Amedeo Air Four Plus Limited

Consolidated Annual Financial Report (audited)

For the year ended 31 March 2020

CONTENTS

SUMMARY INFORMATION

Trading	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL ISIN LEI	BWC53H4 GG00BWC53H48 21380056PDNOTWERG107
Reporting Currency	Sterling
Launch Date / Share Price	13 May 2015 / 100p
Share Price	39.00p (as at 31 March 2020) 34.00p (as at 14 July 2020)
Market Capitalisation	GBP250 million (as at 31 March 2020) GBP218 million (as at 14 July 2020)
Target Dividend	2.0625p per Share per quarter (8.25p per annum)
Dividend Payment Dates	January, April, July, October
Year End	31 March
Stocks & Shares ISA	Eligible
Aircraft Registration Numbers	A6-EEY, A6-EOB, A6-EOM, A6-EOQ, A6-EOV, A6-EOX, A6-EPO, A6-EPQ, HS-THF, HS-THG, HS-THH, HS-THJ
Website	www.aa4plus.com

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Solicitors to the Company (as to English law) Herbert Smith Freehills LLP Exchange House Primrose Street London England EC2A 2EG	**Solicitors to the Company (as to asset acquisition, financing and leasing documentation)** Clifford Chance LLP 10 Upper Bank Street London England E14 5JJ Norton Rose Fulbright LLP 3 More London Riverside London England SE1 2AQ

COMPANY OVERVIEW

Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") is a Guernsey company incorporated on 16 January 2015. The Company operates under the Companies (Guernsey) Law, 2008, as amended (the "**Law**") and the Disclosure Guidance and Transparency Rules (the "**DGTRs**") of the UK's Financial Conduct Authority (the "**FCA**").

All of the Company's redeemable ordinary shares ("**Shares**") have since 13 May 2015 been admitted to trading on the Specialist Fund Segment ("**SFS**") of the London Stock Exchange's Main Market. The initial and six subsequent share raisings have resulted in the issue and admission to trading on the SFS of 642,250,000 Shares issued at an average offer price of 102 pence.

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 (each an "**Asset**" and together "**Assets**").

To pursue its investment objective, 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.

The Company's Articles of Incorporation (the "**Articles**") provide that the Company may only acquire further aircraft with the approval of the Company's 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 Board of directors of the Company (the "**Board**") to offer shareholders the opportunity to participate in any 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 Board consider it appropriate to do so in order to diversify the funding sources of the Company.

In accordance with the investment policy, it was the Board's intention 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. Given the current COVID 19 crisis the Board has decided to put a hold on its diversification strategy until the future for aviation generally becomes much clearer.

Investment Portfolio

As at the financial reporting date the Company had twelve wholly-owned subsidiaries, see note 1 for further details. Together the Company and its subsidiaries are known as the "**Group**".

The table below details the Assets held by the Group at the reporting date:

Manufacturer	Aircraft Type	Manufacturer's Serial Number ("MSN") and Registration	Date of Acquisition / Lease	Lessee*	Initial Lease Duration
Airbus	A380-800	157 - A6-EEY	19-May-15	Emirates	12 years
Airbus	A380-800	164 - A6-EOB	19-May-15	Emirates	12 years
Airbus	A380-800	187 - A6-EOM	03-Aug-15	Emirates	12 years
Airbus	A380-800	201 - A6-EOQ	27-Nov-15	Emirates	12 years
Airbus	A380-800	206 - A6-EOV	19-Feb-16	Emirates	12 years
Airbus	A380-800	208 - A6-EOX	13-Apr-16	Emirates	12 years
Boeing	777-300ER	42334 - A6-EPO	28-Jul-16	Emirates	12 years
Boeing	777-300ER	42336 - A6-EPQ	19-Aug-16	Emirates	12 years
Airbus	A350-900	123 - HS-THF	13-Jul-17	Thai	12 years
Airbus	A350-900	130 - HS-THG	31-Aug-17	Thai	12 years
Airbus	A350-900	142 - HS-THH	22-Sep-17	Thai	12 years
Airbus	A350-900	177 - HS-THJ	26-Jan-18	Thai	12 years

* "**Emirates**" means Emirates Airline;
"**Thai**" means Thai Airways International Public Company Limited.

During the financial year two Airbus A380-800 aircraft owned by the Company's wholly owned subsidiaries, AA4P Iota Limited and AA4P Kappa Limited, and leased to Etihad Airways PJSC ("**Etihad**"), were sold to Etihad and the subsidiaries liquidated.

Distribution Policy

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

The Group receives income in the form of lease payments and income distributions were made to shareholders quarterly. The Company targeted a distribution to shareholders of 2.0625 pence per Share per quarter. However, on 6 April 2020, as a result of the impact of COVID-19 on the airline industry, the Company announced that the Board had resolved to temporarily suspend the payment of any kind of distribution to shareholders, as the Board's priority lay in preserving the long-term financial stability of the Company for the benefit of its shareholders and creditors. The Board considered that maintaining the Company's liquidity was a vital and prudent part in doing so.

The Board will keep the Company's financial position under review and it is the Board's hope that it will be able to resume making distributions as soon as circumstances permit.

In the event that the Company is wound-up, shareholders may also receive a capital return from the net proceeds of a sale of the Assets.

Performance Overview

During the financial year under review, all payments due from the lessees were made in accordance with the terms of the respective leases.

In accordance with the Distribution Policy, the Company declared four dividends of 2.0625 pence per Share during the year under review. Further details of dividends declared and paid can be found on page 23.

Return of Capital

Following the sale of an Asset the Board may, as it deems appropriate at its absolute discretion, either return to shareholders all or part of the net capital proceeds of such sale (subject to satisfaction of the Solvency Test), or re-invest the proceeds in accordance with the Company's investment policy, subject to shareholder approval.

Amedeo Limited ("**Amedeo**" or the "**Asset Manager**") regularly monitors the market valuations of the Assets and, subject to any lease obligations, will consider the most appropriate time for the sale of any one or more of the Assets. The Board will consider any recommendation from the Asset Manager as to the sale of any Asset and proceed as the Board considers appropriate.

Liquidation Resolution

Although the Company does not have a fixed life, the Articles require that the Board convenes a Liquidation Proposal Meeting in 2029 or such other date as shareholders may approve by ordinary resolution.

CHAIRMAN'S STATEMENT

Since the turn of the year the global aviation industry has faced widely reported and extreme pressures, as a result of COVID-19, which have had an impact and tenor that will exceed that of 9/11. In the face of such pressures, and many of the events outlined below, it is very disappointing, but perhaps ultimately not surprising, to note the significant fall in the Company's share price over the financial year under review. At the start of 2020 the share price was trading at around 76.5 pence but had fallen to 39 pence by the Company's financial year end on 31 March. At the time of writing the share price is 34 pence, representing a market capitalisation of approximately £218 million based on the 642,250,000 shares in issue.

The Company's portfolio consists of twelve aircraft, six Airbus A380-800 and two Boeing 777-300ER leased to Emirates and four Airbus A350-900 leased to Thai Airways International Public Company Limited ("**Thai**"). The Company's contracted first lease expiry does not fall due until 2026. At 10 July 2020, the latest practical date prior to this report, the Company had outstanding debt associated with the twelve aircraft totalling \$1.5 billion as well as unencumbered cash resources at the group level of £177.4 million. Security deposits and maintenance reserves, associated with the Thai leases, are \$93.3 million. The Board's has determined that its priority lies in preserving the long-term financial stability of the Company for the benefit of all of its shareholders and creditors. The Board considers that maintaining a high level of liquidity is a vital and prudent part in doing so. The Board continues to keep under review the question of distributions, whether income or capital, with a view of restarting these as soon as circumstances permit.

At the time of writing Emirates continue to make all lease rental payments on time and in full while Amedeo continue to discuss what, if any, financial assistance the Company might elect to offer the airline following their request. The situation with Thai remains in the early stages with the first hearing on the rehabilitation petition scheduled for mid-August. Thai has not paid any lease payments to the Company's subsidiaries since 22 May 2020. Further details on Emirates and the A380, along with the A350 and Thai can be found in the Asset Manager's Report on pages 12 to18.

<u>The key events both during the period and post the period-end are summarised below:</u>

19 November 2019: The Company announced that Emirates requested permission to modify two aircraft (serial numbers MSN 201 and MSN 208) through a configuration change which will expand the existing business class cabin and introduce a new premium economy class in the upper forward cabin. At the time of writing no works have yet been undertaken.

19 February 2020: The Company, via its wholly-owned subsidiaries, entered into an agreement to sell two A380-800 aircraft to Etihad. The transaction generated aggregate net cash proceeds to the Company in excess of £130 million after repayment of financing arrangements on the aircraft, swap breakage and facility prepayment costs together with transaction costs, fees and expenses.

12 March 2020: The Board announced it is considering the best course of action with regard to its utilisation of the Etihad net proceeds along with having active discussions with the Company's Asset Manager, Amedeo Limited (the "**Asset Manager**" or "**Amedeo**"), concerning the effect of the current COVID-19 situation on the Company's assets and lessees.

17 March 2020: The Company announced it received a written approach from Thai, to whom the Company leases four A350s, to discuss how it might support them in this period.

<u>Post the period:</u>

6 April 2020: The Board confirmed that discussions were continuing between the Asset Manager and Thai, in respect of its ongoing lease obligations to the Company, and with the lending banks providing debt financing in respect of the four aircraft leased to Thai. Given the absence of immediate clarity as to the basis upon which the situation will be resolved, the Board resolved that it is prudent temporarily at this time to suspend the payment of any kind of distribution to shareholders. The Board noted it is the ultimate hope that it will be able to resume making distributions as soon as circumstances permit.

15 April 2020: The Board announced that it was advised by the Asset Manager that they had received written confirmation that Emirates are seeking from the Company some form of financial accommodation. The Board has asked the Asset Manager to continue its negotiation with Emirates

and also with the Company's lending banks which have financed the Group's assets leased to Emirates; with a view to reaching a conclusion acceptable to all parties. The Board was pleased to note that Emirates, in their message, had confirmed that "the lease rental will remain current and up-to-date until an agreed contractual position is achieved".

15 May 2020: The Board announced that the Company had been negotiating with Thai regarding a partial deferral of its scheduled lease rental payments for a six month period commencing in April 2020 with such deferred payments to then be made good with interest over the following three years. Whilst Thai Senior Management had confirmed an in principle agreement with the Rental Payment Deferral, the appropriate signatures on the documents were not received. The consent of the relevant lenders to the Rental Payment Deferral was obtained.

19 May 2020: The Board highlighted the announcement filed with The Stock Exchange of Thailand by Thai and noted that the Board and the Asset Manager, Amedeo Limited, were engaging with English legal counsel as well as Thai legal counsel to protect the Company's legal position in relation to the business reorganization process. The Board noted that it does not expect that the rent deferral arrangements previously announced will be executed while these proceedings are evolving while. The Asset Manager remained in close contact with our lenders regarding this development.

29 May 2020: The Board highlighted that on 26 May Thai submitted to the Central Bankruptcy Court of Thailand its petition to file for rehabilitation citing a total debt amount of THB 352,494,285,416 (c. £9 billion) and its proposal for the rehabilitation planner. On 27 May 2020 the Court issued an order to accept the rehabilitation petition for consideration and has set the date of 17 August for the first hearing on the rehabilitation petition. Effectively, from 27 May an automatic stay comes into effect which restricts Thai’s right to pay and incur debts and a moratorium affecting creditors' rights comes into force. Thai had not paid any lease payments to the Company's subsidiaries since 22 May.

Amedeo is in discussions with the lending banks to see if any assistance can be extended to Emirates but no progress is expected prior to the recapitalisation of Emirates by the Government of Dubai.

Amedeo is also in discussions with the lending banks for the Thai transaction. They understand that no payments will be received from Thai before the end of September and have requested that the lending banks draw on the security deposits held by the Company to cover interest only payments under the debt during that period. Further developments are expected once the Planner is appointed in mid-August.

The Board has spent much time discussing the aircraft valuations and impairment review outcome and its discussions are described in more detail on pages 65 to 66.

The operational risks as a result of COVID-19 were discussed by the Board. Updates on operational resilience were received from the Asset Manager, Administrator and other key service providers. The Board is satisfied that the key service providers have the ability to continue to operate effectively.

Amedeo continues to monitor the leases, is in frequent contact with the lessees and reports regularly to the Board. Nimrod Capital LLP (“**Nimrod**” or the “**Corporate and Shareholder Adviser**”) continues to liaise between the Board and shareholders.

In my statement accompanying the Half-Year report I noted that “your Board is also mindful of the increasing importance to shareholders of Environment, Social and Governance (“**ESG**”) factors and is taking action to increase its reporting in this regard.” A formal ESG policy is now included within this Annual Report which outlines the Company’s business model and considerations with respect to aviation and the environment, social considerations and standards of high corporate governance. I would encourage all shareholders to take note of the report and your Board will try to update this policy further based on any feedback received.

US Dollar lease rentals and loan repayments (with the exception of the four Thai aircraft) are closely matched as to amount and timing so that during the life of each lease the lease rentals cover loan repayments as to interest and principal save for the repayment of bullet repayments of principal due on the final maturity of a loan. The Thai leases’ floating lease rental payments are in US Dollars and are matched to floating rate loan repayments so as to closely match the loan interest and capital repayments save for the bullet capital repayments due on the final maturity of such loans. The Board monitors the foreign exchange exposure as well as the interest rate risk resulting from the Thai aircraft and may if it considers it appropriate undertake hedging transactions.

Rental income receivable is credited evenly to the profit or loss in the Consolidated Statement of Comprehensive Income over the planned life of each lease. Conversely, the methodology for accounting for interest costs means that the proportion of the loan repayments which is treated as interest and is debited to the Consolidated Statement of Comprehensive Income varies over the course of the loan – so that the differential between rental income and interest cost (as reported in the Consolidated Statement of Comprehensive Income) increases over the course of each twelve year lease.

Your Board welcomes the opportunity to hear feedback from shareholders and is keen to maintain an open dialogue. Please do not hesitate to contact Nimrod to request a meeting. Alternatively, all Directors can also be contacted by shareholders via correspondence sent to the Group's registered office or via the Secretary if they have any concerns.

I would like to state the Board 's appreciation of the effort of our Asset Manager, not only for procuring the sale of the Etihad aircraft, but also for the greatly increased manpower, time and expertise that they have contributed to the Company since the Covid pandemic broke.

Finally, on behalf of the Board, I would like to thank our service providers for all their help and, most importantly, all shareholders for their continuing support of the Company during these turbulent times.

Robin Hallam
Chairman

Date: 15 July 2020

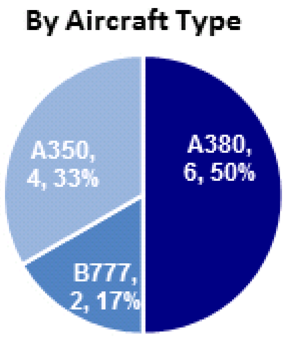
ASSET MANAGER'S REPORT

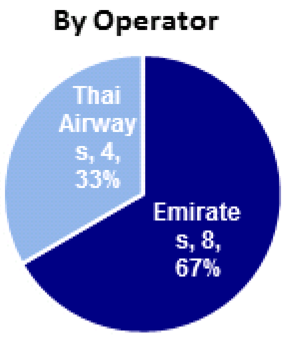
On the invitation of the Directors of the Company, the following commentary has been provided by Amedeo as Asset Manager of the Company and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company, its Directors and officers and service providers. 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.

CURRENT INVESTMENTS

Since launch in May 2015, Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") has acquired eight Airbus A380, two Boeing 777-300ER and four Airbus A350-900 aircraft. Two A380 aircraft were sold in February 2020. The current fleet consists of six A380s and two 777-300ERs leased to Emirates Airline ("**Emirates**") and four A350-900 aircraft leased to Thai Airways International Public Company Limited ("**Thai**"). 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 equity proceeds, were used to finance the acquisition of the twelve aircraft

AA4P PORTFOLIO BREAKDOWN





AA4 PORTFOLIO UPDATE

The Company completed the sale of two A380-800 aircraft bearing manufacturer's serial numbers 233 and 237 to Etihad Airways PJSC, as announced in February. The Company has realised aggregate net cash proceeds of approximately GBP 130,860,000. Amedeo, having due regard to prevailing market conditions and to existing and anticipated secondary market activity regarding A380 aircraft, view this to be a favourable financial result achieved for and on behalf of shareholders.

Further to the Company's most recent announcement of 29 May 2020 Thai has petitioned for rehabilitation with effect from 27 May. As of that date, there has arisen an automatic stay on creditors' rights against Thai and restrictions for Thai to pay and incur debts Thai has not paid any lease payments to the Company's subsidiaries since 22 May and the pre-petition agreement with the airline for a deferral of 50% of its rents is now unlikely to come into effect. The Company has retained as its local Thai counsel Chandler MHM and the processes are underway to present to the Central Bankruptcy Court of Thailand' in the required form the Company's claims. In addition, Amedeo Limited (the "**Asset Manager**" or "**Amedeo**") is in discussion with the secured lenders of the four aircraft on lease to Thai and awaits further news of the Planners' intentions, which might not become clear until much nearer to the August hearing.

Further to the Company's announcement on 15 May 2020, discussions with Emirates and the respective lenders are still in process. There are a number of different lenders groups underpinning secured financing in respect of the Emirates aircraft. Some of these banks are participating in providing direct liquidity facilities to Emirates and would not contemplate additional assistance in structured transactions. Others are considering and reviewing Emirates recently published results and going through individual briefings. Once the lenders' positions in these multiple transactions become clear, the Asset Manager will formulate recommendations to the directors. At this time no formal agreement has been reached and Emirates has continued to fulfil its current lease obligations.

WIDEBODY COMMENTARY

In the quarterly factsheet issued in January 2020, we indicated that 2019 developments with respect to the A380 counselled prudence in assessing appraised values for this asset type. While we believe that a reasonable degree of uncertainty remained prior to the onset of the worldwide COVID-19 outbreak, the current level of uncertainty greatly exceeds that which existed before.

That said, we do think it is worthwhile to assess the current dynamics of the worldwide A380 fleet. Cirium data indicates that as of 1 June 2020 there were 240 A380s across the world fleet. Of that figure, Cirium reports that only 7 (3%) were in service, while 233 have been inducted into storage.

Significant questions remain as to what may happen to the A380 fleet as and when the COVID-19 pandemic passes. Air France has accelerated plans to permanently remove the A380 from its fleet. Lufthansa and Qatar Airways have publicized plans to phase out some of their A380s in the near term. Lufthansa is permanently decommissioning six A380s that were previously scheduled to depart the fleet in 2022. However, we do not expect Emirates to change its previously announced plans to retain a core A380 fleet into 2030s, although the previously mentioned 80 to 100 units may become a smaller number and more recent remarks have made the extent and commencement of such return to service dependent on development of a vaccine..

Different questions linger as pertains to the 777-300ER fleet. While it remains the workhorse of the global long-haul fleet, increased A350 and 787 output had cut into the market for 777-300ERs. The promised 777X program has also given some airlines incentive to consider longer term alternatives for their existing 777 fleet. With airlines struggling for cash, trying to avoid capital expenditure, and unlikely to be in position to take deliveries of previously anticipated quantities of A350s and 787s, it is likely that Airbus and Boeing will not be able to maintain current production rates. In fact, during its first quarter earnings call Boeing announced reductions in 777 and 787 production rates. Accordingly it may not have the financial and operational resources to produce the 777X in the time frame and quantity it had previously hoped. As a result, the 777-300ER may hold market share longer than anticipated.

Cirium reports an operating fleet of 818 777-300ER aircraft as of 1 June 2020. 596 of these aircraft were reported to be in service as of that date, or 73%. While it is a significant decrease relative to the 98% in service as of 31 December 2019, this percentage is roughly comparable to in-service percentages for the A350 and 787 families. 64% of the A350 fleet was in service as of 1 June 2020 as was 63% of the 787 fleet. Each of these compares very favourably to the A380 fleet, of which only 3% was in service the same date.

According to Cirium, the A350 has an operating fleet of 369 aircraft as of 1 June 2020. The family type's fuel-efficiency metrics and flexibility in capacity, as well as operational use, has made it, and its slightly smaller competitor B787-9, very popular within the industry. While these aircraft will dominate the future widebody lift, both Airbus and Boeing have announced significant production reductions and debt laden, coming out of COVID-19 airlines may not rush to replace or add to their existing fleets. Lufthansa, previously allergic to leasing, has announced that all future fleet additions will be leased. The ramifications of present circumstances on widebody fleet utilization and asset values are very far from being known by the aviation industry, much less, we reiterate, reflected in appraisal data.

The future right now is a little harder to predict than usual. After COVID-19 it is likely that, in the medium-term, demand for travel will take some years to return to 2019 levels. But that is likely to result in significant declines in new widebody production as well, as a result of increased cost of capital for airlines and lessors, and perhaps expectations of low oil prices. Jefferies, in a recent report, estimated a 60% decline in cumulative widebody production through 2023. These factors may give rise to a favourable view of stored, modern, and way-too-early-to-retire (based on normal useful life) used aircraft once the dust settles. However, this may only apply to twin engine widebody aircraft. It is also worth noting that after every previous crisis affecting aviation, new models emerged and changed the business. These are unprecedented circumstances facing the aviation industry; it is certain that it will come back, but in how long and in what form are difficult to foresee while we are in the midst of this pandemic.

AMEDEO'S ASSET INSPECTION REPORT

The utilisation figures below represent the totals for each aircraft from first flight to 30 April 2020

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	23632	3759
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	23475	3773
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	23992	2209
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	17706	2798
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	17966	2842
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	16109	2542
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	15492	3853
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	16374	3646
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2029	12654	2146
	A350-900	130	HS-THG	31/08/2017	31/08/2029	12508	2010
	A350-900	142	HS-THH	22/09/2017	22/09/2029	12249	2014
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	10717	1760

RECENT TECHNICAL ACTIVITY

No significant technical events have been reported by Emirates for this period. Thai have reported that the titled APU from MSN 177 was removed on 25 March 2020 and sent for a repair shop visit. Emirates aircraft have been grounded from the end of March 2020. Fleet last operated as per the dates listed below as of 30 April 2020:

- MSN 157: 23 March 2020
- MSN 164: 19 March 2020
- MSN 187: 24 March 2020
- MSN 201: 21 March 2020
- MSN 206: 24 March 2020
- MSN 208: 24 March 2020
- MSN 42334: 20 March 2020
- MSN 42336: 24 March 2020

Thai aircraft have been grounded from the end of March 2020. Fleet last operated as per the dates listed below as of 30 April 2020:

- MSN 123: 24 March 2020
- MSN 130: 29 March 2020
- MSN 142: 26 March 2020
- MSN 177: 25 March 2020

INDUSTRY UPDATE: COVID-19

On 14 April, the International Air Transport Association ("**IATA**") released an Updated Impact Assessment with respect to COVID-19. The report's findings and conclusions were rather grim. IATA reported that daily flights worldwide have decreased by about 80% relative to 1 January 2020. Outside of U.S. and Asian domestic traffic, the world fleet is effectively grounded. IATA now expects that the recession caused by COVID-19 will result in a loss of output twice as large as that recorded during the Global Financial Crisis. This recession alone, it believes, would reduce global Revenue-passenger kilometres ("**RPKs**") by 8%. When combined with travel restrictions and the impact of passenger confidence, IATA projects a 48% year-over-year decrease in worldwide RPKs in 2020. In total, the organization now expects a loss of $314 billion in passenger revenues during 2020.

IATA's estimates foretell significant distress for airlines around the world. IATA reports that the median airline had approximately 2 months of cash at the end of 2019. Further, it estimates that many airlines were already substantially levered. Aside from the top 30 airlines in the world, the remainder of the airline industry had an Operating Lease-adjusted Net Debt / EBITDAR ratio of over 5x at the end of 2019.

The current situation, with aircraft grounded and staff on enforced vacation, is unsustainable in the near term. The majority of airlines are seeking government support as well as requesting rent deferrals on their leases. As they burn cash, it is likely that a number will be forced into liquidation and we note the issues facing Air Mauritius and Virgin Australia and Virgin Atlantic, where the majority of the fleet is leased. However, lessors need the underlying lending banks to agree to also defer loan repayments and, as the banks are facing demands from all sides in these circumstances, that may not always be possible.

A snapshot of Q1 2020 earnings from public carriers tells the story.

American: -$2.2b/-$1.1b*; -16%
United: -$1.7b/-$639m*; -11%
Southwest: -$94m/-$77m*; -3%
All Nippon: -$539m/-$579m*; -15%
Japan Airlines: -$210m/-$176m*; -7%
Air China: -$802m/-$945m*; -24%
China Eastern: -$599m/-$760m*; -31%
China Southern: -$859m/-$955m*; -24%
Hainan Airlines: -$947m/-$1b*; -77%
Juneyao/9Air: -$71m/-$81m*; -18%
Spring Airlines: -$33m/-$52m*; -17%
Finnair: -$158m; -16%
Cebu Pacific: -$23m/-$8m*; -4

*Net result in USD/*Net result excluding special items/ Operating margin/Source Skift Inc.*

IATA has reported some glimmers of hope, however. Chinese passenger numbers have begun to increase, and passenger yields have stabilized, with domestic yields for the first two weeks in March thus far slightly exceeding those in the same month during 2019. Further, it was encouraged by fiscal stimulus actions and intentions declared by governments around the world. The governments of many large economies with significant air travel markets will provide stimulus packages falling in the range of 10-20% of GDP. Governments also need to define the rules as to how airlines are to be given access to their various destinations and on-board protocols. Will lockdowns set to ease across many countries, common new standards will be key to a faster airline restart.

Cargo, which also froze in January/February has had a roaring recovery supplying among other things medical equipment (PPE) across the globe. We add a link to a relevant article below.
https://www.cnn.com/travel/article/boeing-747-covid-19/index.html

It is also worth noting that vaccine development may prove to be a significant recovery boost to air travel.

EMIRATES GROUP

COVID-19 Related Updates:

On 14 April 2020 Amedeo received a request from Emirates seeking from the Company an agreement on rent deferral. Amedeo is continuing its discussions with Emirates and also with the Company's lenders with a view to reaching a conclusion acceptable to all parties. Emirates has confirmed that the lease rental will remain current and up-to-date until an agreed contractual position is achieved.

On 10 May 2020 Emirates published its audited annual report for the period ending 31 March 2020.

- Emirates reported a profit of AED 1.1 billion (US$ 288 million), 21% up from the previous year
- Emirates closed the financial year with AED 20.2 billion (US $5.5 billion) of cash assets
- Revenue declines by 6% to AED 92.0 billion (US$ 25.1 billion), impacted by planned 45 days
- DXB runway closure and temporary suspension of passenger flights in March
- Airline capacity reduced to 59 billion ATKM with aircraft fleet size unchanged

Due to the unprecedented business environment from the ongoing pandemic, and to protect its liquidity position, Emirates has not declared a dividend for this financial year.

In his statement, His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, of Emirates said: “For the first 11 months of 2019-20, Emirates and Dnata were performing strongly, and we were on track to deliver against our business targets. However, from mid-February things changed rapidly as the COVID-19 pandemic swept across the world, causing a sudden and tremendous drop in demand for international air travel as countries closed their borders and imposed stringent travel restrictions.”

At the directive of the UAE government, Emirates has suspended all passenger flights effective 25 March 2020, and does not expect to resume normal flight operations until at least 1 July 2020. The airline continues to operate approved repatriation flights to select destinations. Gloves and masks are mandatory for passengers and employees on repatriation flights. Emirates, in conjunction with the Dubai Health Authority, became the first airline to perform rapid, on-site COVID-19 blood tests at Terminal 3. The airline will continue to operate its scheduled 777F service for the transportation of essential goods, particularly medical supplies. It has been also using a significant number of 777-300ER aircraft as dedicated freighter service. In order to reduce expenditures, Emirates has publicly acknowledged that layoffs will take place.

Encouragingly, on 13 May 2020 Emirates announced its plan to operate scheduled flight services from 21 May 2020 to nine destinations: London, Frankfurt, Paris, Milan, Madrid, Chicago, Toronto, Sydney and Melbourne, subject to various government approvals. The airline will also offer connections in Dubai for customers travelling between the UK and Australia. Travellers will only be accepted on these flights if they comply with the eligibility and entry criteria requirements of their destination countries. This includes an approval from the Federal Authority for Identity and Citizenship (ICA) for UAE residents who wish to return to Dubai.

Emirates’ preparations give us a glimpse of what near term flying will be like. At Dubai International airport, customers and employees will have their temperatures checked via thermal scanners. Protective barriers have been installed at check-in counters to provide additional safety during interaction. Gloves and masks are mandatory for all customers and employees at the airport. In addition, Emirates’ cabin crew, boarding agents and ground staff who interact directly with travellers will don personal protective equipment (PPE) including a protective disposable gown and safety visor.

Social distancing protocols will also be implemented. At this airport, this includes physical indicators being placed on the ground and at waiting areas in the airport to ensure travellers maintain a safe distance. For health and safety reasons and to minimise interaction on-board, Emirates will offer a modified in-flight service that focuses on reducing contact and infection risk. Magazines and print reading material will not be available during this time. Cabin baggage have to be checked-in, and customers can only bring essential items such as a laptop, handbag, briefcase or baby item on board. Emirates has initiated a stringent safety programme to ensure aircraft cabins remain clean and sanitary. The airline’s modern aircraft cabins have been fitted with advanced HEPA air filters which remove 99.97% of viruses and eliminate dust, allergens and germs from cabin air for a healthier and safer on-board environment. After its journey and on landing in Dubai, each aircraft will go through enhanced cleaning and disinfection processes to ensure safety and proper sanitation.

On the 31 March 2020 the Dubai government restated its continued support of Emirates with a promise of an equity injection. Crown Prince of Dubai and Chairman of The Executive Council of Dubai His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum announced that the Government of Dubai is fully committed to supporting Emirates airlines in the current critical period. As a shareholder of Emirates airlines, the Government of Dubai will inject equity into the company, considering its strategic importance to the Dubai and UAE economy and the airline’s key role in positioning Dubai as a major international aviation hub. Further details in this regard will be announced at a later stage. https://mediaoffice.ae/en/news/2020/March/31-03/Sheikh-Hamdan-affirms-Dubai-Governments-full-support-to-Emirates-airlines

It is the first time in the airline's 35-year history that such a measure has been taken, and it shows the government's commitment towards Emirates.

The table below details the current fleet status:

Aircraft Type	Grounded	Active
A380	115	0
777	88	67
Total	**203**	**67**
%	**75%**	**25%**

Source: Flightradar24 as of 1 June 2020

The 67 B777 aircraft predominantly operate as cargo flights, and these number has been as high as 90 on some days. Emirates designated cargo B777F comprise 11 units, capable of carrying up to 120 tons of cargo. The airline has also been using passenger configured B777s with slight modifications to carry normal belly cargo (up to 40 tons) and also bulky but light packages on the main passenger deck, like medical PPE equipment across the world, allowing, we estimate, for another 30 tons. We are also aware that Emirates Cargo enters into ACMI agreements with other cargo operators to provide extra capacity. While a much smaller source than passenger revenue, cargo revenue must currently be an important part of generating much needed cash.

General Updates:

The Emirates fleet consisted of 270 aircraft as of March 2020, including 115 A380s.

In addition to its current fleet, Emirates has an orderbook with Airbus and Boeing. With Airbus, Emirates has a firm order for 50 A350-900 XWB aircraft. These aircraft were to deliver from May 2023 through 2028 as well as 8 more A380s that were to be delivered to Emirates from Airbus by 2021.

With Boeing, Emirates has firm orders for 30 787-9 aircraft and 115 777X aircraft, and reconfirmation options for an additional 11 777X aircraft. Of the 126 potential 777X deliveries, FlightGlobal reports that 101 are of the -9 variant and 25 are of the -8 variant, including the 11 reconfirmation options. Emirates had expected 787-9 deliveries to begin in May 2023 and to continue for five years. The airline is in discussions with Boeing concerning the timeframe for 777X deliveries, which will be impacted by Boeing's overall progress with the program. In a recent commentary Emirates said that the current circumstances have put all existing orders into question. Therefore, given the COVID-19 disruption, it is unclear when these deliveries will now occur.

THAI AIRWAYS INTERNATIONAL

COVID-19 Related Updates:

The table below details the current fleet status, excluding ThaiSmile aircraft:

Aircraft Type	Grounded	Active
A330	13	2
A350	10	2
A380	6	0
747	7	0
777	29	3
787	8	0
Total	**73**	**7**
%	**91%**	**9%**

Source: Flightradar24, as of 1 June 2020

General Updates:

According to Cirium, the Thai Airways International fleet is comprised of 119 aircraft (inclusive of 20 ThaiSmile aircraft). Thai states on its official website that its operational fleet consists of the 80 aircraft mentioned above, while its subsidiary operates 20 A320-200 aircraft. Thai has placed 19 aircraft in long term storage, which includes three 737-400, four 747-400, three A330-300, and nine A340-600 aircraft. The airline currently has no firm orderbook with either Boeing or Airbus. A significant rationalisation and simplification of Thai future fleet is to be expected as a part of the rehabilitation plan of the airline, although the direction and details of these plans are not yet known.

The group reported a full year 2019 headline loss of Bt12.042 billion, a 3.9% decrease in profit relative to the full year 2018 loss of Bt11.569 billion. Revenues decreased 7.7% year-over-year, falling to Bt184.046 billion from Bt199.500 billion in 2018. The decrease in revenue was driven primarily by a 7.0% decrease in passenger revenue, itself a result of a 0.9% decline in RPKs and a 6.8% decrease in average passenger yield. Excluding the foreign exchange impact of an appreciating Baht, passenger yield still decreased by 2.7%. Passenger load factor increased from 77.6% in 2018 to 79.1% in 2019. The airline carried approximately 190,000 more passengers during 2019 than it did during 2018, while offering 2.7% fewer ASKs. Freight revenue declined substantially, 20.4% year-over-year, though it represents just a small portion of total revenue.

Total expenses decreased by Bt12.088 billion, or 5.8%. Non-fuel operating expenses declined 4.6%, or Bt6.580 billion. Employee benefit expenses fell by Bt2.392 billion or 7.7% and Depreciation and Amortization fell by 11.9%, or Bt2.258 billion. Fuel expenses also decreased, declining Bt5.421 billion or 9.0% relative to 2018. Net finance cost also decreased slightly, falling by 2.0%.

Thai Airways recorded a Bt2.689 billion charge during the year for employee benefits as a result of the publication of new minimum employment standards promulgated by the State Enterprise Labor Relations Committee. The airline also recorded an impairment of Bt634 million during 2019, an 81.7% smaller impairment than the Bt3.459 billion million recorded in 2018. Finally, the full year 2019 bottom line was benefitted by Bt4.439 billion in foreign exchange gains, as compared to Bt911 million in foreign exchange gains during 2018. Long term liabilities decreased 3.0% during 2019, with a total balance of Bt143.852 billion at 31 December 2019. The airline's reported leverage and interest coverage metrics showed meaningful deterioration as measured at the end of 2019 relative to 2018.

Thai Airways International Public Company Limited. Management's Discussion and Analysis for year ended December 31, 2019.

BOARD OF DIRECTORS

As at 31 March 2020, the Company had four directors (the "**Directors**"), all of whom are independent and non-executive. All Directors held office throughout the financial year under review.

Robin Hallam (Chairman)

Until 31 December 2015, Robin Hallam was a partner and co-head of Asset Finance at international law firm Hogan Lovells LLP, where he was a partner since 1995 specialising in aircraft finance, particularly leasing, export credit and structured financing. Between January and December 2016, Robin was a consultant at Hogan Lovells LLP. He has represented financial institutions, operating lessors, investors, airlines and export credit agencies. Robin holds a degree in law from Trinity College, Cambridge, is a member of International Society of Transport Aircraft Trading ("**ISTAT**") and was ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (Senior Independent Director)

David Gelber began his career with Citibank in London in 1974. Over the course of the next twenty years he held a variety of trading roles in foreign exchange, fixed income and derivatives at Citibank, Chemical Bank and HSBC where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP, an inter-dealer broker, as COO and oversaw two mergers and a number of acquisitions. He is currently the non-executive Chairman of Walker Crips PLC, a stock broker and wealth manager; and a non-executive director of IPGL, a holding company with investments in numerous companies on several of which he serves as a director (DDCAP an arranger of Sharia Compliant transactions, Tellimer Ltd an online research platform for frontier markets, Veridium ID a biometric identification provider, Opportunity Network a B2B CEO platform and Singapore Life Ltd, a newly formed digital insurance company) David holds a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London.

John Le Prevost (Chairman of the Audit Committee)

John Le Prevost has spent over forty years working in offshore fund, trust and investment businesses during which time he has been a managing director of subsidiaries in Guernsey for County NatWest Investment Management, The Royal Bank of Canada and for Republic National Bank of New York and then CEO of Anson Group Limited from 1998 until he retired in 2019. He has during his career read for a law degree and an MBA and is a Full Member of the Society of Trust and Estate Practitioners. He is a trustee of the Guernsey Sailing Trust and is resident in Guernsey.

Laurence Barron

Having begun his career as a commercial lawyer in Paris and then in Tokyo, where he first became involved in aircraft financing transactions, Laurence joined Airbus in 1982 as an in-house lawyer specialising in aircraft finance. He subsequently moved to the business side when, in 1984, he was appointed Sales Finance Director North America, becoming Head of Sales Finance in 1985, and then, in 1987, Vice President of Customer Finance. In 1994, he was asked to set up the Asset Management Organisation within Airbus and that year became Vice President and Head of Asset Management. Airbus Asset Management has full responsibility for all used aircraft transactions at Airbus and acts as an in-house leasing company for the used Airbus aircraft owned or controlled by the Airbus group of companies. In 2001 he was promoted to Senior Vice President of Airbus before assuming the role of President of Airbus China in 2004, with responsibility for Airbus' overall activities in the People's Republic of China. In January 2013, Laurence was appointed Chairman of EADS China, now rebranded Airbus China. Laurence retired from salaried Airbus employment at the end of April 2016 and was non-executive Chairman of Airbus China until the end of 2017. He holds an LLB from Bristol University Law Faculty.

DIRECTORS' REPORT

The Directors present their consolidated annual financial report of Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") and its wholly-owned subsidiaries, together known as the "**Group**", for the financial year ended 31 March 2020.

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 important events that have occurred during the financial year, their impact on the financial statements and 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, Statement of Principal Risks and Uncertainties, Audit Committee Report and the notes to the consolidated financial statements contained on pages 54 to 90 and are incorporated herein by reference.

During the financial year under review two of the Airbus A380-800 aircraft which were each owned by the Company's wholly owned subsidiaries, AA4P Iota Limited and AA4P Kappa Limited, and leased to Etihad Airways PJSC ("**Etihad**"), were sold to Etihad and the two subsidiary companies were subsequently liquidated.

Status

The Company is a Guernsey domiciled company with registered number 59675, the shares of which have been admitted to trading on the Specialist Funds Segment of the London Stock Exchange's Main Market.

Management of the Group

The Directors are responsible for managing the business affairs of the Group in accordance with the Company's articles of incorporation (the "**Articles**") and have overall responsibility for the Group's activities, including investment activity. The Group has delegated management of the assets to Amedeo Limited (the "**Asset Manager**" or "**Amedeo**"), which is a company incorporated in Ireland. The Directors delegate secretarial and administrative functions to JTC Fund Solutions (Guernsey) Limited ("**JTCFSL**" or the "**Secretary"** or the **"Administrator**") which is a company incorporated in Guernsey and licensed by the Guernsey Financial Services Commission (the "**GFSC**") for the provision of administration services. The Company has appointed Nimrod Capital LLP ("**Nimrod**" or the "**Corporate and Shareholder Adviser**") as the Company's Corporate and Shareholder Adviser and JTC Registrars Limited (formerly known as Anson Registrars Limited) as the Company's Registrar, Transfer Agent and Payment Agent.

Asset Manager, Agency Services and Liaison Agent

Amedeo has been appointed by the Company to provide asset management services to the Group. Pursuant to the Asset Management Agreement dated 30 April 2015, Amedeo will: (i) monitor and, to the extent required pursuant to the terms and conditions set out in each lease, administer each relevant lessee's performance of its obligations under the relevant lease (including such lessee's obligations relating to the insurance of the assets); (ii) as the Group's exclusive remarketing agent in respect of the assets, use all reasonable endeavours to solicit offers to lease or sell each of the assets on the best terms reasonably obtainable having due regard to the then current market conditions (including current industry and market practice); (iii) carry out mid-lease inspections of the Assets; (iv) provide the Group with information and analysis with respect to each asset, including a quarterly asset monitoring report which will include recent developments and a forward looking statement including inspection results, events, any material information, significant changes, decisions which have been or need to be made, events affecting distributions, and other major or pending events, issues or outcomes as far as known to Amedeo; and (v) if requested by the Group, acting reasonably, provide a financial model that would allow the Board to prepare or re-assess target distributions based on the Asset Manager's view of projected cash flows and liabilities.

Amedeo has further undertaken that it will dedicate sufficient time and resources as they reasonably believe is sufficient from time to time to fulfil any contractual arrangements it enters into with the Group.

Amedeo has also been appointed as Agency Services provider by the Company, pursuant to the Agency Agreement dated 30 April 2015, to assist the Group, and act as the Group's agent, in relation to the arrangement, negotiation, review, and, following the approval and execution by the Group, the management of the acquisition of assets, the borrowings of the Group relating to the acquisition of the assets (including any Financing Documentation), each lease and ensuring that material agreements are consistent with market practice in the aviation industry.

Amedeo Services (UK) Limited has been appointed as Liaison and Administration Oversight Agent by the Company, pursuant to the Liaison and Administration Oversight Agreement dated 30 April 2015, to: (i) co-ordinate the provision of services by service providers to the Group under the Asset Management Agreement, the Agency Agreement and the Administration Agreement; (ii) facilitate communication between the Group and its service providers in relation to the services provided under the Administration Agreement, Asset Management Agreement and Agency Agreement; (iii) in relation to the acquisition of any asset, monitor and review the timing or payments and any currency exchanges to be effected in order to ensure payments are made in a timely maker; (iv) monitor the on-going budget of the Group and the payment of recurring and certain non-recurring costs, fees and expenses, and (v) assist the Administrator in monitoring the balances in the bank accounts of the Group and, where appropriate, provide the Administrator with any assistance it might reasonably require with respect to making payments, transferring balances or entering into currency exchanges as appropriate. Amedeo Services (UK) Limited is authorised and regulated by the Financial Conduct Authority (the "**FCA**").

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 thirty nine aircraft under management and an additional 8 aircraft under oversight. The volume of assets under management is c. $7 billion, which include commercial airliners including A380, A350, A330 and Boeing 777 and 747-F. Amedeo is a member of International Society of Transport Aircraft Trading ("**ISTAT**") and is a Strategic Partner of the International Air Transport Association ("**IATA**").

Corporate and Shareholder Adviser

Nimrod, which is authorised by the FCA, has been appointed as the Corporate and Shareholder Adviser by the Company pursuant to the Corporate and Shareholder Advisory Agreement dated 30 April 2015. In such a capacity Nimrod maintains a regular dialogue with shareholders in order to ensure that any significant developments in relation to the Group are communicated appropriately to shareholders.

Nimrod was founded in 2008 as an entirely 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. Nimrod has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their board of directors and managers.

The Board regrets that it has been unable to reach agreement with Nimrod on a substantial reduction in their fees charged to the Company. We sought a reduction that achieved, primarily, permanence, became aligned with shareholder fortunes, was unconditional and reflected the true value of the services they actually deliver. Their offer only met the first test.

Since the inception of your Company Nimrod has earned Placing Fees of £6.1m and ongoing management fees of £9.8m in the first five years of the Company's life. However, it is now Nimrod's ongoing annual fee which is our concern as it is unaligned with shareholders' interests. Left unchanged, the current arrangement would result in further fees of £27.2m payable during the Company's life to 2030; regardless of whatever might become of the Company's market capitalisation, whether or not it disposes of any more assets and its ability to declare dividends.

We consider such remuneration to be unjustified in view of the current difficult market conditions for the aviation industry in general and your Company in particular. In trying to assess the value for money of the fees in question, we have sought competing quotes from leading City institutions to deliver the same service that Nimrod is charged with delivering and these came in around one-fortieth of Nimrod's current annual fee. This confirmed our view that the level of their fees needs to be reduced drastically in order to conform to market norms.

We are however bound by a fixed 12 year contract with no break options or reasonable notice period. Suffice it to say that the offer received from Nimrod falls materially short of what we consider appropriate in the current circumstances and is not aligned with shareholder interests.

However, the Board is concerned if any adviser appears to have failed to recognise the changed landscape facing the Company.

We will continue to press for a more realistic, value based fee which accurately recognises and prices the service provided.

Secretary and Administrator

JTCFSL is an independent provider of institutional and private client services to clients in numerous jurisdictions and is a member of the JTC Group. See the JTC Group's website at www.jtcgroup.com.

JTCFSL is a Guernsey incorporated company, which is licensed by the GFSC. JTCFSL provides administration and secretarial services to the Group pursuant to the Administration Agreement dated 30 April 2015, as amended. In such capacity, JTCFSL 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.

The Administrator is also responsible for the Group's general administrative functions and for the preparation of unaudited half-yearly and audited annual financial reports, subject to the direction and oversight of the Company's Board of directors.

Registrar

JTC Registrars Limited (formerly Anson Registrars Limited) has been appointed as registrar, transfer agent and paying agent by the Company pursuant to a Registrar's Agreement dated 30 April 2015. JTC Registrars Limited (the "**Registrar**") performs all the usual duties of a registrar, transfer agent and paying agent in relation to the Shares and the maintenance of the Company's Share register.

Review of Service Providers

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, the Secretary and Administrator and the Registrar and the powers delegated to each service provider. However, due to COVID-19 and the Board's significant increase in workload, a proper assessment has not yet been possible but it will be carried out as soon as circumstances permit.

A full list of the Group's service providers is set out on pages 4 and 5

Directors

The Directors in office are shown on page 4 and all Directors remain in office as at the date of approval of this consolidated annual financial report. Further details of the Directors' responsibilities are given on page 45.

At the time of writing no Director has a contract of service with the Group, nor are any such contracts proposed.

The interests in Shares of the Company held by persons discharging managerial responsibility and their persons closely associated are shown below:

	Number of Shares held as at 31 March 2020	**Number of Shares held as at the date of this report**
Robin Hallam	45,000	45,000
Amanda Hallam	45,000	45,000
John Le Prevost	50,000	50,000
David Gelber	332,518	332,518
Vivienne Gelber	33,945	33,945

Laurence Barron	-	-

John Le Prevost was a director and controlling shareholder of Anson Registrars Limited until 28 February 2020, when that company was acquired by JTC Group Limited, the holding company of the Company's Administrator and Company Secretary.

Other than the above shareholdings and Mr Le Prevost's prior interest in JTC Registrars Limited, none of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year.

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

Results and Dividends

The financial results of the Group for the financial year are set out on pages 50 to 53.

The Company declared and paid the following dividends during the financial year:

Announcement Date	Payment Date	Dividend per Share (pence)
11 April 2019	30 April 2019	2.0625
11 July 2019	31 July 2019	2.0625
10 October 2019	31 October 2019	2.0625
16 January 2020	31 January 2020	2.0625

Related Parties

There were no events or changes in the related parties during the financial year which had or could have had a material impact on the financial position of the Group, other than those disclosed in note 26 to this consolidated annual financial report.

Substantial Shareholdings

As of the date of this report, 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:

Holder	% of Total Voting Rights	Number of Shares
Royal London Asset Management Limited	8.35%	53,615,654
Newton Investment Management Limited	6.21%	39,909,866
FIL Limited	5.43%	34,873,004
Weiss Asset Management	5.02%	32,226,000
Legal and General Investment Management Limited	5.01%	32,200,000

Going Concern

The directors believe that the going concern basis of accounting is appropriate but there are material uncertainties. Please see more information regarding going concern in the Corporate Governance Statement on pages 25 to 36.

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 Companies (Guernsey) Law, 2008, as amended (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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG has expressed its willingness to continue in office as auditor and the Audit Committee has recommended their reappointment. A resolution proposing its reappointment will be submitted at the forthcoming annual general meeting to be held pursuant to section 199 of the Law.

By order of the Board

Robin Hallam
Director

CORPORATE GOVERNANCE STATEMENT

Statement of Compliance with the AIC Code of Corporate Governance, as published in February 2019 (the "AIC Code")

Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") and its wholly-owned subsidiaries, together known as the "**Group**", is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. As a Guernsey incorporated investment company and under the Disclosure Guidance and Transparency Rules (the "**DGTRs**") of the UK's Financial Conduct Authority (the "**FCA**"), the Company is not required to comply with the UK Corporate Governance Code, 2018 (the "**UK Code**").

However, the Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has considered the principles and provisions of the AIC Code, which addresses all of those set out in the UK Code, as well as setting out additional principles and provisions on issues that are of specific relevance to investment companies. The Board considers that reporting in accordance with the principles and provisions of the AIC Code provides more relevant and comprehensive information to shareholders.

A copy of the AIC Code is available on the AIC website at www.theaic.co.uk/aic-code-of-corporate-governance-0.

For the reasons set out in the AIC Code, the Board has considered that the provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function are not relevant to the position of the Company and has therefore not reported further in respect of these provisions.

Having reviewed the AIC Code, the Board considers that it has maintained procedures during the financial year under review to ensure that it has complied with the AIC Code, subject to the explanations provided within this statement.

Board Composition

The Board comprises four Directors, their biographies appear on page 19 demonstrating the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and, for the purpose of the AIC Code, all considered to be independent, with the Chairman being independent on appointment. As part of their examination of the independence of the Board, the Board has concluded that all Directors remain independent under the principles of the AIC Code.

Robin Hallam is the Chairman.

David Gelber was appointed as the Senior Independent Director ("**SID**") on 23 October 2019. As the appointed SID, Mr Gelber provides a sounding board to the Chairman and serve as an intermediary for shareholders. Mr Gelber will also lead on the evaluation of the performance of the chairman.

None of the Directors have directorships or employments in any other public company nor do any of the Directors hold cross-directorships or have significant links with each other through involvement in any other companies or bodies.

Tenure

The Board notes that the AIC Code expects all directors to be subject to annual re-election. However, the Company's articles of incorporation (the "**Articles**") require that all directors who held office at the two preceding annual general meetings of the Company and did not retire from office at either of those meetings shall retire from office and shall be eligible for re-election at the same meeting. The Board considers that the annual re-election of all the Directors would be disruptive to the Company for continuity purposes and therefore the Directors will continue to be re-elected in accordance with the Company's Articles.

Accordingly, at the forthcoming annual general meeting David Gelber and John Le Prevost will retire and, being eligible, offer themselves for re-election. Having considered the performance and contributions made by Messrs Gelber and Le Prevost, and having regard to their biographies on page 19 which demonstrate the key skills, experience and knowledge they each bring to the Board, the Board believes that they continue to perform effectively and with commitment to their roles and, as such, the Board recommends their re-election.

The composition of the Board had been considered by the directors and it has been agreed that, when it is appropriate to do so, the Board will consider recruiting additional members to enhance the existing skills and experience of the current Board members and to promote diversity of gender on the Board. The Board may also consider appointing an additional director to each of its subsidiaries who will be independent of the Company's board.

An opportunity to recruit additional board members may arise if a director retires or is not re-elected.

The Board will consider the tenure of all Directors once any Director has been appointed to the Board for a continuous period of nine years.

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. The Chairman also encourages all Directors to present their view on matters in an open forum.

Board Evaluation

In January 2020, the Board had engaged an external facilitator, BoardAlpha, which has no other connection with the Company, to lead a performance evaluation of the Board, its committees and each of the Directors, as required by the AIC Code. Due to the restrictions in place resulting from COVID-19 the performance evaluation has been suspended though the Board intends to restart the performance evaluation as soon as circumstances permit.

As part of this process the external facilitator will:

- interview each Director and the key service providers separately,
- perform a review of recent Board and committee meeting packs and other documents that will inform them about the business strategy and key risks, the nature and quality of the Board's work and the relationships with the key service providers,
- attend a Board meeting and key committee meeting, and
- consider the Boards succession plan

At the conclusion of its evaluation, the facilitator will provide the Directors with a written report of their findings, including any suggestions for improvements thereon, for further consideration by the Board.

The Board last performed an internal performance evaluation of itself, its committees and each of the Directors in the financial year ended 31 March 2019.

Remuneration

In accordance with the Company's 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 £400,000 per annum. Directors are also entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties or in attending meetings of the Board or of any committees or general meetings. Directors' and Officers' liability insurance cover is also maintained by the Company on behalf of the Directors.

All Directors receive an annual fee and there are no share options or other performance related benefits available to them. All Directors are paid a fee of £61,500 per annum and the Chairman is paid an additional fee of £15,375 per annum. The Chairman of the Audit Committee is paid an additional £7,687 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 JTC Fund Solutions (Guernsey) Limited ("**JTCFSL**" or the "**Secretary"** or the **"Administrator**").

Board Meetings

The Board meets in Guernsey at least four times per year to consider the business and affairs of the Group for the previous quarter and the outlook for the coming quarter and beyond, at which meetings the Directors review the Group's assets and all other important issues to ensure control is maintained. At two of these meetings the Board considers and, if deemed appropriate, approves the Group's financial statements.

Between these regular meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Additionally, the Directors hold strategy meetings with relevant advisers as appropriate.

The Directors are kept fully informed by Amedeo Limited (the "**Asset Manager**" or "**Amedeo**"), of all matters concerning the Assets and their financial arrangements and by the Secretary of all matters that are relevant to the business of the Group and which should be brought to the attention of the Directors and / or 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 Board and its Asset Manager.

The Directors also have access to the advice and services of Nimrod Capital LLP ("**Nimrod**" or the "**Corporate and Shareholder Adviser**") as required. The Directors may also, in the furtherance of their duties, take independent professional advice at the Group's expense.

In the financial year under review the Directors held nine Board meetings, two Audit Committee meetings and three Dividend Committee meetings in order to carry out their duties. Director's attendance at these meetings was as follows:

Director	Board	Audit Committee	Dividend Committee
Robin Hallam	9 of 9	2 of 2*	0 of 3
David Gelber	8 of 9	2 of 2	0 of 3
John Le Prevost	9 of 9	2 of 2	3 of 3
Laurence Barron	9 of 9	2 of 2	0 of 3

*Robin Hallam resigned as a member of the Audit Committee in November 2019.

No fixed time commitment for Board duties has been set in the Directors letters of appointment, as the Board considers that the time required by Directors may vary depending on the demands of the Group and any other events. Therefore, it is required that each Director allocates sufficient time to the Group to perform their duties effectively. It is also expected that each Director will attend all Board meetings and meetings of committees of which they are a member. The Chairman has confirmed that he considers the performance of each Director to be satisfactory and that each Director demonstrates continued commitment to their role.

The Board was equally satisfied during the year under review that the Chairman had the commitment to his role and the time to make himself available at short notice when the need arose.

Board Committees

The Board has considered the establishment of a remuneration committee as set out in Provision 37 of the AIC Code, a management engagement committee as set out in Provision 17 of the AIC Code, and a nomination committee as set out in Provision 22 of the AIC Code.

The Board has concluded that, given the small size of the exclusively non-executive and independent Board, the Company has no requirement for these committees and instead, the full Board performs these functions.

The Board has established an Audit Committee and a Dividend Committee. Details of the activities of each of these committees are set out below.

Audit Committee

The members of the Audit Committee are John Le Prevost, David Gelber and Laurence Barron. John Le Prevost acts as Chairman of the committee. The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012 and most recently updated in April 2016. The Audit Committee examines the effectiveness of the Group's and its service providers' internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence.

The Audit Committee considers the nature, scope and results of the auditor's work and reviews it annually prior to providing a recommendation to the Board on the reappointment or removal of the auditor. When evaluating the external auditor, the Audit 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 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 through limiting non-audit services to specific audit-related work that falls within defined categories; for example, the provision of advice on the application of International Financial Reporting Standards or formal reports for any Stock Exchange purpose. All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the consolidated annual financial report for the relevant period. A new lead audit partner will be appointed every five years and the Audit Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

The Audit Committee has recommended to the Board that the re-appointment of KPMG as the Company's external auditor be proposed to shareholders at the 2020 Annual General Meeting. The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

The Audit Committee meets in Guernsey at least twice a year, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and reports to the Board with its deliberations and recommendations and also holds an annual audit planning discussion with the auditor. The ultimate responsibility for reviewing and approving the half-yearly and the annual financial report remains with the Board.

The Audit Committee also operates within clearly defined terms of reference based on the Institute of Chartered Secretaries and Administrators recommended terms and provides a forum through which the Group's external auditor reports to the Board. The Audit Committee can request information from the Company's service providers with the majority of information being directly sourced from the Asset Manager, Secretary and Administrator and the external auditor. The terms of reference of the Audit Committee are available on the Company's website and on request from the Secretary.

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

During the financial year the Audit Committee met to consider the annual financial report for the year ended 31 March 2019 and the half-yearly financial report for the period ended 30 September 2019. The report from the Chairman of the Audit Committee is on pages 39 to 44.

Dividend Committee

The Dividend Committee consists of any one 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 as set out on page 7; subject to no other director having raised an objection to the declaration of such a dividend.

Going Concern

The Group's principal activities are set out within the Company Overview on pages 6 to 8. The financial position of the Group is set out on page 51. In addition, note 18 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.

The Directors in consultation with the Asset Manager are monitoring the effects of COVID-19 on the Group’s financial position. The Group’s future performance can potentially be impacted should COVID-19 have a pervasive and prolonged impact on the aviation industry and on the business of its lessees and also affect the residual values of the aircraft it owns. This may lead to the inability of lessees to pay rent as they fall due. These factors, together with wider economic uncertainty and disruption, 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, refinancing or other disposition of the relevant aircraft.

Any failure of a lessee to maintain its scheduled payments under its existing leases means the payments received, if any, may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group’s expenses.

As a consequence of these uncertainties the Board has decided to temporarily suspend the declaration of dividends.

However, on the basis of (i) the Group's current liquid assets and (ii) cash-flow projections under various scenarios (including default by Thai), the Directors nevertheless believe that the going concern basis of accounting is appropriate but there are material uncertainties.

Refer to note 2(j) for further details in relation to Going Concern.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group’s system of risk management and internal controls, which is reviewed fully for effectiveness on an annual basis. Internal controls are designed to meet the particular needs of the Group 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 key procedures which have been established to provide effective internal controls are as follows:

- The Board is responsible for the Group’s systems of risk management and internal controls and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group. The internal controls, which are delegated to the applicable service providers as appropriate, are designed to meet the Group’s particular needs and the risks to which it is exposed;
- the Board clearly defines the duties and responsibilities of their service providers. 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 on-going performance and contractual arrangements;
- the Board regularly reviews the performance of, and the contractual arrangements with, the Group’s agents, advisers and service providers;
- asset management services are provided to the Group by Amedeo;
- corporate and shareholder advisory services are provided to the Company by Nimrod;
- administration and secretarial services are provided to the Group by JTCFSL;
- cash investment transactions and expense payments are approved by the Board or their delegates;
- the Board reviews financial information produced by the Administrator on a regular basis;
- the Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Management of Conflicts of Interest

The Board has overhauled the Company’s conflicts of interest policies and put in place the necessary guidelines. The Board has also communicated their expectations to the Company’s service providers and each director, and are taking action currently on the cases of actual or potential conflicts which have been brought to their attention.

The Board considers the directors conflicts of interest at each Board meeting by reviewing a schedule of each directors 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 upon appointment, and, other than John Le Prevost who had an interest in Anson Registrars Limited as disclosed on page 19, nor did any Director have any interest in contracts with the Group during the financial year under review, or subsequently.

Bribery

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 will implement and enforce effective procedures to counter bribery; and
- the Group requires all its service providers and advisers to adopt equivalent or similar principles.

Data Protection

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

Dialogue with Shareholders

All shareholders have the right to receive notice of, and attend, general meetings of the Company, at which one or more members of the Board will be available to discuss issues affecting the Group.

The primary responsibility for shareholder relations lies with the Board which has delegated this role to the Company's Corporate and Shareholder Adviser. The Corporate and Shareholder Adviser meets periodically with the Company's shareholders to discuss the Company and seek feedback for the benefit of the Board. In addition, the Directors are available to enter into dialogue with shareholders by telephone or email and the Chairman is always willing to meet shareholders, as the Company believes such communication to be important. Shareholders also have the opportunity to address questions to the Chairman and the Audit Committee at the Company's annual general meeting.

The Board reviews the Company's share register at every Board meeting to monitor the Company's shareholder profile and seeks to ensure that information is presented to shareholders in a fair, balanced and understandable manner. The Board would also take action to address any shareholder concerns. The Company provides regular updates to shareholders through the quarterly factsheets and annual and half-yearly financial reports.

The Directors contact details are given on page 4 and can also be found on the last page of each quarterly factsheet issued. All Directors can also be contacted by shareholders via correspondence sent to the Group's registered office or via the Secretary if they have any concerns.

Stakeholders and Section 172

An intention of the AIC Code, to which the Company fully subscribes, is that the Board 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 (the "Guidance") have been considered in Board discussions and decision-making.

Such Guidance says that the board has a duty to promote the success of their company for the benefit of the members as a whole and, in doing so, have regard to:

a. The likely consequences of any decision in the long term
b. The interests of the company's employees
c. The need to foster the company's business relationships with suppliers, customers and others
d. The impact of the company's operations on the community and the environment
e. The desirability of the company maintaining a reputation for high standards of business conduct, and
f. The need to act fairly between members of the company.

As an aircraft leasing company, the Company has no employees and all of the directors are non-executive, so the Board considers that its key stakeholders are its shareholders and its service providers.

The Board's engagement with shareholders is described in the section "Dialogue with Shareholders" 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 Group in the longer term. 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.

The Company engages third party service providers and, in addition to the regular reporting provided by these key service providers, the Board performs a review of the performance of these key service providers on an annual basis. The services provided by these key service providers are critical to the ongoing operational performance of the Group. 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 Group for the benefit of all shareholders.

The Board considers the interests of all stakeholders and oversees the activities of the Asset Manager, as explained in the preceding paragraphs.

As described in detail in the Company's viability statement on page 35, the Board considers the prospects of the Group for at least the duration of each lease whenever it considers the Group's sustainability. All strategic decisions are therefore taken with the long-term success of the Group in mind and the Board would take external advice whenever it considered that such would be beneficial to its decision making process, primarily from its retained service providers (including legal counsel), but also from other external consultants.

The Board recognises that environmental, social and governance ("**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 37 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 key service providers with their own obligations. Each provider is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly and are committed to ensuring that high standards of corporate governance are maintained.

The Board encourages openness and transparency with its service providers.

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal risks facing the Group and has 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 the documentation to support these processes undergoes review and enhancement with each new acquisition.

The risks set out below are those which are considered by the Board to be the material risks relating to the Company and the Group.

Risk	**Explanation/Mitigation**
Global Pandemic	COVID-19 has spread globally and resulted in widespread restrictions on individuals socialising and travelling which is having a significant effect on the airline industry, in particular, international business travel on which widebody aircraft operation is dependent. With the majority of aircraft grounded and the financial impact on airlines, it is probable that a number will enter into bankruptcy, as

Thai has done. Accordingly the Board has temporally suspended dividends and postponed the return of the Etihad proceeds to investors in order to maintain liquidity.

Operational risk

There is a risk that the Group will not achieve its investment objective and that the value of a shareholder's investment could decline substantially or entirely as a consequence.

The Board is ultimately responsible for all operational aspects of performance, including cash management, asset management and legal and regulatory obligations.

The Group has no employees and so the Company enters into legal agreements with service providers to ensure that all operational functions are fulfilled. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group and could adversely affect the ability of the Company to meet its investment objective.

This risk has been mitigated by the Company using well established, reputable and experienced service providers. The Board assess service providers' continued performance on an annual basis.

Key Personnel at Asset Manager

The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of certain key personnel at Amedeo. The exact impact of the departure of a key individual from Amedeo on the ability of the Company to achieve its investment objective cannot be determined and may depend on the ability of Amedeo to recruit a new individual of a similar level of experience and calibre. There can be no guarantee that Amedeo would be able to do so and this could adversely affect the ability of the Company to meet its investment objective.

The service provision agreements in place seek to ensure that the level of service remains continuous.

Investment risk

The Group will only enter into leases on terms which stipulate that the cost of repair and maintenance of the Assets will be borne by the lessee. However, upon expiry or termination of leases, the cost of repair and maintenance will fall upon the Group. Upon expiry of leases, the Group may therefore bear higher costs and the terms of any subsequent leasing arrangements may be adversely affected, which may reduce the distributions paid to the shareholders from such point. Repair and maintenance issues may adversely affect the price of the Assets upon sale. Further, if the Group were to dispose of the Assets at the end of the lease terms, there is a risk that indicative values may not be realised on disposal. This could affect the ability of the Company to meet its investment objective.

Insurance risks

The lease for each Asset requires that the Lessee insures the Asset and this is monitored by the Asset Manager. However, inflation, changes in ordinances, environmental consideration and other factors may make the insurance proceeds insufficient to repair or replace the Assets if they are damaged or destroyed. If the insurance proceeds are insufficient to repair or replace the Assets if they are damaged or destroyed, this may affect the ability of the Company to meet its investment objective. If a lease is terminated, the Group will have to insure the relevant Asset directly which will cause additional expenses to be incurred.

Return of the Assets at the end of the Leases	At the end of each of the leases, the relevant Asset must, subject to certain conditions, be redelivered in accordance with the relevant terms of the lease. Any redelivery of an Asset in a condition other than contracted condition may impact upon the amount that can be realised upon any subsequent sale or re-lease of such Asset, including that it may create additional, unforeseen expenses, such as re-fitting, storage and insurance costs, for the Group at that time. The Asset Manager performs regular checks of the Assets and updates the Board of any material developments.
Airline industry related risks	The airline industry is particularly sensitive to changes in economic conditions. Unfavourable economic conditions can also impact the ability of airlines to raise fares to counteract increase in fuel, labour and other costs. The airline industry is also subject to other risks including competition between airlines, dependency on rapidly evolving technology, inability to obtain additional equipment or support for aircraft and engine suppliers, availability and price of fuel, staff and employee related issued (including employee strikes), security concerns and the threat of terrorism, airport capacity constraints, air traffic control inefficiencies, changes in or additional governmental regulations relating to air travel and acts of God (including adverse weather, natural disasters and pandemics). There is also a risk that the behaviour of airline competitors could restrict the lessees' activities in certain jurisdictions. Any of these risks could materially affect the ability of the lessees to comply with payment obligations. Furthermore, a general downturn in the airline industry would have an impact on attainable leasing rates in the event of any termination or at expiry of the leases as well as on attainable sales revenue for the Assets.
Valuation of Assets	The Group's net asset value for accounting purposes is calculated in accordance with International Financial Reporting Standards ("**IFRS**") and may not properly reflect the actual realisable value of the Assets at any particular point of time. Valuations of the Assets by Independent Expert Valuers ("**IEV**") will be considered in any valuation of the Group's Assets. The Board will consider these valuations and shall, if there are indicators that would suggest a permanent diminution in book value of one or more of the Assets, determined in consultation with the Administrator and the Asset Manager, there will be made an appropriate adjustment for accounting purposes to the Net Asset Value and Net Asset Value per Share of the Group. Valuations (including valuations provided by any IEV), and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates. Valuations of an Asset (including valuations provided by any IEV) will not constitute a guarantee of value and may not necessarily reflect the prices at which that Asset could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty, and depend on various factors beyond the control of the Group, Amedeo and the IEV. Therefore,

there can be no guarantee that the Assets could ultimately be realised at the Group's valuation. The "highest and best use" value has been used for accounting purposes given that the aircraft are held for use in a leasing business.

The Group has a robust audit process to ensure that valuations accurately reflect the requirements of IFRS. The IEV will be engaged on an annual basis to report on fair value for accounting purposes only.

Borrowings and financing risk

There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates.

This risk has been partially mitigated by ensuring that loan repayments are made from lease rental revenues received in the matching currency and by fixing the interest rate on loans and lease rentals. In the case of the four Thai Airways International Public Company Limited ("**Thai**") aircraft, the floating rate lease rentals are closely matched to floating rate loan repayments.

Should the lessees default on the rental payments it is unlikely the Company will be able to meet its debt obligations or, in the case of ongoing default, continue as a going concern. Should an Asset not be sold at the end of the lease, steps would need to be taken to refinance the Asset or the subsidiary.

The Asset Manager provides the Board with a quarterly report on the performance of the lessees and of the Assets.

An expense budget is also reviewed on a quarterly basis to ensure that adequate reserves are maintained to meet operational expenses.

Lessee risk

The Group's airline lessees are responsible for all maintenance and safety checks. The requirement for each airline lessee to service and maintain the aircraft are set out in the lease agreements. There is a risk that airlines may not properly maintain aircraft which may lead to an impairment of the aircraft's value. In order to mitigate against this risk the Group closely monitors each airline's usage of aircraft and their compliance with agreed maintenance schedules.

In certain cases, the Group requires lessees to pay maintenance reserve payments in order to ensure that there is adequate funding at all times for proper maintenance of the aircraft.

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company's Asset Manager in its quarterly reports to the Company. Downturns in the aviation industry on a systemic level could weaken the financial stability of the Group's lessees and result in the increased risk that they could default on lease obligations. If a significant number of lessees are not able to meet their obligations to the Group, the Company's own cash flows and financial results could be adversely affected.

Legal and Compliance Risks	The Group is required to comply with the Law, the obligations of a listing on the Specialist Funds Segment of the London Stock Exchange's Main Market, the Disclosure Guidance and Transparency Rules and various European Union regulations and directives. Any failure to comply with applicable laws and regulations or to respond in a timely manner to changes could lead to criminal or civil proceedings. The Company is a member of The Association of Investment Companies (the "**AIC**") which is the trade body for closed-ended investment companies. Amongst other things, the AIC keeps its member companies up-to-date with legal and regulatory changes and provides guidance and advice on how to comply with them. The Board receives periodic updates from the Company's external auditor, legal advisers and other professionals. Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with its legal and regulatory obligations.
Impact of the United Kingdom leaving the European Union	Brexit is one of the most significant economic events for the United Kingdom and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. The Board is mindful of the fact that aviation is a global business and the aircraft owned by the Group are active all over Europe. However, as the Group has no business with companies based in the European Union, and the aircraft owned by the Group are leased to airlines based in the Middle East and Thailand, the Board expects that the Group is unlikely to be significantly impacted by the departure of the United Kingdom from the European Union.

Emerging Risks

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.

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.

Viability Statement

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and that are reported elsewhere in the consolidated annual financial report.

The Directors regularly consider the viability of the Company and the Group and are required by the Law to do so on every occasion that any distribution is to be declared. When the Directors consider the declaration of a distribution to shareholders and under the Law they are required to consider the Company's future solvency and the Directors consider future cash flows for at least the next three years on the assumption that lease income will continue to flow throughout that time. Likewise for the purposes of this annual financial report, the Directors have considered the prospects of the Company and the Group over a three year period to March 2023.

The Directors, in assessing the viability of the Group, have paid particular attention to the principal risks faced by the Group as disclosed in the Audit Committee Report, the Statement of Principal Risks and Uncertainties and the notes to the consolidated financial statements, reviewing the risks faced and ensuring that any mitigation measures in place are functioning correctly.

In addition, the Directors have considered a detailed cash flow forecast for the running costs of the Group, which is updated regularly, on the assumption that Emirates and Thai will continue to fulfil their current lease obligations. The Directors have also considered current cash-flow projections under various scenarios (including possible aircraft lease concessions to its lessees, and worst case scenarios of default for Thai). Based on all financial and other information available, including the cash flow forecast and cash flow scenario projections, the Directors believe that unencumbered cash held and forecast cash receipts will be sufficient to cover all forecast operating costs of the Group for the period up to at least March 2023 and that the Group will therefore be able to meet its debts as they fall due during that period. However, material uncertainties remain and assumptions must be made on the length of the crisis and that the Planner in Thailand reaffirms the leases and the aircraft are not returned.

The Directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and as a result of their review, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

By Order of the Board

Robin Hallam,
Director

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Introduction

The Board recognises that shareholders now have a growing interest in the environmental, social and governance ("ESG") considerations resulting from a company's business. This report sets out our current policy and approach to ensuring that the Company's level of engagement on ESG matters moves towards being commensurate to the size, nature and complexity of the business.

This Board's current policy is in its infancy as it strives to address today's ESG considerations within a company which was established in 2015 on a business model designed to run for twelve years without interruption. Subsequent acquisitions of aircraft have pushed that end date out to March 2030.

The Board has adopted a policy to hitherto uphold ESG standards where possible and applicable although recognising that this may be constrained somewhat by the nature of the Company's activities and the existing contracts it has already entered into on behalf of shareholders.

The Company

Amedeo Air Four Plus Limited ("AA4P" or the "Company") is a Guernsey company incorporated on 16 January 2015.

The Company is under the control of its Board of Directors on behalf of the shareholders. All Directors are independent and non-executive. The Board has overall responsibility for the Company's activities including all business decisions and the declaration of distributions.

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

- arranging the financing, acquisition and disposal of aircraft and the management of such aircraft whilst owned by the Company are delegated to Amedeo Limited;
- arranging meetings with major shareholders and other shareholders as may reasonably be requested by the Company to discuss proposed developments in relation to the Company and providing feedback to the Board has been delegated to Nimrod Capital LLP;
- Company Secretarial and Administration & Accounting services are delegated to JTC Fund Solutions (Guernsey) Limited; and
- share registration services are delegated to JTC Registrars Limited.

The Company has no executive directors nor employees and for all purposes its business is deemed to be operating out of its registered office which is also the office of the Company Secretary in Guernsey. The Board conducts the Company's business via a series of meetings held in Guernsey or via a video link.

Sometimes Directors are required to travel in the fulfilment of their duties and, 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 meetings, to the UK to visit shareholders and service providers as and when required and very occasionally, to the middle east or Asia to meet the Asset Lessee.

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

The Board of Directors

The Board recognises the importance of gender diversity and ethnic inclusion. Should it become necessary to appoint a new director then the Board will take such considerations into account if the talented candidates on offer so provide. In the current business climate the Board is not minded to alter its membership simply for the sake of change. However, the Company's service providers engage a number of executive women who are involved heavily in the affairs of the Company.

As a Guernsey incorporated company and under the Disclosure, Guidance and Transparency Rules of the UK's Financial Conduct Authority the Company is not required to comply with The UK Corporate Governance Code but has instead chosen voluntarily to comply with the provisions of The AIC Code of Corporate Governance to the extent that they are considered relevant to the Group (the "Code").

The Board has adopted a comply or explain approach to the Code and exceptions are reported in the Directors Report section of this publication.

The Board has considered and determined the following two additional policies:

- there are no relevant disclosures to be made with regard to modern slavery in relation to the Company's own operations; and
- the Board takes a zero-tolerance approach to bribery and corruption; and has procured from all service providers their own similar undertaking.

Finally, the Board monitors potential conflicts of interest closely and has engaged with its service providers to request them to do the same and to adopt appropriate policies to deal with such matters.

The Assets

The principal activity of the Company is to acquire, lease and then sell aircraft. The Company currently owns six A380-800 aircraft, two 777-300ER aircraft and four A350-900 aircraft. The six A380s and the two Boeing 777 aircraft are leased to Emirates Airline and the four A350 aircraft are leased to Thai Airways (collectively the 'lessees').

The nature of the leases entered into with these lessees means the Company has no influence whatsoever in the use by each lessee of the relevant aircraft; and each such lease is fixed for twelve years and is non-cancellable. The terms of each lease were fixed when they were entered into and afford the lessees quiet enjoyment of the relevant aircraft for the duration of the initial lease term; whilst ensuring each aircraft is maintained to the highest standard and remain as efficient as possible.

The Aviation Industry

The increased focus on climate change and greenhouse gas emissions, inevitably means that further focus has landed on the aviation industry and its emissions profile. In this regard the Company is fortunate to have two responsible flag carrying Airlines as its lessees who each demonstrate on their websites a considerable amount of concern for their respective businesses' environmental and social impact. The following links to these websites explain this:

Emirates = https://www.emirates.com/english/about-us/

Thai Airways = https://www.thaiairways.com/en_GB/about_thai/company_profile/index.page

The Air Transit Action Group ("ATAG") reports that aircraft flights produced 895 million tons of carbon dioxide, or 2% of total "human-induced" carbon dioxide emissions. Among transport sources of carbon dioxide, aviation is responsible for just 12%, with road emissions comprising the vast majority at 74%.

ATAG aims for net carbon emissions neutrality from 2020 onwards and for net carbon emissions to be 50% of 2005 levels by the year 2050. Airframe and engine manufacturers can and will contribute significantly to this effort.

As an asset owner, the Company is fortunate that its choice of aircraft were among the most environmentally efficient jet aircraft in service at the time of acquisition.

In the context of the aircraft the Company owns and their associated leases, the Board will continue to monitor the sustainability efforts of the industry and the lessees and will continue to have regard to environmental concerns when considering changes in the future to the Company's existing contracts.

AUDIT COMMITTEE REPORT

Membership

John Le Prevost – Chairman of the Audit Committee
David Gelber – Non-executive Director
Laurence Barron – Non-executive Director

Key Duties

The Audit Committee's key duties are as follows:

- reviewing and monitoring the integrity of Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") and its wholly-owned subsidiaries', together known as the "**Group**", financial statements and financial results announcements, and reviewing significant financial reporting judgements contained therein, and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group'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 Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process;
- conducting the tender process and making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Audit Committee Meetings

The Audit Committee (the "**Committee**") meets in Guernsey at least twice a year. The Committee reports to the Board on its activities and on matters of particular relevance to the Board in the conduct of its work.

Main Activities of the Committee during the Year

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

Fair, Balanced and Understandable

In order to comply with the AIC Code of Corporate Governance (the "**AIC Code**"), the Board has requested that the Committee advise them on whether it believes that the Group's annual financial report, 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.

Financial Reporting and Significant Issues

The 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-yearly and annual financial reports, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Committee has considered the key risks identified as being significant to this consolidated annual financial report and the most appropriate treatment and disclosure of any new significant issues identified during the audit, as well as any recommendations or observations made by the external auditor, KPMG Ireland ("**KPMG**"). To aid its review, the Committee considered reports prepared by external service providers and reports from KPMG on the outcome of their annual audit.

The significant issues considered by the Committee in relation to this consolidated annual financial report and how these were addressed were as follows:

Significant issues for the year	How the Committee addressed these significant issues
Global Pandemic Risk	
The emergence of a global pandemic may have a profound and negative impact on the operations and performance of the Group and may directly or indirectly affect some of the other risks mentioned in this table	COVID-19 has spread globally and resulted in widespread restrictions on individuals socialising and travelling which, in particular, is having a significant effect on the airline industry The Board and its key service providers are all acting to protect and support the assets of the Group for as long as is required. The impact of COVID-19 has been considered in respect of other risks such as risk of default by lessee and impairment.
Residual value of aircraft Assets The Assets of the Group comprise six A380-800 aircraft, two B777-300ER aircraft and four A350-900 aircraft (the "**Assets**"). An annual review is required of the residual value of the Assets as per International Accounting Standards ("**IAS**") 16 *Property, Plant and Equipment,* 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's estimation technique is to make reference to the current forecast market value (excluding inflation) using Minimum Return Conditions ("MRC") for the A380's, and base values for the A350's and B777-300ERs, which the Group believes is a reasonable application of the IAS 16 definition as detailed in note 3 to the financial statements. This approach has been taken because current market values in today's prices for twelve year old A380 and A350's do not exist at the reporting date. It should be noted that in relation to B777-300ERs residual values, there is minimal to no public secondary market trading data available. As such the Group has made reference to current forecast base values (excluding	At the time of purchase of each Asset, the Group engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of used sales data for similar 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. The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment. The effect of a significant decrease in USD terms in the aggregate residual values 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 9. Updated investment valuations of all Assets as at the year end were commissioned and received from third party professional appraisers and analysed by Amedeo and the Directors. The Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the average residual value excluding inflation used in the accounts is based on these appraisals using values for the A380 aircraft with minimum return conditions and monetary compensation as well as base values for the A350 and 777-300ER aircraft at the end of the lease. MRC refers to minimum return conditions per the lease contracts whereby the aircraft is returned in the specified minimum life condition and includes monetary compensation from Emirates for the A380s.

inflation) in determining residual values for the B777-300ERs.

Functional currency and foreign exchange movements

IFRS require that all entities have a functional currency, representing the currency of the primary economic environment in which such an entity operates. The functional currency of the Company is Sterling. However, functional currency must be assessed at an individual entity level.

The functional currency of entities determines the accounting treatment for exchange gains or losses and for the re-translation of monetary items. In particular o consolidation, the treatment of re-translations of a foreign operation will differ from that of a subsidiary with a matching functional currency to that of its parent.

In the prior year, following a review of activity levels and transactions in the subsidiaries of the Company, the Boards saw fit to re-designate the functional currency of the subsidiaries to US Dollars from 1 April 2018.

This has resulted in a close alignment of the results of the Group with the economic activities of the Group over time. The subsidiaries are classified as foreign operations in accordance with IAS 21, and translation movements in such entities are recognised through Other Comprehensive Income as appropriate.

The Committee reviewed the decision to re-designate the functional currency of the subsidiaries and the subsequent accounting for the year ended 31 March 2019.

The Committee has carefully considered the disclosure in notes 2(g) and 17(b) to the financial statements to ensure that the impact of the functional currency of the subsidiaries being US Dollars from 1 April 2018, as well as the reality of the Group's foreign exchange risk exposure, is properly explained.

Risk of default by Lessee on lease rentals receivable

Should Emirates or Thai (collectively the '**Lessees**') default on the rental payments, it is unlikely the Company will be able to meet its debt obligations or, in the case of ongoing default, continue as a going concern.

The Committee receives regular reports, sometimes weekly from Amedeo which comment on the situation of both Lessees. Amedeo is, in the case of the Thai leases, in weekly communications with the airline and lenders and reports accordingly to the Committee.

The Committee has carefully considered the disclosure in note 18(c) to the financial statements to ensure that this concentration of credit risk is properly reflected.

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, which is the higher of its value if sold (if known) and its value in use.

The Committee considered the issue at length and were of the opinion that, an impairment review be undertaken in the current year.

The Committee has considered various factors as in the prior year such as: a lack of conclusive comparable current market data for the A380 and A350 aircraft, the lack of publicly available secondary market data for the B777-300ER aircraft, the nature of the operations of the Group being aircraft leasing as opposed to an airline operating business, as well as other mitigating factors such as the close monitoring by the Group of each airline's usage of aircraft and their compliance with agreed maintenance schedules.

The Committee has also considered pertinent factors for the current year as referred to in note 3 including: the impact of COVID-19 on the business of airlines and indirectly aircraft values and on the credit risk profile of the Group's lessees, information and updates in relation to market demand for the A380 aircraft in particular as well as for the B777-300ER and A350 aircraft, and the latest available updates on the financial position of the Group's lessees in order to assess

	the recoverability potential for future lease income. As detailed in note 3, the above factors have impacted the variables used in the impairment analysis including residual values and discount rates, in order to determine the value-in-use of its aircraft. The resulting impairment loss is disclosed in notes 3 and 9 to the financial statements.
Recognition of the derivative financial instruments in respect of the interest rate swaps IFRS 9 Financial Instruments: Recognition and Measurement requires that separately identifiable derivative financial instruments such as interest rate swaps are carried at fair value at the reporting date and are accounted for separately in the financial statements. These derivative financial instruments are recorded at mark-to-market fair values as either a financial asset or a financial liability.	In assessing the accounting recognition of the interest rate swaps prevailing during the year, the Committee has considered the issue at length and are of the opinion that, on an on-going basis, the variable loan and corresponding interest rate swap will gives rise to cash flows which, in combination will match the lease income. The fair value of the interest rate swaps on a mark-to-market basis represents the net present value of the estimated differential between the fixed and variable interest rates that will arise given the market "assessment" of interest rates over the balance of the interest rate swap contracts. This financial instrument will have a zero value at the end of the swap contracts.

Going Concern

The Directors in consultation with the Asset Manager are monitoring the effects of COVID-19 on the Group's financial position. The Group's future performance can potentially be impacted should COVID-19 have a pervasive and prolonged impact on the aviation industry and on the business of its lessees and also affect the residual values of the aircraft it owns. This may lead to the inability of lessees to pay rent as they fall due. These factors, together with wider economic uncertainty and disruption, 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, refinancing or other disposition of the relevant aircraft.

Any failure of a lessee to maintain its scheduled payments under its existing leases means the payments received, if any, may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses.

As a consequence of these uncertainties the Board has decided to temporarily suspend the declaration of dividends.

The Directors consider that the going concern basis of accounting is appropriate but there are material uncertainties related to events or conditions mentioned above that may cast significant doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future.

However, on the basis of (i) the Group's current liquid assets and (ii) cash-flow projections under various scenarios (including default by Thai), the Directors nevertheless believe that the going concern basis of accounting is appropriate but there are material uncertainties.

Refer to note 2(j) for further details in relation to Going Concern.

Internal Controls

The Committee has made due enquiry of the internal controls of the Administrator. The Committee is satisfied with the controls currently implemented by the Administrator and will continue to review them regularly. The Committee has also requested the Secretary keeps the Group informed of any in-house developments and improved internal control procedures effected.

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. The Board has therefore taken the decision that it would not be of any material benefit for the Group to appoint 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 Committee received from KPMG, a detailed audit plan, identifying their assessment of the key risks. For the year the primary risks identified were in respect of valuation of the aircraft assets, depreciation and management override of controls.

Using its collective skills, the Committee evaluated the effectiveness of the audit process in addressing the matters raised through the reporting it received from KPMG at the conclusion of the audit.

In particular the Committee formally appraise KPMG against the following criteria:

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

In addition the Committee sought feedback from the Administrator on the effectiveness of the audit process.

For the year, the Committee were 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 Committee discussed their findings with KPMG and will consider if future external audits could be improved.

The Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. If felt necessary, Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters discussed include the residual valuation of aircraft, 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 obstruction of the auditor by the Administrator or undue influence on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also evaluate their independence on an on-going basis.

The Audit Committee has recommended to the Board the re-appointment of KPMG as the Group’s external auditor be proposed for the year ending 31 March 2021. Accordingly a resolution proposing the re-appointment of KPMG as the Group’s auditor will be put to shareholders at the Company’s 2020 annual general meeting.

The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2028 (being ten years from the initial appointment) with the aim of ensuring a high quality and effective audit.

There are no contractual obligations restricting the Committee’s choice of external auditor. The Committee continues to consider the audit tendering provisions outlined in the AIC Code, of which it is supportive.

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since October 2018.

Committee Evaluation

Our activities will form part of the external review of Board effectiveness to be performed as soon as circumstances permit.

An internal evaluation of our effectiveness will be carried out in 2020.

John Le Prevost
Chairman of the Audit Committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008, as amended (the "**Law**") requires Directors to prepare financial statements for each financial year. Under the Law, they have elected to prepare Amedeo Air Four Plus Limited ("**AA4**" or the "**Company**") and its wholly-owned subsidiaries', together known as the "**Group**" financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

The financial statements are required by Law to 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 financial statements, International Accounting Standard 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 adequate 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 financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

The Directors jointly and severally confirm that to the best of their knowledge:

- this management report (including the information incorporated by reference) 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 the Group faces;
- the consolidated financial statements, prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the consolidated annual financial report, 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.

Signed on behalf of the Board on 15 July 2020

Robin Hallam

Director

Independent Auditor's Report To The Members Of Amedeo Air Four Plus Limited

1 Our opinion is unmodified

We have audited the financial statements of Amedeo Air Four Plus Limited ("the Company"), and its subsidiaries (together, "the Group"), for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, and the related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is Guernsey Law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the Group as at 31 March 2020 and of its loss for the year then ended;

- have been properly prepared in accordance with IFRS as adopted by the EU; and

- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standards as applied to a listed entity, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (j) ('Accounting Policies – Going Concern') in the financial statements, which indicates that in case of materialisation of the risk related to the lessee counterparty creditworthiness the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt and may not provide surplus income to pay for the Group's expenses. Additionally, Note 2 (j) indicates that the Group has received requests for concessions from its lessees and was not paid certain rental payments when due after the year-end. These events or conditions, along with other matters as set forth in Note 28 ('Subsequent Events'), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below (unchanged from prior year) to be the key audit matters to be communicated in our report:

Valuation of Aircraft £1.7bn (31 March 2019 - £2.2bn)

Refer to pages 54 (accounting policy) and page 60 (Property, Plant and Equipment disclosures)

The key audit matter

The Group's aircraft portfolio makes up 86.07% of its total assets by value. Aircraft valuation is a subjective exercise requiring significant judgement and estimation, particularly for certain of the aircraft owned by the Group. Appropriate consideration needs to be given to the market for the Group's aircraft both at present and at the end of their current leases. The secondary market for certain of the Company's aircraft is still nascent and as such valuation can be challenging.

In addition, the COVID-19 pandemic is expected to have an impact on aircraft values and market lease rates. It has had a drastic impact on global financial markets, and, in particular, on the airline industry. As a direct result of global aircraft groundings and reduced passenger numbers, airlines are experiencing unprecedented liquidity issues and threats of bankruptcy.

How the matter was addressed in our audit

The procedures we undertook included but were not limited to:

- documenting and assessing the design and implementation of controls over the valuation of aircraft;
- obtaining the Board of Directors' impairment assessment model and:
  (i) evaluating and challenging the indicators used to determine that an aircraft may be impaired based on available external and internal sources of information; and
  (ii) assessing whether the methodology and assumptions used for determining recoverable amounts for aircraft were applied consistently across the portfolio;
- testing the accuracy of the impairment assessment model via re-performance and testing the completeness of the inputs;
- evaluating and challenging the Board of Directors' key judgements and assumptions in determining the recoverable amounts by:
  (i) comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience;
  (ii) performing scenario analysis and stress-testing of the key judgements and assumptions and comparing results to those used by the Group; and
  (iii) holding discussions with Directors and management's experts and challenging the basis for their estimates;
- challenging the assumptions applied by the servicer with regard to the commercial outlook and resultant impairment assessment for the aircraft;
- reperforming the calculations of value-in-use and impairment charge to verify the mathematical accuracy in the assessment of impairment;
- evaluating the competence, capabilities and objectivity of the external independent aircraft appraisers appointed by the Group.
- Testing the information provided by the independent appraisers is used by the Group to assist in determining the fair value of the

aircraft;

- benchmarking the discount rates used in the impairment assessment against other industry participants and the Group's weighted average cost of capital (WACC);
- performing extended stress testing analysis for aircraft on lease assuming different scenarios based on aircraft specific risk and possible changes in lessee cash flows; and
- assessing the adequacy of the disclosures made by the Group in relation to impairment assessment and recognized impairment charge and their description of the judgements, assumptions and estimates made.

Based on procedures performed, we found that judgements relating to the valuation of aircraft and the related disclosures are reasonable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £10.1m (2018: £11.8m), determined with reference to a benchmark of Total Assets, of which it represents 0.5% (2018: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £505,781 (2018: £558,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality specified above and was all performed by one engagement team in Ireland.

See 'Material Uncertainty Related to Going Concern'

4 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the annual report but excluding the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

5 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in these respects.

6 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

7 The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Ian Nelson *15 July 2020*
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place,
IFSC,
Dublin 1,
Ireland

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	1 Apr 2019 to 31 Mar 2020	1 Apr 2018 to 31 Mar 2019
		GBP	GBP
INCOME			
US Dollar based rent income	4	212,140,601	209,281,106
British Pound based rent income	4	44,419,736	45,367,662
Bank interest received		538,269	92,295
		257,098,606	254,741,063
EXPENSES			
Operating expenses	5	(7,020,360)	(6,774,131)
Depreciation of aircraft	9	(158,605,615)	(156,592,877)
Impairment of aircraft	9	(43,714,477)	-
		(209,340,452)	(163,367,008)
Net profit for the year before gain on sale of aircraft, finance costs and foreign exchange (losses)/gains		47,758,154	91,374,055
Gain on sale of aircraft	9	3,032,605	-
FINANCE COSTS			
Finance costs	10	(97,324,554)	(84,789,684)
Foreign exchange (losses)/gains	18b	(222,713)	1,897,122
Foreign exchange gain on liquidation of foreign operations		13,329,057	-
(Loss)/profit before tax		(33,427,451)	8,481,493
Income tax expense	24	(60,984)	(64,220)
(Loss)/profit for the year after tax		(33,488,435)	8,417,273
OTHER COMPREHENSIVE INCOME			
Translation adjustment on foreign operations	2g	27,364,231	45,399,079
Reclassified to (loss)/profit for the year on liquidation of foreign operations		(13,329,057)	-
Total comprehensive (loss)/income for the year		(19,453,261)	53,816,352
		Pence	**Pence**
(Loss)/earnings per Share for the year - Basic and Diluted	8	(5.21)	1.31

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

The notes on pages 54 to 90 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	Notes	31 Mar 2020 GBP	31 Mar 2019 GBP
NON-CURRENT ASSETS			
Aircraft	**9**	1,714,508,850	2,247,415,403
Financial assets at fair value through profit and loss	**17**	-	13,712,492
		1,714,508,850	2,261,127,895
CURRENT ASSETS			
Accrued income	**25**	14,446,150	13,589,107
Short term investments	**13**	7,737,776	-
Receivables	**12**	7,478,539	5,231,516
Cash and cash equivalents	**20**	247,911,207	91,070,150
		277,573,672	109,890,773
TOTAL ASSETS		1,992,082,522	2,371,018,668
CURRENT LIABILITIES			
Payables	**14**	182,873	179,449
Deferred income	**25**	9,470,038	12,316,430
Borrowings and *Ijarah* financing	**15**	103,593,531	118,654,871
		113,246,442	131,150,750
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit and loss	**17**	12,783,866	-
Security deposits	**21**	14,150,289	13,482,669
Maintenance reserves	**22**	59,444,834	32,365,575
Borrowings and *Ijarah* financing	**15**	1,129,651,234	1,455,457,619
Deferred income	**25**	30,666,285	33,983,600
		1,246,696,508	1,535,289,463
TOTAL LIABILITIES		1,359,942,950	1,666,440,213
TOTAL NET ASSETS		632,139,572	704,578,455
EQUITY			
Share capital	**16**	647,638,697	647,638,697
Foreign currency translation reserve		59,338,134	45,302,960
Retained (deficit)/earnings		(74,837,259)	11,636,798
		632,139,572	704,578,455
		Pence	**Pence**
Net Asset Value Per Share based on 642,250,000 (2019: 642,250,000) shares in issue		98.43	109.70

The financial statements were approved by the Board of Directors and authorised for issue on 15 July 2020 and are signed on its behalf by:

John Le Prevost, Director

The notes on pages 54 to 90 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year from 1 April 2019 to 31 March 2020

	Notes	1 Apr 2019 to 31 Mar 2020 GBP	1 Apr 2018 to 31 Mar 2019 GBP
OPERATING ACTIVITIES			
(Loss)/profit for the year after tax		(33,488,435)	8,417,273
Decrease in accrued and deferred income		(10,645,846)	(6,653,527)
Interest received		(538,269)	(92,295)
Depreciation of aircraft	**9**	158,605,615	156,592,877
Impairment of aircraft	**9**	43,714,477	-
Gain on sale of aircraft	**9**	(3,032,605)	-
Taxation expense	**24**	60,984	64,220
Loan and *Ijarah* financing interest payable and fair value adjustments on financial assets	**10**	91,785,893	82,786,314
Increase/(decrease) in payables		5,347	(2,975)
Maintenance reserves received		27,079,260	23,480,248
Decrease in receivables		21,939	3,622
Foreign exchange movement		222,713	(1,897,122)
Amortisation of debt arrangement costs	**10**	5,538,661	2,003,370
Taxation paid		(62,907)	-
NET CASH FROM OPERATING ACTIVITIES		**279,266,827**	**264,702,005**
INVESTING ACTIVITIES			
Acquisition costs/purchase of Aircraft	**9**	-	(11,195)
Proceeds from sale of aircraft	**9**	441,372,710	-
Investment in short term deposits	**13**	(7,737,776)	-
Interest received		538,269	92,295
NET CASH FROM INVESTING ACTIVITIES		**434,173,203**	**81,100**
FINANCING ACTIVITIES			
Dividends paid	**7**	(52,985,622)	(52,985,621)
Repayments of capital on senior loans and *Ijarah* financing	**23**	(374,788,685)	(114,824,566)
Repayments of capital on junior loans	**23**	(34,666,245)	-
Payments of interest on senior loans and *Ijarah* financing	**23**	(52,650,603)	(54,843,611)
Payments of interest on junior loans	**23**	(12,958,096)	(12,903,161)
Security trustee and agency fees	**10**	(275,973)	(243,897)
NET CASH USED IN FINANCING ACTIVITIES		**(528,325,224)**	**(235,800,856)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**91,070,150**	**58,848,615**
Increase in cash and cash equivalents		185,114,806	28,982,249
Exchange rate adjustment		(28,273,749)	3,239,286
CASH AND CASH EQUIVALENTS AT END OF YEAR	**20**	**247,911,207**	**91,070,150**

The notes on pages 54 to 90 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Notes	Share capital	Retained earnings /(deficit)	Foreign currency translation reserve	Total
		GBP	GBP	GBP	GBP
Balance as at 1 April 2019		647,638,697	11,636,798	45,302,960	704,578,455
Loss for the year		-	(46,817,492)	-	(46,817,492)
Other comprehensive income for the year		-	-	27,364,231	27,364,231
Reclassified to (Loss)/profit for the year on liquidation of foreign operations		-	13,329,057	(13,329,057)	-
Total comprehensive (loss)/ income for the year		-	(33,488,435)	14,035,174	(19,453,261)
Dividends paid	7	-	(52,985,622)	-	(52,985,622)
Balance as at 31 March 2020		647,638,697	(74,837,259)	59,338,134	632,139,572

	Notes	Share capital	Retained earnings	Foreign currency translation reserve	Total
		GBP	GBP	GBP	GBP
Balance as at 1 April 2018		647,638,697	56,205,146	(96,119)	703,747,724
Profit for the year		-	8,417,273	-	8,417,273
Other comprehensive income for the year		-	-	45,399,079	45,399,079
Total comprehensive income for the year		-	8,417,273	45,399,079	53,816,352
Dividends paid	7	-	(52,985,621)	-	(52,985,621)
Balance as at 31 March 2019		647,638,697	11,636,798	45,302,960	704,578,455

The notes on pages 54 to 90 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The consolidated financial information incorporates the results of Amedeo Air Four Plus Limited (the "Company"), AA4P Alpha Limited, AA4P Beta Limited, AA4P Gamma Limited, AA4P Delta Limited, AA4P Epsilon Limited, AA4P Zeta Limited, AA4P Eta Limited, AA4P Theta Limited, AA4P Iota Limited, AA4P Kappa Limited, AA4P Lambda Limited, AA4P Mu Limited, AA4P Nu Limited, AA4P Leasing Ireland Limited, AA4P Leasing Ireland 2 Limited and AA4P Xi Limited (each a "Subsidiary" and together the "Subsidiaries") (together the Company and the Subsidiaries are known as the "Group").

The Company was incorporated in Guernsey on 16 January 2015 with registered number 59675. Its share capital consists of one class of redeemable ordinary shares ("Shares"). The Shares are admitted to trading on the SFS of the London Stock Exchange's 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.

Since the completion of its initial public offering on 13 May 2015, the Company has acquired eight Airbus A380, two Boeing 777-300ER and four Airbus A350-900 aircraft. Eight of the aircraft are leased to Emirates and four aircraft are leased to Thai Airways. During the current year two Airbus A380 aircraft were sold to Etihad (2019: None) after which the related subsidiaries were liquidated. All aircraft are leased for a period of 12 years from each respective delivery date. In order 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 aircraft.

Rental income received in US Dollars is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments, with the exception of the four Thai aircraft which incorporate floating rate lease rentals, are furthermore fixed at the outset of the Company's acquisition of an aircraft and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, refinancing or other disposition of the relevant aircraft.

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial information has been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") and applicable Guernsey law. The financial information has been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit and loss.

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.

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Changes in accounting policies and disclosure

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

IFRS 16 Leases - specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for annual periods beginning on or after 1 January 2019 and is endorsed by the EU. The adoption of this standard has not had a material impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods.

IFRIC 23 Uncertainty over Income Tax Treatments - clarifies the accounting for uncertainties in income taxes. This standard is effective for annual periods beginning on or after 1 January 2019 and is endorsed by the EU. Guernsey has a 0% tax rate. The Irish entities adopt commonly utilised tax structures which do not contain inherent uncertainty. The adoption of this interpretation has not had a material impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods.

There are no Standards or Interpretations that have been issued but not yet adopted by the Group as well as Standards or Interpretations issued and effective after the year end, which were considered to be material to the Group.

The prior year comparatives for the deferred income liability have been reclassified between non-current and current liabilities to better reflect the maturities of these liabilities and to align classification with the current year.

(b) Basis of consolidation

The consolidated financial information incorporates the results of the Company and the Subsidiaries. The Company owns 100% 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.

2. ACCOUNTING POLICIES (continued)

(c) Taxation

The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations. Please refer to note 24 for more information.

(d) Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are recognised as a deduction from equity.

(e) Expenses

All expenses, other than interest expenses are accounted for on an accruals basis.

(f) Interest income and expenses

Interest income and expenses are accounted for on an effective interest rate basis.

(g) Foreign currency translation

The currency of the primary economic environment in which the Company operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency. The Subsidiaries of the Company all have the same functional currency being US Dollar ("USD").

Transactions denominated in foreign currencies are translated into GBP 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 at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

On consolidation the financial statements of foreign subsidiaries whose functional currency is not GBP are translated into GBP as follows: statement of financial position items are translated into GBP at the period end exchange rate; statement of income items are translated into GBP at the exchange rates applicable at the transaction dates or at the average exchange rates at each respective quarter end, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period; unrealised gains and losses arising from the translation of the financial statements of foreign subsidiaries are recorded under "Translation adjustment on foreign operations" in other comprehensive income to be recycled to income. The cumulative gains and losses arising from the translation of the financial statements of foreign subsidiaries are reclassified to profit and loss on disposal or liquidation of foreign subsidiaries.

(h) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at 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.

(i) Segmental reporting

The Directors have overall responsibility for the Group's activities, including investment activity and are therefore considered the chief operating decision maker.

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft (together the "Assets" and each an "Asset"). For more information on segmental information please refer to note 27.

2. ACCOUNTING POLICIES (continued)

(j) Going concern

The Directors have prepared these financial statements for the year ended 31 March 2020 on the going concern basis. However, the Directors have identified the matters referred to below which may indicate the existence of one or more material uncertainties that may cast doubt on the Group's ability to continue as a going concern and that the Group may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors in consultation with the Asset Manager are monitoring the effect of the COVID-19 pandemic generally on the aviation industry and specifically on the Group’s aircraft values and financial wellbeing of its lessees both now in the future. The Group’s future performance can potentially be impacted should this pandemic have a pervasive and prolonged impact on the aviation industry and on the business in which the Group invests and is exposed to. There has prevailed widespread restrictions on the ability of people to travel and such has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. This may lead to the inability of airlines to pay rent as they fall due. These factors, together with wider economic uncertainty and disruption, 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, refinancing or other disposition of the relevant aircraft.

In the case of materialisation of the risk related to the lessee counterparty creditworthiness, the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group’s expenses..

As announced on 6 April 2020 the Board decided to temporarily suspend the declaration of dividends until the future prospects of the Group’s two lessees becomes more assured.

Such a decision was made after the Board had carefully considered and assessed the above mentioned factors against the background of the Company’s investment objectives and the maintenance of the long-term financial stability of the Company for the benefit of all shareholders as a class and the Group’s creditors.

The Board will continue to monitor actively the financial impact on the Company and its Group resultant from the evolving position with its aircraft lessees and lenders whilst bearing in mind its fiduciary obligations and the requirements of Guernsey law which determine the ability of the Company to make dividends and other distributions.

Note 15 ('Borrowings') describes the borrowings obtained by the Group to part-finance the acquisition of its aircraft. The Group has obligations under the loans to make scheduled repayments of principal and interest, which are serviced by the receipt of lease payments from Emirates and Thai respectively. The loans have been largely fixed and the fixed rental income under the operating leases means that the rents should be sufficient to repay the debt and provide surplus income to pay for the Group's expenses and permit payment of dividends. In addition the variable rate loans are either hedged with an associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans, or are unhedged with related rentals which are also floating rate to match.

The Group’s aircraft with carrying values of £1,714,508,850 (31 March 2019: £2,247,415,403) are pledged as security for the Group’s borrowings (see note 15).

2. ACCOUNTING POLICIES (continued)

(j) Going concern (continued)

Emirates

On 15 April 2020 the Board announced that it was advised by the Asset Manager that they had received written confirmation that Emirates are seeking from the Company some form of financial accommodation. The Board has asked the Asset Manager to continue its negotiation with Emirates and also with the Company's lending banks which have financed the Group's assets leased to Emirates; with a view to reaching a conclusion acceptable to all parties. The Board was pleased to note that Emirates, in their message, had confirmed that "the lease rental will remain current and up-to-date until an agreed contractual position is achieved".

Further to the Company's announcement on 15 May 2020, discussions with Emirates and the respective lenders are still in process. There are a number of different lenders groups underpinning secured financing in respect of the Emirates aircraft. Some of these banks are participating in providing direct liquidity facilities to Emirates and would not contemplate additional assistance in structured transactions. Others are considering and reviewing Emirates recently published results and going through individual briefings. Once the lenders' positions in these multiple transactions become clear, the Asset Manager will formulate recommendations to the Directors.

At this time no formal agreement has been reached and Emirates has continued to fulfil its current lease obligations. The Directors, with the support of the Asset Manager, believe that this is viable considering Emirates' strong financial standing and liquidity position, its alternative current arrangements for the use of the 777 aircraft for cargo, as well as its likely future support from the Government.

Thai Airways

On 27 May 2020 the Central Bankruptcy Court of Thailand issued an order to accept the rehabilitation petition for consideration and has set the date of 17 August for the first hearing on the rehabilitation petition. Effectively, from 27 May an automatic stay comes into effect which restricts Thai's right to pay and incur debts and a moratorium affecting creditors' rights comes into force. Thai Airways has not paid any lease payments to the Company's subsidiaries since 22 May.

The Directors, together with the support of the Asset Manager, are in discussions with Thai Airways and also the secured lenders of the four aircraft on lease to Thai Airways following the non- receipt of rentals from Thai and the initial request for concessions. The Board and Asset Manager await further news which might not become clear until much nearer to the August hearing.

The Board looks forward to Thai Airways emerging as a stronger airline from this crisis. In the interim the Board and the Asset Manager are engaging with English legal counsel as well as Thai legal counsel to protect the Company's legal position in relation to the business reorganization process described above.

While the Group has made a loss in the current year, it is in a current net asset position and continues to generate strong positive operating cash flows. The Group's cash levels have risen significantly due to the sale of two A380-800 aircraft on 25 February 2020. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs. Due to the current economic climate and current negotiations with lessees and lenders in process, the Directors have decided to delay any likely repayment of a portion of these proceeds to shareholders, until the future prospects of the Group's two lessees becomes more assured.

2. ACCOUNTING POLICIES (continued)

(j) Going concern (continued)

Whilst progress has been made, the Directors are uncertain as to the final outcome of these matters.

However, on the basis of (i) the Group's current liquid assets and (ii) cash-flow projections under various scenarios (including default by Thai), the Directors nevertheless believe that the going concern basis of accounting is appropriate but there are material uncertainties.

(k) Leasing and rental income

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. 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 11.

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 four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The deferred income liability 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 will reduce over time as the leases continue and approach the end of the lease terms. In addition to the timing of receipt of the various rental income streams, the liability is impacted by the USD/GBP exchange rate at the year end and any new leases entered into from new aircraft acquisitions during the period.

(l) Maintenance reserve and security deposits liabilities

In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to utilisation of airframes, engines and other major life-limited components during the lease. In most lease contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the advances received with respect to such work.

The Group records such amounts as maintenance reserves. Maintenance reserves not expected to be utilised within one year are classified as non-current liabilities. Amounts not refunded during the lease are recorded as lease revenue at lease termination. Further details are given in note 22.

Security deposits represent amounts paid by the lessee as security in accordance with the lease agreements. The deposits are repayable to the lessees on the expiration of the lease agreements subject to satisfactory compliance of the lease agreements by the lessees. Further details are given in note 21.

2. ACCOUNTING POLICIES (continued)

(l) Maintenance reserve and security deposits liabilities (continued)

The Group records such amounts as maintenance reserves. Maintenance advances reserves not expected to be utilised within one year are classified as non-current liabilities. Amounts not refunded during the lease are recorded as lease revenue at lease termination. Further details are given in note 22.

Security deposits represent amounts paid by the lessee as security in accordance with the lease agreements. The deposits are repayable to the lessees on the expiration of the lease agreements subject to satisfactory compliance of the lease agreements by the lessees. Further details are given in note 21.

(m) Property, plant and equipment - Aircraft

In line with IAS 16 Property Plant and Equipment, each Asset is initially recorded at cost, being the fair value of the consideration paid. The cost of the Asset is made up of the purchase price of the Assets 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 costs to the Group. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Asset.

(a) Depreciation

Depreciation is recognised so as to write off the cost of each Asset less the estimated residual value over the lease term of the Asset of twelve years, using the straight line method. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees. The Directors consider that the use of forecast market values excluding inflation best approximates residual value as required by IAS 16 Property, Plant and Equipment.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually in March and is an estimate of the amount the entity would receive today if the Asset were already of the age and condition they will be in at the end of the lease. Due to a change in estimate of residual value for all aircraft in the current year, there has been a £16,156,765 increase in the annual depreciation charge for the current year. Further details of the change in estimate of residual values and the impact on depreciation for the current year as a result are given in note 9.

Depreciation starts when the Asset is available for use.

(b) Impairment

At each audited reporting date, the Group reviews the carrying amounts of its Assets to determine whether there is any indication that those Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the Asset is estimated to determine the extent of the impairment loss (if any). An impairment loss has been recognised in the current year of £43,714,477 Further details are given in note 3.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, 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.

If the recoverable amount of an Asset is estimated to be less than its carrying amount, the carrying amount of the Asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. ACCOUNTING POLICIES (continued)

(n) Financial assets and financial liabilities

(a) Classification

The Group classified its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The interest rate swaps in the Group are measured at FVTPL due to it being designated into this category as it is managed on a fair value basis in accordance with a documented investment strategy. The interest rate swaps do not meet the SPPI criterion (solely payments of principal and interest) and accordingly it will be mandatorily measured at FVTPL under IFRS 9.

The Group does not classify any derivatives as hedges in a hedging relationship.

(b) Recognition/derecognition

Financial assets or liabilities are recognised on the trade date the date on which the Group commits to enter into the transactions. Financial assets or liabilities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets
Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its financial assets into the following measurement category:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Financial assets currently measured at amortised cost are cash and cash equivalents, receivables and short term investments. These instruments meet the solely principal and interest criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under IFRS 9.

2. ACCOUNTING POLICIES (continued)

(n) Financial assets and financial liabilities (continued)

Derivative instruments
Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss as applicable.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in profit or loss in the Consolidated Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in profit or loss in the period in which they arise.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its receivables or accrued income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(o) Non-derivative financial liabilities

Financial liabilities consist of payables, security deposits and borrowings. The classification of financial liabilities at initial recognition will be at amortised cost to the extent it is not classified at FVTPL. 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.

Amortised cost: Interest expenses from financial liabilities is included in finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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, to the net carrying amount on initial recognition.

2. ACCOUNTING POLICIES (continued)

(o) Non-derivative financial liabilities (continued)

Associated costs are subsequently amortised on an effective interest rate basis over the life of the loan and are shown net on the face of the Consolidated Statement of Financial Position over the life of the lease.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(p) *Ijarah* financing

Ijarah financing, a type of Islamic finance where the Group has substantially all the risks and rewards of ownership of the aircraft, are included within Borrowings and *Ijarah* financing (notes 15 and 23). The *Ijarah* finance is capitalised at inception at the fair value of the aircraft or, if lower, the present value of the minimum payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term borrowings and *Ijarah* financing. Each payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Asset acquired under *Ijarah* financing is depreciated over the Asset's useful life or over the shorter of the Asset's useful life and the finance term if there is no reasonable certainty that the Group will obtain ownership at the end of the finance term.

The Ijarah financing arrangement was settled during the year following the sale of the asset.

(q) Net Asset Value

In circumstances where the Directors are of the opinion that the NAV or NAV per Share, as calculated under prevailing accounting standards, is not appropriate or could give rise to a misleading calculation, the Directors, in consultation with the Administrator may determine, at their discretion, an alternative method for calculating a more useful value of the Group and shares in the capital of the Company, which they consider more accurately reflects the value of the Group.

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.

Critical judgements in applying the Group's accounting policies

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 financial information.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments - Group as lessor

The Group had entered into operating leases on twelve Assets as at the year end (2019: fourteen) (see note 11). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these Assets and accounts for the contracts as operating leases.

The non- cancellable period of operating leases on the Assets have been determined by the Group to be for 12 years.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value of Aircraft used in depreciation calculation

As described in note 2(m), the Group depreciates the Assets on a straight line basis over the term of the lease after taking into consideration the estimated residual value. IAS 16 Property, Plant and Equipment requires residual value to be determined as an estimate of the amount that the Group would currently obtain from disposal of the Asset, after deducting the estimated costs of disposal, if it were of the age and condition expected at the end of the lease.

There are currently no A380 or A350 aircraft of a similar type of sufficient age for the Directors to make a direct market comparison in making this estimation. After consulting with the Asset Manager, the Directors have concluded that a forecast market value using Minimum Return Conditions (“MRC”) values (determined annually) for the A380 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. MRC refers to minimum return conditions per the lease contracts whereby the aircraft is returned in the specified minimum life condition and includes monetary compensation from Emirates for the A380s.

In relation to the Boeing 777-300ER aircraft residual values, there is minimum to no public secondary market trading data available. In estimating residual value at the 31 March 2020 audited annual year end for the A350’s and Boeing 777-300ER aircraft, the Directors have made reference to forecast market values using base values (excluding inflationary effects) for the aircraft obtained from three independent expert aircraft valuers.

In the prior year, after consulting with the Asset Manager, the Directors concluded that a forecast market value using base values (determined annually) for the A380 aircraft (as well as the A350’s and Boeing 777-300ER aircraft) at the end of the lease (excluding inflationary effects) best approximated residual value. Base value is the appraiser’s opinion of the underlying economic value of an aircraft, in an open, unrestricted, stable market environment with a reasonable balance of supply and demand. Full consideration is assumed of its "highest and best use" given the fact that the aircraft are held for use in a leasing business. An asset's base value is determined using the historical trend of values and in the projection of value trends and presumes an arm’s-length, cash transaction between willing, able, and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In the appraisers’ valuations, the base value of an aircraft excludes reconfiguration costs and assumes the physical condition is average for an asset of its type and age and that all maintenance requirements and schedules have been met.

The estimation of residual value remains subject to uncertainty. If a reasonable possible change in the in USD terms, had for instance, decreased by 20% with effect from the beginning of this period, the net loss for the period would have increased and closing shareholders’ equity would have decreased by approximately £15.55 million (31 March 2019: £18.27 million). An increase in residual value by 20% would have had an equal but opposite effect. This reflects the range of estimates of residual value that the Directors believe would be reasonable at this time.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment

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, significant changes in the technology and regulatory environments, evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected. The Directors considered the issue at length and are of the opinion that an impairment review be undertaken.

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 Directors review the carrying amounts of the Assets at each audited reporting date and monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset (ie the income streams associated with the lease and the expected future market value of the aircraft at the end of the lease) are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and the credit risk profile of the lessees.

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

The Board together with the Asset Manager decided that it was prudent to conduct an impairment test in the current year, as the below items resulted in pricing changes for the current portfolio of aircraft:

1. As further Airbus A380 and A350 aircraft reach comparable 12 year ages and exit their first lease agreements, further market data is available to Amedeo and the asset valuers.
2. Lack of publicly available secondary market data for the B777-300ER aircraft.
3. Changing technologies, market innovation and changes to key production programs as well as the success and / or failure as well as the timing of new aircraft model launches.
4. Information regarding Airbus cancellation of the A380 programme in the prior year, and further updates on the market for A380 aircraft, creating uncertainty as to the liquidity of the future market for sale or re-lease.
5. The impact of COVID-19 on the business of airlines and indirectly aircraft values as well on the credit risk profile of the Group’s lessees.
6. Latest information on the rehabilitation petition for Thai Airways (see note 28 Subsequent events)

The assessment was performed by comparing the net book value of each aircraft to its value-in-use (being higher that its respective fair value less costs to sell). Rental cash flows to the end of the contracts have been used in the calculation of value-in-use 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 value-in-use which was used as the recoverable amount for the impaired aircraft in total was determined as £939,909,083.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (continued)

Impairment (continued)

The Directors on the advice of the Asset Manager considered the following in their determination of the most appropriate discounting rate, ranging from 6.5% to 7.5%;

1. The discount rate should be a rate commensurate with what a normal market participant would consider to be the risk inherent in the assets.
2. The risk profile of the A380 aircraft vs the B777 and A350 aircraft
3. The consideration of the credit risk profile for Emirates and Thai

The fair value and the future sales value of the aircraft have been estimated with reference to the average of current Minimum Return Conditions ("MRC") values for the A380 aircraft and future base values for the B777 and A350 aircraft, from three independent appraisers.

Based on the impairment review performed, an impairment loss of £43,714,477 was recognised in the current year (2019: £nil), with the impairment test resulting in an updated carrying value of the aircraft in total of £1,714,508,850 at year end, as reflected in note 9.

4. RENTAL INCOME

	1 Apr 2019 To 31 Mar 2020 GBP	1 Apr 2018 to 31 Mar 2019 GBP
US Dollar based rent income	202,244,408	202,554,650
Revenue earned but not yet received	5,744,702	6,861,748
Revenue received but not yet earned	(247,663)	(4,233,212)
	207,741,447	205,183,186
Amortisation of advance rental income (US Dollar)	4,399,154	4,097,920
	212,140,601	209,281,106
British Pound based rent income	43,670,083	45,440,590
Revenue earned but not yet received	833,949	150,005
Revenue received but not yet earned	(84,296)	(222,933)
	44,419,736	45,367,662
Total rental income	256,560,337	254,648,768

Rental income is derived from the leasing of the Assets. US Dollar based rent represents rent received in USD and British Pound based rent represents rent received in "GBP". Rental income received in USD is earned by the subsidiaries and is consolidated by translating it into the functional currency (GBP) at the average rate for the year.

An adjustment has been made to spread the actual total income receivable over the term of the lease on an annual basis. In addition, advance rentals received have also been spread over the full term of the leases. The four A350-900 aircraft have variable lease rentals, the variable portion of which is treated as contingent rent. Contingent rent is recognised in the period in which it is earned.

The contingent rent for the year ended 31 March 2020 is £6,503,869 per annum (31 March 2019: £7,449,539).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

5. OPERATING EXPENSES

	1 April 2019 to 31 Mar 2020 GBP	1 April 2018 to 31 Mar 2019 GBP
Corporate and shareholder adviser fee	2,418,517	2,341,151
Asset management fee	3,397,029	3,340,323
Administration fees	481,765	409,728
Bank charges	10,297	11,550
Accountancy fees	-	17,581
Registrar's fee	19,367	17,803
Audit fee	62,949	68,702
Directors' remuneration	269,064	264,141
Directors' and Officers' insurance	39,585	44,776
Legal and professional expenses	155,468	93,973
Annual regulatory fees	28,418	30,152
Sundry costs	137,901	120,119
Other operating expenses	-	14,132
	7,020,360	6,774,131

6. DIRECTORS' REMUNERATION

With effect from 1 January 2019, the Chairman's fee was increased to £76,875 per annum, the directors fees were increased to £61,500 per annum and the Chairman of the Audit Committee's fee was increased to £69,188 per annum.

Until 31 December 2018, the Chairman was paid £75,000 per annum and each director paid £60,000 per annum with the Chairman of the Audit Committee receiving an extra £7,500.

7. DIVIDENDS IN RESPECT OF SHARES

		1 Apr 2019 to 31 Mar 2020		1 Apr 2018 to 31 Mar 2019
	GBP	Pence per Share	GBP	Pence per Share
First dividend	13,246,406	2.0625	13,246,405	2.0625
Second dividend	13,246,406	2.0625	13,246,405	2.0625
Third dividend	13,246,405	2.0625	13,246,405	2.0625
Fourth dividend	13,246,405	2.0625	13,246,406	2.0625
	52,985,622	8.2500	52,985,621	8.2500

8. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per Share ("EPS") is based on the loss for the year of £33,488,435 (2019: profit of £8,417,273) and 642,250,000 shares (2019: 642,250,000 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 (CONTINUED)

For the year ended 31 March 2020

9. PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	Aircraft 31 Mar 2020 GBP	Aircraft 31 Mar 2019 GBP
COST		
Aircraft purchases – opening balance	2,414,868,310	2,414,868,310
Acquisition costs – opening balance	10,277,000	10,265,805
Additions- acquisition costs	-	11,195
Disposals	(551,967,489)	-
Translation adjustment on foreign operations*	312,026,871	182,885,262
Cost as at year end	2,185,204,692	2,608,030,572

	31 Mar 2020 GBP	31 Mar 2019 GBP
ACCUMULATED DEPRECIATION AND AMORTISATION		
Opening balance	360,615,169	188,792,214
Depreciation for the current year based on previous year residual values	141,530,508	133,680,456
Amortisation of acquisition costs on aircraft	918,342	918,342
Adjustment due to movement in USD residual values*	16,156,765	-
Adjustment due to change in functional currency of the subsidiaries to USD and movement in USD residual values**	-	21,994,079
Net depreciation charge on all aircraft for the year	158,605,615	156,592,877
Disposals	(113,627,384)	-
Translation adjustment on foreign operations*	21,922,424	15,230,078
Accumulated depreciation as at year end	427,515,824	360,615,169
Adjustment due to impairment	(43,714,477)	-
Translation adjustment on foreign operations*	534,459	-
Carrying amount - opening balance	2,247,415,403	2,236,341,901
Carrying amount as at year end	1,714,508,850	2,247,415,403

* The Group believes that the use of forecast market values excluding inflation best approximates residual value as required per IAS 16 Property, Plant and Equipment (refer to note 3). In the prior year the decision was made by the Board to re-designate the functional currency of the subsidiaries to USD and to classify them as foreign operations. Therefore the carrying values of the aircraft in the subsidiaries in USD have been re-translated at the closing Sterling / US Dollar exchange rate at 31 March 2020 (and 31 March 2019) for consolidation purposes through “Translation adjustment on foreign operations”. A 27 per cent reduction in average appraised residual values in USD terms (when comparing uninflated residual values at 31 March 2020 using MRC values for the A380 aircraft and base values for B777’s and A350 aircraft, with uninflated values at March 2019 using base values for all aircraft), resulted in a £16,156,765 increase in the annual depreciation charge for the year.

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT (CONTINUED)

**In the prior year the combined effect of re-designating the functional currency of the subsidiaries to USD, together with the opposite effect of a 1.7 per cent increase in average appraised residual values in USD terms (when comparing uninflated residual values at March 2019 with uninflated values at March 2018), resulted in a £21,994,079 increase in the annual depreciation charge for the prior year. Included in the depreciation charge for the 2019 period was additional depreciation in respect of certain aircraft which recognised an acceleration in the pattern of consumption of benefits expected from these aircraft based on the redelivery conditions of the aircraft and their residual values.

In order to complete purchases of the aircraft, subsidiaries of the Company had entered into debt financing agreements with a senior fully amortising loan and junior balloon loan (see note 15). The Company used the equity proceeds (see note 16) in addition to the finance agreements to finance the acquisition of the aircraft. Subject to the below, rentals under each lease are sufficient to pay the senior loan payment (being capital and interest and included the Kappa *Ijarah* finance as detailed in note 15 and junior loan payments due (being interest only), also in USD.

Exceptions to the above include senior loans with an outstanding balance (excluding interest and associated costs) of £332,946,866 (31 March 2019: £339,068,667) at year end, which have balloon capital payments on maturity, and a junior loan, with a balance of £nil (31 March 2019: £20,178,224) at year end which has capital and interest. Any junior loan principal and senior loan capital due at maturity, is expected to be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant Asset.

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). Under IAS 16 the direct costs attributed in negotiating and arranging the operating leases have been added to the carrying amount of the leased Asset and recognised as an expense over the lease term.

On 25th February 2020, the Group announced its completion of the sale of two A380-800 aircraft. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs.

The Group's aircraft with carrying values of £1,714,508,850 (31 March 2019: £2,247,415,403) are pledged as security for the Group's borrowings (see note 15).

Refer to note 3 for details of the impairment test conducted by the Group.

Change in estimate

The Group conducted a review on the aircraft held at 31 March 2020, which resulted in changes in the residual value of the aircraft at the end of the lease. The effect of these changes on depreciation are included in the reconciliation of accumulated depreciation and amortisation table above where the depreciation before and after the residual value adjustment is noted.

10. FINANCE COSTS

	1 April 2019 to 31 Mar 2020 GBP	1 April 2018 to 31 Mar 2019 GBP
Amortisation of debt arrangements costs	5,538,661*	2,003,370*
Interest payable on loan and costs of *Ijarah* financing**	65,013,562*	69,341,747*
Security trustee and agency fees	275,973	243,897
Fair value adjustment on financial assets at fair value through profit and loss (see note 17)	26,496,358	13,200,670
	97,324,554	84,789,684

*Included in Finance costs is interest on the amortised cost liability for the year of £70,552,223 (31 March 2019: £71,345,117).
** This amount includes £219,463 interest income (31 March 2019: £94,223 interest income) from the interest rate swaps.

11. OPERATING LEASES

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

	31 March 2020		31 March 2019	
	US Dollar based rent income Months	British Pound based rent income Years	US Dollar based rent income Years	British Pound based rent income Total
	GBP	GBP	GBP	GBP
Year 1	172,440,208	34,668,972	205,478,042	45,446,952
Year 2	172,150,084	34,668,972	204,793,747	45,446,952
Year 3	172,150,084	34,668,972	204,793,747	45,446,952
Year 4	172,150,084	34,668,972	204,793,748	45,446,952
Year 5	172,150,084	34,668,972	204,793,748	45,446,952
Year 6 onwards	557,327,739	84,197,800	919,263,192	172,705,533
	1,418,368,283	257,542,660	1,943,916,224	399,940,293

The twelve (2019: fourteen) assets all have an initial lease term of twelve years with lease end dates ranging from September 2026 to January 2030.

At the end of each lease the lessee has the right to exercise an option to purchase the Asset at the discretion of the Company. If a purchase option event occurs the Company and the lessee will be required to arrange for a current market value appraisal of the Asset to be carried out by three independent appraisers. The purchase price will be equal to the average valuation of those three appraisals.

For the year ended 31 March 2020

12. RECEIVABLES

	31 Mar 2020 GBP	31 Mar 2019 GBP
Prepayments	140,087	162,026
Accrued rental income	7,338,452	5,069,490
	7,478,539	5,231,516

The above carrying value of receivables is deemed to be materially equivalent to fair value, given that they are short term in nature.

13. SHORT TERM INVESTMENTS

Bank	Rate %	Maturity date	1 April 2019 to 31 Mar 2020 GBP
Bank of Nova Scotia	0.84	6 Jul 2020	1,001,614
UBS AG	0.935	20 Oct 2020	1,705,105
Lloyds Bank	0.95	13 Nov 2020	1,705,060
Credit Suisse	0.98	18 Nov 2020	1,705,324
Santander UK plc	1.83	25 Jan 2021	811,090
Standard Chartered Bank	1.73	12 Feb 2021	809,583
			7,737,776

The above investments represent certificates of deposits held at Ravenscroft.

14. PAYABLES

	31 Mar 2020 GBP	31 Mar 2019 GBP
Accrued administration fees	44,117	34,816
Accrued audit fee	68,864	74,237
Accrued registrar fee	3,059	1,653
Other accrued expenses	262	249
Taxation payable	66,571	68,494
	182,873	179,449

The above carrying value of payables is equivalent to the fair value due to their short term maturity period and nature as repayable on demand.

15. BORROWINGS AND *IJARAH* FINANCING

	31 Mar 2020 GBP	31 Mar 2019 GBP
Borrowings		
Bank loans	1,247,317,838	1,438,601,158
***Ijarah* financing**		
Finance liability	-	154,343,895
Total borrowings and *Ijarah* financing	1,247,317,838	1,592,945,053
Total associated costs	(14,073,073)	(18,832,563)
	1,233,244,765	1,574,112,490
Consisting of:		
Senior loans ($1,259,670,653 at 31 March 2020, $1,537,683,285 at 31 March 2019)	1,014,227,579	1,178,512,116
Ijarah finance ($nil at 31 March 2020, $199,032,505 at 31 March 2019)	-	152,566,175
Junior loans ($272,019,345 at 31 March 2020, $316,795,078 at 31 March 2019)	219,017,186	243,034,199
	1,233,244,765	1,574,112,490
Borrowings		
Non-current portion	1,129,651,234	1,315,143,488
Current portion (senior loans only)	103,593,531	106,402,827
	1,233,244,765	1,421,546,315
***Ijarah* financing**		
Non-current portion	-	140,314,131
Current portion (senior loans only)	-	12,252,044
	-	152,566,175
Total Borrowings and *Ijarah* financing		
Non-current portion	1,129,651,234	1,455,457,619
Current portion (senior loans only)	103,593,531	118,654,871
	1,233,244,765	1,574,112,490

15. BORROWINGS AND *IJARAH* FINANCING (continued)

The tables below detail the future contractual undiscounted cash flows in respect of the senior and junior loans and the *Ijarah* financing, 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 2020 GBP	31 Mar 2019 GBP
Borrowings: Amount due for settlement within 12 months	151,651,846	166,347,249
Ijarah finance: Amount due for settlement within 12 months	-	18,928,466
	151,651,846	185,275,715
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	140,139,040	151,868,268
Ijarah finance covered by lease rental receipts (capital and interest)	-	18,928,466
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	11,512,806	14,478,981
	151,651,846	185,275,715

	31 Mar 2020 GBP	31 Mar 2019 GBP
Borrowings: Amount due for settlement after 12 months and before 60 months	608,416,635	664,378,065
Ijarah finance: Amount due for settlement after 12 months and before 60 months	-	75,713,863
	608,416,635	740,091,928
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	562,396,143	606,416,522
Ijarah finance covered by lease rental receipts (capital and interest) before 60 months	-	75,713,863
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	46,020,492	57,961,543
	608,416,635	740,091,928

15. BORROWINGS AND *IJARAH* FINANCING (continued)

	31 March 2020 GBP	31 March 2019 GBP
Borrowings: Amount due for settlement after 60 months	701,713,951	988,276,743
Ijarah finance: Amount due for settlement after 60 months	-	97,797,073
	701,713,951	1,086,073,816
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	453,577,466	670,246,490
Ijarah finance covered by lease rental receipts (capital and interest)	-	97,797,073
Repayments of junior debt covered by lease rental receipts (interest only except for one of the junior loans) and uncovered (capital repaid at maturity)	248,136,485	318,030,253
	701,713,951	1,086,073,816

No breaches or defaults occurred in the current or prior year. Loans with an outstanding balance of £904,088,779 (31 March 2019: £1,238,718,185) have fixed interest rates over the term of the loans. Of this total, loans with an outstanding balance of £317,722,925 (31 March 2019: £632,020,018), although having variable rate interest, also have associated interest rate hedging contracts issued by the lenders in effect fixing the loan interest over the terms of the loans. Loans with an outstanding amount of £329,155,986 (31 March 2019: £335,394,305) at year end are variable rate with no associated hedge of the interest exposure, although the related lease rentals are also floating rate to match, and each senior loan has a USD 15,000,000 balloon capital payment on maturity. Senior loans have both interest and capital repayments whereas junior loans only have interest repayments with the capital to be repaid on maturity.

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives.

On 25th February 2020, the Group announced its completion of the sale of two A380-800 aircraft. The sales included the full repayment of the financing arrangements on both aircraft, including applicable swap breakage and facility prepayment costs. This included the settlement of the Ijarah Finance.

16. SHARE CAPITAL

The Share Capital of the Company is represented by an unlimited number of redeemable ordinary shares of no par value.

Issued	**31 March 2020 Ordinary Shares**	**31 March 2019 Ordinary Shares**
Opening balance	642,250,000	642,250,000
Shares issued	-	-
Total number of shares as at year end	642,250,000	642,250,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

16. SHARE CAPITAL (continued)

Issued	**31 March 2020 Ordinary Shares GBP**	**31 March 2019 Ordinary Shares GBP**
Ordinary Shares		
Opening balance	655,585,000	655,585,000
Shares issued	-	-
Share issue costs-cumulative	(7,946,303)	(7,946,303)
Total share capital	647,638,697	647,638,697

The Company's total issued Share capital at 31 March 2020 was 642,250,000 Shares (2019: 642,250,000 Shares), none of which were held in treasury.

Therefore the total number of voting rights in issue was 642,250,000.

Members holding Shares are entitled to receive, and participate in the following: any dividends out of income attributable to the Shares; other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period; or other income or right to participate therein.

On winding up of the Company, shareholders are entitled to the surplus assets attributable to the Share class remaining after payment of all the creditors of the Company.

17. FINANCIAL INSTRUMENTS

The Group's main financial instruments comprise:

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

(b) Debt secured on non-current assets.

(c) Interest rate swaps.

(d) Security deposits.

(e) Short term investments.

The Group's objective is to obtain income 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 (and the *Ijarah* financing included in note 15) held by the Group at the reporting date:

	31 Mar 2020 GBP	31 Mar 2019 GBP
Financial assets		
Cash and cash equivalents	247,911,207	91,070,150
Short term investments	7,737,776	-
Financial assets at fair value through profit and loss	-	13,712,492
Accrued rental income*	7,338,452	5,069,490
	262,987,435	109,852,132

*This amount represents rent earned but not yet received and is included within Receivables on the Statement of Financial Position.

	31 Mar 2020 GBP	31 Mar 2019 GBP
Financial liabilities		
Payables and security deposits	14,333,162	13,662,118
Financial liabilities at fair value through profit and loss	12,783,866	-
Debt payable (including *Ijarah* financing and excluding associated costs)	1,247,317,838	1,592,945,053
	1,274,434,866	1,606,607,171

Fair value of financial instruments

The Company has adopted IFRS 13, 'Fair value measurement' and this standard requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

17. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

The interest rate swaps are considered to be level 2 in the Fair Value Hierarchy. The fair value of interest rate swaps are derived based on the valuation as provided by the respective bank with which the swap is held which are based on mark-to-market values. The following tables show the Company's financial assets and liabilities as at 31 March 2020 based on the hierarchy set out in IFRS:

31 March 2020	**Quoted Prices in active markets for identical assets**	**Significant other observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	2019	**2019**	**2019**	**2019**
Liabilities	**GBP**	**GBP**	**GBP**	**GBP**
Financial liabilities at fair value through profit and loss				
Interest rate swaps	-	(12,783,866)	-	(12,783,866)

31 March 2019	**Quoted Prices in active markets for identical assets**	**Significant other observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	2019	**2019**	**2019**	**2019**
Assets	**GBP**	**GBP**	**GBP**	**GBP**
Financial assets at fair value through profit and loss				
Interest rate swaps	-	13,712,492	-	13,712,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

17. FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2020 with a comparative table as at 31 March 2019:

	31 March 2020	31 March 2019
Financial (liabilities)/)assets at fair value (£)	(12,783,866)	13,712,492
Notional amount (USD)	407,251,340	827,919,177
Notional amount (GBP)	327,899,630	635,150,884

The maturity dates range from 13 April 2028 to 21 August 2028 (31 March 2019: 13 April 2028 to 24 May 2029).

The decrease in the fair value of the Interest Rate Swaps for the year of £26,496,358 (31 March 2019: decrease of £13,200,670) is reflected in Finance Costs in note 10. The notional amount amortises in line with the underlying liability.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 reviews and agrees policies for managing each of these risks and these are summarised below:

(a) Capital management

The Group manages its capital to ensure its ability to continue as a going concern while maximising return to Shareholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The Group's Board of Directors reviews the capital structure on a bi-annual basis.

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

On 6 April 2020 the Board announced that it was temporarily suspending the declaration of dividends. Refer to subsequent events in Note 28.

(b) Foreign currency risk

The Group has economically mitigated the risk of foreign currency movements by matching its USD rentals with USD debt to the extent necessary. The USD lease rentals should offset the USD payables on amortising debt on the loans, apart from the loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end which have balloon capital payments on maturity (refer to note 15). The foreign exchange exposure in relation to the bank loans (capital and interest) is thus largely hedged, apart from the foreign exchange exposure unhedged in respect of the balloon capital portion of the loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end and the principal bullet repayment of the junior loans at maturity.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The potential future value or the potential sale proceeds of the aircraft upon maturity of the junior loans and senior loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end (all of which are in USD), should, however, reduce this foreign exchange risk.

Lease rentals (as detailed in notes 4 and 11) are received in USD and GBP. Rental income received in USD is used to pay loan interest and regular capital repayments of debt (but excluding any bullet or balloon repayment of principal), which are likewise denominated in US Dollars. USD lease rentals and loan repayments are furthermore fixed at the outset of the Company’s life and are very similar in amount and timing save for the repayment of bullet and balloon repayments of principal due on the final maturity of a loan to be paid out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft. In addition the variable rate loans are either hedged with an associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans, or are unhedged with related rentals which are also floating rate to match.

The matching of lease rentals to settle these loan repayments therefore mitigates risks caused by foreign exchange fluctuations.

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

	31 Mar 2020	**31 Mar 2019**
	GBP	**GBP**
Debt (USD) - Liabilities	(1,247,317,838)	(1,592,945,053)
Security deposits (USD) - Liabilities	(14,150,289)	(13,482,669)
Financial (liabilities)/assets at fair value through profit and loss (USD) – (Liabilities)/asset	(12,783,866)	13,712,492
Cash and cash equivalents (USD) - Asset	97,893,300	65,350,662
Accrued rental income (USD) - Asset	7,338,452	5,069,490
Short term investments (USD) - Asset	1,620,673	-

The USD/GBP exchange rate was 1.2420 at 31 March 2020 (1.3035 at 31 March 2019).

The following table details the Group's sensitivity to a 25% (31 March 2019: 25%) appreciation in GBP against the US dollar. 25% (31 March 2019: 25%) represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 25% (31 March 2019: 25%) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where GBP strengthens 25% (31 March 2019: 25%) against the USD. For a 25% weakening of the GBP against the USD, there would be a comparable but opposite impact on the profit and other equity;

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

	31 Mar 2020 GBP	31 Mar 2019 GBP
Profit or loss	233,479,914	304,459,016
Change in value of assets	(21,370,485)	(16,826,528)
Change in value of liabilities	254,850,399	321,285,544
<u>Excluding junior loans:</u>		
Profit or loss	193,471,752	258,450,098
Change in value of assets	(17,575,210)	(14,228,607)
Change in value of liabilities	211,046,961	272,678,705

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made 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.

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 2020 GBP	31 Mar 2019 GBP
Cash and cash equivalents	247,911,207	91,070,150
Short term investments	7,737,776	-
Financial assets at fair value through profit and loss	-	13,712,492
Accrued rental income	7,338,452	5,069,490
	262,987,435	109,852,132

Surplus cash in the Group is held with Barclays, HSBC, Lloyds, RBSI and Bank of Ireland, which have credit ratings given by Moody's of A1, Aa2, Aa2, A3 and A2 (31 March 2019: A2, Aa2, Aa2, Baa2 and A3) respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of A3 and Aa2 (31 March 2019: Baa2 and Aa3) respectively.

Short term investments relate to deposits held with Bank of Novia Scotia, UBS, Lloyds, Credit Suisse, Santander UK and Standard Chartered which all have the same credit rating given by Moody’s of P-1.

The credit quality and risk of lease transactions with counterparty airlines is evaluated upon conception of the transaction. In addition, ongoing updates as to the operational and financial stability of the airlines are provided by the Company’s Asset Manager in its quarterly reports to the Company. Given the full or partial sovereign ownership status of all underlying lessees, the credit quality of these airlines would usually be regarded as some of the highest ranked in the world as the Group selected lessees with strong statements of financial position and financial outlook which have no history of defaulting on any rental payments.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

At the inception of each lease, the Company selected a lessee with a strong Statement of Financial Position and financial outlook. The financial strength of Emirates and Thai Airways is regularly reviewed by the Directors and the Asset Manager. The Group generally requires its customers to pay rentals in advance and provide collateral in the form of cash or letters of credit as security deposits for leases. Security deposits and maintenance reserve liabilities are held in relation to funds received at the year end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. However, the security deposits do not cover the full value of the Group's obligations pursuant to the loan agreements in the event of termination of the leases or default by Emirates or Thai Airways.

However the COVID-19 pandemic has resulted in widespread restrictions on the ability of people to travel and such has had a material negative effect on the airline sector, and by extension the aircraft leasing sector. This may lead to the inability of airlines to pay rent as they fall due.

In the case of materialisation of the risk related to the lessee counterparty creditworthiness, the fixed rents receivable under the leases may not be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and may not provide surplus income to pay for the Group's expenses..

There is a potential credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated to some extent, 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 Company may either choose to sell the Asset or lease the Asset to another party.

The Group's most significant counterparties are Emirates and Thai Airways as lessees and providers of income. Both of the Group's lessees do not currently have a credit rating.

On 15 April 2020 the Board announced that it was advised by the Asset Manager that they had received written confirmation that Emirates are seeking from the Company some form of financial accommodation. The Board has asked the Asset Manager to continue its negotiation with Emirates and also with the Company's lending banks which have financed the Group's assets leased to Emirates; with a view to reaching a conclusion acceptable to all parties.

At this time no formal agreement has been reached and Emirates has continued to fulfil its current lease obligations. The Directors, with the support of the Asset Manager, believe that this is viable considering Emirates' strong financial standing and liquidity position, its alternative current arrangements for the use of the 777 aircraft for cargo, as well as its likely future support from the Government.

The Directors, with the support of the Asset Manager, have engaged with its Thai lenders following the non-receipt of rentals from Thai since May 2020 and the request for concessions. The Board awaits news of Thai Airways' reform plan and looks forward to it emerging as a stronger airline from this crisis. In the interim the Board and the Asset Manager are engaging with English legal counsel as well as Thai legal counsel to protect the Company's legal position in relation to the business reorganisation process.

Refer to note 2(l) for further details on the maintenance reserves and security deposits.

During the term of the leases, the returns on an investment in the Shares will depend in large part on the lease rentals received from Emirates and Thai Airways under the leases. A failure by Emirates or Thai Airways to comply with their payment obligations under the leases may lead to a reduction or in extreme cases a suspension in distributions paid on the shares and/or in the value of the shares and have an adverse effect on the Group.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

The Group assesses on a forward looking basis the expected credit losses associated with its accrued rental income carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group has chosen to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The accrued rental income and receivables at amortised cost at year end are short-term (i.e. no longer than 12 months) and have been settled after year end. Any identified impairment losses on such assets are not significant.

The Group has considered the effects of the expected credit loss on cash and is satisfied that no expected credit loss is required as it is not considered material.

(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 such as capital repayments of junior and senior debt. The Group's main financial commitments are its ongoing operating expenses and repayments on loans.

The rental income under the relevant leases means that the rents received should be sufficient to meet the loan interest and regular capital repayments of debt scheduled during the life of each loan and provide surplus income to pay for the Group's expenses. Declarations of dividends may need to be suspended if the Board considers that the Company will not be able to repay any balloon and bullet repayments of debt falling due through the sale, refinancing or other disposition of an Asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk through the timings of lease rentals and debt repayments, 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.

In the event that the Leases are terminated as a result of a default by Emirates or Thai Airways, there is a risk that the Group will not be able to remarket the Assets successfully within the remarketing period specified in the loan agreements and that (after using the security deposits and its cash reserves) the Group will not have sufficient liquidity to comply with its obligations under the Loan Agreements. This may lead to a suspension in distributions paid on the shares and/or a reduction in the value of the shares and have an adverse effect on the Group and could ultimately result in the lenders enforcing their security and selling the relevant Asset or Assets on the market.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

There can be no guarantee that the Group will be able to re-lease the Assets on terms as favourable as the existing leases, which may have an adverse effect on the Group and its ability to meet its investment objective and its dividend target. The price paid by the Group for the Assets partly reflects the terms of the leases to which the Assets are subject. Accordingly, were any or all of the Assets to be re-leased on less favourable terms, this may have an adverse effect on the value of the Assets and therefore the share price.

No right of redemption or repurchase
Shareholders will have no right to have their shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company would be required to dispose of their shares on the stock market. Accordingly, the ability of shareholders to realise the Net Asset Value of, or any value in respect of, their shares is mainly dependent on the existence of a liquid market in the shares and the market price of such shares.

Liquidity Proposal
Although the Company does not have a fixed life, the Articles require that the Directors convene a Liquidity Proposal Meeting in 2029 or such other date as shareholders may approve by ordinary resolution. In the event the Liquidity Proposal is not passed, the Directors will consider alternatives for the future of the Company and shall propose such alternatives at a general meeting of the shareholders, including re-leasing the Assets, or selling the Assets and reinvesting the capital received from the sale of the Assets to the repayment of debt, reinvestment in other aircraft and/or any maintenance expenses associated with Assets other than those disposed of.

In addition to the bank loans, the Group may from time to time use borrowings. To this end the Group may arrange an overdraft facility for efficient cash management. The Directors intend to restrict borrowings other than the bank loans to an amount not exceeding 15 per cent. of the net asset value of the Group at the time of drawdown. Borrowing facilities will only be drawn down with the approval of the Directors on a case by case basis. The Directors may also draw down on an overdraft facility for extraordinary expenses determined by them, on the advice of the Asset Manager, to be necessary to safeguard the overall investment objective. With the exception of the loans, the Directors have no intention, as at the date of this report, to use such borrowings or overdraft facility for structural investment purposes.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities (and the *Ijarah* financing included in note 15). 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 Statement of Financial Position:

31 March 2020	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	182,873	-	-	-	-	182,873
Security deposit liability	-	-	-	-	14,150,289	14,150,289
Financial liabilities at fair value through profit and loss	-	-	-	-	12,783,866	12,783,866
Borrowings and *Ijarah* financing	37,889,209	113,762,637	151,885,014	456,531,621	701,713,951	1,461,782,432
	38,072,082	113,762,637	151,885,014	456,531,621	728,648,106	1,488,899,460

31 March 2019	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	179,449	-	-	-	-	179,449
Security deposit liability	-	-	-	-	13,482,669	13,482,669
Borrowings and *Ijarah* financing	46,313,307	138,962,408	185,151,572	554,940,356	1,054,071,264	1,979,438,907
	46,492,756	138,962,408	185,151,572	554,940,356	1,067,553,933	1,993,101,025

(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 variation in deposit interest earned on bank deposits held by the Group or on debt repayments.

The loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end entered into in the current year are variable rate (with no associated interest rate swap contract issued by the lender to fix the loan interest over the term of the loans) although the related rentals are also floating rate to match.

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18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

With the exception of loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end, as mentioned above, the Group mitigates interest rate risk by fixing the interest rate on the bank loans (as well as in respect of loans with an outstanding balance of £317,722,925 (31 March 2019: £632,020,018) as at year end, which have an associated interest rate swap to fix the loan interest).

The following table details the Group's exposure to interest rate risks:

31 March 2020	**Variable interest GBP**	**Fixed interest GBP**	**Non-interest Bearing GBP**	**Total GBP**
Financial Assets				
Short term investment	-	7,737,776	-	7,737,776
Cash and cash equivalents and receivables	247,911,207	-	7,338,452	255,249,659
Total Financial Assets	247,911,207	7,737,776	7,338,452	262,987,435
Financial Liabilities				
Accrued expenses and reserves	-	-	182,873	182,873
Security deposit liability	-	-	14,150,289	14,150,289
Borrowings and *Ijarah* financing	329,155,986	586,365,854	-	915,521,840
Total Financial Liabilities	329,155,986	586,365,854	14,333,162	929,855,002
Effect of derivatives held for risk management	317,722,925			
Total interest sensitivity gap	236,478,146	(578,628,078)		

31 March 2019	**Variable interest GBP**	**Fixed interest GBP**	**Non-interest Bearing GBP**	**Total GBP**
Financial Assets				
Cash and cash equivalents and receivables	91,070,150	-	5,069,490	96,139,640
Total Financial Assets	91,070,150	-	5,069,490	96,139,640

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

31 March 2019	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Liabilities				
Accrued expenses and reserves	-	-	179,449	179,449
Security deposit liability	-	-	13,482,669	13,482,669
Borrowings and *Ijarah* financing	335,394,305	606,698,167	-	942,092,472
Total Financial Liabilities	335,394,305	606,698,167	13,662,118	955,754,590
Effect of derivatives held for risk management	632,020,018			
Total interest sensitivity gap	387,695,863	(606,698,167)		

If a reasonable possible change in interest rates had been 100 basis points (2019: 25 basis points) higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2020 would have been £2,364,781 (31 March 2019: £227,674) greater due to a increase in the amount of interest receivable on the bank balances.

If a reasonable possible change in interest rates had been 100 basis points (2019: 25 basis points) lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 31 March 2020 would have been £2,364,781 (31 March 2019: £227,674) lower due to a decrease in the amount of interest receivable on the bank balances.

Capital repayments are unchanged in respect of the variable interest loans with an outstanding balance of £329,155,986 (31 March 2019: £335,394,305) as at year end (only the interest payments vary) when there is a change in rates. This will affect future cash flows as explained above.

19. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party as the Company does not have any shareholder which holds greater than 10% of the issued share capital of the Company.

20. CASH AND CASH EQUIVALENTS

	31 March 2020 GBP	31 March 2019 GBP
Bank balances	247,911,207	91,070,150
	247,911,207	91,070,150

Included in the cash and cash equivalents are secured cash deposits of £73,595,123 (31 March 2019: £45,848,244) in respect of security deposits and maintenance reserves. Refer to notes 21 and 22 for more information on security deposits and maintenance reserve liabilities.

21. SECURITY DEPOSITS

	31 March 2020 GBP	31 March 2019 GBP
Security deposit liability	14,150,289	13,482,669
	14,150,289	13,482,669

The Security deposit is held in relation to funds received at the year end for the timely and faithful performance of the lessees' (Thai) obligations under the lease agreements for the four A350-900 aircraft. Security deposits are contractually bound to be repaid if not utilised. The deposits are repayable to the lessees on the expiration of the lease agreements and have accordingly been classified as non-current. Refer to note 2(l) for accounting policies adopted on the security deposits.

22. MAINTENANCE RESERVES

	31 March 2020 GBP	31 March 2019 GBP
Balance at 1 April	32,365,575	8,567,078
Movements for the year	27,079,259	23,798,497
Balance at 31 March	59,444,834	32,365,575

The maintenance reserve liabilities are held in relation to funds received at the year end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Amounts accumulated in the maintenance reserve will be repaid only as re-imbursements for actual maintenance expenses incurred by the lessee. Refer to note 2(l) for accounting policies adopted on the maintenance reserves.

The table below details the expected utilisation of maintenance reserves.

	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
31 March 2020	-	-	47,711,960	144,523	11,588,351	59,444,834
31 March 2019	-	-	-	26,168,148	6,197,427	32,365,575

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

31 March 2020	Borrowings and *Ijarah* finance
	GBP
Balance at 1 April 2019	1,574,112,490
Cash flows	(475,063,629)
Add back payments of interest on loans and *Ijarah* financing	65,608,699
Movement in interest accruals	(659,759)
Movement in loan associated costs	5,538,661
Translation adjustment on foreign operations	63,708,303
Balance at 31 March 2020	1,233,244,765

31 March 2019	Borrowings and *Ijarah* finance
	GBP
Balance at 1 April 2018	1,568,109,458
Cash flows	(182,571,338)
Add back payments of interest on loans and *Ijarah* financing	67,746,772
Movement in interest accruals	609,947
Movement in loan associated costs	2,003,370
Translation adjustment on foreign operations	118,214,281
Balance at 31 March 2019	1,574,112,490

24. TAX

	31 March 2020	31 March 2019
	USD	USD
Profit before tax	661,446	674,543
Irish tax at 12.5%	82,681	84,318

	GBP	GBP
Tax expense (converted into GBP)	60,984	64,220

Irish tax is charged at 12.5% on each of the AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited subsidiaries. The Company and the Guernsey Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%. Since AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited are Irish tax resident trading companies, they will not be subject to Guernsey tax, but their net lease rental income earned (after tax deductible expenditure) will be taxable as trading income at 12.5% under Irish tax regulations.

25. ACCRUED AND DEFERRED INCOME

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. The accrued and deferred income consists of the following:

	31 March 2020	31 March 2019
	GBP	GBP
Accrued income	14,446,150	13,589,107
Deferred income	(40,136,323)	(46,300,030)

26. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Amedeo Limited ("Amedeo") is the Group's Asset Manager.

During the year, the Group incurred £3,397,029 (31 March 2019: £3,340,323) of fees with Amedeo, of which £ Nil (31 March 2019: £Nil) was outstanding to this related party at 31 March 2020. This fee is included under "Asset management fee" in note 5. The Group incurred a sales fee of £5,000,000 with Amedeo in relation to the remarketing services performed on the aircraft sold during the year.

Following the disposal of the "IPO Assets" (being collectively the first four assets purchased), the Company shall pay to Amedeo disposition fees calculated as detailed in the prospectus, which can be found on the Group's website. Fees range from 1.75% to 3% of the sale value. The fee for the remaining eight aircraft is 3%.

Amedeo Services (UK) Limited ("Amedeo Services") is the Group's Liaison and Administration Oversight Agent (the agent is appointed to assist with the purchase of the aircraft, the arrangement of suitable equity and debt finance and the negotiation and documentation of the lease and financing contracts).

During the year, the Group incurred £11,010 (31 March 2019: £10,769) of fees with Amedeo Services. As at 31 March 2020 £Nil (31 March 2019: £Nil) was outstanding. This fee is included under "Asset management fee" in note 5.

Nimrod Capital LLP ("Nimrod") is the Company's Corporate and Shareholder Adviser.

During the year, the Group incurred £2,418,517 (31 March 2019: £2,341,151) of fees with Nimrod. These expenses relate to corporate and shareholder advisory fees as shown in note 5. £Nil (31 March 2019: £Nil) was outstanding to this related party at 31 March 2020.

John Le Prevost was until 19 February 2020 a director of Anson Registrars Limited (and now called JTC Registrars Limited) ("JTCRL") the Company's registrar, transfer agent and paying agent. During the year the Group incurred £19,367 (31 March 2019: £17,094) of costs with JTCRL, of which £3,059 (31 March 2019: £1,215) was outstanding as at 31 March 2020.

The Board are considered to be key management personnel. Refer to the Board of Directors on page 19. Refer to Note 6 where Directors' remuneration has been disclosed.

27. SEGMENT INFORMATION

The Directors are of the opinion that the Group is engaged in a single segment of business, being acquiring, leasing and selling aircraft.

Geographical analysis

31 March 2020	**Middle East GBP**	**Asia Pacific GBP**	**Total GBP**
Rental income	198,732,556	57,827,781	256,560,337
Net book value - aircraft	1,179,178,238	535,330,612	1,714,508,850

31 March 2019	**Middle East GBP**	**Asia Pacific GBP**	**Total GBP**
Rental income	197,939,462	56,709,306	254,648,768
Net book value - aircraft	1,707,975,123	539,440,280	2,247,415,403

Revenue from the Group's country of domicile, Guernsey, was £Nil (2019: £Nil).

28. SUBSEQUENT EVENTS

On 6 April 2020 the Board announced that it was temporarily suspending the declaration of dividends.

Further to the Group's announcements regarding the lease of four Airbus A350 aircraft to Thai Airways ("Thai") and Thai's request for assistance received by the Group, the Group announced on 15 May 2020 that it was negotiating with Thai regarding a partial deferral of its scheduled lease rental payments for a six month period commencing in April 2020 (the "Rental Payment Deferral") with such deferred payments to then be made good with interest over the following three years.

Following the Group's announcement on 19 May 2020 in relation to Thai's reform plan, on 26 May Thai submitted to the Central Bankruptcy Court of Thailand its petition to file for rehabilitation citing a total debt amount of THB 352,494,285,416 (c. £9 billion) and its proposal for the rehabilitation planner, being EY Corporate Advisory Services Limited plus individuals well respected within Thailand's business community, and collectively the "Planner".

On 27 May 2020 the Court issued an order to accept the rehabilitation petition for consideration and has set the date of 17 August for the first hearing on the rehabilitation petition. Effectively, from 27 May an automatic stay came into effect which restricts Thai's right to pay and incur debts and a moratorium affecting creditors' rights comes into force. Thai Airways has not paid any lease payments to the Company's subsidiaries since 22 May.

As a result, the proposed rent deferral arrangements referred to in its 15 May 2020 announcement will not be able to be executed. The Board has asserted the Group's rights under each lease, as previously announced.

The Asset Manager is in discussion with Thai Airways and also the secured lenders of the four aircraft on lease to Thai Airways and awaits further news of the Planners' intentions, which might not become clear until much nearer to the August hearing.