
DORIC NIMROD AIR TWO LIMITED

Consolidated Annual Financial Report

From 1 April 2015 to 31 March 2016



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SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA2
Share Price	214.25p (as at 31 March 2016) 212.50p (as at 8 July 2016)
Market Capitalisation	GBP 370.1 million (as at 31 March 2016)
Aircraft Registration Numbers	A6-EDP, A6-EDT, A6-EDX, A6-EDY, A6-EDZ, A6-EEB, A6-EEC
Current/Future Anticipated Dividend	Current dividends are 4.5p per quarter per share (18p per annum) and it is anticipated that this will continue until the aircraft leases begin to terminate in 2023.
Dividend Payment Dates	April, July, October and January
Currency	Sterling
Launch Date/Price	14 July 2011 / 200p
Incorporation and Domicile	Guernsey
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Shore Capital Limited Winterflood Securities Limited Jefferies International Limited Numis Securities Limited
SEDOL, ISIN	B3Z6252, GG00B3Z62522
Year End	31 March
Stocks & Shares ISA	Eligible
Website	www.dnairtwo.com

COMPANY OVERVIEW

Doric Nimrod Air Two Limited

Doric Nimrod Air Two Limited (LSE Ticker: DNA2) (“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 Ordinary Preference Shares (the “**Ordinary Shares**”) at an issue price of £2 each (the “**Placing**”). The Company’s Ordinary Shares were admitted to the Official List and to trading on the Specialist Fund Segment (“**SFS**”) of the London Stock Exchange’s Main Market (“**LSE**”) on 14 July 2011.

The Company raised a further £188.5 million 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 8 July 2016, the last practicable date prior to the publication of this report, the Company’s total issued share capital consisted of 172,750,000 Ordinary Shares (the “**Shares**”) and the Shares were trading at 212.50 pence per share.

Investment Objectives and Policy

The Company’s investment objective is to obtain income returns and a capital return for its shareholders (the “**Shareholders**”) by acquiring, leasing and then selling aircraft (each an “**Asset**” and together the “**Assets**”). The Company receives income from the lease rentals paid to it by Emirates Airline (“**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 USD 234 million and has been leased to Emirates for an initial term of 12 years to 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 USD 234 million and has been leased to Emirates for an initial term of 12 years to 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 USD 234 million and has been leased to Emirates for an initial term of 12 years to October 2024.

In order to complete the purchase of the relative Assets, MSN077 Limited, MSN090 and MSN105 Limited entered into separate loan agreements with a number of banks (see Note 14), each of which will be fully amortised with quarterly repayments in arrears over 12 years (together the “**Loans**”). A fixed rate of interest applies to the Loans. MSN077 Limited drew down USD 151,047,509 under the terms of the first loan agreement to complete the purchase of the first Asset; MSN090 Limited drew down USD 146,865,575 in accordance with the second loan agreement to finance the acquisition of the second Asset; and MSN105 Limited drew down USD 145,751,153 in accordance with the third loan agreement to finance the acquisition of the third Asset. The first loan agreement, second loan agreement and the third loan agreement are on materially the same terms.

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 enhanced equipment trust certificates (the “**Certificates**”). The Certificates, with an aggregate face amount of approximately USD 587.5 million were admitted to the Official List of the

COMPANY OVERVIEW (continued)

UK Listing Authority and to the London Stock Exchange on 12 July 2012. These four Assets were also leased to Emirates for an expected initial term of 12 years to the second half of 2024, with fixed lease rentals for the duration.

Distribution Policy

The Company aims to provide its Shareholders with an attractive total return comprising income from distributions through the period of the Company's ownership of the Assets and capital upon the sale of the Assets.

The Group receives income from the lease rentals paid by Emirates pursuant to the relevant leases. It is anticipated that income distributions will be made quarterly, subject to compliance with applicable laws and regulations. The Company currently targets a distribution of 4.50 pence per Share per quarter. Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the leases.

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 (the "**Law**") enabling 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 four interim dividends of 4.50 pence per Share. Two interim dividends of 4.50 pence per Share were declared after the reporting period. Further details of these dividend payments can be found on page 15.

Return of Capital

In respect of any Asset, following the sale of that Asset, the Directors may, either (i) return to Shareholders the net capital 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 a solvency test contained therein).

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Directors convene a Liquidation Proposal Meeting six months prior to the end of the leases, where a Liquidation Resolution will be proposed that the Company proceed to an orderly wind-up. In the event that the Liquidation Resolution is not passed, the Directors will consider alternatives for the Company and shall propose such alternatives at a General Meeting of the Shareholders, including re-leasing the Assets (to the extent the Assets have not already been disposed of in the market), or selling the Assets and applying the capital received from the sale of those Assets to: (i) if applicable, the repayment of outstanding debt; and (ii) reinvestment in other aircraft.

CHAIRMAN'S STATEMENT

I am pleased to present Shareholders with the Group's fifth consolidated financial report covering the period from 1 April 2015 until 31 March 2016. (the "**Period**").

The Group owns seven planes, funded by two equity issues, a note issue and bank debt.

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 used the net proceeds of the initial placing and three separate loans, each of approximately USD 150 million, to fund the purchase of three Airbus A380-800 aircraft. The Company acquired the first, second and third aircraft, respectively through its wholly owned subsidiaries MSN077 Limited, MSN090 Limited and MSN105 Limited, on 14 October 2011, 2 December 2011 and 1 October 2012 respectively each for the sum of USD 234 million. Upon delivery the subsidiaries each also entered into an aircraft operating lease with Emirates. The aircraft have been leased to Emirates for an initial term of twelve years with fixed lease rentals for the duration. The debt portion of the funding will be fully amortised over the twelve years of the lease, with the aim of leaving the aircraft unencumbered at the conclusion of the lease. All payments thus far by Emirates have been made in accordance with the terms of the leases.

The Company used the net proceeds of the C Share placing together with debt of approximately USD 600 million, issued via two tranches of Enhanced Equipment Trust Certificates, to fund the purchase of four additional Airbus A380-800 aircraft, and to lease them to Emirates in the fourth quarter of 2012.

Once all seven aircraft were acquired, the C Shares were converted into Ordinary Preference Shares at a conversion ratio of one Ordinary Preference Share for every one C Share, and the Company has since been targeting a distribution of 4.50 pence per Share per quarter, equating to 9 per cent per annum on the issue price of the Shares.

The lease payments received by the Group from Emirates cover repayment of the debt as well as income to pay operating expenses and dividends to Shareholders. Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the leases.

The Group's Asset Manager, Doric GmbH, continues to monitor the leases and reports regularly to the Board. Nimrod Capital LLP, the Company's Placing Agent as well as its Corporate and Shareholder Advisory Agent, continues to liaise between the Board and Shareholders, and to distribute quarterly fact sheets and interim management statements.

During the year 2015 overall global air traffic passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 6.5% compared to the year before. This is the strongest performance since 2010 and well above the 10-year average growth rate of 5.5%. A regional breakdown reveals that Middle East airlines continue to outperform the overall market in 2015. RPKs increased by 10.1% compared to 2014. Asia/Pacific-based operators followed with 8.6%. Latin America grew by 6.8% and Europe by 5.1%. North American market participants recorded 4.3% more RPKs and growth in Africa was 3.1%. The average passenger load factor in 2015 was 80.4%. This is an increase of 0.7 percentage points compared to the year before, a record annual high.

Emirates has also continued to perform well flying more passengers than ever before carrying 51.9 million people to 153 destinations in 80 countries on six continents during the last financial year 2015/16. About 32% of Emirates' passengers were carried by an A380. The carrier added eight new passenger destinations to its network and increased services and capacity to another 34 cities on its existing route network across Africa, Asia, Europe, the Middle East, and North America. At the same time Emirates received 29 new wide-body aircraft, the highest number during a financial year.

The Board recognises Emirates is the sole lessee of the Assets, and in the event that Emirates defaults on the rental payments it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern. We do not believe this is a likelihood at this moment in time given the current and historical performance of Emirates and its current financial position.

In economic reality, the Company has performed well. Four interim dividends were declared in the year and future dividends are targeted to be declared and paid on a quarterly basis. However, the financial statements do not in the Board's view properly convey this economic reality due to the regulatory accounting treatment for foreign exchange, rental income and finance costs.

CHAIRMAN'S STATEMENT (continued)

International Financial Reporting Standards ("IFRS") require that transactions denominated in currencies other than the presentation currency (including, most importantly, the cost of the aircraft) are translated into presentation currency at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences.

On an on-going basis and assuming the lease and 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 pay debt repayments due which are likewise denominated in US Dollars. US Dollar lease rentals and debt repayments are furthermore fixed at the outset of the Company's life and are very similar in amount and timing.

In addition to this, rental income receivable is credited evenly to the Statement of Comprehensive Income over the planned life of the Company. Conversely, the methodology for accounting for interest cost means that the proportion of the debt repayments which is treated as interest and is debited to the Statement of Comprehensive Income, varies over the term of the debt with a higher proportion of interest expense recognised in earlier periods – so that the differential between rental income and interest cost (as reported in the Statement of Comprehensive Income) reduces over the course of twelve years. In reality however the amount of rental income is fixed so as to closely match the interest and principal components of each debt repayment instalment and allow for payments of operating costs and dividends.

The Board conducts an annual review of the estimated residual value of the Assets at the end of the 12 year leases to Emirates for the purpose of validating the depreciation charge. The Board also assesses if an indicator of impairment of aircraft values has arisen which might require the values of the aircraft to be written down. In conducting these reviews, the Board engages three internationally recognised expert appraisers to provide current and future valuations and takes the advice of the Asset Manager, Doric.

As of March 31, 2016 the aircraft portfolio's current market value in US Dollars is 1,313.8m, as per the average of the latest opinion of three internationally recognised expert appraisers – this is 6.1% below the book value at this point in time. The appraisers assessed the currently expected residual value 7.9% lower when compared to their initial appraisals when the aircraft were acquired.

The Company's Asset Manager, Doric, has advised that as no secondary market has been established for the A380 it seems appropriate to continue our current depreciation practice, which is in keeping with aircraft lessor industry norms.

Accordingly, the Board has decided to continue the current book value determination without impairment until more accurate second hand value information becomes available.

The Board also recognises that the Assets were purchased on the basis of being leased to Emirates for a twelve year term at attractive rates. The Board is conscious that the independent appraisals of the current market values do not reflect the leases, which is an intrinsic part of the value of the Group's Assets. In addition, upon review of the professional advice they have received, the Board is of the opinion that, the current estimate of the residual value of the Assets is a reasonable approximation of the residual value within the IAS 16 definition of residual value given a comparable asset is not available.

On behalf of the Board I would like to thank our service providers for all their help and assistance together with all Shareholders for their continued support of the Company.

Norbert Bannon
Chairman

11 July 2016

ASSET MANAGER'S REPORT

1. The Assets

In November 2012, the Group completed the purchase of all seven Assets bearing manufacturer's serial numbers ("MSN") 077, 090, 105, 106, 107, 109 and 110. All seven Assets are leased to Emirates for an initial term of 12 years from the point of delivery with fixed lease rentals for the duration.

The seven Assets owned by the Group recently visited Amsterdam, Auckland, Bangkok, Barcelona, Frankfurt, Jeddah, London Heathrow, Manchester, Melbourne, Mumbai, Munich, New York JFK, Perth, Rome, Sydney, and Zurich.

Aircraft utilisation for the period from delivery of each Airbus A380 until the end of February 2016 was as follows:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
077	14/10/2011	20,513	2,380	8 h 40 min
090	02/12/2011	18,044	3,022	6 h
105	01/10/2012	15,018	2,438	6 h 10 min
106	01/10/2012	16,379	1,856	8 h 50 min
107	12/10/2012	16,143	1,852	8 h 45 min
109	09/11/2012	14,025	2,275	6 h 10 min
110	30/11/2012	14,331	2,403	6 h

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

Inspections

During the period under review Doric GmbH ("Doric" or the "Asset Manager"), performed physical inspections of the aircraft as follows: MSN 077 (June 2015), MSN 090 (November 2015), MSN 105 (February 2016), and MSNs 106, 107, 109, 110 (October 2015). The physical condition of all aircraft was in compliance with the provisions of the respective lease agreement. Doric also undertook records audits for all seven aircraft. The technical documentation was found to be in good order. As usual the lessee was very helpful in the responses given to the asset manager's technical staff.

2. Market Overview

During the year 2015 passenger demand, measured in revenue passenger kilometres (RPKs), increased by 6.5% compared to the year before. This is the strongest performance since 2010 and well above the 10-year average growth rate of 5.5%. Lower airfares more than compensated for the weaker economic fundamentals in some regions of the world. Adjusted for distortions caused by the rise of the US dollar, global ticket prices were 5% lower than in 2014. For 2016 IATA expects a supportive environment for another year of strong passenger traffic. Further declining oil prices in the last few months might provide further stimulus for air travel growth in the current year. In its latest forecast released in December, IATA expects an RPK growth of 6.9% for 2016 – a moderate increase compared to the previous year's growth rate. In 2015 airlines increased their capacities, measured in available seat kilometres (ASKs), by 5.6%. The Middle East (+12.6%) and Asia/Pacific (+6.7%) were the most active regions in terms of capacity growth.

The average passenger load factor in 2015 was 80.4%. This is an increase of 0.7 percentage points compared to the year before, a record annual high. IATA estimates an average worldwide passenger load factor of 80.4% for the full year 2016.

ASSET MANAGER'S REPORT (continued)

A regional breakdown reveals that Middle East airlines continue to outperform the overall market in 2015. RPKs increased by 10.1% compared to 2014. Asia/Pacific-based operators followed with 8.6%. Latin America grew by 6.8% and Europe by 5.1%. North American market participants recorded 4.3% more RPKs and growth in Africa was 3.1%.

After a sharp decline in oil prices starting in the autumn of 2014, IATA has revised its fuel price target several times. In its latest report released in December, the industry association expects an average price per barrel of USD 63.8 during 2016. Fuel is the single largest operating cost of airlines and has significant effects on the industry's profitability. Comparatively low oil prices could drive the average share of fuel costs in operating expenses down to 21% this year and could further boost the industry-wide net profit to an estimated USD 36.3 billion. The net profit margin of 5.1% would be the highest for more than a decade. In 2015 the industry net profit reached USD 33 billion, compared to USD 17.3 billion the year before. The profit development during this year will heavily depend on the oil price level. IATA has observed forecasts performed by third parties with a range between USD 20 and USD 60 per barrel and assumes USD 63.8 per barrel for its own calculations. By the end of March 2016 the price per barrel of Brent crude was around USD 40.

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3. Lessee – Emirates Key Financials

In the financial year 2015/16 ending on 31 March 2016 Emirates made its highest profit ever with USD 1.9 billion – an increase of 56% compared to the previous period. The profit margin of 8.4% is the greatest since 2010/11. At the same time, the 28th consecutive year of profit provided a number of global and operational challenges to the Company. The rise of the US Dollar against currencies in most of Emirates' key markets only had a USD 1.1 billion impact to the airline's bottom line. This factor and fare adjustments following the reduction in fuel prices led to a 4% drop in revenue to USD 23.2 billion. During the financial year, the airline had to deal with weak consumer confidence in a slow global economic environment, terror threats and geopolitical instability in many regions it serves. Nevertheless, the Company was able to maintain its strategy of diversified revenue streams which limits the carrier's exposure to single geographical regions.

The airline's operating costs were significantly influenced by the drop in oil prices with a 39% lower average fuel price compared to the previous period. As Emirates remained largely unhedged on jet fuel prices, this significantly paid off. Fuel costs remained the largest component in operating costs, but significantly decreased by 9 percentage points to 26%. Total operating costs decreased by 8% over the 2014/15 financial year.

As of 31 March 2016, the balance sheet total amounted to USD 32.5 billion, an increase of 7% compared to the beginning of the financial year. Total equity increased by 14.6% to USD 8.8 billion with an equity ratio of 27.2%. The current ratio stood at 0.82, meaning the airline would be able to meet about four-fifths of its current liabilities by liquidating all 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 13.7 billion. As of 31 March 2016, the carrier's cash balance was USD 5.4 billion, up by USD 846 million compared to the beginning of the financial year.

Between April 2015 and March 2016 the airline raised a record USD 7.3 billion in aircraft financing and has already received committed offers of finance for deliveries in the current financial year. Over the last ten years Emirates raised more than USD 45 billion from international markets to finance its fleet and business growth.

New destinations, larger aircraft deployment and increased frequencies to existing destinations boosted the transport capacities for passengers (measured in ASKs) by 12.8% compared to the previous financial year. Passenger demand (in RPKs) grew by 8.4%, resulting in a passenger load factor of 76.5%. The economy class seat factor stood at 79.2%. About 32% of the 51.9 million passengers carried in the 2015/16 financial year travelled aboard an A380. Premium and overall seat factors for Emirates' flagship aircraft outperformed the network.

During the financial year 2015/16 Emirates added eight new passenger destinations to its network, bringing the total up to 153 in six continents, and added services and capacity to another 34 cities on its existing route network across Africa, Asia, Europe, the Middle East, and North America. The increasing number of A380 aircraft joining the fleet allowed the airline to introduce

ASSET MANAGER’S REPORT (continued)

superjumbo services to a further four destinations during the course of the 2015 calendar year. At the same time A380 services to nine existing routes were increased. This means one out of every four destinations on the carrier’s passenger network is served by an A380.

With 29 new wide-body aircraft, Emirates’ highest number during a financial year, and nine phase-outs the average fleet age was brought down to 74 months or approximately half the industry average of 140 months. The number of orders yet to be delivered stood at 252 aircraft at the end of March 2016. According to a comprehensive retirement programme announced in December 2015, Emirates intends to retire another 26 aircraft in the current financial year.

In January 2016 Emirates released its fifth Environmental Report covering the financial year 2014-15 which ended on March 31, 2015. During the period under review, the fuel and carbon dioxide efficiency on a passenger kilometre basis remained unchanged compared to the previous period. On average 3.99 litres per 100 passenger kilometres were consumed. Emirates continued its fleet renewal strategy and replaced ten older and less fuel efficient aircraft with modern jets such as the A380. These efforts were affected by a number of operational limitations. Airspace closures due to security concerns and instability in many parts of the world resulted in higher fuel consumption, as did carrying more contingency fuel than usual. Another contributing factor was the runway refurbishment and upgrading project at Dubai International Airport (DXB), which lasted 80 days between May and July 2014 and impacted the airline’s operations. In the long run Emirates will benefit from this investment. New rapid exit taxiways will boost the capacity and contribute to further improve the operator’s carbon footprint. Furthermore, the carrier is pursuing a number of measures to increase fuel efficiency, e.g. by cooperating with aviation authorities and air traffic control organizations to test and validate new fuel-saving flight procedures and operational measures. Emirates is 14% more fuel efficient than IATA’s fleet average.

Source: Ascend, Emirates

4. Aircraft — A380

At the end of March 2016 Emirates operated a fleet of 75 A380s which currently serve 38 destinations from its Dubai hub: Amsterdam, Auckland, Bangkok, Barcelona, Beijing, Birmingham, Brisbane, Copenhagen, Dallas, Dusseldorf, Frankfurt, Hong Kong, Houston, Jeddah, Kuala Lumpur, Kuwait, London Gatwick, London Heathrow, Los Angeles, Madrid, Manchester, Mauritius, Melbourne, Milan, Mumbai, Munich, New York JFK, Paris, Perth, Rome, San Francisco, Seoul, Shanghai, Singapore, Sydney, Toronto, Washington and Zurich. Prague, Taipei and Vienna are scheduled to become A380 destinations later this year.

The introduction of A380 services to the US capital on February 1, 2016 took place immediately after United Airlines withdrew the route to Dubai from its flight schedule in order to restore route capacity. Washington D.C.’s Dulles International Airport has been serviced by Emirates since September 2012 and is one of the most successful and profitable routes, according to Tim Clark, the CEO of Emirates. Until February of this year Emirates deployed a Boeing 777-300ER on this daily flight.

In March 2016 the global A380 fleet consisted of 184 commercially used planes in service. The thirteen operators are Emirates (75), Singapore Airlines (19), Deutsche Lufthansa (14), Qantas (12), Air France (10), Korean Airways (10), British Airways (11), Malaysia Airlines (6), Thai Airways (6), China Southern Airlines (5), Qatar Airways (6), Asiana (4) and Etihad Airways (6). The number of undelivered A380 orders stood at 135. This includes an order of three A380 aircraft placed by Japan-based carrier All Nippon Airways (ANA) in December 2015 and disclosed in January this year. The single-aisle operator will start A380 operations in 2019 to meet increasing traffic demands to and from Japan. Airbus’ order book also shows an adjustment with regard to a four aircraft order originally placed by Transaero Airlines, which filed for bankruptcy protection in September 2015 and ceased flight operations a month later. Three of the aircraft are now assigned to Air Accord, a special purpose vehicle, and the remainder has been cancelled. Air France’s decision to cancel its remaining pair of A380s by converting the order into three Airbus A350-900 is not yet reflected in the order book.

In December 2015 Emirates’ first two-class A380 entered service flying between Dubai and Copenhagen. This new configuration features 58 flatbed seats in business class and 557 seats in economy class and is also deployed to Manchester, Bangkok and Kuala Lumpur.

ASSET MANAGER'S REPORT (continued)

In January 2016 Iranian flag carrier Iran Air and Airbus signed a heads of term agreement for the acquisition of 118 aircraft in total, including 12 A380s. The next step is to firm this up in a purchase order and obtain a US export licence. For this reason these aircraft are not yet part of Airbus' order book.

In April 2016 it became known, that Emirates agreed to take two extra A380 aircraft originally commissioned by Japan's Skymark Airlines.

The parent company of the A380 operator British Airways (BA) is evaluating leasing used A380s. According to its CEO Willie Walsh, IAG might add five or six second-hand aircraft to its current fleet of 11 superjumbos. Another A380 is due for delivery in June this year. "We see second-hand A380s as an attractive opportunity," Walsh said. He suggested that IAG's subsidiary Iberia could also be a potential home for another one or two. Walsh assessed the unit costs of the A380 as "very attractive". He further mentioned the A380 service operated twice-daily to Los Angeles where BA is able to maintain the capacity of three Boeing 747s while freeing up a slot at busy Heathrow airport. The statement about further superjumbos comes after previous indications that BA sees no room for additional A380s within its fleet.

Source: Airbus, Ascend, Bloomberg, Emirates

DIRECTORS

Norbert Bannon – Chairman (Age 67)

Norbert Bannon is chairman of a large UK DB pension fund, a major Irish DC pension scheme and is a director of and advisor to a number of other financial companies. He is Chairman of the Audit Committees of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited. He has extensive experience in international finance having been CEO of banks in Singapore and New York. He was CEO of Ireland’s largest venture capital company and was finance director and Chief Risk Officer at a leading investment bank in Ireland. He has worked as a consultant on risk issues internationally.

He earned a degree in economics from Queen’s University, studied at Stanford Graduate School of Business and is a Chartered Accountant.

Charles Edmund Wilkinson (Age 73)

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 currently Chairman of the Boards of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited, a Director of Premier Energy and Water Trust PLC (a listed investment trust), and of Landore Resources Ltd, a Guernsey based mining exploration company. He is resident in Guernsey.

Geoffrey Alan Hall (Age 67)

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 currently a director of Doric Nimrod Air One Limited and Doric Nimrod Air Three Limited.

Geoffrey earned his masters degree in Geography at the University of London. He is an associate of the CFA Society of the UK.

John Le Prevost (Age 64)

John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company’s Registrar). He has spent 30 years working in offshore trusts and investment business during which time he was managing director of County NatWest Investment Management (Channel Islands) Limited, Royal Bank of Canada’s mutual fund company in Guernsey and Republic National Bank of New York’s international trust company. John is a director of Guaranteed Investment Products I PCC Limited, Guernsey’s largest protected cell company. He is a director of a number of other companies associated with Anson Group’s business as well as being a trustee of the Guernsey Sailing Trust. John is also currently a director of Doric Nimrod Air One Limited, Doric Nimrod Air Three Limited and Amedeo Air Four Plus Limited. He is resident in Guernsey.

SERVICE PROVIDERS

Management and the Delegation of Functions

The Directors, whose details are set out on page 10 are responsible for reviewing the business affairs of the Company in accordance with the Articles and the Prospectus and have overall responsibility for the Company's activities including all business decisions, review of performance and authorisation of distributions. All of the Directors are independent and non-executive. The Company has delegated management of the Assets to Doric, which is a Company incorporated in Germany. More details are outlined below under the heading Asset Manager. The Directors delegate secretarial and administrative functions to JTC (Guernsey) Limited (“JTC” or the “**Secretary & Administrator**”) which is a company incorporated in Guernsey and licensed by the Guernsey Financial Services Commission for the provision of administration services.

Asset Manager

Doric has been appointed by the Company to provide asset management services to the Company. Pursuant to the Asset Management Agreement, Doric will: (i) monitor Emirates’ and any subsequent lessees’ performance of its obligations under the Leases and any subsequent leases respectively (which shall include the obligations relating to the maintenance of insurance cover); (ii) provide the Company with information regarding alternatives with respect to any potential sale or re-lease of the Assets; (iii) carry out mid-lease inspections of the Assets; (iv) provide the Company with asset monitoring reports describing the state and any material changes to the state of the Assets; and (v) liaise, as and when necessary, with lenders, on all matters relating to the loan, as required.

Doric has further undertaken that it will dedicate sufficient time and resources as it reasonably believes is required from time to time to fulfil any contractual arrangements it enters into with the Company.

Doric Partners LLP (“**Doric LLP**”), a limited liability partnership incorporated in England and Wales and Amedeo Services (UK) Limited (“**Amedeo**”) have been appointed by the Company, pursuant to the Amended Liaison Services Agreement to act as Liaison agents. Doric LLP has been appointed to (i) coordinate the provision of services by Doric to the Company under the Asset Management Agreement; and (ii) facilitate communication between the Company and Doric.

The Doric Group is a leading provider of products and services for investors in the fields of aviation, shipping, renewable energy and real estate. The Doric Group has an international presence, with offices in Germany, the United States and the United Kingdom, and a multinational team which offers access to extensive relationship networks and expert asset knowledge maintaining fully regulated financial institutions in all three jurisdictions. One of the firm's core competencies is its asset management expertise, which is an integrated part of all Doric transactions and a cornerstone of the business.

The Doric Group is also a member of ISTAT, the International Society of Transport Aircraft Trading.

The aircraft portfolio currently managed by the Doric Group is valued at USD 7 billion and consists of 42 aircraft under management. These aircraft include commercial airliners ranging from ATR 72-500s and the Airbus A320 family, through the Boeing 737, 777 and Airbus A330/A340 family, up to the Boeing 747-8F and Airbus A380.

The Doric Group has 22 Airbus A380 aircraft currently under management and is therefore considered well positioned to perform the technical asset management of this aircraft type.

Liaison Agent

Amedeo Services (UK) Limited has been appointed by the Company, pursuant to the Liaison Services Agreement, to, where requested by the Board, participate in Board meetings, assist in the review of all asset management matters and provide advice in all asset management related matters. Amedeo Services (UK) Limited is authorised by the Financial Conduct Authority and is part of the Amedeo group of companies.

The Amedeo group is primarily involved in the operating lease and management of widebody aircraft. Amedeo is a member of ISTAT, the International Society of Transport Aircraft Trading, and is a Strategic Partner of IATA, the International Air Transport Association.

SERVICE PROVIDERS (continued)

Corporate and Shareholder Adviser

Nimrod Capital LLP (“Nimrod”), which is authorised by the Financial Conduct Authority, has been appointed as the Corporate and Shareholder adviser by the Company.

Nimrod was founded in 2008 as an entirely independent organisation which specialises in generating and sourcing interesting investment funds, themes and solutions managed by experts in their fields for the professional investor marketplace. It has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their Board and managers.

Nimrod, together with Doric and Emirates, was awarded the “Innovative Deal of the Year 2010” by the international aviation magazine Airfinance Journal in recognition of the innovative financing of an Airbus A380 leased to Emirates by the first stock market listed aircraft investment vehicle Doric Nimrod Air One Limited.

Secretary & Administrator

JTC is a multijurisdictional, independent provider of institutional and private client services. Established for over 25 years, JTC has significant global experience and over £47 billion (USD 70 billion) assets under administration.

With a highly qualified and multilingual workforce of over 450 employees worldwide, JTC is able to provide a global service to clients via its network of local offices in Argentina, Brazil, British Virgin Islands, Cayman Islands, Guernsey, Jersey, Luxembourg, Malta, Mauritius, New Zealand, South Africa, Switzerland and the UK, as well as USA representative offices in Miami and New York, and alliance offices in Hong Kong, Labuan, Malaysia and Singapore.

JTC (Guernsey) Limited is a Guernsey incorporated company and provides administration and secretarial services to the Company pursuant to an Administration and Secretarial Agreement. In such capacity, JTC is responsible for the general secretarial functions required by the law and ensures that the Company complies with its continuing obligations as well as advising on the corporate governance requirements and recommendations as applicable to a company admitted to trading on the SFS.

The Administrator is also responsible for the Company’s general administrative functions such as the calculation of the net asset value of Shares, the maintenance of accounting and statutory records and any reporting required under the Foreign Account Tax Compliance Act of the United States of America.

Review

The Board keeps under review the performance of the Asset Manager, Liaison Agent, Corporate and Shareholder Adviser and the Secretary & Administrator and the powers delegated to each service provider. In the opinion of the Board the continuing appointments of the service providers on the terms agreed is in the best interest of Shareholders as a whole.

MANAGEMENT REPORT

A description of important events which have occurred during the Period, their impact on the performance of the Group as shown in the financial statements and a description of the principal risks and uncertainties facing the Group is given in the Chairman's Statement, Asset Manager's Report, and the notes to the financial statements contained on pages 34 to 52 and are incorporated here by reference.

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal risks facing the Company and has undertaken a detailed review of the effectiveness of its risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored.

The risks set out below are those which are considered to be the material risks relating to the Company but are not the only risks relating to the Company or to the Group. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of its Shares.

The principal risks associated with the Company are:

- **Operational risk:** the Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Company has no employees and so enters into a series of contracts/legal agreements with a series of service providers to ensure both operational performance and the regulatory obligations are met. This risk has been mitigated by the Company using well established, reputable and experienced service providers and assessing service providers' continued appointment on at least an annual basis.
- **Investment risk:** there are a number of risks associated with the assets in relation to the occurrence of technical faults with the Assets or actions by third parties causing both damage to the Assets and also damaging the demand for global air travel. This risk has been mitigated by the lessee's contractual responsibility to insure, repair and maintain the aircraft for the duration of the lease.
- **Borrowings and financing risk:** there is a risk that the Company is exposed to fluctuations in market interest rates and foreign exchange rates. This risk has been mitigated by ensuring that loan repayments are made in the functional currency of the Company and by fixing the interest rates on loan and lease rentals.

Emirates is the sole lessee of the Assets, and headquartered in the Middle East. Should Emirates default on the rental payments due to domestic events, events in the wider airline industry or other reasons it is unlikely the Company will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern. The risk of default is mitigated by the ability for the Company to sell or re-lease the Assets in the event of a single default.

- **Secondary Market Risk:** there is a risk that the Company would not be able to achieve the projected resale value of the Assets due to changes in demand for second hand aircraft of the type owned by the Company. The Board monitor this on an annual basis and will make any material adjustments to the valuation of the Assets to ensure that projections remain accurate.
- **Regulatory risk:** the Company is required to comply with the listing rules and the disclosure and transparency rules of the UK Listing Authority and the requirements imposed by the Guernsey Financial Services Commission. Any failure to comply could lead to criminal or civil proceedings. Although responsibility ultimately lies with the Board, the Secretary also monitors compliance with regulatory requirements.

Going Concern

The Company's principal activities are set out within the Company Overview on pages 2 to 3. The financial position of the Group is set out on page 30 to 33. In addition, Note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposures to credit risk and liquidity risk.

MANAGEMENT REPORT (continued)

The interest rate under each Loan or Equipment Note issue has been fixed and the fixed rental income under the relevant Lease has been co-ordinated with the loan repayments therefore the rent income should be sufficient to repay the Loans and Equipment Notes and provide surplus income to pay for the Group's expenses and permit payment of dividends.

After making reasonable enquiries, and as described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors of the Company have considered the prospects of the Company over a period of eight years from present until the liquidation resolution is put to shareholders six months before the last aircraft leases are due to terminate in 2024.

The Board, in assessing the viability of the Company, have paid particular attention to the principal risks faced by the Company as disclosed in the Chairman's Statement, Asset Manager's Report and the notes to the financial statements, reviewing on an annual basis the risks faced and ensuring that any mitigation measures in place are functioning correctly.

In addition, the Board have considered a detailed cashflow projection for the running costs of the Company and have assumed that Emirates is a going concern. The Company retains sufficient cash to cover the forecast operating costs of the Company until the termination date of the Aircraft Leases in 2024, assuming receipt of planned rental income.

The Directors believe that their assessment of the viability of the Company over the period chosen was sufficiently robust and encompassed the risks which would threaten the business model, future performance, solvency or liquidity of the Company.

As a result of their review, the Directors of the Company have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due until the last lease is due to terminate in 2024.

Responsibility Statement

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

- (a) The financial statements, prepared in accordance with IFRS give a true and fair view of the assets, liabilities, financial position and profits of the Group and performance of the Group; and
- (b) This Management Report includes or incorporates by reference a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- (c) The Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company and the Group's performance, business model and strategy; and
- (d) The Annual Report includes information required by the LSE and for ensuring the Company complies with the relevant provisions of the Disclosure and Transparency Rules of the UK Listing Authority.

Norbert Bannon
Chairman

Charles Wilkinson
Chairman of Audit Committee

11 July 2016

DIRECTOR'S REPORT

The Directors present their report and financial statements of the Group for the period from 1 April 2015 to 31 March 2016 (the "Period").

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Group in the period under review is given in the Asset Manager's Report on pages 6 to 9.

Status

The Company is a Guernsey domiciled company the Shares of which are admitted to trading on the SFS. Its registered number is 52985. The Company operates in accordance with the Law.

Results and Dividends

The results of the Group for the Period are set out on pages 30 to 33.

The Company declared dividends during the period from 1 April 2015 to date as follows:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
31 March 2015	2 April 2015	28 April 2015	4.50
30 June 2015	2 July 2015	24 July 2015	4.50
30 September 2015	1 October 2015	23 October 2015	4.50
31 December 2015	5 January 2016	29 January 2016	4.50
31 March 2016	14 April 2016	29 April 2016	4.50
30 June 2016	11 July 2016	29 July 2016	4.50

The Company aims to continue to pay quarterly dividends of 4.50 pence per share, in line with the Distribution Policy. There is no guarantee that any future dividends will be paid.

Directors

The Directors in office are shown on page 10 and all Directors remain in office as at the date of signature of these financial statements. Further details of the Directors' responsibilities are given on page 19.

Anson Registrars Limited is the Company's Registrar, Transfer Agent and Paying Agent. John Le Prevost is a Director and controlling shareholder of Anson Group Limited, the holding company of Anson Registrars Limited.

Other than the above, no Director has a contract of service with the Company, nor are any such contracts proposed.

The following interests in shares of the Company are held by Directors and their connected persons:

	Number of Ordinary Preference Shares
Charles Wilkinson	75,000
Geoffrey Hall	75,000

DIRECTOR'S REPORT (continued)

Other than the above share holdings and Mr Le Prevost's interest in Anson Registrars Limited, none of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the period and none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the reporting period.

At the date of this report, there are no outstanding loans or guarantees between the Company and any Director.

There were no material related party transactions which took place in the financial period, other than those disclosed in the Directors' Report and at Note 20 to the financial statements.

Substantial Shareholdings

The Company has been notified of the following substantial interests in accordance with Chapter 5 of the Disclosure and Transparency Rules, in the Company's share capital. These are based on notifications made to the Company since inception.

There have been no material changes in the below list of substantial holdings between the end of the year under review and 8 July 2016, being the latest practicable date prior to publication of this report.

Controlling Entity	% of Total Voting Rights	Number of Ordinary Shares	Date of notification
Baring Asset Management Limited ("BAM")	8.17%	14,115,450	8 August 2011
Insight Investment Management (Global) Limited	7.67%	13,242,345	16 December 2014
Schroders plc	7.68%	13,267,887	30 March 2012
Quilter Cheviot Limited	5.00%	8,641,973	22 July 2014
City of Bradford Metropolitan District Council	10.16%	17,550,000	11 February 2016

Corporate Governance

Statement of Compliance with the UK Corporate Governance Code

As a Guernsey company with shares admitted to the SFS, the Company is not obliged to adopt the UK Corporate Governance Code (the "Code"). The Company has, however, voluntarily committed to comply with the Code or explain any departure.

A copy of the Code is available for download from the Financial Reporting Council's website (www.frc.org.uk). Companies which report against the Code are also deemed to meet the requirements of the GFSC Code.

Save for departing from the requirements to: (i) have a chief executive (since the Company does not have any executive directors); (ii) have a senior independent Director (since the Company considers that each Director who is not Chairman can effectively fulfil this function); (iii) have a remuneration committee (given the small size of the exclusively non-executive and independent Board); (iv) have a nomination committee (given the small size of the exclusively non-executive and independent Board); (v) appoint the Directors for a term of six years (given the term of the Leases is twelve years) and (vi) have an internal audit function (as the Company has no executives or employees of its own), the Company is not presently aware of any departures from the Code.

Board Responsibilities

The Board comprises four Directors, who meet bi-annually to consider the affairs of the Group in a prescribed and structured manner. Biographies of the Directors appear on page 10 demonstrating the wide range of skills and experience they bring to the Board. All the Directors are non-executive and independent. The Board regularly reviews the balance, knowledge and effectiveness of the Board, to identify if any additional experience or skills are needed and to ensure that the current Directors have sufficient available time to undertake the tasks required and remain independent. When considering the composition of the Board, the Directors will be mindful of diversity and meritocracy.

DIRECTOR'S REPORT (continued)

To date no Director of the Group has resigned. Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes.

In accordance with the Company's Articles the Directors shall determine the fees payable provided that the aggregate amount of such fees shall not exceed £150,000 per annum. All Directors receive an annual fee and there are no share options or other performance related benefits available to them. All Directors are currently paid a fee of £48,000 per annum and the Chairman is paid an additional fee of £11,000 per annum. The Chairman of the Audit Committee is paid an additional £9,000 per annum.

Board meetings are held at least twice per year to consider the business and affairs of the Group together with such further Board meetings as may be required. The Board hold either a Board meeting or special dividend committee meeting to consider and if thought suitable, approve the payment of a dividend in accordance with the Company's Distribution Policy.

Between these regular meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally the Directors hold strategy meetings with its relevant advisors as appropriate.

The Directors are kept fully informed by the Asset Manager and Secretary of all matters that are relevant to the business of the Group and should be brought to the attention of the Directors and/or Shareholders. All Directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the Committees and the Board.

The Directors also have access to the advice and services of the Asset Manager and Corporate and Shareholder Advisory Agent as required. The Directors may also, in the furtherance of their duties, take independent professional advice at the Company's expense.

During the Period the Board met five times, the Director's attendance is summarised below:-

Director	Board Meetings during the Period
Charles Wilkinson	5 of 5
Norbert Bannon	5 of 5
Geoffrey Hall	5 of 5
John Le Prevost	5 of 5

Audit Committee

The Directors are all members of the Audit Committee, with Charles Wilkinson acting as Chairman. The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Audit Committee examines the effectiveness of the Group's and service providers' internal control systems as appropriate, the Annual and Half-Yearly Reports and Financial Statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them.

The Audit Committee considers the nature, scope and results of the auditor's work and reviews annually prior to providing a recommendation to the Board on the re-appointment or removal of the auditor. When evaluating the external auditor the Audit Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group's service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories; for example certain agreed upon procedures performed in respect of the Company's C share conversion, the provision of advice on the application of IFRS or formal reports for any stock exchange purposes. All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the Annual Financial Report for the relevant period. A new lead audit partner is appointed every five years and the Audit Committee ensures the Auditor has appropriate internal

DIRECTOR'S REPORT (continued)

mechanisms in place to ensure its independence. The Audit Committee has recommended to the Board that the re-appointment of Deloitte LLP as the Group's external auditors be proposed to Shareholders at the 2016 Annual General Meeting. The Audit Committee will consider arranging for the external audit contract to be tendered in 2022 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets at least twice annually, shortly before the Board meets to consider the Group's Half-yearly and Annual Financial Reports, and reports to the Board with its deliberations and recommendations and also has an annual planning meeting with the Auditor. The Audit Committee operates within clearly defined terms of reference based on the Institute of Chartered Secretaries and Administrators recommended terms and provides a forum through which the Group's external auditors reports to the Board. The Audit Committee can request information from the Group's service providers with the majority of information being directly sourced from the Asset Manager, Secretary & Administrator and the external auditors. The terms of reference of the Audit Committee are available upon request.

Each year the Board examines the Audit Committee's performance and effectiveness, and ensures that its tasks and processes remain appropriate. Key areas covered included the clarity of the committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date.

Overall the Board considered the Audit Committee had the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the Period.

Internal Control and Financial Reporting

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Board on an annual basis conducts a full review of the Company's risk management systems including consideration of a risk matrix which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and business activities.

Asset Management services are provided by Doric GmbH. Administration and Secretarial duties for the Group are performed by JTC.

The Directors of the Group clearly define the duties and responsibilities of their agents and advisors. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements. The Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its agents and advisers.

Bribery

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.
- The Group will implement and enforce effective procedures to counter bribery.
- The Group requires all its service providers and advisors to adopt equivalent or similar principles.

DIRECTOR'S REPORT (continued)

Dialogue with Shareholders

All holders of Shares in the Company have the right to receive notice of, and attend, the general meetings of the Company, during which members of the Board will be available to discuss issues affecting the Company.

The primary responsibility for Shareholder relations lies with the Company's Corporate and Shareholder Advisory Agent. In addition the Directors are always available to enter into dialogue with Shareholders and the Chairman is always willing to meet major Shareholders as the Company believes such communication to be important. The Company's Directors can be contacted at the Company's registered office or via the Secretary.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Guernsey law and regulations.

Under the Law the Directors are required to prepare financial statements for each financial year. The Directors have chosen to prepare the Group's financial statements in accordance with IFRS.

Under the Law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the Assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm in accordance with the provisions of Section 249 of the Law that, so far as they are each aware, there is no relevant audit information of which the Group's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

DIRECTOR'S REPORT (continued)

Auditor

Deloitte LLP have expressed their willingness to continue in office as Auditor and the Audit Committee has recommended their reappointment. A resolution proposing their reappointment will be submitted at the forthcoming General Meeting to be held pursuant to section 199 of the Law.

Norbert Bannon
Chairman

Charles Wilkinson
Chairman of Audit Committee

Signed on behalf of the Board on 11 July 2016.

AUDIT COMMITTEE REPORT

Membership

Charles Wilkinson – Chairman of the Audit Committee
Norbert Bannon – Chairman of the Board
Geoffrey Hall – Director
John Le Prevost – Director

Key Objective

The provision of effective governance over (i) the appropriateness of the Group's financial reporting including the adequacy of related disclosures, (ii) the performance of the Group's external auditor, (iii) monitoring of the systems of internal controls operated by the Company and (iv) the Group's principal service providers and the management of the Company's regulatory compliance activities.

Responsibilities

- reviewing the Group's financial results announcements and financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process; and
- monitoring the systems of internal controls operated by the Group and by the Group's principal service providers.

Committee Meetings

The Committee meet at least twice a year. The Committee reports to the Board as part of a separate agenda item, on its activities and on matters of particular relevance to the Board in the conduct of its work. During the Period the Committee formally reported to the Board on two occasions.

Main Activities of the Committee during the Year

The Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, compliance and the assessment of internal controls. The Committee also managed the Group's relationship with the external auditor.

Fair, Balanced and Understandable

Following the publication of the revised version of the UK Corporate Governance Code, which applies to Financial Years commencing on or after 1 October 2014, the Board requested that the Committee advises them on whether it believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial Reporting and Significant Issues

The Committee's primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-year and annual financial statements, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Committee has considered the key risks identified as being significant to the 2016 accounts and the most appropriate treatment and disclosure of any new significant issues identified during the audit and half-year reviews as well as any recommendations or observations made by the external auditor. To aid its review the Committee considered reports prepared by external service providers, including Doric and Nimrod, and reports from the external

AUDIT COMMITTEE REPORT (continued)

auditor on the outcome of their annual audit. The significant issues considered by the Committee in relation to the 2016 accounts and how these were addressed are detailed below:

Significant issues for the Period

Residual value of aircraft assets

The non-current assets of the Group comprise of seven Airbus A380 aircraft ("**the Assets**"). An annual review is required of the residual value of the Assets as per IAS 16 *Property, Plant and Equipment*, which defines residual value as "*the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.*" The Group's estimation technique is to make reference to the current forecast market value, not an estimate of the amount that would currently be achieved, and so this is not a direct application of the IAS 16 definition. This approach has been taken because a current market value in today's prices for a twelve year old A380 does not exist at the reporting date.

How the Committee addressed these significant issues

The Group has engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of sales data for similar used assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook. The Group uses the average of the three future values with inflation provided by the three appraisers as a guide to determine the residual value.

As of March 31, 2016 the aircraft's current market value in US Dollars is 1,313.8 million as per the average of the latest opinion of three internationally recognised expert appraisers - this is 6.1% below the book value at this point in time. The appraisers assessed the currently expected residual value 7.9% lower when compared to their initial appraisals when the aircrafts were acquired. However, when translated into Sterling and compared to the previous financial period, the view expressed by the appraisers on the market for Airbus A380 aircraft and their value retention during future years has not materially changed.

The Committee has also received reports from Doric. Doric has confirmed it has no reason to question the methodology used to determine the residual value and that they do not believe the appraisals show there has been a fundamental movement in the anticipated residual values of the planes since they were acquired. Thus Doric has advised that the estimate of residual value does not need to be changed for the Period.

Upon review of the advice they have received from Doric and the appraisers, the Committee is of the opinion that, the current estimate of the residual valuation of the Assets is a reasonable approximation of the residual value within the IAS 16 definition given a comparable asset is not available.

AUDIT COMMITTEE REPORT (continued)

Significant issues for the Period

Recording foreign exchange gains/losses

IFRS require that certain transactions denominated in currencies other than the presentation currency (including, most importantly, the cost of the Assets) be translated into the presentation currency at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences.

During the Period the Group has recorded significant foreign exchange rate losses due to the depreciation of Sterling against US Dollars and the consequent increase in the Sterling value of the US Dollar denominated debt.

How the Committee addressed these significant issues

In assessing foreign exchange, the Committee has considered the issue at length and is of the opinion that, on an ongoing basis and assuming the lease and 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 pay loan repayments due which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments are furthermore fixed at the outset of the Group's life and are very similar in amount and timing.

The Committee concluded that the matching of the lease rentals to settle loan repayments therefore mitigates risks by foreign exchange fluctuations.

The Committee has carefully considered the disclosure in Note 17 (b) to the financial statements to ensure that the reality of the Group's foreign exchange risk exposure is properly explained.

Risk of default by Emirates on lease rentals receivable

Emirates are the sole lessee of the Assets. Should Emirates default on the rental payments, it is unlikely the Group will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern.

The Committee received quarterly reports from Doric which comment on the performance of Emirates. Doric have advised that Emirates has continued to perform well, flying more passengers than ever before. Passenger load factors remain high.

The Committee concluded that it would continue to receive quarterly reports from Doric on the performance of Emirates and would continue to monitor Emirates' overall performance.

The Committee has carefully considered the disclosure in Note 17 (c) to the financial statements to ensure that this concentration of credit risk is properly reflected.

Going Concern

After making enquiries, the Committee has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Committee believe the Group is well placed to manage its business risks successfully as the interest on the Group's loans and Equipment Notes has been fixed and the fixed rental income under the operating lease means that the rents should be sufficient to repay the loans and notes and provide surplus income to pay for the Group's expenses and permit payment of dividends. Accordingly, the Committee has adopted the going concern basis in preparing the financial information.

Internal Control

The Committee has made due enquiry of the internal controls of the Administrator. The Committee is satisfied with the controls currently implemented by the Administrator, however it has requested the Secretary keep the Group informed of any developments and improved internal control procedures.

AUDIT COMMITTEE REPORT (continued)

Internal Audit

The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. The Board has therefore taken the decision that it would be of insufficient benefit for the Group to engage an internal auditor.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee receive from Deloitte a detailed audit plan, identifying their assessment of the key risks. For the Period the primary risks identified were in respect of valuation and ownership of the aircraft; the recording of lease rental income; and accounting for fixed rate debt using the effective interest rate method.

Using its collective skills the Committee evaluates the effectiveness of the audit process in addressing the matters raised through the reporting it received from Deloitte at the year-end. In particular the Committee formally appraise Deloitte against the following criteria:

- Independence
- Ethics and Conflicts
- Knowledge and Experience
- Challenge
- Promptness
- Cost
- Overall quality of service

In addition the Committee also seek feedback from the Administrator on the effectiveness of the audit process.

For the Period, the Committee were satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good. The Committee discussed their findings with Deloitte and agreed how future external audits could be improved.

The Committee hold meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the Auditor. If felt necessary Committee members meet with the external auditor without the Administrator being present. Matters typically discussed include the Auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no restriction in scope placed on them by the Administrator on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Committee consider the reappointment of the external auditor, including the rotation of the audit partner, each year and also assess their independence on an ongoing basis.

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since October 2012.

Deloitte has been the Group's external auditor since October 2012. The Committee has provided the Board with its recommendation to the Shareholders on the reappointment of Deloitte as external auditor for the year ending 31 March 2017. Accordingly a

AUDIT COMMITTEE REPORT (continued)

resolution proposing the reappointment of Deloitte as the Group's auditor will be put to the Shareholders at the 2016 Annual General Meeting.

There are no contractual obligations restricting the Committee's choice of external auditor. The Committee continues to consider the audit tendering provisions outlined in the revised UK Corporate Governance Code, of which it is very supportive.

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No changes have been made to this policy during the year. This policy specifies that Deloitte should only be engaged for non-audit services where there is considered to be a very low threat to auditor independence.

Deloitte is prohibited from providing all other services without the Committee's prior approval. In reaching such a determination the Committee will take into consideration whether it is in the best interests of the Group that such services should be supplied by the Group's external auditor (rather than another service provider) and, if so whether any safeguards regarding auditor objectivity and independence in the conduct of the audit should be put in place, whether these would be effective and how such safeguards should be disclosed.

Committee Evaluation

The Committee's activities formed part of the review of Board effectiveness performed in 2015.

An internal evaluation of the Committee's effectiveness was carried out in November 2015.

Yours faithfully

Charles Wilkinson
Chairman of Audit Committee

11 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED

Opinion on financial statements of Doric Nimrod Air Two Limited

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

The financial statements comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 2 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Management Report.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 13 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 22-23 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement on page 19 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Director's explanation on page 14 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

Risk

How the scope of our audit responded to the risk

Measurement of aircraft assets

Included on the Group's statement of financial position as at 31 March 2016 are aircraft assets of £890 million as disclosed in Note 9 to the consolidated financial statements. As explained in Note 2(l), the Group's accounting policy is to measure its aircraft assets at depreciated historic cost less impairment. The assets are being depreciated on a straight-line basis over the terms of the leases to an estimated residual value at the end of that period. The estimation of residual value is a key source of judgment in preparing the financial statements. The risk is that the selected residual value is not appropriate or is not properly applied in calculating depreciation. In addition, the risk also exists that an indicator of impairment of an Asset might arise in which case an impairment review should be performed and the value of the Asset written down to recoverable amount if less than carrying value.

We have challenged management's estimates of aircraft residual values by inspecting relevant supporting evidence including forecast valuations obtained by the Group from expert aircraft valuers and the terms of the aircraft lease agreements. We have considered the qualifications and experience of the valuers engaged by management. We have also assessed the adequacy of the disclosure related to this estimation uncertainty set out in Note 3.

We have agreed the brought forward cost and net book value of each aircraft to the prior year closing balances and recalculated depreciation for this year based on the costs and selected residual value.

We have reviewed and challenged management's conclusion on assets impairment assessment by review of current market values as provided by the expert valuers.

Recognition of lease rental income

As explained in Note 2(k), the Group's leases of its aircraft have been classified as operating leases and as such rental income should be recognised on a straight-line basis over the lease term, which differs from the profile of actual rental payments. As set out in Note 4 of the consolidated financial statements, the majority of these lease rentals are receivable in US Dollars and must be appropriately translated into the Sterling functional and presentation currency.

We have examined whether the classification of the leases as operating leases is appropriate with reference to the lease terms and the nature of the assets.

We have developed independent expectations of lease income balances for the year based on total lease rentals receivable, the lease term and foreign exchange rates during the year.

The risk is that revenue is not properly recorded in accordance with these requirements and deferred income is not correctly calculated.

We have also recalculated deferred income recognised as a liability in the Statement of Financial Position.

Accounting for fixed rate debt

As at 31 March 2016 the value of the fixed rate debt held by the Group was £489 million as disclosed in Note 14 to the consolidated financial statements. The Group has obtained USD fixed interest rate debt to part-finance the acquisition of its aircraft assets. As set out in Note 2(m) to the consolidated financial statements, the debt instruments are amortised by regular repayments over their term and are carried at amortised cost with interest expense recognised at the effective interest rate. The risk exists that the effective interest rates have not been accurately calculated or applied.

We reviewed the debt amortisation schedules prepared by management to recalculate the effective interest rates on the loans and checked their consistency with the repayment schedules and if any arrangement costs had been appropriately incorporated.

We obtained direct confirmation from the lead arranger of each loan facility of the principal balance outstanding and recalculated accrued interest using the effective interest rate.

We developed expectations of the interest charges for the period using the average outstanding principal balances during the period, the effective interest rates and foreign exchange rates during the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 22-23.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £6,057,000 (2015: £5,992,000), which is approximately 2% of total shareholder's equity. Our materiality for both 2016 and 2015 was based on the equity of the Group given the significant volatility of the Group's profits and losses in recent years due to exchange rate movements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £121,000 (2015: £120,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Group is administered by a third party Guernsey regulated service provider, as part of our audit we assessed the adequacy of the control environment at the service provider for the purposes of our audit.

The consolidated financial statements of the Group incorporate its special purpose subsidiaries through which aircraft are held and through which debt finance has been obtained. Whilst statutory audits of the financial statements of each of these subsidiaries are not required, they are included within the scope of our audit of the consolidated financial statements conducted using the materiality for the Group set out above. Audit work on each entity within the Group was performed by the same audit team and audit work was treated as a single audit.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF DORIC NIMROD AIR TWO LIMITED (continued)

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors’ statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Corporate Governance Statement

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the Group’s compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors’ Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company’s members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Clacy FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
St Peter Port, Guernsey
11 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	Year ended 31 Mar 2016 GBP	Year ended 31 Mar 2015 GBP
INCOME			
A rent income	4	81,853,990	77,722,984
B rent income	4	36,509,140	36,434,140
Bank interest received		22,827	76,109
		118,385,957	114,233,233
EXPENSES			
Operating expenses	5	(3,335,596)	(3,287,200)
Depreciation of Aircraft	9	(42,125,621)	(39,897,118)
		(45,461,217)	(43,184,318)
Net profit for the period before finance costs and foreign exchange losses		72,924,740	71,048,915
Finance costs	10	(25,344,768)	(31,979,355)
Unrealised foreign exchange loss	17b	(20,012,594)	(59,905,377)
Profit / (loss) for the period		27,567,378	(20,835,817)
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss) for the period		27,567,378	(20,835,817)
		Pence	Pence
Earnings / (Loss) per Ordinary Preference Share for the period – Basic and Diluted	8	15.96	(12.06)

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

The notes on pages 34 to 52 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	31 Mar 2016 GBP	31 Mar 2015 GBP
NON-CURRENT ASSETS			
Aircraft	9	887,865,143	929,990,764
CURRENT ASSETS			
Receivables	12	51,738	63,855
Cash and cash equivalents		23,231,712	22,092,349
		23,283,450	22,156,204
TOTAL ASSETS		911,148,593	952,146,968
CURRENT LIABILITIES			
Borrowings	14	69,945,010	69,164,426
Deferred income		8,704,735	7,840,789
Payables – due within one year	13	258,167	759,750
		78,907,912	77,764,965
NON-CURRENT LIABILITIES			
Borrowings	14	418,953,249	474,835,816
Deferred income		116,677,532	99,408,665
		535,630,781	574,244,481
TOTAL LIABILITIES		614,538,693	652,009,446
TOTAL NET ASSETS		296,609,900	300,137,522
EQUITY			
Share capital	15	319,836,770	319,836,770
Retained Earnings		(23,226,870)	(19,699,248)
		296,609,900	300,137,522
		Pence	Pence
Net Asset Value per Ordinary Preference Share based on 172,750,000 (2015: 172,750,000) shares in issue		171.70	173.74

The Financial Statements were approved by the Board of Directors and authorised for issue on 11 July 2016 and are signed on its behalf by:

Norbert Bannon
Director

Charles Wilkinson
Director

The notes on pages 34 to 52 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Year ended 31 Mar 2016 GBP	Year ended 31 Mar 2015 GBP
OPERATING ACTIVITIES		
Profit / (loss) for the period	27,567,378	(20,835,817)
Movement in deferred income	10,769,578	9,925,525
Interest received	(22,827)	(76,109)
Depreciation of Aircraft	42,125,621	39,897,118
Loan interest payable	26,526,373	30,031,710
(Decrease) / increase in payables	(501,583)	512,872
Increase / (decrease) in receivables	12,117	(16,317)
Foreign exchange movement	20,012,594	59,905,377
Amortisation of debt arrangement costs	(1,181,605)	1,947,645
NET CASH FROM OPERATING ACTIVITIES	125,307,646	121,292,004
INVESTING ACTIVITIES		
Interest received	22,827	76,109
NET CASH FROM INVESTING ACTIVITIES	22,827	76,109
FINANCING ACTIVITIES		
Dividends paid	(31,095,000)	(31,095,000)
Repayments of capital on borrowings	(68,159,823)	(59,810,969)
Repayments of interest on borrowings	(25,277,459)	(28,402,979)
NET CASH USED IN FINANCING ACTIVITIES	(124,532,282)	(119,308,948)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,092,349	19,340,329
Increase in cash and cash equivalents	798,191	2,059,165
Effects of foreign exchange rates	341,172	692,855
CASH AND CASH EQUIVALENTS AT END OF YEAR	23,231,712	22,092,349

The notes on pages 34 to 52 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2015		319,836,770	(19,699,248)	300,137,522
Total Comprehensive Income for the period		–	27,567,378	27,567,378
Dividends paid	7	–	(31,095,000)	(31,095,000)
Balance as at 31 March 2016		319,836,770	(23,226,870)	296,609,900

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2014		319,836,770	32,231,569	352,068,339
Total Comprehensive Loss for the period		–	(20,835,817)	(20,835,817)
Dividends paid	7	–	(31,095,000)	(31,095,000)
Balance as at 31 March 2015		319,836,770	(19,699,248)	300,137,522

The notes on pages 34 to 52 form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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. Its share capital consists of one class of Ordinary Preference Shares (“Ordinary Shares”) and one class of Subordinated Administrative Shares (“Admin Shares”). The Company’s Ordinary Shares have been admitted to trading on the SFS of the LSE. The Company delisted from the Channel Islands Securities Exchange (“CISEA”) on 5 September 2014.

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

2 ACCOUNTING POLICIES

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

(a) Basis of Preparation

The consolidated financial statements have been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) and applicable Guernsey law. The financial statements have been prepared on a historical cost basis.

Changes in accounting policy and disclosure

The following Standards or Interpretations have been adopted in the current year. Their adoption has not had any impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods:

IAS 24 Related Party Disclosures – amendments resulting from Annual Improvements effective for annual periods beginning on or after 1 July 2014.

The following Standards or Interpretations, which are expected to affect the Group, have been issued but not yet adopted by the Group. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

IFRS 7 Financial Instruments: Disclosures – amendments resulting from September 2014 Annual Improvements effective for annual periods beginning on or after 1 January 2016.

IFRS 9 Financial Instruments – finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. There is no mandatory effective date, however the IASB has tentatively proposed that this will be effective for accounting periods commencing on or after 1 January 2018 (EU endorsement is outstanding).

IFRS 15, ‘Revenue from contracts with customers’. Effective for accounting periods commencing on or after 1 January 2018 (EU endorsement is outstanding).

IFRS 16, ‘Leases’. Effective for accounting periods commencing on or after 1 January 2019.

IAS 1 Presentation of Financial Statements – amendments resulting from the disclosure initiative effective for annual periods beginning on or after 1 January 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

IAS 16 Property, Plant and Equipment – amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16 effective for annual periods beginning on or after 1 January 2016.

IAS 7 Statement of Cash Flows – amendments resulting from the disclosure initiative effective for annual periods beginning on or after 1 January 2017.

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have an impact on the Group's financial statements except for the presentation of additional disclosures and changes to the presentation of components of the financial statements. These items will be applied in the first financial period for which they are required.

(b) Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its Subsidiaries. The Company owns 100% 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.

(c) Taxation

The Company and its Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%.

(d) Share Capital

Ordinary Preference Shares (the "Shares") are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(e) Expenses

All expenses are accounted for on an accruals basis.

(f) Interest Income

Interest income is accounted for on an accruals basis.

(g) Foreign Currency Translation

The currency of the primary economic environment in which the Group operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency.

Transactions denominated in foreign currencies are translated into GBP at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

(h) 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 3 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.

(i) 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 (together the "Assets" and each an "Asset").

(j) Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors believe the Group is well placed to manage its business risks successfully as the loan and Equipment Notes interest has been 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. Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial statements. Management is not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

(k) 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 11.

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.

(l) 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.

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the estimated useful life of the asset of 12 years, using the straight line method. The estimated residual value of the seven planes ranges from £75.6 million to £78.3 million. Residual values have been arrived at by taking into account disposition fees. The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is an estimate of fair amount the entity would receive currently 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 statement of financial position date, the Group reviews the carrying amounts of its Aircrafts 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).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

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

of the time value of money and the risks specific to the Asset for which the estimates of future cash flows have not been adjusted.

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

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

(m) Financial Liabilities

Financial liabilities consist of payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. 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.

(n) Net Asset Value

In circumstances where the Directors, as advised by the Asset Manager, are of the opinion that the net asset value ("NAV") or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator and the Asset Manager may determine, at their discretion, an alternative method for calculating the value of the Group and shares in the capital of the Group, which they consider more accurately reflects the value of the Group.

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 on going 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 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Residual Value and Useful Life of Aircraft

As described in note 2 (l), 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. After consulting with the Asset Manager, the Directors have concluded that a forecast market value for the aircraft at the end of its useful life (including inflationary effects) best approximates residual value. In estimating residual value, the Directors have made reference to forecast market values for the aircraft obtained from 3 independent expert aircraft valuers. The estimation of residual value remains subject to uncertainty. If the estimate of residual value had been decreased by 20% with effect from the beginning of this year, the net profit for the year and closing shareholders' equity would have been decreased by approximately £11.1 million. An increase in residual value by 20% 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 estimated useful life of the Assets are based on the expected period for which the Group will own and lease the aircraft.

Operating Lease Commitments – Group as Lessor

The Group has entered into operating leases on seven (2015: 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 extension term of 2 years. Should the lessee choose to exit a lease at the end of the initial term of 10 years a penalty equal to present value of the remaining 2 years would be due.

Impairment

As described in note 2 (l), an impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Directors monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

At the year end the Directors reviewed the carrying values of the Assets and concluded that there was no indication of any impairments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

4 RENTAL INCOME

	Year ended 31 Mar 2016 GBP	Year ended 31 Mar 2015 GBP
A rent income	93,469,584	88,419,514
Revenue received but not yet earned	(41,027,749)	(39,040,884)
Revenue earned but not received	21,555,225	20,503,556
Amortisation of advance rental income	7,856,930	7,840,798
	81,853,990	77,722,984
B rent income	35,663,124	35,663,124
Revenue earned but not yet received	856,206	791,433
Revenue received but not yet earned	(10,190)	(20,417)
	36,509,140	36,434,140
Total rental income	118,363,130	114,157,124

Rental income is derived from the leasing of the Assets. Rent is split into A rent, which is received in US Dollars ("USD") and B rent, which is received in GBP. Rental income received in USD is translated into the functional currency (GBP) at the date of the transaction.

A and B income receivable will decrease / increase respectively, 10 years from the start of each lease. 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

	Year ended 31 Mar 2016 GBP	Year ended 31 Mar 2015 GBP
Management fee	773,708	760,940
Asset management fee	1,891,986	1,852,659
Administration fees	207,924	213,021
Bank interest & charges	1,407	1,324
Accountancy fees	30,431	29,700
Registrars fee	23,068	16,956
Audit fee	43,920	36,700
Directors' remuneration	212,000	212,000
Directors' and Officers' insurance	36,268	37,228
Legal & professional expenses	31,298	26,898
Annual fees	62,450	52,675
Travel costs	6,818	6,079
Sundry costs	2,347	23,677
Other operating expenses	11,971	17,343
	3,335,596	3,287,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

6 DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £48,000 per annum by the Group, except for the Chairman, who receives £59,000 per annum. The Chairman of the audit committee also receives an extra £9,000 per annum.

7 DIVIDENDS IN RESPECT OF EQUITY SHARES

Dividends in respect of Ordinary Shares

	Year ended 31 Mar 2016	
	GBP	Pence per share
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
Third interim dividend	7,773,750	4.50
Fourth interim dividend	7,773,750	4.50
	31,095,000	18.00

Dividends in respect of Ordinary Shares

	Year ended 31 Mar 2015	
	GBP	Pence per share
First interim dividend	7,773,750	4.50
Second interim dividend	7,773,750	4.50
Third interim dividend	7,773,750	4.50
Fourth interim dividend	7,773,750	4.50
	31,095,000	18.00

8 EARNINGS / (LOSS) PER SHARE

Earnings / (Loss) per Share ("EPS") is based on the net profit for the year of £27,567,378 (31 March 2015: loss of £20,835,817) and 172,750,000 (31 March 2015: 172,750,000) Ordinary Shares being weighted average number of Shares in issue during the year. There are no dilutive instruments and therefore basic and diluted earning per Share are identical.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

9 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	MSN077 GBP	MSN090 GBP	MSN105 GBP	MSN106 GBP	MSN107 GBP	MSN109 GBP	MSN110 GBP	TOTAL GBP
COST								
As at 1 Apr 2015	149,423,436	151,310,256	146,958,203	146,626,809	147,668,555	149,126,548	148,034,384	1,039,148,191
Additions	-	-	-	-	-	-	-	-
As at 31 Mar 2016	149,423,436	151,310,256	146,958,203	146,626,809	147,668,555	149,126,548	148,034,384	1,039,148,191
ACCUMULATED DEPRECIATION								
As at 1 Apr 2015	19,730,700	19,502,116	13,806,764	14,336,733	14,254,226	13,976,190	13,550,698	109,157,427
Charge for the year	6,017,305	6,168,052	5,883,194	5,967,251	6,010,007	6,064,447	6,015,365	42,125,621
As at 31 Mar 2016	25,748,005	25,670,168	19,689,958	20,303,984	20,264,233	20,040,637	19,566,063	151,283,048
CARRYING AMOUNT								
As at 31 Mar 2016	123,675,431	125,640,088	127,268,245	126,322,825	127,404,322	129,085,911	128,468,321	887,865,143
As at 31 Mar 2015	129,692,736	131,808,140	133,151,439	132,290,076	133,414,329	135,150,358	134,483,686	929,990,764

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 IAS 17 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased asset and recognised as an expense over the lease term. In prior years, these costs were shown in a separate column in the note above, but in the current year the costs have been allocated to each aircraft based on the proportional cost of the aircraft/asset. The reallocation has not resulted in any significant changes to the accounting policy used in the prior period.

10 FINANCE COSTS

	31 Mar 2016 GBP	31 Mar 2015 GBP
Amortisation of debt arrangement costs	(1,181,605)	1,947,645
Loan Interest	26,526,373	30,031,710
	25,344,768	31,979,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

11 OPERATING LEASES

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

	Next 12 months GBP	1 to 5 years GBP	After 5 years GBP	Total GBP
31 March 2016				
Aircraft – A rental receipts	94,028,046	345,656,948	140,766,451	580,451,445
Aircraft – B rental receipts	35,663,124	142,652,496	125,651,372	303,966,992
	129,691,170	488,309,444	266,417,823	884,418,437
31 March 2015				
Aircraft – A rental receipts	96,550,808	345,484,129	217,026,517	659,061,454
Aircraft – B rental receipts	35,663,124	142,652,496	161,314,496	339,630,116
	132,213,932	488,136,625	378,341,013	998,691,570

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 present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN090 – term of the lease is for 12 years ending December 2023. The initial lease is for 10 years ending December 2021, with an extension period of 2 years ending December 2023, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN105 – term of the lease is for 12 years ending September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN106 – term of the lease is for 12 years ending August 2024. The initial lease is for 10 years ending August 2022, with an extension period of 2 years ending August 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

11 OPERATING LEASES (continued)

MSN107 – term of the lease is for 12 years ending September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN109 – term of the lease is for 12 years ending September 2024. The initial lease is for 10 years ending September 2022, with an extension period of 2 years ending September 2024, in which rental payments reduce. The present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

MSN110 – 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 present value of the remaining rentals in the extension period at the end of the initial 10 year lease term must be paid even if the option is not taken.

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.

12 RECEIVABLES

	31 Mar 2016 GBP	31 Mar 2015 GBP
Prepayments	15,826	15,943
Sundry debtors	35,912	47,912
	51,738	63,855

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

13 PAYABLES (amounts falling due within one year)

	31 Mar 2016 GBP	31 Mar 2015 GBP
Accrued administration fees	20,088	40,431
Accrued audit fee	26,920	32,700
Accrued management fee	193,427	661,128
Other accrued expenses	17,732	25,491
	258,167	759,750

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

14 BORROWINGS

	31 Mar 2016 GBP	31 Mar 2015 GBP
Bank loans	211,478,565	231,252,445
Equipment Notes	285,876,101	319,906,342
Associated costs	(8,456,407)	(7,158,545)
	488,898,259	544,000,242
Current portion	69,945,010	69,164,426
Non-current portion	418,953,249	474,835,816
Amount due for settlement within 12 months	93,886,409	96,413,548
Amount due for settlement after 12 months	492,832,760	568,584,644

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

The loan to MSN090 Limited was arranged with The Australia and New Zealand Banking Group Limited ("**ANZ**") for USD 146,865,575 and runs for 12 years until December 2023 and has an effective interest rate of 4.5580%.

The loan to MSN105 Limited was arranged with ICBC, BoC and Commerzbank for USD 145,751,153 and runs for 12 years until October 2024 and has an effective interest rate of 4.7800%.

Each loan is secured on one Asset. No 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 the Directors' opinion and with reference to the terms mentioned, the above carrying values of the bank loans and equipment notes are approximate to their fair value.

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% and a final expected distribution date of 30 November 2022. The Class B certificates in aggregate have a face amount of \$153,728,000 with an interest rate of 6.5% and a final expected distribution date of 30 May 2019. There is a separate trust for each class of Certificate. The trusts used the funds from the Certificates to acquire equipment notes. The equipment notes were issued to Wilmington Trust, National Association as pass through trustee in exchange 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

15 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 Ordinary Preference Shares, C Shares or Administrative Shares.

Issued	Administrative Shares	Ordinary Shares	C Shares
Shares issued at incorporation	–	2	–
Shares issued 8 February 2011	–	3,999,998	–
Shares repurchased and cancelled 10 May 2011	–	(1,000,000)	–
Bonus issue 22 June 2011	–	1,500,000	–
Shares issued 30 June 2011	2	–	–
Shares issued in Placing July 2011	–	68,000,000	–
Shares issued 7 February 2012	–	–	6,000,000
Shares issued in Placing March 2012	–	–	94,250,000
C Share Conversion March 2013	–	100,250,000	(100,250,000)
Issued share capital as at 31 March 2016 and 31 March 2015	2	172,750,000	–

Issued	Administrative Shares GBP	Ordinary Shares GBP	C Shares GBP	Total GBP
Shares issued at incorporation	–	2	–	2
3,999,998 Shares issued 8 February 2011	–	18	–	18
Shares issued 30 June 2011	–	–	–	–
68,000,000 Shares issued in Placing July 2011	–	136,000,000	–	136,000,000
Shares issued in Placing March 2012	–	–	188,500,000	188,500,000
C Share Conversion March 2013	–	188,500,000	(188,500,000)	–
Share issue costs	–	(4,663,250)	–	(4,663,250)
Total share capital as at 31 March 2016 and 31 March 2015	–	319,836,770	–	319,836,770

Members holding Ordinary Shares are entitled to receive, and participate in, any dividends out of income attributable to the Ordinary Shares; other distributions of the Group available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

On a winding up, Ordinary Shareholders are entitled to the surplus assets attributable to the Ordinary Shares class remaining after payment of all the creditors of the Group. Members have the right to receive notice of and to attend, speak and vote at general meetings of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

15 SHARE CAPITAL (continued)

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 Ordinary Shares.

Holders 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 Ordinary Shares in existence.

16 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Group's operations; and
- (b) Loans secured on non current assets.

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective is to obtain income 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:

	31 Mar 2016 GBP	31 Mar 2015 GBP
Financial assets		
Cash and cash equivalents	23,231,712	22,092,349
Receivables (excluding prepayments)	35,912	47,912
Financial assets at amortised cost	23,267,624	22,140,261
Financial liabilities		
Payables	258,167	759,750
Debt payable	497,354,666	551,158,787
Financial liabilities measured at amortised cost	497,612,833	551,918,537

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 review 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 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Capital Management (continued)

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.

(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 USD debt as translated at the spot exchange rate on every statement of financial position date. In addition USD operating lease receivables are not immediately recognised in the statement of financial position and are accrued over the period of the leases. The Directors consider that this introduces an artificial variance due to the movement over time of foreign exchange rates. In actuality, the USD operating lease should offset the USD payables on amortising loans. The foreign exchange exposure in relation to the loans is thus largely hedged.

Lease rentals (as detailed in Notes 4 and 11) are received in USD and GBP. Those lease rentals received in USD are used to pay the debt repayments due, also in USD (as detailed in Note 14). Both USD 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 mitigates 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:

	31 Mar 2016 GBP	31 Mar 2015 GBP
Debt (USD) – Liabilities	(497,354,666)	(551,158,787)
Cash and cash equivalents (USD) – Asset	7,867,819	7,483,723

The following table details the Group's sensitivity to a 15 per cent appreciation and depreciation in GBP against USD. 15 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 15 per cent change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 15 per cent against USD. For a 15 per cent weakening of the GBP against USD, there would be a comparable but opposite impact on the profit and other equity:

	31 Mar 2016	31 Mar 2015
Profit or loss	63,846,111	70,914,139
Change in value of assets	(1,026,237)	(976,138)
Change in value of liabilities	64,872,348	71,890,277

On eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made in a currency other than GBP. Transactions in similar assets are typically priced in USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

17 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.

The credit risk on cash transactions are 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:

	31 Mar 2016 GBP	31 Mar 2015 GBP
Receivables (excluding prepayments)	35,912	47,912
Cash and cash equivalents	23,231,712	22,092,349
	23,267,624	22,140,261

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 Baa3, Aa2 and Aa2 respectively.

There is a contractual credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessee and the Group, any non payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Group may either choose to sell the Asset or lease the Assets to another party.

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

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Group's main financial commitments are its ongoing operating expenses, loan repayments to Westpac and ANZ, 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, banking facilities and borrowing facilities, by monitoring forecast and actual cash flows, and by matching profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 March 2016

17 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 statement of financial position:

31 Mar 2016	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
<i>Financial liabilities</i>					
Payables – due within one year	258,167	–	–	–	–
Bank loans	9,419,872	28,259,617	37,679,489	113,038,468	57,322,206
Equipment notes	30,916,404	25,290,516	50,550,202	143,822,234	90,420,161
	40,594,443	53,550,133	88,229,691	256,860,702	147,742,367
<hr/>					
31 Mar 2015	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
<i>Financial liabilities</i>					
Payables – due within one year	759,750	–	–	–	–
Bank loans	9,128,720	27,386,159	36,514,878	109,544,635	92,065,349
Equipment notes	29,945,630	29,953,039	54,469,656	144,405,917	131,584,209
	39,834,100	57,339,198	90,984,534	253,950,552	223,649,558

(e) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. It is the risk that fluctuations in market interest rates will result in a reduction in deposit interest earned on bank deposits held by the Group.

The Group mitigates interest rate risk by fixing the interest rate on its debts and the lease rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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

31 Mar 2016	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	–	–	51,738	51,738
Cash and cash equivalents	23,231,712	–	–	23,231,712
Total Financial Assets	23,231,712	–	51,738	23,283,450
Financial Liabilities				
Accrued expenses	–	–	258,167	258,167
Bank loans	–	203,022,158	–	203,022,158
Equipment notes	–	285,876,101	–	285,876,101
Total Financial Liabilities	–	488,898,259	258,167	489,156,426
Total interest sensitivity gap	23,231,712	488,898,259		

31 Mar 2015	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	–	–	63,855	63,855
Cash and cash equivalents	22,092,349	–	–	22,092,349
Total Financial Assets	22,092,349	–	63,855	22,156,204
Financial Liabilities				
Accrued expenses	–	–	759,750	759,750
Bank loans	–	224,093,900	–	224,093,900
Equipment notes	–	319,906,342	–	319,906,342
Total Financial Liabilities	–	544,000,242	759,750	544,759,992
Total interest sensitivity gap	22,092,349	544,000,242		

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 31 March 2016 would have been £116,159 greater (31 March 2015: £110,462) 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 31 March 2016 would have been £116,159 lower (31 March 2015: £110,462) due to a decrease in the amount of interest receivable on the bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

18 ULTIMATE CONTROLLING PARTY

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

19 SUBSEQUENT EVENTS

On 14 April 2016, a further dividend of 4.5 pence per Ordinary Preference Share was declared and this was paid on 29 April 2016.

On 11 July 2016, a further dividend of 4.5 pence per Ordinary Preference Share was declared and this will be paid on 29 July 2016.

20 RELATED PARTY TRANSACTIONS

Doric GmbH ("**Doric**") and Doric Asset Finance GmbH & Co. KG ("**Doric KG**") are the Group's Asset Manager and Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts) respectively. Doric received a fee as at the admission to trading on the SFS of the Ordinary Shares, equal to 0.6556 per cent of £463,371,795 being the aggregate value of the Ordinary Shares in the Group issued under the Ordinary Share placing together with the amounts of debt financing expected to be received by the Group (otherwise known as the "Initial Gross Proceeds of the Ordinary Shares"). Doric also received a fee following the agreement by the Group of the principal contracts relating to the acquisition of the Third Asset equal to 0.3278 per cent of the Initial Gross proceeds of the Ordinary Shares. Under the Asset Management agreement, the Group will pay Doric a management and advisory fee of £250,000 per annum per Asset (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum), payable quarterly in arrears (the Annual Fee), save that Doric shall only become entitled to such Annual Fee in relation to each Asset following the acquisition of such Asset by the Group. The Annual Fee for each Asset shall be calculated from the date of acquisition of the Asset.

Under the remuneration terms of the Agency Agreement with Doric KG, the Group paid a fee to Doric KG of 0.95% of the aggregate amounts raised to purchase the fourth to seventh aircraft acquired by the Group, plus 0.35% of the debt proceeds to acquire those aircraft raised through the Enhanced Equipment Trust Certificate issue.

Following the disposal of the first three Assets, Doric will be paid an initial interim amount ("**Initial Interim Amount**") as follows:

If the sale price realised for the first 3 Assets to be sold by the Group, net of costs and expenses (the "**Interim Net Realised Value**") is less than the "Relevant Proportion" (being $3/X$, where X is the aggregate of: (i) the number of Assets the lessor has legal beneficial title to immediately following the third disposal of an Asset and (ii) the number of Assets sold immediately following the third disposal of an Asset) of the aggregate of (i) the Ordinary Share placing proceeds and (ii) proceeds of any further issue of shares (of any class) by the Group including the C Share Placing (the "**Total Subscribed Equity**"), Doric will not be entitled to an Initial Interim Amount;

If the Interim Net Realised Value is between 100 per cent. (inclusive) and 150 per cent. (inclusive) of the Relevant Proportion of the Total Subscribed Equity, Doric will be entitled to an Initial Interim Amount of 2 per cent. of the sale price realised for the first 3 Assets ("**Interim Realised Value**");

If the Interim Net Realised Value is greater than 150 per cent of the Relevant Proportion of the Total Subscribed Equity, Doric will be entitled to an Initial Interim Amount of 3 per cent. of the Interim Realised Value.

Following the disposal of a further three Assets, Doric will be paid a cash amount equal to 1.75 per cent. of the gross sales proceeds following the disposal of these Assets (such payments in the aggregate being the "**Subsequent Interim Amount**"), except for the final Asset, i.e. fourth to sixth assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 March 2016

20 RELATED PARTY TRANSACTIONS (continued)

Following the disposal of the final Asset, and prior to the liquidation of the Group, if the Disposition Fee (as defined below) is payable, where the aggregate of the Initial Interim Amount and the Subsequent Interim Amount is less than the Disposition Fee payable, the Group shall pay the difference to Doric.

Doric shall be paid a disposition fee (the Disposition Fee) as follows: (a) Doric will not be entitled to the Disposition Fee (but for the avoidance of doubt will be entitled to reimbursement for properly incurred costs and expenses) if the aggregate realised value of the Assets net of costs and expenses (the "**Aggregate Net Realised Value**") is less than the Total Subscribed Equity; (b) if the Aggregate Net Realised Value is between 100 per cent (inclusive) and 150 per cent (inclusive) of the Total Subscribed Equity, Doric shall be entitled to a Disposition Fee of 2 per cent. of the Aggregate Realised Value; (c) if the Aggregate Net Realised Value is greater than 150 per cent of the Total Subscribed Equity, Doric shall be entitled to a Disposition Fee of 3 per cent. of the aggregate of the realised value of the Assets (the "**Aggregate Realised Value**").

During the year, the Group incurred £1,887,134 (31 March 2015: £1,841,680) of expenses with Doric, of which £139 (31 March 2015: £nil) was outstanding to this related party at 31 March 2016.

Nimrod Capital LLP ("**Nimrod**") is the Group's Placing Agent and Corporate and Shareholder Adviser. In consideration for Nimrod acting as placing agent in the initial Ordinary Share Placing of July 2011, the Group agreed to pay Nimrod at Admission, a placing commission equal to 0.2186 per cent of the Initial Gross Proceeds of the initial Ordinary Share Placing. Nimrod also received a placing commission following the acquisition of the third Asset by the Group equal to 0.1092 per cent of the Initial Gross Proceeds of the initial Placing.

In consideration for Nimrod acting as Placing Agent, the Group agreed to pay Nimrod, on the acquisition of the Fourth Asset, a placing commission equal to 0.3166 per cent of Initial Gross Proceeds of the March 2012 C Share Placing.

The Group shall pay to Nimrod for its services as Corporate and Shareholder Adviser a fee £200,000 per annum (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum) payable quarterly in arrears. From the date the Group acquired the Third Asset, the Group shall pay Nimrod an additional fee of £100,000 per annum (adjusted annually for inflation from 2013 onwards, at 2.25 per cent per annum) payable quarterly in arrears. Furthermore, the Group paid to Nimrod from the date of the C Share Placing an additional annual fee of 0.03714 per cent of the placing proceeds (adjusted annually for inflation from 2013 onwards at 2.25 per cent. per annum) in respect of the issue of C Shares for the acquisition of the fourth to seventh assets. Such fee will be increased to an annual fee of 0.2248 per cent. of the C Share Placing Proceeds (adjusted annually for inflation from 2013 onwards at 2.25 per cent. per annum) from the date the Group acquired the fourth Asset and shall be payable quarterly in arrears.

During the year, the Group incurred £774,482 (31 March 2015: £761,919) of expenses with Nimrod, of which £193,427 (31 March 2015: £661,128) was outstanding to this related party at 31 March 2016. £773,708 (31 March 2015: £760,940) of expenses related to management fees as shown in Note 5.

John Le Prevost is a director of Anson Registrars Limited ("**ARL**"), the Group's registrar, transfer agent and paying agent. During the year, the Group incurred £23,068 (31 March 2015: £16,956) of which £1,010 (31 March 2015: £1,297) was outstanding to this related party at 31 March 2016.

NOTICE OF GENERAL MEETING

(Incorporated and registered in Guernsey with company number 52985)

DORIC NIMROD AIR TWO LIMITED

(Incorporated and registered in Guernsey with company number 52985)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the voting Members of Doric Nimrod Air Two Limited (the "Company") will be held at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT on Tuesday 4 October 2016 at 9:35 a.m., to consider and, if thought fit, pass the below resolutions.

Ordinary Resolutions:

1. To receive the Company's Annual Financial Report for the period ended 31 March 2016.
2. To appoint Deloitte LLP as Auditor to the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting to be held in 2017 under section 199 of The Companies (Guernsey) Law, 2008, as amended, and to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

JTC (Guernsey) Limited
Secretary

11 July 2016

Registered Office:

Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

NOTICE OF GENERAL MEETING (continued)

Notes:

1. A shareholder will only be entitled to attend and vote at this General Meeting if they are registered as holders of Shares as at the close of business on 30 September 2016 or, if the General Meeting is adjourned, as at 48 hours before the time of any adjourned General Meeting. This record time is being set for the purpose of determining entitlements to attend and vote at shareholder meetings.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to vote instead of them. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude members from attending or voting at the General Meeting if they so wish.
3. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
4. In accordance with the provisions of E.2.1 of the UK Corporate Governance Code it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against each resolution.
5. A Form of Proxy is enclosed for use at the General Meeting. The Form of Proxy should be completed in accordance with the instructions set out therein and sent, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's agent, for this purpose being, Anson Registrars Limited, PO Box 426 Anson House, Havilland Street, St Peter Port, Guernsey GY1 3WX not less than 48 hours before the time for holding the General Meeting.
6. If the General Meeting falls to be adjourned because it is not quorate, it will be adjourned to the same time and place five business days later or to such other day and/or time and/or place as the directors of the Company may determine, whereupon those shareholders then present in person, by their representative or by proxy, shall form the quorum. In the event of any such adjournment the Company will announce the adjournment via a regulatory information service but no other notification will be sent directly to shareholders.
7. Where there are joint registered holders of any shares such persons shall not have the right of voting individually in respect of such shares but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of shareholders shall alone be entitled to vote.
8. On a poll votes may be given either personally or by proxy and a shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
9. Any corporation which is a shareholder may by resolution of its board of directors or other governing body authorise such person as it thinks fit to act as its representative at the General Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder.
10. As at 8 July 2016 (the latest practicable date prior to the printing of this notice) the Company's issued share capital with voting rights consisted of 172,750,000 Ordinary Preference Shares of no par value, all carrying one vote each per share.
11. Copies of the following documents are available for inspection at the registered office of the Company during usual business hours on any weekday (weekends and public holidays excluded) and will be available for inspection at the place of the General Meeting for 15 minutes before and during the General Meeting itself:
 - (a) a copy of the Company's Annual Financial Report for the year ended 31 March 2016; and
 - (b) the Articles of Incorporation.

NOTICE OF GENERAL MEETING (continued)

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

At the Annual General Meeting there are two ordinary resolutions which shareholders will be asked to consider and, if thought fit, approve. An explanation of each of these Resolutions is given below. All resolutions are proposed as ordinary resolutions. An ordinary resolution requires more than 50 per cent. of votes cast at the Annual General Meeting relating to that resolution to be cast in favour of it for the resolution to be passed.

ORDINARY RESOLUTIONS

Resolution 1: Annual Report and Accounts

For each financial year the directors are required to present the directors' report, the audited accounts and the auditors' reports to shareholders at a general meeting. Shareholders are asked to receive the annual report and accounts of the Company for the financial year ended 31 March 2016. The Companies (Guernsey) Law 2008 requires that the accounts and reports are laid before the Annual General Meeting.

Resolution 2: Appointment of Auditor

Following the previous general meeting of the Company under section 199 of the Companies (Guernsey) Law 2008 the appointment of the Auditor was to continue until the conclusion of the next general meeting to be held in 2016, under section 199 of the Companies (Guernsey) Law 2008. Deloitte LLP has indicated that they are willing to continue to be the Company's Auditor for the next year. You are asked to approve their re-appointment, until the conclusion of the next general meeting to be held in 2017 under section 199 of the Companies (Guernsey) Law 2008, as amended, and to authorise the directors of the Company to determine their remuneration.

KEY ADVISERS AND CONTACT INFORMATION

KEY INFORMATION

Exchange	Specialist Fund Segment of the London Stock Exchange’s Main Market
Ticker	DNA2
Listing Date	14 July 2011
Fiscal Year End	31 March
Base Currency	GBP
ISIN	B5SMNN6
SEDOL	B3Z6252
Country of Incorporation	Guernsey – Registration number 52985

MANAGEMENT AND ADMINISTRATION

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St Peter Port
Guernsey GY1 4EU

Asset Manager

Doric GmbH
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Germany

Liaison Agent

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29-30 Cornhill
London, England
EC3V 3NF

Placing and Corporate and Shareholder Advisory Agent

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3 St Helen’s Place
London, England
EC3A 6AB

Lease and Debt Arranger

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63065 Offenbach am Main
Germany

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