AA4P QUARTERLY REPORT

Amedeo Air Four Plus Limited
LSE: AA4

Report to Shareholders for the quarter ending 31st March 2018

THE COMPANY

Amedeo Air Four Plus Limited ("the Company"), a Guernsey domiciled company, commenced business in May 2015 and has its shares listed on the Specialist Fund Segment of the London Stock Exchange' Main Market. Initially 202 million Ordinary Shares were issued at a price of 100p per share and subsequently the Company has concluded additional placings of shares at issue prices of 100p, 101p, 102p and 104p resulting in a total of 642,250,000 shares in issue as at 29th March 2018 (the "equity").

With the share price trading at 107.0p the market capitalisation of the Company was GBP 687,207,500 as of 29th March 2018.

COMPANY INVESTMENT STRATEGY

The Company's investment objective is to obtain income and capital returns for its Shareholders by acquiring, leasing and selling aircraft. The Company seeks to use the net proceeds of placings and/or other equity capital raisings, together with debt facilities (or instruments), to acquire aircraft which will be leased to one or more major airlines (each aircraft an "Asset").

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

The Company's Articles provide that the Company may only acquire further aircraft with the approval of Shareholders by ordinary resolution in relation to each proposed acquisition. Where such approval for a new acquisition is obtained, it is the current intention of the Directors to offer Shareholders the opportunity to participate in any equity financing on a broadly pre-emptive basis, although other approaches to financing may also be considered and pursued if the Directors consider it appropriate to do so in order to diversify the funding sources of the Company.

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

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

CURRENT INVESTMENTS

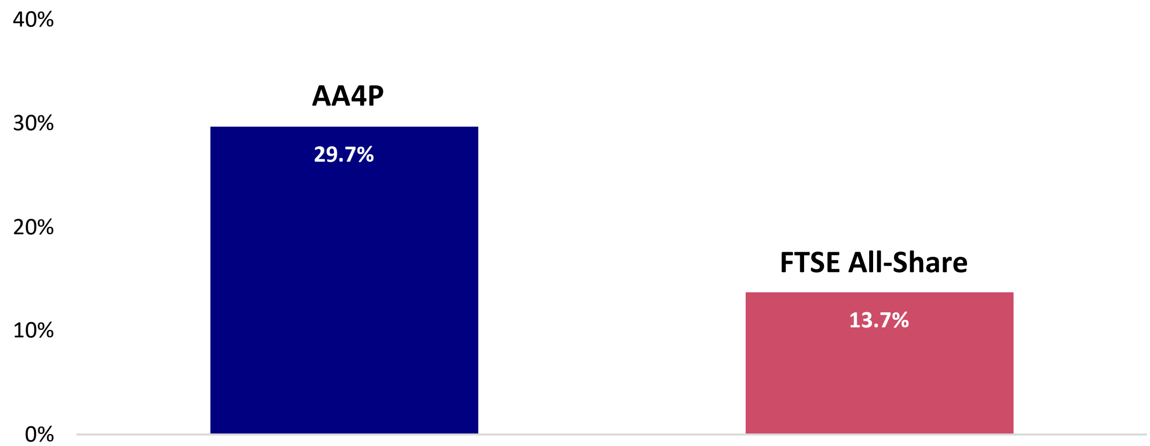
Since launch in May 2015 the Company has acquired eight Airbus A380, two Boeing 777-300ER and four A350-900 aircraft. Eight of these aircraft are leased to Emirates, two aircraft are leased to Etihad and four aircraft are leased to Thai Airways.

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

OVERVIEW (29th March 2018)

Listing	LSE	Dividend Payment Dates	April, July, October, January
Ticker	AA4	Launch Date / Price	13 May 2015 / 100p
Initial Share Price	100p	Incorporation	Guernsey
Share Price	107.0p (Closing)	Asset Manager	Amedeo Limited
Current Targeted Distribution	8.25 pence per share p.a.	Corp & Shareholder Advisor	Nimrod Capital LLP
Market Capitalisation	GBP 687,207,500	Administrator	JTC Fund Solutions (Guernsey) Limited
Initial Debt	USD 2,440,757,240	Auditor	Deloitte LLP
Outstanding Debt Balance	USD 2,215,450,967	SEDOL, ISIN	BWC53H4, GG00BWC53H48
Current Anticipated Dividend	2.0625p per quarter (8.25p p.a.)	Year End	31-Mar
Current Dividend Yield (based on the Current Share Price)	7.71%	Stocks & Shares ISA	Eligible
Currency	GBP	Website	www.aa4plus.com

AA4P TOTAL RETURNS SINCE IPO VS. FTSE ALL-SHARE INDEX



*The FTSE All-Share Index is not intended to be used as the benchmark for the Company. It is shown for illustrative purposes to indicate the performance of the Company for an equity investor whose portfolio may be benchmarked against the FTSE All-Share Index.
Source: Bloomberg as of 29st March 2018

AA4Ps total returns since IPO accounts for all dividends to date being reinvested. Past performance cannot be relied on as a guide to future performance. The value of an investment may go down as well as up and some or all of the total amount invested may be lost.

IMPLIED FUTURE TOTAL RETURN

Aggregated aircraft portfolio appraised residual value at lease expiry USD 1,627.5 million.

Income	Return of Capital	Total Return
Targeted Distributions (p)	Latest Appraisal (p)	Latest Appraisal (p)
86.0	145.2	231.2

The Total Return of a share is for illustrative purposes only.

Latest Appraisal values at each lease expiry for the portfolio being the average of three appraisers are as of 31-Mar-2017 for MSN 157, 164, 187, 201, 206, 208, 42334, 42336 and 233 and as of respective delivery for MSN 237, 123, 130, 142 and 177.

The lease expirations for all current aircraft in the portfolio are spread out between September 2026 and January 2030, so are not coterminous and as such their aggregated appraised residual value is assumed to be realised in stages.

Targeted Distributions illustrates the future income distributions including all dividends payable from March 2018, inclusive. Upon lease expiry and sale of each aircraft. sale proceeds are returned to Shareholders reducing the number of outstanding shares on a pro-rata basis on which distribution are paid.

The implied Total Return is not a forecast and assume the Company has not incurred any unexpected costs. The implied Total Return includes all currently known annual costs of the Company, including disposition fees. The Total Return is prepared on the assumption that each aircraft is sold at its Latest Appraisal value at the end of the lease term, all extant debts are paid off and proceeds immediately returned to Shareholders as a Return of Capital.

The implied Total Return assumes that no further aircraft will be acquired, but there may well be further acquisitions of aircraft (any such being subject to prior Shareholder approval).

The implied Total Return assumes that each lessee will honour its contractual obligations during each lease term and income distributions include all future targeted dividends.

There is no guarantee that the assets will be sold at Latest Appraisal values or that such implied Total Returns will be generated.

Assumes GBP/USD FX rate and applicable US 3-month LIBOR rate remains constant for the life of the respective leases. GBP/USD FX Rate: 1.4015 (as at 30th March 2018); 3M USD LIBOR Rate: 2.31% (as at 29th March 2018) as sourced from Bloomberg.

AMEDEO'S ASSET MANAGEMENT REPORT TO AA4P

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles	Last Inspection	Upcoming Inspection
Emirates	A380-861	157	A6-EEY	19/05/2015	19/05/2027	15,697	2,522	19/11/2017	-
	A380-861	164	A6-EOB	19/05/2015	19/05/2027	14,639	2,344	17/03/2018	-
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	13,676	1,263	19/11/2017	-
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	9,618	1,516	19/11/2017	-
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	9,443	1,503	17/03/2018	-
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	8,303	1,289	17/03/2018	-
	777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	6,982	1,773	-	31/05/2018
	777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	7,057	1,577	-	31/05/2018
Etihad	A380-861	233	A6-API	24/03/2017	24/03/2029	5,162	529	-	31/05/2018
	A380-861	237	A6-APJ	24/05/2017	24/05/2029	4,326	428	-	31/05/2018
Thai	A350-900	123	HS-THF	13/07/2017	13/07/2029	3,121	480	13/07/2017	-
	A350-900	130	HS-THG	31/08/2017	31/08/2029	2,457	339	31/08/2017	-
	A350-900	142	HS-THH	22/09/2017	22/09/2029	2,161	290	22/09/2017	-
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	391	60	26/01/2018	-

The utilisation figures above represent the totals for each aircraft from first flight to 28th February 2018

During the lifetime of the lease, the respective airline bears all costs of the aircraft including maintenance, repair and insurance.

During Q1 2018, Amedeo performed a records and physical survey inspection as per the underlying lease agreements on three of the aircraft in the portfolio. The aircraft were made available for physical inspection during a day stop while access to records was provided in electronic format. The aircraft were found in good physical condition and maintained to a very high commercial standard.

IATA ECONOMIC ANALYSIS

- The strong growth in global passenger traffic for 2017 continues into 2018 as RPK's (revenue passenger kilometres) grew by 7.6% year-on-year in February. Up from a growth rate of 4.6% for January, the difference in passenger volumes for the first two months of 2018 occurred due to the late timing of the Lunar New Year resulting in the surge in passenger demand to fall in February.
- Industry wide capacity increased by 6.3% year-on-year in February 2018. Whilst capacity outpaced passenger demand for January, figures for February show passenger load factors to have increased to 80.4%.
- Most notably from February's performance, South American carriers posted the highest rate of international RPK traffic growth for the month at 9.8%. At the same time, India's year-on-year passenger demand growth (RPKs) was 22.9% for February making this the 42nd month in a row of double digit growth for the country.
- 2018 is forecast to be a year of strong growth with passenger volumes currently moving upwards at rates between 5.0% and 5.6% per annum. Despite the slower start to the year in January, February's figures show a rebound to the initial year's performance. Strong economic drivers, favourable business confidence indictors and continued capacity expansion are likely to encourage passenger growth over the course of 2018.
- Despite oil prices up 16% year-on-year for February 2018, airlines are indicating strong earnings with EBIT profit margin results at 8.6% of revenues for the third quarter of 2017, with particularly strong results from Asia Pacific and Latin American carriers.

Source: IATA (International Air Transport Association).

AIRLINE MARKET DEVELOPMENTS

Air travel has developed considerably over the past few decades. Most noticeably, air fares have become more and more affordable. Continuous technological improvements are being implemented in new aircraft and the adoption of supportive government policies has allowed air travel to become a significant economic driver in a growing number of countries. As a result, air travel has become ever more accessible to consumers in developing regions, whilst other countries have established themselves as the 'super connectors' in international travel. Overall, the landscape of commercial air travel is not the same as it was almost two decades ago when air traffic growth was once led by Europe and North America. Today, it is being driven by the rapid growth in the Asia Pacific, Middle East and South American markets that are forecast to continue to grow.

In 2017, the United States, China and Japan, retained top positions for the world's busiest airline markets in terms of seats. While the US has stayed at the top of the podium with Hartfield-Jackson Atlanta being the only airport to carry over 100 million passengers a year, China's Beijing Capital International Airport has set another record high in terms of passengers carried (95.8 million passengers in 2017). Traffic between Beijing and Shanghai is now the eighth busiest route in the world and is only superseded by other city pairs within the Asia Pacific region.

China continues to close the gap to overtake the US and with Beijing's new terminal opening in 2019, the capital will gain some of the additional infrastructure needed to support the forecast rise in traffic expected in the region. Beijing's growth emulates that of the wider Chinese market for which IATA has revised its latest growth forecasts and predicts China to displace the US as the world's largest market by 2022, a full two years ahead of the original forecast.

Busiest Markets in 2017			Fastest Market Growth Between 2010-2017	
United States	1,070,100,055	1	Vietnam	171%
China	712,989,906	2	Turkey	142%
Japan	212,469,385	3	Thailand	123%
India	182,584,269	4	Indonesia	123%
United Kingdom	174,299,976	5	Saudi Arabia	118%
Indonesia	159,317,716	6	Qatar	108%
Germany	152,400,212	7	India	96%
Spain	142,203,047	8	China	95%
Brazil	128,594,126	9	Peru	94%
France	108,931,307	10	United Arab Emirates	85%

As measured by market seat capacity *Source: Diio*

In terms of market potential, the majority of the world's fastest growing markets in the past eight years can be located within Asia and the Middle East. Countries such as India and Indonesia are experiencing rapid levels of growth, whilst also being listed as some of the biggest markets in the world. To compare, India has overtaken the UK as the fourth busiest market in terms of seat capacity. Whilst London Heathrow's passenger numbers grew by 1.7% in 2017 (year-on-year), Delhi saw a 15.1% increase during the same period. India's lead on the UK is only set to continue as Delhi's airport is to expand existing terminals and build a new runway, whilst London Heathrow is hampered by the delays in securing agreement to a vital third runway.

Infrastructure constraints are a global issue. With the forecast rise in passenger traffic, the industry must plan for future capacity and whilst some areas such as China, Singapore and India are able to expand their airports' and traffic capacity accordingly, other regions of the world need additional government support and investment in order to facilitate future growth. Regions such as the Americas, where facilities can be up to fifty years old, require planning that can accommodate the next 25 years of passenger travel. For the Latin American aviation industry, this is a necessity as it continues to grow with above average passenger traffic growth of 6.1% (RPK's) for January 2018. It is estimated that $100bn of investment is required in North America alone, to modernise existing facilities. With insufficient investment to date, some markets are constrained in their own operations.

As forecast by IATA, the Asia Pacific region is expected to be the origin of more than half of the world's new passengers within the next 20 years. With the world's number of city pairs now exceeding 20,000, where nearly 45% of the increased connectivity in the past year came from new routes within Asia, it is certain that the Asia Pacific region is becoming the epicentre of air traffic demand. What's more, the rising levels of connectivity between cities makes markets more open in terms of tourism, trade and investment.

As Asia's network expands, it is expected the region will need between fourteen to sixteen thousand new aircraft in order to support regional growth through trade and tourism over the coming decades. By today's standards, where 48% of the world's aircraft in service are leased, Asia will rely on the leasing industry to fund almost half of the new aircraft to be delivered over the next 20 years.

Source: Airbus, Airports Council International, Ascend, Boeing, CAPA, Diio, IATA, Routes (UBM UK).

EMIRATES GROUP

- As of March 2018, the airline had 254 aircraft in its fleet with a combined average age of 6.2 years. Emirates operates two passenger aircraft types and has A380 and B777 aircraft on order as well as an option to purchase forty B787-10 aircraft.
- In recent news, the Group firmed an order for twenty A380 aircraft. Emirates have stated they may begin to take delivery of this order from 2020 onwards, extending their A380 order backlog through to 2029. This commitment from the A380's largest operator ensures the superjumbo's order book continues to grow and that a supply of new A380 aircraft will continue to enter the market for at least the next decade.
- Since Emirates' announcement last year to gradually increase flights between their Dubai hub and US markets, the airline has steadily begun increasing their operations across the Atlantic. To date it has been reported their fleet has been utilised in more services to JFK, Newark, Houston, Fort Lauderdale and Ontario following the lifting of last years heightened US security measures.
- Emirates' Financial Year 2017 to 2018 Annual Report is to be released in May 2018. Following the carrier's announcement of its financial results, investors can expect a summary of Emirates performance over the period in the AA4P 2018 Annual Financial Report.

Source: Emirates, Ascend.

ETIHAD AIRWAYS

- As of March 2018, the airline had 113 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6.9 years. The airline operates 4 passenger aircraft types and has A350, B787, B777 and A320 neo aircraft on order. During the quarter the carrier reduced its in service fleet from 122 aircraft at the start of the year due to management's decision to withdraw from its cargo operations and scale back capacity on its North America routes over the next year.
- The Airline boasts an extensive international network of 83 destinations across 51 countries with its three largest markets currently being India, the UK, and Saudi Arabia in terms of seats.
- Etihad posted an annual loss of US $ 1.87bn for the financial year ending March 2017 as it dealt with the impact of terrorism in the EU and the implications of low oil prices on the region's economy. A total of US $808m of the annual loss was attributed to a write down in the value of its investment in Air Berlin and Alitalia. The Gulf carrier remains 100% owned by the Abu Dhabi government and therefore we anticipate no impact on the receipt of AA4P's lease rental payments or compliance with the terms of the leases.
- Reports have been published in 2018 as to a potential US $1.2bn bond default linked to Etihad. Issued by EA Partners, a bankruptcy remote special purpose company created to issue the bond, in 2015, the proceeds were used to enter into debt obligations with Alitalia, Air Berlin and Etihad. Following the insolvency of Air Berlin and Alitalia, liquidity facilities have been exercised to ensure bond holders are being repaid. Whilst Etihad is yet to comment on the matter, a recent report has announced that EA Partners are to auction their claims on the two insolvent airlines. A covenant within the bond documents triggers a 'remarketing event' when the liquidity pool falls below 75% of the initial reserves whereby only claims on the insolvent airlines are to be auctioned.

Source: Etihad, Ascend, CAPA, Reuters, Financial Times, Gulf Times

THAI AIRWAYS INTERNATIONAL

- For 2017 Thai Airways' total revenue grew by 5.01% year-on-year to THB 190,535m (USD 5,868m) due to increased demand across the company's passenger, freight and ancillary services.
- The Groups operating performance improved year-on-year with a 10.3% increase in the number of passengers carried to 24.56m, whilst demand (RPK's at 71,634m) increased more than Thai's capacity (ASK's at 90,498m) resulting in a load factor increase of 5.8% to 79.2% for the year.
- During the period, the Group expanded its operations throughout Asia and Europe and launched a direct route to Vienna. In total Thai Airways currently serves 64 destinations within Asian, Europe and the Middle East.
- At the end of 2017 the Group's in-service fleet stood at 100 aircraft and fleet replacement continued with the addition of 7 new aircraft during the year. Comprising five Airbus A350-900 XWBs and two Boeing 787-9s all under lease, these next generation technology aircraft are to be operated on the Group's intercontinental and regional routes such as Bangkok - Rome, Bangkok – Brussels, Bangkok – Auckland, and Bangkok-Singapore.
- Operating expenses for the year increased by 7.1% to THB 12,604m. An increase in fuel expenses can be attributed to a rise in jet fuel prices during 2017, however this was marginally offset by an appreciating THB against the USD. At the same time the cost of lease rental expenses also increased year-on-year due to the airline's fleet replacement program.
- Whilst the Group posted an operating profit of THB 2,895m (USD 89m), the year-end net profit resulted in a loss of THB 1,555m (USD 49m) due to increased operating expenses and extraordinary losses from the impairment of older assets and the revaluation of foreign currency liabilities due to FX movements.

Source: Thai Airways International Public Company Limited, Ascend.
N.B.: USD/THB = 32.58 FX rate as of 31/12/17.

A380 MARKET UPDATE

- Hi Fly, a charter operator, has announced plans to introduce an A380 aircraft into its fleet by mid - 2018. The Portuguese company will become the first wet lease operator of the A380 and enable other airlines and governments to employ the aircraft through short terms leases. Hi Fly's unprecedented move to begin wet lease operations using an A380 will enable operators whose business models may not suit longer term leases or the cost of ownership to take advantage of the aircraft's size, technology and consumer appeal with minimal operational risk.
- In other news, Airbus reported that the main sections for the first A380 to be delivered to Japan's All Nippon Airways (ANA) had arrived in the manufacturer's Toulouse facility for final assembly. Due for delivery in early 2019, ANA's first of three ordered A380s will be operated on the airline's Tokyo to Honolulu route. Once delivered, ANA will become the fifteenth operator of the A380, which includes HiFly.

Source: Airbus, Ascend, AirFinance Journal, CAPA (Centre for Aviation), Hi Fly, Independent Digital News & Media

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Contact with the Board

The Directors think it important that any Shareholder should be able to contact the Board, through the Chairman or any individual Director, if they wish to do so. Contact email and telephone numbers for each Director are set out below.

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