AA4P QUARTERLY REPORT

Amedeo Air Four Plus Limited
LSE: AA4

Report to Shareholders for the quarter ending 30 September 2017

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 601,900,000 shares in issue as at 30 September 2017 (the "equity").

With the share price trading at 107p the market capitalisation of the Company was GBP 644,033,000 as at the end of the quarter.

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 widebody or other aircraft which will be leased to one or more major airlines (each aircraft an "Asset").

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

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

CURRENT INVESTMENTS

In June 2017 the Company issued a further 134,650,000 shares at an issue price of 104p to raise proceeds for the acquisition in Q3 2017 of the initial three A350-900 aircraft leased to Thai Airways.

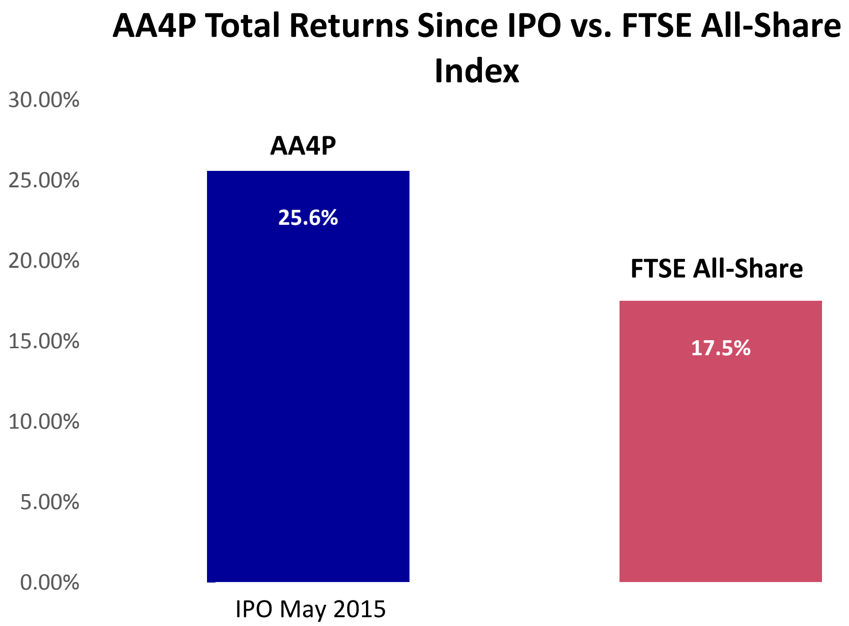
Since launch in May 2015, the Company has acquired eight Airbus A380, two Boeing 777-300ER and three A350-900 aircraft. Eight of these aircraft are leased to Emirates, two aircraft are leased to Etihad and three aircraft are leased to Thai Airways. All aircraft are leased for a period of 12 years from each respective delivery date. In order to complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which together with the equity proceeds were used to finance the acquisition of the thirteen aircraft.

Pursuant to a capital raise to be undertaken during Q4 2017, the Company intends to acquire the fourth A350-900 and, if acquired, delivery of the same is expected to take place in December 2017.

For the thirteen aircraft in the portfolio, the appraisers expect a residual value of USD 1,522 million.[1]

LISTING (30 September 2017)

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	107p (Closing)	Asset Manager	Amedeo Limited
Current Targeted Distribution	8.25 pence per share p.a.	Corp & Shareholder Advisor	Nimrod Capital LLP
Market Capitalisation	GBP 644,033,000	Administrator	JTC Fund Solutions (Guernsey) Limited
Initial Debt	USD 2,315,757,240.44	Auditor	Deloitte LLP
Outstanding Debt Balance	USD 2,159,201,201.12	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



*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 29 September 2017

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.

[1] Residual values for the first 9 aircraft are as of March 2017. For the last 4 aircraft, values shown are as of its respective delivery date.

AMEDEO'S ASSET MANAGEMENT REPORT TO AA4P

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

THE ASSETS

Total Utilisation

Aircraft Type	MSN-Registration	Acquisition Date	Flight Hours	Flight Cycles	Average Flight Duration
A380-800	MSN 157 - A6-EEY	19-May-15	13,467	2,182	6 h 10 min
A380-800	MSN 164 - A6-EOB	19-May-15	12,503	2,019	6 h 12 min
A380-800	MSN 187 - A6-EOM	3-Aug-15	11,175	1,019	10 h 58 min
A380-800	MSN 201 - A6-EOQ	27-Nov-15	7,536	1,188	6 h 21 min
A380-800	MSN 206 - A6-EOV	19-Feb-16	7,180	1,143	6 h 17 min
A380-800	MSN 208 - A6-EOX	13-Apr-16	6,193	961	6 h 27 min
777-300ER	MSN 42334 - A6-EPO	28-Jul-16	4,901	1,232	3 h 59 min
777-300ER	MSN 42336 - A6-EPQ	19-Aug-16	4,869	1,044	4 h 40 min
A380-800	MSN 233 - A6-API	24-Mar-17	2,429	263	9 h 14 min
A380-800	MSN 237 - A6-APJ	24-May-17	1,501	155	9 h 41 min
A350-900 XWB	MSN 123 - HS-THF	13-Jul-17	450	105	4 h 17 min
A350-900 XWB	MSN 130* - HS-THG	31-Aug-17	-	-	-
A350-900 XWB	MSN 142* - HS-THH	22-Sept-17	-	-	-

The utilisation figures above represent the totals for each aircraft from first flight to 31 August 2017

** Aircraft MSN 130 and Aircraft MSN 142 were delivered on 31 August 2017 and 22 September 2017 respectively. Flight Hours and Flight Cycles to be included in next Quarterly Report*

All aircraft are operating normally. During the lifetime of the lease, the respective airline bears all costs of the aircraft including maintenance, repair and insurance. The aircraft are in very good condition and are maintained to a high standard. Inspections are planned for all aircraft on an annual basis in order to review aircraft physical status and compliance of records with regulatory requirements. These inspections allow the asset manager to assess the airline's ongoing maintenance operations for each aircraft and, by establishing a relationship with the airline personnel, allow the discussion of aircraft specific maintenance activities as well as provide recommendations. For the current location of the aircraft please visit www.amedeo.aero/portfolio/

2017 Outlook

- Annual growth in industry-wide passenger traffic accelerated to 7.8% year-to-date. In seasonally adjusted terms, capacity also increased by 6.0% year-to-date.
- An additional 1,850 new aircraft are expected to be delivered in 2017, of which half are targeted to replace existing older generation aircraft. The average size of aircraft is continuing to rise and fleet utilisation is increasing, creating greater efficiencies. Against the backdrop of an increase in aircraft size, aircraft seat capacity will reach about 4.2 million seats by the end of 2017. With very high load factors (over 80%) the increased passenger demand for air travel is a very positive trend.
- New destinations are forecast to rise by 4.0% this year, with city-pair connections expected to reach 19,000 in 2017.

- Airspace infrastructure costs are running high and added European airport inefficiencies will add an additional EUR 2.9 billion to airline costs next year. Airspace and airport inefficiencies waste around 5.0% of fuel burn each year. The time passengers waste in delays associated with infrastructure inefficiencies adds a consumer cost worth approximately EUR 4.9 billion.
- The hurricane season in the Gulf of Mexico, the Caribbean and southern US states has caused some volatility in oil prices with major disruptions to US airlines and airports reported in September.

Source: International Air Transport Association, 2017. 2017 Mid-year report: Economic Performance of the Airline Industry. Air Passenger Market Analysis (July 2017) International Air Transport Association, 2017. Airlines Financial Monitor (August 2017). Flightglobal.

Widebody Aircraft

The aviation market has grown rapidly over the last 70 years with the requirements of the market evolving. Before the start of World War II, a route between Amsterdam and Batavia (Jakarta) took six days to complete with over fifteen stops for refuelling. Aircraft were small and cabins were cramped. As technology developed to address market requirements, the size and efficiency of aircraft increased. With the advent of globalisation and movement of people, the need to fly more people at a given point in time has become a requirement. However, infrastructure has never managed to keep up with the growth in air traffic. London Heathrow airport is a case in point. The current debate around building a third runway highlights the slot constraints at the airport. The only way to increase the number of passengers coming into London Heathrow is to increase the aircraft size. Slots have become increasingly expensive in airports like London Heathrow. Additionally, the general increase in fuel prices and the extent of the fuel burden on airlines' operating costs has driven manufacturer's to make more fuel efficient aircraft. A few years ago when oil prices peaked, fuel made up over 25.0% of airlines' costs. With the price of fuel at lower levels today, the cost to the airlines' is still at about 18.0%. This highlights that technological improvements in aircraft are crucial to the evolution of air travel and key to the improved economics of long-haul travel.

Today, the widebody (twin-aisle aircraft) market is served by only a handful of aircraft types that can make routes economically viable. Airbus' A330, A350, A380 and Boeing's 777 and 787's, focus on economies of scale and fuel efficiency which have allowed airlines to access new markets further afield. With an increase in new destinations forecast to grow at 4.0% in 2017, longer routes are being anticipated which can only be served with these widebody aircraft.

Widebody Aircraft for Ultra-Long-Haul Growth

During September, the New York Times reported that Hong Kong Express, part owned by the HNA Group (Chinese conglomerate), plan to add widebody aircraft (twin-aisle aircraft) to its fleet in order to optimise aircraft slots against increased capacity demands, as well as add longer range routes to its rapidly growing network. This comes as no surprise, when slot constraints and congestion around Hong Kong airport require a rapidly growing airline with increasing capacity demands to quickly look to efficient widebody aircraft, as part of any kind of strategic advancement. In the same month, Forbes published an article about the last frontier in aviation: ultra-long-haul flying, with a focus on Air New Zealand. Ultra-long-haul flying is only possible with new technology large aircraft, as size and range are correlated. One cannot fly direct from London Heathrow to Buenos Aires without using a twin-aisle widebody aircraft as narrowbody aircraft (single-aisle aircraft) have a lesser range.

To fly over 8,000 nautical miles requires an immense amount of fuel which creates a fuel penalty. The feasibility of ultra-long-haul flying comes with the advancement of technology and improving the long-range economics of flying. For Air New Zealand, largely a long-haul airline, a twelve hour flight is typical due to the location of New Zealand. The airline is looking to expand its network to add destinations like Chicago and New York (about 8,800 nautical miles), which requires new technology ultra-long-haul widebody aircraft to make this feasible and profitable. Air traffic growth and the demand for more city pairs require more direct routes. Air New Zealand are not the only ones with a focus on ultra-long-haul. Other airlines are looking to do the same. United Airlines has recently announced various ultra-long-haul routes with Los Angeles to Singapore beginning in October 2017 with a 787-9, as well as Houston to Sydney with a 787-9 from January 2018. For Qantas, a non-stop Sydney to London route that reduces flight time by three hours is a game changer for the customer and eliminates the need for a stopover.

Ultra-long-haul routes require the use of widebody aircraft such as the A350, A330, A380, 787 & 777. However, providing a customer with a convenient route is not enough. What an airline does in those 12 plus hours with a customer is key to building brand loyalty. Emirates introduced amenity kits for all economy travellers with added IFE (in-flight entertainment) benefits and better food. Air New Zealand offers customers the option to book an economy Skycouch where the three seats together in economy can recline and pull forward to create a sofa like experience. It is easy enough to get someone on an aircraft at the right price, but without enough customer focus, it is hard to keep a customer in an ever competitive market.

In the next quarterly report, we will focus on two significant developments in aviation that will have a profound and lasting impact: 1) low cost long haul travel and 2) decoupling of the utility of flying from the airline brand – are airlines transport companies or are they consumer brands – we will show it is becoming the latter. Implications from these developments are relevant and significant.

Source: Flightglobal. Emirates, Air New Zealand, New York Times; Budget Airline Hong Kong Express Expects to Add Widebody Aircraft to Fleet, September 2017. Forbes; **As Ultra-Long-Haul Flying Takes Off, Air New Zealand Eyes Auckland-New York, September 2017.** CNN; Ultra Long-haul: On board the world's longest flight, April 2017. International Air Transport Association, 2017. 2017 Mid-year report: Economic Performance of the Airline Industry.

EMIRATES GROUP: KEY FACTS FROM THE 2016-2017 ANNUAL REPORT[2]

- 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 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 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

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

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 September 2017, the airline had 123 aircraft in its fleet comprising a mix of narrow and wide-body aircraft with an average age of 6.1 years. The airline has 2 freighter and 7 passenger aircraft types and also has A350 aircraft on order.
- Group wide strategic evaluation is ongoing to drive change and improve performance.
- One-off impairments on aircraft and equity investments affected the bottom-line in 2016, but revenue remains stable.
- 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.
- From 1 July 2017, Etihad began 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. CAPA: Centre for Aviation.

MIDDLE EASTERN CARRIERS

- The embargo on Qatar by neighbouring Arab countries has impacted the carrier's access to some Middle Eastern markets and airspace. Nevertheless, Qatar have been able to quickly shift capacity to underserved markets that it could not previously accommodate. Additionally, Qatar has wet leased some aircraft to British Airways and in September 2017, completed its acquisition of a 49% stake in the parent company of the second largest Italian airline, Meridiana.
- In relation to the situation with Gulf traffic flows following the embargo on Qatar, CEO of Emirates, Sir Tim Clark added that, "people are not being deterred by what's happening" and since the recent lifting of the PED (personal electronic devices ban) on all US flights, "We've seen a lot of the business that we lost in the early part of the year, particularly in the American markets, come back to us, even though we stripped out capacity. Those flights are now completely full and we'll probably in the next six to nine months reintroduce the capacity we took out."
- Emirates have further evolved their business model through a broad partnership agreement with FlyDubai, which will allow the carrier to access new markets and increase feeder traffic to its global hub.

Source: Flightglobal, CAPA: Centre for Aviation

THAI AIRWAYS INTERNATIONAL: KEY FACTS

- As of Q2 2017, Thai's passenger traffic increased by 21.9% compared with the same quarter last year.
- Passenger load factors are at a 10 year high at 78.5%, against the backdrop of increased capacity.
- In H1 2017, Thai's fleet utilisation increased by 4.5%.
- In Q2 2017, total revenue increased by 9.6% compared with the same quarter last year, largely due to an increase in passenger and excess baggage revenue despite a drop in yields due to price competition.

Source: CAPA: Centre for Aviation, Thai Airways International.

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