Doric Nimrod Air Two Limited

Half-Yearly Financial Report

For the period from 1 April 2020 to 30 September 2020

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SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA2
Share Price	63.5 pence (as at 30 September 2020) 80.0 pence (as at 4 December 2020)
Market Capitalisation	GBP 138.2 million (as at 4 December 2020)
Current and Targeted Dividend	4.5 pence per quarter per share (18 pence per annum)
Dividend Payment Dates	January, April, July, October
Currency	Sterling
Launch Date/Price	14 July 2011 / 200 pence
Incorporation and Domicile	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates including the 2 year extension)	A6 - EDP (14 October 2023), A6 - EDT (2 December 2023), A6 - EDX (1 October 2024), A6 - EDY (1 October 2024), A6 - EDZ (12 October 2024), A6 - EEB (9 November 2024), A6 - EEC (30 November 2024)
Asset Manager	Doric GmbH
Corporate and Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Ltd
Auditor	Deloitte LLP
Market Makers	finnCap Ltd, Investec Bank, Jefferies International Ltd, Numis Securities Ltd, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN, LEI	B3Z6252, GG00B3Z62522, 213800ENH57LLS7MEM48
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.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 exercised extension term of two years.

COMPANY OVERVIEW

Doric Nimrod Air Two Limited ("**DNA2**" or the "**Company**") is a Guernsey company incorporated on 31 January 2011.

Pursuant to the Company's prospectus dated 30 June 2011, the Company, on 14 July 2011, raised approximately £136 million by the issue of 72,500,000 ordinary preference shares (the "**Placing**"). The nominal value of the issued shares was 200 pence per share. The Company's ordinary preference shares were admitted to trading on the Specialist Fund Segment ("**SFS**") of the London Stock Exchange's Main Market on 14 July 2011.

The Company raised a further £188.5 million at 200 pence per share from a C share fundraising (the "**C Shares**"), which closed on 27 March 2012 with the admission of 100,250,000 convertible preference shares to trading on the SFS.

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

As at 4 December 2020, the last practicable date prior to the publication of this report, the Company's total issued share capital consisted of 172,750,000 ordinary preference shares (the "**Shares**") and these Shares were trading at 80.0 pence per Share.

Investment Objectives and Policy

The Company's investment objective is to obtain income returns and a capital return for its shareholders (the "**Shareholders**") by acquiring, leasing and then selling aircraft (each an "**Asset**" or "**Aircraft**" and together the **"Assets"** or "**Aircraft**"). The Company receives income from the lease rentals paid to it by Emirates, the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates, pursuant to the leases.

Subsidiaries

The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited ("**DNAFA**") which collectively hold the Assets for the Company. Together the Company and the subsidiaries are known as the "**Group**".

The first Asset was acquired by MSN077 Limited on 14 October 2011 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years to October 2021, with an exercised extension period of 2 years ending October 2023, with fixed lease rentals for the duration.

The second Asset was acquired by MSN090 Limited on 2 December 2011 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years to December 2021, with an exercised extension period of 2 years ending December 2023, with fixed lease rentals for the duration.

The third Asset was acquired by MSN105 Limited on 1 October 2012 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years to October 2022, with an exercised extension period of 2 years ending October 2024, in which rental payments reduce.

The fourth Asset, MSN 106, was acquired by DNAFA on 1 October 2012 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years ending October 2022, with an exercised extension period of 2 years ending October 2024, in which rental payments reduce.

The fifth Asset, MSN 107, was acquired by DNAFA on 12 October 2012 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years ending October 2022, with an exercised extension period of 2 years ending October 2024, in which rental payments reduce.

The sixth Asset, MSN 109, was acquired by DNAFA on 9 November 2012 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years ending November 2022, with an exercised extension period of 2 years ending November 2024, in which rental payments reduce.

The seventh Asset, MSN 110, was acquired by DNAFA on 30 November 2012 for a purchase price of $234 million and has been leased to Emirates for an initial term of 10 years ending November 2022, with an exercised extension period of 2 years ending November 2024, in which rental payments reduce.

The fourth, fifth, sixth and seventh Assets were acquired by DNAFA using the proceeds of the issue of the C Shares, together with the proceeds of Equipment Notes (the "**Equipment Notes**") issued by DNAFA. The Equipment Notes were acquired by two separate pass through trusts using the proceeds of their issue of EETCs. The EETCs, with an aggregate face amount of approximately $587.5 million were admitted to the Official List of the UK Listing Authority and to the London Stock Exchange on 12 July 2012.

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

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

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

Distribution Policy

The Company currently targets a distribution of 4.5 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 Companies (Guernsey) Law, 2008, as amended (the "**Law**") enabling the Board of Directors (the "**Directors**") to effect the payment of dividends.

Performance Overview

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

During the period under review, and in accordance with the Distribution Policy, the Company declared two interim dividends of 4.5 pence per Share. One interim dividend of 4.5 pence per Share was declared after the reporting period. Further details of these dividend payments can be found on page 30.

Return of Capital

In respect of any Asset, following a sale of that Asset, the Directors may, either (i) return to Shareholders the net proceeds, or (ii) re-invest such proceeds in accordance with the Company's investment policy.

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

Liquidation Resolution

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

CHAIR'S STATEMENT

During the period from 1 April 2020 until 30 September 2020 (the "**Period**") the Company has declared and paid two quarterly dividends of 4.5 pence per share each, a rate of dividend payment equivalent to 18 pence per share per annum.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and DNAFA. The Group owns seven Assets, funded by two equity issues, bank debt and a note issue in 2011 and 2012. Upon the purchase of each aircraft (the "**Aircraft**"), the each subsidiary entered into a 10-year lease with Emirates, which in every case has been extended by the exercise of a two year extension option, with pre-determined lease rentals for the 12 year duration.

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 4 December 2020, the latest practical date prior to this report, the Company had outstanding debt associated with the Aircraft totalling USD 211.7 million (24% of the initial balance) as well as unencumbered cash resources of GBP 30 million. At the time of writing the share price is 80.0 pence, representing a market capitalisation of GBP 138.2 million based on the 172,750,000 shares in issue. The Company's first lease expiry falls due in October 2023.

All payments by Emirates during the period and throughout the lease have been made in accordance with the respective terms of the leases.

Emirates, the sole lessee of the Company, has undertaken a number of measures since the onset of COVID-19 to support its business. These measures included the difficult decisions to cut jobs, reduce staff wages and offer voluntary unpaid leave in order to help reduce costs. The airline was also bolstered by its cargo operations in response to increased demand. Further, as a means to contain the outflow of cash, Emirates adopted the policy that no operation is allowed to go below the cash operating cost. Reassuringly, and according to Emirates's president Tim Clark, the Airbus A380 has proven economically viable in this regard, as solid load factors have led to profitable operations – although this is in the context of only 14 of Emirates's 115 A380s currently being in service at the time of writing. The Company's Aircraft are stored at Dubai World Central (DWC). Perhaps the key development during the period is that Emirates had received 7.3 billion dirhams (USD 2 billion) from the Government of Dubai. The government of Dubai sold USD 2 billion of dual tranche bonds in early September with the USD 1 billion 30-year conventional bond pricing at a yield of 4% according to Reuters. Emirates reinstated the full salaries of its employees from the beginning of October.

In its recent half-year results Emirates Airline reported that revenue fell by 75% resulting in a loss of USD 3.4 billion. Despite the significant drop in operations during the six months, Emirates' EBITDA was still positive at US 79 million with strong cargo business supporting revenue. Emirates reported a cash position of USD 4.25 billion as at 30 September 2020. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates noted "No one can predict the future, but we expect a steep recovery in travel demand once a COVID-19 vaccine is available, and we are readying ourselves to serve that rebound."

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 respective instruments are trading at approximately par (100 cents) respectively, equivalent to USD running yields in the range of roughly 3.9% to 4.5%. Further details on Emirates and the A380 can be found in the Asset Manager's report by Doric GmbH ("**Doric**").

Since my statement accompanying the Annual Report the International Air Transport Association ("**IATA**") has forecast an airline industry-wide net loss of USD 84.3 billion for this year. Revenue passenger kilometres contracted by 73 per cent in the year to September 2020.

The liquidity and creditworthiness of airlines, both large and small, continues to be in focus while a significant part of the global aircraft fleet remains grounded. IATA continues to see a recovery to 2019 levels of passenger traffic by 2024.

Doric continues to monitor the lease and is in frequent contact with the lessee and reports regularly to the Board. Nimrod Capital LLP ("**Nimrod**" or the "**Corporate and Shareholder Adviser**") 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 while the underlying cash flows received during the Period have been as anticipated, the financial statements do not, in the Board's view, properly convey this economic reality due to the accounting treatments for foreign exchange, rental income and finance costs, as required by International Financial Reporting Standards ("**IFRS**").

For instance, the entirety of the rental income that is receivable under a 12 year lease is credited evenly over each of the 144 months of the lease. However rental income is not received in this uniform pattern, although it does closely match the similarly uneven pattern of debt servicing and other payments. The mismatch in timing between the receipt and recognition of rental income results in large deferred income or accrued income balances in the balance sheet.

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

On an on-going basis and assuming the lease rental is received, and the loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US dollars are in fact closely matched. Rental income received in US dollars is used to make loan repayments due which are likewise denominated in US dollars. Furthermore, the US dollar lease rentals and loan repayments are fixed at the inception of the respective leases and are very similar in amount and timing.

The Board encourages Shareholders to read the Company's quarterly fact sheets which we believe provide a great deal of interesting information including a sensitivity analysis of the potential returns to Shareholders, after lease expiry, under different scenarios for A380 appraisal values. 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.

Geoffrey Hall
Chair

10 December 2020

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.

COVID-19

The impact of the COVID-19 pandemic on the aviation sector has been significant with about a third of the global passenger aircraft fleet still 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. The Board notes the continuing market commentary regarding rental deferrals and confirms that it has received no formal request from Emirates to renegotiate their leases and that they are currently servicing them in line with their obligations. The Board is in close contact with the Asset Manager and its other advisors and will continue to keep shareholders updated via quarterly fact sheets and ad-hoc announcements as required.

1. The Assets

The Company acquired a total of seven Airbus A380-861 aircraft between October 2011 and November 2012. Each aircraft is leased to Emirates Airline ("**Emirates**") – the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates – for a term of 12 years from the point of delivery, with fixed lease rentals for the duration. In order to complete the purchase of the first three aircraft, MSN077 Limited, MSN090 Limited and MSN105 Limited entered into three separate loans, each of which will be fully amortised with quarterly repayments in arrears over 12 years.

The net proceeds from the C Share issue ("the **Equity**") were used to partially fund the purchase of four of the seven Airbus A380s. In order to help fund the acquisition of these final four aircraft, DNAFA issued two tranches (Class A & Class B) of enhanced equipment trust certificates ("the **Certificates**" or "**EETC**") – a form of debt security – in June 2012 in the aggregate face value of USD 587.5 million. The Certificates are admitted to the official list of the Euronext Dublin and to trading on the Main Securities market thereof. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft which were then leased to Emirates.

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

Due to the effects of COVID-19, the Aircraft have been stored since March 2020 and are currently at Dubai World Central International Airport ("**DWC**").

Please note that the asset manager has not included the utilisation table included in previous financial statements as the aircraft were not in service during the period under review.

Maintenance Status
Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at 36-month or 18,000-flight hour intervals, whichever occurs first.

Due to the continuing COVID-19 pandemic, Emirates has stored the aircraft owned by the Group in Dubai. The lessee has "a comprehensive aircraft parking and reactivation programme [in place], that strictly follows manufacturer's guidelines and maintenance manuals". In addition, Emirates has enhanced standards and protocols of their own, to protect and preserve the asset during the downtime. This includes the watertight sealing of all apertures and openings through which environmental factors – sand, water, birds, and insects – can find their way inside an aircraft. During parking, maintenance teams complete periodic checks at different intervals. Depending on the reactivation date of a specific aircraft, the lessee might defer due maintenance checks, which are calendar-based, until that time. This would allow the lessee to make use of the full maintenance interval once the operation of a specific aircraft resumes.

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

Inspections
Doric, the asset manager, conducted physical inspections of the aircraft with MSNs 077, 105, and 106, as well as records audits of the aircraft with MSNs 105 and 106 in August 2020. The condition of the aircraft and technical records where in compliance with the provisions of the respective lease agreements.

2. Market Overview

The impact of COVID-19 on the global economy has been severe and is expected to result in a 4.9% to 5.2% contraction in global GDP for 2020, according to the International Monetary Fund and the World Bank. In its latest economic impact analysis, the International Civil Aviation Organization (ICAO) estimated that the full year 2020 will see a reduction in seats offered by airlines of 48% to 51% compared with the previous baseline forecast for the year. Furthermore, ICAO anticipates this trend to continue into the first quarter of 2021 with airlines reducing seats offered by 23% to 43%. However, the actual impact of COVID-19 on the airline industry will depend on a number of 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 International Air Transport Association ("**IATA**") has forecast an airline industry-wide net loss of USD 84.3 billion for this year.

As of September 2020, air passenger demand has continued its gradual recovery from the low-point in April, with industry-wide revenue passenger kilometres ("**RPKs**") contracting by 73% year-on-year in September vs. an 75% fall in August. The load factor of 60.1% was the lowest in history for September. Modest demand improvements were primarily being driven by some domestic markets including Russia and China, while there was no clear recovery in international traffic in September. In the first nine months of 2020, RPKs were down 65% against the previous year. Similarly, industry-wide capacity, measured in available seat kilometres ("**ASKs**"), also decreased by 56% between January and September 2020 against the same period in 2019. This resulted in a 16.1 percentage point decrease in the worldwide passenger load factor ("**PLF**") to 66.7%.

In the first nine months of 2020, passenger traffic in the Middle East was down 69% against the previous year. Capacity also fell by 62%, resulting in a 13.7 percentage point decrease in PLF to 63.0%. Latest available data for September indicate an RPK contraction of 89% against the same month in the previous year, with ASKs 77% below its September 2019 levels. The PLF amounts to about 37%, a decline of 38.5 percentage points. IATA anticipates the losses of Middle Eastern airlines to rise to USD 4.8 billion in 2020 (from a loss of USD 1.5 billion in 2019).

Source: IATA, ICAO

3. Lessee – Emirates

Network
As of mid-August, over 150 destinations in Emirates' global network remained subject to COVID-19-related travel restrictions. Daily flights were around 230 - approximately 40% of pre-pandemic levels, with half of the frequencies operating as cargo-only services. As a means to contain the outflow of cash, Emirates has adopted the policy that no operation is allowed to go below the cash operating costs. According to Emirates' president Tim Clark, the Airbus A380 has proven economically viable in this regard, as solid load factors have led to profitable operations. The airline resumed its A380 services on 15 July with flights to London Heathrow and Paris.

In order to rebuild confidence in air travel, Emirates became the first airline to offer free COVID-19 insurance for all passengers on its own flights and those of its codeshare partners. The programme covers medical expenses of up to EUR 150,000 and quarantine costs of EUR 100 per day for 14 days, should passengers be diagnosed with COVID-19 during their travel. The programme is set to end on 31 December.

At the beginning of September, Emirates and flydubai announced that they have renewed their partnership, allowing customers to travel on codeshare flights to over 30 destinations on flydubai and over 70 destinations on Emirates. Both airlines have implemented safety measures, including enhanced sanitation of all touchpoints and advanced High Efficiency Particulate Air ("**HEPA**") filters fitted in aircraft cabins. Passengers on Emirates flights are also provided with a complimentary hygiene kit containing masks, gloves, hand sanitiser and anti-bacterial wipes.

Up until the end of September, Emirates' A380 fleet has resumed flights to six destinations, including Cairo, Guangzhou, London Heathrow, Moscow, Paris, and Toronto.

At the end of September, Emirates was operating passenger and cargo flights to 104 cities.

Fleet

While Emirates' operations had remained mainly cargo-only services through mid-August, the carrier has since announced plans to gradually increase its passenger network and plans to service 99 destinations in November. Prior to this, the vast majority of Emirates' 141 passenger Boeing 777 aircraft had returned to service, but many had been operating cargo-only flights. In fact, Emirates performed a partial retrofit on 14 Boeing 777-300ER passenger aircraft to transport freight in the cabin. At the same time, 13 of Emirates' 115 Airbus A380 aircraft have been returned to service.

The table below details the passenger fleet activity as of 30 September 2020, reflecting Emirates' recently increased operations:

Aircraft Type	Grounded	In Service
A380	102	13
777	4	137
Total	**106**	**150**
%	**41%**	**59%**

Source: Cirium as of 30 September 2020

In July, Boeing disclosed that the 777X programme was being delayed again, with deliveries now scheduled to begin in 2022. In response, Emirates, as the launch customer of the Boeing 777-9, is seeking additional clarity on the certification process as it negotiates a revised schedule for its Boeing 777-9 aircraft. However, Tim Clark noted that the delivery delay probably benefits Emirates in the short-term due to the ongoing global pandemic.

In November, Emirates announced that it had started to utilise the A380 on select cargo charter operations as a dedicated "Emirates A380 'mini-freighter'". As a first step it has optimised the cargo capacity "to safely transport around 50 tonnes of cargo per flight in the bellyhold of the aircraft". Emirates SkyCargo is working on further optimisations of the capacity through measures such as seat loading of cargo. Emirates SkyCargo has scheduled more dedicated A380 cargo flights for the month of November in response to the surge in demand for air cargo capacity, required for the urgent transportation of critical goods, including medical supplies for combatting COVID-19.

Key Financials

In the first half of the financial year ending 31 March 2021, Emirates recorded its first half-year loss in over 30 years. Revenues fell 75% to AED 13.7 billion (USD 3.7 billion) due to pandemic-related travel restrictions, including an eight-week suspension of scheduled passenger flights during April and May. These measures resulted in a net loss of AED 12.6 billion (USD 3.4 billion) compared to a profit of AED 863 million (USD 235 million) in the first half of the previous financial year.

Emirates reduced its ASKs by 91% in the first half of the 2020/21 financial year, while RPKS were down by 96%. During this period, Emirates' average PLF fell to 38.6%, compared to last year's pre-pandemic figure of 81.1%.

Emirates' operating costs decreased by 52%. Fuel, which had previously been the largest cost category for the airline, only accounted for 11% of total operating costs (compared to 32% in the first half of the previous financial year). Contributing factors were a 49% decrease in oil prices and a 76% lower fuel uplift from reduced flight operations. Despite this significant reduction in operations, Emirates' EBITDA remained positive at AED 290 million (USD 79 million).

While the number of passengers Emirates carried between 1 April and 30 September 2020 was down 95% to 1.5 million passengers compared to the same period last year, airfreight demand rose strongly. The volume of cargo uplifted decreased by 35% to 0.8 million tonnes during this period, but the yield more than doubled. This development reflects the extraordinary market situation during the global COVID-19 pandemic.

As a part of its cost-saving measures, Emirates Group reduced its combined employee base of Emirates Airline and air services provider Dnata by 24% during the first half of the current financial year.

As of 30 September, Emirates' total liabilities decreased by 8.3% to AED 136.1 billion (USD 37.1 billion USD) compared to the end of the previous financial year. Total equity decreased by 10.6% to AED 21.1 billion (USD 5.75 billion) with an equity ratio of 13.4%. Emirates' cash position amounted to AED 15.6 billion (USD 4.25 billion) at the end of the first half of the 2020/21 financial year. This compares to AED 20.2 billion (USD 5.5 billion) in cash assets as of 31 March 2020.

On the ongoing financial position of Emirates in light of the global COVID-19 pandemic, HH Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates Airline, stated: "We have been able to tap on our own strong cash reserves, and through our shareholder and the broader financial community, we continue to ensure we have access to sufficient funding to sustain the business and see us through this challenging period. In the first half of 2020-21, our shareholder injected USD 2 billion into Emirates by way of an equity investment and they will support us on our recovery path."

As at the end of September Emirates has outstanding US dollar debt issuances with maturities in 2023, 2025, and 2028. These respective bonds were trading at approximately par (100 cents) each and with running yields ranging from approximately 3.9% to 4.5% in US dollars there has also been no upward pressure on yields. This level of yields does not appear to indicate any significant financial stress to the issuer.

In August 2020 rating agency Moody's Investor Service (Moody's) downgraded its rating assigned to the Class A EETC issued by DNAFA from Ba1 to Ba3 with a negative outlook. Moody's stated that the rating action "reflect[s] the adverse impacts of the coronavirus on the demand for and secondary market values of the Airbus A380 aircraft and Emirates' financial performance. The negative outlook reflects the uncertainty of the coronavirus' lasting impact on global demand for air travel and Emirates Airline's operations and financial position." The press release stresses that "Moody's believes the A380 will remain relevant to Emirates' fleet strategy". Irrespective of the challenges the coronavirus means for the airline and the Company, the rating agency continues to expect timely payments of interest and scheduled principal on the Certificates. For its rating considerations Moody's assumed a part-out value for the A380 of about 50 million USD per aircraft. The rating action resolves the review for downgrade of the issuance initiated back in March.

Source: Cirium, Emirates

4. Aircraft – A380

As at the end of September 2020, the global A380 fleet consisted of 237 planes with 14 airline operators. Only 19 of these aircraft were in service, the remainder of the fleet is parked due to COVID-19. The fourteen operators are Emirates (115), Singapore Airlines (19), Deutsche Lufthansa

(14), Qantas (12), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Qatar Airways (10), Air France (9), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), China Southern Airlines (5), All Nippon Airways (2), and Hi Fly (1). Another three temporarily stored aircraft are lease returns.

Due to the COVID-19 pandemic, most A380 operators temporarily parked the aircraft type from March, with the number of parked A380s peaking at nearly the entire fleet. In fact, only China Southern and Hi Fly operated their A380s continuously. However, Emirates began to gradually restore A380 services in mid-July. In contrast, other A380 operators, such as Singapore Airlines, Qantas and Qatar Airways, are reviewing their fleets and have indicated that there will be no early return of A380 services. Air France does not plan a return to service for any of its remaining A380s.

Tim Clark expects the Airbus A380 to continue to play an important role once the travel demand begins recovering from the post-coronavirus crisis, provided a vaccine is available: "[It] would be folly to exclude large wide-bodied aircraft in the future. The A380 has proven to be a hugely successful aircraft and if fuel prices were forever to stay at today's levels, this aircraft is hugely potent." Clark also added that the first A380 aircraft equipped with Emirates' new premium-economy cabin has finished assembly in Toulouse, although he did not provide any further update as to the status of the airline's last eight A380s, which were scheduled to be delivered over the next year.

In spring 2020 Lufthansa disclosed that it intends to permanently decommission six A380s with immediate effect. They were originally earmarked to depart the fleet in 2022. In September the airline announced that the remaining eight aircraft, "which were previously intended for flight service, will be transferred to storage and removed from planning". "These aircraft will only be reactivated in the event of an unexpectedly rapid market recovery", according to a press release. Lufthansa no longer expects to achieve 50% of its pre-COVID-19 ASK levels by the end of 2021 and released a new estimate of 20-30%. The German airline group stated that the outlook for international air transport "has significantly worsened" in recent weeks.

Paul Griffiths, the chief executive of Dubai Airports, which owns and manages the operation and development of both Dubai's airports, has expressed confidence in the concept of international hubs in a post-COVID world, despite the trend towards more point-to-point traffic. With many countries facing an economic crisis Paul believes that "the efficiency of hubs and aggregation power of bringing together city pairs around the world, which will never likely have enough traffic to be justified to have a point-to-point service, will continue to be served and aggregated very efficiently through global hubs". Against this background he assumes that "777 and A380 are pretty well placed for several years to come as actually serving that role very well". Another COVID-related development could also help large airport hubs: He thinks that "it's going to be very difficult to persuade the environmental groups and general public actually to support airport expansions in the future". Due to COVID-19 lockdowns and the associated slowdown in industrial production, pollution was temporarily avoided in many regions around the world, resulting in clear skies.

Source: Cirium, Simple Flying

DIRECTORS

As at 30 September 2020 the Company had four directors all of whom were independent and non-executive.

Geoffrey Alan Hall - Chair of the Company and of the Nomination Committee

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

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

Charles Edmund Wilkinson

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

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

Suzanne Elaine Procter – Senior Independent Director ("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 Three Limited. She is resident in the United Kingdom.

Andreas Josef Tautscher – Chair of the Audit Committee

Andreas Tautscher brings over 31 years' financial services experience. He serves as a non-executive director and member of the Audit Committee of BH Global Limited, a Guernsey closed-ended investment company whose shares are traded on the Main Market of the London Stock Exchange, and as a non-executive director of MJ Hudson Group plc, a Jersey company whose shares are traded on the AIM Market of the London Stock Exchange.. He is also a director and CEO of Altair Group, 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 a director of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited. He is resident in Guernsey.

INTERIM MANAGEMENT REPORT

A description of important events which have occurred during the period from 1 April 2020 until 30 September 2020 (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 20 to 45 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 22 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 Annual Financial Report for the year ended 31 March 2020.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 2 to 4. The financial position of the Group is set out on page 17. In addition, note 19 of the Notes 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 closely monitoring the effect of the COVID-19 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 impact of the COVID-19 pandemic on the aviation sector has been significant with about a third of the global passenger aircraft fleet still grounded. The Group's future performance could potentially be impacted should this pandemic have a pervasive and prolonged impact on the economy. There have prevailed wide spread restrictions on the ability of people to travel which has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. This may lead to the inability of airlines to pay rent as it falls due. These factors, together with wider economic uncertainty and disruption, 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, refinancing or other disposition of the relevant aircraft.

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.

The Board will continue to actively monitor the financial impact on the Group resultant 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 Group to make dividends and other distributions.

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

- Dubai's government has injected US$2 billion into Emirates so far since the COVID-19 pandemic brought global air travel to a near halt in March and is prepared to send more help to its flagship airline.
- Emirates' listed debt and Credit Default Swaps (CDS's) are trading at non-distressed levels.
- The airline resumed its A380 services on 15 July 2020 with flights to a limited number

of destinations.

- As at 4 December 2020, the Asset Manager was not aware of a formal request addressed to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transactions and which could potentially have an impact on the committed future lease rental receipts.
- Emirates has paid all lease rentals in a timely manner.

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 to the Group (ii) Emirates is presumed to have the financial backing to continue paying these rentals, the Directors believe that it is appropriate to prepare these half yearly financial statements under the going concern basis of preparation.

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Responsibility Statement

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

a. the Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("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.

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

10 December 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2020 to 30 September 2020

	Notes	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
INCOME			
A rent income	4	48,472,895	48,082,215
B rent income	4	18,217,070	18,266,980
Bank interest received		8,542	60,870
		66,698,507	66,410,065
EXPENSES			
Operating expenses	5	(1,842,021)	(1,744,363)
Depreciation of Aircraft	10	(38,196,096)	(23,140,129)
		(40,038,117)	(24,884,492)
Net profit for the period before finance costs and foreign exchange gains/(losses)		26,660,390	41,525,573
Finance costs	11	(6,092,448)	(8,574,113)
Net profit for the period after finance costs and before foreign exchange gains/(losses)		20,567,942	32,951,460
Unrealised foreign exchange gains/(losses)	7	12,728,837	(24,255,465)
Profit for the period		33,296,779	8,695,995
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		33,296,779	8,695,995
		Pence	**Pence**
Earnings per Share for the period - Basic and Diluted	9	19.27	5.03

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

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

	Notes	30 Sep 2020 GBP	31 Mar 2020 GBP
NON-CURRENT ASSETS			
Aircraft	10	558,764,045	596,960,140
		558,764,045	596,960,140
CURRENT ASSETS			
Accrued income		5,325,582	4,940,074
Receivables	13	250,707	53,262
Cash and cash equivalents	17	29,940,565	30,016,771
		35,516,854	35,010,107
TOTAL ASSETS		594,280,899	631,970,247
CURRENT LIABILITIES			
Borrowings	15	84,473,794	85,703,367
Deferred income		7,840,789	7,840,789
Payables - due within one year	14	62,804	72,928
		92,377,387	93,617,084
NON-CURRENT LIABILITIES			
Borrowings	15	109,835,934	158,380,240
Deferred income		145,798,795	151,414,304
Financial liabilities at fair value through profit or loss		216,815	255,930
		255,851,544	310,050,474
TOTAL LIABILITIES		348,228,931	403,667,558
TOTAL NET ASSETS		246,051,968	228,302,689
EQUITY			
Share capital	16	319,836,770	319,836,770
Retained earnings		(73,784,802)	(91,534,081)
		246,051,968	228,302,689
		Pence	**Pence**
Net Asset Value per Share based on 172,750,000 (31 Mar 2020: 172,750,000) shares in issue		142.43	132.16

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 December 2020 and are signed on its behalf by:

Geoffrey Hall
Chair

Andreas Tautscher
Director

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 April 2020 to 30 September 2020

	Notes	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
OPERATING ACTIVITIES			
Profit for the period		33,296,779	8,695,995
Movement in accrued and deferred income		(543,549)	1,233,326
Interest received		(8,542)	(60,870)
Accrued interest		-	7,771
Depreciation of Aircraft	10	38,196,096	23,140,129
Loan interest payable	11	5,620,392	7,834,843
Movement in interest rate swap	11	(39,115)	228,099
Decrease in payables		(10,124)	(7,326)
Increase in receivables		(197,445)	(11,298)
Foreign exchange movement	7	(12,728,837)	24,255,465
Amortisation of debt arrangement costs	11	511,171	511,171
NET CASH FROM OPERATING ACTIVITIES		64,096,826	65,827,305
INVESTING ACTIVITIES			
Interest received		8,542	60,870
NET CASH FROM INVESTING ACTIVITIES		8,542	60,870
FINANCING ACTIVITIES			
Dividends paid	8	(15,547,500)	(15,547,500)
Repayments of capital on borrowings	20	(42,520,674)	(41,920,233)
Repayments of interest on borrowings	20	(5,777,560)	(7,658,692)
NET CASH USED IN FINANCING ACTIVITIES		(63,845,734)	(65,126,425)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		30,016,771	28,236,268
Increase in cash and cash equivalents		259,634	761,750
Effects of foreign exchange rates	7	(335,840)	488,187
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	29,940,565	29,486,205

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period from 1 April 2020 to 30 September 2020

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2020		319,836,770	(91,534,081)	228,302,689
Total Comprehensive Income for the period		-	33,296,779	33,296,779
Dividends paid	8	-	(15,547,500)	(15,547,500)
Balance as at 30 September 2020		319,836,770	(73,784,802)	246,051,968

	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2019	319,836,770	7,153,972	326,990,742
Total Comprehensive Income for the period	-	8,695,995	8,695,995
Dividends paid (Note 8)	-	(15,547,500)	(15,547,500)
Balance as at 30 September 2019	319,836,770	302,467	320,139,237

The notes on pages 20 to 45 form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period from 1 April 2020 to 30 September 2020

1. GENERAL INFORMATION

The consolidated financial statements incorporate the results of Doric Nimrod Air Two Limited (the "**Company**"), MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited (together "**Subsidiaries**") (together the Company and the Subsidiaries are known as the "**Group**").

The Company was incorporated in Guernsey on 31 January 2011 with registered number 52985. The address of the registered office is given on page 46. Its share capital consists of one class of ordinary preference shares ("**Shares**") and one class of subordinated administrative shares ("**Administrative Shares**"). The Company's Shares have been admitted to trading on the Specialist Fund Segment (the "**SFS**") of the London Stock Exchange's Main Market (the "**LSE**").

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft (each an "**Asset**" or "**Aircraft**" and together the "**Assets**" or "**Aircraft**"). The principal activities of the Group are set out in the Chair's Statement and Interim Management Report on pages 5 to 6 and pages 14 to 16 respectively.

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 the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union ("**EU**"), and applicable Guernsey law. The 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 2020 which is prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the EU and any public announcements made by the Group during the interim reporting period from 1 April 2020 to 30 September 2020 (the "**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 International Accounting Standards Board ("**IASB**") and International Financial Reporting Standards Interpretations Committee ("**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:

- IAS 1'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material - These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immateriality information. The effective date is for annual periods beginning on or after 1 January 2020. The standard has not had a material impact on the financial statements or performance of the Group.

2. ACCOUNTING POLICIES (continued)

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

New and Revised Standards in issue but not yet effective

IFRS 16 'Leases' - 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 is not expected to have a material impact on the financial statements or performance of the Group and is not endorsed by the EU.

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 Subsidiaries. The Company owns 100 per cent. of all the shares in the Subsidiaries, and has the power to govern the financial and operating policies of the Subsidiaries so as to obtain benefits from their 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 Subsidiaries 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 Pound Sterling ("**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.

2. ACCOUNTING POLICIES (continued)

(h) Foreign Currency Translation (continued)

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.

(j) Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling various Airbus A380-861 aircraft.

(k) Going Concern

The Directors have prepared these half yearly financial statements for the period ended 30 September 2020 on the going concern basis.

The Directors in consultation with the Asset Manager are closely monitoring the effect of the COVID-19 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 impact of the COVID-19 pandemic on the aviation sector has been significant with about a third of the global passenger aircraft fleet still grounded. The Group's future performance could potentially be impacted should this pandemic have a pervasive and prolonged impact on the economy. There have prevailed widespread restrictions on the ability of people to travel which has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. This may lead to the inability of airlines to pay rent as it falls due. These factors, together with wider economic uncertainty and disruption, 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, refinancing or other disposition of the relevant aircraft.

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

The Board will continue to actively monitor the financial impact on the Company and its Group resultant 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 pay dividends and make 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 loans to make scheduled repayments of principal and interest, which are serviced by the receipt of lease payments from Emirates. The loans have been largely fixed and the fixed rental income under the operating leases means that the rents should be sufficient to repay the debt and provide surplus income to pay for the Group's expenses and permit payment of dividends.

2. ACCOUNTING POLICIES (continued)

(k) Going Concern (continued)

The Group's aircraft with carrying values of £558,764,045 are pledged as security for the Group's borrowings (see note 15).

The Group is currently in a net asset position and generates strong positive operating cash flows.

The Directors, with the support of its Asset Managers, believe that it is reasonable to assume as of date of approval of the half yearly financial statements that Emirates will continue with the contracted lease rental payments due to the following:

- Dubai's government has injected US$2 billion into Emirates so far since the COVID-19 pandemic brought global air travel to a near halt in March and is prepared to send more help to its flagship airline.
- Emirates' listed debt and Credit Default Swaps ("CDS's") are trading at non-distressed levels.
- The airline resumed its A380 services on 15 July 2020 with flights to a limited number of destinations.
- As at 4 December 2020, the Asset Manager was not aware of a formal request addressed to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transactions and which could potentially have an impact on the committed future lease rental receipts.
- Emirates has paid all lease rentals in a timely manner.

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 to the Group (ii) Emirates is presumed to have the financial backing to continue paying these rentals, the Directors believe that it is appropriate to prepare these half yearly financial statements under the going concern basis of preparation.

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

2. ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment – Aircraft (continued)

Depreciation is recognised so as to write off the cost of the each Asset less the estimated residual value over the estimated useful life of the Asset of 12 years, using the straight line method. The estimated residual value of the seven planes ranges from £37.7 million to £40.1 million (2019: £72.3 million to £75.5 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 2020, it was determined that the use of soft values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

Due to the A380-specific developments during the last financial year of the Group and the generally dimmed market sentiment in the aviation sector since the COVID-19 outbreak, which is not over yet, there is an increasing risk that the underlying assumptions of the Base Value concept might not be met at the time of the leases expire. For this reason the Asset Manager recommended the use of a more conservative approach in deploying future Soft Values instead of Base Values. Soft Values are more conservative, also applicable under "abnormal conditions" and do not necessarily require a balanced market as the Base Value concept does.

This has resulted in a significant reduction in the residual value of the Aircraft since 31 March 2019 when residual values were based on Base Values.

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 if the Assets were already of the age and condition expected at the end of their useful life. Useful life is also reviewed annually and for the purposes of the financial statements represents the likely period of the Group's ownership of these Assets. Depreciation starts when the Asset is available for use.

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

Recoverable amount is the higher of fair value less costs to sell and the 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.

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;
- Fair value through other comprehensive income ("**FVOC**I"); or
- Fair value through profit or loss ("**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.

2. ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

ii) Financial liabilities held at amortised cost (continued)

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

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

iii) Financial Assets and Financial Liabilities at fair value through profit or loss

(a) Classification

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

(b) Recognition/derecognition

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

(c) *Measurement*

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

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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

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 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if the Asset were of the age and condition expected at the end of its useful life. However, there are currently no 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 2020, it was determined that the use of soft values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

Due to the A380-specific developments during the last financial year of the Group and the generally dimmed market sentiment in the aviation sector since the COVID-19 outbreak, which is not over yet, there is an increasing risk that the underlying assumptions of the Base Value concept might not be met at the time of the leases expiry. For this reason the Asset Manager recommended to make use of a more conservative approach in deploying future Soft Values instead of Base Values.

Soft Values are more conservative, also applicable under "abnormal conditions" and do not necessarily require a balanced market as the Base Value concept does.There is additional uncertainty caused by COVID-19 (the Directors have described their response to this uncertainty in note 2 (k)) and refer to going concern on pages 22 to 23) which has resulted in the use of Soft Values in determining the residual value of the Asset. This was reflected as a change in the estimation basis in the annual financial report.

In estimating residual value for the year, the Directors referred to future soft values (excluding inflationary effects) for the Asset obtained from three independent expert aircraft valuers. This has resulted in a significant reduction in the residual value of the Aircraft since 31 March 2019 when residual values were based on Base Values; details of which have been disclosed in note 10.

The estimation of residual value remains subject to inherent uncertainty. If the estimate of residual value used in the calculation of depreciation had decreased by 20 per cent. with effect from the beginning of this Period, the net profit for the Period and closing shareholders' equity would have decreased by approximately £6.4 million (30 September 2019: £8.3 million). An increase in residual value by 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.

Judgements

Operating Lease Commitments - Group as Lessor

The Group has entered into operating leases on seven (31 Mar 2020: seven) 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.

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 exercised extension term of 2 years.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (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.

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

The Board together with the Asset Manager believed that it was prudent to conduct an impairment test as at the 31 March 2020 year end as the below items may result in pricing changes for the current portfolio of Aircraft:

- As further Airbus A380 aircraft reached the expiry of their first lease agreements further market data will be available to Doric and the appraiser community.
- The announcement to discontinue the A380 program in 2021 may impact prices in the secondary market.
- 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 £68,465,211 was recognised in the 31 March 2020 year, with the impairment test resulting in an updated carrying value of the Aircraft in total to £596,960,140 at year end, as reflected in Note 10.

For the current period 1 April 2020 to 30 September 2020, the Board has considered if there are any further impairment triggers as set out under IAS 36 Impairment of Assets and concluded that an interim impairment review at the 30 September 2020 period end was not practicable. The Group will again be carrying out a full and thorough appraisal of residual values come the next March financial year end.

4. RENTAL INCOME

	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
A rent income	48,314,854	49,750,958
Revenue received but not yet earned	(16,224,758)	(18,738,083)
Revenue earned but not yet received	12,462,404	13,138,205
Amortisation of advance rental income	3,920,395	3,931,135
	48,472,895	48,082,215
B rent income	17,831,562	17,831,562
Revenue earned but not yet received	392,295	438,821
Revenue received but not yet earned	(6,787)	(3,403)
	18,217,070	18,266,980
Total rental income	66,689,965	66,349,195

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 lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases.

5. OPERATING EXPENSES

	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
Corporate shareholder and advisor fee (note 22)	432,378	422,864
Asset Management fee (note 22)	1,045,477	1,022,472
Liaison agency fees (note 22)	5,925	5,794
Administration fees	87,843	94,510
Bank interest and charges	809	811
Accountancy fees	16,599	16,257
Registrars fee (note 22)	10,853	7,839
Audit fee	23,410	23,425
Directors' remuneration (note 6)	106,000	93,217
Directors' and officers' insurance	68,963*	15,904
Legal and professional expenses	24,647	31,854
Annual fees	3,750	1,186
Travel costs	-	1,615
Marketing fees (note 22)	11,305	-
Other operating expenses	4,062	6,615
	1,842,021	1,744,363

* 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 for their services as a director of the Company at a fee of £48,000 per annum, except for the Chair, who receives £59,000 per annum and the Chair of Audit, who receives £57,000 per annum. The rate of remuneration per director has remained unchanged.

7. UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)

	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
Cash at bank	(335,840)	488,187
Deferred income	5,457,465	(7,295,870)
Borrowings	7,607,212	(17,447,781)
	12,728,837	(24,255,465)

The foreign exchange gain in the Period reflects the 4.0 per cent. movement in the Sterling/US dollar exchange rate from 1.242 as at 31 March 2020 to 1.292 as at 30 September 2020.

8. DIVIDENDS IN RESPECT OF EQUITY SHARES

Dividends in respect of Shares	**1 Apr 2020 to 30 Sep 2020**	
	GBP	**Pence per Share**
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	15,547,500	9.00

Dividends in respect of Shares	**1 Apr 2019 to 30 Sep 2019**	
	GBP	**Pence per Share**
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
	15,547,500	9.00

Refer to the Subsequent Events in note 23 in relation to dividends declared in October 2020.

9. EARNINGS PER SHARE

Earnings per Share ("**EPS**") is based on the net profit for the Period attributable to the Shareholders of £33,296,779 (30 Sep 2019: net profit for the Period of £8,695,995) and 172,750,000 (30 Sep 2019: 172,750,000) 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 2020	1,039,148,193
As at 30 Sep 2020	1,039,148,193
ACCUMULATED DEPRECIATION	
As at 1 Apr 2020	373,722,841
Depreciation charge for the period	38,196,096
As at 30 Sep 2020	411,918,937
ACCUMULATED DEPRECIATION	
As at 1 Apr 2020	68,465,211
Impairment loss for the period	-
As at 30 Sep 2020	68,465,211
CARRYING AMOUNT	
As at 30 Sep 2020	558,764,045
As at 31 Mar 2020	596,960,140

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 2020 in accordance with methodology set out in note 3, translated into Sterling at the exchange rate prevailing at 31 March 2020.

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

Under IFRS 16 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased asset and therefore 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 2020 year end.

11. FINANCE COSTS

	1 Apr 2020 to 30 Sep 2020 GBP	1 Apr 2019 to 30 Sep 2019 GBP
Amortisation of debt arrangements costs	511,171	511,171
Loan interest	5,620,392	7,834,843
Fair value adjustment on financial assets and liabilities at fair value through profit and loss	(39,115)	228,099
	6,092,448	8,574,113

12. OPERATING LEASES

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

30 September 2020	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rental receipts	92,398,757	101,757,224	-	194,155,981
Aircraft - B rental receipts	35,663,124	107,819,810	-	143,482,934
	128,061,881	209,577,034	-	337,638,915

31 March 2020	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft - A rental receipts	96,174,936	162,754,125	-	258,929,061
Aircraft - B rental receipts	35,663,124	125,651,372	-	161,314,496
	131,838,060	288,405,497	-	420,243,557

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

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

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

12. OPERATING LEASES (continued)

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

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

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

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

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

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

13. RECEIVABLES

	30 Sep 2020 GBP	31 Mar 2020 GBP
Prepayments	211,218	14,294
Sundry debtors	39,489	38,968
	250,707	53,262

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

14. PAYABLES (amounts falling due within one year)

	30 Sep 2020 GBP	31 Mar 2020 GBP
Accrued administration fees	16,623	18,257
Accrued audit fee	21,960	28,110
Other accrued expenses	24,221	26,561
	62,804	72,928

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

15. BORROWINGS

	30 Sep 2020 GBP	31 Mar 2020 GBP
Bank loans	80,164,067	103,024,411
Equipment Notes	118,009,906	145,434,612
	198,173,973	248,459,023
Associated costs	(3,864,245)	(4,375,416)
	194,309,728	244,083,607
Current portion	84,473,794	85,703,367
Non-current portion	109,835,934	158,380,240

Notwithstanding the fact that £42.5 million (31 March 2020: £81.9 million) debt was repaid during the Period, as per the Consolidated Statement of Cash Flows, the closing value of the value of the borrowings decreased by £49.8 million (31 March 2020: £67.6 million) due to the 4.0 per cent movement in the Sterling / US dollar exchange rate for the period from 1.242 at 31 March 2020 to 1.292 at 30 September 2020. See note 19.

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

	30 Sep 2020 GBP	31 Mar 2020 GBP
Amount due for settlement within 12 months	92,234,483	96,011,173
Amount due for settlement after 12 months	118,102,070	170,819,676

The loan to MSN077 Limited was arranged with Westpac Banking Corporation ("**Westpac**") for $151,047,059 and runs for 12 years until October 2023 and has an effective interest rate of 4.590 per cent.

The loan to MSN090 Limited was arranged with The Australia and New Zealand Banking Group Limited ("**ANZ**") for $146,865,575 and runs for 12 years until December 2023 and has an effective interest rate of 4.558 per cent.

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

15. BORROWINGS (continued)

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

In order to finance the acquisition of the fourth, fifth, sixth and seventh Assets, Doric Nimrod Air Finance Alpha Limited ("**DNAFA**") used the proceeds of the May 2012 offering of Pass Through Certificates (the "**Certificates**"). The Certificates have an aggregate face amount of approximately $587.5 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate have a face amount of $433,772,000 with an interest rate of 5.125 per cent. and a final expected distribution date of 30 November 2022. The Class B certificates in aggregate had a face amount of $153,728,000 with an interest rate of 6.5 per cent. and were repaid on 30 May 2019. There is a separate trust for each class of Certificates. The trusts used the funds from the Certificates to acquire Equipment Notes. The Equipment Notes were issued to Wilmington Trust, National Association as pass through trustee in exchange for the consideration paid by the purchasers of the Certificates. The Equipment Notes were issued by DNAFA and the proceeds from the sale of the Equipment Notes financed a portion of the purchase price of the four Airbus A380-861 aircraft, with the remaining portion being financed through contribution from the Company of the C Share issue proceeds. The holders of the Equipment Notes issued for each aircraft will have the benefit of a security interest in such aircraft. The remaining balance is being repaid by continuing to amortise borrowings that pays both principal and interest through periodic payments.

In the Directors' opinion and with reference to the terms mentioned, the above carrying values of the bank loans and Equipment Note are approximate to their fair value.

16. SHARE CAPITAL

The Share Capital of the Group is represented by an unlimited number of shares of no par value being issued or reclassified by the Group as Shares, C Shares or Administrative Shares (together the "**Share Capital**").

Issued	**Administrative Shares**	**Shares**	**C Shares**
Issued shares as at 30 Sep 2020 and 31 Mar 2020	2	172,750,000	-

Issued	**Administrative Shares GBP**	**Shares GBP**	**C Shares GBP**	**Total GBP**
Share Capital				
Total Share Capital as at 30 Sep 2020 and as at 31 Mar 2020	2	319,836,770	-	319,836,770

16. SHARE CAPITAL (continued)

Members holding Shares are entitled to receive and participate in any dividends out of income attributable to the Share, 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 Shares class remaining after payment of all the creditors of the Group. However the Board has considered the potential impact of the COVID-19 pandemic (the "**Pandemic**") on the arrangements for the annual general meeting (the "AGM"). The Group is required by The Companies (Guernsey) Law, 2008, as amended, to hold an AGM. Measures taken by the States of Guernsey in response to the Pandemic mean that attendance at the AGM by shareholders who are not residents of Guernsey is not reasonably practicable. Of those measures, the most relevant to the AGM is the legal requirement that anyone arriving in Guernsey from anywhere in the world including, for the avoidance of doubt, the United Kingdom, will be required to self-isolate for up to 14 days upon their arrival.

Due to the Pandemic there will be no opportunity to interact with the directors. However, the Board considers it important that all shareholders have the opportunity to make their views known and to exercise their voting rights at the AGM. The Group strongly encourages all shareholders to exercise their votes in respect of the meeting in advance and to submit any questions they may have to either the Secretary or the Corporate and Shareholder Adviser.

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

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

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

17. CASH AND CASH EQUIVALENTS

	30 Sep 2020 GBP	31 Mar 2020 GBP
Cash at bank	29,940,565	16,916,567
Cash deposits	-	13,100,204
	29,940,565	30,016,771

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

18. FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

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

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

(c) Interest rate swap

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective is to obtain income 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 2020 GBP	31 Mar 2020 GBP
Financial assets		
Cash and cash equivalents	29,940,565	30,016,771
Receivables (excluding prepayments)	39,489	38,968
Financial assets at amortised cost	29,980,054	30,055,739
Financial liabilities		
Interest rate swap	216,815	255,930
Financial liabilities at fair value through profit or loss	216,815	255,930
Payables	62,804	72,928
Debt payable	198,173,973	248,459,023
Financial liabilities measured at amortised cost	198,236,777	248,531,951

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

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

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

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

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swap is the only financial instrument held at fair value through profit or loss and is considered to be level 2 in the Fair Value Hierarchy.

Derivative financial instruments

The following table shows the Group's derivative position:

30 Sep 2020	Financial liability at fair value GBP	Notional amount USD	Maturity
Interest Rate Swap			
MSN090 Loan	216,815	14,308,782	4 Dec 2023

31 Mar 2020	Financial liability at fair value GBP	Notional amount USD	Maturity
Interest Rate Swap			
MSN090 Loan	255,930	18,363,118	4 Dec 2023

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 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.

No changes were made in the objectives, policies or processes for managing capital during the Period (None for the period from 1 April 2019 to 30 September 2019).

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk

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

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

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

	30 Sep 2020 GBP	**31 Mar 2020 GBP**
Debt (US dollar) - Liabilities	(198,173,973)	(248,459,023)
Financial (liabilities) and assets at fair value through profit or loss	(216,815)	(255,930)
Cash and cash equivalents (US dollar) - Asset	9,890,502	10,223,979

The following table details the Group's sensitivity to a 25 per cent. (31 March 2019: 25 per cent.) appreciation and depreciation in Sterling against the US dollar. 25 per cent. (31 March 2019: 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 2019: 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 2019: 25 per cent.) against the US dollar. For a 25 per cent. (31 March 2019: 25 per cent.) weakening of the Sterling against the US dollar, there would be a comparable but opposite impact on the profit and other equity:

	30 Sep 2020 GBP	**31 Mar 2020 GBP**
Profit or loss	37,700,057	47,698,195
Assets	(1,934,737)	(1,993,610)
Liabilities	39,634,795	49,691,805

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 22 to 23 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 2020 GBP	**31 Mar 2020 GBP**
Receivables (excluding prepayments)	39,489	38,968
Cash and cash equivalents	29,940,565	30,016,771
	29,980,054	30,055,739

Surplus cash in the Company is held in Barclays. Surplus cash in the Subsidiaries is held in accounts with Barclays, Westpac and ANZ, which have credit ratings given by Moody's of P-1, P-1, P-1 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 statement of financial position 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, loan repayments to Westpac, ANZ, ICBC, BoC and Commerzbank, and repayments on equipment notes.

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

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

30 Sep 2020	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 period	62,804	-	-	-	-
Bank loans	10,469,765	31,409,296	37,429,245	5,342,283	-
Equipment Notes	25,194,862	31,284,017	69,213,933	-	-
	35,727,431	62,693,313	106,643,178	5,342,283	-

31 Mar 2020	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	72,928	-	-	-	-
Interest rate swap	-	-	-	255,930	-
Bank loans	10,891,253	32,673,760	37,885,837	28,390,079	-
Equipment Notes	26,237,012	26,209,148	52,331,901	52,211,859	-
	37,201,193	58,882,908	90,217,738	80,857,868	-

(e) Interest Rate Risk

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

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
30 Sep 2020				
Financial assets				
Receivables (excluding prepayments)	-	-	39,489	39,489
Cash and cash equivalents	29,940,565	-	-	29,940,565
Total Financial Assets	29,940,565	-	39,489	29,980,054
Financial liabilities				
Interest rate swap	216,815	-	-	216,815
Payables	-	-	62,804	62,804
Bank loans	-	80,164,067	-	80,164,067
Equipment Notes	-	118,009,906	-	118,009,906
Total Financial Liabilities	216,815	198,173,973	62,804	198,453,592
Total interest sensitivity gap	29,723,750	198,173,973		

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

	Variable interest GBP	Fixed interest GBP	Non-interest bearing GBP	Total GBP
31 Mar 2020				
Financial Assets				
Receivables (excluding prepayments)	-	-	38,968	38,968
Cash and cash equivalents	30,016,771	-	-	30,016,771
Total Financial Assets	30,016,771	-	38,968	30,055,739
Financial liabilities				
Interest rate swap	255,930	-	-	255,930
Payables	-	-	72,928	72,928
Bank loans	-	103,024,411	-	103,024,411
Equipment Notes	-	145,434,612	-	145,434,612
Total Financial Liabilities	255,930	248,459,023	72,928	248,787,881
Total interest sensitivity gap	29,760,841	248,459,023		

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 2020 would have been £148,619 (31 March 2020: £148,804) 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 2020 would have been £148,619 (31 March 2020: £148,804) lower due to a decrease in the amount of interest receivable on the bank balances.

20 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

The table below excludes non-cash flows arising from the amortisation of associated costs (see note 15).

	30 Sep 2020 GBP	30 Sep 2019 GBP
Opening Balance	248,459,023	317,100,191
Cash flows paid - capital	(42,520,674)	(41,920,232)
Cash flows paid - interest	(5,777,560)	(7,658,692)
Non-cash flows		
- Interest accrued	5,620,392	7,834,843
- Effects of foreign exchange	(7,607,208)	17,447,781
Closing Balance	198,173,973	292,803,891

21 ULTIMATE CONTROLLING PARTY

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

22 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Doric GmbH ("**Doric**") is the Group's Asset Manager. The Group pays Doric a management and advisory fee of £250,000 per annum (adjusted annually for inflation from 2013 onwards, at 2.25 per cent. per annum), payable quarterly in arrears.

During the Period, the Group incurred £1,052,034 (30 September 2019: £1,028,910) of expenses with Doric which consisted of asset management fees of £1,045,477 (30 September 2019: £1,022,472) as shown in note 5, liaison agency fees of £2,930 (30 September 2019: £5,794) and reimbursed expenses of £632 (30 September 2019: £644). At 30 September 2020, £1,842 (31 March 2020: £7,767) was prepaid to this related party.

Nimrod Capital LLP ("**Nimrod**") is the Company's Corporate and Shareholder Advisor.

During the Period, the Group incurred £443,683 (30 September 2019: £424,224) of expenses with Nimrod, of which £nil (31 March 2020: £nil) was outstanding to this related party at 30 September 2020. £432,378 (30 September 2019: £422,864) related to corporate shareholder and advisor fees as shown in note 5 and £11,305 (30 September 2019: £nil) have been incurred as cancellation costs in relation to the Farnborough Airshow.

JTC Registrars Limited ("**JTC Registrars**") is the Group's registrar, transfer agent and paying agent. During the Period, the Group incurred £10,853 (30 September 2019: £7,839) of expenses with JTC Registrars as shown in note 5. As at 30 September 2020, £1,945 (31 March 2020: £1,269) was owing to this related party.

23 SUBSEQUENT EVENTS

On 15 October 2020, a further dividend of 4.5 pence per Share was declared and this was paid on 30 October 2020.

ADVISORS AND CONTACT INFORMATION

KEY INFORMATION

Exchange: Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker: DNA2
Listing Date: 14 July 2011
Financial Year End: 31 March
Base Currency: Pound Sterling
ISIN: GG00B3Z62522
SEDOL: B3Z6252
LEI: 213800ENH57LLS7MEM48
Country of Incorporation: Guernsey
Registration number: 52985

MANAGEMENT AND ADMINISTRATION

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

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

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

Liaison Agent
Amedeo Services (UK) Limited
29-30 Cornhill
London, England
EC3V 3NF

Corporate and Shareholder Advisor
Nimrod Capital LLP
New Derwent House
69-73 Theobalds Road
London, England
WC1X 8TA

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

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

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

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

Auditor
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW