AA4P QUARTERLY REPORT

Amedeo Air Four Plus Limited

LSE: AA4

Report for the quarter ending 31 March 2017

THE COMPANY

Amedeo Air Four Plus Limited ("the Company") is a Guernsey domiciled company, which commenced business in May 2015 and has its shares listed on the Specialist Fund Segment ("SFS") of the London Stock Exchange. The Company has concluded multiple share issuances with a total of 467,250,000 shares in issue as of 31 March 2017 (the "equity").

The market capitalisation of the Company was GBP 487,108,125 as of 31 March 2017.

COMPANY INVESTMENT STRATEGY

The Company's investment objective is to obtain income and capital returns for its Shareholders by acquiring, leasing and selling aircraft. The Company seeks to use the net proceeds of placings and/or other equity capital raisings, together with debt facilities (or instruments), to acquire widebody or other aircraft which will be leased to one or more major airlines (each aircraft an "Asset").

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

The Company's Articles provide that the Company may only acquire further aircraft with the approval of Shareholders by ordinary resolution in relation to each proposed acquisition. Where such approval for a new acquisition is obtained, it is the current intention of the Directors to offer Shareholders the opportunity to participate in any equity financing on a broadly pre-emptive basis, although other approaches to the equity financing may also be considered and pursued if the Directors consider it appropriate to do so in order to diversify the funding sources of the Company.

In November 2016, the Company announced that, subject to Shareholder approval, it wished to add two additional A380 aircraft to its portfolio with expected deliveries in March and May 2017 to be leased to Etihad Airways on 12 year leases. Following Shareholder approval in December 2016, a supplementary prospectus was issued on 5 January to raise £130 million by the issue of 125 million new shares at 104p each. This placing closed on 12 January 2017. There are a total of 467,250,000 shares in issue. The first of these additional A380 Assets, was successfully delivered to Etihad in March 2017 and the second aircraft is due to deliver in May 2017.

In accordance with the investment policy, it has been the intention that the Company should be grown into a larger vehicle, owning a range of widebody aircraft. The aim of this strategy is to diversify the risk profile of the Company's portfolio of assets as well as to maintain its target investor returns. To further this objective, the Company is now evaluating various proposals including the acquisition of four Airbus A350-900 aircraft for lease to Thai Airways. Contingent on Shareholder approval being obtained for these proposed new acquisitions, the Board intends to publish a prospectus to propose a new placing programme to raise approximately £185 million. The first tranche of New Shares is expected to raise approximately £135 million and is expected to be admitted to trading in June 2017 followed by a second tranche towards the end of 2017.

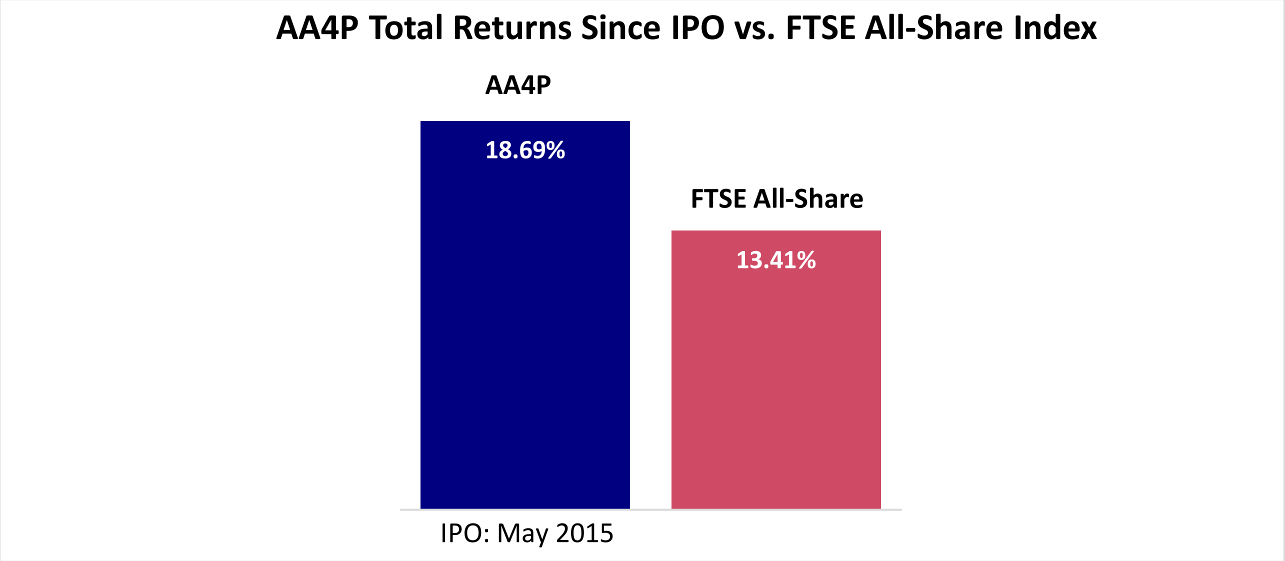
The Board, in discussions with its advisors, Nimrod and Amedeo, is considering further acquisitions to be concluded over the next 12 months.

CURRENT INVESTMENTS

Since the completion of its initial public offering on 13 May 2015, the Company has acquired seven Airbus A380 and two Boeing 777-300ER aircraft. Eight of these aircraft are leased to Emirates and one aircraft is leased to Etihad. All aircraft are leased for a period of 12 years from each respective delivery date. In order to complete the purchase of the aircraft, subsidiaries of the Company entered into debt financing agreements and used the equity proceeds to finance the acquisition of the nine aircraft.

FACTS (31 March 2017)

Listing	LSE	Dividend Payment Dates	April, July, October, January
Ticker	AA4	Launch Date / Price	13 May 2015 / 100p
Initial Share Price	100p	Incorporation	Guernsey
Share Price	104.25p (Closing)	Asset Manager	Amedeo Limited
Current Targeted Distribution	8.25p p.a. per share	Corp & Shareholder Advisor	Nimrod Capital LLP
Market Capitalisation	GBP 487,108,125	Administrator	JTC Fund Solutions (Guernsey) Limited
Initial Debt	USD 1,733,257,240	Auditor	Deloitte LLP
Outstanding Debt Balance	USD 1,632,274,835	SEDOL, ISIN	BWC53H4, GG00BWC53H48
Current Anticipated Dividend	2.0625p per quarter (8.25p p.a.)	Year End	31-Mar
Current Dividend Yield (based on the Current Share Price)	7.91%	Stocks & Shares ISA	Eligible
Currency	GBP	Website	www.aa4plus.com



*The FTSE All-Share Index is not intended to be used as the benchmark for the Company. It is shown for illustrative purposes to indicate the performance of the Company for an equity investor whose portfolio may be benchmarked against the FTSE All-Share Index.

Source: Bloomberg as of 31 March 2017

AMEDEO'S ASSET MANAGEMENT REPORT TO AA4P

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

THE ASSETS

Total Utilisation

Aircraft Type	MSN-Registration	Acquisition Date	Flight Hours	Flight Cycles	Average Flight Duration
A380-800	MSN 157 - A6-EEY	19-May-15	11,280	1,820	6 h 12 min
A380-800	MSN 164 - A6-EOB	19-May-15	10,277	1,667	6 h 10 min
A380-800	MSN 187 - A6-EOM	3-Aug-15	8,565	786	10 h 54 min
A380-800	MSN 201 - A6-EOQ	27-Nov-15	5,436	874	6 h 13 min
A380-800	MSN 206 - A6-EOV	19-Feb-16	4,862	784	6 h 12 min
A380-800	MSN 208 - A6-EOX	13-Apr-16	3,906	603	6 h 29 min
777-300ER	MSN 42334 - A6-EPO	28-Jul-16	2,746	675	4 h 4 min
777-300ER	MSN 42336 - A6-EPQ	19-Aug-16	2,427	550	4 h 25 min
A380-800	MSN 233 - A6-API	24-Mar-17	-	-	-

The utilisation figures above represent the totals for each aircraft from first flight to 28 February 2017

As MSN 233 was delivered to Etihad Airways on 24 March 2017, utilisation for this aircraft will not be reported until Q2 2017. All aircraft are performing in line with expectations. During the lifetime of the lease, the respective airline bears all costs of the aircraft including maintenance, repair and insurance. The aircraft are in very good condition and are maintained to a high standard.

For the current location of the aircraft please visit www.amedeo.aero/portfolio/

Q1 2017

- Annual growth in industry-wide passenger traffic accelerated to 9.6% year-on-year in January and has accelerated to a 5-year high at the start of 2017. In seasonally adjusted terms, capacity also increased by 8.0% year-on-year in January to approximately 760 Billion ASKs (Available Seat Kilometres) per month. Seasonally adjusted load factors in February 2017 remain firmly close to record highs above 81.0%.

- Brent crude oil prices have been relatively stable since December, with prices in February between $55-57/bbl. The expectation is that oil prices will rise gradually over the next number of years.

- Passenger yields continue to decrease since 2014. Industry wide profits also declined from record levels for a second consecutive quarter. The decline in 2016 yields is attributed to increased oil and jet-fuel prices and increased labour costs.

- The IATA forecast for the year highlights the growth in industry-wide passenger traffic and a seasonally-adjusted upwards-trend at the end of 2016 stimulated by lower airfares and stronger economic conditions.

- Asia-Pacific airlines showed an impressive growth rate of 10.9% in January 2017 improving upon growth in December 2016 of 8.8%. The upward trend in seasonally-adjusted growth is helped by strong international performance, with the Asia-Europe route showing recent improvements of 9.3% annual growth, in December 2016.

- A recent electronics ban by the US government is to affect 18,000 daily passengers. This was followed by a ban by UK authorities affecting airports in Egypt, Jordan, Lebanon, Saudi Arabia, Tunisia and Riyadh. The UK ban was brought into effect from

21 March 2017. These new security restrictions prohibit the carriage of electronic items larger than a mobile phone within the aircraft cabin. IATA director general and chief executive, Alexandre De Juniac, has condemned the ban saying that “The current measures are not an acceptable long-term solution to whatever threat they are trying to mitigate.” In response to these event Gulf carriers are generating innovative solutions. For example, Qatar Airways has begun to offer complimentary laptops to its business class passengers. Emirates has also introduced a laptop and tablet handling service for its US-bound flights.

Source: International Air Transport Association, 2016. Air Passenger Market Analysis (January 2017) International Air Transport Association, 2016. Airlines Financial Monitor (February 2017). Flightglobal.

Low-Cost Long-Haul Carriers

Speaking at a media briefing at the ITB Travel Fair in Berlin, Tim Clark, Emirates CEO, described the low-cost long-haul services initiated by the likes of Norwegian and Scoot as a ‘gathering storm’ in the travel industry. Clark also suggested that this poses a significant challenge to legacy airlines, more so than the rise of the Gulf carriers. Recognising the recent efforts of Air France-KLM, IAG and Lufthansa to set up their own low-cost subsidiaries, Clark does not see this as a threat. He adds that competition is also increasing in the current business environment where there is ‘plenty of room for all, when the global economy is strong and robust’. Clark makes his case that Emirates is already amongst the long-haul operators with the lowest costs and can thus withstand the challenge from new rivals. As a means to maintaining the lowest cost base per-seat, LCCs seek to gain market share by providing a cheap no-frills service, however, securing traffic rights may prove to be problematic. AirAsia X encountered obstacles recently as they seek to extend their network using additional fifth-freedom flights from destinations in Malaysia and Thailand. This allows the airline to extend their network potentially using foreign airports as hubs and enables the airline to fly between two foreign countries on flights originating or ending in the base country. However, H.E. Mr. Al Baker, CEO of Qatar Airways sees a different side to this challenge and believes that the onset of LCC carriers is simply the result of a low-fuel price environment and ‘will not succeed’. It can be said that all airlines are benefitting from historic low-fuel prices and this climate is allowing them to explore new business strategies. It is the skill of managing airline growth against a substantive risk approach that enables successful airlines to adapt to fundamental background changes, such as oil price volatility, when necessary.

Low-cost long-haul travel has an appeal to a particular type of passenger. The aviation travel market, however, has experienced a paradigm shift towards an ancillary revenue model of de-bundling services and charging for each item separately, enhancing the profitability of the airline. Baseline seat offerings vary between airlines and serve as a means of distinguishing an airline from its competitors with some carriers offering free USB charging ports or Wi-Fi as standard. Today’s passengers are well connected and better informed, willing to pay more for services once those services improve their travel experience. Where available, additional options such as Wi-Fi, seat upgrades and airport fast track allow passengers to personalise their travel experience to suit their needs and situation. Offering cheap trans-continental fares may be a bold marketing strategy but the added extras for basic services such as baggage leave more doubts than sureties in the mind of the passenger.

Manufacturer forecasts show that air traffic is set to double over the next 20 years. Which airlines are best positioned to adapt to this growth? Indeed its parent, IAG, has recently launched a new low-cost long-haul airline called ‘Level’. The airline, based in Barcelona, will provide services to Punta Cana, Buenos Aires and Los Angeles in an economy and premium economy configuration. Recognising an opportunity, other European legacy carriers such as Lufthansa and Air France-KLM are adapting their own business models with the creation of sub-divisions Eurowings and the soon to be launched Boost. In the longer term, however, as airports become increasingly slot-constrained, the ability to adapt to changing business environments whilst innovating the passenger experience will prevail. The emergence of new middle classes across the world contributes towards growth within the airline industry. Today’s oil-price climate may also have opened new opportunities for LCCs that further usher the emerging middle-class towards an era of enhanced global connectivity.

To the forefront of innovation and adaptability is new aircraft technology, enabling airlines to tailor the passenger experience in ground-breaking ways. The addition of new aircraft technologies, such as those seen on the A350, enable airlines to transport passengers further and more efficiently across the world. There are currently 65 A350 aircraft in-service and the manufacturer has booked over 820 firm orders to date, ensuring strong liquidity retention qualities for many years ahead.

Source: Flightglobal. Airbus.

The Lessee: Emirates Group

On 9 November 2016, the Emirates Group announced its half-yearly financial results for 2016-17. Revenue for the Group increased marginally, but profit was hit by the double impact of a strong US dollar and challenging operating environment for the airline and travel business.

"Our performance for the first half of the 2016-17 financial year continues to be impacted by the strong US dollar against other major currencies. Increased competition, as well as the sustained economic and political uncertainty in many parts of the world has added downward pressure on prices as well as dampened travel demand," said His Highness (HH) Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group.

Key Facts

- Emirates CEO, Tim Clark, recently conceded that the full-year results for 2016/17 would be below those of 2014/15. The announcement was made at the ITB Travel Fair in Berlin.
- Emirates will operate Airbus A380s to a second destination in France, with services to Nice replacing the 777-300ER currently servicing the route. The aircraft will be deployed from 1 July 2017. This supplements the airlines recent launch of A380 services to Sao Paulo, Casablanca and the re-introduction of the A380 on flights to Tokyo-Narita. The Sao Paulo flight marks the first scheduled route to a destination in Latin America. The Emirates A380 network now services 49 destinations on six continents.
- Emirates is upgrading its business bar-lounge on A380s as part of a cabin-enhancement programme. This is based on customer feedback seeking greater space for passengers to interact.
- In 2016, Emirates' global network spanned 155 destinations in 82 countries. The airline has expanded its global route network by launching services to seven new destinations – Yinchuan, Zhengzhou, Yangon, Hanoi, Fort Lauderdale, Cebu and Clark.
- Emirates is expected to release its financial report in May 2017 and will be reported in the Quarterly Report for Q2 2017.

Source: Flightglobal. Emirates.

The Lessee: Etihad Airways

Etihad Airways was established by Royal (Amiri) Decree in July 2003 and commenced operations in November 2003 and has developed into one of the fastest growing airlines in the world.

Etihad Aviation Group president and Chief Executive James Hogan, will step down from the company in the second half of 2017 as the airline continues a major strategic review. H.E. Mohamad Mubarak Dadhel Fadhel Al Mazrouei, Chairman of the board of Etihad Aviation Group, recognised Hogan's ten years of service with the airline, overseeing the growth from a regional carrier with 22 aircraft into a globally recognised airline with over 120 aircraft.

Key facts

- As of February 2017, the airline had 122 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6 years. The airline has 3 freighter and 6 passenger aircraft types and also has A350 aircraft on order.
- The airline boasts an extensive global network with 112 destinations currently within its network. In 2016, the airline transported 18.5m passengers across its network, a 5.1% increase on its 2015 traffic and operated at a 79% load factor.
- Etihad will deploy an A380 aircraft on its service from Abu-Dhabi to Paris Charles De Gaulle from 1 July 2017. The service will help meet growing demand and allow the airline to operate an all-A380 route between Paris and destinations such as Melbourne and Sydney

Source: Flightglobal. Etihad.

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