AA4P QUARTERLY REPORT

Amedeo Air Four Plus Limited

LSE: AA4

30 June 2016

THE COMPANY

Amedeo Air Four Plus Limited ("the Company") is a Guernsey domiciled company, which was listed on the Specialist Fund Segment ("SFS") of the London Stock Exchange's Main Market on 13 May 2015 upon the admission of 202 million Ordinary Shares ("the Equity") at an issue price of 100p per share. On 15 December 2015, pursuant to an additional Placing Programme, the Company concluded a first placing, with the admission to trading on the SFS of an additional 47,000,000 New Shares of the Company at an issue price of 100p per New Share. On 15 March 2016, the Company concluded a second placing, with the admission to trading on the SFS of an additional 53,000,000 New Shares of the Company at an issue price of 101p per New Share. The market capitalisation of the Company was GBP 303,510,000 as of 30 June 2016.

COMPANY INVESTMENT STRATEGY

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. To pursue its investment objective, the Company will seek 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 of the Assets.

After the acquisition of the Sixth Asset in Q2 2016, the Company's articles of incorporation provide that the Company may only acquire further aircraft with the approval of Shareholders by ordinary resolution in relation to each proposed acquisition. In circumstances where such approval is obtained, with respect to the placing and/or other equity capital raisings to be conducted in relation to the proposed acquisition, it is the current intention of the Directors to offer Shareholders the opportunity to participate in the equity financing of such further acquisitions 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 line with the Company's investment objective, the Board, in discussions with its Advisors, Nimrod and Amedeo, is considering further acquisitions to be concluded over the next 12 months, subject to shareholder approval. With the strategic aim of the Company to diversify the risk profile of its portfolio of assets, as well as to potentially increase its target net annualised returns, the Board is currently proposing to acquire two Boeing 777-300ERs for leasing to Emirates. Shareholder approval for these acquisitions was obtained at an extraordinary general meeting of the Company held on 27 June 2016. A prospectus was also published by the Company with respect to a placing programme to raise the required equity capital for the acquisitions. If the initial placing under the placing programme is successfully completed, it is proposed that the first Boeing 777-300ER be acquired in July 2016 and the second Boeing 777-300ER be acquired in September 2016.

In the event that further acquisitions of aircraft are proposed over the next 12 months, such proposed acquisitions will be submitted to Shareholders for their approval and, if such approval is obtained, further placings may be conducted under the placing programme to raise the required equity capital portion of the acquisition costs of any such additional aircraft.

CURRENT INVESTMENTS

Since the completion of its initial public offering on 13 May 2015, the Company has acquired six Airbus A380 aircraft, the last of which was delivered in April 2016. All six A380 aircraft are leased to Emirates for a period of 12 years with fixed lease rentals for the duration (each a "Lease"). In order to complete the purchase of the aircraft, subsidiaries of the Company, entered into debt financing agreements with a senior fully amortising loan and a junior balloon loan. The Company used the equity proceeds, in addition to the finance agreements, to finance the acquisition of the six Airbus A380 aircraft. Each Lease covers the total cost of the senior loans but just the interest cost of the junior loan. The junior loan capital will be repaid out of the sale proceeds of the relevant Asset.

INCOME & CAPITAL RETURNS ON CURRENT ASSETS

The Company receives income from the leases and its Directors are currently targeting a gross distribution to the shareholders of 2.0625p per share per quarter, amounting to a yearly distribution of 8.25p per share, at least until such time as any aircraft other than the first six Assets are acquired.

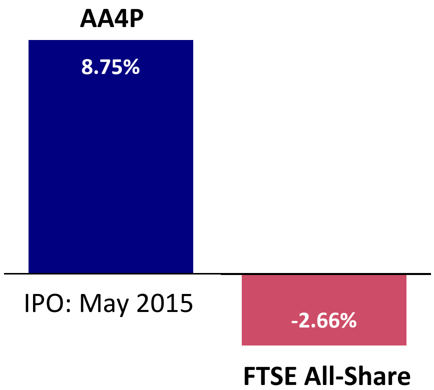
The total return for a shareholder investing today at current share price (30 June 2016) consists of future income distributions during the remaining lease durations and a return of capital once the aircraft are sold (assuming no reinvestment agreed by Shareholders).

Under the terms of the Leases, Emirates Airlines will bear the cost of repair and maintenance of the Assets and will be required at its own cost to insure each Asset against both damage and third party liability. At the end of the Leases, Emirates Airlines will be required to redeliver the Assets in full-life physical condition or alternatively by a combination of redelivery in a specified minimum physical condition, as set out in each Lease, plus cash compensation (payable by Emirates Airlines) which together with the aircraft sales proceeds amounts to the appraised (forecast) asset value in full-life condition. The sale of the aircraft is subject to the future market value and the respective sales proceeds of the aircraft, which will likely be quoted in US dollars and are subject to the exchange rate to Sterling at that point in time. Three independent appraisers will provide the Company with their future market values for the aircraft at the end of each financial year.

FACTS (30 June 2016)

Listing	LSE	Currency	GBP
Ticker	AA4	Dividend Payment Dates	April, July, October, January
Initial Share Price	100p	Launch Date / Price	13 May 2015 / 100p
Share Price	100.50p (Closing)	Incorporation	Guernsey
Second Placing Share Price	Dec-15: GBP 47,000,000 at 100p Mar-16: GBP 53,000,000 at 101p	Asset Manager	Amedeo Limited
Current Targeted Distribution	8.25% p.a.	Corp & Shareholder Advisor	Nimrod Capital LLP
Market Capitalisation	GBP 303,510,000	Administrator	JTC (Guernsey) Limited
Initial Senior Debt (six aircraft)	USD 984,757,240	Auditor	Deloitte LLP
Outstanding Senior Debt Balance	USD 943,903,868	SEDOL, ISIN	BWC53H4, GG00BWC53H48
Initial Junior Debt (six aircraft)	USD 220,000,000	Year End	31-Mar
Outstanding Junior Debt Balance	USD 220,000,000	Stocks & Shares ISA	Eligible
Current Anticipated Dividend	2.0625p per quarter (8.25% p.a)	Website	www.aa4plus.com
Current Dividend Yield (based on the Current Share Price)	8.2090%		

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



	Total Return (since IPO)	Annualised Return
AA4P	+8.75%	+7.72%
FTSE All-Share	-2.66%	-2.35%

*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 30-June 2016

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

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

MSN-Registration	Delivery Date	Flight Hours	Flight Cycles	Average Flight Duration
MSN 157 - A6-EEY	4-Sep-14	8029	1291	6 h 22 min
MSN 164 - A6-EOB	3-Nov-14	7025	1142	6 h 15 min
MSN 187 - A6-EOM	30-Jul-15	4453	409	10 h 54 min
MSN 201 - A6-EOQ	25-Nov-15	2044	345	5 h 56 min
MSN 206 - A6-EOV	19-Feb-16	1348	221	6 h 10 min
MSN 208 - A6-EOX	13-Apr-16	578	101	6h 13 min

All six aircraft are performing in line with expectations. Amedeo will carry out a scheduled inspection of MSN 157 in July and MSN 164 in August.

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

Q1-Q2 2016

- IATA forecasts the Middle East to have the highest passenger traffic growth worldwide in 2016 (measured in Revenue Passenger Kilometres) with an increase in passenger traffic of 11.2%.
- Global passenger load factors are currently at 79.1%, 1.3% below IATA's 2016 forecast.
- April saw the highest number of widebody order commitments in the past 12 months and overall twice the number of order commitments placed in May compared to the same month last year.
- Emirates announces that they will continue ordering A380s whether or not Airbus moves forward with the A380neo. Fabrice Bregier announces that there will be a re-engined A380 'only when the time is right.'
- Airbus estimates that India will require 380 widebody aircraft to keep pace with demand over the next 18 years and will be the next fastest growing emerging market.
- ANA (of Japan) ordered three A380s with deliveries beginning in 2018.
- Iran signed an acquisition agreement with Airbus for 118 jets including 12 A380s and is nearing an agreement with Boeing. Iran's Ministry says it will need about 400 medium to long-haul aircraft and 100 short-haul aircraft.
- Air France substituted two A380s from their order for three A350-900s.
- Emirates ordered two additional A380s with deliveries in Q4 2017.

Source: Ascend, Emirates Group Annual Report 2015-2016. © International Air Transport Association, 2016. Economic Performance of the Airline Industry, 2016 Mid-year report. All Rights Reserved. Available on IATA Economics page. © International Air Transport Association, 2016. Air Passenger Market Analysis – April2016. All Rights Reserved. Available on IATA Economics page.

Some of the biggest challenges facing the airline industry today are the increased costs and inefficiencies associated with airport infrastructure. The issue not only impacts the bottom line for airlines, but the last twenty years has seen this cost transferred more and more to the passenger.

With little competitive pressure in the supply chain, infrastructure costs will increase over time, but will also create further inefficiencies with delays and re-routing. IATA estimates that in 2016, inefficiencies in infrastructure will cost European consumers alone, $4.8 billion in time lost. Costs to European airlines will come in at just under $3 billion.

There is a direct correlation between passenger demand and infrastructure. Airlines like Emirates and Etihad, are conscious that the passenger experience begins from the start of someone's journey rather than when the passenger arrives on the aircraft. For the experience to be a great one, the entire chain of events from arriving at an airport to boarding, needs to be a seamless one. This increased focus on the 'experience' as a whole should assist in providing further focus on the problems associated with infrastructure constraints.

Within Asia-Pacific, we have seen an increase of 7.3% on direct airport connections, which has increased passenger demand in the region. Network development attributed to improvements in infrastructure, is crucial in sustaining passenger demand. Airports of Thailand plan on investing $5.5 billion over the next 15 years to expand all of its six airports in the wake of increased passenger traffic.

In New Zealand, the World Bank's Pacific Aviation Investment Programme (PAIP) will allow for Airways New Zealand to upgrade infrastructure at Apia's Faleolo International airport and highlights the need for additional investment in airport infrastructure on a Global scale.

Recently, Hong Kong's government has approved land reclamation as a first step in building a much needed third runway. If the project stays on track, Hong Kong could be looking at an operational third runway by 2023. However, the pressure on slot constraints that they currently experience requires more widebody aircraft to meet demand for the foreseeable future.

According to Airbus' Global Market Forecast, we can expect to see the amount of airports handling long-haul capacity to nearly double in the next twenty years. India's recent overhaul of their Civil Aviation Policy, allowing for domestic airlines to operate more freely on international routes is a direct consequence of the demand in the market for a freer flow of passenger traffic and more network connectivity. Moreover, the new plan includes an injection of funds into infrastructure with airport upgrades as well as possible spending on new airports.

However, if we consider that passenger traffic grows at a 10-year annual average growth rate of 5.5%, increased airport infrastructure across the Globe is not enough to eliminate the increasing burden on both passengers and airlines. Globalisation and increased demand from emerging markets especially in Asia-Pacific means airlines are moving record numbers of people on a yearly basis, but the inefficiencies we currently see need an additional solution.

There are currently 1,946 widebody aircraft in-service or on order today. New order positions are largely sold-out, and Airbus forecasts an increased requirement for widebody aircraft of 5,005 in 2034, to meet increased passenger demand. The delta between these numbers highlights the need for airlines to up-gauge their widebody fleets in order to maximise revenues. In order to facilitate traffic growth in various markets and for airlines to further develop their networks, for airlines the acquisition of more widebody aircraft will be fundamental to this process.

Source: Ascend, Emirates Group Annual Report 2015-2016, Airbus, © International Air Transport Association, 2016. Air Passenger Market Analysis, April, Economic Performance of the Airline Industry 2016 Mid-Year Report, June 2016. All Rights Reserved. Available on [IATA Economics page]

THE LESSEE: KEY FACTS FROM THE 2015-2016 ANNUAL REPORT

- Emirates carried 51.9 million passengers, an 8% increase over the previous financial year. This was largely attributed to an increase in capacity of 13% measured in Available Seat Kilometres.
- Emirates' revenue of US$ 23.2 billion decreased slightly by 4%, mostly as a result of significant currency devaluations against the US dollar and fare adjustments following the reduction in fuel prices.
- The airline achieved a record net profit in its 30 year history of US$ 1.9 billion (up 56%) mainly shaped by successfully increasing competitive pressure across all markets.
- Emirates maintain a balanced revenue distribution policy across all markets with no region contributing more than 30% of revenue. Revenue in the Americas was up by 9% compared to the previous financial year.
- Continuing a very positive trend, the EBITDAR increased by 21% year-on-year to USD 6.7bn.

- Emirates maintains a sound liquidity position underpinned by sizeable cash reserves, strong cash-flow generating capabilities and continuous monitoring.
- 29 new aircraft were added to the network of which 10 were placed through the balance sheet and 19 on operating leases.
- The fleet grew to 251 aircraft following the addition of 29 new aircraft with 9 aircraft phased out. Emirates maintains an average fleet age of 6.2 years against the industry average of 11.7 years.
- Overall passenger load factor was 76.5%. Against the backdrop of increased capacity and the introduction of the new two-class A380 service, the economy class load factor was 79.2%, highlighting consumer appetite for the Emirates product.
- Total operating costs decreased by 8% over the previous financial year. The decline in oil prices has improved Emirates' bottom line. The average fuel price decreased by 39% year-on-year and contributed to the reduction in unit costs by 16%. Without accounting for fuel costs, unit costs were down 5%.
- Emirates launched eight new passenger destinations: Bali, Bologna, Cebu, Clark, Istanbul (Sabiha Gökçen), Mashhad, Multan, Orlando and added services and capacity to 34 cities on its existing route network.

Source: Emirates Group Annual Report 2015-2016

Contact Details

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