QUARTERLY FACT SHEET

September 2019

DORIC NIMROD AIR THREE LIMITED

LSE: DNA3

The Company

Doric Nimrod Air Three Limited ("the Company", and together with its subsidiary DNA Alpha Ltd. "the Group") is a Guernsey domiciled company. Its 220 million ordinary preference shares ("the Equity") have been admitted to trading on the Specialist Fund Segment (SFS) of the London Stock Exchange's Main Market. The market capitalisation of the Company was GBP 190.9 million as of 30 September 2019.

Investment Strategy

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

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

The total return for a shareholder investing today (30 September 2019) at the current share price consists of future income distributions during the remaining lease durations and a return of capital at dissolution of the Company. **The latter payment is subject to the future value and the respective sales proceeds of the aircraft, quoted in US dollars and the USD/GBP exchange rate at that point in time.** Since launch, three independent aircraft appraisers have provided the Company with their future values for the aircraft at the end of each financial year. The latest appraisals available are dated the end of March 2019. The table below summarises the total return components, calculated on different exchange rates and using the appraised value of the aircraft, which is the average of valuations provided by three independent aircraft appraisers and quoted in US dollars. **This portfolio residual value at lease expiry takes inflation into account and is the most reliable estimate available in the opinion of the Company's Asset Manager. Due to accounting standards, the values used in the Company's financial report differ from this disclosure as they exclude the effects of inflation and are converted to sterling at the prevailing exchange rate on the reporting date (e.g. 31 March 2019).**

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

With reference to the following two tables, there is no guarantee that the aircraft will be sold at such a sale price or that such capital returns will be generated and the Directors note that following the 14 February 2019 announcement by Airbus regarding the cessation of the A380 programme in 2021, there has been an understandable broadening of opinion amongst the Company's three independent aircraft appraisers with regard to the asset appraisal values as they continue to assess the consequences, positive and negative, of the Airbus decision. It is also assumed that the lessee will honour all its contractual obligations during each of the lease terms.

I. Implied Future Total Return Components Based on Appraisals

The implied return figures are not a forecast and assume the Company has not incurred any unexpected costs.
Aircraft portfolio value at lease expiry according to

- Prospectus appraisal USD 556 million
- Latest appraisal[1] USD 498 million

Per Share (rounded)	Income Distributions	Return of Capital			
		Prospectus Appraisal	Latest Appraisal -20%[2]	Latest Appraisal[2]	Latest Appraisal +20%[2]
Prospectus FX Rate[3]	52p	169p		153p	
Current FX Rate[4]	52p	203p	148p	184p	219p
Per Share (rounded)		Total Return[5]			
		Prospectus Appraisal	Latest Appraisal -20%[2]	Latest Appraisal[2]	Latest Appraisal +20%[2]
Prospectus FX Rate[3]		221p		205p	
Current FX Rate[4]		255p	200p	235p	271p

[1] Date of valuation: 31 March 2019

[2] Average of the three appraisals at the Company's respective financial year-end in which each of the leases reached the end of their respective 12-year terms

[3] 1.4800 USD/GBP

[4] 1.2290 USD/GBP (30 September 2019)

[5] Includes future dividends

II. Company Facts (30 September 2019)	
Listing	LSE
Ticker	DNA3
Current Share Price	86.75p (closing)
Market Capitalisation	GBP 190.9 million
Initial Debt	USD 630 million
Outstanding Debt Balance	USD 234 million (37% of Initial Debt)
Current/ Future Anticipated Dividend	2.0625p per quarter (8.25p per annum)
Earned Dividends	47.3p
Current Dividend Yield	9.51%
Dividend Payment Dates	April, July, October, January
Cost Base Ratio[1]	0.7% (based on Average Share Capital)
Currency	GBP
Launch Date/Price	2 July 2013 / 100p
Average Remaining Lease Duration	6 years 1 month
Incorporation	Guernsey
Aircraft Registration Numbers (Lease Expiry Dates)	A6-EEK (29.08.2025) A6-EEL (27.11.2025) A6-EEM (14.11.2025) A6-EEO (29.10.2025)
Asset Manager	Amedeo Management Ltd
Corp & Shareholder Advisor	Nimrod Capital LLP
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	B92LHN5, GG00B92LHN58
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairthree.com

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

Asset Manager's Comment

1. The Assets

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

The four Airbus A380 aircraft bearing manufacturer's serial numbers (MSN) 132, 133, 134 and 136 recently visited Amman, Athens, Auckland, Jeddah, New York, and Sydney.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of August 2019 was as follows:

Aircraft Utilisation

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	29,290	3,402	8 h 35 min
133	27/11/2013	29,220	3,091	9 h 25 min
134	14/11/2013	27,689	2,955	9 h 20 min
136	29/10/2013	28,920	3,068	9 h 25 min

Maintenance Status

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

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

2. Market Overview

According to the International Air Transport Association (IATA), industry-wide passenger traffic, measured in global revenue passenger kilometres (RPKs), grew at a rate of 4.7% between January and July 2019 against the same period in the year before. Growth in RPK has been running below the long-term average rate of 5.5% and IATA expects an annual growth of 5.0% for this year, largely due to declining growth in the Asia Pacific region. IATA notes that this slower growth trend is likely to continue against the backdrop of weaker growth in several large economies and a pick-up in global risks.

Industry-wide capacity, measured in available seat kilometres (ASKs), increased by 4.1% between January and July 2019 versus the first seven months of the previous year, resulting in a 0.5 percentage point increase in the worldwide passenger load factor (PLF) to 82.6%. So far in 2019, all regions have recorded modest capacity growth and high load factors with July's PLF of 85.7%, a new all-time high for any month of the year.

Passenger traffic in the Middle East increased by 1.5% between January and July 2019 against the same period in the previous year. Capacity grew by 0.7%, which resulted in a 0.7 percentage point increase in PLF to 76.0%. IATA's seasonally-adjusted data show a clear levelling off in passenger traffic volumes since the first half of 2018. This is attributable to the weakness in global trade, volatile oil prices and heightened geopolitical tensions.

European-based operators continue to be the top performers in overall market demand so far in 2019, as RPKs increased by 5.6% compared to the same period in the previous year. Latin America ranked second once again with 5.2% followed closely by the Asia Pacific region with 5.1%. Africa experienced an increase of 4.9% while North America saw positive growth at 4.0%.

3. Lessee – Emirates Key Financials

In the 2018/19 financial year ending on 31 March 2019, Emirates increased revenue by 6% to AED 98 billion (USD 26.7 billion) compared to the previous financial year. However, as operating costs rose by 8%, Emirates' net profit fell nearly 70% compared to last year to AED 871 million (USD 237.3 million). The decrease in profit was attributed to higher fuel prices, strong competition, and unfavourable foreign exchange effects.

Emirates' overall passenger traffic grew marginally during the 2018/19 financial year with the airline carrying 58.6 million passengers. Passenger traffic, measured in RPKs, increased by 2.7%, while capacity, measured in ASKs, grew by 3.6%. This resulted in a passenger load factor of 76.8% compared to last year's 77.5%.

The rise in total operating costs was largely due to increasing fuel prices, which grew 22% over the financial year. This came on top of the 15% increase in fuel prices during the previous year. Fuel continued to be the largest cost component, making up 32% of the airline's total operating costs. Additionally, Emirates saw an AED 572 million (USD 155.9 million) negative impact on its financial results due to the strengthening of the US Dollar against many revenue generating currencies.

As of 31 March 2019, Emirates' balance sheet amounted to AED 127.4 billion (USD 34.7 billion), largely flat compared to the end of the previous financial year. Total equity increased marginally by 1.9% to AED 37.7 billion (USD 10.3 billion). The equity ratio remained stable at 29.6%. The airline's cash balance amounted to AED 17.0 billion (USD 4.6 billion) at the end of the financial year, down by AED 3.4 billion (USD 921.8 million) compared to the end of the previous financial year.

In the 2018/19 financial year, Emirates received 13 new aircraft – seven A380s and six Boeing 777-300ERs – and retired 11 older aircraft, bringing its fleet total to 270 as of 31 March 2019, including 12 freighters. The fleet roll-over resulted in an average fleet age of 6.1 years. In February 2019, Emirates signed a heads of agreement with Airbus to order 40 A330neos and 30 A350-900s to be delivered from 2021 and 2024 respectively. At the same time it adjusted its A380 order book position and will receive 14 more A380s from 2019 until the end of 2021, taking the total number of A380s delivered to Emirates to 123 aircraft. Emirates' latest report, however, omitted the USD 15 billion agreement for 40 Boeing 787-10 from the 2017 Dubai Air Show, which had previously been included in its 2017/18 financial report.

Emirates' half-year results for 2019/20 are expected to be released in November 2019.

According to Tim Clark, the airline's president, uncertainty over the status of key widebody programmes is preventing Emirates from revamping its orders with Airbus and Boeing. Delays in Boeing's 777X programme with Emirates as launch customer have prevented the airline from entering into discussions around contract adjustments or introducing new aircraft to existing deals. Additionally, Emirates has delayed the firming up of its deal for A330neos and A350s, both of which are exclusively powered by Rolls-Royce, due to concerns about the engines' ability to meet its specific performance requirements. Setbacks in Rolls-Royce's programmes have led Emirates to demand definitive guarantees for trouble-free performance "from day one" before the airline will commit to any further orders.

Weeks before Emirates conclude the first six months of its 2019/20 finanical year ending on 30 September 2019 Tim Clark provided some guidance on the expected financial results: "I'm pleased with our performance to date." At the same time he sees "difficulties" on multiple fronts including demand issues in South America with the collapsing peso in Argentina, challenges in Asia with the unrest in Hong Kong and the Brexit discussions in Europe. Emirates' had also to manage the closure of one of its two runways at the airlines's Dubai hub due to maintenance for a period of six weeks. Clark was in particular pleased with the operation to London, Emirates' strongest A380 destination outside its Dubai hub,reporting a 93% load factor on the nine daily A380 flights the airline runs out of London Heathrow and London Gatwick. The latter airport is serviced by A380s with a 615 seat high-density configuration.

Source: Bloomberg, Cirium

4. Aircraft – A380

As of mid-September 2019, Emirates operated a fleet of 108 A380s, which currently serve 52 destinations within its global network via its hub in Dubai. A380 destinations include: Amsterdam, Athens, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Casablanca, Christchurch, Copenhagen, Dusseldorf, Frankfurt, Guangzhou, Hamburg, Hong Kong, Houston, Johannesburg, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Moscow, Mumbai, Munich, Muscat, New York JFK, Nice, Osaka, Paris, Perth, Prague, Riyadh, Rome, San Francisco, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Taipei, Tokyo Narita, Toronto, Vienna, Washington, and Zurich.

Also as of mid-September 2019, the global A380 fleet consisted of 231 planes in commercial service. The fourteen operators are Emirates (108), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), British Airways (12), Korean Air Lines (10), Etihad Airways (10), Air France (10), Qatar Airways (10), Malaysia Airlines (6), Thai Airways (6), Asiana Airlines (6), China Southern Airlines (5), All Nippon Airways (2) and Hi Fly (1). Another six aircraft are listed as in storage, including four from Emirates, which were parked at Dubai-World Central International airport.

In July, Air France announced that it intends to retire its entire Airbus A380 fleet by 2022 and is studying options to replace the double-deck type with twinjets. The airline had previously announced plans to retire at least three of its 10 A380s, but has now approved "in principle" the retirement of the remaining aircraft. Five of the aircraft are owned by Air France, while the rest are on operating leases.

At the end of July, Flynas announced that it operated its first Haj pilgrims on A380s wet-leased from Malaysia Airlines. The Saudi carrier anticipates transporting 200,000 pilgrims from 17 countries.

In September, the Portuguese wet-lease operator Hi Fly confirmed its plans to acquire additional second-hand A380 aircraft. Chief executive Paulo Mirpuri stated "as more A380s become available, we will be taking more aircraft", further adding that the market would "say how many". The operator's current A380 has mainly been used for transatlantic flights, but has also been deployed on routes to South America, Indian Ocean destinations and during Operation Matterhorn involving the repatriation of Thomas Cook holiday makers back to the UK.

Also in September, Emirates' president Tim Clark stated that the airline is conducting a review of its fleet and network structure as it plans to start a gradual retirement of the A380 from its fleet. Noting that "this aircraft will still be flying in Emirates in 2035" Clark expects Emirates' A380 fleet to peak shortly and then stabilizing at around 115 aircraft, before declining to about 90-100 by the mid-2020s. Two Emirates-owned A380s are earmarked to be withdrawn from service shortly and will serve as spares source to meet upcoming overhaul requirements for its operational fleet. According to Tim Clark, the A380 will remain a pillar of Emirates' fleet mix for the next 15 years. However, Emirates has dropped plans to install new first class suites on its A380 aircraft, but will introduce new premium economy seats on its A380s towards the end of next year.

Source: Bloomberg, Cirium, Gulf News

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