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DORIC NIMROD AIR TWO LIMITED

Announcement of Asset Manager's Report

8 January 2014

Doric Nimrod Air Two Limited (the "**Company**"), a Guernsey-domiciled company, is pleased to present the quarterly Fact Sheet in respect of the period from 1 October 2013 to 31 December 2013.

Doric GmbH, the Company's Asset Manager, has provided the Company with this commentary on the Company's airplanes and a copy of their report is appended below for the benefit of shareholders.

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On the invitation of the directors of the Company, the following commentary has been provided by Doric GmbH as Asset Manager of the Company and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, its directors and officers and service providers. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of an investment in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

QUARTERLY FACT SHEET

DORIC NIMROD AIR TWO LIMITED

LSE: DNA2

CISE: DNA2

The Company

Doric Nimrod Air Two Limited ("the Company") is a Guernsey domiciled company which listed on the Specialist Fund Market of the London Stock Exchange and the Channel Islands Securities Exchange on 14 July 2011 with the admission of 72.5 million Ordinary Shares at an issue price of 200p per share. On 27 March 2012, the Company issued 100,250,000 C Shares at 200p per share. With effect from 6 March 2013 C Shares were converted into Ordinary Shares. One Ordinary Share has been received for every one C Share, resulting in 172,750,000 Ordinary Shares in total. The market capitalisation of the Company was GBP 410.5 million as of 31 December 2013.

The Company has four wholly-owned subsidiaries: MSN077 Limited, MSN090 Limited, MSN105 Limited and Doric Nimrod Air Finance Alpha Limited ("DNAFA").

The Company acquired a total of seven Airbus A380-861 aircraft between October 2011 and November 2012. Each aircraft is leased to Emirates Airlines ("Emirates") - the national carrier owned by the Investment Corporation of Dubai, based in Dubai, United Arab Emirates - for an initial term of 12 years from the point of delivery, with fixed lease rentals for the duration.
In order to complete the purchase of the first three aircraft, MSN077 Limited, MSN090 Limited and

MSN105 Limited entered into three separate loans, each of which will be fully amortised with quarterly repayments in arrear over 12 years.

The net proceeds from the C Share issue (“the Equity”) were used to partially fund the purchase of four of the seven Airbus A380s. In order to help fund the acquisition of these final four aircraft, DNAFA issued two tranches of enhanced equipment trust certificates (“the Certificates” or “EETC”) - a form of debt security - in June 2012 in the aggregate face amount of USD 587.5 million. DNAFA used the proceeds from both the Equity and the Certificates to finance the acquisition of four new Airbus A380 aircraft leased to Emirates.

Investment Strategy

The Company’s investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling a portfolio of aircraft. The Company receives income from the lease and its directors are targeting a gross distribution to the shareholders of 4.5 pence per share per quarter (amounting to a yearly distribution of 9.0% based on the initial placing price of 200p per share). It is anticipated that income distributions will continue to be made quarterly.

Company Facts (31 December 2013)	
Listing	LSE and CISE
Ticker	DNA2
Share Price	237.6p
Market Capitalisation	GBP 410.5 million
Aircraft Registration Numbers	A6-EDP, A6-EDT, A6-EDX, A6-EDY, A6-EDZ, A6-EEB, A6-EEC
Current/ Future Anticipated Dividend	4.5p per quarter (18p per annum)
Anticipated Dividend Payment Dates	April, July, October, January
Currency	GBP
Launch Date/Price	14th July 2011 / 200p
C Share Issue Date/Price	27th March 2012/ 200p
C Share Conversion Date/Ratio	6th March 2013 / 1:1
Incorporation	Guernsey
Asset Manager	Doric GmbH
Corp & Shareholder Advisor	Nimrod Capital LLP
Administrator	JTC Fund Managers (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Shore Capital Ltd/ Winterflood Securities Ltd/ Jefferies International Ltd/ Numis Securities Ltd
SEDOL, ISIN	B3Z6252 , GG00B3Z62522
Year End	31st March
Stocks & Shares ISA	Eligible

Website	www.dnairtwo.com

1. The Assets

In November 2012, the Company had completed the purchase of all seven Airbus A380 aircraft, bearing manufacturer's serial numbers (MSN) 077, 090, 105, 106, 107, 109 and 110. All seven aircraft are leased to Emirates for an initial term of 12 years from the point of delivery with fixed lease rentals for the duration.

The seven A380s owned by the Company recently visited Beijing, Brisbane, Manchester, Munich, Paris, Singapore, and Sydney.

Aircraft utilization for the period from delivery of each Airbus A380 until the end of October 2013 was:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
077	14/10/2011	9,451	1,076	8 h 50 min
090	02/12/2011	8,130	1,386	5 h 50 min
105	01/10/2012	5,179	835	6 h 10 min
106	01/10/2012	5,627	639	8 h 50 min
107	12/10/2012	5,590	623	9 h 00 min
109	09/11/2012	4,601	749	6 h 10 min
110	30/11/2012	4,391	751	5 h 50 min

Maintenance status
Emirates maintains its A380 aircraft fleet based on a maintenance programme according to which minor maintenance checks are performed every 1,500 flight hours, and more significant maintenance checks (C checks) at the earlier of 24 months or 12,000 flight hour intervals. The first C check of MSN 090 took place in December 2013. In addition to the routine C check tasks several modification tasks were performed and the passenger cabin received a major refurbishment. Emirates bears all costs (including maintenance, repair and insurance) relating to the aircraft during the lifetime of the lease.

Inspections
During the check, which took place at the Emirates engineering facility at Dubai International Airport, the asset manager Doric inspected MSN 090. The aircraft appears to be in a physically good condition and consistent with its age.

Hairline Cracks
In late 2011, hairline cracks were detected in a small number of L-shaped metal brackets (known as wing rib feet) within the wing structure of some A380s. The aircraft remain fully airworthy and the hairline cracks pose no risk to flight safety as affirmed by the European Aviation Safety Agency (EASA) and Airbus.

As previously reported, EASA released its latest Airworthiness Directive in May 2013, outlining which modifications need to be made and the respective compliance terms. The wing rib feet modification programme for Emirates' aircraft is essentially managed by Airbus. All modification activities will be covered by the applicable manufacturer's warranties. Emirates decided to embody all modifications in one step. The downtime required to incorporate the permanent fix has in some cases been reduced from the originally planned eight weeks down to 51 days. The current schedule for the respective aircraft is as follows:

MSN	Timeline (preliminary)
077	Completed

090	Completed
105	Spring 2014
106	Summer 2014
107	Summer 2014
109	Spring 2014
110	Spring 2014

The portfolio’s second wing rib feet modification (MSN 077) was completed successfully at Ameco Beijing in China, one of the maintenance, repair and overhaul organizations (MROs) Airbus has selected to perform the modification programme of Emirates’ aircraft.

2. Market Overview

Between January and October 2013, passenger demand, measured in revenue passenger kilometres (RPKs), expanded by 5.2% compared to the same period in the previous year. The industry remains on a growth path, which started in the fourth quarter of 2012. Pace of growth slightly accelerated since July 2013. In October 2013 RPKs increased by 6.6% compared to the same month of the preceding year. Tony Tyler, Director General and CEO of International Air Transport Association (IATA), expects a strong fourth quarter traffic performance, since business confidence has been rising and major advanced economies show a better economic performance.

After airlines were reluctant to increase their capacities until autumn 2013, operators responded with a capacity increase in October in order to match the higher demand. They increased the available seat kilometres (ASKs) by 0.8% compared to September. At the same time RPKs increased by 0.4%.

The average passenger load factor during the first ten months of this year was 79.9%. This is an increase of 0.4%-points compared to the same period the year before. From a historic perspective passenger load factors remain stable on a high level. In 2014 worldwide passenger load factors could exceed 81% for the first time in the industry’s history. According to the latest traffic forecast released by IATA in December 2013, RPKs are expected to grow by 5.3% in 2013 and 6.0% in 2014. Both numbers were slightly upgraded since the previous publication from September 2013.

As in the quarters before, regional growth patterns continue to be uneven. Between January and October 2013 Middle East airlines increased their RPKs by 11.2% compared to the previous year’s period, leading the list of growth regions. The most modest growth was again observed in North America with an increase in RPKs of 2.1% compared to the same period in the previous year.

During the third quarter 2013 air freight markets started responding to better economic confidence and improved consumer demand. According to the latest available numbers published by IATA, between January and October 2013 flown freight-tonne-kilometres (FTKs) increased by 0.8% compared to the same period the year before. The average load factor for the 10-month period until October 2013 reached 44.8%. But matching capacity and demand is still a tough business, because passenger traffic and hence belly capacity is growing more robustly than the air freight business. With a FTK increase of 12.3% during the first ten months of 2013, the Middle East remains the most active region in terms of growth. For 2014 IATA expects an overall expansion of the air freight market of 2.1%, which is significantly below the long-term cargo growth trend of 5 to 6% a year.

Airlines have benefited from a slight relief in jet fuel prices over the last few quarters. As a consequence, IATA recently adjusted the 2013 average cost per barrel down to USD 124.00. This is USD 2.40 per barrel below the forecast from September 2013.

IATA released its latest industry outlook in December 2013 according to which global industry profits are expected to reach USD 12.9 billion in 2013. This is higher than IATA’s September 2013 estimate of USD 11.7 billion. Improving efficiencies of the carriers operations and higher aircraft utilization influenced airline performance positively. For 2014 IATA also increased its expectations, forecasting an industry net profit of USD 19.7 billion. Industry experts paint a mixed picture of the near future: The economic growth in the developed economies will further improve. But on the other hand BRIC countries (Brazil, Russia, India, China) will likely show a relatively modest growth trajectory.

According to the recently published IATA Airline Industry Forecast 2013-2017 airlines expect until the year 2017 an increase in passenger numbers of 31% or 930 million compared to the reference year 2012. This number would imply a compound annual growth rate of 5.4%. In a regional breakdown, the Middle East is expected to record the strongest international passenger growth rate of 6.3% p.a.

In December Airbus has increased its sales target for 2013 once again. The European airframer expects to sell more than 1,400 aircraft in 2013.

Source: Handelsblatt, IATA

3. Lessee – Emirates Key Financials and Outlook

In the first six months of the current financial year (ending on 30 September 2013) revenue reached a record high of USD 10.8 billion, up by 12% compared to the same period in the financial year before. According to His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive of Emirates, “the global business environment continues to be challenging”. Nevertheless the lessee increased its net profit by 2% to USD 475 million. However persistent high fuel prices and an unfavorable currency exchange environment burden the airline’s profits.

As of 30 September 2013 the balance sheet total amounted to USD 25.1 billion, a decrease of 3% from the end of last financial year. Total equity increased by 7.9% to USD 6.8 billion with an equity ratio of 27%. The current ratio was 1.01; therefore the airline would be able to meet its current liabilities by liquidating all of its current assets. As of 30 September 2013 the carrier’s cash balance reached USD 4.3 billion, therefore liquidity decreased by USD 2.4 billion within six months. This was largely caused by bond repayments and injections back into the business to fund new aircraft, engines, spares and other projects.

In the first half of the current financial year, Emirates continued to invest in and expand its employee base, increasing its overall staff count by 12.4% to over 51,900 compared with 30 September 2012.

During the first half of the current financial year, Emirates received ten widebody aircraft, including six Airbus A380. Prior to March 2014 another 15 new aircraft are scheduled to enter the fleet. By 2020 Emirates expects to have more than 250 widebody aircraft in the air serving some 70 million passengers a year. In order to support its long-term growth ambitions, the carrier has recently placed the largest ever aircraft order in civil aviation history. At the Dubai Air Show in November the lessee signed contracts with Airbus and Boeing in a combined value of USD 99 billion (list prices) consisting of 150 Boeing 777X and another 50 Airbus A380. According to the operator, the first 25 of the additional A380 will come into service before the first quarter of 2018. Deliveries for 777Xs are scheduled to start in 2020.

As of November 2013 Emirates operates flights to 137 destinations in 77 countries on six continents. Since January 2012 Emirates has launched more than 20 new destinations. By the end of the fiscal year in March 2014, at least another four will enlarge the global route network . The airline currently operates nearly 3,200 flights per week. Every three minutes an Emirates aircraft takes off anywhere in the world. A continuously growing fleet enabled an increase in ASKs. During the first six months of the current business year until September 2013 the lessee offered 16.9% more ASKs than a year ago. At the same time demand increased by 16.1%. Notwithstanding the tremendous growth Emirates is able to match supply and demand in order to keep the load factor at high levels. During the first half of the current financial year, passenger load factor averaged 79.2%.

Source: Emirates

4. Aircraft — A380

As of November 2013 Emirates has a fleet of 41 A380s which currently serve 23 destinations worldwide: Amsterdam, Auckland, Bangkok, Beijing, Brisbane, Hong Kong, Jeddah, Kuala Lumpur, London Heathrow, Los Angeles, Manchester, Mauritius, Melbourne, Moscow, Munich, New York JFK, Paris, Rome, Seoul, Shanghai, Singapore, Sydney and Toronto. With Los Angeles becoming an A380 destination at the beginning of December 2013, Emirates has launched the world’s longest A380 service in operation, crossing the Russian Federation, the North Pole and Eastern Canada. Scheduled flight time is 16 hours and 20 minutes. On 1 January 2014 Zurich will become Emirates’ 24th A380 destination, followed by Barcelona on 1 February 2014. Growing passenger demand causes the Middle East-based carrier to increase A380 frequencies on established routes. Starting in March 2014 the second daily flight to Munich, currently served by a Boeing 777-300ER, will be upgraded to an A380 service.

At the end of November 2013, the global A380 fleet consisted of 119 commercially used planes in service. The currently ten operators are Emirates (41 A380 aircraft), Singapore Airlines (19), Qantas (12), Deutsche Lufthansa (10), Air France (9), Korean Airways (8), China Southern Airlines (5), Malaysia Airlines (6), Thai Airways (6) and British Airways (3). Qatar Airways and South Korea's Asiana Airlines will join the club of A380 operators when they take delivery of their first aircraft in 2014. The order book for A380 aircraft has expanded considerably over the last quarter. In November 2013 Emirates announced at the Dubai Air Show to buy another 50 A380s in addition to the 90 already ordered. This brings the number of unfilled orders at Airbus to 189 aircraft by the end of November 2013.

According to Airbus, the worldwide fleet has accumulated around 1.1 million flight hours in more than 137,000 commercial flights. The number of passengers flying aboard an Airbus A380 to date is over 50 million. The global fleet's average daily utilization is greater than 13 hours.
Source: Airbus, Ascend, Emirates

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