

# QUARTERLY FACT SHEET

 31<sup>st</sup> March 2011

## DORIC NIMROD AIR ONE LIMITED

**LSE: DNA**  
**CISX: DNA**

### The Company

Doric Nimrod Air One Limited ("DNA") is a Guernsey domiciled company which listed on the Specialist Fund Market of the London Stock Exchange and the Channel Islands Stock Exchange on 13<sup>th</sup> December 2010. DNA has purchased one Airbus A380-861 aircraft, manufacturer's serial number (MSN) 016, which it has leased to Emirates Airlines, the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates.

### Investment Strategy

DNA's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling a single aircraft. DNA will receive income from the lease and its directors intend to target a gross distribution to shareholders of 2.25 pence per share per quarter (9p per annum).

### Company Facts (31<sup>st</sup> March 2011)

Listing	LSE and CISX
Ticker	DNA
Share Price	112.5p
Market Capitalisation	£48 million
Anticipated Dividend	2.25p per quarter (9p per annum)
Anticipated Dividend Payment Dates	April, July, October, January
Currency	GBP
Launch Date/Price	13 <sup>th</sup> December 2010 / 100p
Incorporation	Guernsey
Asset Manager	Doric Asset Finance Limited
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	Anson Fund Managers Ltd
Auditor	Ernst and Young LLP
Market Makers	Shore Capital Ltd Winterflood Securities Ltd
SEDOL, ISIN	B4MF389 , GG00B4MF3899
Year End	31 <sup>st</sup> March
Stocks & Shares ISA	Eligible
Website	www.dnairone.com

## Asset Manager's Comment

### 1. The Doric Nimrod Air One Airbus A380

The Airbus A380 with manufacturer's serial number (MSN) 016 is registered in the United Arab Emirates under the registration mark A6-EDC. For the period from original delivery of the aircraft to Emirates in November 2008 until year-end 2010 a total of 1,188 flight cycles were registered. Total flight hours were 9,447. This is equal to an average flight duration of almost 8 hours. The aircraft was transferred into the ownership of DNA on 13<sup>th</sup> December 2010.

The lessee currently deploys its A380 fleet on twelve different routes. From its base in Dubai the A380 flies to Europe (London, Manchester and Paris), Asia (Bangkok, Beijing, Hong Kong and Seoul), North America (New York and Toronto), the Australian continent (Sydney and Auckland) and within the Middle East to Saudi Arabia (Jeddah). The A380 MSN 016 is regularly in service to most of these destinations on all continents.

### Maintenance status

The first significant maintenance event of the aircraft was performed in October/November 2010. At that moment the utilization of the A380 stood at 1,132 flight cycles and 8,964 flight hours. Emirates maintains its A380 aircraft fleet based on a periodically occurring check program according to which small checks are performed every 1,500 flight hours and more significant checks every 24 months or 12,000 flight hours, whichever comes first. The next more significant maintenance check is expected to fall due in the third quarter of 2012.

### Inspections

The first inspection of the aircraft was conducted by the asset manager Doric Asset Finance in Dubai as a pre-purchase inspection of the aircraft in December 2010. The aircraft was in a very good condition. Besides some normal wear and tear in the interior of the aircraft the A380 was maintained to a high standard in the passenger cabin and associated galleys and toilets.



In addition to the physical inspection of the aircraft an audit of the aircraft's technical documentation was performed by the asset manager. The technical records were also in a very good condition and well presented.

The next inspection of the aircraft is currently planned to take place in the winter of 2011/2012.

## 2. Market Overview

The international air transport market showed resilience in 2010 and resumed the growth path following the downturn that was caused by the global financial crisis. According to the data published by the International Air Transport Association (IATA) in February 2011, passenger traffic increased by 8.2 per cent in 2010 despite the temporary suspension of the European airspace in April 2010 following the ash cloud caused by the Icelandic volcano Eyjafjallajökull. In the air freight industry the growth rate was even more impressive with an annual increase of 20.9 per cent.

In line with these growth rates yields and revenues of airlines worldwide improved year-over-year. IATA estimates that the yields increased by 7.3 per cent in the air passenger market and by 7.9 per cent in the freighter market in 2010. The combined global revenue of all airlines increased by 15.9 per cent to US\$ 560 billion and aggregate net profit of the global airline industry increased to US\$ 8.9 billion in 2010.

However, the development in the air transport market showed significant regional differences in 2010. The growth leaders

were Asia/Pacific (+9.0 per cent), Middle East (+17.8 per cent) and Africa (+12.9 per cent) whereas the growth in Europe (+5.1 per cent) and North America (+7.4 per cent) was relatively more muted. The reason for these heterogeneous growth patterns is largely attributable to the different pace of macroeconomic developments in the various regions to which the air traffic growth is closely connected. IATA predicts that this trend of macroeconomic imbalances between the more developed industrial nations in North America and Europe on one hand and the dynamic emerging markets in countries such as China or India on the other hand is set to continue. Asia/Pacific is expected to overtake North America as the most important region of the air transport market in the medium term. The average annual growth rates of the international air traffic until 2014 are expected to range from 4.7 per cent in Europe to 7.6 per cent in Asia and 9.4 per cent in the Middle East, respectively.

On 29<sup>th</sup> March IATA announced scheduled international traffic for February 2011 showing increases of 6.0 per cent and 2.3 per cent respectively for passenger and cargo demand compared to February 2010. "As the unrest in Egypt and Tunisia spreads across the Middle East and North Africa, demand growth across the region is taking a step back. The tragic earthquake and its aftermath in Japan will most certainly see a further dampening of demand from March. The industry fundamentals are good. But extraordinary circumstances have made the first quarter of 2011 very difficult," said Giovanni Bisignani, IATA's Director General and CEO (Source: IATA - Regional Outlook, February and March 2011).

### 3. Lessee – Emirates Key Financials and Outlook

The aircraft is leased to Emirates for an initial term of 12 years, with fixed lease rentals for the duration.

The airline's latest financial figures for the first six months of the current financial year 2010/2011 were published in November 2010. Hence, these results were already part of the Doric Nimrod Air One prospectus that was issued in December 2010 and can be summarized as follows:

Emirates generated a net profit of AED 3.4 billion (USD 925 million) for the first six months of the current financial year ending 30<sup>th</sup> September 2010. This represents an increase of 351.2 per cent compared to the same period of the previous year. The reported revenue, including other operating income, of AED 26.4 billion (USD 7.2 billion) for the half-year, represented a growth of 35.5 per cent compared to the previous year. Emirates fiscal year closes at the end of March.



Emirates is expected to post record results next month despite regional political turbulence and the rising price of oil. Analysts estimates indicate that the Dubai Government-owned carrier is expected to achieve a net profit of about USD 2 billion (AED 7.34 billion).

At the beginning of March 2011, Emirates was ranked the 3<sup>rd</sup> largest airline worldwide by Centre for Asia Pacific Aviation measured by capacity (available seat kilometers) with a capacity increase of 9.9 per cent for March (year-over-year).

Commenting on the impact of the recent uprisings in the Middle East on the Emirates' operating results, Tim Clark (Emirates President) told Reuters in an interview at the beginning of the month that initially load factors "were down 6-7 percentage points at about 74 per cent, but now [Emirates] is back at 80 per cent" level (Source: Emirates, CAPA, Reuters, The National).



In a recent research note, Royal Bank of Scotland (RBS) said it expected Emirates and other Gulf carriers to leverage their geographic advantage and focus their growth on traffic flows among India, China, Africa and the Middle East. By 2020, Emirates will be operating about 250 aircraft, including some from additional orders of the A380, and will have added approximately 46 destinations, with a heavier emphasis on south Asia and North America, RBS reported.

### 4. Aircraft – A380

At year-end 2010 the global fleet of A380 aircraft consisted of 41 planes that were operated by Emirates, Singapore Airlines, Qantas, Air France and Lufthansa. According to Airbus these aircraft completed more than 26,000 commercial flights until the end of 2010 and carried more than 9 million passengers. In 2010 alone Airbus delivered 18 new A380 aircraft. However, the A380 order backlog was still 197 units as of year-end 2010. In 2010 Emirates increased its orders by an additional 32 A380 aircraft.

During the first quarter of 2011 Airbus delivered two additional A380 aircraft to Qantas, which brings the current total to 43 aircraft in operation worldwide. In June 2011 Korean Air will be the sixth carrier that will start operating the A380.



In the first quarter 2011, Airbus won firm orders from South Korean Asiana Airlines and from the Japanese low-cost carrier Skymark Airlines Inc. for six and four A380 aircraft, respectively. Skymark will become the first budget airline and the first Japanese carrier to fly the Airbus A380, which can carry up to 853 people in an all-economy class configuration. The airline is planning its international expansion and intends to use the new A380s on long-haul services between Tokyo and London, Paris and Frankfurt when deliveries start in 2014.

At the same time, ILFC (International Lease Finance Corporation) cancelled its original order for 10 aircraft at the beginning of March with a view to readjust its order book to a larger proportion of narrowbody aircraft.



## Contact Details

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