

Amedeo Air Four Plus Limited

Consolidated Half-Yearly Financial Report (Unaudited)

From 1 April 2019 to 30 September 2019

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SUMMARY INFORMATION

Trading	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL	BWC53H4
ISIN	GG00BWC53H48
LEI	21380056PDNOTWERG107
Reporting Currency	British Pound
Launch Date / Share Price	13 May 2015 / 100p
Share Price	83.5p (as at 30 September 2019) 78.5p (as at 6 December 2019)
Market Capitalisation	GBP 504 million (as at 6 December 2019)
Target Dividend	Current dividends are 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, A6-API, A6-APJ, HS-THF, HS-THG, HS-THH, HS-THJ
Website	www.aa4plus.com

KEY ADVISERS AND CONTACT INFORMATION

Directors Robin Hallam (Chairman) David Gelber (Senior Independent Director effective from 23 October 2019) John Le Prevost Laurence Barron	Registered Office of the Company Ground Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 2HT Telephone: +44 (0)1481 702400
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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**”).

The Company’s shares were first admitted to trading on the Specialist Fund Segment (“**SFS**”) of the London Stock Exchange’s Main Market on 13 May 2015 upon the admission of 202,000,000 redeemable ordinary shares (“**Shares**”) at an issue price of 100 pence per share. Subsequently, the Company has conducted six additional placings, resulting in the issue and admission to trading on the SFS of an additional 440,250,000 Shares at issue prices in the range of 100 pence to 104 pence.

As at 6 December 2019, the last practicable date prior to the publication of this report, the Company’s total issued share capital was 642,250,000 Shares trading at 78.5 pence per share.

Investment Objective and Policy

The Company’s investment objective is to obtain income returns and a capital return for its shareholders by acquiring, leasing and then selling aircraft (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 is 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 airlines. The aim of such a strategy is to diversify the risk profile of the Company’s portfolio of Assets and lease credits whilst maintaining its target investor returns of a quarterly dividend of 2.0625 pence per share and a double digit total return.

Amedeo Limited (“**Amedeo**” or the “**Asset Manager**”) continues to monitor the market for transactions to present to the Board that would contribute positively to the Company’s overall risk-return profile.

Investment Portfolio

As at the financial reporting date the Company had sixteen 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	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	A380-800	233 - A6-API	24-Mar-17	Etihad	12 years
Airbus	A380-800	237 - A6-APJ	24-May-17	Etihad	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;
 "Etihad" means Etihad Airways PJSC;
 "Thai" means Thai Airways International Public Company Limited.

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. Income distributions are made to shareholders quarterly, subject to compliance with applicable laws and regulations. The Company currently targets and has achieved to date a distribution to shareholders of 2.0625 pence per share per quarter.

There can be no guarantee that dividends will be paid to shareholders and, if dividends are paid, as to the timing and amount of any such dividend. There can also be no guarantee that the Company will, at all times, satisfy the statutory solvency test (the "**Solvency Test**") required to be satisfied pursuant to section 304 of the Law prior to any declaration of a dividend by the Board.

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

All payments by the Lessees have to date been made in accordance with the terms of the respective leases.

In accordance with the Distribution Policy, the Company declared two dividends of 2.0625 pence per share during the period under review and one dividend of 2.0625 pence per share was declared after the end of the reporting period. Further details of dividends declared and paid can be found on pages 32 and 33.

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.

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

Whilst I am mindful of reporting a decline in the Company's share price over the period and year-to-date, shareholders should be reassured that the Company's Assets continue to be well utilised and their lessees are meeting all financial obligations on-time and in full. However, sentiment and recent news flow relating to the A380 appears to be persisting as a headwind. As reported in my statement accompanying the most recent annual financial report the announcement by Airbus of the cessation of the A380 has no direct impact on the Company's leases nor its ability to pay targeted distributions. Moreover, the Company's first lease expiry does not fall due until 2026 and the portfolio is complemented and diversified by two additional aircraft models, namely the 777-300ER and A350-900. Recent comments by Emirates with regard to the A380 continue to be supportive in many respects but, in the absence of concrete evidence, the Company and its Asset Manager are somewhat constrained in their ability to report more positive developments at this time. The Board will carry out an impairment review for the financial year ending 30 March 2020 on the basis that there is an absence of a secondary market for the A380. Further details on Emirates and the A380, along with the rest of the Company's portfolio can be found in the Asset Manager's report. During the period, and as targeted, the Company has continued to declare quarterly dividends of 2.0625 pence per share, representing a yearly distribution of 8.25 pence per share and your Board is hopeful of continuing to pay such dividends for the foreseeable future.

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.

On 30 September 2019 the Company had 642,250,000 shares in issue which, at the then market price of 83.5 pence equated to a market capitalisation of approximately £536 million.

The Company's Asset Manager, Amedeo, continues to monitor the leases and reports regularly to the Board. Nimrod Capital LLP ("Nimrod" or the "Corporate and Shareholder Adviser") continues to liaise between the Board and shareholders.

I continue to encourage Amedeo to source potential future transactions and to work with Nimrod in evaluating their suitability for shareholders but remain conscious that we should be patient and exercise discipline with regard to future growth. If, in the view of the Board, it is in the interests of the Company to acquire any further aircraft, taking into account the maintenance of the Company's target income distributions, opportunities for capital growth, the diversification of the Company's portfolio and risk profile, the Board will seek shareholders' approval of those proposed acquisitions.

Shareholders should note that, as per the most recent 2019 annual financial report, the subsidiaries of the Company re-designated their functional currency to US Dollars with effect from 1 April 2018. This is reflective of the most recent economic environment of these subsidiaries, as their rental income and sources of financing are primarily US Dollar based, and better represent the Company's financial performance for comparative periods going forward.

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) reduces over the course of each twelve year lease.

David Gelber, independent non-executive director of the Company, has been appointed senior independent director ('SID') with effect from 23 October 2019. The Board is pleased that Mr Gelber has agreed to the appointment. Mr Gelber will provide a sounding board to the Chairman and serve as an intermediary for the other directors and shareholders. Mr Gelber will also lead on the evaluation of the performance of the Chairman.

Finally, the Board is always keen to meet with shareholders and welcomes their feedback. We welcome the opportunity to hear from more shareholders in the future as your Board very much welcomes an open dialogue. Please do not hesitate to contact Nimrod to request a meeting.

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.

Robin Hallam
Chairman

Date: 9 December 2019

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.

THE ASSETS

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles
Emirates	A380-800	157	A6-EEY	19/05/2015	04/09/2026	21,474	3,421
	A380-800	164	A6-EOB	19/05/2015	03/11/2026	21,335	3,435
	A380-800	187	A6-EOM	03/08/2015	03/08/2027	21,653	1,996
	A380-800	201	A6-EOQ	27/11/2015	27/11/2027	15,872	2,501
	A380-800	206	A6-EOV	19/02/2016	19/02/2028	15,785	2,487
	A380-800	208	A6-EOX	13/04/2016	13/04/2028	14,568	2,285
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	13,352	3,330
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	14,365	3,239
Etihad	A380-800	233	A6-API	24/03/2017	24/03/2029	13,410	1,446
	A380-800	237	A6-APJ	24/05/2017	24/05/2029	12,459	1,305
Thai	A350-900	123	HS-THF	13/07/2017	13/07/2029	10,390	1,776
	A350-900	130	HS-THG	31/08/2017	31/08/2029	10,183	1,637
	A350-900	142	HS-THH	22/09/2017	22/09/2029	9,889	1,644
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	8,376	1,399

As of 30 September 2019

Industry Update: Original Equipment Manufacturer ("OEM") Production Dynamics and Related Effects

In an update to what was reported in Q3 2019, Boeing continues to work towards re-certification of the 737 MAX aircraft. In mid-September at a Morgan Stanley investor conference, Boeing Chairman and CEO Dennis Muilenburg reiterated his projection that the 737 MAX would be certified to return to service in November 2019. However, EASA continues to question Boeing's plan with regard to Angle of Attack "integrity" issues, will send its own test pilots, and has indicated that it may not fall in step with an FAA approval timeline. Major operators are also hedging their bets with their fleet planning. American Airlines has removed the MAX from its schedule through December 3, 2019. Southwest Airlines has done the same through January 5, 2020. We now think that recertification may be a Q1 2020 event, but actual re-entry of the parked and undelivered fleet will take all of 2020. The relevance of the 737 MAX issues raises questions as to how Boeing will handle the production of other aircraft types, particularly the 777X. In August, Boeing announced that it would delay the entry into service of the -8 variant, which was previously slated for 2022. And in September, the -9 variant suffered a setback when the static test airframe failed at 1.48 times the expected maximum forces bending the wings, nearly at the 1.5x target, but still a shortcoming that will not inspire confidence at the FAA. In combination with still unresolved GE-9X engine issues, the -9 entry into service will be delayed. Boeing

is still hoping to deliver the first aircraft to Emirates in 2020, but does now say that there are risks to that scenario. We think that the FAA, fresh off the 737 MAX controversy, will be inclined to review the 777X certification project with a more watchful eye. Our view is that the 777X will certainly be delivered, but there is no visibility as to when, and that makes forward fleet planning for airlines that ordered it, like Emirates, a challenge. If any of these factors cause entry-into-service delays, other widebody aircraft residuals may benefit and the appraisal community should be more confident in regard to the 777-300ER. It also remains to be seen how the ongoing work with 737 MAX and 777X programs will affect Boeing's progress on the New Midsized Aircraft ("**NMA**").

While its difficulties have received less attention, Airbus has not escaped issues either. Reports indicate that Lufthansa and British Airways have been blocking the last row(s) of their A320neo aircraft as a result of recently discovered center-of-gravity issues. Such actions obviously reduce the profitability of operating these aircraft on an absolute basis, as well as relative to the 737 family.

Emirates President Tim Clark recently skewered all the OEMs, engine manufacturers included, for general reliability issues. While he expressed complete confidence in aviation safety, he bemoaned the reliability of the Rolls-Royce engine family and criticized GE for the GE-9x engine issues mentioned above with respect to the 777-9X.

Industry Update: Emissions Reduction Dynamics

With the increased focus on climate change and greenhouse gas emissions, further focus has landed on the aviation industry and its emissions profile. The Air Transit Action Group ("**ATAG**") reports that aircraft flights produced an estimated 895 million tons of carbon dioxide on an annual basis, 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 contribute significantly to this effort.

Airbus offers the following claims with respect to its product line:

- 1) A350 XWB – 25% fewer carbon dioxide emissions relative to "the previous generation of aircraft";
- 2) A320neo – 20% fewer carbon dioxide emissions relative to the A320ceo;
- 3) A220 – 20% fewer carbon dioxide emissions relative to "aircraft...in their class";
- 4) A330neo – 14% fewer carbon dioxide emissions relative to the A330ceo; and
- 5) A380 – 33% fewer carbon dioxide emissions relative to "its nearest competitor".

Boeing, in turn reports:

- 1) 737 MAX – 20% reduction in carbon dioxide emissions relative to original Next Generation 737;
- 2) 787 – 20 to 25% reduction in carbon dioxide emissions as compared to the 767-300ER;
- 3) 777X – 20% reduction in carbon dioxide emissions relative to the 777-300ER; and
- 4) 747-8 – 18% reduction in carbon dioxide emissions as compared to the 747-400.

These are impressive accomplishments, and when compounded by better airline management, fleet utilization, and higher load factors, jet aircraft are, according to ATAG, 80% more fuel efficient per seat kilometre than they were at the advent of jet engines.

We at Amedeo believe that aviation brings people together to solve problems like climate change, and without bringing people together we will fail in resolving this issue. Yes, there is an environmental cost to aviation, but the benefits to humanity, now and in the future, well outweigh the costs. This simple story has not been sufficiently articulated by the industry's leadership. IATA efforts to date have been laudable, but more visible individual advocacy action, particularly by airline CEOs, is needed.

IATA ECONOMIC ANALYSIS

Growth in industry-wide Revenue Passenger Kilometres (“**RPKs**”) continues to be positive for 2019 thus far, though somewhat below long-term trend. RPKs have risen by 4.7% on a year-to-date basis through the end of July. This increase represents a slower growth pace relative to a long-run average pace of approximately 5.5% and IATA 2019 estimates of 5%. July RPK growth was 3.6%, down from 5.1% in June. This soft start to the peak travel period is additional evidence of a trend toward slowing growth.

Available Seat Kilometres (“**ASKs**”) grew by 4.1% on a year-to-date basis through July, somewhat below RPK growth pace. As a result, load factors hit monthly and all-time highs in July at 85.7%. Load factors stand at 82.6% over the first seven months of 2019. North American load factors lead the world at 85.2% year-to-date through July, with Africa lagging behind at 71.4%. All regions outside of Africa and the Middle East experienced all-time high load factors during July.

European airlines continue to be the fastest growing overall relative to their peers in other regions – year-to-date growth hit 5.6% through July. The Middle East region was the clear laggard of the group, with year-to-date RPK growth of just 1.5%. Domestic Brazilian RPKs fell 6.1% on a year-over-year basis in July, and are down 0.4% year-to-date, reflecting the exit of Avianca Brasil. ASKs decreased a commensurate 6.9% in July, as the passenger market begins to recalibrate. Despite the Avianca Brasil failure, Latin America RPKs are up 5.2% on a year-to-date basis.

International Air Transport Association, 2019. Air Passenger Market Analysis (July 2019) © All Rights Reserved.

EMIRATES GROUP

Emirates fleet consisted of 268 aircraft as of September 2019, including 110 A380s. 13 more A380s are yet to be delivered from Airbus by 2021. Emirates also has an unfilled order for 6 777-300ER aircraft and 150 777X aircraft. Of those 150, Cirium lists 35 as -8 variants. With the -8 variant delay announced by Boeing, unresolved GE engine issues, and the previously mentioned 777X certification challenges, it is unclear when the 777X will join the fleet, perhaps in 2021.

In addition, Emirates agreed to acquire 40 A330-900 and 30 A350 aircraft from Airbus. We would expect clarity on the timing of the A330 stream in the near future. Reading between the lines, matters are delayed by the reliability issues Tim Clark has been vocal about. The A330 fleet will allow Emirates to expand into markets and airports too small for 777 or A380 operations.

Additionally, Emirates now has much greater cooperation and connectivity with FlyDubai, a successful low cost carrier also owned by the Government of Dubai. The regional focus of and narrow body connectivity with FlyDubai will be accretive to the Emirates long-haul network and it is in the space between the Emirates business model and that of FlyDubai that the nexus exists for the smaller widebodies that Emirates has on order, acting as route expansion and route development aircraft for the future.

This FlyDubai cooperation and uncertainty about the timing of new fleet additions provide the backdrop to the key question for us: what are Emirates plans for its A380s, in particular those leased by AA4?

Emirates has publicly stated that it will fly A380s well into 2030s, and we previously estimated that a fleet of about 100 aircraft will be the long-term hold. Emirates currently estimates its A380 fleet will ultimately stabilise at 80 to 100 aircraft.

In the most recent Emirates World podcast (<https://cdn.ek.aero/downloads/ek/trailers/920191352-sir-tim-clark.mp3>), Tim Clark articulates a vision of an Emirates fleet with over 500 aircraft by 2030, including medium twin engine widebodies, not just the largest aircraft.

Emirates is going through a review of which MSNs to keep long term, complicated by the aforementioned fleet uncertainties elsewhere, and we look forward to engaging with them on the future of these aircraft once the review is completed.

With respect to fleet and network changes, Emirates announced two daily flights from Dubai to Muscat, Oman with A380 aircraft in early July. At approximately 340 kilometers, these are the

shortest A380 flights in the world. The flights last approximately 40 minutes. In addition, the airline announced resumption of service to Khartoum and that it would launch daily service to Mexico City via Barcelona in December 2019, using the 777-200LR.

Emirates also experienced a number of developments during the quarter with respect to its passenger services. In mid-September, the airline announced that its loyalty program, Emirates Skywards, had passed the milestone of 25 million members. In addition, Emirates announced that it has become the first airline outside of the United States to receive approval for biometric boarding from the U.S. Customs and Border Patrol. Customers at any of the airline's 12 U.S. destinations can elect to use facial recognition technology at its departure gates to complete identity verification.

Finally, Emirates announced several new executive leadership appointments during the quarter. Adel Al Redha was appointed Chief Operating Officer, Adnan Kazim was appointed Chief Commercial Officer and Sheikh Majid Al Mualla was appointed Divisional Senior Vice President, International Affairs. Al Redha has been with the airline for 31 years.

Emirates reports full financial data on a yearly basis. Further financial analysis will accompany the November release of partial half year data and then the release of the 2020 annual report.

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ETIHAD AIRWAYS

As of September 2019, Etihad had a majority widebody fleet of 109 aircraft in service, including 10 A380s and 19 aircraft in the 777 family. As per Boeing data at the end of August 2019, the airline has a remaining orderbook of 37 787s and 25 777X aircraft with Boeing. Cirium lists the 777X aircraft as being of the -8 variant. Boeing's delay in producing this variant leaves an open question as to whether these aircraft will ultimately be delivered or not. From Airbus, Etihad will take delivery of 17 incremental A350-1000 aircraft and 26 A321neos.

With respect to fleet and network developments, Etihad announced in early July that it would begin a daily service to Shanghai using the 787-10 Dreamliner. Also in July, the airline announced that it was adding a fourth daily, year-round flight to London Heathrow. This flight will begin in October 2019.

In July 2019, Etihad took delivery of its second and third A350-1000 aircraft from Airbus. These aircraft, in addition to an incremental A350-1000 delivered in May, are currently in storage and not in revenue service. As previously mentioned, 17 incremental A350-1000s remain scheduled for delivery to the airline.

With respect to the passenger experience, Etihad announced two developments. Beginning August 1st, the airline entered into a rewards partnership with Booking.com. Etihad Guest members can now earn Guest miles when booking accommodations through the new co-branded website. Finally, in mid-September Etihad announced the relaunch of its website, Etihad.com. The new website is designed to be more accessible to mobile phone users as well as to make booking flights easier.

Etihad Airways. © 2019 All Rights Reserved.

THAI AIRWAYS INTERNATIONAL

Thai Airways International's fleet comprised 103 in-service aircraft as of the end of Q2 2019 (inclusive of Thai Smile units). The airline currently has no firm orderbook with either Boeing or Airbus but a 2019 – 2026 fleet acquisition plan calling for 38 aircraft has been approved by the airline's Board of Directors and was approved by the Transport Minister in August. Of the 38 aircraft, 31 would be for replacement of the existing fleet, with an incremental 7 growth aircraft. However, following the September 24th Board meeting, the airline was directed to revise its fleet plan. Further, recent headlines suggest that the Transport Minister may be considering replacing the airline's Board of Directors on account of alleged underperformance. Both of these potential developments are likely to have a significant impact, yet to be determined, on the airline's fleet growth and renewal plan.

The group reported Q2 2019 headline loss of Bt6.878 billion, more than double the Q2 2018 loss of Bt3.086 billion. Revenues decreased 10.0% year-over-year, falling to Bt42.5 billion from Bt47.2 billion in Q2 2018. The decrease in revenue was driven primarily by a 6.1% decrease in passenger revenue,

itself a result of a 5.4% decline in RPKs and a 1.4% decrease in average passenger yield. Passenger load factor decreased from 75.8% to 74.7%, and the airline carried slightly fewer passengers during Q2 2019 than it did during Q2 2018 – 5.72 million as compared to 5.90 million. Freight revenue fell 18.8% year-over-year, though it represents just a small portion of total revenue.

Total expenses decreased by Bt425 million, or 0.8%, from Bt50.0 billion to Bt49.6 billion. Fuel expenses were the largest contributor to the decrease, declining 2.0% relative to Q2 2018. Non-fuel operating expenses also declined slightly, falling 0.4%. Net finance cost decreased by 0.9%. The airline recorded an impairment of Bt172 million for the quarter, a 33.1% smaller impairment than the Bt257 million recorded in Q2 2018. Finally, the Q2 2019 bottom line was benefitted by Bt522 million in foreign exchange gains, as compared to Bt431 million in foreign exchange losses during Q2 2018.

The airline had 18 aircraft classified as held-for-sale at the end of Q2 2019, and the airline sold 3 A330-300 aircraft during the quarter. Long term liabilities decreased 4.3% during the first half of 2019, with a total balance of Bt141.9 billion at June 30th. The airline's reported leverage and coverage metrics showed meaningful deterioration as measured at the end of H1 2019 relative to H1 2018.

Thai Airways continues to implement its business transformation plan, the Montra Project. In 2019, the airline intends to continue to sell decommissioned aircraft, increase ancillary revenue, and increase network efficiencies between Thai Airways and Thai Smile, the latter of which is set to become a Star Alliance connecting partner by the end of 2019. The airline also expressed the expectation that Thailand would receive a country upgrade to Category 1 from the FAA by the end of 2019.

Thai Airways International Public Company Limited. Management's Discussion and Analysis for three months ended June 30, 2019.

DIRECTORS

Robin Hallam (age 66) (Chairman) (independent non-executive)

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 (age 72) (Senior Independent non-executive)

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. He recently joined the Board of Singapore Life Ltd, a newly formed online 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 (age 68) (independent non-executive)

John Le Prevost is the Chief Executive Officer of Anson Group Limited and Chairman of Anson Registrars Limited (the Company's Registrar). He 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. He is a Full Member of the Society of Trust and Estate Practitioners. He is a director of a number of other companies associated with Anson Group's business as well as being a trustee of the Guernsey Sailing Trust. John is currently also a non-executive director of Doric Nimrod Air One Limited, Doric Nimrod Air Two Limited and Doric Nimrod Air Three Limited (each of which is an aircraft leasing investment vehicle). He is resident in Guernsey.

Laurence Barron (age 68) (independent non-executive)

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.

INTERIM MANAGEMENT REPORT

A description of important events that have occurred during the period under review, 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 period under review and are likely to affect the Group's likely future development are included in the Company Overview, the Chairman's Statement, the Asset Manager's Report and the Notes to the consolidated financial statements contained on pages 22 to 53 and are incorporated herein by reference.

There were no events or changes in the related parties and transactions with those parties during the period under review which had or could have had a material impact on the financial position and performance of the Group, other than those disclosed in this consolidated half-yearly financial report.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group are unchanged from those disclosed in the Group's annual financial report for the year ended 31 March 2019.

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 19. In addition, note 17 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 rental income under the relevant operating leases should be sufficient to repay the senior debts and provide surplus income to pay for the Group's expenses and permit payment of dividends. The bullet repayment of junior debt and senior debt as appropriate is expected to be financed out of the disposal proceeds of the relevant aircraft. The declaration of dividends may need to be suspended if the Board considers that the Company will not be able to repay the junior debt through the sale, refinancing or other disposition of the Assets.

After making reasonable enquiries, and as described above the Directors have a reasonable expectation that the Group has adequate resources to continue in its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Responsibility Statement

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

- (a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards, 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
- (b) this interim 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.

Signed on behalf of the Board of directors of the Company on 9 December 2019.

John Le Prevost
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2019 to 30 September 2019

		1 Apr 2019 to 30 Sep 2019	1 Apr 2018 to 30 Sep 2018*
	Notes	GBP	GBP
INCOME			
US Dollar based rent income	4	109,536,552	102,996,829
British Pound based rent income	4	22,758,325	22,733,781
Bank interest received		58,680	67,442
		<u>132,353,557</u>	<u>125,798,052</u>
EXPENSES			
Operating expenses	5	(3,502,169)	(3,386,911)
Depreciation of Aircraft	9	<u>(73,573,585)</u>	<u>(77,440,734)</u>
		(77,075,754)	(80,827,645)
Net profit for the period before finance costs and foreign exchange gains		<u>55,277,803</u>	<u>44,970,407</u>
FINANCE COSTS			
Finance costs	10	(49,405,288)	(21,467,078)
Foreign exchange gains	17b	22,329	1,587,152
Profit before tax		<u>5,894,844</u>	<u>25,090,481</u>
Income tax expense	23	(30,899)	(32,810)
Profit for the period after tax		<u>5,863,945</u>	<u>25,057,671</u>
OTHER COMPREHENSIVE INCOME			
Translation adjustment on foreign operations	2g	40,259,905	45,696,763
Total Comprehensive income for the period		<u>46,123,850</u>	<u>70,754,434</u>
Earnings per Share for the period - Basic and Diluted	8	<u>Pence 0.91</u>	<u>Pence 3.90</u>

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

*Restated, refer to note 2(g)

The Notes on pages 22 to 53 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 Sep 2019 GBP	31 Mar 2019 GBP
NON-CURRENT ASSETS			
Aircraft	9	2,308,434,300	2,247,415,403
Financial assets at fair value through profit and loss	16	27,562	13,712,492
		2,308,461,862	2,261,127,895
CURRENT ASSETS			
Accrued income	24	14,520,768	13,589,107
Receivables	12	6,567,258	5,231,516
Cash and cash equivalents	19	110,814,899	91,070,150
		131,902,925	109,890,773
TOTAL ASSETS		2,440,364,787	2,371,018,668
CURRENT LIABILITIES			
Payables	13	186,055	179,449
Deferred income	24	40,277,540	37,972,435
Borrowings and <i>Ijarah</i> financing	14	128,267,282	118,654,871
		168,730,877	156,806,755
NON-CURRENT LIABILITIES			
Security deposits	20	14,301,130	13,482,669
Maintenance reserves	21	47,202,382	32,365,575
Borrowings and <i>Ijarah</i> financing	14	1,479,756,281	1,455,457,619
Deferred income	24	6,164,624	8,327,595
		1,547,424,417	1,509,633,458
TOTAL LIABILITIES		1,716,155,294	1,666,440,213
TOTAL NET ASSETS		724,209,493	704,578,455
EQUITY			
Share capital	15	647,638,697	647,638,697
Foreign currency translation reserve		85,562,865	45,302,960
Retained earnings		(8,992,069)	11,636,798
		724,209,493	704,578,455
		Pence	Pence
Net Asset Value Per Share based on 642,250,000 (31 March 2019: 642,250,000) shares in issue		112.76	109.70

The financial statements were approved by the Board and authorised for issue on 9 December 2019 and are signed on its behalf by:

John Le Prevost, Director

The Notes on pages 22 to 53 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period from 1 April 2019 to 30 September 2019

	Notes	1 Apr 2019 to 30 Sep 2019 GBP	1 Apr 2018 to 30 Sep 2018* GBP
OPERATING ACTIVITIES			
Profit for the period after tax		5,863,945	25,057,671
Decrease in accrued and deferred income		(8,953,009)	(3,945,671)
Interest received		(58,680)	(67,442)
Depreciation of Aircraft	9	73,573,585	77,440,734
Taxation expense	23	30,899	32,810
Loan and <i>Ijarah</i> financing interest payable and fair value adjustments on financial assets	10	48,356,236	20,476,745
Increase /(decrease) in payables	13	6,606	(10,197)
Maintenance reserves received		12,601,804	11,741,599
Decrease /(increase) in prepayments	12	1,385	(8,815)
Foreign exchange movement	17b	(22,329)	(1,587,152)
Amortisation of debt arrangement costs	10	1,049,052	990,333
NET CASH FROM OPERATING ACTIVITIES		132,449,494	130,120,615
INVESTING ACTIVITIES			
Acquisition costs/purchase of Aircraft	9	-	(11,195)
Interest received		58,680	67,442
NET CASH RECEIVED FROM INVESTING ACTIVITIES		58,680	56,247
FINANCING ACTIVITIES			
Dividends paid	7	(26,492,812)	(26,492,812)
Repayments of capital on senior loans and <i>Ijarah</i> financing	22	(55,392,920)	(56,092,363)
Payments of interest on senior loans and <i>Ijarah</i> financing	22	(27,772,899)	(27,347,153)
Payments of interest on junior loans	22	(6,241,552)	(6,362,158)
Security trustee and agency fees	10	(143,642)	(120,776)
NET CASH USED IN FINANCING ACTIVITIES		(116,043,825)	(116,415,262)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			
		91,070,150	58,848,615
Increase in cash and cash equivalents		16,464,349	13,761,600
Exchange rate adjustment		3,280,400	3,622,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	110,814,899	76,232,698

The Notes on pages 22 to 53 form an integral part of these consolidated financial statements.

*Restated, refer to note 2(g)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2019 to 30 September 2019

	Notes	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
		GBP	GBP	GBP	GBP
Balance as at 1 April 2019		647,638,697	11,636,798	43,302,960	704,578,455
Total Comprehensive income for the period		-	5,863,945	40,259,905	46,123,850
Dividends paid	7	-	(26,492,812)	-	(26,492,812)
Balance as at 30 September 2019		647,638,697	(8,992,069)	85,562,865	724,209,493

	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
Total Comprehensive Income for the period*		-	25,057,671	45,696,763	70,754,434
Dividends paid	7	-	(26,492,812)	-	(26,492,812)
Balance as at 30 September 2018		647,638,697	54,770,005	45,600,644	748,009,346

The Notes on pages 22 to 53 form an integral part of these consolidated financial statements.

*Restated, refer to note 2(g)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2019

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 these aircraft are leased to Emirates, two aircraft are leased to Etihad and four aircraft are leased to Thai Airways. 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 fourteen 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 statements have been prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union ("EU"), and applicable Guernsey law. The financial statements have been prepared on a historical cost basis under International Financial Reporting Standards.

This report is to be read in conjunction with the annual report for the year ended 31 March 2019 which is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and any public announcements made by the Company during the interim reporting period.

The comparative period for the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the related notes was from 1 April 2018 to 30 September 2018. The financial information in the comparative period has been restated as mentioned in 2(g). The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out overleaf:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

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 period. 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.

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.

At the date of approval of these financial statements there were no standards and interpretations in issue but not yet effective, which were considered to be material to the Group.

(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.

(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 23 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

2. ACCOUNTING POLICIES (continued)

(g) Foreign currency translation

The currency of the primary economic environment in which the Group operates (the functional currency) is Great British Pounds ("GBP") which is also the presentation currency.

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.

During the prior year, on 1 April 2018, the activities and transactions of certain of the subsidiaries were reviewed by the Board and were noted to be carried out substantially in USD. The Board noted that the currency of the primary economic environment of these entities was now more closely aligned with USD. As such, the decision was made to re-designate the functional currency of these entities to USD and to classify them as foreign operations.

All assets and liabilities in the subsidiaries were translated into the functional currency of USD using the USD/GBP exchange rate prospectively from the date of change, being 1 April 2018. All monetary assets and liabilities in the subsidiaries denominated in currencies other than USD were translated to USD using the closing exchange rate at 31 March 2019, with all items of income and expenses in currencies other than USD in the subsidiaries to USD using the exchange rate at the date of transaction. For non-monetary items in the subsidiaries (including Aircraft assets), the translated amount into USD at 1 April 2018 will be the item's new historical cost.

As a result, the comparative information in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the related notes has been restated.

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, as long as this is not rendered inappropriate as a basis for translation by major fluctuations in the exchange rate during the period; unrealized 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.

(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 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 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

2. ACCOUNTING POLICIES (continued)

(j) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. While the Group is in a current net liability position, the Group continues to make profits as reflected and generate strong positive operating cash flows. The Directors believe the Group is well placed to manage its business risks successfully despite the current economic climate as 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. Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial information. The Board is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(k) Leasing and rental income

The leases relating to the Assets have been classified as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership to the lessee. The Assets are shown as non-current assets in the Consolidated Statement of Financial Position. Further details of the leases are given in Note 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 period 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 advances. Maintenance advances 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 21.

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 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

2. ACCOUNTING POLICIES (continued)

(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.

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.

Depreciation starts when the Asset is available for use.

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). 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.

(n) Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Group classifies its derivatives i.e. the interest rate swaps, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are designated by the Board at fair value through profit or loss at inception. The Group does not classify any derivatives as hedges in a hedging relationship.

Trade and other receivables are classified as financials assets at amortised cost. Financial assets measured at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate methodology.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

2. ACCOUNTING POLICIES (continued)

(n) Financial assets and financial liabilities at fair value through profit or loss (continued)

(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

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 security deposits, payables and borrowings. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially measured at fair value, net of transaction costs. All financial liabilities are recorded on the date on which the Group becomes party to the contractual requirements of the financial liability.

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

2. ACCOUNTING POLICIES (continued)

(p) *Ijarah* financing

Ijarah financing, a type of Islamic finance, where the Group has substantially all the risks and rewards of ownership, are included within Borrowings and *Ijarah* financing (Notes 14 and 22). 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 term if there is no reasonable certainty that the Group will obtain ownership at the end of the finance term.

(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.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value of Aircraft

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Residual value of Aircraft (continued)

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 (determined annually) for the A380 and A350 aircraft at the end of the lease (excluding inflationary effects) best approximates residual value. 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 2019 audited annual year end, the Directors have made reference to forecast market values (excluding inflationary effects) for the aircraft obtained from three independent expert aircraft valuers.

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 the estimate of residual value in USD terms, had for instance, decreased by 20% with effect from the beginning of this period, the net profit for the period and closing shareholders' equity would have been decreased by approximately £9.76 million (30 September 2018: £11.45 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. Estimates of forecast market values have been made on the assumption that a relatively liquid secondary lease market exists at the end of the lease based on management's current intentions for the fleet and their judgements.

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments - Group as lessor

The Group had entered into operating leases on fourteen Assets as at the period end (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 operating leases on the Assets have been determined by the Group to be for 12 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (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 believed that it would be prudent to conduct an impairment test in the year ended 31 March 2019, as the below items may have 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 publically 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, creating uncertainty as to the liquidity of the future market for sale or re-lease.

The assessment was performed by comparing the net book value of each aircraft to the higher of its respective fair value less costs to sell and value-in-use. 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. There are no indications at this time that either Emirates, Etihad or Thai will default or that any of the aircraft will not be marketable post lease.

The Asset Manager considered the following in their determination of the most appropriate discounting rate;

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. All of the aircraft are with Emirates, Etihad and Thai, who are considered to have low credit risk profiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CRITICAL ACCOUNTING JUDGEMENTS (continued)

Impairment (continued)

The fair value and the future sales value of the aircraft was estimated with reference to the average of current market and future base values from three independent appraisers.

Based on the impairment review performed, the Directors were of the opinion that no impairment loss was required to be recognised in the year ended 31 March 2019.

For the current period 1 April 2019 to 30 September 2019, the Group has considered if there are any further impairment triggers as set out under IAS 36 Impairment of Assets. The Board has concluded that an interim impairment review at the 30 September 2019 period end was not practicable.

4. RENTAL INCOME

	1 Apr 2019 to 30 Sep 2019 GBP	1 Apr 2018 to 30 Sep 2018* GBP
US Dollar based rent income	100,609,235	99,076,850
Revenue earned but not yet received	6,838,671	5,319,876
Revenue received but not yet earned	(133,411)	(3,446,415)
	107,314,495	100,950,311
Amortisation of advance rental income (US Dollar)	2,222,057	2,046,518
	109,536,552	102,996,829
British Pound based rent income	22,732,633	22,708,089
Revenue earned but not yet received	75,002	75,002
Revenue received but not yet earned	(49,310)	(49,310)
	22,758,325	22,733,781
Total rental income	132,294,877	125,730,610

*Restated, refer to note 2(g)

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 period.

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 period ended 30 September 2019 is £3,793,974 per annum (30 September 2018 as restated: £3,480,586).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

5. OPERATING EXPENSES

	1 Apr 2019 to 30 Sep 2019 GBP	1 Apr 2018 to 30 Sep 2018* GBP
Corporate and shareholder adviser fee	1,206,969	1,160,307
Asset management fee	1,719,076	1,658,255
Administration fees	241,715	218,676
Bank charges	4,852	5,327
Registrar's fee	8,783	8,177
Audit fee	27,457	53,411
Directors' remuneration	134,532	131,250
Directors' and Officers' insurance	20,046	22,632
Legal and professional expenses	55,952	57,220
Annual regulatory fees	10,924	12,600
Sundry costs	71,863	51,940
Other operating expenses	-	7,116
	<u>3,502,169</u>	<u>3,386,911</u>

*Restated, refer to note 2(g)

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.

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2019 to 30 Sep 2019 GBP	Pence per Share
First dividend	13,246,406	2.0625
Second dividend	<u>13,246,406</u>	<u>2.0625</u>
	<u>26,492,812</u>	<u>4.1250</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

7. DIVIDENDS IN RESPECT OF SHARES (CONTINUED)

		1 Apr 2018 to 30 Sep 2018
	GBP	Pence per Share
First dividend	13,246,406	2.0625
Second dividend	13,246,406	2.0625
	<u>26,492,812</u>	<u>4.1250</u>

8. EARNINGS PER SHARE

Earnings per Share ("EPS") is based on the profit for the period of £5,863,945 and 642,250,000 shares (30 September 2018 as restated: profit of £25,057,671 and 642,250,000 Shares) being the weighted average number of Shares in issue during the period.

There are no dilutive instruments and therefore basic and diluted EPS are identical.

9. PROPERTY, PLANT AND EQUIPMENT - AIRCRAFT

	Aircraft GBP
COST	
Aircraft purchases as at 1 April 2019	2,597,753,572
Acquisition costs as at 1 April 2019	10,277,000
Translation adjustment on foreign operations*	158,319,702
Cost as at 30 September 2019	<u>2,766,350,274</u>

	Aircraft GBP
ACCUMULATED DEPRECIATION AND AMORTISATION	
As at 1 April 2019	360,615,169
Amortisation of acquisition costs on aircraft acquired	459,171
Depreciation charge on all aircraft for the period	73,114,414
Net depreciation charge on all aircraft for the period	73,573,585
Translation adjustment on foreign operations*	23,727,220
Accumulated depreciation as at 30 September 2019	<u>457,915,974</u>
Carrying amount as at 31 March 2019	<u>2,247,415,403</u>
Carrying amount as at 30 September 2019	<u>2,308,434,300</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

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

* 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). As explained in note 2(g), 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 British Pound / US Dollar exchange rate at 31 March 2019 and 30 September 2019 with the movement for consolidation purposes for the current period through "Translation adjustment on foreign operations" as per the table above.

In order to complete purchases of the aircraft, subsidiaries of the Company have entered into debt financing agreements with a senior fully amortising loan and junior balloon loan (see note 14). The Company used the equity proceeds (see note 15) 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 including the Kappa *Ijarah* finance as detailed in note 14 and junior loan payments due (being interest only), also in USD. Exceptions to the above include senior loans with an outstanding balance of £344,345,499 (31 March 2019: £335,394,305) at period end, which have balloon capital payments on maturity, and a junior loan, with a balance of £20,591,984 (31 March 2019: £20,178,224) at period 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 17 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.

The Group's aircraft with carrying values of £2,308,434,300 (31 March 2019: £2,247,415,403) are pledged as security for the Group's borrowings (see note 14).

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

10. FINANCE COSTS

	1 Apr 2019 to 30 Sep 2019 GBP	1 Apr 2018 to 30 Sep 2018* GBP
Amortisation of debt arrangements costs	1,049,052**	990,333**
Interest payable on loan and costs of <i>Ijarah</i> financing***	34,527,664**	34,539,810**
Security trustee and agency fees	143,642	120,776
Fair value adjustment on financial assets at fair value through profit and loss (see Note 16)	13,684,930	(14,183,841)
	<u>49,405,288</u>	<u>21,467,078</u>

*Restated, refer to note 2(g)

**Included in Finance costs is interest on amortised cost liability for the period of £35,576,716 (30 September 2018 as restated: £35,530,143)

*** This amount includes £87,907 interest income (30 September 2018 as restated: £5,106 interest income) from the interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

11. OPERATING LEASES

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

30 Sep 2019	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	201,600,025	798,848,659	766,596,539	1,767,045,223
British Pound based rent income	<u>45,446,952</u>	<u>181,787,808</u>	<u>149,982,057</u>	<u>377,216,817</u>
	<u>247,046,977</u>	<u>980,636,467</u>	<u>916,578,596</u>	<u>2,144,262,040</u>
 30 Sep 2018*	 Next 12 Months GBP	 2 to 5 Years GBP	 After 5 Years GBP	 Total GBP
US Dollar based rent income	205,589,607	815,418,608	994,401,970	2,015,410,185
British Pound based rent income	<u>45,446,952</u>	<u>181,787,808</u>	<u>195,429,009</u>	<u>422,663,769</u>
	<u>251,036,559</u>	<u>997,206,416</u>	<u>1,189,830,979</u>	<u>2,438,073,954</u>

*Restated, refer to note 2(g)

The fourteen assets all have a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

12. RECEIVABLES

	30 Sep 2019 GBP	31 Mar 2019 GBP
Prepayments	160,641	162,026
Accrued rental income	6,396,955	5,069,490
Interest receivable	9,662	-
	<u>6,567,258</u>	<u>5,231,516</u>

The above carrying value of receivables is equivalent to the fair value.

13. PAYABLES

	30 Sep 2019 GBP	31 Mar 2019 GBP
Accrued administration fees	34,893	34,816
Accrued audit fee	41,015	74,237
Accrued registrar fee	1,217	1,653
Other accrued expenses	264	249
Taxation payable	108,666	68,494
	<u>186,055</u>	<u>179,449</u>

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.

14. BORROWINGS AND *IJARAH* FINANCING

	30 Sep 2019 GBP	31 Mar 2019 GBP
Borrowings		
Bank loans	1,469,632,791	1,438,601,158
<i>Ijarah</i> financing		
Finance liability	<u>157,292,865</u>	<u>154,343,895</u>
Total borrowings and <i>Ijarah</i> financing	<u>1,626,925,656</u>	<u>1,592,945,053</u>
Total associated costs	<u>(18,902,093)</u>	<u>(18,832,563)</u>
	<u>1,608,023,563</u>	<u>1,574,112,490</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

14. BORROWINGS AND *IJARAH* FINANCING (continued)

	30 Sep 2019 GBP	31 Mar 2019 GBP
Consisting of:		
Senior loans (\$1,469,158,820 at 30 September 2019, \$1,537,683,285 at 31 March 2019)	1,195,507,218	1,178,512,116
<i>Ijarah</i> finance (\$191,094,338 at 30 September 2019, \$199,032,505 at 31 March 2019)	155,500,316	152,566,175
	<u>257,016,030</u>	<u>243,034,199</u>
	<u>1,608,023,564</u>	<u>1,574,112,490</u>
Borrowings		
Non-current portion	1,337,527,732	1,315,143,488
Current portion (senior loans only)	<u>114,995,515</u>	<u>106,402,827</u>
	<u>1,452,523,247</u>	<u>1,421,546,315</u>
<i>Ijarah</i> financing		
Non-current portion	142,228,549	140,314,131
Current portion (senior loans only)	<u>13,271,767</u>	<u>12,252,044</u>
	<u>155,500,316</u>	<u>152,566,175</u>
Total Borrowings and <i>Ijarah</i> financing		
Non-current portion	1,479,756,281	1,455,457,619
Current portion (senior loans only)	<u>128,267,282</u>	<u>118,654,871</u>
	<u>1,608,023,563</u>	<u>1,574,112,490</u>

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.

	30 Sep 2019 GBP	31 Mar 2019 GBP
Borrowings: Amount due for settlement within 12 months	174,700,252	166,347,249
<i>Ijarah</i> finance: Amount due for settlement within 12 months	<u>20,077,513</u>	<u>18,928,466</u>
	<u>194,777,765</u>	<u>185,275,715</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

14. BORROWINGS AND IJARAH FINANCING (continued)

	30 Sep 2019 GBP	31 Mar 2019 GBP
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	159,328,641	151,868,268
<i>Ijarah</i> finance covered by lease rental receipts (capital and interest)	20,077,513	18,928,466
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	15,371,611	14,478,981
	<u>194,777,765</u>	<u>185,275,715</u>
 Borrowings: Amount due for settlement after 12 months and before 60 months	697,871,987	664,378,065
<i>Ijarah</i> finance: Amount due for settlement after 12 months and before 60 months	80,310,050	75,713,863
	<u>778,182,037</u>	<u>740,091,928</u>
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	637,564,905	606,416,522
<i>Ijarah</i> finance covered by lease rental receipts (capital and interest)	80,310,050	75,713,863
Repayments of junior debt covered by lease rental receipts (interest only except for B1 Junior loan)	60,307,082	57,961,543
	<u>778,182,037</u>	<u>740,091,928</u>
 Borrowings: Amount due for settlement after 60 months	960,608,983	988,276,743
<i>Ijarah</i> finance: Amount due for settlement after 60 months	93,695,059	97,797,073
	<u>1,054,304,042</u>	<u>1,086,073,816</u>
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest) and uncovered senior loans (for balloon payment at maturity)	653,472,944	670,246,490
<i>Ijarah</i> finance covered by lease rental receipts (capital and interest)	93,695,059	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)	307,136,039	318,030,253
	<u>1,054,304,042</u>	<u>1,086,073,816</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

14. BORROWINGS AND IJARAH FINANCING (continued)

No breaches or defaults occurred in the current or prior period. Loans with an outstanding balance of £1,263,678,064 (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 £643,414,216 (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 £344,345,499 (31 March 2019: £335,394,305) at period 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 (except for a junior loan with a balance of £20,591,984 (31 March 2019: £20,178,224) at period end that has both interest and capital repayments) due to interest rates charged closely approximating market interest rates.

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives. In the Directors' opinion, the above carrying values of the bank loans are approximate to their fair value.

15. SHARE CAPITAL

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

Issued	30 Sep 2019 Ordinary Shares	31 Mar 2019 Ordinary Shares
Opening balance	642,250,000	642,250,000
Shares issued	-	-
Total number of shares as at period/year end	<u>642,250,000</u>	<u>642,250,000</u>
Issued	30 Sep 2019 Ordinary Shares GBP	31 Mar 2019 Ordinary Shares GBP
Ordinary Shares		
Opening balance	655,585,000	655,585,000
Shares issued	-	-
Share issue costs	(7,946,303)	(7,946,303)
Total share capital as at period/year end	<u>647,638,697</u>	<u>647,638,697</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

15. SHARE CAPITAL (continued)

The Company's total issued Share capital at 30 September 2019 was 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 a 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.

16. 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.

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 14) held by the Group at the reporting date:

	30 Sep 2019 GBP	31 Mar 2019 GBP
Financial assets		
Cash and cash equivalents	110,814,899	91,070,150
Financial assets at fair value through profit and loss	27,562	13,712,492
Accrued rental income*	6,396,955	5,069,490
	<u>117,239,416</u>	<u>109,852,132</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

16. FINANCIAL INSTRUMENTS (continued)

	30 Sep 2019 GBP	31 Mar 2019 GBP
Financial liabilities		
Payables and security deposits	14,487,185	13,662,118
Debt payable (including <i>Ijarah</i> financing and excluding associated costs)	1,626,925,656	1,592,945,053
	<u>1,641,412,841</u>	<u>1,606,607,171</u>

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.

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 following tables show the Company's financial assets and liabilities as at 30 September 2019 with comparatives as at 31 March 2019 based on the hierarchy set out in IFRS:

30 September 2019	Quoted Prices in active markets for identical assets (Level 1) 2019 GBP	Significant other observable inputs (Level 2) 2019 GBP	Significant unobservable inputs (Level 3) 2019 GBP	Total 2019 GBP
Assets				
Financial assets at fair value through profit and loss				
Interest rate swaps	-	27,562	-	27,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

16. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

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

Derivative financial instruments

The following table shows the Company's derivative position as at 30 September 2019 with a comparative table as at 31 March 2019:

	30 Sep 2019	31 Mar 2019
Financial assets at fair value (£)	27,562	13,712,492
Notional amount (USD)	827,919,177	827,919,177
Notional amount (GBP)	673,707,524	635,150,884

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

The decrease in the fair value of the Interest Rate Swaps for the period of £13,684,930 (30 September 2018 as restated: increase of £14,183,841) is reflected in Finance Costs in Note 10. The notional amount amortises in line with the underlying liability.

17. 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 review and agrees policies for managing each of these risks and these are summarised below:

(a) Capital management

The Group manages its capital to ensure 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 14, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 (including the Kappa *Ijarah* finance), apart from the loans with an outstanding balance of £344,345,499 (31 March 2019: £335,394,305) as at period end which have balloon capital payments on maturity (refer to note 14). The foreign exchange exposure in relation to the bank loans (capital and interest) and the Kappa *Ijarah* finance 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 £344,345,499 (31 March 2019: £335,394,305) as at period end and the principal bullet repayment of the junior loans at maturity.

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 £344,345,499 (31 March 2019: £335,394,305) as at period 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:

	30 Sep 2019	31 Mar 2019
	GBP	GBP
Debt (USD) - Liabilities	(1,626,925,656)	(1,592,945,053)
Security deposits (USD) - Liabilities	(14,301,130)	(13,482,669)
Financial assets at fair value through profit and loss (USD) - Asset	27,562	13,712,492
Cash and cash equivalents (USD) - Asset	82,586,795	65,350,662
Accrued rental income (USD) - Asset	6,396,955	5,069,490

The USD/GBP exchange rate was 1.2289 at 30 September 2019 (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 period 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

	30 Sep 2019 GBP	31 Mar 2019 GBP
Profit or loss	310,443,095	304,459,016
Change in value of assets	(17,802,262)	(16,826,528)
Change in value of liabilities	328,245,357	321,285,544
<u>Excluding junior loans:</u>		
Profit or loss	261,885,287	258,450,098
Change in value of assets	(14,956,865)	(14,288,607)
Change in value of liabilities	276,842,151	278,678,705

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 British Pound. 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:

	30 Sep 2019 GBP	31 Mar 2019 GBP
Cash and cash equivalents	110,814,899	91,070,150
Financial assets at fair value through profit and loss	27,562	13,712,492
Accrued rental income	6,396,955	5,069,490
	<u>117,239,416</u>	<u>109,852,132</u>

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 A2, Aa3, Aa3, A1 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 A1 and Aa3 (31 March 2019: Baa2 and Aa3) respectively.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

There is a potential credit risk arising from the possibility that the lessee may default on the lease payments. This risk is mitigated, as under the terms of the lease agreements between the lessee and the Group, any non payment of the lease rentals constitutes a Special Termination Event, under which the lease terminates and the Company may either choose to sell the Asset or lease the Asset to another party. Lessees also have strong credit ratings with Emirates being rated AA and Etihad and Thai being rated A by Fitch Ratings Inc.

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, Etihad 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 period end for the timely and faithful performance of the lessees' obligations under the lease agreements for the four A350-900 aircraft. Refer to note 2(l) for further details on the maintenance reserves and security deposits.

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. Any accrued rental income and receivables at amortised cost are short-term (i.e. no longer than 12 months) and considered to be of high credit quality as the Group selected lessees with strong balance sheet and financial outlook which have no history of defaulting on any rental payments. Accordingly, any identified impairment losses on such assets are expected to be small.

(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 debt at the end of the lease. The Group's main financial commitments are its ongoing operating expenses and repayments on loans.

The fixed 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 and finance payments of dividends. Where balloon and bullet repayments of debt exist, these are expected to be financed out of the disposal proceeds of the relevant aircraft. Dividends may need to be reduced or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities (and the *ljarah* financing included in Note 14). 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:

30 Sep 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	186,055	-	-	-	-	186,055
Security deposit liability	-	-	-	-	14,301,130	14,301,130
Borrowings and <i>ljarah</i> financing	48,740,939	146,036,826	194,847,141	583,334,896	1,054,304,042	2,027,263,844
	48,926,994	146,036,826	194,847,141	583,334,896	1,068,605,172	2,041,751,029
31 Mar 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 <i>ljarah</i> 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 £344,345,499 (31 March 2019: £335,394,305) as at period end entered into in prior years 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.

With the exception of loans with an outstanding balance of £344,345,499 (31 March 2019: £335,394,305) as at period 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 £643,414,216 (31 March 2019: £632,020,018) as at period 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:

30 Sep 2019	Variable interest GBP	Fixed interest GBP	Non- interest Bearing GBP	Total GBP
Financial Assets				
Cash and cash equivalents	110,814,899	-	6,396,955	117,211,854
Total Financial Assets	<u>110,814,899</u>	<u>-</u>	<u>6,396,955</u>	<u>117,211,854</u>
Financial Liabilities				
Accrued expenses and reserves	-	-	186,055	186,055
Security deposit liability	-	-	14,301,130	14,301,130
Borrowings and <i>Ijarah</i> financing	344,345,499	620,263,849	-	964,609,348
Total Financial Liabilities	<u>344,345,499</u>	<u>620,263,849</u>	<u>14,487,185</u>	<u>979,096,533</u>
Effective of derivatives held for risk management	643,414,216	-		
Total interest sensitivity gap	<u>(876,944,816)</u>	<u>(620,263,849)</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

31 Mar 2019	Variable interest GBP	Fixed interest GBP	Non- interest Bearing GBP	Total GBP
Financial Assets				
Cash and cash equivalents	91,070,150	-	5,069,490	96,139,640
Total Financial Assets	<u>91,070,150</u>	<u>-</u>	<u>5,069,490</u>	<u>96,139,640</u>
Financial Liabilities				
Accrued expenses and reserves	-	-	179,449	179,449
Security deposit liability	-	-	13,482,669	13,482,669
Borrowings and <i>ljarah</i> financing	335,394,305	606,698,167	-	942,092,472
Total Financial Liabilities	<u>335,394,305</u>	<u>606,698,167</u>	<u>13,662,118</u>	<u>955,754,590</u>
Effective of derivatives held for risk management	632,020,018	-		
Total interest sensitivity gap	<u>(876,344,173)</u>	<u>(606,698,167)</u>		

If interest rates had been 25 basis points higher throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2019 would have been £277,037 (31 March 2019: £227,674) greater due to a increase in the amount of interest receivable on the bank balances.

If interest rates had been 25 basis points lower throughout the period and all other variables were held constant, the Group's net assets attributable to shareholders as at 30 September 2019 would have been £277,037 (31 March 2019: £227,674) lower due to a decrease in the amount of interest receivable on the bank balances.

Since the capital repayments are unchanged in respect of the variable interest loans with an outstanding balance of £344,345,499 (31 March 2019: £335,394,305) as at period end (only the interest payments vary) when there is a change in rates. This will affect future cash flows as explained above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

18. 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.

19. CASH AND CASH EQUIVALENTS

	30 Sep 2019 GBP	31 Mar 2019 GBP
Bank balances	110,814,899	91,070,150
	<u>110,814,899</u>	<u>91,070,150</u>

Included in the cash and cash equivalents are secured cash deposits of £61,503,512 (31 March 2019: £45,848,244) in respect of security deposits and maintenance reserves. Refer to notes 20 and 21 for more information on security deposits and maintenance reserve liabilities.

20. SECURITY DEPOSITS

	30 Sep 2019 GBP	31 Mar 2019 GBP
Security deposit liability	14,301,130	13,482,669
	<u>14,301,130</u>	<u>13,482,669</u>

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

21. MAINTENANCE RESERVES

	30 Sep 2019 GBP	31 Mar 2019 GBP
Balance at 1 April	32,365,575	8,567,078
Movements for the period/year	<u>14,836,807</u>	<u>23,798,497</u>
Balance at period end	<u>47,202,382</u>	<u>32,365,575</u>

The Maintenance reserve liabilities are held in relation to funds received at the period 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 reimbursements for actual maintenance expenses incurred by the lessee. Refer to note 2(l) for accounting policies adopted on the maintenance reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

21. MAINTENANCE RESERVES (continued)

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
30 Sep 2019	-	-	29,749,987	8,277,614	9,174,781	47,202,382
31 Mar 2019	-	-	-	26,168,148	6,197,427	32,365,575

22. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings and <i>Ijarah</i> finance GBP
30 Sep 2019	
Balance at 1 April 2019	1,574,112,490
Cash flows	(89,407,371)
Add back payments of interest on loans and <i>Ijarah</i> financing	34,014,451
Movement in interest accruals	136,033
Translation adjustment on foreign operations	89,167,960
Balance at 30 September 2019	1,608,023,563

	Borrowings and <i>Ijarah</i> finance* GBP
30 Sep 2018	
Balance at 1 April 2018	1,568,109,458
Cash flows	(89,801,674)
Add back payments of interest on loans and <i>Ijarah</i> financing	33,709,311
Movement in interest accruals	(21,720)
Translation adjustment on foreign operations	119,364,681
Balance at 30 September 2018	1,631,360,056

*Restated, refer to note 2(g)

23. TAX

	30 Sep 2019 USD	30 Sep 2018 USD
Profit before tax of AA4P Leasing Ireland Limited and AA4P Leasing Ireland 2 Limited	352,383	349,292
Irish tax at 12.5%	44,048	43,661
	GBP	GBP
Tax expense (converted into GBP)	30,899	32,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

23. TAX (continued)

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.

24. 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:

	30 Sep 2019 GBP	31 Mar 2019 GBP
Accrued income	14,520,768	13,589,107
Deferred income	<u>(46,442,164)</u>	<u>(46,300,030)</u>

25. RELATED PARTY TRANSACTIONS

Amedeo Limited was appointed as the Group's Asset Manager.

During the period, the Group incurred £1,713,584 (30 September 2018 as restated: £1,658,255) of fees with Amedeo, of which £ Nil (31 March 2019: £Nil) was outstanding to this related party at 30 September 2019. This fee is included under "Asset management fee" in note 5.

During the period Amedeo had a recharge invoice of £34,858 (30 September 2018: £38,694).

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 2.5% to 4% of the sale value. The fee for the remaining ten aircraft is 3%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

25. RELATED PARTY TRANSACTIONS (continued)

Amedeo Services (UK) Limited ("Amedeo Services") was appointed as 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) to the Group.

During the period, the Group incurred £5,492 (30 September 2018 as restated: £5,370) of fees with Amedeo Services. As at 30 September 2019 £Nil (31 March 2019: £Nil) was outstanding. This fee is included under "Asset management fee" in note 5.

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

During the period, the Group incurred £1,206,969 (30 September 2018 as restated: £1,160,307) of fees due to Nimrod. £1,206,969 (31 March 2019: £2,341,151) of these fees related to corporate and shareholder advisory fees as shown in note 5. £ Nil (31 March 2019: £Nil) was outstanding to this related party at 30 September 2019.

During the period Nimrod had recharge invoices amounting to £3,079 (30 September 2018: £8,588).

John Le Prevost is a director of Anson Registrars Limited ("ARL"), the Company's Registrar, Paying Agent and Transfer Agent.

During the period the Group incurred £8,783 (30 September 2018 as restated: £8,177) of costs with ARL, of which £1,217 (31 March 2019: £1,653) was outstanding as at 30 September 2019.

26. 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

30 Sep 2019	Middle East GBP	Asia Pacific GBP	Total GBP
Rental income	102,666,394	29,628,483	132,294,877
Net book value - aircraft	1,751,689,172	556,745,128	2,308,434,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 September 2019

26. SEGMENT INFORMATION (continued)

31 Mar 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

27. SUBSEQUENT EVENTS

On 10 October 2019 the Directors of the Company declared an interim dividend of 2.0625 pence per Share in respect of the 31 March 2020 financial year. This dividend of £13,246,406.25 was paid on 31 October 2019 to holders on record 18 October 2019.

On 31 October 2019 the Board of directors of the Company announced that independent non-executive director, David Gelber has been appointed senior independent director ('SID') with effect from 23 October 2019.