AA4P QUARTERLY REPORT

Amedeo Air Four Plus Limited
LSE: AA4

Report to Shareholders for the quarter ending 31st December 2017

THE COMPANY

Amedeo Air Four Plus Limited ("the Company"), a Guernsey domiciled company, commenced business in May 2015 and has its shares listed on the Specialist Fund Segment of the London Stock Exchange' Main Market. Initially 202 million Ordinary Shares were issued at a price of 100p per share and subsequently the Company has concluded additional placings of shares at issue prices of 100p, 101p, 102p and 104p resulting in a total of 642,250,000 shares in issue as at 31st December 2017 (the "equity").

With the share price trading at 105.25p the market capitalisation of the Company was GBP 675,968,125 as at the end of the quarter.

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 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, 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 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.

The Board's intention is that, subject to finding suitable deals and obtaining subsequent Shareholder approval, the Company be grown into a larger vehicle owning a range of aircraft leased to more major airlines. The aim of such a strategy is to diversify the risk profile of the Company's portfolio of Assets and lease credits whilst maintaining its target investor returns of a quarterly dividend of 2.0625p per share and a double digit total return.

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

CURRENT INVESTMENTS

In November 2017 the Company issued a further 40,350,000 shares at an issue price of 104p to raise proceeds for the acquisition in Q1 2018 of the fourth A350-900 aircraft to be leased to Thai Airways for a 12 year period.

Since launch in May 2015 the Company has acquired eight Airbus A380, two Boeing 777-300ER and three A350-900 aircraft. Eight of these aircraft are leased to Emirates, two aircraft are leased to Etihad and three aircraft are leased to Thai Airways. Following the delivery of the fourth A350-900, the portfolio will comprise fourteen aircraft.

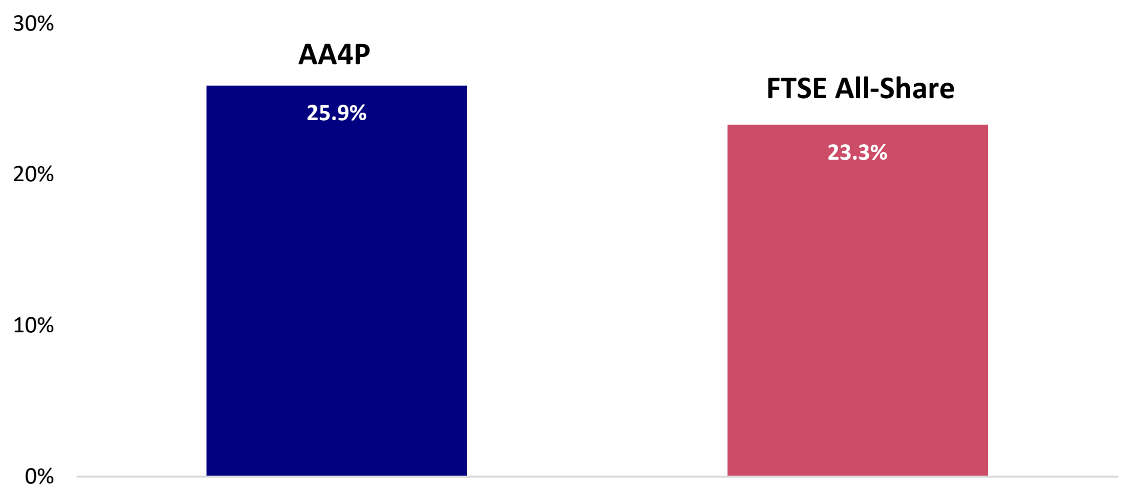
All aircraft are leased for a period of 12 years from each respective delivery date. To complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which together with the equity proceeds were used to finance the acquisition of the fourteen aircraft.

For the thirteen aircraft currently in the portfolio, the appraisers expect a residual value of USD 1,522 million.[1]

LISTING (29 December 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	105.25p (Closing)	Asset Manager	Amedeo Limited
Current Targeted Distribution	8.25 pence per share p.a.	Corp & Shareholder Advisor	Nimrod Capital LLP
Market Capitalisation	GBP 675,968,125	Administrator	JTC Fund Solutions (Guernsey) Limited
Initial Debt	USD 2,315,757,240	Auditor	Deloitte LLP
Outstanding Debt Balance	USD 2,125,059,567	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)	7.84%	Stocks & Shares ISA	Eligible
Currency	GBP	Website	www.aa4plus.com

AA4P Total Returns Since IPO vs. FTSE All-Share Index

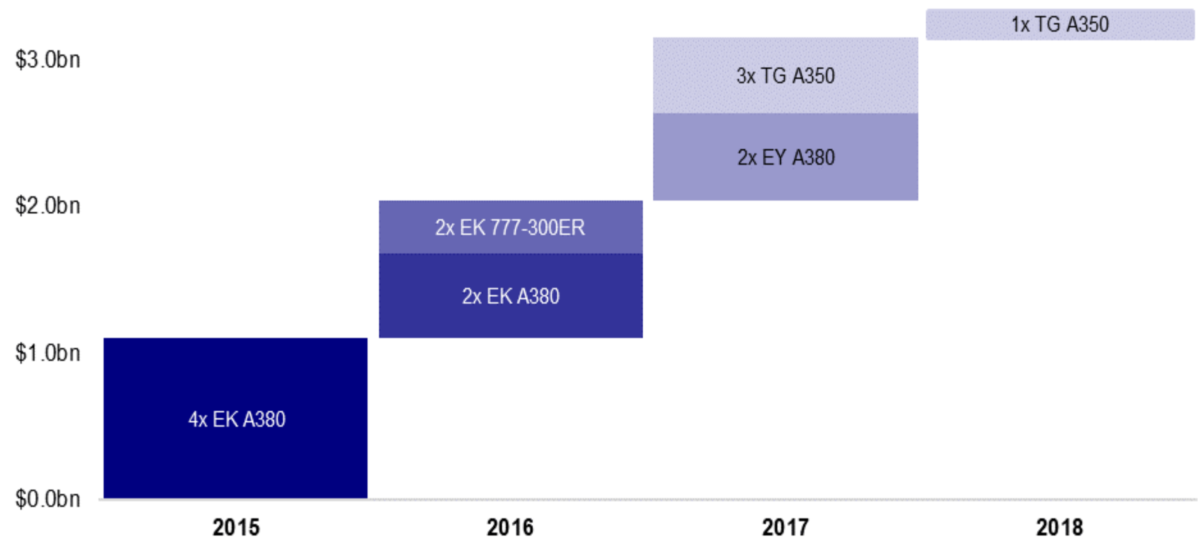


*The FTSE All-Share Index is not intended to be used as the benchmark for the Company. It is shown for illustrative purposes to indicate the performance of the Company for an equity investor whose portfolio may be benchmarked against the FTSE All-Share Index.
Source: Bloomberg as of 29 December 2017

Past performance cannot be relied on as a guide to future performance. The value of an investment may go down as well as up and some or all of the total amount invested may be lost.

[1] Residual values for the first 9 aircraft are as of March 2017. For the last 4 aircraft, values shown are as of delivery date.

AA4 Portfolio Growth



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	14,234	2,300	6 h 10 min
A380-800	MSN 164	A6-EOB	19-May-15	13,187	2,122	6 h 13 min
A380-800	MSN 187	A6-EOM	03-Aug-15	11,961	1,097	10 h 54 min
A380-800	MSN 201	A6-EOQ	27-Nov-15	8,241	1,302	6 h 20 min
A380-800	MSN 206	A6-EOV	19-Feb-16	7,968	1,267	6 h 17 min
A380-800	MSN 208	A6-EOX	13-Apr-16	6,946	1078	6 h 27 min
777-300ER	MSN 42334	A6-EPO	28-Jul-16	5,666	1,429	3 h 58 min
777-300ER	MSN 42336	A6-EPQ	19-Aug-16	5,499	1,232	4 h 28 min
A380-800	MSN 233	A6-API	24-Mar-17	3,361	353	9 h 31 min
A380-800	MSN 237	A6-APJ	24-May-17	2,483	252	9 h 51 min
A350-900 XWB	MSN 123	HS-THF	13-Jul-17	1,351	243	5 h 34 min
A350-900 XWB	MSN 130	HS-THG	31-Aug-17	721	112	6 h 26 min
A350-900 XWB	MSN 142	HS-THH	22-Sep-17	476	65	7 h 19 min

The utilisation figures above represent the totals for each aircraft from first flight to 31 December 2017

All aircraft are operating as expected. 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.

The airline performs any aircraft maintenance in line with that of the agreed manufacturers program and inspections are planned for all aircraft on an annual basis or bi-annual basis. These inspections allow the asset manager to assess the airline's ongoing maintenance operations for each aircraft.

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

IATA ECONOMIC ANALYSIS

- Annual growth in industry-wide passenger traffic has increased by 7.7% year-to-date. In seasonally adjusted terms, capacity also increased by 6.4% year-to-date. The net effect of which has resulted in a positive impact on global load factors in all regions except the Middle East and North America, where capacity growth was near in line with the growth in passenger traffic.
- Following the travel disruption caused by the impact of Hurricanes Irma and Maria, seasonally adjusted passenger traffic was quick to rebound by 1.1% (Revenue Passenger Kilometres) for October compared with the previous month – the strongest increase in the past ten months.
- Supported by the solid economic backdrop and increase in the number of flight connections in the region, passenger traffic in the Asia Pacific region continues to lead in terms of RPK (Revenue Passenger Kilometres) growth which is resulting in an 8-9% rate of seasonally adjusted passenger volume growth - well above the compounded global average rate of 3.7% forecast by IATA in 2016.
- The average price of jet fuel for 2017 has been $66.7 per barrel. The price of jet fuel has increased 29.8% year-on-year.
- IATA reports that airlines' have connected a record number of cities with unique city pairs, totalling over 20,000 for the first time. An additional 1,350 city pairs were created year-to-date, resulting in a total of 20,041 connections worldwide.

Source: International Air Transport Association, 2017. Passenger Analysis (October 2017). © All Rights Reserved. Flightglobal. International Air Transport Association, 2017 IATA Press Release No.59 © All Rights Reserved. S&P Global Platts 2017. International Air Transport Association, 2017. IATA Economics' Chart of the Week

LONG-HAUL, LOW-COST TRAVEL

Three decades ago the US commercial airline industry became significantly deregulated, allowing airlines to have more control over the routes they flew and the fares they charged. However, this development gave rise to the disruptive entrance of the low-cost carrier (LCC) model which has become so prevalent today – Easy Jet, Southwest and Ryanair are key examples. The freedom of LCCs to choose from a greater combination of point to point (direct) markets and lower costs from quick turnaround times allows aircraft to fly as many as eight sectors per day.

Historically, legacy carriers that were unable to serve markets away from their central hubs, struggled to change their cost structures, and therefore could not readily compete with LCC fares. As a result, these legacy carriers had to reconsider their target markets and channel much focus into the long- haul and corporate travel sectors; the likes of which LCCs were not equipped to serve. Over time, legacy carriers have grown to understand the value proposition LCCs provide. Through the unbundling of passenger services and the more efficient capturing of market demand, legacy carriers have in some cases learnt to adapt their business models and create hybrid LCC business models such as JetBlue in America and Eurowings in Europe, that aim to provide consumers with low air fares combined with the option for passengers to avail of onboard amenities at a supplementary cost. In some respects, these models allow the passenger to purchase all the services they would otherwise receive with a legacy carrier, and still be able to connect to a wider global network with codeshare agreements such as the likes that JetBlue has with Emirates.

Today, the industry is seeing the development of the next frontier in LCCs, the long-haul low-cost carrier (LHLC). Although slow to develop, the LHLC market has gained traction in recent years, with the fall in oil prices and ability to operate pre-owned or older technology aircraft with low ownership costs or more expensive but highly efficient long-haul twin-engine aircraft. With airfares targeted around $300 for up to an 8-hour flight and $500 for a 12 hour flight, the demand for LHLC is showing strong growth and is only forecast to increase as it continues to make long-haul travel accessible to a wider audience.

In the South East Asian region alone, AirAsia X, Scoot, Cebu Pacific, Thai AirAsia X, NokScoot and Lion Air, are all able to capitalise on the feeder traffic they can generate from their short-haul operations and feed into their LHLC networks through their sister carriers. Whilst Asia, in particular, needs to further develop its infrastructure and deregulate commercial air travel, their developing economies and the ASEAN committee are helping to further expand LHLC operations in the region.

CAPA: Centre for Aviation forecast that the capacity generated by LHLCs will double over the next two years. During this period, with the benefit of low oil prices, these airlines' can grow their traffic by generating growth and demand in markets that will become reliant on aviation even if oil prices continue to rise.

As some of the LHLCs transition to newer technology aircraft, they will gain the ability to improve efficiency whilst maintaining low operating costs. Additionally, these operators will be able to expand into markets that are currently too thin for wider body aircraft, or inaccessible by older technology aircraft in operation today. Through growing or replenishing their fleet with aircraft that avail of the latest advancements in engine and wing design, the LHLC model will build a solid foundation upon which it can continue to compete with the legacy carriers' long-haul business model.

Source: CAPA: Centre for Aviation

EVOLUTION OF AIR PASSENGER TRANSPORT

Over the last thirty years, air transport has evolved from being an expensive luxury into an accessible method of global transportation for the masses. Over time, the services that airlines' have offered have become more and more commoditised. Passengers expect a certain standard and for the airlines' standardisation allows for certain cost efficiencies through economies of scale.

Today, passenger traffic continues to grow and in a bid to stand apart from competitors, airlines have focused on balancing the fares they offer with branding in terms of the standard and ranges of services they provide.

From the outset, passenger's experiences are near identical as they encounter the same facilities within the terminal building regardless of their destination or the airline they travel with. Once onboard, the standardisation of seating offers airlines a similar utility to passengers and catering is in most cases heavily outsourced to third party companies. The expectation from cabin crew for a certain standard of service is becoming more and more important as their role is responsible for a highly significant part of the customer experience; however, the service they offer is relatively uniform across many airlines.

Additionally, the rise in technology gives consumers the ability to aggregate, filter and analyse all the available travel options, amplifying the increase in standardisation as airlines are ever challenged to distinguish themselves from competitors. Emirates score very highly with its business and first-class passengers as it provides in some airports direct lounge to gate boarding, further enhancing the experience.

In line with these market trends, the establishment of an operator to service the capacity requirements of multiple airlines in markets today would be of value. Such an operator would be able to cater to routes that suffer from passenger spillage in high demand markets. Airlines would no longer have to suffer the loss of passenger revenue as a result of not being able to match capacity to market demand (spillage).

Such an operator would not be designed to service passengers by adding competition to the market, but instead service the airlines needs through meeting capacity demand where necessary and facilitating the availability of the same amenities and services passengers would find onboard a partner airlines fleet.

A partnership with an international alliance may be what is required to catalyse its development, as doing so would enable a lift operator to service multiple airlines passengers by availing of codeshare agreements that are common throughout the industry today.

Such a business model would be remarkably different from anything seen in the aviation industry. With IATA (International Air Transport Association) forecasting passenger traffic to nearly double today's figure by 2036 and 175 of the worlds airports suffering increased capacity constraints, the launch of a service provider that could alleviate slot constraints whilst aiding airlines in preventing revenue loss is a very necessary solution.

Source: FlightGlobal, IATA

DUBAI AIRSHOW 2017

The 2017 Dubai Airshow generated a lot of attention from the media with the record breaking orders placed with Boeing and Airbus. An Emirates order for additional A380s was expected, but did not materialise.

For investors in existing A380 aircraft, our view is that this is a potentially favourable scenario whichever way it turns out. If the deal is concluded in 2018, the aircraft will stay in production for longer and, as traffic continues to grow and infrastructure fails to keep up, more orders should be forthcoming. However, if an Emirates order is not announced in the near term and if Airbus shuts down the program, existing operators (particularly those like Emirates, whose business model is highly dependent on the aircraft type), are likely to keep operating the aircraft for its full useful life. As the A380 cannot be replaced by any other aircraft type offering the same combination of space and economics needed, for an operator like Emirates (with 7 daily frequencies to London Heathrow all of which are A380s), any reduction in the scale of operations to accommodate a smaller aircraft type would require a wholesale strategic transformation that is unlikely to be undertaken in the short to medium term. Additionally, branding implications, especially for Emirates, and its product offering that supports this brand, depend significantly on the A380. Typically, an aircraft going out of production is replaced with a newer better version and its residual values decline. However, this should not be the case for the A380 as nothing replaces it in a potential out-of-production scenario. While potentially then a niche aircraft, the growing market and its product capability should create possibilities for the A380.

EMIRATES GROUP: KEY FACTS FROM THE 2017-2018 HALF YEAR REPORT

- Emirates carried 29.2 million passengers between 1 April and 30 September 2017, up 4% from the same period last year.
- Overall capacity during the first six months of the year increased by a modest 2% to 30.8 billion Available Tonne Kilometres (ATKM). Capacity measured in Available Seat Kilometres (ASKM), grew by 3%, whilst passenger traffic carried measured in Revenue Passenger Kilometres (RPKM) was up 5% with average Passenger Seat Factor rising to 77.2%, compared with last year's 75.3%.
- In the first half of the 2017-18 financial year, Emirates net profit was AED 1.7 billion (US$ 452 million), up 111%, compared with last year. Emirates revenue, including other operating income, of AED 44.5 billion (US$ 12.1 billion) was up 6% compared with the AED 41.9 billion (US$ 11.4 billion) recorded during the same period last year. This result was driven by improved seat load factors, tight control on capacity deployment, and the strengthening of currencies in Emirates' key markets against the US dollar.
- Emirates operating costs grew by 4% against the overall capacity increase of 2%. On average, fuel costs were 14% higher compared to the same period last year, this was largely due to an increase in oil prices (up 11% compared to same period last year), as well as an increase in fuel uplift of 3% due to Emirates' expanding fleet operations. Fuel remained the largest component of the airline's cost, accounting for 26% of operating costs compared with 24% in the first six months of last year.

- Emirates continues to invest in the most advanced wide-body aircraft to improve overall efficiency and provide better customer experience. During the year, Emirates received 20 wide-body aircraft – 9 Airbus A380s, and 11 Boeing 777s. Emirates also retired 5 older aircraft from its fleet with a further 4 to be returned by 31 March 2018.
- In July, the airline announced a partnership with Flydubai, leveraging both airlines' complementary networks to open new city-pair routings for customers, and optimise operations at Dubai International airport. Emirates also announced it will extend its successful partnership with Qantas for a further five years in tandem with joint network adjustments that will offer travellers more connectivity and flight choices to and from Australia and New Zealand.

Source: Emirates Group Half Year Performance for 2017-2018 Press Release.

ETIHAD AIRWAYS: KEY FACTS

- As of December 2017, the airline had 122 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6.5 years. The airline has 3 freighter and 5 passenger aircraft types as well as A350, 787, 777 and A320 neo aircraft on order.
- The Airline boasts an extensive international network of 84 destinations across 51 countries
- Etihad has announced Tony Douglas is to be appointed the CEO of Etihad Aviation Group in 2018. Mr. Douglas' experience comes from previous positions held in the UKs defence as well as commercial aerospace divisions, in addition to previous senior positions in the UAE such as the CEO of Abu Dhabi Airports Company.

Source: Flightglobal. Etihad Airways.

THAI AIRWAYS INTERNATIONAL: KEY FACTS

- Thai Airways' operating profits grew by 188% Q-on-Q to THB 739m during the third quarter of 2017 on the back of a 7% increase in passenger revenue.
- Passenger Growth: The Group continues its focus in the international segment by increasing capacity in the long-haul markets. A year-on-year rise in capacity by 7.5% (ASK) as well as overall passenger growth of 14.9% over the same period indicates signs of sustainable development in the airlines' network as load factors have increased substantially by 6.4% to 79.8% Q-o-Q.
- During the quarter Thai Airways took delivery of four A350-900s as well as one Boeing 787-9 aircraft, with an additional 787 expected to be delivered in Q1 2018 quarter and the fourth AA4P A350-900 due to be delivered towards the end of January 2018.
- EBITDA stood at THB 5,835 million for the period, which is an increase of THB 865 million (17.4%) year-on-year. EBITDA margin was 12.4%, as compared to last year's reported 11.3%.
- Before the end of 2017 Thai will continue to develop its network and capacity as it introduces four roundtrip flights per week between Bangkok and Vienna and increase frequency on its intercontinental flights to Brussels, Oslo and Auckland as well as expand on its ASEAN routes with Thai Smile.

Source: CAPA: Centre for Aviation, Thai Airways International.

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