QUARTERLY FACT SHEET

31 December 2014

DORIC NIMROD AIR THREE LIMITED

LSE: DNA3

The Company

Doric Nimrod Air Three Limited ("the Company") is a Guernsey domiciled company, which was listed on the Specialist Fund Market (SFM) of the London Stock Exchange and the Channel Islands Stock Exchange on 2 July 2013 with the admission of 220 million Ordinary Shares ("the Equity") at an issue price of 100p per share. The market capitalisation of the Company was GBP 228.8 million as of 31 December 2014.

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 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") for an initial term of 12 years with fixed lease rentals for the duration. In order to complete the purchase of the aircraft, DNA Alpha Ltd ("DNA Alpha"), a wholly owned subsidiary of the Company, issued two tranches of enhanced equipment trust certificates ("the Certificates" or "EETC") – a form of debt security – in July 2013 in the aggregate face amount of USD 630 million. DNA Alpha used the proceeds from both the Equity and the Certificates to finance the acquisition of the four new Airbus A380 aircraft.

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

In 2014 the Specialist Fund Market (SFM) was deemed a recognisable market for Individual Savings Accounts (ISA). As a result the listing on the Channel Islands Stock Exchange, which had served this purpose previously, was cancelled. The Company's shares are therefore now only traded on the SFM of the London Stock Exchange.

Company Facts (31 December 2014)	
Listing	LSE
Ticker	DNA3
Share Price	109.0p
Market Capitalisation	GBP 228.8 million
Aircraft Registration Numbers	A6-EEK, A6-EEL, A6-EEM, A6-EEO
Current/Future Anticipated Dividend	2.0625p per quarter (8.25p per annum)
Dividend Payment Dates	April, July, October, January
Currency	GBP
Launch Date/Price	2 July 2013/100p
Incorporation	Guernsey
Asset Manager	Amedeo Management Ltd
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Managers (Guernsey) Ltd
Auditor	Deloitte LLP
Market Makers	Jefferies International Ltd Numis Securities Ltd Shore Capital Ltd Winterflood Securities Ltd
SEDOL, ISIN	B92LHN5, GG00B92LHN58
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairthree.com

Asset Manager's Comment

1. The Assets

In November 2013, the Company had completed the purchase of all four Airbus A380 aircraft, bearing manufacturer's serial numbers (MSN) 132, 133, 134 and 136. All four aircraft are leased to Emirates for an initial term of 12 years from the point of delivery with fixed lease rentals for the duration.

The A380s owned by the Company recently visited Auckland, Brisbane, Dallas, Kuwait, London Heathrow, Los Angeles, Melbourne, Milan, Paris, Rome, San Francisco, Sydney and

Toronto. Aircraft utilisation for the period from delivery of each Airbus A380 until the end of November 2014 was:

Aircraft Utilization				
MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	6,760	761	8 h 55 min
133	27/11/2013	5,477	544	10 h 5 min
134	14/11/2013	5,634	551	10 h 15 min
136	29/10/2013	5,903	598	9 h 50 min

Maintenance Status

Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at 24 month or 12,000 flight hour intervals, whichever occurs sooner. Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the leases.

Inspections

During the period under review the asset manager Doric carried out physical inspections of all four aircraft in December 2014. Final inspection reports were not yet available at the editorial deadline.

2. Market Overview

From January to October 2014 passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 5.8% compared to the same period the year before. The positive growth trend in air travel is continuing, with a diverse picture across regions. Stronger economic performance in some regions are accompanied by emerging downside risks in others. According to the International Air Transport Association (IATA) the overall outlook for air travel remains positive with improving demand conditions in the US and recently increased trade volumes in Asia Pacific. It is expected that these trends help to offset some adverse developments in other parts of the world. Between January and October 2014 airlines increased their capacities, measured in available seat kilometres (ASKs), by 5.6%.

The average passenger load factor during the first ten months of this year was 80.2%. This is an increase of 0.3 percentage points compared to the same period the year before. From a historic perspective passenger load factors remain at a high level with a revised industry average of 79.9% during 2014. For 2015 IATA is forecasting a worldwide passenger load factor of 79.6%, slightly below the estimate for 2014. The growth in capacity will be driven by an increased number of aircraft and a higher utilization of the in-service fleet. RPKs are expected to grow by 5.7% in 2014 and 7.0% in 2015.

A regional breakdown reveals that the Middle East airlines continue to outperform the overall market in 2014. RPKs increased by 12.6% during the first ten months of 2014 compared to the same period the year before. Second best were Asia/Pacific based operators with 6.8%. Latin America grew by 6.4% and 5.9% growth in Europe was slightly above the market average across all regions. North American market participants recorded 2.7% more RPKs. Africa showed modest growth of 0.7%.

After a sharp decline in oil prices over the last few months, IATA has revised its fuel price target significantly, expecting in its report released in December 2014 an average of USD 116.6 per barrel in 2014 and USD 99.9 in 2015. Fuel is the largest single operating cost item of airlines and has significant effects on the industry's profitability. Based on IATA's latest forecasts released in December 2014, the average share of fuel costs could decrease substantially from 30.1% in 2013 to 26.1% in 2015 boosting industry-wide net profits by more than 135% to an estimate of USD 25 billion. The associated net profit margin of 3.2% would be the highest for more than a decade.

Source: IATA

3. Lessee – Emirates Key Financials and Outlook

Emirates recorded steady performance and significant growth during the first six months of the financial year 2014/15 ending on 31 March 2015. Revenue, including other operating income, reached a record high of USD 12.0 billion, up by 11% compared to the same period in the previous financial year.

The airline posted a net profit of USD 514 million, representing an increase of 8% over last half year results. According to His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive of Emirates Airline and Group, the bottom line was influenced by the 80-day runway upgrading works from May to July 2014 at Dubai International Airport. Due to capacity constraints during this time, the lessee temporarily grounded some of its aircraft. Profitability was further challenged by a strong US dollar against major revenue-generating currencies. Relieving effects from lower oil prices were limited in the six months period until end of September 2014. The airline's fuel bill accounted for 38% of operating costs compared with 39% in the same period the year before.

As of 30 September 2014 the balance sheet total amounted to USD 29 billion, an increase of 4.8% against the beginning of the financial year. Total equity increased by 8.7% to USD 7.5 billion with an equity ratio of 26%. The current ratio was 0.82; therefore the airline would be able to meet most of its current liabilities by liquidating all of its current assets. Significant items on the liabilities side of the balance sheet included current and non-current borrowings and lease liabilities in the amount of USD 12.9 billion. As of 30 September 2014 the carrier's cash balance was USD 3.7 billion, down by USD 832 million compared with the beginning of the current financial year. Liquidity was mainly spent on investments in new aircraft and other airline related infrastructure projects.

Between April and September 2014, as compared to the first six months in the prior financial year, the airline's ASKs increased by 6.5%. Measured in RPKs passenger traffic grew by 9.8%, resulting in an average passenger load factor of 81.5%. This is significantly above the 79.2% reached in the period between April and September 2013. A record 23.3 million passengers flew with Emirates between 1 April and 30 September 2014 – an increase of 8.4% compared to the previous financial year's period.

During the first six months of the current fiscal year Emirates received 13 wide-body aircraft including six Airbus A380 – an overall capacity increase of 6%. This included the delivery of the 100th Boeing 777-300ER to Emirates nearly ten years after the carrier received its first aircraft of this type. As of 30 September 2014 the carrier's average fleet age was 76 months, compared to 74 months a year ago.

As of 30 November 2014 Emirates had 229 wide-body aircraft in operation. According to company sources, Emirates is the world's largest operator of wide-body passenger aircraft. The number of Emirates orders yet to be delivered at the end of November 2014 was 287 aircraft. The airline operates the world's largest fleets of Airbus A380 and Boeing 777-300ER aircraft.

With its increased fleet and resources, Emirates launched eight additional destinations during the calendar year including Abuja, Boston, Brussels, Budapest, Chicago, Kiev, Oslo and Taipei. In December 2014 Emirates operated flights to more than 140 destinations in more than 80 countries on six continents.

Source: Ascend, Emirates, Flightglobal

4. Aircraft — A380

As of December 2014 Emirates had a fleet of 57 A380s which currently serve 33 destinations from its Dubai hub: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Brisbane, Dallas, Frankfurt, Hong Kong, Houston, Jeddah, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Manchester, Mauritius, Melbourne, Milan, Moscow, Mumbai, Munich, New York JFK, Paris, Rome, San Francisco, Seoul, Shanghai, Singapore, Sydney, Toronto and Zurich. During the last twelve months Emirates launched ten new A380 destinations in total. At the beginning of December 2014 alone, the lessee commenced flights to three of these destinations (San Francisco, Milan, Houston) within three days. Furthermore the airline has announced an increase in capacity on existing A380 routes and will add further A380 destinations in 2015. Starting in March the airline will offer a fourth daily service to New York JFK operated with one of Emirates' A380 aircraft. The first scheduled A380 flight to Perth will take place on 1 May, upgauging the three daily services from Dubai to the capital of Western Australia.

Glasgow, Manila, Tehran and Vienna have also experienced the flagship Emirates aircraft when it touched down for a one off showcase in 2014.

In early December 2014, Airbus Group's Chief Financial Officer Harald Wilhelm triggered speculation over the future of the

A380 programme when he said during an Airbus investor conference that it would break even in 2015 and stay in balance through 2018, whether Airbus decided to upgrade or "discontinue" it. Airbus' CEO Fabrice Bregier was quick to address any misunderstanding by stating that Airbus has commercial momentum on the A380 and that the company will eventually launch a version of the A380 with new engines or even build an ultra high capacity stretched version with a view to winning more customers.

The global A380 fleet consisted of 147 commercially used planes in service at the end of November 2014. The twelve operators are Emirates (55 A380 aircraft), Singapore Airlines (19), Qantas (12), Deutsche Lufthansa (12), Air France (10), Korean Airways (10), China Southern Airlines (5), Malaysia Airlines (6), Thai Airways (6), British Airways (8), Asiana (2) and Qatar Airways (2). On 18 December 2014 Etihad Airways joined the list as thirteenth operator and received its first Airbus A380 with nine more to follow. The delivery was the 150th handover to an A380 operator marking a milestone for the A380 programme.

At the end of November 2014 the number of undelivered orders stood at 170 aircraft. Air France announced in December 2014 its intention to cancel its two outstanding orders for A380s, which would bring down the total of undelivered orders to 168.

According to Airbus, in the period from the aircraft's first introduction to December 2014 the combined worldwide A380 fleet has accumulated over 1.7 million flight hours, taking off or landing every four minutes on average around the globe. Over 75 million passengers have flown aboard an Airbus A380 to date. In early December 2014 Airbus announced there were 94 routes to 44 destinations served by A380 aircraft.

Source: Airbus, Ascend, Emirates, Flightglobal

Contact Details

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