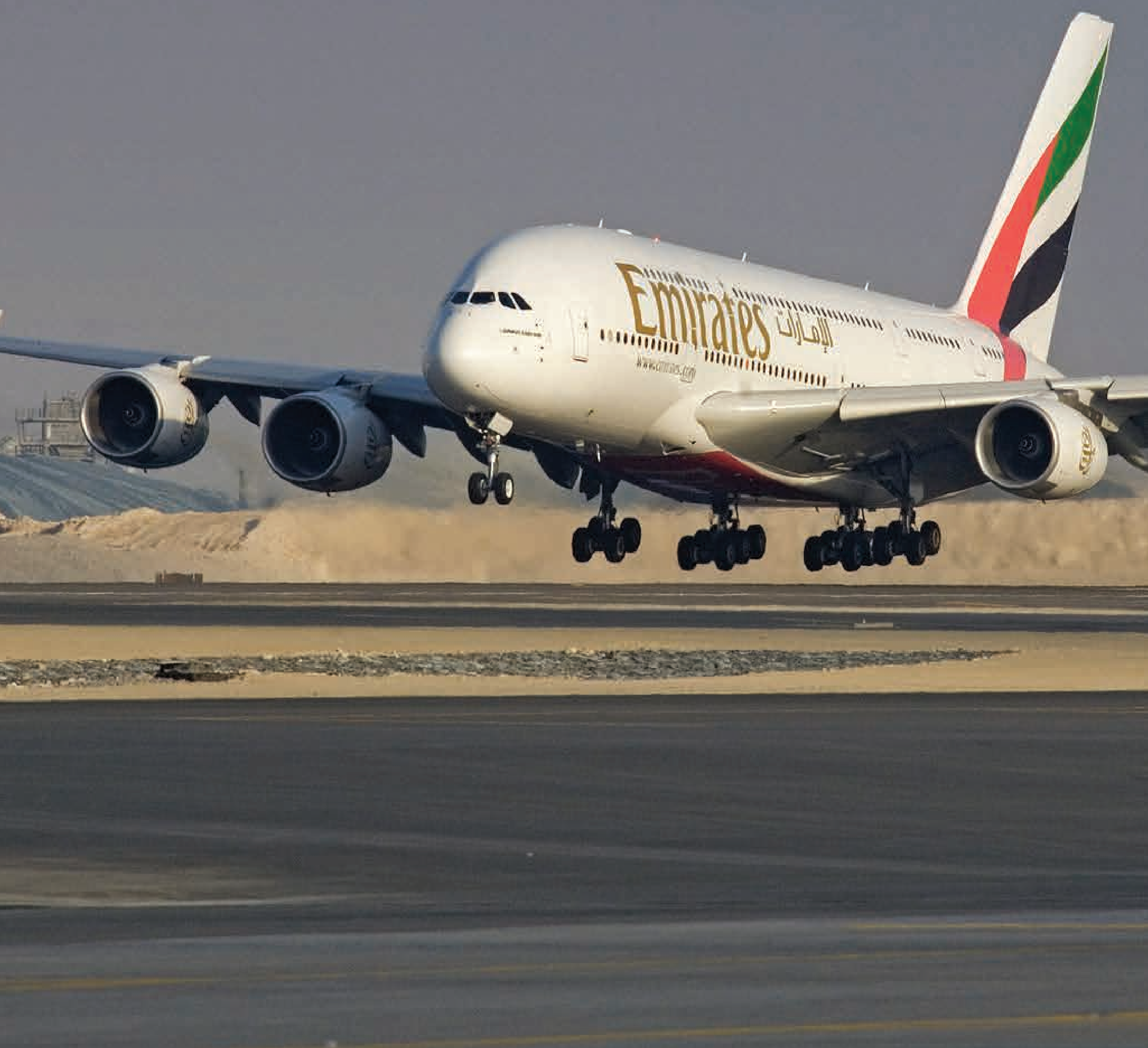
DORIC NIMROD AIR THREE LIMITED

Annual Report and Consolidated Financial Statements

From 1 April 2023 to 31 March 2024



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DEFINITIONS

"AD"	Airworthiness Directive
"Administrative Shares"	Subordinated administrative shares
"AED"	United Arab Emirates dirham
"AGM"	Annual general meeting
"Amedeo" or "the Asset Manager"	Amedeo Management Limited
"AR Committee"	Audit and Risk Committee
"Articles"	Company's Articles of Incorporation
"ASKs"	Available seat kilometres
"Asset(s)" or the "Aircraft"	Airbus A380 Aircraft
"ATKs"	Available Tonne Kilometres
"Board"	Company's board of Directors
"Chair"	Chair of the Board
"Code"	The UK Corporate Governance Code
"CORSIA"	Carbon Offsetting and Reduction Scheme for International Aviation
"DTRs"	Disclosure Guidance and Transparency Rules
"DNA3" or the "Company"	Doric Nimrod Air Three Limited
"DNA Alpha"	DNA Alpha Limited
"EBITDA"	Earnings Before Interest, Taxes, Depreciation and Amortisation
"EETC" or "Trust Certificates"	Enhanced equipment trust certificates
"Emirates" or the "Lessee"	Emirates Airline
"ESG"	Environmental, Social and Governance
"EU"	European Union
"FCA"	Financial Conduct Authority
"FAA"	US Federal Aviation Authority
"FRC"	Financial Reporting Council
"FVOCI"	Fair value through other comprehensive income
"FVTPL"	Fair value through profit or loss
"GBP", "£" or "Sterling"	Pound Sterling
"Grant Thornton"	Grant Thornton Limited
"GFSC"	Guernsey Financial Services Commission
"GHG"	Greenhouse gas
"Group"	the Company and its subsidiary

DEFINITIONS (continued)

"IAS 1"	International Accounting Standard 1 – Presentation of financial statements
"IAS 7"	International Accounting Standard 7 – Statement of Cash Flows
"IAS 8"	International Accounting Standard 8 – Accounting policies
"IAS 16"	International Accounting Standard 16 – Property, Plant and Equipment
"IAS 21"	International Accounting Standard 21 – The Effects of Changes in Foreign Exchange Rates
"IAS 36"	International Accounting Standard 36 – Impairment of Assets
"IASB"	International Accounting Standards Board
"IATA"	International Air Transport Association
"ICAO"	International Civil Aviation Organization
"IEnvA"	IATA Environmental Assessment
"IFRIC"	International Financial Reporting Interpretations Committee
"IFRS"	International Financial Reporting Standards – Accounting standards as adopted by the EU
"IFRS 16"	IFRS 16 – Leases
"ISAE 3402"	International Standard on Assurance Engagement 3402
"ISTAT"	International Society of Transport Aircraft Trading
"JTC" or "Secretary" or "Administrator"	JTC Fund Solutions (Guernsey) Limited
"Registrar"	JTC Registrars Limited
"SAF"	Sustainable Aviation Fuel
"Law"	The Companies (Guernsey) Law, 2008, as amended
"Lease(s)"	Lease of Aircraft to Emirates
"Loan(s)"	Borrowings obtained by the Group to part-finance the acquisition of Aircraft
"LSE"	London Stock Exchange
"Nimrod" or "Corporate and Shareholder Adviser"	Nimrod Capital LLP
"Pandemic"	COVID-19 pandemic
"Period"	1 April 2023 until 31 March 2024
"PLF"	Passenger load factor
"Registrar"	JTC Registrars Limited
"RPKs"	Revenue passenger kilometres
"SDGs"	Sustainable Development Goals
"SFS"	Specialist Fund Segment

DEFINITIONS (continued)

"Shareholders" or "Members"	Shareholders of the Company
"Shares"	Ordinary Preference Shares
"Share Capital"	Share capital of the Company
"Subsidiary"	DNA Alpha Limited
"UAE"	United Arab Emirates
"UK"	United Kingdom
"USD" or "$"	US dollars
"VIU"	Value-in-use

SUMMARY INFORMATION

Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	DNA3
Share Price	54.0 pence (as at 31 March 2024) 54.0 pence (as at 12 July 2024)
Market Capitalisation	GBP 118.80 million (as at 12 July 2024)
Current Dividend / Future Anticipated Dividend	Current dividends are 2.0625 pence per quarter per share (8.25 pence per annum) and it is anticipated that this will continue until the aircraft leases begin to terminate in 2025.
Dividend Payment Dates	April, July, October, January
Currency	Sterling
Launch Date / Share Price	2 July 2013 / 100 pence
Incorporation and Domicile	Guernsey
Aircraft Registration Number (Lease Expiry Dates include a 2 year extension)	A6-EEK (29 August 2025) A6-EEO (29 October 2025) A6-EEM (14 November 2025) A6-EEL (27 November 2025)
Asset Manager	Amedeo Management Limited
Corporate and Shareholder Adviser	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	Grant Thornton Limited
Market Makers	Investec Bank Plc, Jefferies International Ltd, Panmure Liberum Capital Ltd, Peel Hunt LLP, Shore Capital Ltd, Winterflood Securities Ltd
SEDOL, ISIN, LEI	B92LHN5, GG00B92LHN58, 213800BMYMCBKT5W8M49
Year End	31 March
Website	www.dnairthree.com

COMPANY OVERVIEW

DNA3 is a Guernsey company incorporated on 29 March 2012.

Pursuant to the Company's Prospectus dated 20 June 2013, the Company, on 2 July 2013, offered its Shares for issue by means of a placing and raised approximately GBP211 million by the issue of Shares at an issue price of 100 pence per share. The Company's Shares were admitted to trading on the SFS on 2 July 2013.

As at 12 July 2024, the last practicable date prior to the publication of this report, the Company's total issued Share capital consisted of the Administrative Shares and 220,000,000 Shares. The Shares were trading at 54.00 pence per Share.

Investment Objective and Policy
The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. To pursue its investment objective, the Company has used the net proceeds of placings and other equity capital raisings, together with debt facilities (or instruments), to initially acquire four Airbus A380 Aircraft which are leased to Emirates, the national carrier owned by The Investment Corporation of Dubai based in Dubai, UAE.

DNA Alpha
The Company has one wholly owned subsidiary: DNA Alpha which holds the Assets for the Company.

The first Asset was acquired by DNA Alpha on 29 August 2013 for a purchase price of USD245 million. Upon delivery, DNA Alpha entered into an operating Lease with Emirates, pursuant to which the first Asset has been leased to Emirates for an expected initial term of 10 years, ended August 2023, with an extension period of two years ending August 2025, in which rental payments reduce. The loan terms for this Aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The second Asset was acquired by DNA Alpha on 29 October 2013 for a purchase price of USD245 million. Upon delivery, DNA Alpha entered into an operating Lease with Emirates, pursuant to which the second Asset has been leased to Emirates for an expected initial term of twelve years, with fixed lease rentals for the duration. The initial Lease is for 10 years ended October 2023, with an extension period of two years ending October 2025, in which rental payments reduce. The loan terms for this Aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The third Asset was acquired by DNA Alpha on 14 November 2013 for a purchase price of USD245 million. Upon delivery, DNA Alpha entered into an operating Lease with Emirates, pursuant to which the third Asset has been leased to Emirates for an expected initial term of twelve years, with fixed lease rentals for the duration. The initial Lease is for 10 years ended November 2023, with an extension period of two years ending November 2025, in which rental payments reduce. The loan terms for this Aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

The fourth Asset was acquired by DNA Alpha on 27 November 2013 for a purchase price of USD245 million. Upon delivery, DNA Alpha entered into an operating Lease with Emirates, pursuant to which the fourth Asset has been leased to Emirates for an expected initial term of twelve years, with fixed Lease rentals for the duration. The initial Lease is for 10 years ended November 2023, with an extension period of two years ending November 2025, in which rental payments reduce. The loan terms for this Aircraft were arranged to match the contractual rental received during the initial lease term of 10 years including the final rental prepayment in the event that the extension was not utilised.

DNA Alpha acquired the Assets, using a combination of a portion of the proceeds of the issue of the Ordinary Shares by the Company together with the proceeds of the sale of equipment trust certificates issued by DNA Alpha and the initial rent payment pursuant to the relevant operating Leases. The equipment notes were acquired by two separate pass through trusts using the proceeds of their issue of EETCs as detailed within the offering circular issued by DNA Alpha dated 10 July 2013.

Further information about the construction of these Leases is available in note 12 to the Consolidated Financial Statements.

COMPANY OVERVIEW (continued)

The EETCs, with an aggregate face amount of approximately USD630 million, were admitted to the official list of the Euronext Dublin and traded on the Main Securities market thereof, maturing on 30 May 2023.

Emirates bears all operating costs (including maintenance, repairs, and insurance) relating to the Aircraft during the lifetime of the Lease.

Distribution Policy
The Company currently targets a distribution of 2.0625 pence per Share per quarter.

The payment of dividends to Shareholders cannot be guaranteed, and if dividends are indeed paid, there is uncertainty regarding the timing and amount of such payments. Additionally, there is no assurance that the Company will consistently meet the solvency test outlined in section 304 of the Law, which is necessary for the Directors to authorise dividend payments.

Performance Overview
All payments by Emirates have, to date, been made in accordance with the terms of the respective Leases.

During the financial year under review and in accordance with the Distribution Policy the Company declared four interim dividends of 2.0625 pence per Share. Two interim dividends of 2.0625 pence per Share had been declared after the reporting period. Further details of dividend payments can be found on page 23.

Return of Capital
The Company intends to return to Shareholders the net capital proceeds if and when the Company is wound up (pursuant to a Shareholder resolution, including the Liquidation Resolution), subject to compliance with the Articles and the applicable laws (including any applicable requirements of the solvency test contained therein).

Liquidation Resolution
Although the Company does not have a fixed life, the Articles require that the Directors convene a general meeting of the Company in November 2026 where an ordinary resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the Leases. In the event that the liquidation resolution is not passed, the Directors will consider alternatives for the future of the Company, including re-leasing the Assets, or selling the Assets and reinvesting the capital received from the sale of the Assets in other aircraft.

CHAIR'S STATEMENT

The Company

During the Period I am delighted to say that the Company has continued to declare and pay four quarterly dividends of 2.0625 pence per Share each, a rate of dividend payment amounting to 8.25 pence per Share per annum.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. In 2013 the Company acquired four Airbus A380s that were then all leased to Emirates for twelve years.

The structures of the operating Leases relating to the Company's four Aircraft are described on page 67. The debt portion of the funding was designed to be fully amortised over the term of the Leases, which would leave the Aircraft unencumbered on the conclusion of the ultimate Lease and all debt associated with the Company's Aircraft have now been fully repaid. Emirates bears all costs (including maintenance, repair and insurance) relating to the Aircraft during the lifetime of the Leases. All payments by Emirates during the Period and throughout the Lease have been made in accordance with the terms of the Lease. The Company's first scheduled Lease expiry falls due in August 2025 and the last in November 2025.

At 12 July 2024 the share price was 54.00 pence, representing a market capitalisation of GBP 118.80 million based on the 220,000,000 Shares in issue.

Market Conditions

The rebound in travel generally has continued throughout the financial year and Emirates have benefitted significantly, in part as a result of the A380, for which they are by far the largest operator. The Board has noted the purchase by Emirates last year of two Airbus A380s owned by Doric Nimrod Air Two Limited. On 7 May 2024, Emirates announced a significant change to its premium cabin retrofit programme, which included an additional 43 A380 and 28 B777 aircraft (up from 67 A380s and 53 777s) bringing the total aircraft to be retrofitted to 191 aircraft. This increase will likely include the Company's 4 A380 aircraft, however official confirmation is yet to be received from the airline. The refurbishment work is entirely managed in house at Emirates' Engineering Centre and Emirates are collaborating with 48 major partners and suppliers.

During the Company's financial year ended on 31 March 2024, global air passenger traffic continued its road to recovery. In May 2024 demand measures in RPKs was up by 10.7% from its level a year earlier. Over the same period airlines' capacity, measured in ASKs, increased by 8.5%, resulting in an improved average PFL of 83.4%. In February 2024, the airline industry achieved full recovery in total passenger traffic, surpassing the 2019 (pre-Pandemic) threshold by 5.7%. Domestic travel grew 13.7% over its 2019 levels, while international traffic was 0.9% higher than in February 2019. According to IATA, there was an increase in trip bookings made in May and the first half of June for travel during the second half of June and the whole of month of July, which suggests that air traffic and demand in both domestic and international segments are expected to maintain a positive trend.

For the financial year ended 31 March 2024, the Emirates Group posted a record profit of AED 18.7 billion (USD 5.1 billion), up 71% compared with an AED 10.9 billion (USD 3.0 billion) profit for last year. The Group's revenue was AED 137.3 billion (USD 37.4 billion), an increase of 15% over the previous year's results. The Emirate Group's cash balance was AED 47.1 billion (USD 12.8 billion), the highest ever reported, up 11% from the previous year. In 2023-24, the Emirates Group collectively invested AED 8.8 billion (USD 2.4 billion) in new aircraft, facilities, equipment, companies, and the latest technologies to support its growth plans.

The airline itself reported a record profit of AED 17.2 billion (USD 4.7 billion), up 63% from AED 10.6 billion (USD 2.9 billion) the previous year.

- Revenue rose 13% to AED 121.2 billion (USD 33.0 billion), as the airline deployed more capacity to meet the increasing demand.

- Airline capacity in ATKs increased by 20%, closing the gap to pre-Pandemic levels.

- Emirates brought its flagship A380 and popular Premium Economy product to even more cities, as 16 more aircraft rolled out the cabin retrofit programme, fully refurbished with the airline's latest signature products. As of 31 March 2024, the Emirates A380 served 49 destinations.

CHAIR'S STATEMENT (continued)

- Emirates ended its 2023-24 financial year with AED 42.9 billion (USD 11.7 billion) in cash assets (including bank deposits), the highest-ever balance in the company's history. The cashflow from operating activities came in strongly at AED 37.6 billion (USD 10.3 billion).

- Emirates carried 51.9 million passengers (up 19%) in 2023-24, reaching an average PLF of 79.9%, an improvement of 0.4 percentage point compared to the same period the year before.

Further details on Emirates and the A380 can be found in the Asset Manager's Report on pages 9 to 15.

Stakeholder Engagement
Our Asset Manager, Amedeo, continues to monitor the Leases, and is in frequent contact with the Lessee and reports regularly to the Board.

Nimrod, our Corporate and Shareholder Adviser, continues to liaise with Shareholders alongside or on behalf of the Board and has provided valuable feedback on the views of Shareholders. The Board encourages Shareholders to read the Company's quarterly fact sheets which we believe provide a great deal of interesting information. We hope these regular reports, in addition to the communication you receive from Nimrod, are useful and informative. The Directors welcome Shareholder engagement and feedback and encourage you to contact Nimrod to request a meeting or to relay any feedback.

Further information on stakeholder engagement (section 172 of the UK's Companies Act 2006) can be found on page 31.

On behalf of the Board, I would like to thank our service providers for their ongoing assistance and, most importantly, all Shareholders for their continuing support.

The Board
I would like to close by thanking my fellow Board members, the Corporate and Shareholder Adviser, Asset Manager and all other critical service providers who continue to service the Company and have positioned us well to deliver value for our shareholders in what have been challenging market conditions over the last few years. Most importantly, on behalf of the Board, I would like to thank all Shareholders for your continued support.

Andreas Tautscher
Chair

23 July 2024

ASSET MANAGER’S REPORT

At the request of the Directors of the Company, this commentary has been provided by the Asset Manager of the Company. The report reflects the information available at the end of March 2024 unless otherwise noted.

1. The Assets

The Company acquired four Airbus A380 aircraft by the end of November 2013. Since delivery, each of the four aircraft has been leased to Emirates– the national carrier owned by the Investment Corporation of Dubai, based in Dubai, UAE – for a term of 12 years with fixed lease rentals for the duration. In order to complete the purchase of the aircraft, DNA Alpha, a wholly owned subsidiary of the Company, issued EETC – a form of debt security – in July 2013 in the aggregate face amount of USD 630 million. In May 2023, DNA Alpha has fully repaid all outstanding EETC obligations.

Between January and March 2024, the Company announced that DNA Alpha has received four notices in total from Emirates that it is exercising the options to enable it to redeliver MSNs 132, 133, 134 and 136 in the minimum condition equivalent to “half-life” together with a cash sum, as opposed to delivery in full-life condition. In the event the aircraft are returned to the subsidiary, Emirates will pay the sum of USD 12,000,000 per Aircraft to the subsidiary, in addition to the contracted monetary compensation arrangements, on or prior to the respective lease expiry dates as per the Summary Information on page 4 above. The notices received do not preclude the Company from considering lease extension, sale or re-lease options for the aircraft with Emirates or other counterparties.

Aircraft utilisation for the Period from delivery of each Airbus A380 until the end of March 2024 was as follows:

MSN	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
132	29/08/2013	37,446	4,609	8h 7m
133	27/11/2013	37,487	4,303	8h 43m
134	14/11/2013	35,006	3,977	8h 48m
136	29/10/2013	37,127	4,158	8h 56m

Maintenance Status

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

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

In November 2023 the EU Aviation Safety Agency issued an AD for A380 aircraft adopting the already mandatory inspection of wing rear spars between certain wing ribs. After further results of the inspections of the wing rear spars by Airbus revealed more findings, criteria previously specified by Airbus were no longer justified. Prompted by these developments, Airbus redefined one of the driving parameters for the threshold for wing rear spars inspections, by replacing a previous to-be-calculated factor with a fixed factor, defined in this AD. This new factor focuses on time spent in storage.

Starting in 2019 a series of ADs were issued addressing concerns about potential cracks in certain wing rear spars. However, the Aircraft owned by the Company were not due for inspections according to earlier ADs. Based on the data and evidence collected during the inspections over the last four years or so, contributing factors in addition to the age of the wing were identified. The probability of a crack, for example, also depends on the amount of time an aircraft has spent on the ground (stored or parked) in severe environmental conditions. The phenomenon underlying this relationship is called Hydrogen Environmental Assisted Cracking. It affects specific aluminium alloys used in the A380. Emirates aircraft are more severely affected than those of other A380 operators due mainly to the hot desert climate in the UAE and prolonged storage periods during the Pandemic in that environment.

Emirates schedules 60 days for the initial inspection. Repeat inspections are currently scheduled at an interval of 36 months. Three of the Company’s four aircraft were inspected in Toulouse (France), Teruel (Spain), and Beijing (China) starting in September 2023 and

ASSET MANAGER'S REPORT (continued)

returned to service in mid-December immediately after the work had been completed. The final Aircraft has been ferried to Amman (Jordan) in mid-March 2024 to conduct the wing span inspection and returned to service in May.

Inspections

The Asset Manager conducted physical inspections and records audits of the Aircraft as per the below table. Conditions of the respective Aircraft and its technical records were in compliance with the provisions of the respective lease agreements.

MSN	Last Inspection	MSN	Last Inspection
132	01/2024	134	05/2023
133	05/2023	136	05/2023

2. Market Overview

The impact of the Pandemic on the global economy was severe, resulting in a 3.1% contraction in global GDP in 2020, followed by a recovery of 6.2%, 3.0% and 2.6% in 2021, 2022 and 2023 respectively. According to its latest report on global economic prospects from January 2024, the World Bank expects a growth rate of 2.4% for the current year.

In December 2023 IATA revised its 2023 projection for the airline industry net profits from USD 9.8 billion to USD 23.3 billion. In 2024 profitability is expected to increase further, reaching USD 25.7 billion, a year-over-year 0.1 percentage point net profit margin improvement.

The year 2023 was marked by a strong industry-wide recovery of air passenger traffic, measured in RPKs, with a year-on-year growth of 36.9%. Traffic reached 94.1% of its 2019 pre-Pandemic levels. The supply of seats, measured in ASKs, increased by 31.0% from the previous year compared to 2022 and reached 94.4% of its 2019 levels. The average PLF in 2023 came in at 82.3%, an improvement of 3.6 percentage points from 2022 and only 0.3 percentage points below its 2019 levels.

The industry had a strong start in the new calendar year. In January RPKs grew by 16.6% compared to the same period the year before. With 99.6% of pre-Pandemic travel levels seen in January 2019, the industry was closer than ever to monthly recovery. Over the last twelve months airlines increased their capacities, measured in ASKs, by 14.1%, resulting in a PLF of 79.9% in January 2024. This is an improvement of 1.7 percentage points from January 2023 and 0.1 percentage points from its pre-Pandemic levels in January 2019. The majority of airline regions have now exceeded their 2019 benchmark on a monthly basis, according to IATA.

While international travel, measured in RPKs, is still 4.3% short of its volume before the sector was hit by the Pandemic, global domestic travel has fully recovered, surpassing the 2019 benchmark levels by 6.7% in January 2024. Domestic air passenger traffic is particularly strong in the United States, China and India, while Australia, Brazil and Japan are lagging behind. With strong domestic tourism in the world's second largest market for domestic air travel, China is leading domestic air travel growth compared to both the previous year and the respective pre-Pandemic levels. In January 2024 RPKs increased by 33.2% year-on-year and 15.0% when compared to pre-Pandemic levels in January 2019.

The latest ticket sales on a global level "continue to indicate resilient demand for air travel on both market segments [domestic and international]", according to an IATA report released in March 2024.

The Middle East, where the Lessee is located, recorded an RPK increase of 16.2% between January 2023 and January 2024, surpassing its pre-Pandemic air passenger traffic by nearly 4%. Capacities, measured in ASKs, expanded by 15.3% over the period, resulting in a 0.6 percentage point improvement of the average PLF to 79.9% or 5.4 percentage points above its pre-Pandemic levels in January 2019.

Source: IATA, World Bank

ASSET MANAGER'S REPORT (continued)

3. Lessee – Emirates

Network

From 21 February 2024 till the end of its winter flight schedule Emirates temporarily upgraded the daily flight from Dubai to the Austrian capital Vienna to an A380 service. Emirates has not operated the A380 since August 2022 on this route and hopes for a permanent return of the A380 in the future.

Starting on 1 June 2024 Emirates will deploy an A380 for daily flights to Osaka, Japan, replacing the Boeing 777-300ER currently operating on this route. The upgrade will result in 910 additional weekly seats between Dubai and Osaka's Kansai Airport being operated by a retrofitted four-class A380 with the airline's latest premium economy product.

From 1 October 2024 Emirates will upgrade its second daily flight between Dubai and Brisbane, Australia, to an A380 service. According to the CEO of Brisbane's airport, "this will allow up to 100,000 extra passengers per year to travel between Queensland and Europe, which is Brisbane's second busiest international destination". Starting on 1 December 2024 the Lessee will also add a second daily flight to Perth. By December 2024, Emirates expects to have returned to its pre-Pandemic capacity offering with 77 weekly services to Australia.

From 1 May 2024 Emirates will reintroduce its daily service to the Cambodian capital, Phnom Penh, via Singapore.

Emirates signed a series of strategic partnership agreements at Europe's leading travel and trade show ITB in Berlin. This includes new collaborations with the Greek National Tourism organisation, Austrian National Tourist Office and Tourism Ireland. The airline further renewed partnerships with TUI and AIDA Cruises. In 2023 Emirates transported around 400,000 cruise passengers using Dubai cruise terminals. Dubai expects 23% more cruise passengers for the upcoming season.

Fleet

According to Emirates, its passenger aircraft fleet consisted of 116 Airbus A380s and 133 Boeing 777s at the end of March 2024. Over the last two years or so Emirates' President, Sir Tim Clark, has provided multiple status updates on the likely future of the airline's A380 fleet. In February 2022 he reported on recycling efforts of the first five A380s Emirates had retired, but pointed out that these efforts will not continue with further A380s. At that time Emirates aimed to extend the life of about 120 A380s and 777s by six to ten years each.

In a June 2023 interview with Bloomberg, Clark refined the timeline about the future of its A380 fleet, noting that Emirates "will keep them flying until 2032" before the airline starts to take them out of its fleet. Under the current circumstances their operation is "very profitable" for the carrier, Clark noted at that time. In November 2023 he once again extended the scheduled end of Emirates' A380 services, stating that the airline intends to fly the A380 until at least 2041 due to the lack of availability of similar-sized replacement aircraft. The statement was repeated similarly in March 2024, noting that Emirates plans to keep A380s flying until the late 2030s, with corresponding extensions of aircraft leases.

To maintain and improve operational efficiency and maximise fleet performance and reliability of its A380 fleet "well into the next decade", Emirates signed agreements worth over USD 1.5 billion at the 2023 Dubai Air Show. Partners such as Honeywell, Collins Aerospace, Lufthansa Technik and Gameco will deliver aviation aftermarket and Maintenance, Repair and Overhaul services. "Our continued commitment to and confidence in the A380 are why we are investing heavily to keep the fleet in optimal shape and pristine condition. The A380 will remain core to our network and customer proposition for the next decade, and we want to ensure our fleet is in tip-top shape", said Clark in a statement.

In March 2024 Emirates' President reported strong demand for flights in the airline's upcoming summer season, noting that the capacity is "pretty much sold out" for the summer – and the lack of additional capacity: "There is so much more [we could fly]. South America, Africa, Asia ... If I could just get another 50% more aircraft in the air, I would do it."

In May 2024, the carrier announced an expansion of its existing cabin retrofit program with plans to completely refurbish another 43 A380s and 28 Boeing 777 aircraft, topping up its multi-billion-dollar investment and ensure product consistency across fleet. The

ASSET MANAGER'S REPORT (continued)

latest addition would bring the number of A380s with newest generation seats, including the installation of a premium economy class seats, and updated cabin fittings to 110.

In November 2023 at the Dubai Air Show, Emirates also added a number of aircraft to its existing order book for a combined list price value of USD 58 billion:

Boeing 777X

In November 2023 Emirates topped up an existing order for 115 Boeing 777Xs, a combination of 16 777-8s and 99 777-9s, by signing a firm order for another 35 777-8 and 55 777-9 aircraft. This brings the Lessee's Boeing 777X orderbook to a total of 205 units. According to a statement from Tim Clark in November 2023, delivery of the first 777-9 from the initial order was expected from October 2025. Deliveries from the new 777-9 order are scheduled up until 2035. The slightly smaller 777-8, for which Emirates is one of the launch customers, is expected to commence delivery in 2030.

If delivered in 2025, the Boeing 777-9 will be over five years late. Due to multiple delays, and as these aircraft are destined to replace the airline's aging Boeing 777-300ER fleet, the carrier has extended the lease period of 25 Boeing 777 aircraft during the 2022/23 financial year, with another 12 during last financial year, and included the aircraft type in its refurbishment programme.

Late last year Tim Clark had no concerns that the delivery of the first 777-9 aircraft for Emirates could slip into 2026. However, his view has changed, and he is "beginning to doubt" that the airline will receive its first aircraft in 2025, according to a statement from late February 2024. In early January 2024 an emergency exit plug and panel separated in flight from a Boeing 737-9 MAX aircraft delivered only a few weeks earlier. This is the latest event in a series of production-related incidents across the families of Boeing commercial airplanes. In late December 2023 Boeing, for example, had urged 737 MAX operators to inspect their aircraft for a "possible loose bolt in the rudder control system". The latest accident has raised concerns and immediately triggered an FAA investigation into Boeing's manufacturing processes. Furthermore, the FAA announced increased oversight of Boeing production and manufacturing. In addition, Boeing has hired an independent special adviser conducting "a thorough assessment of Boeing's quality management system for commercial airplanes, including quality programmes and practices in Boeing manufacturing facilities and its oversight of commercial supplier quality", according to a company statement. Meanwhile, the FAA announced an "assessment of safety risks around delegated authority and quality oversight, and examination of options to move these functions under independent, third-party entities". The concept of delegated authority allows designated employees within Boeing to act on behalf of FAA to streamline aircraft certification. The tightening grip of the FAA on Boeing will likely impact the certification of new aircraft types including the 777X series.

In early March 2024 the FAA announced that a six-week audit of Boeing and supplier Spirit AeroSystems found multiple instances where the companies allegedly failed to comply with manufacturing quality control requirements. The FAA investigation is continuing, while Boeing's CEO has announced his resignation effective as of the end of 2024.

With Airbus A380s and Boeing 747s no longer available for order, the Boeing 777X is currently the biggest aircraft in production.

Boeing 787

During the 2023 Dubai Air Show Emirates also updated an existing order for 30 Boeing 787-9 aircraft and committed to purchasing another five. As per the latest agreement of mid-November 2023, Emirates will receive 20 Boeing 787-8s and 15 Boeing 787-10s. However, the airline did not share an updated delivery timeline.

The previously ordered 787-9 aircraft were supposed to be delivered from May 2023 onwards. But Clark does not expect the 30 Boeing 787s to join his fleet soon. Delivery of the 787 family paused for about 19 months between November 2020 and August 2022 after Boeing had identified quality issues. It only resumed after the FAA decided the airframer "had made the necessary changes to ensure that the 787 Dreamliner meets all certification standards". Deliveries paused for another few weeks in February/March 2023 over concerns connected to the aircraft's forward pressure bulkhead which were then resolved. In June 2023 Boeing announced the discovery of yet another production flaw that required the manufacturer to inspect all 90 787 aircraft in its inventory, potentially affecting the timing of near-term 787 deliveries as well.

ASSET MANAGER'S REPORT (continued)

In September 2023 Clark said, "the 787 isn't in the short-term picture at this point in time".

Airbus A350

An order of a further 15 A350-900s placed during the 2023 Dubai Air Show increases the number of A350-900 widebody aircraft ordered by Emirates to 65. The first of these is expected to join Emirates' fleet in August 2024. For the first 50 aircraft the airline and the manufacturer agreed on a "compressed delivery schedule" with all 50 to be delivered within a 30-month period. This should help "to pick up this big capacity hole that we can see", noted Emirates' President in 2022. The last aircraft of this batch are expected to be delivered in early 2028.

In late September 2023 Tim Clark confirmed that the airline was also looking at the Airbus A350-1000 "quite seriously". The A350-1000 is about seven metres longer and has more than 50 additional seats in a typical two-class configuration compared to the A350-900. However, such an order for up to 50 A350-1000s did not materialise at the Dubai Air Show in November 2023. Clark claimed the insufficient time-on-wing performance of the Rolls-Royce Trent XWB-97 engine as a major roadblock for an order. Due to the harsh environment the aircraft are operating in and at the utilisation levels expected, the engine is reaching "less than a quarter" of the 2,500 engine cycles anticipated, according to Clark. Hence, Emirates is reportedly requesting guarantees for up to 2,500 engine cycles on wing and "at a maintenance cost per hour that is alright".

With a more diversified fleet, Emirates plans to add 400 destinations to its network over the next decade and expects to operate about 350 aircraft from the early 2030s onwards.

Emirates anticipates reaching its pre-Pandemic capacity by the second quarter of 2024, according to Adnan Kazim, Chief Commercial Officer of Emirates. This will include up to 97 Airbus A380s with at least 12 additional spare aircraft to cover downtime for maintenance. In total, Kazim expects that approximately 110 Airbus A380 will have returned to service by then.

Key Financials[1]

For its financial year 2023/24 ending on 31 March 2024, Emirates recorded a net profit of AED 17.2 billion (USD 4.7 billion), a record performance for the company and 62.9% more than in the same period of the previous year. The airline attributes its performance to a strong passenger demand for its premium product and offerings. Revenue, including other operating income, was up 13% from the previous year and reached AED 121.2 billion (USD 33.0 billion).

Between 1 April 2023 and 31 March 2024, the airline carried 51.9 million passengers, an increase of 19% over the previous financial year. Emirates' SkyCargo uplifted 2,176,000 tonnes during that period, an increase of 18% over the previous financial year. However, an increase in cargo capacity worldwide resulted in a downward pressure on prices and a decrease of 21% in SkyCargo's revenue.

During the financial year 2023/24 Emirates' capacity increased by 21%, measured in ASKs. At the same time RPKs increased by 22%. This resulted in an average PLF of 79.9%, an improvement of 0.4 percentage points compared to the last financial year.

Emirates' total operating cost increased 8%. Fuel was the largest cost component amounting to 34% of operating costs, 2 percentage points lower than in the period from April 2023 to March 2024. Higher revenues and better margins resulted in an improved EBITDA of AED 37.6 billion (USD 10.2 billion), a 13% improvement from last year.

As of 31 March 2024, Emirates' total liabilities decreased by 9.6% to AED 117.4 billion (USD 32.0 billion) compared to the end of the previous financial year. Amongst other things, the airline repaid AED 20.9 billion (USD 5.7 billion) in bonds, lease liabilities and term loans and paid a dividend to its shareholders in the amount of AED 2.0 billion (USD 540 million). Total equity came in at AED 46.5 billion (USD 12.7 billion), an improvement of 66% since the beginning of the financial year in April 2023. Emirates' equity ratio stood at 28.3% and its cash position, including short-term bank deposits, amounted to AED 42.936 billion (USD 11.7 billion) at the end of March 2024, 15% more than at the beginning of the current financial year. The net cash flow from operating activities came in at AED 37.6 billion (USD 10.3 billion) for the current financial year, about 15% lower than in the previous financial year.

[1] USD figures are converted at USD 1 = AED 3.67 as per The Emirates Group Annual Report 2023-24.

ASSET MANAGER'S REPORT (continued)

As at the end of March 2024, Emirates had outstanding USD debt issuances with maturities in 2025 and 2028. These bonds were trading close to par and with running yields of approximately 4.6% in USD. There has also been no significant upward pressure on yields. This level of yields does not appear to indicate any significant financial stress to the issuer. In Emirates' most recent annual financial report the auditor PwC issued an unqualified audit report.

Commenting on rising profit announcements of other international airlines, Tim Clark noted in March 2024 that margins at Emirates now compare favourably with other industries, having risen from around 3% before the Pandemic to 8-10% now.

In January 2024, Emirates announced plans to recruit 5,000 additional cabin crew members, boosting its existing cabin crew numbers by 25% and helping to provide adequate staffing for the introduction of the Airbus A350. The recruiting team will host open days and assessments in more than 460 cities across six continents. Last year Emirates hired 8,000 new cabin personnel.

In February 2024, the Emirates Group announced a number of senior executive appointments "as the organisation readies itself for its net phase of growth", according to a press release. This includes the newly created position of Deputy President, which has been assigned to Adel Al Redha and Adnan Kazim, both continuing to act in their respective roles as Chief Operations Officer and Chief Commercial Officer.

USD figures are converted at USD 1 = AED 3.67 as per Bloomberg FX.

Sustainability
Emirates has pledged to adopt the CORSIA, a global initiative led by the ICAO and supported by the ICAO Member States. CORSIA aims to maintain international emissions at 2019 levels by utilising internationally approved carbon offsets and promoting sustainable and low carbon fuels.

In January 2024 Emirates became the first international airline to join The Solent Cluster, a UK initiative focused on low carbon investments established to reduce CO2 emissions from industry, transport and households in the South Coast of England. The Solent Cluster has the potential to create a SAF plant with an estimated fuel production capacity of 200,000 tonnes per year and could avoid emissions of 563,000 tonnes of CO2 per year by producing fuel with 70% less emissions than fossil kerosene.

In March 2024 Emirates commenced the activation of its agreement with SAF provider Neste comprising the delivery of over 3 million gallons of blended SAF at Amsterdam Schiphol Airport and Singapore Changi Airport in 2024 and 2025, respectively. According to Adel Al Redha, Deputy CEO and Chief Operations Officer of Emirates, the cooperation with Neste "is one of the practical steps we are taking to reduce our emissions, and it's an all-important milestone in our own sustainability journey as an airline". The carrier already operates flights from Paris, Lyon and Oslo using SAF.

In May 2024 Emirates received a delivery of SAF from Shell Aviation at London Heathrow Airport. Over 3,000 tonnes of SAF will be delivered to the airport's refuelling infrastructure network by the end of summer 2024. This marks the first time the airline is using SAF for some of its flights at London Heathrow and represents the largest quantity of SAF acquired by Emirates so far. The airline is participating in London Heathrow's SAF Incentive Program to ensure the affordability and accessibility of SAF for airlines operating at the airport.

Source: AirlineRatings, Bloomberg, Cirium, Emirates, FAA, Reuters

ASSET MANAGER'S REPORT (continued)

4. Aircraft – A380

As of the end of March 2024, the global A380 fleet consisted of 214 aircraft with 13 airline operators, according to Ascend. Of these, 160 were in service. The remainder of the fleet is currently parked. The 12 operators are Emirates (120), Singapore Airlines (14), British Airways (12), Qantas (10), Korean Air Lines (10), Etihad Airways (10), Qatar Airways (10), Deutsche Lufthansa (8), Thai Airways (6), Asiana Airlines (6), Air France (4), All Nippon Airways (3) and HiFly Malta/Global Airlines (1). Another 16 aircraft are registered with non-airline entities.

In an analysis published in November 2023 Cirium Ascend Consultancy noted that the number of A380s reactivated post-Pandemic is higher than initially expected, but that the full extent of the fleet recovery "is hard to forecast". After the number of in-service A380s reached a low in the single digits at the height of the Pandemic, Cirium Ascend Consultancy estimated "that potentially up to 190 aircraft could be reactivated". Several factors were identified to explain a "once-unlikely comeback". This includes the large-scale retirements of older twin-aisles in the early months of the pandemic and "a relative lack of replacement capacity" due to the slow ramp-up of production by Airbus and Boeing as well as extended delays to the introduction of the Boeing 777X.

Source: Cirium

DIRECTORS

As at 31 March 2024, the Company had four Directors, all of whom were independent and non-executive. As part of the Board's ongoing succession plan, Miss Oldham was appointed to the Board on 1 April 2023 and, as previously announced, Mr Wilkinson stepped down from the Board on 31 July 2023.

Andreas Tautscher – Chair of the Company and Chair of the Management Engagement Committee
Andreas Tautscher brings over 34 years' financial services experience. He is also a non-executive director of Globalworth PLC which is an AIM listed Central European property Group. Andreas has been appointed as a non-executive director of the Real Estate Credit Investments Limited a company listed on the Main Market of the LSE. He is an independent director of Northern Trust Guernsey Limited and a number of private investment companies. Andreas is a director of Arolla Partners, an independent director services business in the Channel Islands. From 1994 to 2018 Andreas held various roles at Deutsche Bank and was most recently CEO of Deutsche Bank International and Head of Financial Intermediaries for EMEA and LATAM. He was previously a non-executive director of the Virgin Group. Andreas qualified as a Chartered Accountant in 1994.

Andreas stepped down as Chair of the Company's Nomination Committee with effect from 11 October 2023, as part of the Company's succession plan.

Andreas is also Chair of the AR Committee of Doric Nimrod Air Two Limited and the Chair of its Management Engagement Committee. He is resident in Guernsey.

Geoffrey Hall
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 a Director and Chair of the Nomination Committee of Doric Nimrod Air Two Limited.

Geoffrey earned his master's degree in Geography at the University of London and is an associate of the CFA Society of the UK. He is resident in the UK.

Fiona Le Poidevin – Chair of the AR Committee
A Chartered Director, Fellow of the Institute of Directors and Chartered Accountant (FCA), Fiona is a non-executive director with over 25 years' experience working in financial services in both London and the Channel Islands with experience in accounting, tax, strategy, marketing, PR and the regulatory and listed company environments. Among her appointments, in addition to that with the Company, Fiona is director of Sequoia Economic Infrastructure Income Fund Limited, a FTSE 250 company, and ICG-Longbow Senior Secured UK Property Debt Investments Limited, both premium listed companies with shares admitted to trading on the Main Market of the LSE. She is also Director and Chair of Doric Nimrod Air Two Limited, a company admitted to trading on the SFS of the LSE. Fiona is also a member of the AIC Channel Islands Committee.

Until the end of July 2020, Fiona was CEO of The International Stock Exchange Group Limited and prior to that she was CEO of Guernsey Finance, the promotional body for Guernsey's finance industry internationally. Previously she was an auditor and latterly tax adviser at PwC (London and Channel Islands) and KPMG (Channel Islands) for over 13 years. She is resident in Guernsey.

Theresa Oldham – Chair of the Nomination Committee
Theresa is a non-executive director with over 30 years' experience in the aircraft finance and leasing industry. Having trained and spent her early career as a solicitor in the City of London, Theresa moved into the industry where she held a number of senior positions, most recently and until 2019, as Group Director of Aircraft Finance and Leasing for Thomas Cook Group plc where she was responsible for all related activities for the Group's international fleet of aircraft.

Since 2020, Theresa has been providing aviation consultancy services and maintains a practicing certificate as a solicitor in England and Wales. She is resident in the UK.

Theresa was appointed as non-executive Director of the Company effective 1 April 2023 and as Chair of the Nomination Committee of the Company effective 11 October 2023.

Theresa is also a Director of Doric Nimrod Air Two Limited and Chair of its Nomination Committee.

Charles Wilkinson
Charles Wilkinson resigned as Director of the Company effective 31 July 2023. He also served as a non-executive Director of Doric Nimrod Air Two Limited until that date.

SERVICE PROVIDERS

Management and the Delegation of Functions
The Directors, whose details are set out on page 16 are responsible for reviewing the business affairs of the Group in accordance with the Articles and have overall responsibility for the Group's activities including all business decisions, review of performance and authorisation of distributions. The Company has delegated management of the Group's Aircraft to Amedeo, which is a company incorporated in Ireland. Further details are outlined below under the heading Asset Manager. The Board has appointed Nimrod, which is authorised by the FCA, to act as the Corporate and Shareholder Adviser of the Company. The Directors delegate secretarial and administrative functions to JTC which is a company incorporated in Guernsey and licenced by the GFSC for the provision of administration services. The registrar function is delegated to the Registrar, which is licensed and regulated by the GFSC.

Asset Manager and Lease and Debt Arranger
Amedeo has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement, Amedeo will: (i) monitor Emirates' and any subsequent Lessees' performance of its obligations under the respective operating Leases and any subsequent lease respectively (which shall include the obligations relating to the maintenance of insurance cover); (ii) provide the Group 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 Group 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 loans, as required. Amedeo 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.

Amedeo has also been appointed by the Company, pursuant to the Agency Agreement, to assist the Group, and act as the Group's agent, in relation to the arrangement, negotiation, review, approval, execution and management on behalf of the Group of the acquisition of the Assets, the borrowings of the Group relating to the acquisition of the Assets, and the operating Leases. Amedeo is a subsidiary of Amedeo Capital Limited, a Cayman company engaged in the business of aircraft operating leasing and management.

Amedeo Services (UK) Limited has been appointed by the Group, pursuant to the Liaison Services Agreement, to: (i) coordinate the provision of services by Amedeo to the Group under the Asset Management Agreement and the Agency Agreement, as relevant; and (ii) facilitate communication between the Group and Amedeo. Amedeo Services (UK) Limited is authorised by the FCA and is part of the Amedeo Group of companies.

Amedeo is a recognised aircraft asset manager and principal investor in leasing transactions to customer airlines globally. The aircraft portfolio currently managed by the Amedeo Group, includes twenty aircraft under management. The volume of assets under management is c. USD5 billion, which includes commercial airliners including A380, A350, A330 and Boeing 777. Amedeo is a member of the International ISTAT.

Corporate and Shareholder Adviser
Nimrod, which is authorised by the FCA, has been appointed as the Corporate and Shareholder Adviser by the Company.

Nimrod was founded in 2008 as an 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 boards and managers.

Secretary & Administrator
JTC is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. For further information about the JTC Group, please visit www.jtcgroup.com.

JTC is a Guernsey incorporated company and provides administration and secretarial services to the Group pursuant to an Administration and Secretarial Agreement. In such capacity, JTC is responsible for the general secretarial functions required by the Law and assists the Group in its compliance with its continuing legal and regulatory obligations, as well as providing advice on good corporate governance and best practice for a publicly traded company.

SERVICE PROVIDERS (continued)

JTC is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and Annual Financial Report and Consolidated Financial Statements, subject to the direction and oversight of the Board.

Registrar

The Registrar is the Company's CREST compliant registrar. The Registrar is responsible for the maintenance of the Company's Share register and for the processing of dividend payments and stock transfers. The Registrar is licensed and regulated by the GFSC and further information about Registrar may be found at www.jtcgroup.com.

Review

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, Secretary, Administrator and the Registrar 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 are in the interests of the Company's Shareholders as a whole.

A full list of the Company's service providers is set out on page 76.

KEY INFORMATION

A description of important events which have occurred during the financial year under review, their impact on the performance of the Group as shown in the Annual Report and Consolidated Financial Statements and a description of the principal risks and uncertainties facing the Group is given in the Chair’s Statement, Asset Manager’s Report, Statement of Principal Risks and the Notes to the Consolidated Financial Statements contained on pages 55 to 75 and are incorporated here by reference.

There were no material related party transactions which took place in the financial year, other than those disclosed at note 23 of the Notes to the Consolidated Financial Statements.

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal severe but plausible principal risks facing the Group and have undertaken a detailed review of the effectiveness of the risk management and internal control systems. The Board is comfortable that the risks are being appropriately monitored and controlled since it receives regular risk reports from the AR committee concerning its analysis of the risks facing the Group and of the effectiveness of the countervailing measures in place to control those risks.

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

The principal risks associated with the Group are:

- **Operational risk:** The Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Group 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 Group using well established, reputable and experienced service providers. The Management Engagement Committee annually reviews performance of all service providers. Evaluations are documented and areas for improvement are monitored. Where relevant, service providers provide copies of their control reports.

- **Investment risk:** There are a number of risks associated with the Group’s 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 Leases.

  There are further risks associated with the expiry of Lease agreements. This risk has been mitigated through the appointment of an Asset Manager who is responsible for negotiating the end of Lease process in the best interests of the Company and in compliance with the agreed Lease contracts. The Asset Manager is responsible for planning, understanding the costs involved in long term storage and ensuring the Company has sufficient funds available to cover these costs. The Asset Manager further performs regular checks on the Aircraft owned by the Company and updates the Board of any material developments.

- **Borrowings and financing risk:** There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates. In relation to the debt obligations, this risk has been mitigated by ensuring that debt repayments are made from lease rental revenues received in the matching currency and by fixing the interest rates on debt and lease rentals.

- **Credit risk:** Emirates is the sole Lessee of the Assets and is 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 potentially mitigated by the ability of the Group to sell or re-lease the Assets in the event of a single default, together with the financial position of Emirates. However, this could be impacted by market conditions at the time. The Board monitors the financial performance of Emirates on an ongoing basis.

- **Secondary market risk:** There is a risk that the Group would not be able to achieve the projected resale value of the Assets due to i) changes in demand for second hand aircraft of the type owned by the Group, ii) the limited number of airlines operating the aircraft type, and iii) an increasing trend for airlines to operate newer generation aircraft that are more efficient and whose engine costs are substantially less. Therefore, the Board monitors and revises the residual value of the Aircraft on an annual basis based on reports received from three independent appraisers, who consider these market trends in their aircraft valuations.

KEY INFORMATION (continued)

- **Aircraft preservation risk:** In the case that the Aircraft are returned and there are not yet secondary leases in place or an agreement to sell immediately, there is a risk that the Company would need to utilise financial resources to cover storage costs, preservation of the aircraft whilst in storage, and maintain insurance on the aircraft though this would be a smaller cost as the aircraft would not be flying. The risk is mitigated by ensuring proactive engagement with the Group's Lessee so that the end of lease situation is known and planned for well in advance of the expiry date. The Board also maintains a healthy cash position from rentals received which is not paid out as regular dividend in order to facilitate end of lease planning. In the event of a redelivery the Lessee is obliged to pay USD 12 million per Aircraft on top of monetary compensation. The latter depends on the actual physical status of the Aircraft at lease expiry.

- **Regulatory risk:** The Group is required to comply with the DTRs of the FCA and the requirements imposed by the Law and any other legislation and regulations as applicable. Any failure to comply could lead to criminal or civil proceedings. Although responsibility ultimately lies with the Board, the Board is assisted by the Secretary which also monitors compliance with regulatory requirements.

- **Valuation risk:** There is a risk that the useful life or residual value used in determining depreciation are not appropriate or accurately calculated. The Board assess, based on the latest forecast valuations, whether the selected residual values remain as an appropriate basis of valuation and with consideration to the range of estimates provided by the external valuers. The Group has a robust audit process. Additionally, the Group has engaged external experts (all three being ISTAT accredited) to provide residual values of Aircraft. The Asset Manager is up to date regarding the Aircraft/Aviation industry giving insight to the Board regarding the current and future outlook for the industry and appropriate life/residual values. The Company annually completes impairment testing in line with IAS 36.

Emerging Risks
The Board has developed and continues to maintain a risk matrix for the Group which is reviewed regularly. The Board continually monitors emerging risk areas relevant to the performance of the Group including those that would threaten its business model, future performance, solvency and liquidity on an ongoing basis. The Board receives from the Company's Asset Manager bi-annual reporting confirming the Asset Manager's obligations and highlighting key issues and risks to be brought to the Group's attention.

Additional risks and uncertainties of which the Board is presently unaware may also adversely affect its business, financial condition, results of operations or the value of shares.

Data Protection
The Company has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey. The Company has also issued a privacy notice explaining the data it holds, how the data is used and its procedures for processing this data. This notice is available for review and download at the Company's website.

Going Concern
The Directors consider that the going concern basis of accounting remains appropriate. Based on current information the Directors have reasonable expectation that the Group has sufficient financial resources, including cash and cash equivalents and expected rent receipts, to continue in operational existence for at least twelve months from the date of approval of the Annual Report and Consolidated Financial Statements.

The Group's principal activities are set out within note 1. The financial position of the Group is set out on page 52. In addition, note 20 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

All four Aircraft owned by the Group are leased to Emirates. Under the Leases the Group receives rental income from the lessee and will receive USD 12 million per Aircraft in the event that the Aircraft are returned to the Group at the end of the Leases. For this reason, the Directors actively monitor the financial position and trading performance of Emirates which is critical to the Group's ability to meet its operating costs and pay future dividends.

KEY INFORMATION (continued)

The Directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of the Annual Report and Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments due to the following:

- Emirates continues to be a going concern as at the date of the Lessee's latest signed annual financial report for the financial year ended on 31 March 2024.

- During the last financial year, Emirates increased its overall capacity, measured in ATKs by 20%, reaching 99% of pre-Pandemic levels, while maintaining a decade-high passenger load factor of 79.9%, an increase of 0.4 percentage points from last year. The number of passengers increased by 19% compared to the year before to 51.9 million, while the airline's capacity for passenger services, measured in ASKs, increased by 21.4% compared to the previous year.

- Emirates reported its most profitable year ever with a net profit of AED 17.2 billion (USD 4.7 billion), a nearly 63% improvement on its previous year's record result and despite currency fluctuations which negatively impacted the airline's profitability by AED 2 billion (USD 0.6 billion).

- As at the year ended 31 March 2024, Emirates had AED 42.9 billion (USD 11.7 billion) in cash assets (including bank deposits), the highest-ever balance in the company's history.

- Emirates' Credit Default Swap is trading at its multi-year average, indicating a low default risk.

- As of the date of the Annual Report and Consolidated Financial Statements, the Board is not aware of a formal request to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transaction.

- Emirates has paid all the lease rentals to the Group in a timely manner.

The Directors have considered Emirates' ability to continue paying the lease rentals until the end of the longest running lease agreement in October 2025, along with compensation payments of at least USD 12 million per Aircraft if the Aircraft are returned, and, subject to any unforeseen circumstances are satisfied that the Group can meet its liabilities as they fall due over the next twelve months from the date of approval of the Annual Financial Report and Consolidated Financial Statements. Further detail regarding the assumptions adopted when forming this conclusion can be found in the Viability Statement below. Refer to note 12 for expiry dates of the Leases.

Viability Statement

In accordance with Provision 31 of the Code, the Directors of the Company have considered the prospects of the Group over the period from present until the Liquidation Resolution is put to Shareholders six months before the last Lease is due to terminate in August to November 2025, a period of less than two years from the date of approval of the Annual Report and Consolidated Financial Statements. In choosing the period of viability for the Group the Board has considered the prospect of Emirates performing their obligations until the end of their Leases.

The Board, in assessing the viability of the Group, has paid particular attention to the principal and emerging risks faced by the Group as disclosed in the Key Information and the notes to the Consolidated Financial Statements, reviewing on an ongoing basis the risks faced and ensuring that any mitigation measures in place are operating correctly.

The Directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of the Annual Report and Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments due to the following:

— Emirates continues to be a going concern as at the date of the Lessee's latest signed annual financial report for the financial year ended on 31 March 2024.

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KEY INFORMATION (continued)

number of passengers increased by 19% compared to the year before to 51.9 million, while the airline's capacity for passenger services, measured in ASKs, increased by 21.4% compared to the previous year.

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— Emirates' Credit Default Swap is trading at its multi-year average, indicating a low default risk.

— As of the date of the Annual Report and Consolidated Financial Statements, the Board is not aware of a formal request to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transaction.

— Emirates has paid all the lease rentals to the Group in a timely manner.

The Group retains sufficient cash to cover the forecast operating costs of the Group until the termination date of the Leases in August to November 2025, assuming receipt of planned rental income.

The Directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and encompassed the risks which would threaten the business model, future performance, solvency or liquidity of the Group, together with ongoing work to forecast future expenditure in various possible scenarios.

As a result of their review, the Directors of the Company have a reasonable expectation that the Group will be viable until the Leases are due to terminate in 2025.

DIRECTORS' REPORT

The Directors present their Annual Report and Consolidated Financial Statements of the Group for the financial year ended 31 March 2024.

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 year under review is given in the Chair's Statement and the Asset Manager's Report respectively on pages 7 to 8 and 9 to 15. A description of the principal risks and uncertainties facing the Group, together with an indication of important events that have occurred since the end of the financial year and are likely to affect the Group's future development are included in the Company Overview, the Chairman's Statement, Asset Manager's Report, this Directors' Report, the Principal Risks and Uncertainties on pages 5 to 33.

Status

The Company is a Guernsey domiciled company, the Shares of which are admitted to trading on the SFS. Its registered number is 54908. The Company operates in accordance with the Law.

Results and Dividends

The results of the Group for the financial year are set out on page 51.

The Company declared dividends during the financial year under review as follows:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
31 March 2023	13 April 2023	28 April 2023	2.0625
30 June 2023	13 July 2023	31 July 2023	2.0625
30 September 2023	10 October 2023	31 October 2023	2.0625
31 December 2023	11 January 2024	31 January 2024	2.0625

The Company declared the following dividends after the financial year end:

Announcement Date	Payment Date	Dividend per Share (pence)
11 April 2024	30 April 2024	2.0625
11 July 2024	31 July 2024 (expected payment date)	2.0625

The Company aims to continue to pay quarterly dividends of 2.0625 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 16 and all Directors remain in office as at the date of signing of this Annual Report and Consolidated Financial Statements. Further details of the Directors' responsibilities are given on page 26.

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 persons discharging directorial responsibility and their persons closely associated:

DIRECTORS' REPORT (continued)

	Number of Shares held as at 31 March 2024	Number of Shares held as at 12 July 2024
Geoffrey Hall	90,000	90,000
Fiona Le Poidevin	–	–
Andreas Tautscher	16,279	16,279
Theresa Oldham*	–	–

*Appointed on 1 April 2023

Other than the above shareholdings, none of the Directors nor any persons connected with them had a material interest in any of the Group's transactions, arrangements or agreements during the year 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 Group, and which was effected by the Group during the reporting year.

At the financial year end and as at the date of this report, there are no outstanding loans or guarantees between the Group and any Director.

There were no material related party transactions which took place in the financial year, other than those disclosed in this report and at note 23 to the Consolidated Financial Statements.

Substantial Controllers of Voting Rights

As of 12 July 2024, the following Shareholders had notified the Company that they held or controlled 5% or more of the total voting rights of the Company in issue:

Name	% of Total Voting Rights	Number of Shares*
Elliott Investment Management, L.P	14.08%	30,981,000
Schroders Plc	5.80%	12,767,100
Seneca IM Limited	5.58%	12,279,500
East Riding of Yorkshire Council	5.45%	12,000,000
Quilter Cheviot Limited (trading as Quilter Cheviot)	5.09%	11,207,020
Legal & General Group Plc	5.00%	11,000,000

** Number of shares as notified directly to the Board or as communicated by Shareholders via TR1 notifications adjusted for any compulsory redemptions in the interim period from the date of notification to the date of this report.*

DIRECTORS' REPORT (continued)

Corporate Governance

Statement of Compliance with the Code, as published in July 2018

As a Guernsey incorporated company and under the DTRs, the Company was not required to comply with the Code for the reporting period. 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 FRC's website (www.frc.org.uk). The Company considers the disclosures made are sufficient to comply with the Code.

Having reviewed the Code, the Board considers that it has maintained procedures during the year to ensure that it has complied with the Code, other than the following exceptions:

(i) Provision 2: The board should assess and monitor culture.

Provision 5: The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director.

Provision 6: There should be a means for the workforce to raise concerns in confidence and – if they wish – anonymously.

Company Response: Although the Company does not have employees, the Board recognises that it, together with the service providers of the Company, contributes to the overall culture of the Company. As a Guernsey incorporated company, the Board's election to comply with section 172 is voluntary. Therefore, the Board assesses and monitors this culture. It also explores effective engagement mechanisms for key stakeholders.

(ii) Provision 10: The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director:

- has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- has served on the board for more than nine years from the date of their first appointment.

Where any of these or other relevant circumstances apply, and the board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.

Company Response: The Board considers the Directors to be independent however it could be construed that they are not independent on the basis that the Directors of the Company are also Directors of other DNA Companies. The Board have implemented measures to manage any conflicts which might arise as a result of these appointments.

Geoffrey Hall has been a member of the Board since the incorporation of the Company in March 2012. He has therefore served on the Board for more than nine years and could now be viewed as no longer independent. However, in light of the Group's Assets each having a fixed lease term of 12 years (ending at different times) the Board remains of the opinion that continuity is paramount in the final years of the Company's life and that Geoffrey continues to provide an excellent degree of independent consideration.

DIRECTORS' REPORT (continued)

Provision 12: The Board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

Company Response: The Board have formed the view that, given the size of the Board it is not immediately necessary to fill this vacancy. However, such an appointment remains a matter of ongoing consideration for the Board.

(iii) Provision 9: The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual.

Company Response: The Chair was a non-executive Director of the Company on appointment. There is no chief executive position.

(iv) Provision 13: Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

Provision 32: The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two.

Provision 33: The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management.

Provision 35: Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee.

Provision 41: There should be a description of the work of the remuneration committee in the annual report.

Company Response: The Company has no executive Directors, senior management or employees. It does not have a remuneration committee given the small size of the exclusively non-executive and independent Board, but has established a Nomination Committee where the remuneration of the Board is considered. Remuneration provision is set out in this Directors' Report.

Board Evaluation
The Board is committed to ensuring that on an annual basis the strengths of the Board are recognised, and any weaknesses are addressed. Each Director has undertaken to engage with the evaluation process and take appropriate action when development needs have been identified. An external facilitation of the performance evaluation is considered by the Chair of the Nomination Committee on an annual basis.

For the financial year under review, the Nomination Committee agreed that an external facilitation of the performance evaluation required by provision 21 of the Code was not required and instead the evaluation was performed by the Nomination Committee.

Directors were asked to complete individual questionnaires on the performance of the Board and its committees on an anonymous basis and the completed questionnaires were considered at a meeting of the Nomination Committee. At the conclusion of its evaluation, the Nomination Committee made minor suggestions for improvements and also concluded that the Board generally operated well given its compact size.

Board Responsibilities
The Board is currently comprised of four Directors, and their biographies appear on page 16 demonstrating the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and independent, with Mr Tautscher acting as Chair.

DIRECTORS' REPORT (continued)

The other significant commitments of the current Chair are detailed in his biography on page 16. The Board was satisfied during the year and remains satisfied that the Chair's other commitments do not interfere with the day-to-day performance of his duties to the Company and that he has the commitment and time to make himself available at short notice should the need arise.

The Nomination Committee 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. The 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. When undertaking a search for a new director the Board is mindful of diversity and meritocracy.

In accordance with the Articles the Directors shall determine the Directors' fees payable provided that the aggregate amount of such fees paid in respect of services rendered to the Company 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 £30,000 per annum. The Chair is paid an additional fee of £7,000 per annum and the chair of the AR Committee is entitled to be paid an additional £4,500 per annum. The terms and conditions of appointment of non-executive Directors are available for inspection at the Company's registered office by prior arrangement with the Company's Secretary.

The Board usually meets in Guernsey at least four times per year to consider the business and affairs of the Company, at which meetings the Directors review the Group's Assets and all other important issues to ensure control is maintained. The Directors hold a Dividend Committee meeting in Guernsey each quarter to consider and, if thought suitable, approve the payment of a dividend in accordance with the Company's distribution policy.

Between these scheduled meetings the Board keeps in regular contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally, the Directors may 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 the 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 Adviser and may also, in the furtherance of their duties, take independent professional advice at the Company's expense.

During the year the number of full Board meetings and committee meetings attended by the Directors were as follows:

Director	**Board Meetings**	**Audit and Risk Committee Meetings**	**Nomination Committee Meetings**	**Management Engagement Committee Meetings**	**Dividend Committee Meetings******
Charles Wilkinson*	2 of 3	2 of 3	1 of 1	0 of 0	2 of 2
Geoffrey Hall	6 of 6	5 of 6	3 of 3	2 of 2	1 of 4
Fiona Le Poidevin	6 of 6	6 of 6	3 of 3	2 of 2	4 of 4
Andreas Tautscher**	6 of 6	N/A	3 of 3	2 of 2	4 of 4
Theresa Oldham***	6 of 6	6 of 6	2 of 3	1 of 2	4 of 4

* Charles Wilkinson resigned as non-executive Director of the Board effective 31 July 2023.

** Andreas Tautscher was appointed as Chair of the Board effective 1 March 2023 and ceased in his role as a member of the AR Committee.

***Theresa Oldham appointed as non-exutive director of the Board effective 1 April 2023.

**** Refer to page 29 for the composition and function of the Dividend Committee.

DIRECTORS' REPORT (continued)

Audit and Risk Committee

Mr Hall, Mrs Le Poidevin and Miss Oldham are all members of the AR Committee, with Mrs Le Poidevin acting as Chair. The AR Committee has regard to the Guidance on Audit and Risk Committees published by the FRC in September 2012 and updated in April 2016, in conjunction with the Audit Committees and the External Audit: Minimum Standard as published in May 2023. The AR Committee examines the effectiveness of the Group's and its service providers' internal control systems as appropriate, the annual and half-yearly reports and Consolidated Financial Statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them, according to the latest standards and guidelines.

The AR 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 AR 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 the 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 by restricting non-audit services to specific, audit-related tasks within defined categories. While Grant Thornton adheres to the IESBA Ethical Code instead of the FRC's updated Ethical and Auditing Standards, no non-audit services were provided during the Period. All engagements with the auditor require pre-approval from the AR Committee and are fully disclosed in the Annual Financial Report and Consolidated Financial Statements for the relevant period. A new lead audit partner is appointed every seven years, and the AR Committee ensures that the auditor has appropriate internal mechanisms to maintain independence.

The AR Committee usually meets in Guernsey at least twice per year, shortly before the Board meets to consider the Group's half-yearly and Annual Financial Report and Consolidated Financial Statements, and reports to the Board with its deliberations and recommendations and also holds annual planning and final meetings with the auditor. In addition, the Board also meets during the audit process with the auditors to discuss issues relating to the residual values of the Assets. The AR Committee operates within clearly defined terms of reference based on The Chartered Governance Institute UK & Ireland recommended terms and provides a forum through which the Group's external auditor report to the Board.

The AR Committee can request information from the Group's service providers with the majority of information being directly sourced from the Asset Manager, the Secretary, the Administrator and the external auditor. The terms of reference of the AR Committee are available on the Company's website and on request from the Secretary.

Each year the Board examines the AR Committee's performance and effectiveness and ensures that its tasks and processes remain appropriate. Key areas covered included the clarity of the AR 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 AR Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall, the Board considers that the AR Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year under review.

During the financial year the AR Committee met six times. The AR Committee considered the Annual Financial Report and Consolidated Financial Statements for the year ended 31 March 2023 and the half-yearly financial report for the period ended 30 September 2023. The AR Committee also met in February 2024, with the external auditor in attendance, to approve the 2024 audit plan. The AR Committee furthermore met in February 2024 to consider the Company's Business Risk Matrix. The AR Committee also undertook a review of the Company's auditor during the year.

Following a query raised by the FRC on 10 February 2023 wherein the FRC raised queries about the Company's disclosure on impairment triggers in the Unaudited Interim Financial Statements, the Company provided a comprehensive response explaining the process for valuing Airbus A380 aircraft in the current market. The Board undertook to include a clear statement on impairment assessments in future interim reports and provide examples of indicators considered. On 9 May 2023, the FRC expressed their satisfaction with the response provided and confirmed that their enquiry had been closed.

DIRECTORS’ REPORT (continued)

Dividend Committee
The Dividend Committee consists of any one or more director, who has been given full power and authority to consider and, if thought suitable, declare and approve the payment of a dividend in accordance with the Company’s distribution policy, provided all Directors had been provided with prior notice of the proposal to declare each dividend and no director had raised any objection to the declaration of each dividend. In practice, a majority of Directors of the Board are usually present.

Nomination Committee
The Nomination Committee consists of all Directors of the Company, with Miss Oldham acting as Chair of the committee.

The functions of the Nomination Committee include to regularly review the structure, size and composition of the Board (including the skills, knowledge, experience, diversity and how effectively members work together to achieve objectives) and make recommendations to the Board with regard to any changes, and to perform a formal and rigorous performance evaluation of the Board, its committees, the Chair and individual Directors, including the consideration of having a regular externally facilitated Board evaluation. A full description of the Board evaluation is included on page 26 above.

During the financial year the Nomination Committee met three times, to consider the appointment of a new non-executive director and to undertake the annual performance evaluation of the Board and its committees. The Nomination Committee is responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise. Prior to any appointment made by the Board, the Nomination Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Nomination Committee shall:

- generally use open advertising or the services of external advisers to facilitate the search, unless there is a valid reason for not doing so in which case justification for this decision would be disclosed;
- consider candidates from a wide range of backgrounds; and
- consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

The Nomination Committee prepares a job specification for the appointment of a director, including the time commitment expected. A proposed director’s other significant commitments should be disclosed to the Board before their appointment and any significant changes to the director’s commitments should be reported to the Board as they arise.

Prior to the appointment of a director, the Nomination Committee requires any proposed appointee to disclose any other business interests that may result in a conflict of interest.

The Nomination Committee ensures that, on appointment to the Board, a new non-executive director receives a formal letter of appointment, setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

Succession planning is performed based on the results of the Nomination Committee’s evaluation of the structure, size and composition of the Board as well as the results of the Board evaluation. In giving full consideration to succession planning for Directors, the Nomination Committee takes into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future. The Nomination Committee keeps under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to operate effectively in the marketplace. The Board has a succession plan in place which commenced with the appointment of Mr Tautscher in August 2019, continuing with the appointment of Mrs Le Poidevin in March 2022 and with the more recent appointment of Miss Oldham in April 2023. These new Directors have brought a diverse set of skills and knowledge to the Board from their prior experience and the appointments of Mrs Le Poidevin and Miss Oldham demonstrate the Board’s commitment to gender diversity and diversity of mind. An internal Board Evaluation was carried out during the year.

DIRECTORS' REPORT (continued)

Management Engagement Committee

The Management Engagement Committee was established on 15 October 2020 and consists of all Directors of the Company, with Mr Tautscher acting as Chair. The Management Engagement Committee meets at least once a year and the principal duties of the Management Engagement Committee are to review the terms of the agreements between the Company and its key service providers to ensure that they are competitive, fair and reasonable for Shareholders, to review and make recommendations on any proposed amendment or material breach of those agreements and to monitor and evaluate the performance of the key service providers including the ongoing suitability of the key service providers to provide advice to the Company.

During the period the Management Engagement Committee met on two occasions, the first in October 2023 and again in February 2024, to perform a review of the Company's service providers. Additionally, the committee met with Nimrod in May 2023 and with Amedeo in June 2024.

Internal Control and Financial Reporting

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

The internal control systems are designed to meet the Group'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 reviews its risk matrix on a quarterly basis, 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 to the Company by Amedeo. Corporate and shareholder advisory services are provided to the Company by Nimrod. Administration and secretarial duties for the Group are performed by JTC.

The Board clearly defines 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 ongoing 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.

Management of Conflicts of Interest

The Company has adopted a formal conflicts of interest policy and is committed to ensuring that all Directors and service providers facilitate the Company conducting its business in a manner that is consistent with its reputation, conducive to maintaining high standard of integrity in all its business dealings, in the best interests of the Company's Shareholders.

The Board considers the directors' conflicts of interest at each Board meeting by reviewing a schedule of each Director's other directorships and other interests held. Each Director is required to notify the Secretary of any potential, or actual, conflict situations that would need to be considered by the Board.

No Director has a service contract with the Company, although Directors are issued with letters of appointment, nor did any Director have any interest in contracts with the Company during the financial year under review, or subsequently.

DIRECTORS' REPORT (continued)

Anti-Bribery Policy

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 has implemented an anti-bribery policy and enforces effective procedures to counter bribery.
- The Group requires all its service providers and advisors to adopt equivalent or similar principles.

Criminal Facilitation of Tax Evasion

The Board has a zero-tolerance appetite for the criminal facilitation of tax evasion.

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 Group.

The primary responsibility for shareholder relations lies with the Company's Corporate and Shareholder Adviser. The Corporate and Shareholder Adviser regularly meets with Shareholders to discuss the Company and seek feedback. The views of Shareholders are discussed by the Board at every Board meeting, and action would be taken to address any shareholder concerns. The Group provides regular updates to Shareholders through the annual report and accounts, the unaudited half-yearly financial reports and the quarterly factsheets. Further communications are made to the market as and if required.

In addition, the Directors are available to enter into dialogue with Shareholders and the Chair is willing to meet 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.

Stakeholders and Section 172

The Code requires that the Company should understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making. Section 172 is not strictly applicable as this is a Guernsey company. However, its application is being considered as part of the Code requirements.

The Company has no employees, and all of the Directors are non-executive, so the Board considers that its key stakeholders are its Shareholders, its Lessee, its service providers, society, the government and regulators.

As the Company's sole Lessee, the Board recognises Emirates as an important stakeholder and maintains a regular dialogue with Emirates through the Asset Manager. The activities of Emirates are more fully considered within the Asset Manager's Report.

The Board's engagement with Shareholders is described in the "Dialogue with Shareholders" section above. All Shareholders are treated equally and no Shareholder receives preferential treatment. When making decisions of relevance to Shareholders, the Board considers first and foremost the likely consequences of their decisions in light of their duty to act in the best interests of the Company. The Board also considers what is likely to be in the best interests of Shareholders as a whole, but does not consider individual Shareholders' specific circumstances or desires when making its decisions.

In addition to the regular reporting provided by key service providers, the Management Engagement Committee undertakes a review of the performance of these key service providers on an annual basis. The services provided by the key third party service providers are critical to the ongoing operational performance of the Company. The Board believes that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all Shareholders.

DIRECTORS' REPORT (continued)

As described in the Company's viability statement, the Board considers the prospects of the Group over the period from present until the Liquidation Resolution is put to Shareholders in November 2026, a period of not less than two years from the date of approval of the Annual Report and Consolidated Financial Statements, whenever it considers the Company's long-term sustainability.

The Board recognises that responsible investment and the associated ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for Shareholders. Please see more information regarding ESG in the report on pages 34 to 38.

The Board ascribes to the highest standards of business conduct and has policies in place to ensure compliance with all applicable laws and regulations. In addition to the monitoring of the Company's compliance with its own obligations, the Board also monitors compliance by its service providers with their own obligations. The Board encourages openness and transparency and promotes proactive compliance with new regulations.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Grant Thornton has expressed its willingness to continue in office as auditor and the AR Committee has recommended re-appointment. Pursuant to section 199 of the Law, the Shareholders of the Company approved the re-appointment of Grant Thornton at the AGM of the Company held on 7 December 2023 in respect of the 31 March 2024 year end.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable Guernsey law and regulations. Under the Law the Directors are required to prepare an Annual Report and Consolidated Financial Statements for each financial year. The Directors have chosen to prepare the Group's Annual Report and Consolidated 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 Consolidated Financial Statements, IAS 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 IFRS 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 proper 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 Consolidated 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.

DIRECTORS' REPORT (continued)

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.

Responsibility Statement

Each of the Directors, whose names and functions are listed on page 16, confirms to the best of each person's knowledge and belief:

(a) the Consolidated Financial Statements, prepared in accordance with IFRS Accounting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and [profit or loss] of the Group, as required by DTR 4.1.12R; and

(b) the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and includes 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 they face, as required by DTR 4.1.8R and DTR 4.1.11R.

(c) the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for the Company's Shareholders to assess the Company's and the Group's position, performance, business model and strategy.

Andreas Tautscher
Chair

Fiona Le Poidevin
Director

23 July 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board recognises that responsible investment and the associated ESG considerations can have a significant impact on investment activity in terms of raising funds, identifying investment opportunities and long-term value creation for Shareholders. This report sets out our policy and approach to ensuring that the level of engagement on ESG matters is commensurate to the size, nature and complexity of the business.

This policy seeks to address ESG matters on two levels; firstly, with regard to the Company itself and secondly, in relation to the Assets which the Group owns. The direct and practical management of the Company seeks to uphold ESG standards where possible and applicable. This is greatly influenced by the nature of the Group's activities and the legal structure of the associated Leases.

The Company

The Company is a self-managed Guernsey company incorporated on 29 March 2012. Its Shares were admitted to trading on the SFS on 2 July 2013.

The Company is under the control of its Board of directors on behalf of Shareholders. All Directors are independent and non-executive. The Board is responsible for reviewing the business affairs of the Company in accordance with the Articles and has overall responsibility for the Company's activities including all business decisions, review of performance and authorisation of distributions.

The Company has delegated the following activities to its appointed service providers;

- Asset Management – Amedeo
- Liaison Agents – Amedeo Services (UK) Limited
- Corporate and Shareholder Adviser – Nimrod
- Secretary and Administrator – JTC
- Registrar – JTC Registrars Limited

The Company has no executive directors or employees and no physical office premises. The Company's business is carried out in a series of meetings held in the offices of its administrator JTC, in Guernsey, the Company's place of incorporation.

Subject to any travel restrictions imposed, the Directors are required to travel in the fulfilment of their duties. Where circumstances allow, travel is kept to a minimum. The Directors are required to travel to Guernsey on at least a quarterly basis for Board and other committee meetings, and to other destinations to visit Shareholders and service providers as and when required. Regular dialogue with the Lessee is maintained via the Asset Manager.

The Company consequently has a limited physical footprint and therefore its direct environmental impact is considered to be low.

The Modern Slavery Act

Due to the nature of the Company's business, being a company that does not offer goods or services to customers, the Board considers there are no relevant disclosures with regard to modern slavery in relation to the Company's own operations. The Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in this regard.

Emirates' statement on modern slavery is available on their Website and can be accessed through the following **link**.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Assets

The principal activity of the Company is to acquire, lease and then sell aircraft. The Company has a wholly-owned subsidiary, DNA Alpha. The Group currently owns four Airbus A380 Aircraft which are leased for twelve years to the Lessee, the national carrier owned by The Investment Corporation of Dubai based in Dubai, UAE.

The Group's own operational influence in the fields of climate change, air quality, and resource efficiency is minimal. The nature of the Lease with the Lessee means that control over the usage of the Asset rests with the Lessee. The Group has leased the Assets for a term of twelve years, with fixed Lease rentals for the duration, to the Lessee. The Lessee bears all costs (including for maintenance, repairs and insurance) relating to the Aircraft during the lifetime of the Lease. This would include any modifications or modernisations related to ESG requirements as mandated by regulatory agencies. However, in all other respects, the influence of the Group over the Lessee with regard to voluntary ESG concerns is limited due to existing quiet enjoyment arrangements between the Group and the Lessee.

The Airbus A380 is the world's largest commercial passenger aircraft. It is the first and only aircraft with two full-length passenger decks, giving it a maximum capacity of up to 853 passengers. In a typical three-class configuration (First, Business and Economy Class), the Airbus A380 has capacity for approximately 525 passengers. Additionally, developments with respect to the aircraft's aerodynamics, control elements and flight systems, coupled with the use of advanced, lightweight composite materials make the A380 an attractive and efficient aircraft. In comparison with other modern long-range passenger aircraft of the same category (the so-called Very Large Aircraft segment), the Airbus A380 consumes less fuel per passenger, using approximately three litres of kerosene per 100 passenger kilometres, when equipped with Engine Alliance engines. Furthermore, the A380 offers an efficient way to capture traffic at the most concentrated airports and times by giving airlines the ability to consolidate routes, thereby increasing seat capacity while creating economies of scale.

Air transportation is one of the most energy and carbon dioxide intensive modes of transport, whether measured per passenger kilometre or per hour in transit. The global aviation industry (including domestic and international; passenger and freight) accounts for:

- 2.5% of carbon emissions; and
- 3.5% of 'effective radiative forcing' – a measure of impact on global warming.

Source:
https://ourworldindata.org/co2-emissions-from-aviation

The Aviation Industry

Despite aviation's important role in local and global economic development, the aviation industry faces the challenge of meeting long term strong growth in passenger demand while simultaneously reducing its environmental impacts. In addition to GHG emissions, these environmental impacts could also include noise and nuisance, as well as water pollution (due to aircraft de-icing, cleaning, and other chemical-heavy aircraft operations).

To address these growing environmental concerns, the cross-industry Air Transport Action Group developed the 'Waypoint 2050' action plan in line with the Paris Agreement on climate change. The blueprint builds on IATA's 2009 commitment to (1) increase fuel efficiency by 1.5% every year between 2010-20, (2) to cap carbon emissions (carbon neutral growth) from 2020, and (3) to achieve the 50% emissions reduction by the middle of the century, as the first two goals have already been accomplished. Annual fuel efficiency gains have exceeded expectations with annual improvements greater than 2%. The mechanism for ensuring carbon neutral growth, known as CORSIA, started as a pilot scheme in 2021 with approximately 100 countries participating and the remaining scheduled to join by 2027. Starting on 1 January 2024, CORSIA's First Phase has begun, involving 126 participating countries and the commencement of offsetting requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In pursuit of the final goal, Waypoint 2050 has identified three key technological developments to accelerate the reduction of carbon emissions:

1. Improved aircraft and engine designs for lighter, more efficient aircraft;

2. Hydrogen and electric powered aircraft; and

3. SAF.

The analysis performed for Waypoint 2050 revealed that SAF will play a key role, driving between 50% and 75% of the emissions’ reductions. SAFs, such as drop-in power fuels like biofuels that can be used in today’s aircraft and engines without modification, are already commercially available and are expected to increase in prominence once initial costs can be reduced through scale. Evolutionary concepts, such as the second-generation geared turbo fan engine, could become widely commercially available in the medium-term. Revolutionary concepts, such as hydrogen and electric powered aircraft, represent the greatest potential improvements, but will most likely not be commercially available until the 2050s, based on current forecasts.

As these technological developments progress, the aviation industry is taking additional measures to curb its environmental impact, while maintaining its commitment to local and global economic development. For example, alongside CORSIA, the aviation industry is able to participate in other carbon dioxide emissions trading markets, such as the European Union Emissions Trading System.

Furthermore, a number of countries currently levy passenger taxes on air tickets over and above infrastructure charges and there are a number of proposals for additional environmental taxes to be imposed on the aviation industry. However, as IATA notes, the income generated from an environmental tax is usually seen as general revenue by governments, thus it can be used to fund any variety of public sector programs and initiatives. As such, IATA takes the position that, while the overall goal of an environmental tax is laudable, it has distortionary effects on jobs and the economy, while at the same time not effectively incentivising the development or use of newer and greener technology. The effects of any newly introduced environmental taxes on the aviation industry will have to be monitored. The aviation industry plays a critical role in local and global economic development, contributing 4.1% to global gross GDP and supporting 87.7 million jobs worldwide.

Source**:**
https://aviationbenefits.org/economic-growth

The Waypoint 2050 plan can be found here: https://aviationbenefits.org/media/167417/w2050_v2021_27sept_full.pdf

Further environmental information can be found on the IATA website: https://www.iata.org/en/policy/environment/.

ICAO have used the United Nations’ SDG’s as a basis to identify the contributions the aviation industry is making to sustainable development. For further information and the full working paper on aviation’s contributions towards the United Nations’ 2030 agenda for sustainable development from ICAO’s 40th session please refer to the ICAO website:

https://www.icao.int/Meetings/A40/Documents/WP/wp_189_en.pdf

Concerning the role of aircraft in sustainable development, aircraft assets are likely to contribute to at least five of the SDGs. Specifically, airlines are able to utilise aircraft in a manner consistent with the achievement of the following targets:

1. **SDG 5:** Aviation is working to achieve gender balance across the sector. In Europe, aviation is the most gender-balanced of all transport modes with 41 percent female employees. More work is still needed to encourage balance in technical and executive roles;

2. **SDG 8.1:** Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

3. **SDG 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all;

4. **SDG 12.2:** Achieve sustainable management and efficient use of natural resources productions; and

5. **SDG 13:** Invest in the transition to net-zero carbon dioxide energy, energy efficiency and the reduction of GHG emissions from transport operations.

Detailed information on the SDGs can be found on the United Nations website: https://sdgs.un.org/

The Lessee

The Emirates Group took significant strides in its sustainability journey during 2023-24, putting into action numerous initiatives focused on the environment, its people, customers, and communities. Environmental topics were high on the agenda during the year, as the UAE hosted the world's biggest conference for climate action, COP28, in Dubai. The Emirates Group ramped up investments in people development, rolling out a comprehensive programme of learning and training options for its workforce in partnership with top universities and key industry partners. A Gender Balance Council was established to champion and promote gender equality within the Emirates Group.

Emirates, the Lessee, is committed to efforts to reduce resource consumption while also investing in wildlife conservation and protection. This includes participation in CORSIA as well as in EU, Swiss and UK Emissions Trading Systems and internal initiatives.

Emirates has reinforced its commitment to environmentally responsible practices and achieved IEnvA Stage One in August 2023 and the IEnvA Illegal Wildlife Trade module certification. The IEnvA system is described as an industry-leading and comprehensive environmental management system. Stage One of its core scope comprises flight operations, corporate activities as well as an illegal wildlife trade module. Reflecting on Emirates recent achievements, Marie Owens Thomsen, IATA's chief economist and SVP Sustainability said: "Stakeholder including governments, financiers and business partners will know that Emirates is not just meeting global standards and best practices on sustainability but is committed to continuous improvements to stay at the forefront of sustainability."

In early November 2023 Emirates confirmed that the first flights operating with SAF had taken off from Dubai International Airport. This was the first ever supply of SAF to Emirates in Dubai, according to the airline. The 315,000 gallons of blended SAF were supplied by Shell and enabled Emirates to power a number of missions over the course of a few weeks. The ratio of 40% neat SAF and 60% conventional Jet A-1 allowed for a seamless integration into the existing airport fuel infrastructure and did not result in any modification requirements for the aircraft engines. Neat SAF reduces GHG emissions by up to 80% over its life cycle compared with conventional jet fuel.

Later that month Emirates became the world's first airline to operate an A380 demonstration flight with one of the four engines powered on 100% SAF, together with the auxiliary power unit. For commercial flights SAF use is currently capped at a 50% blend limit. In the run-up to the demonstration flight ground engine testing was performed at the Emirates Engineering Centre in Dubai to validate the engine's capability to run on the specially blended 100% drop-in SAF without affecting its performance or requiring any modifications. The Engine Alliance GP7200 engine used for the test is the same engine type as installed on the A380s owned by the Group.

An Airbus spokesperson emphasised that "SAF is vital to meeting the sector's target of net-zero emissions in 2050". The manufacturer is working to make all its aircraft 100% SAF-capable by 2030. Engine manufacturer Engine Alliance noted that all of its engines "can operate on approved SAF blends today and through extensive research and testing, GE Aerospace is helping lead the approval and adoption of 100% SAF in the aviation industry".

For further information on Emirates' environmental policy and initiatives, please visit the Emirates website where annual environmental reports are also available:

https://www.emirates.com/english/about-us/our-planet/

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The EU Taxonomy

The EU Taxonomy is a regulatory framework developed by the EU to classify economic activities based on their environmental sustainability. The Taxonomy focuses on six environmental objectives, including climate change mitigation, adaptation, and biodiversity protection to guide investors, companies, and policymakers toward sustainable and low-carbon practices. The Taxonomy impacts aircraft manufacturers and lessors by encouraging fuel-efficient aircraft, emission reduction strategies, transparent reporting of the Green Asset Ratio, promoting SAF, and mandating the decommissioning of one older aircraft for each new one financed or leased to promote fleet renewal and sustainability. By aligning with these objectives, aviation stakeholders contribute to Europe's Green Deal goals, fostering a greener and more sustainable industry.

The Company will continue to monitor updates and progress on EU Taxonomy and whether it will impact the Company's operations.

Conclusion

In the context of the Assets and the associated Lease Agreements, the Board is committed to responsible decision making and strong governance throughout the lifecycle of the Group. The Board is in continuous dialogue with its service providers and regularly reviews processes and procedures, including via service provider compliance visits and annual questionnaires, to guarantee transparency and accountability. The Board will continue to monitor the sustainability efforts of the industry and of the Lessee and keep Shareholders abreast of any relevant developments.

AUDIT AND RISK COMMITTEE REPORT

Membership
Fiona Le Poidevin – Non-executive Director and Chair of the AR Committee
Geoffrey Hall – Non-executive Director
Charles Wilkinson – Non-executive Director (Resigned from the Board and ceased AR Committee membership effective 31 July 2023)
Theresa Oldham – Non-executive 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 Company's external auditor, (iii) monitoring of the systems of internal controls operated by the Company and (iv) the Company's principal service providers and the management of the Company's regulatory compliance activities.

Responsibilities
The key duties of the AR Committee are as follows:

- reviewing the Company'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 Company'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 Company's position, 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 Company and by the Company's principal service providers.

AR Committee Meetings
The AR Committee usually meets in Guernsey at least twice a year. The AR 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 financial year under review the AR Committee formally reported to the Board on three occasions.

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

Fair, Balanced and Understandable
In order to comply with the Code, the Board requested that the AR Committee advises them on whether it believes the Annual Report and Consolidated Financial Statements, 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.

The AR Committee engaged with the Administrator in order to ensure that the Annual Report and Consolidated Financial Statements were fair, balanced and understandable.

AUDIT AND RISK COMMITTEE REPORT (continued)

Financial Reporting and Significant Issues

The AR 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 report and Consolidated Financial Statements, the significant financial reporting issues and accounting policies and disclosures in the Consolidated Financial Statements. The AR Committee has considered the key risks identified as being significant to these 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, Grant Thornton. To aid its review the AR Committee considered reports prepared by external service providers, including Amedeo and Nimrod, and reports from Grant Thornton on the outcome of their annual audit. The significant issues considered by the AR Committee in relation to the 2024 accounts and how these were addressed are detailed below:

Significant issues for the year under review	How the AR Committee addressed these significant issues
Residual value of aircraft assets The non-current Assets of the Group comprises of four Airbus A380 aircraft. An annual review is required of the residual value of the Assets as per IAS 16, 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 has engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. Due to limited 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. In the aftermath of Airbus' February 2019 decision to discontinue the A380 production in 2021, a number of A380 operators disclosed plans to withdraw at least parts of their A380 fleets earlier than originally anticipated. Furthermore, it became obvious that A380s returned following the expiration of operating lease agreements would be difficult to be placed with a new operator within a reasonable period of time and owners were forced to explore alternative scenarios for revenue generation like engine lease. This also includes part-out activities for the first few A380s returned from Singapore Airlines. While the prospect for the aircraft type looked "very gloomy" according to appraiser ASCEND two years ago, with the number of aircraft returning to service expected to be very slow over the coming years, the strong recovery in long-haul passenger demand, "has earned the A380 a stay of execution for the medium term". With the restricted supply of new aircraft, operators like Lufthansa and Etihad Airways reintroduced the aircraft type after a pandemic-related pause with statements that indicated their respective A380s would never return to service again. At the same time, the world's largest A380 operator, Emirates, did not waiver in its support of the A380 and is committed to operate the aircraft type for the long term. In a March 2024 statement Emirates' President Tim Clark noted that the airline plans to keep A380s flying until the late 2030s, with corresponding aircraft leases extensions and / or aircraft purchases.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	To assess the Assets' residual value at lease expiry with Emirates, the Company has historically relied on the appraisers' Future Base Value estimates, an established concept to measure the residual value which, however, assumes that the market is in a theoretical constant equilibrium, characterised by a balance of supply and demand. Due to the A380-specific developments since the 2019/20 financial year of the Company and the generally dampened market sentiment in the aviation sector during the pandemic, there was increased risk that the underlying assumptions of the Base Value concept might not be met at the time of the respective lease expiries. For this reason, in its Valuation Report for the Company's financial year ended 31 March 2020, the Asset Manager recommended to the Directors of the Company to adopt a more conservative approach by using Soft Values instead of Base Values to assess the residual value of the aircraft. According to ISTAT, a Soft Value is defined as the Appraiser's opinion of the most likely trading price that may be generated for an aircraft (or other aviation-related asset) in a market characterised by supply exceeding demand. The Asset Manager maintains this recommendation, mainly due to the fact that there is an imbalance of supply and demand for the A380 aircraft in the current market, whereby the operator base is much smaller than pre-Pandemic. The Group's estimation technique is to make reference to the most recently produced forecast soft value (excluding inflation), not an estimate of the amount that would currently be achieved and which therefore could be different, and so this is not a direct application of the IAS 16 definition. This approach has been taken because current market values in today's prices for comparable twelve year old A380s were not available at the reporting date apart from the two Doric Nimrod Air Two Limited aircraft sales in mid-October and early December 2023 which contributed to GBP 28.9 million sales proceeds in respect of each aircraft (equivalent to USD 35 million) paid by Emirates to Doric Nimrod Air Two Limited. A decrease in USD terms in the residual value of the Aircraft from the prior year has resulted in an adjustment made to depreciation in the current year, details of which have been disclosed in note 10. As updated valuations of all Assets as at the financial year end were commissioned and received from third party professional valuers and analysed by the Asset Manager and the Directors, the AR Committee believes that those valuations are appropriate for use in preparing the Consolidated Financial Statements. Therefore, the average residual values excluding inflation used in the accounts are based on these appraisals.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	Upon review of the advice they have received from Amedeo and the appraisers, the AR Committee is of the opinion that, the latest estimate of the residual soft values excluding inflation of the Assets is a reasonable approximation of the residual value of the Aircraft within the IAS 16 definition. Residual values remain exposed to estimation uncertainty. This is disclosed in note 3 and has been highlighted by the auditor in their key observations section of the valuation and ownership of aircraft key audit matter.
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 presentation currency at the exchange rate ruling at transaction date, whilst monetary balances (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.	In assessing foreign exchange, the AR 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 USD are in fact closely matched. Rental income received in USD is used to pay loan repayments due, which are likewise denominated in USD. USD 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 AR Committee concluded that the matching of the lease rentals to settle loan repayments therefore mitigates risks of foreign exchange fluctuations. The AR Committee carefully considered the disclosure in note 20 (b) to the Consolidated Financial Statements to ensure that the reality of the Group's foreign exchange risk exposure is properly explained.
Going concern risk Emirates are the sole Lessee of the Assets. Should Emirates default on the rental payments, it will result in the Group failing to service debt and it is unlikely the Group will be able to meet its targeted dividend or, in the case of ongoing default, continue as a going concern.	The AR Committee received quarterly reports from Amedeo during the year which comment on the performance of Emirates. Emirates reported its most profitable year ever with a net profit of AED 17.2 billion (USD 4.7 billion), a nearly 63% improvement on its previous year's record result and despite currency fluctuations which negatively impacted the airline's profitability by AED 2 billion (USD 0.6 billion). At the end of the 2023/24 financial year Emirates had AED 42.9 billion (USD 11.7 billion) in cash assets (including bank deposits), the highest-ever balance in the company's history. The management of the airline concluded that the company is a going concern. The auditors PwC did not raise a material uncertainty on going concern in its unqualified audit report, which is dated 3 May 2024.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the AR Committee addressed these significant issues
	The management of Emirates Group, the combined businesses of Emirates Airline and dnata, said that "the business outlook is positive, and we expect customer demand for air transport and travel to remain strong in the coming months", according to Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive of Emirates Airline and Group. External factors such as oil prices, currency fluctuations, and volatile environments caused by socio-political changes were flagged as challenges the management will have an eye on. Emirates is owned by the Investment Corporation of Dubai, a state-owned holding company that can be characterised as a sovereign wealth fund owned by the Government of Dubai. It is neither listed, nor carry its bond issuances an issuer rating. However, Emirates' senior unsecured USD bonds with maturities in 2025 and 2028 are trading and the markets' pricing for such instruments provide proxies for the credit risk of the Lessee. As the operating lease agreement between Emirates and the Company include a hell or high-water clause, the lease rental stream and any other contractual payment primarily depends to Emirates' ability to meet its financial obligations, whenever they fall due. As of 15 April 2024 Emirates' bonds were trading at around 98.9 cents (2025 maturity) and 97.3 cents (2028 maturity), representing USD running yields of approximately 4.6%. This level of yields certainly does not appear to indicate any significant financial stress to the issuer. The AR Committee concluded that it would continue to receive regular updates from Amedeo on the performance of Emirates and would continue to monitor Emirates' overall performance. The AR Committee carefully considered the disclosure in note 20(c) to the Consolidated Financial Statements to ensure that this concentration of credit risk is properly reflected.

AUDIT AND RISK COMMITTEE REPORT (continued)

Significant issues for the year under review	How the Committee addressed these significant issues
Consideration of any triggers for impairment IAS 36 Impairment of Assets requires that a review for impairment be carried out by the Group when there is an indication of impairment of an asset and if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review will compare the carrying amount of the Asset with its recoverable amount, being the higher of fair value less costs to sell and the Asset's value in use. The Directors consider that fair value less costs to sell is a valid measure given recent secondary market transactions relating to the A380 and the fact that third party independent valuers have provided valuations to permit the computation of fair value less costs to sell.	The AR Committee has considered the issue at length and accordingly an impairment review has been undertaken as at 31 March 2024. Refer to note 3 for further detail on the factors triggering the review and the sensitivity analysis performed on the discount rates and residual value inputs. As a result of the current year review, an impairment loss of £nil was booked in the accounts as disclosed in note 3. Contributing factors, which triggered the AR Committee's decision to perform an impairment review, included the Pandemic and its consequences. It was also necessary as the Group continued to adhere to the concept of Future Soft Values for measuring the residual value of the Aircraft.

Although recognition of rental income has been considered by the AR Committee in the current year, as there have been no changes in respect of this risk, it has not been a primary area of focus.

Internal Controls

The AR Committee has made due enquiry of the internal controls of the Administrator. The AR Committee is satisfied with the controls currently implemented by the Administrator. However, it has requested that the Administrator keeps the Committee informed of any developments and improved internal control procedures.

The most recent report on the internal controls of JTC's administration services, prepared in accordance with the ISAE 3402, for the period from 1 April 2023 to 31 March 2024, has been provided, confirming no major deficiencies.

During the period the Management Engagement Committee conducted a site visit with Nimrod in May 2023.

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. Following a recommendation from the AR Committee, 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 AR Committee receives from Grant Thornton a detailed audit plan identifying their assessment of the key risks. For the financial year under review, the primary risks identified were in respect of valuation of the Group's Assets, the recognition of lease rental income and the presumed risk on management override of controls.

AUDIT AND RISK COMMITTEE REPORT (continued)

Using its collective skills the AR Committee evaluates the effectiveness of the audit process in addressing the matters raised through the reporting it received from Grant Thornton at the conclusion of the audit. In particular the AR Committee formally appraise Grant Thornton against the following criteria:

- Independence
- Ethics and conflicts
- Knowledge and experience
- Challenge
- Promptness
- Cost
- Overall quality of service

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

For the financial year under review, the AR Committee was 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 AR Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. Should it be necessary, the AR Committee members meet with the external auditor without the Administrator and Asset Manager 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
Grant Thornton provided audit services to the Company for the financial year under review. This has been the third audit of the Company carried out by Grant Thornton, following its appointment on 2 August 2021.

The AR Committee considers Grant Thornton, the Company's auditor, to be independent of the Company and the Group. The AR Committee provided the Board with its recommendation to Shareholders on the re-appointment of Grant Thornton as external auditor for the year ending 31 March 2024 at the AGM held on 7 December 2023.

Non-Audit Services
To further safeguard the objectivity and independence of the external auditor from becoming compromised, the AR 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 the external auditor should only be engaged for non-audit services where there is considered to be a very low threat to auditor independence. No non-audit services had been provided by Grant Thornton during the year.

The external auditor is prohibited from providing any other services without the AR Committee's prior approval. In reaching such a determination the AR 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.

AUDIT AND RISK COMMITTEE REPORT (continued)

Committee Evaluation
The AR Committee's activities formed part of the review of Board effectiveness performed in the year under review.

An internal evaluation of the AR Committee's effectiveness was carried out in 2024, concluding that it was operating effectively.

Fiona Le Poidevin
Chair of the Audit and Risk Committee

23 July 2024

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the consolidated financial statements of Doric Nimrod Air Three Limited (the "Company") and its subsidiary (the "Group") for the year ended 31 March 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cashflows for the year then ended;
- are in accordance with IFRS Accounting Standards as adopted by the European Union (EU); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

We have determined the matter described below to be the key audit matter communicated in our report.

The key audit matter	How the matter was addressed in our audit
Determination of residual value and impairment assessment of aircraft **(2024: £167.3, and 2023: £194.3m)** We identified the determination of residual value and impairment assessment of aircraft as the most significant assessed risk of material misstatement due to fraud and error, with the estimation of the aircraft's residual value being a significant source of estimation uncertainty. The Group's aircraft are measured at cost less accumulated depreciation and impairment losses. The depreciation is charged on a straight-line basis over the term of the lease to an estimated residual value at the end of that period.	In responding to the key audit matter, we performed the following audit procedures: • We have assessed the Group's accounting policies regarding the determination of the residual values of the aircraft and impairment assessment in accordance with International Accounting Standard (IAS) 16 - Property, Plant and Equipment and IAS 36 - Impairment of Assets, respectively; • We have obtained detailed supporting documentation from management and assessment of the key inputs, assumptions and methodology used from which the aircraft's residual value is determined and the impairment assessment is based; • We have assessed the independence, competence and objectivity of management's external appraisers;

INDEPENDENT AUDITOR'S REPORT (continued)

The Group uses external appraisers who provide an estimate of the residual value which is determined based on significant judgement and assumptions about current and future market conditions. The determination of the residual values and impairment assessment involves complex estimates and professional judgment. As such, there is a risk that the residual value and useful life of the aircraft may not be estimated correctly. As a result, the carrying value of the aircraft and the amount of depreciation charged may be misstated. Also, there is a risk that management may fail to account for impairment indicators such as the illiquid market of the aircraft that triggers an impairment review which causes the value of the aircraft to be written down to its recoverable amount (if less than carrying value). *Refer to the Audit and Risk Committee Report on pages 40 to 42; Accounting policies on pages 58 to 59; Note 3, 'Significant Judgements and Estimates' – Estimates on Residual Value, Impairment and Useful Life of Aircraft and Note 10, 'Property, Plant and Equipment – Aircraft', to the Consolidated Financial Statements.*	• We have assessed the external appraiser's report, lease agreements, amendments to such agreements, redelivery condition side letter, valuation report from the asset manager and maintenance status at the end of the lease. Further, we have challenged management on their method selection and assumptions; • We held discussions with management to understand the status of the aircraft and if they are operating relative to the assumptions underpinning their models and to identify operational issues, if any, that may impact the residual value of the aircraft; • We have engaged our internal Aircraft valuation experts to assist in performing the testing of the valuation of the aircraft which included the following: ○ Assisted in determining whether the valuation methodologies used to estimate the residual value of the aircraft are consistent with methods usually used by market participants for similar types of assets; ○ Used their knowledge of the market to assess, challenge and corroborate management's valuation; ○ Determined if the key assumptions used in determining the residual value are reasonable and that the carrying value of the aircraft is appropriately calculated; • We performed independent research to check for references of secondary market options for A380 aircraft. Further, we have used the information from the recent sale of a related Company aircraft to assess the reasonableness of the residual value used for the aircraft and to identify any impairment indicators; • We performed independent research to assess the reasonableness of discount and inflation rate changes and to assist in identifying macro-economic uncertainties (such as but not limited to increased cost of living) as contributing factor to such updates; and • We have assessed the completeness and sufficiency of related disclosures in the consolidated financial statements. **Our result** Based on the audit work performed, we have not identified any indication of material misstatement in relation to the determination of residual value and impairment assessment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Financial Report and Consolidated Financial Statements, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the directors for the consolidated financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

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 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Group's consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Cyril Swale
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 23 July 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
INCOME			
A rent income	4	54,304,037	57,118,471
B rent income	4	20,528,473	20,430,241
		74,832,510	77,548,712
EXPENSES			
Operating expenses	5	(1,909,367)	(1,856,772)
Depreciation of Aircraft	10	(26,973,885)	(30,170,114)
Impairment of Aircraft	10	–	(7,576,007)
		(28,883,252)	(39,602,893)
Net profit for the year before finance costs and foreign exchange gains/(losses)		45,949,258	37,945,819
Finance income		246,274	54,634
Finance costs	11	(275,917)	(3,789,590)
Net profit for the year after finance costs before foreign exchange gains/(losses)		45,919,615	34,210,863
Net foreign exchange gains/(losses)	7	177,803	(4,639,507)
Profit for the year		46,097,418	29,571,356
Total Comprehensive Income for the year		46,097,418	29,571,356

		Pence	Pence
Earnings per Share for the year – Basic and Diluted	9	20.95	13.44

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

The notes on pages 55 to 75 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	31 Mar 2024 GBP	31 Mar 2023 GBP
NON-CURRENT ASSETS			
Property, Plant and Equipment – Aircraft	10	167,283,686	194,257,571
CURRENT ASSETS			
Receivables	13	150,869	147,823
Cash and cash equivalents	18	14,588,898	13,692,410
Short-term Investments		–	474,385
		14,739,767	14,314,618
TOTAL ASSETS		182,023,453	208,572,189
CURRENT LIABILITIES			
Borrowings	15	–	24,136,245
Deferred income	4	51,861,582	30,128,010
Rebates	16	–	189,818
Payables	14	57,273	88,894
		51,918,855	54,542,967
NON-CURRENT LIABILITIES			
Deferred income	4	30,920,532	82,792,574
TOTAL LIABILITIES		82,839,387	137,335,541
TOTAL NET ASSETS		99,184,066	71,236,648
EQUITY			
Share capital	17	208,953,833	208,953,833
Retained loss		(109,769,767)	(137,717,185)
TOTAL EQUITY		99,184,066	71,236,648

	Pence	Pence
Net Asset Value per Share based on 220,000,000 (31 March 2023: 220,000,000) shares in issue	45.08	32.38

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue 23 July 2024 and are signed on its behalf by:

Andreas Tautscher
Director

Fiona Le Poidevin
Director

The notes on pages 55 to 75 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
OPERATING ACTIVITIES			
Profit for the year		46,097,418	29,571,356
Movement in deferred income		(30,138,469)	(7,485,089)
Interest received		(246,274)	(54,634)
Depreciation of Aircraft	10	26,973,885	30,170,114
Impairment of Aircraft	10	–	7,576,007
Loan interest payable	11	196,319	2,488,567
Decrease in payables		(31,621)	(18,351)
Increase in receivables		(3,046)	(796)
Foreign exchange movement	7	(177,803)	4,639,507
Amortisation of debt arrangement costs	11	79,598	1,301,023
NET CASH GENERATED FROM OPERATING ACTIVITIES		42,750,007	68,187,704
INVESTING ACTIVITIES			
Interest received		246,274	54,634
Proceeds/(investments) on short-term investments		474,385	(474,385)
NET CASH GENERATED FROM INVESTING ACTIVITIES		720,659	(419,751)
FINANCING ACTIVITIES			
Dividends paid	8	(18,150,000)	(18,150,000)
Repayments of capital on borrowings	21	(24,209,370)	(47,563,386)
Interest on borrowings	21	(200,516)	(2,398,145)
NET CASH USED IN FINANCING ACTIVITIES		(42,559,886)	(68,111,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,692,410	13,976,504
Increase/(decrease) in cash and cash equivalents		910,780	(343,578)
Effects of foreign exchange rates		(14,292)	59,484
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	14,588,898	13,692,410

The notes on pages 55 to 75 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2024

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2023		208,953,833	(137,717,185)	71,236,648
Total Comprehensive Income for the year		–	46,097,418	46,097,418
Dividends paid	8	–	(18,150,000)	(18,150,000)
Balance as at 31 March 2024		208,953,833	(109,679,767)	99,184,066

	Notes	Share Capital GBP	Retained Loss GBP	Total GBP
Balance as at 1 April 2022		208,953,833	(149,138,541)	59,815,292
Total Comprehensive Income for the year		–	29,571,356	29,571,356
Dividends paid	8	–	(18,150,000)	(18,150,000)
Balance as at 31 March 2023		208,953,833	(137,717,185)	71,236,648

The notes on pages 55 to 75 form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1 GENERAL INFORMATION

The Consolidated Financial Statements incorporate the results of the Company and its Subsidiary (together known as the Group).

The Company was incorporated in Guernsey on 29 March 2012 with registered number 54908. The address of the registered office is given on page 76. Its Share Capital consists of Shares and Administrative Shares. The Company's Shares have been admitted to trading on the SFS of the LSE Main Market.

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 principal activities of the Company are set out in the Chair's Statement and Key Information section on pages 7 to 8 and 19 to 22 respectively.

2 MATERIAL ACCOUNTING POLICIES

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

(a) Basis of Preparation

The Consolidated Financial Statements have been prepared in conformity with IFRS, which comprise standards and interpretations approved by the IASB and IFRIC and applicable Guernsey law. The Consolidated Financial Statements have been prepared on a going concern basis under the historical cost basis.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new and amended standards set out below.

(b) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

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

Amendments to IAS 1'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material. The effective date is for annual periods beginning on or after 1 January 2023. These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

— use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;

— clarify the explanation of the definition of material; and

— incorporate some of the guidance in IAS 1 about immateriality information.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised Standards (continued)

New and Revised Standards in issue but not yet effective
The following Standards and Interpretations have been issued but not yet effective. Their adoption has not had a material impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods except where stated otherwise:

Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1) – The amendment defers the effective date of the amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

The New and Revised Standards in issue but not yet effective which have not been included have been considered and are either not applicable or do not have a material impact on the Company.

(c) Basis of Consolidation
The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100 percent of all the shares in the Subsidiaries which grants it exposure to variable returns from the entities and the power to affect those returns, granting it control in accordance with IFRS 10.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(d) Taxation
The Company and its Subsidiary have been assessed for income tax at the Guernsey standard rate of 0 percent.

(e) Share Capital
Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(f) Expenses
All expenses are accounted for on an accruals basis.

(g) Finance Income
Finance income relates to bank interest and is accounted for on an accruals basis.

(h) Foreign Currency Translation
The currency of the primary economic environment in which the Company operates (the "functional currency") is GBP, £ or Sterling, which is also the Group's presentation currency. Transactions denominated in foreign currencies are translated into Sterling 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 applying 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 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Cash and Cash Equivalents
Cash at bank and short term deposits which are held to maturity are recognised at initial recognition at its fair value plus transaction costs and are subsequently measured at amortised cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three 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.

(j) Segmental Reporting
The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and then selling of the Aircraft.

As the Lessee is based in the Middle East, rental income as well as the net book value of aircraft held by the Group is all considered to be from the Middle East. Revenue from the Group's country of domicile, Guernsey, was £Nil (2023: £Nil).

(k) Going Concern
The Group's principal activities are set out within note 1. The financial position of the Group is set out on page 52. In addition, note 20 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

All four Aircraft owned by the Group are leased to Emirates. Under the Leases the Group receives rental income from the lessee and will receive USD 12 million per Aircraft in the event that the Aircraft are returned to the Group at the end of the Leases. For this reason, the Directors actively monitor the financial position and trading performance of Emirates which is critical to the Group's ability to meet its operating costs and pay future dividends.

The Directors, with the support of its Asset Manager, believe that it is reasonable to assume as of date of approval of the Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments due to the following:

— Emirates continues to be a going concern as at the date of the Lessee's latest signed annual financial report for the financial year ended on 31 March 2024.

— During the last financial year, Emirates increased its overall capacity, measured in ATKs by 20 percent, reaching 99 percent of pre-pandemic levels, while maintaining a decade-high passenger load factor of 79.9 percent, an increase of 0.4 percentage points from last year. The number of passengers increased by 19 percent compared to the year before to 51.9 million, while the airline's capacity for passenger services, measured in ASKs, increased by 21.4 percent compared to the previous year.

— Emirates reported its most profitable year ever with a net profit of AED 17.2 billion (USD 4.7 billion USD), a nearly 63 percentage improvement on its previous year's record result and despite currency fluctuations which negatively impacted the airline's profitability by AED 2 billion (USD 0.6 billion).

— As at the year ended 31 March 2024 financial year Emirates had AED 42.9 billion (USD 11.7 billion) in cash assets (including bank deposits), the highest-ever balance in the company's history.

— Emirates' Credit Default Swap is trading at its multi-year average, indicating a low default risk.

— As of the date of the Consolidated Financial Statements, the Board is not aware of a formal request to the Group for a lease deferral or any other efforts that would result in the restructuring of the existing transaction.

— Emirates has paid all the lease rentals to the Group in a timely manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

(k) Going Concern (continued)

The Directors have considered Emirates' ability to continue paying the lease rentals until the end of the longest running lease agreement in November 2025, and compensation payments of at least USD 12 million per Aircraft if the Aircraft get returned and are satisfied that the Group can meet its liabilities as they fall due over the next twelve months from the date of approval of the Annual Financial Report and Consolidated Financial Statements. Further detail regarding the assumptions adopted when forming this conclusion can be found in the Viability Statement on page 21.

Refer to note 12 for expiry dates of the Leases.

(l) 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 12.

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.

The deferred and accrued income represents the difference between actual payments received in respect of the lease income (including some received in full upfront) and the amount to be accounted for in the accounting records on a straight-line basis over the lease terms. This liability/receivable will reduce over time as the leases continue and approach the end of the lease terms.

(m) Property, Plant and Equipment – Aircraft

In line with IAS 16, 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. Property, plant, and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

Subsequently, 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. As at 31 March 2024, the estimated residual value of the four planes ranges from £31.2 million to £31.6 million (31 March 2023: £31 million to £31.4 million). Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees where applicable. The residual values of the A380 Aircraft were determined using soft values excluding inflation, which best approximates residual value as required by IAS 16.

Due to the change in the estimate of residual value of the Aircraft which have been translated at the foreign exchange rate prevailing as at 31 March 2024, there has been a £337,529 decrease in the annual depreciation charge as compared to what the charge would have been if based on residual value determined as at 31 March 2023 translated at the foreign exchange prevailing as at 31 March 2023.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed regularly and is an estimate of the fair amount the entity would receive today. Useful life is also reviewed regularly 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

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

The Group regularly reviews whether the carrying values of the Aircraft are appropriate. Quarterly the Board receives an update on the performance of Emirates Airline and whether there are any concerns over their viability from the advisors. The board also receives regular updates on the market for A380 aircraft and whether there are any actions by Emirates or others that would make the A380 more or less attractive at that time (and therefore influence value). If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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.

An impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount.

(n) Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial assets to a third party and transfers all the risks and rewards of ownership of the Asset, or if the Group does not retain control of the asset and transfers substantially all the risk and rewards of ownership of the Asset.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

— Amortised cost;

— FVOCI; or

— FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group only has financial assets that are classified at amortised cost.

i) Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial liabilities held at amortised cost

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

ii) Financial liabilities held at amortised cost (continued)
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.

(o) Dividend policy
Dividends are accounted for in the period which they are declared and approved by the Board.

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 ongoing 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 the Consolidated Financial Statements.

Estimates
Residual Value, Impairment and Useful Life of Aircraft
As described in note 2 (m), 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 requires residual value to be determined as an estimate of the amount that the Group would currently obtain from the 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. The residual values of the A380 Aircraft are determined using soft values excluding inflation since Directors consider this best approximates to residual value as required by IAS 16.

In estimating residual value for the year, the Directors refer to future soft values (excluding inflationary effects) for the Asset obtained from three independent expert aircraft valuers. This has resulted in a further reduction in the anticipated residual value of the Aircraft in USD terms since the prior financial year. Details of which have been disclosed in note 10.

The Group's future performance is potentially subject to wider economic uncertainty and disruption caused in part by the geo-political uncertainty. This together with the wider economic uncertainty, disruption and illiquid market for the A380, are likely to have an adverse impact on the future value of the aircraft assets owned by the Group, as well as on the sale, re-lease, or other disposition of the relevant aircraft. Therefore, the estimation of residual value remains subject to material uncertainty.

The sensitivity of profit/loss for the year and Shareholder Equity to a 10 percent increase or decrease in estimated residual values and fair value less selling costs is discussed on page 62. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time. The useful life of each Asset, for the purpose of depreciation of the Asset under IAS 16, is estimated based on the expected period for which the Group will own and lease the Aircraft. The Board of Directors expects that the Aircraft will have a working life in excess of this period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)

As described in note 2(m), an impairment loss 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 Group regularly reviews the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

The Board assessed the discount and inflation rates in the light of external factors such as the continuing high interest rate environment and the reduction in inflation expectations. The Board also considered that the discount rate is applied in Value in Use calculation against both future rental income, which is subject to a binding contract with the Lessee, and Net Residual Value, which by its nature is more indeterminate. It further noted that as the leases approach the end of their terms, the relative importance of future rental income has declined significantly. This has therefore resulted in revisions to the discount and inflation rates in comparison with those employed in previous years.

The impairment assessment was performed by comparing the depreciated cost of the Aircraft with VIU and the fair value less costs to sell. Rental cash flows to the end of the contracts have been used in the calculation of VIU as the cash flows are contractual. Any assumptions with regards to issues in counterparty credit risk would be reflected in the discount rate used to calculate the net present value of future cash flows. In determining the VIU, the gross value of future contractual cash flows including a residual value assumption was discounted to present value using the companies risk discount rate of 9.25 percent (2023: 8 percent). Where, as was the case for all four of the Group's Aircraft, fair value less costs to sell a given asset was higher than it's VIU, then the recoverable amount used was based on the fair value less costs to sell. The Directors consider that fair value less costs to sell is a valid measure given recent secondary market transactions relating to the A380 and the fact that third party independent valuers have provided valuations to permit the computation of fair value less costs to sell. The fair value of the Aircraft is arrived at by taking the average of three independent external valuers' assessment of the most likely trading price that may be generated for an Aircraft under the market circumstances perceived to exist at the time in question. Where this recoverable amount so determined was lower than depreciated cost, an impairment loss was recognised.

Residual values for the purpose of the impairment test are determined to be the soft values (at an inflation rate of 2.5 percent (2023:3 percent) at the end of the Aircraft's useful life), being considered the most appropriate. A soft market is considered where the world's principal traffic generating regions are in the middle of a recession or a period of economic stagnation, which historically have a negative impact on aircraft values. This is when airlines experience low growth or even traffic reductions, make losses, cut their fleets and staff or reduce fleet growth plans. The market becomes imbalanced, with supply outstripping demand, resulting in more parked aircraft and lower utilisation rates, which in turn, increase aircraft availability. The limited second hand market for A380 aircraft that currently exists means that the independent expert aircraft valuers have attributed a more significant weighting to a part out value when determining their soft value point estimate. It is also assumed that a market will exist under each scenario contemplated when determining those valuations. If the assumptions prove to be false, actual results of operations and realisation of the Group's Aircraft asset could differ from the estimates set forth in these financial statements, and the difference could be material.

Additionally, these values have been tested with regards its sensitivity to the discount rates. Discount rates at a -0.5 percent and +0.5 percent (2023: -0.5 percent and +0.5 percent) interval have been tested on either side of the risk discount rate (8 percent (2023: 8 percent)) initially, with -1 percent and +1 percent (2023: -1 percent and +1 percent) intervals used for the analysis thereafter. As the fair value less costs to sell a given asset was higher than the VIU for the impairment test, the change in discount rate still resulted in a £nil impairment charge (2023: £nil).

The Board with the support of Asset Manager considers that the inflated future soft value is the most appropriate measures to use for the residual value for the following reasons:

- The residual value is discounted at the risk discount rate which would include a return for the time value of money (inflation). The inflated values (2.5 percent (2023: 3 percent) p.a. inflation assumed) are therefore used to avoid double counting when producing the discounted future cash flow value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)

- The calculation of cash flow is an assumption on the Group’s best estimation of a) contracted cash flows and b) residual value. Pricing increases of 2.5 percent (2023: 3 percent) p.a. is considered to be the best estimation as to what the Group would receive for residual value in future years on a like for like basis, taking the current economic climate into account.

Rental cash flows to the end of the contract has been used in the calculation of the future cash flow as the cash flows are contractual. Any assumptions with regards issues in counterparty credit risk would be reflected in the discount rate used to calculate the net present value of future cash flows.

The Directors, with the support of its Asset Manager believe that for the Group it is reasonable to assume as of the date of approval of the Annual Financial Report and Consolidated Financial Statements that Emirates will continue with the contracted lease rental payments and there is no evidence at this time that either Emirates will default.

Having received advice from the service providers, the Directors consider that 9.25 percent (2023: 8 percent) is the most appropriate risk discount rate for the following reasons:

- The discount rate includes a risk premium relative to the yield on Emirates’s unsecured USD bonds since it is applied against both contractual rental receipts as well as against residual value where no contractual obligation exists.

- The risk profile of Emirates at the period end and the running yield on the Emirates unsecured USD bond maturing in February 2025 was for instance 4.6 percent and its yield to maturity 5.4 percent.

- By using soft values to approximate residual values (and 2.5 percent (2023: 3 percent) p.a. inflation), the discount rate is considered appropriate to avoid double counting of risk.

Based on the impairment review performed, an impairment loss of £nil was recognised the current year (31 March 2023: £7,576,007), which resulted in a carrying value of the Aircraft in total to £167,283,686 at year end (31 March 2023: £194,257,571), as reflected in note 10.

If the discount rates had been decreased by 0.5 percent with effect from the beginning of this year, the profit/(loss) for the year and closing equity would have been increased by approximately £nil million as the recoverable amount used was based, not on VIU where the discount rate is relevant, but on the fair value less costs to sell. An increase in the discount rates by 0.5 percent would likewise have a £nil impact on equity.

If the estimate of residual value and fair value less costs to sell had been decreased by 10 percent with effect from the beginning of this year, it would increase the impairment charge from £nil to £4.4 million. This together with an increased depreciation charge of £4.9 million means that the overall impact of a 10 percent decrease in residual values and market value would be to reduce profit/(loss) for the year and closing equity by £9.4 million.

A 10 percent increase in residual value estimates and fair value less costs to sell would have no effect on the impairment charge. This together with a decreased depreciation charge of £4.9 million means that the overall impact of a 10 percent increase in residual values and market value would be to increase profit for the year and closing equity by £4.9 million.

The Group regularly reviews the carrying amount of its Assets and monitor the Assets for any indications of impairment as required by IAS 16 and IAS 36. Quarterly the Board receives an update on the performance of Emirates Airline and whether there are any concerns over their viability from the advisors. The Board also receives regular updates on the market for A380 aircraft and whether there are any actions by Emirates or others that would make the A380 more or less attractive at that time (and therefore influence value).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Residual Value, Impairment and Useful Life of Aircraft (continued)

In assessing VIU, the estimated future cash flows expected to be generated by the Assets (i.e. the income streams associated with the Lease and the expected future soft value of the Aircraft at the end of the Lease) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Assets and the credit risk profile of the Lessee.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Such valuation reflects the current use given the fact that the Aircraft are held for use in a leasing business.

Factors that are considered important which could trigger an impairment review include, but are not limited to, significant decline in the market value beyond that which would be expected from the passage of time or normal use, adverse change in the change in the travel market, change in market view on long term viability of the Aircraft, the Aircraft becoming idle or held for disposal, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the Assets are, or will be, worse than expected.

The Board together with the Asset Manager have conducted an impairment review in the current year due to the Pandemic and its consequences. It was also necessary as the Group continued to adhere to the concept of Future Soft Values for measuring the residual value of the Aircraft.

Judgements

Operating Lease Commitments – Group as Lessor

The Group has entered into operating leases on four (31 March 2023: four) Assets. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, including consideration of the useful life versus the useful economic life of the aircraft, that it retains all the significant risks and rewards of ownership of these Assets as well as assumes the entirety of the residual value risk, and accounts for the contracts as operating leases.

Functional Currency

The currency of the primary economic environment in which the Group operates (the functional currency) is GBP, which is also the presentation currency.

Considering the primary indicators as per IAS 21, it is unclear what the functional currency is. However after taking into consideration the secondary indicators which are as follows, the Directors are of the opinion that the functional currency is GBP

- the Group's share capital was issued in GBP;
- its dividends are paid to Shareholders in GBP, and that certain of the Group's significant operating expenses as well as portion of the Groups' rental income are incurred/earned in GBP;
- Lease rentals that are received in USD (as per note 4 and 12) are used to pay the USD loan payments on the USD denominated debt.
- Although significant portion of the rental receipt and borrowings are denominated in USD, this is only because the aviation industry uses USD as its benchmark currency. As such, borrowings have been denominated in USD. So in order to hedge for foreign currency risk, significant portion of the rental income is also received in USD
- In addition, the set-up of the leasing structures was designed to offer a GBP return to GBP investors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

4 RENTAL INCOME

	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
A rent income	24,221,657	49,591,239
Adjustment to spread total income receivable over the term of the lease	27,155,382	4,665,261
Amortisation of advance rental income	3,193,203	3,177,923
Deduction of rebate monies	(266,205)	(315,952)
	54,304,037	57,118,471
B rent income	20,472,384	20,472,385
Adjustment to spread total income receivable over the term of the lease	56,089	(42,144)
	20,528,473	20,430,241
Total rental income	74,832,510	77,548,712

Rental income is derived from the leasing of the Assets. Rent is split into A rent, which is received in USD and B rent, which is received in Sterling. Rental income received in USD is translated into the functional currency (Sterling) at the date of the transaction. The adjustment to spread income received in USD over the term of the lease has been credited to rental income in Sterling using foreign exchange rates prevailing on the dates the advanced rental income was originally received.

Total deferred income of £82,782,114 (31 March 2023: £112,920,584) is based on the difference between the actual cash received in respect of the lease income and the amount of income recognized based on a straight-line basis over the lease term.

5 OPERATING EXPENSES

	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
Asset management fee (Note 23)	695,565	678,601
Corporate shareholder and advisor fee (Note 23)	515,232	502,666
Directors' and officers' insurance	274,953	243,693
Directors' remuneration (Note 6)	132,375	102,000
Liaison agent fee (Note 23)	77,015	93,230
Administration fees	74,494	79,286
Audit fee	44,000	38,050
Accountancy fees	28,934	28,228
Registrar fees	16,876	17,785
Legal and professional expenses	16,561	27,284
Annual fees	1,000	1,000
Bank interest and charges	827	1,517
Marketing expenses	–	5,401
Other operating expenses	31,535	38,031
	1,909,367	1,856,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

6 DIRECTORS’ REMUNERATION

Under their terms of appointment, each director was paid a fee of £30,000 (31 March 2023: £23,000) per annum by the Group, except for the Chair, who received £37,000 (31 March 2023: £29,000) per annum and the Chair of Audit committee, who received £34,500 (31 March 2023: £27,000) per annum. The increase was effective 1 July 2023.

7 NET FOREIGN EXCHANGE GAINS / (LOSSES)

	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
Cash at bank	(14,293)	59,488
Borrowings (Note 21)	190,509	(4,673,615)
Rebates	1,587	(25,380)
	177,803	(4,639,507)

The foreign exchange loss in the year reflects the 2.27 percent movement in the Sterling/USD exchange rate from 1.2337 as at 31 March 2023 to 1.2623 as at 31 March 2024.

8 DIVIDENDS IN RESPECT OF EQUITY SHARES

	Year ended 31 Mar 2024	
	GBP	Pence per Share
First interim dividend	4,537,500	2.0625
Second interim dividend	4,537,500	2.0625
Third interim dividend	4,537,500	2.0625
Fourth interim dividend	4,537,500	2.0625
	18,150,000	8.25

	Year ended 31 Mar 2023	
	GBP	Pence per Share
First interim dividend	4,537,500	2.0625
Second interim dividend	4,537,500	2.0625
Third interim dividend	4,537,500	2.0625
Fourth interim dividend	4,537,500	2.0625
	18,150,000	8.25

Refer to the Subsequent Events in note 24 in relation to dividends declared and paid after year end.

9 EARNINGS PER SHARE

Earnings per share is based on the net profit for the year attributable to holders of Shares in the Company of £46,097,418 (31 March 2023: net profit for the year of £29,571,356) and 220,000,000 (31 March 2023: 220,000,000) Shares being the weighted average number of Shares in issue during the year.

There are no dilutive instruments and therefore basic and diluted earnings per share are identical.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended 31 March 2024

10 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Aircraft 31 Mar 2024 GBP	Aircraft 31 Mar 2023 GBP
COST		
As at 1 April	618,050,915	618,050,915
As at 31 March	618,050,915	618,050,915
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
As at 1 April	423,793,344	386,047,223
Depreciation charge based on previous residual values	27,311,414	31,038,810
Adjustment due to change in USD residual values	(1,475,594)	1,262,521
Adjustment due to FX movements on residual values	1,138,065	(2,131,217)
Net depreciation charge for the year	26,973,885	30,170,114
Adjustment due to impairment	–	7,576,007
As at 31 March	450,767,229	423,793,344
CARRYING AMOUNT		
As at 31 March	167,283,686	194,257,571

The Group used future soft values excluding inflation which best approximates residual value as required per IAS 16 (refer to note 3). The combined effect of translating residual values at the Sterling /USD exchange rate prevailing at 31 March 2024 of 1.2623 (31 March 2023: 1.2337) and a 3.03 percent increase in average appraised residual values in USD terms, resulted in a £337,529 decrease in the annual depreciation charge for the current year as compared to the charge which would have been made if based on the 31 March 2023 residual value and foreign exchange rates.

All Assets are subject to operating leases. 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).

Note 15 ('Borrowings') describes the borrowings obtained by the Group to part-finance the acquisition of its Aircraft. The Borrowings have been settled during the financial year ended 31 March 2024 (see note 15).

Under IFRS 16 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and therefore are being recognised as an expense over the lease term. The costs have been allocated to each Aircraft based on the proportional cost of the Asset.

Refer to note 3 for details on the impairment review, sensitivities conducted and residual value assumptions and estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

11 FINANCE COSTS

	Year ended 31 Mar 2024 GBP	Year ended 31 Mar 2023 GBP
Amortisation of debt arrangements costs	79,598	1,301,023
Interest payable	196,319	2,488,567
	275,917	3,789,590

12 OPERATING LEASES

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

	31 Mar 2024		31 Mar 2023	
	Aircraft- A rental receipts GBP	Aircraft- B rental receipts GBP	Aircraft- A rental receipts GBP	Aircraft- B rental receipts GBP
Year 1	–	20,472,384	24,420,524	20,472,384
Year 2	–	10,245,576	–	20,472,384
Year 3	–	–	–	10,245,576
Year 4	–	–	–	–
Year 5	–	–	–	–
Year 6 onwards	–	–	–	–
	–	30,717,960	24,420,524	51,190,344

The operating leases are for four Airbus A380-861 aircraft. The terms of the leases are as follows:

MSN132 Limited – term of the lease is for 12 years ending August 2025. The initial lease is for 10 years ended August 2023, with an extension period of two years ending August 2025, in which rental payments reduce.

MSN133 Limited – term of the lease is for 12 years ending November 2025. The initial lease is for 10 years ended November 2023, with an extension period of two years ending November 2025, in which rental payments reduce.

MSN134 Limited – term of the lease is for 12 years ending November 2025. The initial lease is for 10 years ended November 2023, with an extension period of two years ending November 2025, in which rental payments reduce.

MSN136 Limited – term of the lease is for 12 years ending October 2025. The initial lease is for 10 years ended October 2023, with an extension period of two years ending October 2025, in which rental payments reduce.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

13 RECEIVABLES

	31 Mar 2024 GBP	31 Mar 2023 GBP
Prepayments	132,541	147,783
Sundry debtors	40	40
Accrued interest	18,288	–
	150,869	147,823

The above carrying value of receivables is its reasonable approximation of the fair value.

14 PAYABLES

	31 Mar 2024 GBP	31 Mar 2023 GBP
Accrued administration fees	8,478	8,729
Accrued audit fee	22,000	40,000
Accrued registrar fees (Note 23)	1,052	1,058
Other accrued expenses	25,743	39,107
	57,273	88,894

The above carrying value of payables is its reasonable approximation of the fair value.

15 BORROWINGS

	31 Mar 2024 GBP	31 Mar 2023 GBP
Equipment Notes	–	24,215,843
Associated costs	–	(79,598)
	–	24,136,245
Current portion	–	24,136,245
Non-current portion	–	–

Notwithstanding the fact that £24.2 million (31 March 2023: £47.6 million) debt was repaid during the year, as per the Consolidated Statement of Cash Flows, the value of the borrowings has decreased by £24.1 million (31 March 2023: £41.1 million) due to the 2.27 percent movement in the Sterling / USD exchange rate for the year from 1.2337 at 31 March 2023 to 1.2623 at 31 March 2024. See note 21.

The amounts below detail the future contractual undiscounted cash flows in respect of the Loans and equipment notes, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Consolidated Statement of Financial Position:

	31 Mar 2024 GBP	31 Mar 2023 GBP
Amount due for settlement within 12 months	–	24,410,388
Amount due for settlement after 12 months	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

15 BORROWINGS (continued)

In order to finance the acquisition of the Assets, the Subsidiary used the EETC Certificates. The Certificates had an aggregate face amount of approximately $630 million, made up of "Class A" certificates and "Class B" certificates. The Class A certificates in aggregate had a face amount of $462 million with an interest rate of 5.250 percent and were repaid on 30 May 2023. The Class B certificates in aggregate had a face amount of $168 million with an interest rate of 6.125 percent and were repaid on 30 November 2019. There was 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 of the consideration paid by the purchasers of the Certificates. The equipment notes were issued by the Subsidiary 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 Group of the Share issue proceeds. The holders of the equipment notes issued for each Aircraft have the benefit of a security interest in such Aircraft. The remaining balance was repaid by continuing to amortise borrowings that pay both principal and interest through periodic payments.

In the Directors' opinion, the carrying values of the equipment notes are approximate to their fair value.

16 REBATES

Upon entering into the leases it was agreed that the Lessee would pay to the Group such amount as estimated to be necessary to fund the payment by the Group of certain costs, fees and expenses associated with the transactions arising from the leases. Following payment of the costs, fees and expenses, it was agreed that such amount paid by the Lessee exceeded the amount actually necessary. It was agreed that the Group would return the excess to the Lessee over the remaining life of the leases in May and November of each year. Upon any termination of a lease prior to its end the Group shall pay the entire remaining unpaid excess relating to such Aircraft to such account as is directed by the Lessee, but without any interest accrued thereon. This was returned in full in May 2023.

17 SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of shares.

Issued	Administrative Shares	Shares
Issued shares as at 31 March 2024 and 31 March 2023	2	220,000,000

Issued	Administrative Shares GBP	Shares GBP	Total GBP
Shares			
Share Capital as at 31 March 2024 and 31 March 2023	–	208,953,833	208,953,833

Members holding Shares are entitled to receive and participate in any dividends out of income attributable to the 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.

Upon winding up, Shareholders are entitled to the surplus assets attributable to the share 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

17 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 Shares have received a return of their capital paid up but ahead of the return of all additional capital to the holders of Shares.

The holders of Administrative Shares 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 Lease where the Liquidation Resolution will be proposed) or if there are no Shares in existence.

18 CASH AND CASH EQUIVALENTS

	31 Mar 2024 GBP	**31 Mar 2023 GBP**
Cash at bank	8,581,445	13,692,410
Cash deposits	6,007,453	–
	14,588,898	13,692,410

Cash and cash equivalents are highly liquid, readily convertible and are subject to insignificant risk of changes in value.

19 FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

(a) Cash and cash equivalents that arise directly from the Group's operations;

(b) Short-term investments; and

(c) The debt secured on non-current assets.

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective is to obtain income and 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 2024 GBP	**31 Mar 2023 GBP**
Financial Assets		
Cash and cash equivalents	14,588,898	13,692,410
Short-term Investments	–	474,385
Receivables (excluding prepayments)	18,328	40
Financial Assets measured at amortised cost	14,607,226	14,166,835
Financial Liabilities		
Payables – due within one year	57,273	88,894
Rebates	–	189,818
Borrowings	–	24,136,245
Financial Liabilities measured at amortised cost	57,273	24,414,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 15, cash and cash equivalents disclosed in note 18, short-term investments and equity attributable to equity holders, comprising issued capital and retained earnings.

The Board reviews the capital structure on a bi-annual basis.

Equity includes all capital and reserves of the Group that are managed as capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

(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 reporting 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 the amortising debt. The foreign exchange exposure in relation to the equipment notes is thus almost entirely hedged.

Lease rentals (as detailed in notes 4 and 12) are received in USD and Sterling. Those lease rentals received in USD are used to pay the equipment note repayments due, also in USD (as detailed in note 15). Both USD lease rentals and equipment note repayments are fixed and are for similar sums and similar timings. The matching of lease rentals to settle equipment note repayments therefore minimise risks caused by foreign exchange fluctuations.

The amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31 Mar 2024 GBP	31 Mar 2023 GBP
Debt (USD) – Liabilities	–	24,215,843
Cash and cash equivalents (USD) – Asset	558,738	273,114
Short-term investments (USD) – Asset	–	474,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign Currency Risk (continued)

The following table details the Group's sensitivity to a 15 percent. (31 March 2023: 15 percent) appreciation of the USD against sterling. This represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The table below shows that profit and other equity fall where the USD strengthens 15 percent because the net dollar liabilities increase in pound terms. (31 March 2023: 15 percent). For a 15 percent (31 March 2023: 15 percent) weakening of the USD against the pound, there would be a comparable but opposite impact on the profit and other equity.

	31 Mar 2024 USD Impact GBP	31 Mar 2023 USD Impact GBP
Profit or loss	83,811	3,744,501
Net asset value	83,811	3,744,501

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

(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.

Refer to the going concern section page 57 where an assessment of Emirates is made.

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 2024 GBP	31 Mar 2023 GBP
Receivables (excluding prepayments)	18,328	40
Cash and cash equivalents	14,588,898	13,692,410
Short-term investments	–	474,385
	14,607,226	14,166,835

Surplus cash in the Group is held in accounts with RBSI and Wilmington Trust. The banks have credit rating given by Moody's of P-1 and Baa1 (2023: P-1 and A3) respectively. The banks are shown as having a stable rating.

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 inception of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 and payments on equipment notes. The equipment notes were repaid in full in May 2023.

Ultimate responsibility for liquidity risk management rests with the Board, 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.

The table below details the residual contractual maturities of financial liabilities. 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 Consolidated Statement of Financial Position:

31 Mar 2024	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	Over 5 years GBP	Total GBP
Financial Liabilities						
Payables	57,273	–	–	–	–	57,273
Equipment Notes	–	–	–	–	–	–
Rebates	–	–	–	–	–	–
	57,273	–	–	–	–	57,273

31 Mar 2023	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	Over 5 years GBP	Total GBP
Financial Liabilities						
Payables	88,894	–	–	–	–	88,894
Equipment Notes	24,410,388	–	–	–	–	24,410,388
Rebates	189,818	–	–	–	–	189,818
	24,689,100	–	–	–	–	24,689,100

(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 the equipment notes debt and the lease rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the year ended 31 March 2024

20 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 2024	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables (excluding prepayments)	–	–	18,328	18,328
Cash and cash equivalents	14,588,898	–	–	14,588,898
Total Financial Assets	14,588,898	–	18,328	14,607,226
Financial Liabilities				
Payables	–	–	57,273	57,273
Equipment Notes	–	–	–	–
Rebates	–	–	–	–
Total Financial Liabilities	–	–	57,273	57,273
Total interest sensitivity gap	14,588,898	–		

31 Mar 2023	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables (excluding prepayments)	–	–	40	40
Cash and cash equivalents	13,692,410	–	–	13,692,410
Short-term investments	474,385	–	–	474,385
Total Financial Assets	14,166,795	–	40	14,166,835
Financial Liabilities				
Payables	–	–	88,894	88,894
Equipment Notes	–	24,215,843	–	24,215,843
Rebates	–	–	189,818	189,818
Total Financial Liabilities	–	24,215,843	278,712	24,494,555
Total interest sensitivity gap	14,166,795	24,215,843		

If interest rates had been 250 basis points (31 March 2023: 250 basis points) higher throughout the year and all other variables were held constant, the Group's net assets attributable to Shareholders as at 31 March 2024 would have been £364,722 (31 March 2023: £354,170) greater due to an increase in the amount of interest receivable on the bank balances.

If interest rates had been 250 basis points (31 March 2023: 250 basis points) lower throughout the year and all other variables were held constant, the Group's net assets attributable to Shareholders as at 31 March 2023 would have been £364,722 (31 March 2023: £354,170) lower 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 2024

21 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows which requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. This table below excludes non-cash flows arising from the amortisation of associated costs (see note 15).

	31 Mar 2024 GBP	31 Mar 2023 GBP
Opening Balance	24,215,843	66,644,902
Cash flows paid – capital	(24,209,370)	(47,563,386)
Cash flows paid – interest	(200,516)	(2,398,145)
Non-cash flows		
- Interest accrued	196,321	2,488,567
- Rebates movement	189,818	344,910
- Effects of foreign exchange – Rebates	(1,587)	25,380
- Effects of foreign exchange – Loans	(190,509)	4,673,615
Closing Balance	–	24,215,843

22 ULTIMATE CONTROLLING PARTY

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

23 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Related parties

The Board are considered to be key management personnel. For details regarding the Directors' remuneration please refer to note 6. Shares held by them are disclosed on page 24 in the Directors' Report.

Significant contracts with related parties who provide key management personnel to the reporting entity

Both the Asset Manager and Corporate Shareholder Adviser are considered as providing key management personnel as they indirectly contribute to the planning, directing, and controlling the activities of the Group.

Amedeo is the Group's Asset Manager.

During the year, the Group incurred £772,580 (31 March 2023: £791,442) of expenses with Amedeo of which £695,565 (31 March 2023: £678,601) related to asset management fees as shown in note 5 and £77,015 (31 March 2023: £93,230) was liaison agent. As at 31 March 2024, £59,313 (31 March 2023: £57,604) was prepaid to this related party.

Nimrod is the Group's Corporate and Shareholder Advisor.

During the year, the Group incurred £515,232 (31 March 2023: £502,666) of expenses with Nimrod. As at 31 March 2024, £nil (31 March 2023: £nil) was owing to this related party.

24 SUBSEQUENT EVENTS

On 11 April 2024, a further dividend of 2.0625 pence per Share was declared and this was paid on 30 April 2024.

On 11 July 2024, a further dividend of 2.0625 pence per Share was declared and this was paid on 31 July 2024.

No other subsequent events to disclose.

KEY ADVISERS AND CONTACT INFORMATION

For the year ended 31 March 2024

KEY INFORMATION

Exchange:	Specialist Fund Segment of the LSE's Main Market
Ticker:	DNA3
Listing Date:	2 July 2013
Financial Year End:	31 March
Base Currency:	Pound Sterling
ISIN:	GG00B92LHN58
SEDOL:	B92LHN5
LEI:	213800BMYMCBKT5W8M49
Country of Incorporation:	Guernsey
Registration number:	54908

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