



AMEDEO AIR FOUR PLUS LIMITED

Consolidated Annual Financial Report (audited)
For the year ended 31 March

2017

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Summary Information

Trading	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL ISIN LEI	BWC53H4 GG00BWC53H48 21380056PDNOTWERG107
Currency	Sterling
Launch Date/Price	13 May, 2015 / 100p
Share Price	104.25p (as at 31 March 2017) 103.63p (as at 9 June 2017)
Market Capitalisation	GBP 487.108 million (as at 31 March 2017)
Current/Future Anticipated 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
Website	www.aa4plus.com

Key Advisers and Contact Information

Directors

Robin Hallam (Chairman)
David Gelber
John Le Prevost
Laurence Barron (appointed 2 June 2016)

Administrator and Secretary

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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 concluded four additional placing programmes with the admission to trading on the SFS of an additional 265,250,000 Shares at an issue price of 100p, 101p, 102p and 104p, respectively.

As at 9 June 2017, the last practicable date prior to the publication of this report, the Company's total issued share capital consisted of 467,250,000 Shares and the Shares were trading at 103.63 pence per Share.

Investment Objectives 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 widebody or other aircraft which will be leased to one or more major airlines.

After the acquisition of the sixth Asset in April 2016, the Company's Articles of Incorporation ("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 has been the intention that the Company should be grown into a larger vehicle, owning a range of widebody and other aircraft. The aim of this strategy is to diversify the risk profile of the Company's portfolio of assets as well as to maintain its target investor returns. To further this objective, shareholder approval for the acquisition of four Airbus A350-900 aircraft for leasing to Thai Airways was obtained on 5 June 2017. The Board intends to publish a prospectus to propose a new placing programme to raise the equity capital portion of the acquisition costs of these new aircraft, being approximately £185 million. The first tranche of new Shares is expected to raise approximately £141 million and is expected to be admitted to trading on the SFS in June 2017 followed by a second tranche towards the end of 2017.

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

Investment Portfolio

At the reporting date the Company had thirteen wholly-owned subsidiaries, being one for each aircraft, AA4P Alpha Limited ("Alpha"), AA4P Beta Limited ("Beta"), AA4P Gamma Limited ("Gamma"), AA4P Delta Limited ("Delta"), AA4P Epsilon Limited ("Epsilon"), AA4P Zeta Limited ("Zeta"), AA4P Eta Limited ("Eta"), AA4P Theta Limited ("Theta"), AA4P Iota Limited ("Iota"), AA4P Kappa Limited ("Kappa"), AA4P Lambda Limited ("Lambda"), AA4P Mu Limited ("Mu") and AA4P Nu Limited ("Nu"). Together the Company, Alpha, Beta, Gamma, Delta, Epsilon, Zeta, Eta, Theta, Iota, Kappa, Lambda, Mu and Nu are known as the ("Group").

Company Overview (continued)

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

Asset Number	Owner of Asset	Manufacturer	Aircraft Type	Manufacturer's Serial Number ("MSN") and Registration	Date of Acquisition	Lessee*	Initial Lease Duration
1	Alpha	Airbus	A380-800	157 - A6-EEY	19-May-15	Emirates	12 years
2	Beta	Airbus	A380-800	164 - A6-EOB	19-May-15	Emirates	12 years
3	Gamma	Airbus	A380-800	187 - A6-EOM	03-Aug-15	Emirates	12 years
4	Delta	Airbus	A380-800	201 - A6-EOQ	27-Nov-15	Emirates	12 years
5	Epsilon	Airbus	A380-800	206 - A6-EOV	19-Feb-16	Emirates	12 years
6	Zeta	Airbus	A380-800	208 - A6-EOX	13-Apr-16	Emirates	12 years
7	Eta	Boeing	777-300ER	42334 - A6-EPO	28-Jul-16	Emirates	12 years
8	Theta	Boeing	777-300ER	42336 - A6-EPQ	19-Aug-16	Emirates	12 years
9	Iota	Airbus	A380-800	233 - A6-API	24-Mar-17	Etiihad	12 years

*Emirates Airline – "Emirates", Etihad Airways PJSC "Etihad"

After the financial year end, the tenth Asset, MSN237, was acquired by Kappa on 24 May 2017. Upon delivery, Kappa entered into an operating lease with Etihad, pursuant to which MSN237 has been leased to Etihad for an initial term of 12 years. The financial consequences of this post balance sheet acquisition are not reflected in these financial statements to 31 March 2017.

Distribution Policy

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

The Company receives income in the form of lease rentals. It is anticipated that income distributions will be made to shareholders quarterly, subject to compliance with applicable laws and regulations. The Company currently targets a distribution to shareholders of 2.0625p 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 solvency test required to be satisfied pursuant to section 304 of the Law before the Directors may resolve to declare dividends.

In the event that the Company is wound-up pursuant to a shareholders' resolution, 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 four dividends of 2.0625 pence per Share during the year under review and one dividend of 2.0625 pence per Share was declared after the reporting period. Further details of dividend payments can be found on page 52.

Return of Capital

Following the sale of an Asset the Directors may, as they deem appropriate at their absolute discretion, either return to shareholders the net capital proceeds of such sale, or re-invest the proceeds in accordance with the Company's investment policy. Further, the Company intends to return to shareholders net capital proceeds if the Company is wound-up (for example, pursuant to a shareholder resolution, including the Liquidation Resolution referred to below) subject to compliance with the Company's Articles and the applicable Law (including any applicable requirements of the solvency test contained in the Law).

The Asset Manager will regularly monitor the valuation of the Assets in the market and, subject to any lease obligations, consider the most appropriate time for the sale of any one or more of the Assets. The Directors will consider any recommendation the Asset Manager makes as to the sale of any Asset and proceed as the Board considers appropriate.

Company Overview (continued)

Continuation Vote

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

At the Liquidation Proposal Meeting, a resolution will be proposed that the Company proceed to an orderly wind-up at the end of the term of the leases then in place (the "Liquidation Resolution"). In the event that the Liquidation Resolution is not passed, the Directors will consider alternatives for the Company and shall propose such alternatives at a general meeting of the shareholders, including re-leasing the Assets (to the extent the Assets have not already been disposed of in the market) or selling the Assets and applying the capital received from the sale of those Assets to: (i) repayment of debt; (ii) reinvestment in other aircraft; and/or (iii) any maintenance expenses associated with Assets other than those disposed of.

Chairman's Statement

I am pleased to present shareholders with the Group's full year financial report covering the year from 1 April 2016 to 31 March 2017.

It has been a busy year with much activity raising new monies and acquiring further aircraft. We bought a further three Airbus A380 and two Boeing 777-300 ER aircraft and currently own a total of ten aircraft (including that purchased post year end). On 29 March we also announced that we were considering buying four Airbus A350-900 aircraft to be leased to Thai Airways.

Over the year we have raised £171 million by the issuance of 165,250,000 shares to finance the purchases of four aircraft being MSN 42334, MSN 42336, MSN 233 & MSN 237, the fourth of which was acquired after the year end in May 2017.

The Company therefore now has 467,250,000 Shares in issue which, at a market price of 104.25 pence on 31 March 2017, equated to a market capitalisation of £487,108,125.

The Company has now acquired eight Airbus A380 (the final one was delivered in May 2017) and two Boeing 777-300ER. Six A380s and the two Boeing 777-300ER aircraft are leased to Emirates and two A380-800s are leased to Etihad for a period of twelve years from each respective delivery date with fixed lease rentals for the duration. In order to complete the purchase of the aircraft, subsidiaries of the Company entered into debt financing agreements with a senior fully amortising loan and a junior bullet loan on all aircraft, with the exception of Iota (MSN 233), which has two junior loans, one being a junior amortising loan and the other a junior bullet loan, as well as a senior fully amortising loan. The Company used the equity proceeds, in addition to the finance agreements, to finance the acquisition, of all the aircraft. Rentals under each lease are sufficient to pay interest and to repay principal on the senior loan, and to pay interest (but not principal) on the junior loan. Junior loan principal will be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant aircraft or by a further issuance of shares at that time.

Emirates and Etihad bear all costs (including maintenance, repair and insurance) relating to their respective aircraft during the lifetime of each lease. The Company's Asset Manager, Amedeo Limited, continues to monitor the leases and reports regularly to the Board. Nimrod Capital LLP, the Company's Corporate and Shareholder Adviser, continues to liaise between the Board and Shareholders. The increase in the overall market capitalisation of the Company following the acquisition of all these aircraft and the issuance of Shares will hopefully continue to increase liquidity in the trading of the Company's Shares and it has made the Company more attractive to a wider shareholder base. Indeed, we have been pleased to welcome many new shareholders to the Company.

During the half year 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 are hopeful of continuing to pay such dividends for the foreseeable future until further aircraft are acquired.

As of March 31 2017 the aircraft portfolio's current market value in US Dollars is 1,872 million as per the average of the latest opinion of three internationally recognised expert appraisers. This is 3% less than forecast in the original appraisals received when the individual aircraft were purchased. At the respective end of the twelve year leases the appraisers now expect a residual value of USD 1,093 million, down by 3.7% compared to the initial appraisals. During the Period, sterling depreciated more than 13% against the US Dollar. This would push the potential sales proceeds in sterling by the same percentage should sterling remain unchanged. Depending on the acquisition date of each Asset, the depreciation of sterling against the US Dollar amounts to an average of c.11%.

Since its inception, in accordance with its investment policy, it has been the intention that the Company should be grown into a larger vehicle, owning a range of widebody and other aircraft which are leased to a number of different airline counterparties. The aim of this strategy is to diversify the risk profile of the Company's portfolio of assets as well as to potentially increase its target net annualised returns. The Board is pleased that it has been able to implement this strategy successfully thus far. Furthermore, in pursuit of this objective, the Board recently proposed to the Shareholders that the Company acquire four Airbus A350-900 aircraft for leasing to Thai Airways. Shareholder approval for the proposed acquisitions was obtained on 5 June 2017 and the Company is commencing a placing programme to raise the equity capital portion of the acquisition costs of the new aircraft. Subject to the successful completion of the initial placing under the placing programme, it is expected that the first three Airbus A350-900s will be acquired in June 2017, September 2017 and October 2017 respectively and the fourth Airbus A350-900 will be acquired in January 2018.

Chairman's Statement (continued)

The Board continues to consider further acquisitions of aircraft for leasing to major airlines. 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 and capital distributions, as well as the diversification of the Company's portfolio), the Board will seek shareholders' approval of those proposed acquisitions. If such approval is obtained, the Board will conduct further placings under the placing programme and use the proceeds, in conjunction with financing arrangements, to acquire the new aircraft.

According to the International Air Transport Association ("IATA"), annual growth in industry-wide passenger traffic accelerated to 9.6% year-on-year and reached a 5-year high in the beginning of the year. In seasonally adjusted terms, capacity also increased by 8.0% year-on-year in January to approximately 760 Billion ASKs (Available Seat Kilometres) per month. Brent crude oil prices have been relatively stable since December, which continues to benefit the airlines and reduce operating costs. The IATA forecast for 2016 highlights the growth in industry-wide passenger traffic and a seasonally-adjusted upwards-trend at the end of 2016 stimulated by lower airfares and stronger economic conditions.

In 2016-2017, Emirates marked its 29th consecutive year of profit, recording a profit of AED 1.3 billion (US\$ 340 million). Emirates carried a record of 56 million passengers in 2016-2017, an additional five million passengers compared to last year, across 156 destinations and 83 countries. Introducing new destinations, increasing frequencies and utilising larger aircraft such as the A380, increased passenger numbers. Emirates faced a multitude of challenges in the past year, including geo-political turbulence in various parts of the world, heightened concern around immigration on an international scale, with enhanced security procedures impacting operations to the US. This has impacted Emirates bottom line, however revenue and other operating income increased slightly against last year. Continuing the positive trend, EBITDAR was AED 21.2 billion (US\$5.8 billion), the second highest ever reported by Emirates. Emirates has invested heavily into its digital and technological transformation. Its mobile application is now available in eighteen different languages, which has increased mobile bookings by 200%. Emirates maintain a sound liquidity position underpinned by sizeable cash reserves and strong cash-flow generating capabilities. Further information on Emirates is available on their website www.emirates.com.

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

The underlying transaction structures include monthly lease rentals paid in US Dollars (matched in currency and amount to interest and principal loan repayments) and Sterling (to cover operating costs and dividend payments). However, the financial statements do not in the Board's view properly convey the economic reality due to the accounting treatment for foreign exchange, rental income, finance costs and residual debt.

International Financial Reporting Standards require that transactions denominated in US Dollars (including, most importantly, the cost of the aircraft) are translated into Sterling at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant variations may sometimes produce very large mismatches and these are reported in the Consolidated Statement of Cash Flows as foreign exchange movements of £118,664,321. This is mitigated to some extent by the recognition of the financial asset at fair value in relation to the interest rate swaps on the new loans entered into during the year.

When viewed on a per Share basis the foreign exchange movements equate to 25.4 pence, with the recognition of the interest rate swaps equating to 3.3 pence in the opposite direction, resulting in a reported NAV per Share of 73.48 pence per Share. As leases mature and debt is repaid these foreign exchange differences will disappear.

On an on-going basis and assuming the lease and loan payments are made as anticipated, such exchange differences will not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact fairly matched. Rental income received in US Dollars is used to pay senior and junior loan interest and capital repayments on senior debt only, which are likewise denominated in US Dollars. US Dollar lease rentals and loan repayments are furthermore fixed at the outset of each lease's life and are very similar in amount and timing save for the bullet repayment of principal on the junior debt.

Chairman's Statement (continued)

In addition to this, rental income receivable is credited evenly to the Statement of Comprehensive Income over the planned life of each lease. Conversely, the methodology of accounting for interest costs means that the proportion of the loan repayments which is treated as interest and is debited to the 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 Statement of Comprehensive Income) reduces over the course of each 12 year lease. In reality however the amount of rental income is fixed so as to closely match the interest and principal components of each loan repayment instalment, save for the bullet repayment of principal on the junior debt.

On behalf of the Board, I would like to thank our service providers for all their help and all shareholders for their support of the Company.

Robin Hallam
Chairman

Asset Manager's Report

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

THE ASSETS

Total Utilisation					
Aircraft Type	MSN-Registration	Acquisition Date	Flight Hours	Flight Cycles	Average Flight Duration
A380-800	MSN 157 - A6-EEY	19-May-15	11,673	1,899	6 h 09 min
A380-800	MSN 164 - A6-EOB	19-May-15	10,668	1,727	6 h 11 min
A380-800	MSN 187 - A6-EOM	3-Aug-15	9,012	828	10 h 53 min
A380-800	MSN 201 - A6-EOQ	27-Nov-15	5,814	931	6 h 15 min
A380-800	MSN 206 - A6-EOV	19-Feb-16	5,279	848	6 h 13 min
A380-800	MSN 208 - A6-EOX	13-Apr-16	4,270	658	6 h 29 min
777-300ER	MSN 42334 - A6-EPO	28-Jul-16	3,113	756	4 h 07 min
777-300ER	MSN 42336 - A6-EPQ	19-Aug-16	2,836	634	4 h 28 min
A380-800	MSN 233 - A6-API	24-Mar-17	65	14	4 h 38 min

The utilisation figures above represent the totals for each aircraft from first flight to 31 March 2017¹

All aircraft are performing in line with expectations. During the lifetime of the lease, the respective airline bears all costs of the aircraft including maintenance, repair and insurance. The aircraft are in good condition and are maintained to a high standard.

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

End of Q1 2017

- Annual growth in industry-wide passenger traffic accelerated to 9.6% year-on-year in January and has accelerated to a 5-year high at the start of 2017. In seasonally adjusted terms, capacity also increased by 8.0% year-on-year in January to approximately 760 Billion ASKs (Available Seat Kilometres) per month. Seasonally adjusted load factors in February, 2017 remain firmly close to record highs above 81.0%.
- Brent crude oil prices have been relatively stable since December, with prices in February between \$54-57/bbl. The expectation is that oil prices will rise gradually over the next number of years.
- Passenger yields continue to decrease since 2014. Industry wide profits also declined from record levels for a second consecutive quarter. The decline in 2016 yields is attributed to increased oil and jet-fuel prices and increased labour costs.
- The IATA forecast for the year highlights the growth in industry-wide passenger traffic and a seasonally-adjusted upwards-trend at the end of 2016 stimulated by lower airfares and stronger economic conditions.
- Asia-Pacific airlines showed an impressive growth rate of 10.9% in January 2017, improving upon growth in December 2016 of 8.8%. The upward trend in seasonally-adjusted growth is helped by strong international performance, with the Asia-Europe route showing recent improvements of 9.3% annual growth, in December 2016.
- A recent electronics ban by the US government is to affect 18,000 daily passengers. This was followed by a ban by UK authorities affecting airports in Egypt, Jordan, Lebanon, Saudi Arabia, Tunisia and Riyadh. The UK ban was brought into effect from 21 March 2017. These new security restrictions prohibit the carriage of electronic items larger than a mobile phone within the aircraft cabin. IATA director general and chief executive, Alexandre De Juniac, has condemned the ban saying that "The current measures are not an acceptable long-term solution to whatever threat they are trying to

¹ The first two aircraft were delivered in 2014, but acquired from Amedeo in May 2015. For these two aircraft, Amedeo Air Four Plus Limited has novated lease agreements from May 2015. Total utilisation is reported from the delivery dates (Sep & Nov 2014) and not the acquisition date. Using the delivery date helps with understanding the utilisation trend over the term of the lease.

Asset Manager's Report (continued)

mitigate". In response to these events Gulf carriers are generating innovative solutions. For example, Qatar Airways has begun to offer complimentary laptops to its business class passengers. Emirates has also introduced a laptop and tablet handling service for its US-bound flights.

Low-Cost Long-Haul Carriers

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

Low-cost long-haul travel has an appeal to a particular type of passenger. The aviation travel market, however, has experienced a paradigm shift towards an ancillary revenue model of de-bundling services and charging for each item separately, enhancing the profitability of the airline.

Baseline seat offerings vary between airlines and serve as a means of distinguishing an airline from its competitors with some carriers offering free USB charging ports or Wi-Fi as standard. Today's passengers are well connected and better informed, willing to pay more for services once those services improve their travel experience. Where available, additional options such as Wi-Fi, seat upgrades and airport fast track allow passengers to personalise their travel experience to suit their needs and situation. Offering cheap trans-continental fares may be a bold marketing strategy but the added extras for basic services such as baggage leave more doubts than sureties in the mind of the passenger.

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

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

Source: Flightglobal. Airbus.

Source: Ascend. © International Air Transport Association, 2017. Economic Performance of the Airline Industry, 2016 End-year report. All Rights Reserved. Available on IATA Economics page. © International Air Transport Association, 2017. Air Passenger Market Analysis (January 2017). All Rights Reserved. Available on IATA Economics page. © International Air Transport Association, 2017. Air Passenger Market Analysis (January 2017). All Rights Reserved. Available on IATA Economics page.

Asset Manager's Report (continued)

EMIRATES GROUP: KEY FACTS FROM THE 2016-2017 ANNUAL REPORT²

- In 2016-2017, Emirates marked its 29th consecutive year of profit, recording a profit of AED 1.250 billion (US\$ 340 million).
- Emirates carried a record of 56 million passengers in 2016-2017, an additional 5 million passengers compared to last year, across 156 destinations and 83 countries. Introducing new destinations, increasing frequencies and utilising larger aircraft such as the A380, increased passenger numbers.
- Emirates faced a multitude of challenges in the past year, including geo-political turbulence in various parts of the world, heightened concern around immigration on an international scale, with enhanced security procedures impacting operations to the US. This has impacted Emirates bottom line; however revenue and other operating income increased slightly against last year by AED 0.2 billion to AED 85.1 billion (US\$ 23.2 billion).
- Lower fares and unfavourable currency impacts lowered yields with the deterioration of various currencies against the US\$ impacting revenue by 3%. Emirates has a very balanced and diversified revenue distribution with the contribution from each geographic region remaining under 30% of total revenue.
- Continuing the positive trend, EBITDAR was AED 21.2 billion (US\$5.8 billion), the second highest ever reported by Emirates.
- Emirates increased capacity, measured by Available Seat Kilometres (ASKs) by over 10%. Passenger load factors dropped marginally against the backdrop of some of the challenges faced by the aviation and travel industry.
- Emirates has invested heavily into its digital and technological transformation. Its mobile application is now available in 18 different languages, which has increased mobile bookings by 200%.
- Emirates took delivery of 35 widebody aircraft and retired 27, further reducing its average fleet age from 74 months to 63 months.
- Emirates SkyCargo is the world's largest cargo airline and plays a key role in Emirates' overall operations. This year, SkyCargo contributed 13% to the airlines' total transport revenue.
- Emirates launched the world's first interactive amenity kit for economy class passengers, utilising augmented reality technology in the kit bag design with customers able to scan the kit bag using their mobile devices to experience exciting content during or after their flight. Enhancing the customer experience in such a way is revolutionary in the industry and further cements Emirates' brand on the international stage.

Source: Emirates Group Annual Report 2016-2017.

ETIHAD AIRWAYS: KEY FACTS

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

Source: Flightglobal. Etihad Airways.

A380 Current Market – May 2017

- Malaysia Airlines CEO Peter Bellew expressed confidence in the carrier's planned new airline, which will operate A380 aircraft on a charter basis and with an initial focus on religious pilgrimage flights. Mr. Bellew stated: "I think it will do very well...I think it may well eclipse what we're doing in terms of the main Malaysia Airlines." The airline will be the only charter operator offering aircraft with 600 seats or more. Mr. Bellew further added, "We've a lot of requests from very large global holiday travel companies that have a requirement to move vast numbers of people over about a 22 week season from one part of the world to another. It could be from Asia to Europe, or Asia to North America. I think there's huge potential." Malaysia Airlines plans on deploying the A380 aircraft on routes to Korea and Japan to capture

² In relation to the Emirates Annual Report, all figures reported in USD are based on the AED/USD FX rate of 3.67.

Asset Manager's Report (continued)

excess demand. Mr. Bellew recently stated, "When you get into 2021, the growth and the congestion and the lack of runway development means the A380 will be a success, and it won't be down to the marketing of the aircraft, it will be the fact that global traffic will be off the chart and the plane will be required to use the airport slots that are available."

- Singapore Airlines has confirmed it will return 4 2007 vintage A380s from its fleet after it had decided not to exercise the lease extension options. The carrier is also returning two A330s and three Boeing 777s from its fleet in the 2017-2018 financial year as well as taking delivery of three new A380s and ten A350s.
- Iran Air has decided not to include the A380 in its fleet modernization plan, as it had originally included when it signed an MOU with Airbus last year as part of a total fleet overhaul.
- In November 2016 Emirates indicated that it will likely seek to extend leases on its A380s. Asked about the probability of using the aircraft beyond the 12 years the operator has typically contracted, Emirates' senior vice president of corporate treasury said "we want to keep it for a long time. The type has proven to be a flexible platform" and is a core product for the airline.
- Airbus cut production of the A380 in 2016 in order to balance supply and demand, allowing the program to run economically for the manufacturer with breakeven reached last year and on track to continue this year. Airbus' president of commercial aircraft Fabrice Brégier is convinced that the demand for A380 aircraft will rebound by 2020. Considering the growth in international traffic in the next few years, he expects an increasing level of airport congestion, especially in Europe and the US. "This is not possible – with the congestion of traffic – that the A380 will not be seen as the aircraft of choice for many airlines."

Source: Flightglobal, CAPA Centre for Aviation, Business Traveller, Irish Independent, Emirates, Airbus, Bloomberg

Disclaimer

The Asset Manager has not made and does not make any express or implied representation or warranty as to the accuracy or completeness of the information provided by it and, to the extent permitted by law neither the Company nor the Asset Manager nor their directors or officers shall be liable for any loss or damage that anyone may suffer in reliance on such information.

Directors

Robin Hallam (age 63) (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 is currently a consultant at Bird & Bird LLP in their aviation finance team. 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 is currently ranked Band 1 for Asset Finance in Chambers UK 2015.

David Gelber (age 69) (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 a number of companies. In addition he is a non-executive director of DDCAP Ltd, a leading arranger of Islamic compliant financial transactions, Exotix LLP, an investment banking boutique specialising in frontier markets and SAXO Bank Capital Markets, a provider of a multi-asset trading platform. 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 65) (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 65) (independent non-executive) (appointed 2 June 2016)

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 will remain as non-executive Chairman of Airbus China until the end of 2017. He holds an LLB from Bristol University Law Faculty.

Management and the Delegation of Functions

The Directors, whose details are set out on page 15, are responsible for managing the business affairs of the Group in accordance with the Articles and have overall responsibility for the Group's activities, including investment activity and performance. Each of the Directors is a non-executive director and is independent. The Group has delegated management of the Assets to Amedeo Limited (the "Asset Manager" or "Amedeo"), which is a company incorporated in Ireland. The Directors delegate secretarial and administrative functions to JTC Fund Solutions (Guernsey) Limited* ("JTCFSL" or the "Secretary" or the "Administrator") which is a company incorporated in Guernsey and licensed by the Guernsey Financial Services Commission for the provision of administration services. The Company has appointed Nimrod Capital LLP ("Nimrod") as the Company's Corporate and Shareholder adviser and Anson Registrars Limited ("Anson") as the Company's Registrar, Transfer Agent and Payment Agent.

Asset Manager, Agency Services and Liaison Agent

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

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

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

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

The Amedeo group is primarily involved in the operating lease and management of widebody aircraft. Amedeo is a member of ISTAT, the International Society of Transport Aircraft Trading and is a Strategic Partner of the International Air Transport Association (IATA).

* On 1 January 2017, JTC (Guernsey) Limited, the Company's Administrator and Secretary, was amalgamated with JTC Fund Solutions (Guernsey) Limited, the surviving amalgamated company. The existing agreement with the Administrator and Secretary was subsumed into the surviving company and remains in full force and effect.

Management and the Delegation of Functions (continued)

Corporate and Shareholder Adviser

Nimrod, which is authorised by the Financial Conduct Authority, has been appointed as the Corporate and Shareholder adviser by the Company pursuant to the Corporate and Shareholder Advisory Agreement dated 30 April 2015. In such a capacity Nimrod maintains a regular dialogue with shareholders as and when they deem it appropriate to do so in order to ensure that any significant developments in relation to the Group are communicated appropriately to shareholders.

Nimrod was founded in 2008 as an entirely independent organisation which specialises in generating and sourcing interesting investment funds, themes and solutions managed by experts in their fields for the professional investor marketplace. Nimrod has launched nine listed investment companies since its formation and it also provides investment, marketing, distribution and advisory services to investment companies and their board of directors and managers.

Secretary and Administrator

JTCFSL is an independent provider of institutional and private client services to clients in numerous jurisdictions. Established for over twenty five years, JTCFSL has significant global experience and over £56 billion (US\$70 billion) assets under administration. See website at www.jtcgroup.com.

JTCFSL is a Guernsey incorporated company and provides administration and secretarial services to the Group pursuant to the Administration Agreement dated 30 April 2015. In such capacity, JTCFSL is responsible for the general secretarial functions required by the Law and ensures that the Group complies with its continuing obligations as well as advising on the corporate governance requirements and recommendations as applicable to a company admitted to trading on the SFS.

The Administrator is also responsible for the Group's general administrative functions such as the calculation of the net asset value of Shares and the maintenance of accounting and statutory records.

Registrar

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

Review

The Board keeps under review the performance of the Asset Manager, Corporate and Shareholder Adviser, the Secretary and Administrator and the Registrar and the powers delegated to each service provider. In the opinion of the Board the continuing appointments of the current service providers on the terms agreed is in the interest of the Company and its shareholders as a whole.

A full list of the Group's service providers is set out on page 4.

Management Report

A description of important events that have occurred during the financial year, their impact on the financial statements and a description of the principal risks and uncertainties facing the Group, together with an indication of important events that have occurred since the end of the financial year and are likely to affect the Group's likely future development are included in the Company Overview, the Chairman's Statement, Asset Manager's Report, Statement of Principal Risks and Uncertainties, Audit Committee Report and the notes to the consolidated financial statements contained on pages 5 to 64 and are incorporated herein by reference.

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

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 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.

John Le Prevost
Director

Directors' Report

The Directors present their consolidated annual financial report of the Group for the year ended 31 March 2017.

Principal Activities and Business Review

The principal activity of the Group is to acquire, lease and then sell aircraft. The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Group in the year under review is given in the Chairman's Statement on pages 8 to 10.

Status

The Company is a Guernsey domiciled company, the Shares of which have been admitted to trading on the SF5. Its registered number is 59675.

Results and Dividends

The results of the Group for the year are set out on pages 42 to 64.

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

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
30 June 2016	14 April 2016	29 April 2016	2.0625
30 September 2016	11 July 2016	29 July 2016	2.0625
31 December 2016	12 October 2016	28 October 2016	2.0625
31 March 2017	11 January 2017	27 January 2017	2.0625

The Company declared and paid the following dividend after the year end:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
30 June 2017	11 April 2017	28 April 2017	2.0625

The Company aims to continue for the time being to pay quarterly dividends of 2.0625 pence per Share in accordance with the distribution policy subject on each occasion to the Company's satisfaction of the statutory solvency test. There is no guarantee that any future dividends will be paid.

Directors

The Directors in office are shown on page 15 and all Directors remain in office as at the date of approval of this consolidated annual financial report. Laurence Barron was appointed as a Director on 2 June 2016, having previously acted as a consultant to the Group. Further details of the Directors' responsibilities are given on pages 24 to 25.

At each annual general meeting of the Company, all the directors who held office at the two preceding annual general meetings and did not retire shall be eligible for re-election at the same meeting.

Anson is the Company's Registrar, Transfer Agent and Paying Agent. John Le Prevost is a director and controlling shareholder of Anson Group Limited, the holding company of Anson.

Other than the above, no Director has a contract of service with the Group, nor are any such contracts proposed.

Directors' Report (continued)

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

	Number of Shares held as at 31 March 2017	Number of Shares held as at the date of this report
Robin Hallam	44,669	44,669
Amanda Hallam	44,669	44,669
John Le Prevost	50,000	50,000
David Gelber	316,518	316,518
Vivienne Gelber	33,945	33,945
Laurence Barron	–	–

Other than the above shareholdings and Mr Le Prevost's interest in Anson, none of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements during the year and none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group during the reporting year.

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

There were no material related party transactions which took place in the year, other than those disclosed in the Directors' Report and at Note 20 to this consolidated annual financial report.

Substantial Shareholdings

As of the date of this report, the following shareholders had notified the Company that they held or controlled 5% or more of the total voting rights of the Company in issue:

Holder	% Total Voting Rights	Number of Shares
Insight Investment Management Ltd	6.46	
Legal & General Investment Management Limited	6.89	

Corporate Governance

Statement of Compliance with The UK Corporate Governance Code (as published in September 2014 (the "Code"))

The Group is committed to complying with the corporate governance obligations which apply to Guernsey registered companies. As a Guernsey incorporated company and under the DGTRs, the Group was not, for the year under review, required to comply with the Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen voluntarily to comply with the provisions of the Code to the extent that they are considered relevant to the Group.

The Group is committed to the highest standards of corporate governance, and, having reviewed the Code, considers that it has maintained procedures during the year to ensure that it has complied with the Code, other than the following exceptions:

- There is no chief executive position within the Group, which is not in accordance with provision A.1.2 of the Code. The Group has no requirement for a chief executive as all directors are non-executive and each share responsibilities in running the business of the Group.
- There is no senior independent director, which "position" is recommended in provision A.4.1 of the Code. Taking into account the nature of the Company and the fact that all directors are non-executive and independent this position is not seen as necessary.

Directors' Report (continued)

- There is no remuneration committee, which is not in accordance with provision D.2.1 of the Code. The Group has no requirement for a remuneration committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no nomination committee, which is not in accordance with provision B.2.1 of the Code. The Group has no requirement for a nomination committee given the small size of the exclusively non-executive and independent Board, and instead, the full Board performs this function.
- There is no internal audit function in the Group. Under provision C.3.6 of the Code the Audit Committee considers that, as all of the Group's administrative functions have been delegated to independent third parties, there is no need for the Group to have an internal audit facility.

Subject to the areas of non-compliance explained above, the Group complied with the other recommendations of the Code during the year. The Code is available on the UK Financial Reporting Council's website: www.frc.org.uk

Board Evaluation

The Board has conducted a performance evaluation of itself, its committees and each of the Directors, as required by Provision B.6.1 of the Code. The process was led by the Board and consisted of each Director completing questionnaires regarding the performance of the Board as a whole, the Chairman and the committees. Each Director also completed a self assessment questionnaire.

The completed questionnaires were sent to, reviewed and discussed by the entire Board, which agreed that the Board was effectively constituted and that each committee and individual Director was contributing effectively to the Group's ongoing operations and governance, such that no changes to the Board's composition or that of any of its committees was necessary or desirable at this juncture.

Board Responsibilities

The Board comprises four Directors, who meet at least quarterly to consider the affairs of the Group in a prescribed and structured manner. Biographies of the four Directors appear on page 15 demonstrating the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and independent, with Robin Hallam acting as Chairman. To date no director of the Group has resigned. Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes.

All Directors receive an annual fee and there are no share options or other performance related benefits available to them. At the reporting date all Directors were paid a fee of £60,000 per annum and the Chairman an additional fee of £5,000 per annum. The Chairman of the Audit Committee is paid an additional £4,000 per annum.

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

In the past financial year the Directors held 14 full board meetings and 2 Audit Committee meetings in order to carry out their duties. As the Company's portfolio increases in size and diversity, it is likely that the Directors will need to devote more time to the Company's affairs.

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

The Directors are kept fully informed by the Asset Manager of all matters concerning the Assets and their financial arrangements and by the Secretary of all matters that are relevant to the business of the Group and which should be brought to the attention of the Directors and/or Shareholders. All Directors have direct access to the Secretary who is responsible for ensuring that Board procedures are followed and that there are effective information flows both within the Board and between the Committees and the Board.

The Directors also have access to the advice and services of the Corporate and Shareholder Adviser as required. The Directors may also, in the furtherance of their duties, take independent professional advice at the Group's expense.

Directors' Report (continued)

The other significant commitments of the current Chairman are detailed in his biography on page 15. The Board was satisfied during the year and remains satisfied that the Chairman's other commitments do not interfere with his day-to-day performance of his duties to the Group and that he had the commitment and time to make himself available at short notice should the need arise.

During the year the number of full Board meeting and committee meeting attended by the Directors were as follows:

Director	Full Board Meetings	Audit Committee	Dividend Committee
Robin Hallam	14 of 14	2 of 2	0 of 5
David Gelber	13 of 14	2 of 2	0 of 5
John Le Prevost	14 of 14	2 of 2	5 of 5
Laurence Barron	8 of 14	2 of 2	0 of 5

Board Committees

Audit Committee

All Directors are members of the Audit Committee, with John Le Prevost acting as Chairman. The Audit Committee has regard to the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Audit Committee examines the effectiveness of the Group's and its service providers' internal control systems as appropriate, the annual and half-yearly reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them.

The Audit Committee considers the nature, scope and results of the auditor's work and reviews it annually prior to providing a recommendation to the Board on the re-appointment or removal of the auditor. When evaluating the external auditor the Audit Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with Board and the Group's service providers, quality control procedures, effectiveness of audit process and added value beyond assurance in audit opinion.

Auditor independence is maintained through limiting non-audit services to specific audit-related work that falls within defined categories; for example, the provision of advice on the application of International Financial Reporting Standards or formal reports for any Stock Exchange purposes. All engagements with the auditor are subject to pre-approval from the Audit Committee and fully disclosed within the consolidated annual financial report for the relevant period. A new lead audit partner will be appointed every five years and the Audit Committee ensures the auditor has appropriate internal mechanisms in place to ensure its independence.

The Audit Committee has recommended to the Board that the re-appointment of Deloitte LLP as the Group's external auditor be proposed to Shareholders at the 2017 Annual General Meeting. The Audit Committee will, if appropriate, consider arranging for the external audit contract to be tendered in 2025 (being 10 years from the initial appointment) with the aim of ensuring a high quality and effective audit.

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

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

Each year the Board examines the Audit Committee's performance and effectiveness, and ensure that its tasks and processes remain appropriate. Key areas covered include the clarity of the committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall the Board considers that the Audit Committee has the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

Directors' Report (continued)

During the year the Audit Committee met to consider the annual financial report for the year ended 31 March 2016 and the half-yearly financial report for the period ended 30 September 2016.

Dividend Committee

The Dividend Committee consists of any one Director, who has been given full power and authority to consider and, if thought suitable, approve the payment of a dividend in accordance with the Company's Distribution Policy.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls, which is reviewed fully for effectiveness on an annual basis. Internal controls are designed to meet the particular needs of the Group and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board is responsible for the Group's systems of risk management and internal controls and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Group. The internal controls are designed to meet the Group's particular needs and the risks to which it is exposed.
- The Board clearly defines the duties and responsibilities of their service providers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements.
- The Board regularly reviews the performance of and contractual arrangements with the Group's agents and advisers.
- Asset management services are provided to the Group by Amedeo.
- Administration and secretarial services are provided to the Group by JTCFSL.
- The duties of asset management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- Investment transactions and expense payments are approved by the Board in accordance with delegated authorities approved in advance by the Board.
- The Board reviews financial information produced by the Administrator on a regular basis.
- The Board also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

Bribery

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- the Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- the Group will implement and enforce effective procedures to counter bribery; and
- the Group requires all its service providers and advisors to adopt equivalent or similar principles.

Dialogue with Shareholders

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

The primary responsibility for shareholder relations lies with the Company's Corporate and Shareholder Adviser. In addition the Directors are always available to enter into dialogue with shareholders and the Chairman is always willing to meet shareholders, as the Company believes such communication to be important. Shareholders also have the opportunity to address questions to the Chairman and the Committees of the Board at the Company's annual general meeting. The Directors can be contacted via correspondence sent to the Group's registered office or via the Secretary.

Directors' Report (continued)

Going Concern

The Group's principal activities are set out within the Company Overview on 5 to 7. The financial position of the Group is set out on page 43. 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 fixed rental income under the relevant operating leases means that the rents received 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 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.

Viability Statement

As required by provision C.2.1 of the Code, the Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and that are reported elsewhere in the consolidated annual financial report.

Provision C.2.2 of the Code recommends that companies publish a viability statement and this statement is intended to meet that requirement.

The Directors regularly consider the viability of the Group and are required by the Law to do so on every occasion that any distribution is to be declared. Under the Law, there is no limit on the period of time for which the Directors are required to consider the Company's future solvency. However, the Directors have considered the prospects of the Company over a three year period to March 2020.

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

In addition, the Directors have considered a detailed cashflow projection for the running costs of the Group and have assumed that Emirates and Etihad are each a going concern. The Group retains sufficient cash to cover the forecast operating costs of the Group up to March 2020.

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Law requires the Directors to prepare financial statements for each financial year. Under the Law they have elected to prepare the Group's financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Directors' Report (continued)

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the consolidated annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm in accordance with the provisions of Section 249 of the Law that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

Signed on behalf of the Board on 12 June 2017

John Le Prevost
Director

Statement of Principal Risks and Uncertainties

Summary

The Board has undertaken a robust assessment of the principal risks facing the Group and has undertaken a detailed review of the effectiveness of the risk management and internal control systems. Given the limited operating history of the Group, the Board is comfortable that the risks are being appropriately monitored and the documentation to support these processes undergoes review and enhancement with each new acquisition.

The risks set out below are those which are considered by the Board to be the material risks relating to the Company and the Group. Additional risks and uncertainties of which the Group is presently unaware or that the Group currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the Shares.

Risk	Explanation/Mitigation
Operational risk	<p>The Group has a limited operating history. There is a risk that the Group will not achieve its investment objective and that the value of a shareholders investment could decline substantially or entirely as a consequence.</p> <p>The Board is ultimately responsible for all operational aspects of performance, including cash management, asset management and legal and regulatory obligations.</p> <p>The Group has no employees and so enters into legal agreements with service providers to ensure that both operational functions are fulfilled. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group and could adversely affect the ability of the Group to meet its investment objective.</p> <p>This risk has been mitigated by the Group using well established, reputable and experienced service providers. The Board assess service providers' continued performance on an annual basis.</p>
Key Personnel at Asset Manager	<p>The ability of the Group to achieve its investment objective is significantly dependent upon the expertise of certain key personnel at Amedeo. The exact impact of the departure of a key individual from Amedeo on the ability of the Group to achieve its investment objective cannot be determined and may depend on the ability of Amedeo to recruit a new individual of a similar level of experience and calibre. There can be no guarantee that Amedeo would be able to do so and this could adversely affect the ability of the Group to meet its investment objective.</p> <p>The service provision agreements in place seek to ensure that the level of services remains continuous.</p>
Investment risk Widebody Aircraft	<p>The majority of the Assets are Airbus A380 aircraft, which is, in industry terms, a relatively recently developed generation of aircraft, the first of which was delivered in October 2007. The Group will only enter into leases on terms which stipulate that the cost of repair and maintenance of the Assets will be borne by the lessee. However, upon expiry or termination of the leases, the cost of repair and maintenance will fall upon the Group. Upon expiry of the leases, the Company may therefore bear higher costs and the terms of any subsequent leasing arrangements may be adversely affected, which may reduce the distributions paid to the Shareholders from such point. Repair and maintenance issues may adversely affect the price of the Assets upon a sale. Further, if the Company were to dispose the Assets at the end of the lease terms, there is a risk that indicative values may not be realised on disposal. This could affect the ability of the Company to meet its investment objective.</p>

Statement of Principal Risks and Uncertainties (continued)

Insurance risks	<p>The lease for each Asset requires that the Lessee insures the Asset. However, inflation, changes in ordinances, environmental consideration and other factors may make the insurance proceeds insufficient to repair or replace the Assets if they are damaged or destroyed. If the insurance proceeds are insufficient to repair or replace the Assets if they are damaged or destroyed, this may affect the ability of the Company to meet its investment objective. If a lease is terminated, the Group will have to insure the relevant Asset directly which will cause it to incur additional expenses.</p>
Return of the Assets at the end of the Leases	<p>At the end of each of the Leases, the relevant Asset must, subject to certain conditions, be redelivered in full-life physical condition to the Group by the Lessee (or alternatively) by a combination in a specified minimum physical condition, as set out in the relevant Lease, plus a cash compensation (payable by the Lessee) which together with the Asset sale proceeds amounts to the appraised (forecast) asset value in full-life condition.</p> <p>Any redelivery of an Asset in a condition other than full-life condition may impact upon the amount that can be realised upon any subsequent sale or re-lease of such Asset, including that it may create additional, unforeseen expenses, such as re-fitting, storage and insurance costs, for the Group at that time.</p> <p>The Asset Manager performs regular checks of the Assets and updates the Board of any material developments.</p>
Airline industry related risks	<p>The airline industry is particularly sensitive to changes in economic conditions. Unfavourable economic conditions can also impact the ability of airlines to raise fares to counteract increase fuel, labour and other costs.</p> <p>The airline industry is also subject to other risks including competition between airlines, dependency on rapidly evolving technology, inability to obtain additional equipment or support for aircraft and engine suppliers, availability and price of fuel, staff and employee related issues (including employee strikes), security concerns and the threat of terrorism, airport capacity constraints and air traffic control inefficiencies, changes in or additional governmental regulations relating to air travel and acts of God (including adverse weather and natural disasters).</p> <p>There is also a risk that the behaviour of airline competitors could restrict the Lessees activities in certain jurisdictions. Any of these risks could materially affect the ability of the Lessee to comply with its payment obligations under a lease. Furthermore, a general downturn in the airline industry would have an impact on attainable leasing rates in the event of any termination or at expiry of the leases as well as on attainable sales revenue for the Assets.</p>

Statement of Principal Risks and Uncertainties (continued)

The Middle East

The Assets are leased to Emirates and Etihad, both corporations established in the United Arab Emirates. The Middle East and emerging markets generally are subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purport to have retrospective effect, may be introduced with little or no prior consultation. Additionally, new requirements may be imposed that would require Emirates and Etihad to make significant unanticipated expenditures, limit the ability of the lessees to obtain financing or other capital or otherwise have an adverse effect on these lessees' cash flow.

The Middle East and emerging markets generally are currently in the process of developing government policies, economies, and legal and regulatory systems which are consequently not as firmly established and reliable as those in Western Europe and the United States. The United Arab Emirates has embraced policies and implemented legal structures that are intended to reflect standards in Western Europe and the United States, but nevertheless the uncertainty and weaknesses which result from a developing legal and regulatory system can lead to a higher risk environment for investors in the Company.

The Middle East and North Africa region has experienced revolutionary activity and civil unrest, which has created turbulent political situations in several countries. There can be no assurance that such instability in the region will not escalate in the future, that such instability will not spread to additional countries in the Middle East and North Africa region, that governments in that region will be successful in maintaining domestic order and stability or that Dubai's financial or political situation will not thereby be affected. Any such event may lead to a reduction in demand for Emirates' or Etihad's services.

Valuation of Assets

The Group's net asset value is calculated in accordance with IFRS and may not properly reflect the actual realisable value of the Assets at any particular point of time.

Valuations of the Assets by Independent Expert Valuers ("IEV") will be considered in any valuation of the Group's Assets. The Board will consider these valuations and shall, if there are indicators that would suggest a permanent diminution in value of one or more of the Assets, determined in consultation with the Administrator, the Auditors and the Asset Manager there will be an appropriate adjustment to the Net Asset Value and Net Asset Value per Share of the Group.

Valuations (including valuations provided by any IEV), and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates.

Valuations of an Asset (including valuations provided by any IEV) will not constitute a guarantee of value and may not necessarily reflect the prices at which that Asset could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty and depend on various factors beyond the control of the Group, Amedeo and the IEV. Therefore, there can be no guarantee that the Assets could ultimately be realised at the Group's valuation.

The Group has a robust audit process to ensure that valuations are accurate. The IEV will be engaged to confirm fair value on an annual basis.

Statement of Principal Risks and Uncertainties (continued)

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

This risk has been partially mitigated by ensuring that loan repayments are made in the functional currency of the Group, by fixing the interest rates on loan and lease rentals and the matching of the lease rentals to settle loan repayments.

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

The Asset Manager provides the Board with a report on the performance of the lessee of the Assets which is considered by the Board on a quarterly basis.

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

Regulatory risk

The Group is required to comply with the Law, LSE the DGTRs and various European Union regulations and directives. Any failure to comply with applicable laws and regulations or to respond in a timely manner to changes could lead to criminal or civil proceedings.

The Group is also a member of The Association of Investment Companies (the "AIC") which is the trade body for closed-ended investment companies. Amongst other things, the AIC keeps its member companies up-to-date with legal and regulatory changes and provides guidance and advice on how to comply with them.

The Board receives periodic updates from the Company's external auditor, legal advisers and other professionals.

Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with its legal and regulatory obligations.

Audit Committee Report

Membership

John Le Prevost – Chairman of the Audit Committee

Robin Hallam – Chairman of the Board

David Gelber – Non-executive Director

Laurence Barron – Non-executive Director (with effect from 2 June 2016)

Key Duties

The Audit Committee's key duties are as follows:

- reviewing and monitoring the integrity of the Group's financial statements and financial results announcements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy;
- overseeing the relationship with the external auditor and reviewing the effectiveness of the external audit process;
- make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditor; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- reporting to the Board on how it has discharged its responsibilities.

Audit Committee Meetings

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

Main Activities of the Committee during the Year

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

Fair, Balanced and Understandable

In order to comply with the Code, the Board has requested that the Committee advise them on whether it believes that the Group's annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Financial Reporting and Significant Issues

The Committee's primary role in relation to financial reporting is to review, with its service providers and the external auditor, the appropriateness of the half-yearly and annual financial reports, the significant financial reporting issues and accounting policies and disclosures in the financial statements.

Audit Committee Report (continued)

Financial Reporting and Significant Issues

The Committee has considered the key risks identified as being significant to this consolidated annual financial report and the most appropriate treatment and disclosure of any new significant issues identified during the audit, as well as any recommendations or observations made by the external auditor, Deloitte LLP ("Deloitte"). To aid its review, the Committee considered reports prepared by external service providers and reports from Deloitte on the outcome of their annual audit. The significant issues considered by the Committee in relation to this consolidated annual financial report and how these were addressed were as follows:

Significant issues for the year

How the Committee addressed these significant issues

Residual value of aircraft Assets

The Assets of the Group comprise seven Airbus A380-800 aircraft and two Boeing 777-300ER aircraft (the "Assets"). An annual review is required of the residual value of the Assets as per IAS 16 *Property, Plant and Equipment*, which defines residual value as "the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life". The Group's estimation technique is to make reference to the current forecast market value, not an estimate of the amount that would currently be achieved, and so this is not a direct application of the IAS 16 definition. This approach has been taken because a current market value in today's prices for a twelve year old A380 does not exist at the reporting date. It should be noted that in relation to B777-300 ERs residual values, there is minimal to no public secondary market trading data available. As such the Group has made reference to current forecast market values in determining residual values for the B777-ERs.

At the time of purchase of each Asset the Group engaged three internationally recognised expert appraisers to provide the Group with third party consultancy valuation services. All appraisers have used similar methodologies to derive their opinions on the current market values and future values. In the absence of used sales data for similar assets, appraisers are heavily reliant on databases containing historical data points of aircraft sales relating to large commercial aircraft. Interpretation of historical data is the basis for the current market value and provides, together with the expected developments in the future, the foundation for their opinions on future values. Furthermore, the appraisers' valuations take into account specific technical and economic developments as well as general future trends in the aviation industry and the macro-economic outlook. The Group uses the average of the three future values with inflation provided by the three appraisers as a guide to determine the residual value.

The Committee has also received reports from Amedeo. Amedeo has confirmed it has no reason to question the methodology used to determine the residual value and that they do not believe there has been a fundamental movement in USD terms in the anticipated residual values of the aircraft since they were acquired. However, an adjustment has been made to residual values due to foreign exchange movements over the period. This has been disclosed in Note 9.

As updated investment valuations of all Assets as at the year end were commissioned and received from third party professional valuers and analysed by Amedeo and the directors, the Committee believes that those valuations are appropriate for use in preparing the financial statements. Therefore, the residual values used in the accounts are based on these appraisals.

Upon review of the advice they have received from Amedeo and the appraisers, the Committee is of the opinion that, the current estimates of the residual values of the Assets are reasonable approximations of the residual values of the aircraft within the IAS 16 definition, given a comparable valuation is not publically available.

Audit Committee Report (continued)

Recording foreign exchange gains/losses

IFRS require that certain transactions denominated in US Dollars (including, most importantly, the cost of the Assets) are translated into Sterling at the exchange rate ruling at the date of the transaction whilst monetary items (principally the outstanding borrowings) are translated at the rate prevailing on the reporting date. The resultant figures sometimes show very large mismatches which are reported as unrealised foreign exchange differences.

During the year the Group has recorded significant foreign exchange rate losses due to the depreciation of Sterling against US Dollars from 1.436 to 1.255 and the consequent increase in the Sterling value of the US Dollar denominated debt.

Risk of default by Lessee on lease rentals receivable

Should the Lessees default on the rental payments, it is unlikely the Group will be able to meet its targeted dividends or, in the case of ongoing default, continue as a going concern.

Recognition of the derivative financial instruments in respect of the interest rate swaps

IAS 39 Financial Instruments: Recognition and Measurement requires that separately identifiable derivative financial instruments such as interest rate swaps are carried at fair value at the reporting date and are accounted for separately in the financial statements. These derivative financial instruments are recorded at mark-to-market fair values as either a financial asset or a financial liability.

In assessing foreign exchange, the Committee has considered the issue at length and are of the opinion that, on an on-going basis and assuming the lease and loan payments are made as anticipated, such exchange differences do not reflect the commercial substance of the situation in the sense that the key transactions denominated in US Dollars are in fact closely matched save for junior debt bullet repayments. Rental income received in US Dollars is used to pay senior loan repayments due and junior loan interest which are likewise denominated in US Dollars. US Dollar lease rentals, senior loan repayments and junior interest payments are furthermore fixed at the outset of each Lease period and are very similar in amount and timing.

The Committee concluded that the matching of the lease rentals to settle senior loan repayments and junior interest payments, therefore partially mitigates risks by foreign exchange fluctuations.

The Committee has carefully considered the disclosure in Note 17(b) to the financial statements to ensure that the reality of the Group's foreign exchange risk exposure is properly explained.

The Committee receives quarterly reports from Amedeo which comment on the economic performance of the Lessees. Amedeo have advised that economically Emirates and Etihad has continued to perform well, flying more passengers than ever before. Passenger load factors remain high.

The Committee concluded that it wishes to continue to receive quarterly reports from Amedeo on the performance of the Lessees and would continue to monitor the Lessees' overall performance.

The Committee has carefully considered the disclosure in Note 17(c) to the financial statements to ensure that this concentration of credit risk is properly reflected.

In assessing the accounting recognition of the interest rate swaps entered into during the year, the Committee has considered the issue at length and are of the opinion that, on an on-going basis, the variable loan and corresponding interest rate swap will give rise to cash flows which, in combination will match the lease income.

The fair value of the interest rate swaps on a mark-to-market basis represents the net present value of the estimated differential between the fixed and variable interest rates that will arise given the market "assessment" of interest rates over the balance of the interest rate swap contracts. This financial instrument will have a zero value at the end of the swap contracts.

Audit Committee Report (continued)

During the year the Group entered into bank loans for the current year aircraft additions and these were set up as floating interest rate loans. In order to manage the resultant interest rate risk, the Group entered into hedging contracts with various hedging counterparties to fix the interest rates. The resultant impact at the year end is the recognition of a derivative financial asset with a corresponding reduction in finance costs.

The Committee concluded that the recognition of the derivative financial asset and the resultant decrease in finance costs, partially mitigates loss on the foreign exchange fluctuations.

The Committee has carefully considered the disclosure in Note 17 to the financial statements to ensure that the derivative financial instruments are disclosed appropriately and that the reality of the Group's risk exposure is properly explained.

Going Concern

After making enquiries, the Committee has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being the next three financial years. The Committee believes the Group is well placed to manage its business risks successfully as the interest on the Group's loans has been fixed, and the fixed rental income under the operating leases means that the rents should be sufficient to repay the senior loans, but not the junior loans, and provide surplus income to pay for the Group's expenses and permit payment of dividends.

Accordingly, the Committee has adopted the going concern basis in preparing the financial information. As regards the US\$18.5 million to US\$40 million of junior debt per aircraft to be bullet repaid, the Board is comfortable for the time being that the residual disposable value of each aircraft will be sufficient to cover such debt.

Internal Controls

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

Internal audit

The Group has no employees and operates no systems of its own, relying instead on the employees and systems of its external service providers. The Board has therefore taken the decision that it would not be of any material benefit for the Group to appoint an internal auditor.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received from Deloitte a detailed audit plan, identifying their assessment of the key risks. For the year the primary risks identified were in respect of valuation and ownership of the aircraft Assets; the recognition of lease rental income; the accuracy and disclosure of asset management and advisory fees; accounting for fixed rate debt using the effective interest rate method and management override of controls.

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

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

- Independence
- Ethics and Conflicts
- Knowledge and Experience
- Challenge
- Promptness
- Cost
- Overall quality of service

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

Audit Committee Report (continued)

For the year, the Committee were satisfied that there had been appropriate focus on the primary areas of audit risk and assessed the quality of the audit process to be good. The Committee discussed their findings with Deloitte and will consider how future external audits could be improved.

The Committee holds meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the auditor. If felt necessary, Committee members meet with the external auditor without the Administrator and Asset Manager being present. Matters typically discussed include the residual valuation of aircraft, the auditor's assessment of business risks and management activity thereon, the transparency and openness of interactions with the Administrator, confirmation that there has been no obstruction of the auditor by the Administrator or undue influence on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

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

The external auditor is required to rotate the audit partner responsible for the audit every five years. The current lead audit partner has been in place since January 2015.

Deloitte has been the Group's external auditor since January 2015. The Committee has recommended to the Board the reappointment of Deloitte as external auditor for the year ending 31 March 2018. Accordingly a resolution proposing the reappointment of Deloitte as the Group's auditor will be put to Shareholders at the Company's 2017 annual general meeting.

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

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No changes have been made to this policy during the year. This policy specifies that Deloitte should only be engaged for non-audit services where there is considered to be no material threat to the auditor's independence.

Deloitte is prohibited from providing non-audit services without the Committee's prior approval. In considering the proposed provision by Deloitte of any such services the Committee will take into consideration whether it is in the best interests of the Group that such services should be supplied by the Group's external auditor (rather than another service provider) and, if so whether any safeguards regarding auditor objectivity and independence in the conduct of the audit should be put in place, whether these would be effective and how such safeguards should be disclosed.

Committee Evaluation

Our activities formed part of the review of Board effectiveness performed in April 2017.

An internal evaluation of our effectiveness will be carried out in 2017.

John Le Prevost
Chairman of the Audit Committee

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited

Opinion on financial statements of Amedeo Air Four Plus Limited

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

The financial statements that we have audited comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Cash Flows;
- the Consolidated Statement of Changes in Equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Summary of our audit approach

Key risks	<p>The key risks that we identified in the current year were:</p> <ul style="list-style-type: none"> • Valuation and ownership of aircraft; • Recognition of lease rental income; and • Accounting for fixed rate debt using the effective interest method. <p>The key risks are similar with the prior year.</p>
Materiality	<p>The materiality we used in the current year was £6,364,000 which is 2% of the shareholders equity.</p>
Scoping	<p>The consolidated financial statements of the Group incorporate its special purpose subsidiaries through which aircraft are held and through which debt finance has been obtained. Whilst statutory audits of the financial statements of each of these subsidiaries are not required, they are included within the scope of our audit of the consolidated financial statements. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.</p>
Significant changes in our approach	<p>There has been no significant changes in our approach from prior year.</p>

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2(j) to the financial statements and the directors' statement on the longer-term viability of the Group contained within the directors' report on page 24.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on page 24 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 26-29 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 24 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 24 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Valuation and ownership of aircraft	
<p>Risk description</p> 	<p>Included on the Group's statement of financial position as at 31 March 2017 are aircraft assets of £1.568 billion as disclosed in Note 9 to the consolidated financial statements. As explained in Note 2(1), the Group's accounting policy is to measure its aircraft assets at depreciated historic cost less impairment. The assets are being depreciated on a straight-line basis over the terms of the leases to an estimated residual value at the end of that period. As stated in Note 3, estimation of aircraft residual values is a source of uncertainty and is a key determinant in preparing the consolidated financial statements. Refer to the considerations by the audit committee on residual values as discussed on page 31.</p> <p>The risk exists that:</p> <ul style="list-style-type: none"> the selected useful life or residual value used in determining depreciation are not appropriate as the estimation of aircraft useful life and residual values is a key judgement; an indicator of impairment of an Asset might arise in which case an impairment review should be performed and the value of the Asset written down to recoverable amount if less than carrying value; the assets have not been initially recognised at an appropriate amount, including correct treatment of associated costs; and the assets do not belong to the Group.
<p>How the scope of our audit responded to the risk</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> critically assessing the conclusions reached by the board on the appropriateness of the selected residual values and evaluating their consistency with the available market information, including forecast valuations obtained by the Group from expert aircraft valuers and the terms of the aircraft lease agreements. We have considered the qualifications and experience of the valuers engaged by management. We have also considered the adequacy of the disclosure related to this estimation uncertainty set out in Note 3; engaging our internal aircraft valuation specialists in challenging the board and asset managers on the assessments made on residual values used at year end; reviewing and challenging the Board's conclusion on asset impairment assessment by reviewing for both internal and external factors which might be indicators of impairment; tracing amounts capitalised in respect of the acquisitions to relevant purchase documentation and challenging the appropriateness of other capitalised costs in line with evidence from our inspection of purchase documentation; and reviewing the original purchase agreements for consistency with assets owned and obtaining certificates of registration directly from 'The International Registry for International Interests in Mobile Equipment' to confirm ownership.
<p>Key observations</p>	<p>Having carried out the procedures, we are satisfied with the useful life selected, residual values used and the board's assessment that no impairment review is required.</p> <p>Costs incurred in bringing the aircraft to intended operating conditions were appropriately capitalised and assets recorded are owned by the Group.</p>

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Recognition of lease rental income	
Risk description 	<p>The Group's leases have been classified as operating leases and as such rental income which amounts to £140 million (2016: £58 million) should be recognised on a straight-line basis over the lease term, which differs from the profile of actual rental payments. As set out in Note 4 of the consolidated financial statements, the majority of these lease rentals are receivable in US Dollars and must be appropriately translated into the Sterling functional and presentation currency. The recognition of revenue also requires consideration of all terms of the signed lease contracts. As stated in Note 3, classification of leases as operating lease is a key source of uncertainty in preparing the consolidated financial statements. The risk is that revenue is not properly recorded in accordance with these requirements and the related deferred income is not correctly calculated.</p>
How the scope of our audit responded to the risk	<p>Our procedures included:</p> <ul style="list-style-type: none"> • consideration on whether the classification of the leases as operating is appropriate with reference to the lease terms and the nature of the asset and the requirements of IAS 17: Leases; • developing independent expectations of lease income for the year based on total lease rentals receivable, the lease term and the applicable foreign exchange rates during the year; and • recalculating deferred rental income recognised as a liability in the Consolidated Statement of Financial Position and testing accuracy of related translation differences.
Key observations	<p>Having performed the procedures above, we are satisfied with the classification of leases and we conclude that revenue recognition is in line with the terms of the signed lease contracts.</p>
Accounting for debt using the effective interest method	
Risk description 	<p>In order to finance the acquisition of the assets the Group has obtained fixed and floating rate debt. As at 31 March 2017 the value of the total debt held by the Group was 1.294 billion as disclosed in Note 14 to the Consolidated Financial Statements. The debt is made up of senior loans which are amortised over the lease terms whilst the junior loans are interest only with the loan balance payable at the end of the lease. As set out in Note 2(m) to the Consolidated Financial Statements, the debt instruments are carried at amortised cost with interest expense recognised at the effective interest rate. The risk exists that the debt is not properly accounted for using the effective interest rate method or that adequate disclosure is not made in the financial statements. Floating rate debts have related swaps entered into to hedge the cashflow interest rate risk. There is a risk that the related swaps are not properly carried at fair value in the consolidated financial statements.</p>
How the scope of our audit responded to the risk	<p>Our procedures included:</p> <ul style="list-style-type: none"> • reviewing the debt amortisation schedules prepared by management to recalculate the effective interest rates on the loans and checked whether they are consistent with the repayment schedules; • obtaining direct confirmation from the lead arranger of each loan facility of the principal balance outstanding and recalculating accrued interest using the effective interest rate; • developing an expectation of the interest charges for the period using the average outstanding principal balances during the period and the effective interest rates; and • utilising internal valuation specialists to perform independent valuations on the swaps on the floating rate debts to determine if management's valuations fell within a reasonable range.
Key observations	<p>Having carried out the procedures, we are satisfied with the accounting of the debt using the effective interest rate and the valuation of the related swaps was within our expectation.</p>

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£6,364,000 (2016: £5,255,000)
Basis for determining materiality	2% (2016: 2%) of the shareholders' equity
Rationale for the benchmark applied	Our materiality is based on the shareholders' equity of the Group as comprehensive income for the Group is significantly influenced by fluctuations in exchange rates. We consider shareholders' equity to be the most important balance on which the shareholders would judge the performance of the Group.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £127,000 (2016: £105,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Group is administered by a third party Guernsey regulated service provider, as part of our audit we assessed the adequacy of the control environment at the service provider for the purposes of our audit.

The consolidated financial statements of the Group incorporate its special purpose subsidiaries through which aircraft are held and through which debt finance has been obtained. Whilst statutory audits of the financial statements of each of these subsidiaries are not required, they are included within the scope of our audit of the consolidated financial statements conducted using the group materiality set out above. Audit work on each entity within the group was performed by the same audit team.

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

We have nothing to report in respect of these matters.

Corporate Governance Statement

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the Group's compliance with certain provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

We confirm that we have not identified any such inconsistencies or misleading statements.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Independent Auditor's Report to the Members of Amedeo Air Four Plus Limited (continued)

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Clacy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditors
St Peter Port, Guernsey

12 June 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2017

	Notes	1 Apr 2016 to 31 Mar 2017 GBP	16 Jan 2015 to 31 March 2016 GBP
Income			
US Dollar based rent income	4	108,015,779	37,258,251
British Pound based rent income	4	33,147,270	20,531,070
Bank interest received		156,915	67,727
		141,319,964	57,857,048
Expenses			
Operating expenses	5	(4,881,402)	(3,088,289)
Depreciation of Aircraft	9	(48,507,678)	(21,455,319)
		(53,389,080)	(24,543,608)
Net profit for the period before finance costs and foreign exchange losses		87,930,884	33,313,440
Finance costs			
Finance costs	10	(26,702,414)	(16,900,551)
Unrealised foreign exchange loss	17b	(118,664,321)	(40,077,766)
Loss for the period		(57,435,851)	(23,664,877)
Total Comprehensive Loss for the year/period		(57,435,851)	(23,664,877)
Loss per Share for the year/period - Basic and Diluted	8	(16.09)	(10.72)

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

The notes on pages 46 to 64 form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

as at 30 March, 2017

	Notes	31 Mar 2017 GBP	31 March 2016 GBP
NON-CURRENT ASSETS			
Aircraft	9	1,567,884,368	893,821,824
Financial assets at fair value through profit and loss	17	15,255,000	–
		1,583,139,368	893,821,824
CURRENT ASSETS			
Accrued income		15,610,085	4,080,433
Receivables	12	1,099,945	38,269
Cash and cash equivalents		82,685,031	64,625,569
		99,395,061	68,744,271
TOTAL ASSETS		1,682,534,429	962,566,095
CURRENT LIABILITIES			
Payables	13	310,615	320,601
Deferred income		19,772,871	2,495,357
Borrowings	14	81,539,286	39,723,387
		101,622,772	42,539,345
NON-CURRENT LIABILITIES			
Borrowings	14	1,212,569,894	633,952,523
Deferred income		25,005,030	24,167,656
		1,237,574,924	658,120,179
TOTAL LIABILITIES		1,339,197,696	700,659,524
TOTAL NET ASSETS		343,336,733	261,906,571
EQUITY			
Share Capital	15	467,889,180	299,039,573
Retained Earnings		(124,552,447)	(37,133,002)
		343,336,733	261,906,571
		Pence	Pence
Net Asset Value Per Share based on 467,250,000 (2016:302,000,000) shares in issue		73.48	86.72

The financial statements were approved by the Board of Directors and authorised for issue on 12 June, 2017 and are signed on its behalf by:

John Le Prevost

The notes on pages 46 to 64 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the period from 1 April, 2016 to 31 March, 2017

	Notes	1 Apr 2016 to 31 Mar 2017 GBP	16 Jan 2015 to 31 March 2016 GBP
OPERATING ACTIVITIES			
Loss for the period		(57,435,851)	(23,664,877)
Movement in accrued and deferred income		(10,586,990)	(5,385,970)
Interest received		(156,915)	(67,727)
Depreciation of Aircraft	9	48,507,678	21,455,319
Loan interest payable	10	25,779,301	16,503,702
(Decrease)/increase in payables		(9,986)	320,601
Increase in receivables		(1,061,676)	(38,269)
Foreign exchange movement		118,664,321	40,077,766
Amortisation of debt arrangement costs	10	923,113	396,849
NET CASH FROM OPERATING ACTIVITIES		124,622,995	49,597,394
INVESTING ACTIVITIES			
Purchase of Aircraft	9	(722,570,222)	(915,277,143)
Interest received		156,915	67,727
NET CASH USED IN INVESTING ACTIVITIES		(722,413,307)	(915,209,416)
FINANCING ACTIVITIES			
Advanced rental received		16,936,059	28,131,634
Dividends paid	7	(29,983,594)	(13,468,125)
Repayments of capital on senior loans		(57,069,855)	(17,885,096)
Payments of interest on senior loans		(28,625,741)	(10,116,960)
Payments of interest on junior loans		(9,695,870)	(3,142,071)
Share issue proceeds	15	171,055,000	302,530,000
Share issue costs	15	(2,205,393)	(3,490,427)
New debt raised on senior loans		457,851,281	532,383,079
New debt raised on junior loans		102,448,422	120,840,493
Costs associated with debt issued		(6,409,759)	(7,696,010)
NET CASH FROM FINANCING ACTIVITIES		614,300,550	928,086,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		64,625,569	–
Increase in cash and cash equivalents		16,510,238	62,474,495
Exchange rate adjustment		1,549,224	2,151,074
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		82,685,031	64,625,569

The notes on pages 46 to 64 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period from 1 April, 2016 to 31 March, 2017

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 1 April 2016		299,039,573	(37,133,002)	261,906,571
Total Comprehensive Loss for the year		–	(57,435,851)	(57,435,851)
Share issue proceeds	15	171,055,000	–	171,055,000
Share issue costs	15	(2,205,393)	–	(2,205,393)
Dividends paid	7	–	(29,983,594)	(29,983,594)
Balance as at 31 March 2017		467,889,180	(124,552,447)	343,336,733

	Notes	Share Capital GBP	Retained Earnings GBP	Total GBP
Balance as at 16 January 2015		–	–	–
Total Comprehensive Loss for the period		–	(23,664,877)	(23,664,877)
Share issue proceeds	15	302,530,000	–	302,530,000
Share issue costs	15	(3,490,427)	–	(3,490,427)
Dividends paid	7	–	(13,468,125)	(13,468,125)
Balance as at 31 March 2016		299,039,573	(37,133,002)	261,906,571

The notes on pages 46 to 64 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

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 and AA4P Nu 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 listed on the Specialist Fund Segment ("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 as at 31 March 2017 year end, seven Airbus A380 and two Boeing 777-300ER aircraft, eight of these aircraft have been leased to Emirates and one to Etihad Airways for a period of 12 years from each respective delivery date with fixed lease rentals for the duration.

In November 2016, the Company announced that, subject to Shareholder approval, it wished to add two additional A380 aircraft to its portfolio with expected deliveries in March and May 2017 to be leased to Etihad Airways on 12 year leases. Shareholder approval was obtained for this in December 2016, with a supplementary prospectus issued on 5 January 2017 to raise the necessary equity capital for these additions (see note 15). The Company used the equity proceeds, in addition to the finance agreements, to finance the acquisition of the ninth aircraft. The Company acquired its seventh Airbus A380 in March 2017 (see note 9). Subsequent to year end, the Company purchased its eighth Airbus A380 in May 2017 (see note 19).

In addition Shareholder approval was obtained in the current year for the acquisitions of the seventh and eighth Assets, both Boeing 777-300ERs, at an extraordinary general meeting of the Company held on 27 June 2016. A prospectus was also published by the Company with respect to the placing programme to raise the required equity capital for these acquisitions. The first Boeing 777-300ER was acquired in July 2016 and the second Boeing 777-300ER in August 2016 (see note 9).

Rentals under each lease are sufficient to pay interest and to repay principal on the senior loan, and to pay interest (but not principal) on the junior loan. Junior loan principal will be repaid at lease expiry out of the proceeds of the sale, re-lease, refinancing or other disposition of the relevant Asset.

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Changes in accounting policies and disclosure

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these consolidated financial statements and is not expected to have any impact on future financial periods:

IFRS 7 Financial Instruments: Disclosures - amendments resulting from September 2014 Annual Improvements effective for annual periods beginning on or after 1 January 2016.

IAS 16 Property, Plant and Equipment - amendments regarding the clarification of acceptable methods of depreciation and amortisation effective for annual periods beginning on or after 1 January 2016.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

2. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The following Standards or Interpretations that are expected to affect the Group have been issued but not yet adopted by the Group as shown below. Other Standards or Interpretations issued by the IASB and IFRIC are not expected to affect the Group.

IAS 7 Statement of Cash Flows - amendments resulting from the disclosure initiative effective for annual periods beginning on or after 1 January 2017 (EU endorsement is outstanding).

IFRS 9 Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. There is no mandatory effective date, however the IASB has tentatively proposed that this will be effective for accounting periods commencing on or after 1 January 2018 and has been endorsed by the EU.

IFRS 15 Revenue from contracts with customers - deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations (and has been endorsed by the EU) and is effective for a period beginning on or after 1 January 2018.

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 (EU endorsement is outstanding) and is effective for annual periods beginning on or after 1 January 2019.

The Directors have considered the above and are of the opinion that the above Standards and Interpretations are not expected to have an impact on the Group's financial information except for the presentation of additional disclosures and changes to the presentation of components of the financial information. These items will be applied in the first financial period for which they are required.

(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 and has the power to govern the financial and operating policies of the Subsidiaries so as to obtain benefits from their activities.

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 Subsidiaries have been assessed for tax at the Guernsey standard rate of 0%.

(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 are accounted for on an accruals basis.

(f) Interest Income

Interest income is accounted for on an accruals basis.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

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.

(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").

(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. The Directors believe the Group is well placed to manage its business risks successfully despite the current economic climate as the loans have been 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. 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.

(l) Property, plant and equipment – Aircraft

In line with IAS 16 Property Plant and Equipment, the Assets are initially recorded at 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 cost to the Company. Accumulated depreciation and any recognised impairment losses are deducted from cost to calculate the carrying amount of the Assets.

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 12 years, using the straight line method. The estimated residual value of the nine aircraft ranges from £54.7 million to £96.3 million. Residual values have been arrived at by taking the average amount of three independent external valuers and after taking into account disposition fees.

The depreciation method reflects the pattern of benefit consumption. The residual value is reviewed annually and is an estimate of the fair amount the entity would receive currently if the Asset were already of the age and condition expected at the end of the lease. Depreciation starts when the Asset is available for use.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

2. ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment – Aircraft (continued)

At each Statement of Financial Position date, the Group reviews the carrying amounts of its Aircraft 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). There were no indications in the current year that the Assets suffered an impairment loss.

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.

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

(a) Classification

The Company 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 of Directors at fair value through profit or loss at inception. The Company does not classify any derivatives as hedges in a hedging relationship.

(b) Recognition/derecognition

Financial assets or liabilities are recognised on the trade date – the date on which the Company 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 Company 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 the 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 Statement of Comprehensive Income in the period in which they arise.

(n) Financial liabilities

Financial liabilities consist of 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 or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Associated costs are subsequently amortised on a straight line basis 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 year ended 31 March, 2017

2. ACCOUNTING POLICIES (continued)

(o) Net Asset Value

In circumstances where the Directors, as advised by the Asset Manager, are of the opinion that the net asset value ("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 and the Asset Manager may determine, at their discretion, an alternative method for calculating the value of the Company and shares in the capital of the Company, which they consider more accurately reflects the value of the Company.

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

There are currently no A380 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 for the A380 aircraft at the end of the lease (including 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, the Directors have made reference to forecast market values for the aircraft obtained from three independent expert aircraft valuers. The Asset Manager has confirmed it has no reason to question the methodology used to determine the residual value in the current year and that they do not believe there has been a fundamental movement in USD terms in the anticipated residual values of the aircrafts since they were acquired. However, an adjustment has been made to residual values due to foreign exchange movements over the period. This has been disclosed in Note 9.

The estimation of residual value remains subject to uncertainty. If the estimate of residual value had been decreased by 20% with effect from the beginning of this year, the net profit for the period and closing shareholders' equity would have been decreased by approximately £12.5 million (31 March 2016: £4.5 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.

CRITICAL ACCOUNTING JUDGEMENTS

Operating lease commitments - Group as lessor

The Group had entered into operating leases on nine Assets as at period end. 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 Group has determined that the operating leases on the Assets are for 12 years.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment

As described in Note 2 (I), an impairment 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 monitor the Assets for any indications of impairment as required by IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets.

The Group has determined that there is no indication of an impairment loss for the 1 April 2016 to 31 March 2017 year (none for the 16 January 2015 to 31 March 2016 period).

4. RENTAL INCOME

	1 Apr 2016 to 31 Mar 2017 GBP	16 Jan 2015 to 31 Mar 2016 GBP
US Dollar based rent income	96,551,660	31,472,069
Revenue earned but not yet received	9,726,542	6,410,593
Revenue received but not yet earned	(1,814,758)	(1,555,230)
	104,463,444	36,327,432
British Pound based rent income	34,024,400	20,931,280
Revenue earned but not yet received	103,736	328,233
Revenue received but not yet earned	(980,866)	(728,443)
	33,147,270	20,531,070
Amortisation of advance rental income	3,552,335	930,819
Total rental income	141,163,049	57,789,321

Rental income is derived from the leasing of the Assets. US Dollar based rent represents rent received in US Dollars ("USD") and British Pound based rent represents rent received in British Pounds ("GBP"). Rental income received in USD is translated into the functional currency (GBP) at the date of the transaction.

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.

5. OPERATING EXPENSES

	1 April 2016 to 31 Mar 2017 GBP	16 Jan 2015 to 31 Mar 2016 GBP
Corporate and shareholder adviser fee	1,659,137	637,204
Asset management fee	2,269,026	921,475
Administration fees	220,618	103,027
Bank interest & charges	7,005	5,150
Accountancy fees	31,994	25,185
Registrars fee	18,346	12,891
Audit fee	47,000	57,500
Directors' remuneration	239,217	111,809
Directors' and Officers' insurance	19,105	17,085
Public offering insurance	1,539	17,886
Legal & professional expenses	50,619	74,445
Foreign currency hedging cost	—	727,499
Security trustee and agency fees	108,243	104,667
Travel costs	4,855	150,187
Sundry costs	188,848	112,628
Other operating expenses	15,850	9,651
	4,881,402	3,088,289

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

6. DIRECTORS' REMUNERATION

Under their terms of appointment, each Director is paid a fee of £60,000 per annum (2016: £45,000 per annum) by the Company, except for the Chairman, who receives £65,000 per annum (2016: £50,000 per annum). The Chairman of the audit committee also receives an extra £4,000 per annum (2016: £4,000 per annum).

7. DIVIDENDS IN RESPECT OF SHARES

	1 Apr 2016 to 31 Mar 2017	
	GBP	Pence per Share
First interim dividend	6,228,750	2.0625
Second interim dividend	7,058,906	2.0625
Third interim dividend	7,058,906	2.0625
Fourth interim dividend	9,637,032	2.0625
	29,983,594	8.2500

	16 Jan 2015 to 31 Mar 2016	
	GBP	Pence per Share
First interim dividend	4,166,250	2.0625
Second interim dividend	4,166,250	2.0625
Third interim dividend	5,135,625	2.0625
	13,468,125	6.1875

8. LOSS PER SHARE

Loss per Share ('EPS') is based on the Total Comprehensive Loss for the period of £57,435,851 (2016: £23,664,877) and 356,936,126 shares (2016: 220,851,393 shares) being the weighted average number of Shares in issue during the period.

In the prior year the Company departed from the requirements of IAS 33 (Earnings per Share) by using the weighted average number of shares since the placement on 13 May 2015 (at which point the Company became economically active) rather than the weighted average number of shares since the start of the accounting period on 16 January 2015 as required by IAS 33 (Earnings per Share).

Having given due consideration to the objective of disclosing EPS, the Directors believe that including the initial period for which one share was in issue in the EPS calculation would have resulted in a figure that was misleading. Calculated in accordance with IAS 33 (Earning per Share), EPS would be based on a weighted average of 162,125,000 shares, resulting in an EPS figure of (14.67) pence.

There are no dilutive instruments and therefore basic and diluted Earnings per Share are identical.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

9. PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Alpha MSN157 GBP	Beta MSN164 GBP	Gamma MSN187 GBP	Delta MSN201 GBP	Epsilon MSN206 GBP	Zeta MSN208 GBP	Eta MSN42334 GBP	Theta MSN42336 GBP	Iota MSN233 GBP	Total GBP
COST										
Aircraft purchases as at 1 April 2016	171,856,678	171,856,677	190,228,013	187,622,150	190,182,580	—	—	—	—	911,746,098
Acquisition costs as at 1 April 2016	634,440	634,471	719,628	720,932	821,574	—	—	—	—	3,531,045
Additions – aircraft	—	—	—	—	—	207,747,241	134,542,706	134,542,706	243,102,962	719,935,615
Additions – acquisition costs	—	—	—	—	67,122	756,344	476,466	474,675	860,000	2,634,607
As at 31 March 2017	172,491,118	172,491,148	190,947,641	188,343,082	191,071,276	208,503,585	135,019,172	135,017,381	243,962,962	1,637,847,365
ACCUMULATED DEPRECIATION AND AMORTISATION										
As at 1 April 2016	6,121,170	6,012,393	5,478,808	2,881,821	961,127	—	—	—	—	21,455,319
Depreciation charge for the period	6,991,910	6,867,464	8,237,850	8,354,881	8,494,176	8,945,253	4,477,001	4,074,849	242,872	56,686,256
Amortisation of acquisition costs	56,125	55,323	59,928	60,037	68,418	60,742	26,742	24,248	1,373	412,936
Depreciation based on original residual value	7,048,035	6,922,787	8,297,778	8,414,918	8,562,594	9,005,995	4,503,743	4,099,097	244,245	57,099,192
Adjustment due to FX movement on residual values	(1,264,877)	(1,306,547)	(1,827,795)	(1,817,074)	(1,519,089)	(856,132)	—	—	—	(8,591,514)
Net depreciation charge	5,783,158	5,616,240	6,469,983	6,597,844	7,043,505	8,149,863	4,503,743	4,099,097	244,245	48,507,678
As at 31 March 2017	11,904,328	11,628,633	11,948,791	9,479,665	8,004,632	8,149,863	4,503,743	4,099,097	244,245	69,962,997
Carrying amount as at 31 March 2016	166,369,948	166,478,755	185,468,833	185,461,261	190,043,027	—	—	—	—	893,821,824
Carrying amount as at 31 March 2017	160,586,790	160,862,515	178,998,850	178,863,417	183,066,644	200,353,722	130,515,429	130,918,284	243,718,717	1,567,884,368

The cost in USD and the exchange rates at acquisition for each aircraft were as follows:

	Alpha MSN157	Beta MSN164	Gamma MSN187	Delta MSN201	Epsilon MSN206	Zeta MSN208	Eta MSN42334	Theta MSN42336	Iota MSN233
	\$264,773,865	\$264,773,913	\$293,104,628	\$289,106,630	\$289,243,699	\$289,048,520	\$178,630,365	\$178,627,995	\$300,245,217
	1.5350	1.5350	1.5350	1.5350	1.5138	1.3863	1.3230	1.3230	1.2307

Following review of the aircraft's projected residual value, using the valuers and methodology set out on page 50, whilst the underlying USD residual values of the A380 aircraft have stayed at a similar levels, the GBP values converted at year end GBP exchange rates have increased by £97,719,623. The directors have adjusted the residual values for this movement which has resulted in a £8,591,514 decrease in the current year's depreciation charge. The converted GBP residual values of the B777 aircraft have not moved materially and no adjustment has been made to the original estimates of their residual values or resulting depreciation.

The Company acquired its sixth and seventh Airbus A380 in April 2016 and March 2017 respectively and two Boeing 777-300ER aircraft in July and August 2016. In order to complete the 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 eighth and ninth aircraft. Rental income under each lease is sufficient to pay interest and to repay principal on the senior loan and to pay interest (but not principal) on the junior loan. Junior loan principal will be repaid at lease expiry out of the proceeds of the sale, re-sale, 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

10. FINANCE COSTS

	1 April 2016 to 31 Mar 2017 GBP	16 Jan 2015 to 31 Mar 2016 GBP
Amortisation of debt arrangements costs	923,113	396,849
Interest payable	41,034,301	16,503,702
Fair value adjustment on financial assets at fair value through profit and loss	(15,255,000)	—
	26,702,414	16,900,551

11. OPERATING LEASES

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

31 March 2017	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	118,811,361	475,378,289	596,212,057	1,190,401,707
British Pound based rent income	33,522,919	132,706,604	235,245,077	401,474,600
	152,334,280	608,084,893	831,457,134	1,591,876,307

31 March 2016	Next 12 Months GBP	2 to 5 Years GBP	After 5 Years GBP	Total GBP
US Dollar based rent income	66,723,966	266,953,666	421,837,874	755,515,506
British Pound based rent income	24,742,307	100,177,067	154,229,825	279,149,199
	91,466,273	367,130,733	576,067,699	1,034,664,705

The Operating leases are for Airbus A380-861 Aircraft. The terms of the lease are as follows;

Alpha (MSN157) – term of the lease is for 12 years ending September 2026.

Beta (MSN164) – term of the lease is for 12 years ending November 2026.

Gamma (MSN187) – term of the lease is for 12 years ending August 2027.

Delta (MSN201) – term of the lease is for 12 years ending December 2027.

Epsilon (MSN206) – term of the lease is for 12 years ending December 2028.

New leases entered into during the current period:

Zeta (MSN208) – term of the lease is for 12 years ending April 2028.

Eta (MSN42334) – term of the lease is for 12 years ending July 2028.

Theta (MSN42336) – term of the lease is for 12 years ending August 2028.

Iota (MSN233) – term of the lease is for 12 years ending March 2029.

At the end of each lease the lessee has the right to exercise an option to purchase the Asset if the Company chooses to sell the Asset. 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 year ended 31 March, 2017

12. RECEIVABLES

	31 Mar 2017 GBP	31 Mar 2016 GBP
Prepayments	1,017,207	38,269
Accrued interest	82,738	—
	<u>1,099,945</u>	<u>38,269</u>

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

13. PAYABLES (amounts falling due within one year)

	31 Mar 2017 GBP	31 Mar 2016 GBP
Accrued administration fees	30,093	32,700
Accrued audit fee	27,000	25,000
Accrued corporate and shareholder adviser fee	—	183,707
Accrued directors' remuneration	597	—
Accrued legal fees	250,060	—
Accrued registrar fee	800	5,231
Other accrued expenses	2,065	73,963
	<u>310,615</u>	<u>320,601</u>

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

14. BORROWINGS

	31 Mar 2017 GBP	31 Mar 2016 GBP
Bank loans	1,306,909,182	680,989,266
Associated costs	(12,800,002)	(7,313,356)
	<u>1,294,109,180</u>	<u>673,675,910</u>
Consisting of:		
Senior loans (\$1,303,562,712 at 31 March 2017, \$781,243,364 as at 31 March 2016)	1,038,695,387	544,041,340
Junior loans (\$320,544,310 at 31 March 2017, \$186,155,243 as at 31 March 2016)	255,413,793	129,634,570
	<u>1,294,109,180</u>	<u>673,675,910</u>
Non-current portion	1,212,569,894	633,952,523
Current portion (senior loans only)	81,539,286	39,723,387
	<u>1,294,109,180</u>	<u>673,675,910</u>

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

14. BORROWINGS (continued)

The tables below detail the future contractual undiscounted cashflows in respect of the senior and junior loans, including both the principal and interest payments, and will not agree directly to the amounts recognised in the Statement of Financial Position.

	31 Mar 2017 GBP	31 Mar 2016 GBP
Amount due for settlement within 12 months	132,487,846	66,293,538
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	117,448,578	59,510,289
Repayments of junior debt covered by lease rental receipts (interest only)	15,039,268	6,783,249
	132,487,846	66,293,538
Amount due for settlement after 12 months and before 60 months	529,971,904	265,055,533
Consisting of:		
Senior loans covered by lease rental receipts (capital and interest)	469,794,314	238,041,157
Repayments of junior debt covered by lease rental receipts (interest only)	60,177,590	27,014,376
	529,971,904	265,055,533
Amount due for settlement after 60 months	777,499,907	547,739,321
Consisting of:		
Senior loans covered by lease payments (capital and interest)	687,310,825	376,086,295
Repayments of junior debt covered by lease payments (interest only)	90,189,082	171,653,026
	777,499,907	547,739,321

The loans to Alpha were arranged with Qatar National Bank S.A.Q ("Qatar") and Westpac Banking Corporation ("Westpac") for USD 155,000,000 for the Senior Loan and USD 35,000,000 for the Junior loan. Both loans run for 12 years until September 2026.

The loans to Beta were arranged with Qatar and Westpac for USD 155,000,000 for the Senior Loan and USD 35,000,000 for the Junior Loan. Both loans run for 12 years until October 2026.

The loans to Gamma were arranged with Qatar and Westpac for USD 170,000,000 for the Senior Loan and USD 40,000,000 for the Junior Loan. Both loans run for 12 years until August 2027.

The loans to Delta were arranged with Qatar and Westpac for USD 170,000,000 for the Senior loan and USD 40,000,000 for the Junior loan. Both loans run for 12 years until November 2027.

The loans to Epsilon were arranged with HSBC Bank PLC and Airbus Financial Services for USD 175,000,000 for the Senior loan and USD 35,000,000 for the Junior loan. Both loans run for 12 years until February 2028.

New loans entered into during the current period:

The loans to Zeta were arranged with Westpac and Airbus Financial Services for USD 170,000,000 for the Senior loan and USD 35,000,000 for the Junior loan. Both loans run for 12 years until April 2028.

The loans to Eta were arranged with Westpac and National Bank of Abu Dhabi for USD 125,000,000 for the Senior loan and USD 25,000,000 for the Junior loan. Both loans run for 12 years until July 2028.

The loans to Theta were arranged with Westpac and Airbus Financial Services for USD 125,000,000 for the Senior loan and for USD 25,000,000 for the Junior loan. Both loans run for 12 years until August 2028.

The loans to Iota were arranged with National Bank of Abu Dhabi for USD 180,000,000 for the Senior loan, USD 30,000,000 for the B1 Junior loan and USD 18,500,000 for the B2 Junior loan. All loans run for 12 years until March 2029.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

14. BORROWINGS (continued)

No breaches or defaults occurred in the period. The loans are fixed rate over the term of the loan. The Zeta, Eta, Theta and Iota loans are variable rate but have an associated interest rate hedging contract issued by the lender in effect fixing the loan interest over the term of the loans. Senior loans have both interest and capital repayments whereas junior loans only have interest repayments with the capital to be repaid on maturity.

Transaction costs of arranging the loans have been deducted from the carrying amount of the loans and will be amortised over their respective lives. 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 shares of no par value or with a par value or by a combination of both.

	31 March 2017 Ordinary Shares	31 March 2016 Ordinary Shares
Issued		
Shares issued at incorporation	1	1
Shares issued at placing 13 May 2015	201,999,999	201,999,999
Shares issued at placing 15 December 2015	47,000,000	47,000,000
Shares issued at placing 11 March 2016	53,000,000	53,000,000
Shares issued at placing 7 July 2016	40,250,000	—
Shares issued at placing 16 January 2017	125,000,000	—
Total number of shares as at 31 March 2017	467,250,000	302,000,000

	Ordinary Shares GBP	Ordinary Shares GBP
Issued		
Ordinary Shares		
Shares issued at incorporation	—	—
Shares issued at placing 13 May 2015	202,000,000	202,000,000
Shares issued at placing 15 December 2015	47,000,000	47,000,000
Shares issued at placing 11 March 2016	53,530,000	53,530,000
Shares issued at placing 7 July 2016	41,055,000	—
Shares issued at placing 16 January 2017	130,000,000	—
Share issue costs	(5,695,820)	(3,490,427)
Total share capital as at 31 March 2017	467,889,180	299,039,573

On 29 June 2016 the Company announced the opening of a new Placing Programme ("Placing Programme").

On 7 July 2016 the Company issued an additional 40,250,000 redeemable ordinary shares of no par value at an issue price of 102 pence per new share.

On 16 January 2017 the Company issued an additional 125,000,000 redeemable ordinary shares of no par value at an issue price of 104 pence per new share. Following this transaction, the Company's total issued share capital is 467,250,000 Shares, none of which are held in treasury. Therefore the total number of voting rights in issue is 467,250,000.

Members holding Ordinary Shares are entitled to receive, and participate in the following: any dividends out of income attributable to the Ordinary 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, Ordinary Shareholders are entitled to the surplus assets attributable to the Ordinary Share class remaining after payment of all the creditors of the Company.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

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.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 held by the Group at the reporting date:

	31 Mar 2017 GBP	31 Mar 2016 GBP
Financial assets		
Cash and cash equivalents	82,685,031	64,625,569
Financial assets at fair value through profit and loss	15,255,000	—
Financial assets at amortised cost	97,940,031	64,625,569
Financial liabilities		
Payables	310,615	320,601
Debt payable	1,306,909,182	680,989,266
Financial liabilities measured at amortised cost	1,307,219,797	681,309,867

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 31 March 2017 based on the hierarchy set out in IFRS

	Quoted Prices in active markets for identical assets (Level 1) 2017 GBP	Significant other observable inputs (Level 2) 2017 GBP	Significant unobservable inputs (Level 3) 2017 GBP	Total 2017 GBP
Assets				
Financial assets at fair value through profit and loss	—	15,255,000	—	15,255,000
Total assets	—	15,255,000	—	15,255,000

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Derivative financial instruments

The following table shows the Company's derivative position as at 31 March 2017:

Interest Rate Swaps	Financial assets at fair value £	Notional amount USD	Maturity
Zeta Senior Loan	4,738,280	170,000,000	13/04/2028
Eta Senior Loan	4,374,397	125,000,000	28/07/2028
Eta Junior Loan	1,199,881	25,000,000	28/07/2028
Theta Senior Loan	4,486,021	125,000,000	19/08/2028
Theta Junior Loan	1,304,239	25,000,000	19/08/2028
Iota Senior Loan	(589,696)	180,000,000	24/03/2029
Iota Junior Loan	(118,312)	30,000,000	24/03/2029
Iota Junior Loan	(139,810)	18,500,000	24/03/2029
	15,255,000	698,500,000	

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 that the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the 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.

(b) Foreign currency risk

The Group's accounting policy under IFRS requires the use of a Sterling historic cost of the Assets and the value of the US Dollar debt as translated at the spot exchange rate on every Statement of Financial Position date. In addition US Dollar operating lease receivables are not immediately recognised in the Statement of Financial Position and are accrued over the period of the leases. The Directors consider that this introduces an artificial variance due to the movement over time of foreign exchange rates. In actuality, the US Dollar lease rentals should offset the US Dollar payables on amortising debt on the senior loans. The foreign exchange exposure in relation to the senior debt bank loans is thus largely hedged. The US Dollar lease rentals offset the US Dollar interest payments under the junior loans but there is foreign exchange exposure unhedged in respect of the principal repayment of the junior loans. The potential future value of the aircrafts or the potential sale proceeds when the junior loans mature (both in US Dollars), should however reduce this foreign exchange risk.

Lease rentals (as detailed in Notes 4 and 11) are received in US Dollar and Sterling. Those lease rentals received in US Dollars are used to pay the senior (capital and interest) and junior loan (interest only) payments due, also in US Dollars (as detailed in Note 14). Both US Dollar lease rentals and loan repayments on senior debt and interest repayments on junior debt are fixed and agreed upfront and are for similar sums and similar timings. The Zeta, Eta, Theta and Iota loans entered into in the current period are variable rate but have an associated interest rate swap contract issued by the lender in effect fixing the loan interest over the term of the loans.

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

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

	31 Mar 2017	31 Mar 2016
	GBP	GBP
Debt (USD) – Liabilities	(1,306,909,182)	(680,989,266)
Financial assets at fair value through profit and loss	15,255,000	—
Cash and cash equivalents (USD) – Asset	81,092,144	52,248,745

The following table details the Group's sensitivity to a 25 per cent (31 March 2016: 15 per cent) appreciation in sterling against the US dollar. 25 per cent (31 March 2016: 15 per cent) 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 per cent (31 March 2016: 15 per cent) change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 25 per cent (31 March 2016: 15 per cent) against the US dollar. For a 25 per cent weakening of the sterling against the US dollar, there would be a comparable but opposite impact on the profit and other equity;

	31 Mar 2017	31 Mar 2016
	GBP	GBP
Profit or loss	242,112,408	82,009,633
Change in value of assets	(19,269,429)	(6,815,054)
Change in value of liabilities	261,381,837	88,824,687
Excluding junior loans:		
Profit or loss	194,788,919	50,481,243
Change in value of assets	(15,466,289)	6,473,149
Change in value of liabilities	210,255,208	56,954,392

On the eventual sale of the Assets, the Group may be subject to foreign currency risk if the sale was made in a currency other than sterling. Transactions in similar assets are typically priced in US dollars.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on cash transactions are mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

The Group's financial assets exposed to credit risk are as follows:

	31 Mar 2017	31 Mar 2016
	GBP	GBP
Cash and cash equivalents	82,685,031	64,625,569
Financial assets at fair value through profit and loss	15,255,000	—
	97,940,031	64,625,569

Surplus cash in the Company is held with Barclays, HSBC, Lloyds, RBSI and Qatar, which have credit ratings given by Moody's of A1, Aa2, A1, Ba1 and Aa3 respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of A3 and Aa2 respectively.

The credit ratings are reviewed periodically by the Board and the Administrator.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

At the inception of each lease, the Company selected a lessee with a strong Statement of Financial Position and financial outlook. The financial strength of Emirates and Etihad is regularly reviewed by the Board and the Asset Manager.

(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.

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.

The table below details the residual contractual maturities of financial liabilities. 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:

	1-3 Months GBP	3-12 Months GBP	1-2 Years GBP	2-5 Years GBP	Over 5 Years GBP	Total GBP
31 Mar 2017						
Financial liabilities						
Payables	310,615	—	—	—	—	310,615
Bank loans	33,066,796	99,421,050	132,466,939	397,504,965	777,499,907	1,439,959,657
	33,377,411	99,421,050	132,466,939	397,504,965	777,499,907	1,440,270,272
31 Mar 2016						
Financial liabilities						
Payables	320,601	—	—	—	—	320,601
Bank loans	16,565,430	49,728,108	66,265,272	198,790,261	547,739,321	879,088,392
	16,886,031	49,728,108	66,265,272	198,790,261	547,739,321	879,408,993

(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. The Zeta, Eta, Theta and Iota loans entered into in the current period are variable rate but have an associated interest rate swap contract issued by the lender in effect fixing the loan interest over the term of the loans.

The Group mitigates interest rate risk by fixing the interest rate on the bank loans with the exception of Zeta, Eta, Theta and Iota, which have an associated interest rate swap as mentioned above. The lease rentals are also fixed.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Interest Rate Risk (continued)

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

31 March 2017	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	—	—	1,099,945	1,099,945
Cash and cash equivalents	82,685,031	—	—	82,685,031
Total Financial Assets	82,685,031	—	1,099,945	83,784,976
Financial Liabilities				
Accrued expenses	—	—	310,615	310,615
Bank loans	—	1,294,109,180	—	1,294,109,180
Total Financial Liabilities	—	1,294,109,180	310,615	1,294,419,795
Total interest sensitivity gap	82,685,031	1,294,109,180		

31 March 2016	Variable interest GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Financial Assets				
Receivables	—	—	38,269	38,269
Cash and cash equivalents	64,625,569	—	—	64,625,569
Total Financial Assets	64,625,569	—	38,269	64,663,838
Financial Liabilities				
Accrued expenses	—	—	320,601	320,601
Bank loans	—	673,675,910	—	673,675,910
Total Financial Liabilities	—	673,675,910	320,601	673,996,511
Total interest sensitivity gap	64,625,569	673,675,910		

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 31 March 2017 would have been £206,713 (31 March 2016: £161,564) 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 31 March 2017 would have been £206,713 (31 March 2016: £161,564) lower due to a decrease in the amount of interest receivable on the bank balances.

18. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the Company has no ultimate controlling party.

19. SUBSEQUENT EVENTS

On 11 April 2017, the Directors of the Company declared a dividend of 2.0625 pence per Share in respect of the 31 March 2018 financial year. The dividend was paid on 28 April 2017 to holders on record 21 April 2017.

In 24 May 2017 the Group purchased the tenth Asset, MSN237 by Kappa.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

20. RELATED PARTY TRANSACTIONS

Amedeo Limited ("Amedeo") has been appointed as the Group's Asset Manager and 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).

The Company paid Amedeo:

- (i) an upfront lease and debt arrangement fee of £2,238,000 (31 March 2016: £2,438,125) (the "Upfront Fee") for the assets purchased during the year.

In consideration for providing the services pursuant to the Agency Agreement, the Company (itself and on behalf of each Lessor), upon each "Admission" (being the admission to trading on the SFS becoming effective in accordance with the LSE Admission Standard), paid to Amedeo Limited during the year an upfront lease and debt arrangement fee of £609,600 for Zeta and £391,700 each for Eta and Theta and £845,000 for Iota.

- (ii) In addition, Amedeo receives, in consideration for providing services to the Company, a management and advisory fee as follows:

- £247,500 per annum for the first four assets (adjusted annually for inflation commencing from 1 January 2016 onwards at 2.5 per cent. per annum),
- £250,000 per annum for the fifth and sixth assets (adjusted annually for inflation commencing from 1 January 2016 onwards at 2.5 per cent. per annum),
- £279,082 for the first six months and £170,727 per annum thereafter for the seventh and eighth assets (adjusted annually for inflation commencing from 1 January 2018 onwards at 2.5 per cent. per annum), and
- £266,500 per annum for the ninth and tenth assets (adjusted annually for inflation commencing from 1 January 2018 onwards at 2.5 per cent. per annum). As described in note 19 Subsequent Events, the tenth asset was purchased in May 2017.

All fees are payable monthly in arrears (the "Annual Fee") and accrues from the date of admission.

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. These are fees in the range of 2.5 to 4% of sale value. The fee for the further aircrafts purchased is 3%.

During the year, the Group incurred £4,661,544 (31 March 2016: £4,065,948) of expenses with Amedeo, of which £ Nil (31 March 2016: £Nil) was outstanding to this related party at 31 March 2017. £2,238,000 (31 March 2016: £3,047,725) of expenses have been added to the plane costs and will be depreciated over the life of the leases.

Amedeo Services (UK) Limited ("Amedeo Services") has been appointed as Liaison and Administration Oversight Agent to the Group. In consideration for this service the Group pays Amedeo Services £10,000 per annum (adjusted annually for inflation from 2016 onwards, at 2.5 per cent per annum) payable annually in advance. As at 31 March 2017 year end £nil (31 March 2016: £nil) was outstanding.

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

In consideration for Nimrod acting as placing agent in the IPO Placing, the Company paid to Nimrod, at Admission, a placing commission of £1,719,257 (being equal to 0.85 per cent of the IPO Placing Proceeds).

In consideration for Nimrod acting as Placing Agent in the "Completed Placing Programme" or the "CPP" (means the placing programme conducted by the Company between 3 December 2015 and 11 March 2016, comprising the CPP First Placing and the CPP Second Placing, the proceeds of which were used to fund the equity portion of the acquisition costs of the fifth and the sixth Asset respectively), the Company agreed to pay Nimrod:(i) a placing commission of £428,000, representing up to a 0.93 per cent. of the First Placing Proceeds, and (ii) a placing commission of £428,000, representing such amount of the Second Placing Proceeds.

The total placing commission paid during the period 16 January to 31 March 2016 was £2,575,257.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March, 2017

20. RELATED PARTY TRANSACTIONS (continued)

As per note 15 Share Capital, the Company announced on 5 January 2017 the launch of a second placing under its current placing programme (the "New Placing"). In consideration for Nimrod acting as Placing Agent in the New Placing (the proceeds of which were used to fund the equity portion of the acquisition costs of the ninth and the tenth Asset respectively), the Company has agreed to pay Nimrod a placing commission of £1,736,000.

The Group pays to Nimrod for its services as Corporate and Shareholder Adviser an annual fee as follows:

- £702,128 per annum, for the first four Assets (adjusted annually for inflation from 2016 onwards, at 2.5 per cent per annum),
- £175,532 per annum for the fifth and sixth Assets (adjusted annually for inflation from 2016 onwards, at 2.5 per cent per annum),
- £391,947 for the first two quarters, and then £ 239,743 per annum for the seventh and eighth Assets, (adjusted annually for inflation from 2018 onwards, at 2.5 per cent per annum), and
- £365,106 per annum for the ninth and tenth Assets (adjusted annually for inflation from 2018 onwards, at 2.5 per cent per annum). As described in note 19 Subsequent Events, the tenth Asset was purchased in May 2017.

During the year, the Group incurred £3,395,137 (31 March 2016: £3,212,461) of fees due to Nimrod, of which £nil (31 March 2016: £183,707) was outstanding to this related party at 31 March 2017. £1,736,000 (31 March 2016: £2,575,257) of expenses have been deducted from equity. £1,659,137 (31 March 2016: £637,204) of expenses related to corporate and shareholder advisory fees as shown in Note 5.

John Le Prevost is a director of Anson Registrars Limited ("ARL"), the Company's registrar, transfer agent and paying agent. During the year the Group incurred £18,346 (31 March 2016: £24,714) of costs with ARL, of which £800 (31 March 2016: £5,231) was outstanding as at 31 March 2017.

