	8	-	(9,075,000)	(9,075,000)
Balance as at 30 September 2020		208,953,833	(97,325,665)	111,628,168

The notes on pages 25 to 47 form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period from 1 April 2021 to 30 September 2021

1 GENERAL INFORMATION

The Consolidated Financial Statements incorporate the results of Company, Subsidiary (together known as the Group).

The Company was incorporated in Guernsey on 29 March 2012 with registered number 54908. The address of the registered office is given on page 48. Its Share Capital consists of 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 Aircraft. The principal activities of the Company are set out on pages 7 to 9 and 18 to 19.

2 ACCOUNTING POLICIES

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

(a) Basis of Preparation
The Consolidated Financial Statements have been prepared in conformity with IFRS, as adopted by the EU, which comprise standards and interpretations approved by the IASB and IFRIC as adopted by the EU and applicable Guernsey law. The Consolidated Financial Statements have been prepared on a historical cost basis.

This report is to be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 which is prepared in accordance with the IFRS as adopted by the EU and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below:

(b) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current period
The following Standard and Interpretation issued by the IASB and IFRIC has been adopted in the current period. The adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

- IFRS 16 – COVID-19 related rent concessions. As a result of the coronavirus (COVID-19) Pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The standard is not expected to have a material impact on the financial statements or performance of the Group as it is applicable to lessees. The effective date is for annual periods beginning on or after June 2020. The standard has not had a material impact on the financial statements or performance of the Company.

2 ACCOUNTING POLICIES (continued)

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

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. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

(c) Basis of Consolidation

The Consolidated Financial Statements incorporate the results of the Company and its Subsidiary.

The Company owns 100 per cent. of all the shares in the Subsidiary and has the power to govern the financial and operating policies of the Subsidiary so as to obtain benefits from its activities. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

(d) Taxation

The Company and its Subsidiary have been assessed for tax at the Guernsey standard rate of 0 per cent.

(e) Share Capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(f) Expenses

All expenses are accounted for on an accruals basis.

(g) Interest Income

Interest income is accounted for on an accruals basis.

(h) 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.

(i) Cash and Cash Equivalents

Cash at bank and short term deposits which are held to maturity are carried at 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.

2 ACCOUNTING POLICIES (continued)

(j) 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.

(k) Going Concern

The directors have prepared these half yearly financial statements for the period ended 30 September 2021 on the going concern basis.

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 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 many 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 with more than 60% of the global passenger aircraft fleet temporarily grounded back in April 2020. This number has decreased to about 22% at the time of writing, but is still materially higher than the historical average. These factors, together with wider economic uncertainty and disruption, have had an adverse impact on the future value of the Aircraft assets owned by the Group, and could also negatively impact the sale, re-lease or other disposition of the relevant 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. 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 Bond and the EETC, 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 reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, although the risk to this is clearly higher since the Pandemic hit the sector.

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

Note 15 ('Borrowings') describes the borrowings obtained by the Group to part-finance the acquisition of its Aircraft. The Group has obligations under the Bonds to make scheduled repayments of principal and interest, which are serviced by the receipt of lease payments from Emirates. The equipment notes were issued by DNAFA to Wilmington Trust 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.

2 ACCOUNTING POLICIES (continued)

(k) Going Concern (continued)

The Group's Aircraft with carrying values of £275,642,874 are pledged as security for the Group's borrowings (see note 15).

The directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of half-yearly 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, 2021.
- Challenged by an unprecedented drop in passenger air travel during 2020, the Lessee reacted quickly and temporarily adjusted its business model with a particular focus on air cargo services. The high Pandemic-driven demand in this space helped the Lessee to offset some of its losses in the passenger segment.
- Although Emirates concluded its last financial year with the first net loss in more than 30 years and refunded already paid tickets in the amount of USD 2.3 billion, it still has a substantial cash position, which also benefited from the support of its ultimate shareholder.
- Emirates confirmed to have access to the capital markets and was able already able to secure committed offers for the financing of two upcoming aircraft deliveries.
- The ultimate shareholder of Emirates Airline has injected another AED 2.5 billion (USD 681 million) into Emirates Airline, during the Period. Together with the USD 3.1 billion already contributed during the previous financial year, this adds up to approximately USD 3.8 billion in total.
- Emirates' listed debt and CDS are trading at non-distressed levels, indicating the trust capital markets have in Emirates.
- As of the date of the half-yearly financial report, the Board is not aware of a formal request to the Group for a lease payment 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.
- If end of lease negotiations with Emirates have not been concluded by the end of the terms of each current Lease, the lease rentals due under the existing agreements must continue to be paid.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

2 ACCOUNTING POLICIES (continued)

(l) 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.

(m) 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 Assets 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 costs to the Group. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the estimated useful life of the Asset of 12 years, using the straight line method. The estimated residual value of the four planes ranges from £34.4 million to £34.8 million (2020: £44.4 million to £45.1 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. During the annual financial report for the year ended 31 March 2021, it was determined that the use of soft values excluding inflation best approximates residual value as required by IAS 16.

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 Assets are 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 value in use. In assessing value in use, 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.

If the recoverable amount of an Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

2 ACCOUNTING POLICIES (continued)

(n) Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are derecognised if the Group's obligations, specified in the contract, expire or are discharged or cancelled. 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.

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.

2 ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

ii) Financial liabilities held at amortised cost (continued)
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.

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.

Estimates

Residual Value and Useful Life of Aircraft
As described in note 2 (m), 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 the residual value to be determined as an estimate of the amount that the Group would currently obtain from the 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 aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. During the annual financial report for the year ended 31 March 2021, it was determined that the use of soft values excluding inflation best approximates 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. Details of which have been disclosed in note 10.

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 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.

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value and Useful Life of Aircraft (continued)

If the estimate of uninflated residual value for use in calculating depreciation had been decreased by 30 per cent. (30 September 2020: 20 per cent.) with effect from the beginning of this year, the depreciation charge for the Period would have increased by approximately £4.7 million (30 September 2020: £3.2 million).

An increase in residual value by 30 per cent.(30 September 2020: 20 per cent.) 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 period.

Impairment

As described in note 2(m), an impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its current fair value less costs to sell and its value-in-use. 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.

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 Property, Plant and Equipment and IAS 36 Impairment of Assets.

The Board together with the Asset Manager have conducted an impairment review in the 31 March 2021 year as the below items resulted in pricing changes for the Aircraft:

- The impact of COVID-19 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.

Based on the impairment review performed, an impairment loss of £48,655,256 was recognised in the 31 March 2021 year, with the impairment test resulting in an updated carrying value of the Aircraft in total to £292,634,890 at that year end, as reflected in note 10.

For the current period 1 April 2021 to 30 September 2021, the Board has considered if there are any further impairment triggers as set out under IAS 36 and concluded that an interim impairment review at the 30 September 2021 period end was not practicable. The Company will again be carrying out a full and thorough appraisal of residual values come the next March financial year end.

Judgements

Operating Lease Commitments - Group as Lessor

The Group has entered into operating leases on four (31 March 2021: four) Assets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these Assets and accounts for the contracts as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Functional Currency

The currency of the primary economic environment in which the Group operates (the functional currency) is GBP, which is also the presentation currency.

This judgement is made on the basis that this is representative of the operations of the Group due to the following:

- 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.

In addition, the set-up of the leasing structures was designed to offer a GBP return to GBP investors.

4 RENTAL INCOME

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
A rent income	21,642,718	25,370,815
Revenue received but not yet earned	(9,995,965)	(11,343,224)
Revenue earned but not received	12,613,791	13,154,661
Amortisation of advance rental income	1,596,602	1,596,602
Deduction of rebate monies	(138,643)	(149,515)
	25,718,503	28,629,339
B rent income	10,236,192	10,236,192
Revenue received but not yet earned	(14,022)	(14,022)
Revenue earned but not yet received	42,066	42,066
	10,264,236	10,264,236
Total rental income	35,982,739	38,893,575

Rental income is derived from the leasing of the Assets. Rent is split into A rent, which is received in US dollars 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.

An adjustment has been made to spread the actual total income receivable over the term of the Leases on an annual basis. In addition, advance rentals received have also been spread over the full term of the Leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

5 OPERATING EXPENSES

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
Corporate shareholder and advisor fee (note 23)	243,678	237,736
Asset management fee (note 23)	328,969	321,005
Liaison agent fee (note 23)	36,652	35,661
Administration fees	48,159	42,995
Bank interest & charges	419	2,567
Accountancy fees (note 23)	10,821	10,740
Registrar fees (note 23)	4,930	8,991
Audit fees	21,900	16,950
Directors' remuneration (note 6)	51,000	51,000
Directors' and officers' insurance	125,564*	63,252
Legal and professional expenses	20,674	11,291
Annual fees	1,994	3,892
Marketing expenses	-	6,460
Other operating expenses	4,423	18,708
	899,183	831,248

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

6 DIRECTORS' REMUNERATION

Under their terms of appointment, each director is paid a fee of £23,000 per annum by the Group, except for the Chair, who receives £29,000 per annum and the Chair of Audit, who receives £27,000 per annum. The rate of remuneration per director has remained unchanged.

7 UNREALISED FOREIGN EXCHANGE (LOSSES)/GAINS

	1 Apr 2021 to 30 Sep 2021 GBP	1 Apr 2020 to 30 Sep 2020 GBP
Cash at bank	22,415	(65,273)
Deferred income	(2,838,312)	5,443,785
Borrowings	(1,310,760)	4,696,763
Rebates	(10,456)	42,605
	(4,137,113)	10,117,880

The foreign exchange loss in the Period reflects the 2.24 per cent. movement in the Sterling/US dollar exchange rate from 1.378 as at 31 March 2021 to 1.347 as at 30 September 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

Dividends in respect of Shares	1 Apr 2021 to 30 Sep 2021	
	GBP	Pence per Share
First interim dividend	4,537,500	2.06
Second interim dividend	4,537,500	2.06
	9,075,000	4.12

Dividends in respect of Shares	1 Apr 2020 to 30 Sep 2020	
	GBP	Pence per Share
First interim dividend	4,537,500	2.06
Second interim dividend	4,537,500	2.06
	9,075,000	4.12

Refer to Subsequent Events in note 24 in relation to dividends declared in October 2021.

9 EARNINGS PER SHARE

EPS is based on the net profit for the Period attributable to holders of Shares of the Company of £11,233,632 (30 September 2020: profit for the Period of £25,407,019) and 220,000,000 (30 September 2020: 220,000,000) Shares being the weighted average number of Shares in issue during the Period.

There are no dilutive instruments and therefore basic and diluted EPS are identical.

10 PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	TOTAL GBP
COST	
As at 1 Apr 2021	618,050,915
As at 30 Sep 2021	618,050,915
ACCUMULATED DEPRECIATION	
As at 1 Apr 2021	276,760,767
Depreciation charge for the period	16,992,018
As at 30 Sep 2021	293,752,785
ACCUMULATED IMPAIRMENT	
As at 1 Apr 2021	48,655,256
Impairment loss for the period	-
As at 30 Sep 2021	48,655,256
CARRYING AMOUNT	
As at 30 Sep 2021	275,642,874
As at 31 Mar 2021	292,634,892

The Group is depreciating its Aircraft so as to ensure that the carrying value of its Aircraft at the termination of its lease equals the uninflated residual dollar value determined at 31 March 2021 in accordance with methodology set out in note 3, translated into Sterling at the exchange rate prevailing at 31 March 2021.

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 lease have been added to the carrying amount of the Asset and will be 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 conducted by the Company as at the 31 March 2021 year end.

11 FINANCE COSTS

	30 Sep 2021 GBP	30 Sep 2020 GBP
Amortisation of debt arrangements costs	194,200	194,200
Interest payable	2,528,374	3,901,114
	2,722,574	4,095,314

12 OPERATING LEASES

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

30 September 2021	Next 12 months	1 to 5 years	After 5 years	Total
	GBP	GBP	GBP	GBP
Aircraft- A rent receipts	44,847,834	44,809,034	-	89,656,868
Aircraft- B rent receipts	20,472,384	61,426,536	-	81,898,920
	65,320,218	106,235,570	-	171,555,788

31 March 2021	Next 12 months	1 to 5 years	After 5 years	Total
	GBP	GBP	GBP	GBP
Aircraft- A rent receipts	44,025,219	65,853,895	-	109,879,114
Aircraft- B rent receipts	20,472,384	71,662,728	-	92,135,112
	64,497,603	137,516,623	-	202,014,226

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

MSN132 - term of the Lease is for 12 years ending August 2025. The initial lease is for 10 years ending August 2023, with an extension period of two years ending August 2025, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease must be paid even if the option is not taken.

MSN133 - term of the Lease is for 12 years ending November 2025. The initial lease is for 10 years ending November 2023, with an extension period of two years ending November 2025, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN134 - term of the Lease is for 12 years ending November 2025. The initial lease is for 10 years ending November 2023, with an extension period of two years ending November 2025, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN136 - term of the Lease is for 12 years ending October 2025. The initial lease is for 10 years ending October 2023, with an extension period of two years ending October 2025, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

13 RECEIVABLES

	30 Sep 2021 GBP	31 Mar 2021 GBP
Prepayments	220,385	124,524
Sundry debtors	40	40
	220,425	124,564

The above carrying value of receivables is equivalent to fair value.

14 PAYABLES (amounts falling due within one year)

	30 Sep 2021 GBP	31 Mar 2021 GBP
Accrued administration fees	58,980	9,838
Accrued audit fee	18,500	33,200
Accrued registrar fees (note 23)	4,248	4,259
Other accrued expenses	55,759	51,914
	137,487	99,211

The above carrying value of payables is equivalent to the fair value.

15 BORROWINGS

	30 Sep 2021 GBP	31 Mar 2021 GBP
Equipment Notes	85,656,465	103,460,047
Associated costs	(1,573,758)	(1,767,958)
	84,082,706	101,692,089
Current portion	40,173,924	39,933,913
Non-current portion	43,908,783	61,758,176

Notwithstanding the fact that £19.4 million capital was repaid during the Period, as per the Consolidated Statement of Cash Flow, the closing value of the outstanding equipment notes decreased by £17.9 million due to the 2.24 per cent. movement in the Sterling / US dollar exchange rate for the Period from 1.378 as at 31 March 2021 to 1.347 at 30 September 2021.

The amounts below detail the future contractual undiscounted cash flows in respect of the Bonds 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:

15 BORROWINGS (continued)

	30 Sep 2021 GBP	31 Mar 2021 GBP
Amount due for settlement within 12 months	45,186,146	44,355,945
Amount due for settlement after 12 months	44,799,749	65,835,747

In order to finance the acquisition of the Assets, the Subsidiary used the Certificates. The Certificates have an aggregate face amount of approximately $630 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate have a face amount of $462 million with an interest rate of 5.250 per cent. and a final expected distribution date of 30 May 2023. The Class B certificates in aggregate have a face amount of $168 million with an interest rate of 6.125 per cent. and were repaid on 30 November 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 of the consideration paid by the purchasers of the Certificates.

The equipment notes were issued by the Subsidiary 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 Group of the Share issue proceeds. The holders of the equipment notes issued for each Aircraft 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, the carrying values of the equipment notes are approximate to their fair value.

16 REBATES

Upon entering into the leases it was agreed that the Lessee would pay to the Group such amount as estimated to be necessary to fund the payment by the Group of certain costs, fees and expenses associated with the transactions arising from the leases. Following payment of the costs, fees and expenses, it was agreed that such amount paid by the lessee exceeded the amount actually necessary. It was agreed that the Group would return the excess to the lessee over the remaining life of the Leases in May and November of each year. Upon any termination of a lease prior to its end the Group shall pay the entire remaining unpaid excess relating to such Aircraft to such account as is directed by the Lessee, but without any interest accrued thereon.

17 SHARE CAPITAL

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

Issued	**Administrative Shares**	**Shares**
Issued shares as at 30 September 2021 and as at 31 March 2021	2	220,000,000

17 SHARE CAPITAL (continued)

Issued	Administrative Shares GBP	Shares GBP	Total GBP
Ordinary Shares			
Share Capital as at 30 September 2021 and as at 31 March 2021	-	208,953,833	208,953,833

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.

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 lease where the Liquidation Resolution will be proposed) or if there are no Shares in existence.

18 CASH AND CASH EQUIVALENTS

	30 Sep 2021 GBP	31 Mar 2021 GBP
Cash at bank	13,813,432	13,749,583
	13,813,432	13,749,583

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

19 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

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

(b) The debt secured on non-current assets.

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective is to obtain income and 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:

	30 Sep 2021 GBP	31 Mar 2021 GBP
Financial assets		
Cash and cash equivalents	13,813,432	13,749,583
Receivables (excluding prepayments)	40	40
Financial assets measured at amortised cost	13,813,472	13,749,623
Financial liabilities		
Payables	137,487	99,209
Borrowings	84,082,707	101,692,089
Financial liabilities measured at amortised cost	84,220,194	101,791,298

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 18 and equity attributable to equity holders, comprising issued capital and retained earnings.

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

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

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

No changes were made in the objectives, policies or processes for managing capital during the period from 1 April 2021 to 30 September 2021 (None for the period from 1 April 2020 to 30 September 2020).

(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 reporting date.

In addition, US dollar operating lease receivables are not immediately recognised in the 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 lease should offset the US dollar payables on amortising debt. The foreign exchange exposure in relation to the 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 dollars are used to pay the equipment note repayments due, also in US dollars (as detailed in note 15). Both US dollar lease rentals and equipment note repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle equipment note repayments therefore minimise risks caused by foreign exchange fluctuations.

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

	30 Sep 2021 GBP	31 Mar 2021 GBP
Debt (US dollar) - Liabilities	(85,656,465)	103,460,047
Cash and cash equivalents (US dollar) - Asset	1,217,200	1,363,793

The following table details the Group's sensitivity to a 25 per cent. (31 March 2021: 25 per cent.) appreciation in Sterling against US dollar. 25 per cent. (31 March 2021: 25 per cent.) represents the directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 25 per cent. (31 March 2021: 25 per cent.) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where Sterling strengthens 25 per cent. (31 March 2021: 25 per cent.) against US dollar. For a 25 per cent. (31 March 2021: 25 per cent.) weakening of the Sterling against US dollar, there would be a comparable but opposite impact on the profit and other equity:

	30 Sep 2021 US Dollar impact GBP	31 Mar 2021 US Dollar impact GBP
Profit or loss	16,887,853	(20,964,768)
Assets	(243,440)	(272,759)
Liabilities	17,131,293	(20,692,009)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk (continued)

On the eventual sale of the Assets, the Group will 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 28 where an assessment of Emirates is made.

The credit risk on cash transactions is 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:

	30 Sep 2021 GBP	31 Mar 2021 GBP
Receivables (excluding prepayments)	40	40
Cash and cash equivalents	13,813,432	13,749,583
	13,813,472	13,749,623

Surplus cash in the Company is held with RBSI. Surplus cash in the Subsidiary is held in accounts with RBSI and Wilmington Trust. The banks have credit ratings given by Moody's of A3 and A3 respectively.

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

(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 and payments on equipment notes.

Ultimate responsibility for liquidity risk management rests with the Board, 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 by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities. 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:

30 Sep 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	137,487	-	-	-	-
Equipment notes	22,640,333	22,545,813	44,799,749	-	-
	22,777,820	22,545,813	44,799,749	-	-

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	99,209	-	-	-	-
Equipment notes	22,223,184	22,132,761	43,986,298	21,849,450	-
	22,322,393	22,132,761	43,986,298	21,849,450	-

(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 Group mitigates interest rate risk by fixing the interest rate on the equipment notes debt and the lease rentals.

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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

30 Sep 2021	**Variable interest GBP**	**Fixed interest GBP**	**Non-interest bearing GBP**	**Total GBP**
Financial Assets				
Receivables (excluding prepayments)	-	-	40	40
Cash and cash equivalents	13,813,432	-	-	13,813,432
Total Financial Assets	13,813,432	-	40	13,813,472
Financial Liabilities				
Payables	-	-	137,487	137,487
Equipment notes	-	85,656,465	-	85,656,465
Total Financial Liabilities	-	85,656,465	137,487	85,793,952
Total interest sensitivity gap	13,813,432	85,656,465		

31 Mar 2021	**Variable interest GBP**	**Fixed interest GBP**	**Non-interest bearing GBP**	**Total GBP**
Financial Assets				
Receivables (excluding prepayments	-	-	40	40
Cash and cash equivalents	13,749,583	-	-	13,749,583
Total Financial Assets	13,749,583	-	40	13,749,623
Financial Liabilities				
Payables	-	-	99,209	99,209
Equipment notes	-	103,460,047	-	103,460,047
Total Financial Liabilities	-	103,460,047	99,209	103,559,256
Total interest sensitivity gap	13,749,583	103,460,047		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period from 1 April 2021 to 30 September 2021

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

If interest rates had been 50 basis points higher throughout the Period, and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2021 would have been £69,067(31 March 2021: £68,748) greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 50 basis points lower throughout the Period and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2021 would have been £69,067 (31 March 2021: £68,748) lower due to a decrease in the amount of interest receivable on the bank balances.

21 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).

	30 Sep 2021 GBP	30 Sep 2020 GBP
Opening Balance	103,460,047	157,120,337
Cash flows paid - capital	(19,367,615)	(21,508,144)
Cash flows paid - interest	(2,439,876)	(4,052,392)
Non-cash flows:		
- Interest accrued	2,528,374	3,901,114
- Rebates movement	154,317	232,327
- Effects of foreign exchange – Rebates	10,457	(42,605)
- Effects of foreign exchange – Bonds	1,310,761	(4,696,763)
Closing Balance	85,656,465	130,953,873

22 ULTIMATE CONTROLLING PARTY

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

23 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Amedeo is the Group's Asset Manager.

During the Period, the Group incurred £365,621 (30 September 2020: £356,666) of expenses with Amedeo, of which £328,969 (30 September 2020: £321,005) related to asset management fees as shown in note 5, £36,652 (30 September 2020: £35,661) was liaison agent fees. As at 30 September 2021, £18,426 (31 March 2021: £90,935) was prepaid to this related party.

Nimrod is the Group's Corporate and Shareholder Advisor.

During the Period, the Group incurred £243,678 (30 September 2020: £237,736) of expenses with Nimrod. As at 31 September 2021, £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 Period, the Group incurred £4,931 (30 September 2020: £8,991) of expenses with JTC Registrars Limited as shown in note 5. As at 30 September 2021 £4,248 (31 March 2021: £4,259) was owing to this related party.

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

During the year, the Group incurred £58,980 (30 September 2020: £53,735) of expenses with JTC Fund Solutions (Guernsey) Limited as shown in note 5. As at 30 September 2021, £58,980 (31 March 2021: £9,838) was owing to this related party.

24 SUBSEQUENT EVENTS

On 14 October 2021, a dividend of 2.0625 pence per Ordinary Share was declared and this was paid on 28 October 2021.

ADVISORS AND CONTACT INFORMATION

KEY INFORMATION

Exchange: Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker: DNA3
Listing Date: 2 July 2013
Financial Year End: 31 March
Base Currency: Pound Sterling
ISIN: GG00B92LHN58
SEDOL: B92LHN5
LEI: 213800BMYMCBKT5W8M49
Country of Incorporation: Guernsey
Registration number: 54908

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Secretary and Administrator
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Registrar
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