
AMEDEO AIR FOUR PLUS LIMITED

Consolidated Annual Financial Report (audited)

From date of incorporation (16 January 2015) to 31 March 2016

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SUMMARY INFORMATION

Company Facts

Listing	The Specialist Fund Segment of the London Stock Exchange's Main Market
Ticker	AA4
SEDOL, ISIN	BWC53H4, GG00BWC53H48
Currency	Sterling
Launch Date/Price	13 May 2015 / 100p
Share Price	101.25p (as at 31 March 2016) 100.00p (as at 24 June 2016)
Market Capitalisation	GBP 305.775 million (as at 31 March 2016)
Current/Future Anticipated Dividend	Current dividends are 2.0625p per quarter per Share (8.25 pence per annum).
Dividend Payment Dates	January, April, July, October
Year End	31 March
Stocks & Shares ISA	Eligible
Aircraft Registration Numbers	A6-EY, A6-EOB, A6-EOM, A6-EOQ, A6-EOV, A6-EOX
Website	www.aa4plus.com

COMPANY OVERVIEW

Amedeo Air Four Plus Limited

Amedeo Air Four Plus Limited (LSE Ticker: AA4) ("AA4" or the "Company") is a Guernsey company incorporated on 16 January 2015.

The Company's shares were first listed on the Specialist Fund Segment ("SFS") (formerly the Specialist Fund Market) 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. On 15 December 2015, pursuant to an additional Placing Programme, the Company concluded a first placing, with the admission to trading on the SFS of an additional 47,000,000 Shares at an issue price of 100 pence per Share. On 11 March 2016, the Company concluded a second placing, with the admission to trading on the SFS of an additional 53,000,000 Shares at an issue price of 101 pence per Share.

As at 24 June 2016, the last practicable date prior to the publication of this report, the Company's total issued share capital consisted of 302,000,000 Shares and the Shares were trading at 100 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 financing 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 ("Shareholders") by ordinary resolution in relation to each proposed acquisition. It is the current intention of the directors of the Company (the "Directors") to offer Shareholders the opportunity to participate in the 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 Directors consider it appropriate to do so.

Investment Portfolio

At the reporting date the Company had six wholly-owned subsidiaries, AA4P Alpha Limited ("Alpha"), AA4P Beta Limited ("Beta"), AA4P Gamma Limited ("Gamma"), AA4P Delta Limited ("Delta"), AA4P Epsilon Limited ("Epsilon") and AA4P Zeta Limited ("Zeta"). Together the Company, Alpha, Beta, Gamma, Delta, Epsilon and Zeta are known as the ("Group").

The first Asset, MSN157, was acquired by Alpha on 19 May 2015. Upon delivery, Alpha entered into an operating lease with Emirates Airline ("Emirates"), pursuant to which MSN157 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease.

The second Asset, MSN164, was acquired by Beta on 19 May 2015. Upon delivery, Beta entered into an operating lease with Emirates, pursuant to which MSN 164 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease.

The third Asset, MSN187, was acquired by Gamma on 3 August 2015. Upon delivery, Gamma entered into an operating lease with Emirates, pursuant to which MSN187 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease.

The fourth Asset, MSN201, was acquired by Delta on 30 November 2015. Upon delivery, Delta entered into an operating lease with Emirates, pursuant to which MSN201 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease.

COMPANY OVERVIEW (continued)

The fifth Asset, MSN206, was acquired by Epsilon on 19 February 2016. Upon delivery, Epsilon entered into an operating lease with Emirates, pursuant to which MSN206 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease.

Post the reporting date a sixth Asset, MSN208, was acquired by Zeta on 13 April 2016. Upon delivery, Zeta entered into an operating lease with Emirates, pursuant to which MSN208 has been leased to Emirates for an initial term of 12 years with fixed lease rentals for the duration of the lease. The financial consequences of this post balance sheet acquisition are not reflected in these financial statements to 31 March 2016.

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 capital, upon the sale 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, at least until such time as any aircraft other than the first six Assets are acquired.

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 Companies (Guernsey) Law 2008, as amended (the "Law") enabling the Directors to effect the payment of dividends.

In the event that the Company is wound-up pursuant to a Shareholder resolution, Shareholders may also receive a capital return reflecting the net sale of the Assets.

Performance Overview

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

In accordance with the Distribution Policy, the Company declared three dividends of 2.0625 pence per Share during the period under review and one dividend of 2.0625 pence per Share was declared after the reporting period. Further details of dividend payments can be found on page 16.

Return of Capital

Following the sale of an Asset the Directors may, as they deem appropriate at their absolute discretion, either (i) return to Shareholders the net capital proceeds of such sale, or (ii) 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 therein).

While the amount that a sale of any asset would generate is unknown, the Company, as advised by the Asset Manager, believes that the Assets represent an opportunity for capital growth for Shareholders and the Group is targeting a range of potential asset sale prices depending on market conditions.

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 the Assets. The Directors will consider any recommendation the Asset Manager makes as to the sale of any Asset and proceed as it considers appropriate.

Liquidation Resolution

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.

COMPANY OVERVIEW (continued)

At the Liquidation Proposal Meeting, a Liquidation Resolution will be proposed that the Company proceed to an orderly wind up. 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 first annual financial report covering the period from incorporation on 16 January 2015 to 31 March 2016.

Pursuant to the Company's IPO, admission of 202,000,000 shares of the Company to trading on the SFS took place on 13 May 2015, with an issue price of 100 pence each.

Pursuant to a successful Placing Programme, on 15 December 2015 admission of 47,000,000 new shares of the Company to trading on the SFS took place at an issue price of 100 pence each; and on 11 March 2016 admission of a further 53,000,000 new shares took place at an issue price of 101 pence each.

The Company's investment objective is to obtain income returns and a capital return for its Shareholders by acquiring, leasing and then selling aircraft. The Company used the net proceeds of the IPO and the placings, together with financing arrangements (generally comprising senior and junior debt) to fund the purchase of six Airbus A380-861 aircraft and to lease them to Emirates. The aircraft were acquired at a total net cost to the Company of US\$1,627.6 million. The aircraft have each been leased to Emirates for an initial term of twelve years with fixed lease rentals for the duration. All payments by Emirates have been made in accordance with the terms of each lease.

The Company declared a first interim dividend of 2.0625 pence per share on 2 July 2015 and has declared subsequent quarterly dividends of 2.0625 pence per share thereafter. Following the purchase of the sixth Airbus A380 on 13 April 2016, all six of the initial assets have been acquired and leased (as envisaged at the time of the IPO) and the Company is targeting a distribution to Shareholders of 2.0625 pence per share per quarter (amounting to a yearly distribution of 8.25 pence per share) until further aircraft are acquired.

The lease payments received by the Company from Emirates cover repayment of the senior debt and payments of interest only on the junior debt, as well as income to pay dividends to Shareholders (the financing arrangements for the fifth Airbus A380 acquired by the Company use a slightly different structure, involving lease financing, however the economic effect is the same). The capital portion of the junior debt, amounting to between US\$35 million and US\$40 million per Asset, will be paid out of the disposal proceeds of the relevant aircraft once its lease to Emirates has expired. Emirates bear all costs (including maintenance, repair and insurance) relating to the 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 Placing Agent and Corporate and Shareholder Adviser, continues to liaise between the Board and Shareholders.

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 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. In pursuit of this objective, the Board recently proposed to the Shareholders that the Company acquire two Boeing 777-300ERs for leasing to Emirates. Shareholder approval for the proposed acquisitions was obtained on 27 July 2015 and the Company will shortly commence 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 Boeing 777-300ER will be acquired in July 2016 and the second Boeing 777-300ER will be acquired in September 2016.

The Board is also considering further acquisitions of aircraft for leasing to Emirates and other major airlines over the next 12 months. 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 Shareholder approval for 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"), the Global air passenger market grew by 7% year-on-year in the first quarter of 2016. Low oil prices have contributed to increased passenger demand over the course of 2015 and passenger load factors have been outperforming industry forecasts. Continued lower fares should provide further stimulus to passenger

CHAIRMAN'S STATEMENT (continued)

demand over the coming months. Overall, global air passenger traffic grew 6.5% in 2015, which is a 1% increase over the 10-year annual average growth rate of 5.5%.

In the period April 2015 to March 2016, Emirates achieved its 28th consecutive year of profit and one of its best performances to date with a net profit of US\$1.9 billion, an increase of 56 percent compared to the previous year. The decline in oil prices further improved Emirates bottom line. The airline carried a record 51.9 million passengers and with high passenger seat factors against the backdrop of increased capacity, consumer appetite for the Emirates product is very high.

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 US\$40,077,766. When viewed on a per Share basis this equates to 13.3 pence resulting in a reported NAV per Share of 86.72 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 principal 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 the Company's life and are very similar in amount and timing save for the bullet repayment of capital on the junior debt.

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 for 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 the 12 year leases. 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 capital 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

MSN-Registration	Delivery Date	Total Utilisation		Average Flight Duration
		Flight Hours	Flight Cycles	
MSN 157 – A6-EEY	4-Sep-14	7458	1195	6 h 24 min
MSN 164 – A6-EOB	3-Nov-14	6527	1062	6 h 15 min
MSN 187 – A6-EOM	3-Aug-15	3609	331	10 h 54 min
MSN 201 – A6-EOQ	27-Nov-15	1372	232	5 h 55 min
MSN 206 – A6-EOV	19-Feb-16	533	91	5 h 51 min
MSN 208 – A6-EOX	13-Apr-16	N/A*	N/A*	N/A*

All six aircraft are performing in line with expectations. Amedeo will carry out a scheduled inspection of MSN 157 and MSN 164 at the next scheduled inspection interval in July and August, respectively. MSN 208 was acquired after the balance sheet date.

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

* Utilisation data has not been included as the report is as of March 31st.

End of Q1 2016

- Asia-Pacific dominates the world share of revenue passenger kilometres at 31.5%, followed by Europe and North America.
- Passenger load factors are currently at 80.4%, 0.4% above IATA's 2016 forecast.
- Emirates announces that they will continue ordering A380s whether or not Airbus moves forward with the A380neo.
- Airbus estimates that India will require 380 widebody aircraft to keep pace with demand over the next 18 years and will be the next fastest growing emerging market.
- ANA (of Japan) ordered three A380s with deliveries beginning in 2018.
- Iran signed an acquisition agreement with Airbus for 118 jets including 12 A380s.
- Air France substituted two A380s for three A350-900s.
- Emirates ordered two additional A380s with deliveries in Q4 2017.

Despite uncertainty in the equity markets and deflation across the Eurozone, we are seeing very strong financial results from the airline industry with record high passenger traffic growth in the month of January, an increase from last year of over 7%.

Source: Ascend, Emirates Group Annual Report 2015-2016. © International Air Transport Association, 2015. Economic Performance of the Airline Industry, 2015 End-year report. All Rights Reserved. Available on IATA Economics page. © International Air Transport Association, 2015. Air Passenger Market Analysis – January 2016. All Rights Reserved. Available on IATA Economics page.

ASSET MANAGER'S REPORT (continued)

Qatar's recent announcement that it would likely take an additional three A380 aircraft is as a direct result of the dramatic drop in Brent crude prices in the last year. In 2015 the airline industry gained tremendous momentum from low oil prices. Brent crude prices slightly increased in Q1 2016; however, the indication is that they will stay below USD 50/bbl. until the second half of 2019.

From an industry growth perspective, low oil prices bolster passenger traffic demand which has led to record high passenger load factors across most markets over the financial year. Global air passenger traffic grew 6.5% in 2015, which is a 1% increase over the 10-year annual average growth rate of 5.5%. In the current economic climate, as well as the unprecedented growth in the airline industry, we are seeing a few key behavioural patterns emerge from the airlines.

In addition to the boost in traffic growth from low oil prices, further stimulus from network expansion is on the rise. The race to establish strong global networks (especially in Asia-Pacific), and partnerships between airlines has reached a fever pitch. The evolution of airline partnerships has been dramatic in the last two decades, starting with consolidation as a survival mechanism to the emergence and strengthening of global alliances. Airline consolidation has its limitations and strategic partnerships can create an even greater capacity for inorganic growth that many airlines have pursued. At first, the industry was dominated by transatlantic partnerships. Now that these have been established, the airlines are looking to emerging markets to evolve the model and aggressively form cross-alliance partnerships.

In 2012 Emirates partnered with Qantas in a revenue sharing partnership that allowed Emirates to tap into Qantas' established network and vice-versa. This cross-alliance partnership facilitated hub-to-hub traffic and expanded route connectivity. In the financial year 2015-2016, Emirates grew its partnership portfolio to 20 codeshare partners as well as 152 interline partnerships. In Asia-Pacific alone, strategic codeshare partners have allowed Emirates to add 101 new destinations beyond its own network, strategically increasing Emirates' global footprint. In the last year, airport connections in Asia-Pacific have increased by over 7%, further facilitating passenger demand. Recently, Emirates announced a codeshare agreement with Malaysia Airlines allowing it to further tap into the Asia-Pacific market. Malaysia Airlines have greatly benefitted from such an arrangement, with increased connectivity into European and North American markets.

Since August 2015, the overall global network has increased with 21 new routes between Asia and Europe, 19 between Asia and North America, and 24 between Asia and the Middle East. Airlines such as Hawaiian Airlines are trying to increase their reach in the Asia-Pacific market. This is especially true of smaller airlines that need to form strategic partnerships with Asia-Pacific carriers in order to provide customers with the connectivity they demand.

Hawaiian Airline's recent investor presentation highlighted that a focus on deploying their widebody fleet on long-haul routes has facilitated growth in its long-haul network. In the last six years, Hawaiian Airlines have increased International passenger revenue by 14%. According to Brent Overbeek of Hawaiian Airlines, the Haneda – Honolulu route has load factors of over 90% and highlights the growth potential in the Japanese market. Nearly half of Hawaiian's growth opportunities lie in developing additional routes into Asia with half of those routes in China. All Nippon Airways' Airlines recent order of three A380s to be deployed between Tokyo and Honolulu, points to the requirement of very large aircraft being used as a key tool to facilitate growth.

For airlines like Hawaiian Airlines to expand operations across Asia-Pacific they need more widebody aircraft and strategic partnerships that allow consolidation on key trunk routes with larger aircraft.

Air traffic doubles every 15 years especially with growth in Asia-Pacific running ahead of the global average. If we consider that infrastructure spending is falling behind passenger growth, we can expect to see more slot constrained airports in the coming years. Demand will grow for larger aircraft, leading to increased demand for the A380. With a limited secondary market supply, purchase prices and lease rates will rise.

Source: Ascend, Hawaiian Airlines, Emirates Group Annual Report 2015-2016, © International Air Transport Association, 2016. Air Passenger Market Analysis, March 2016. All Rights Reserved. Available on IATA Economics page

ASSET MANAGER'S REPORT (continued)

THE LESSEE: KEY FACTS FROM THE 2015-2016 ANNUAL REPORT

- Emirates carried 51.9 million passengers, an 8% increase over the previous financial year. This was largely attributed to an increase in capacity of 13% measured in Available Seat Kilometres.
- Emirates' revenue of US\$ 23.2 billion decreased slightly by 4%, mostly as a result of significant currency devaluations against the US dollar and fare adjustments following the reduction in fuel prices.
- The airline achieved a record net profit in its 30 year history of US\$ 1.9 billion (up 56%) mainly shaped by successfully increasing competitive pressure across all markets.
- Emirates maintained a balanced revenue distribution policy across all markets with no region contributing more than 30% of revenue. Revenue in the Americas was up by 9% compared to the previous financial year.
- Continuing a very positive trend, the EBITDAR increased by 21% year-on-year to USD 6.7bn.
- Emirates maintains a sound liquidity position underpinned by sizeable cash reserves, strong cash-flow generating capabilities and continuous monitoring.
- 29 new aircraft were added to the network of which 10 were placed through the balance sheet and 19 on operating leases.
- The fleet grew to 251 aircraft following the addition of 29 new aircraft with 9 aircraft phased out. Emirates maintains an average fleet age of 6.2 years against the industry average of 11.7 years.
- Overall passenger load factor was 76.5%. Against the backdrop of increased capacity and the introduction of the new two-class A380 service, the economy class load factor was 79.2%, highlighting consumer appetite for the Emirates product.
- Total operating costs decreased by 8% over the previous financial year. The decline in oil prices has improved Emirates' bottom line. The average fuel price decreased by 39% year-on-year and contributed to the reduction in unit costs by 16%. Without accounting for fuel costs, unit costs were down 5%.
- Emirates launched eight new passenger destinations: Bali, Bologna, Cebu, Clark, Istanbul (Sabiha Gökçen), Mashhad, Multan, Orlando and added services and capacity to 34 cities on its existing route network.

Source: Emirates Group Annual Report 2015-2016

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 62) (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, where he has been a partner since 1995 specialising in aircraft finance, particularly leasing, export credit and structured financing. Since January 2016, Robin has been a consultant at Hogan Lovells. 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 68) (independent non-executive)

David Gelber began his career with Citibank in London in 1974. Over the course of the next 20 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, and Exotix LLP, an investment banking boutique specialising in frontier markets. 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 64) (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 non-executive director of a number of London-listed investment companies including 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) and is a trustee of the Guernsey Sailing Trust. He is resident in Guernsey.

SERVICE PROVIDERS

Management and the Delegation of Functions

The Directors, whose details are set out on page 10 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 the review of 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 (Guernsey) Limited ("**JTC**" or the "**Secretary**" or the "**Administrator**") which is a company incorporated in Guernsey and licenced by the Guernsey Financial Services Commission for the provision of administration services.

Consultant to the Group

Laurence Barron was appointed to act as a consultant to the Group with effect from October 2015. Laurence is currently Chairman of Airbus Group China. Having begun his career as a commercial lawyer in Paris and then in Tokyo, where he first became involved in aircraft financing transactions, he 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 Directors 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 in 2004 assuming the role of President of Airbus China, 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 Group China. Laurence holds an LLB from Bristol University Law Faculty.

Post the reporting date Laurence joined the Board as a non-executive director of the Group.

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

SERVICE PROVIDERS (continued)

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 of 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).

Corporate and Shareholder Adviser

Nimrod Capital LLP ("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. It 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

JTC is a multijurisdictional, independent provider of institutional and private client services. Established for over 25 years, JTC have significant global experience and over £47 billion (US\$70 billion) assets under administration.

With a highly qualified and multilingual workforce of over 450 employees worldwide, JTC are able to provide a global service to our clients via our network of local offices in Argentina, Brazil, British Virgin Islands, Cayman Islands, Guernsey, Jersey, Luxembourg, Malta, Mauritius, New Zealand, South Africa, Switzerland and the UK, as well as USA representative offices in Miami and New York, and alliance offices in Hong Kong, Labuan, Malaysia and Singapore.

JTC 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, JTC 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 and any reporting required under the Foreign Account Tax Compliance Act of the United States of America.

Registrar

Anson Registrars Limited ("Anson") has been appointed as registrar, transfer agent and paying agent by the Company pursuant to the Registrars 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.

SERVICE PROVIDERS (continued)

Review

The Directors keep 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 Directors the continuing appointments of the service providers on the terms agreed is in the interest of Shareholders as a whole.

A full list of the Group's service providers is set out on the inside back cover.

MANAGEMENT REPORT

A description of important events which have occurred during the period from 16 January 2015 to 31 March 2016 (the “**Period**”), their impact on the performance of the Group as shown in this Consolidated Annual Financial Report and a description of the principal risks and uncertainties facing the Group is given in the Chairman’s Statement, Asset Manager’s Report, Statement of Principal Risks and uncertainties. The Audit Committee Report and the notes to the consolidated financial statements contained on pages 27 to 60 and are incorporated herein by reference.

Going Concern

The Group’s principal activities are set out within the Group Overview on pages 2 to 4. The financial position of the Group is set out on page 39. 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 the payment of dividends. The bullet repayment of junior debt is expected to be financed out of the disposal proceeds of the relevant aircraft. If within three years of due payment no other arrangement for repayment of junior debt exists, the declaration of dividends might need to be suspended.

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 annual financial statements.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have considered the prospects of the Company over a three year period to March 2019.

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 is a going concern. The Group retains sufficient cash to cover the forecast operating costs of the Group up to March 2019.

The Directors believe that their assessment of the viability of the Group over the period chosen was sufficiently robust and encompassed the risks which would threaten the business model, future performance, solvency or liquidity of the Group considering a variety of severe but plausible scenarios.

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.

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 profits of the Group and performance of the Group;
- (b) This Management Report includes or incorporates by reference 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 it faces;

MANAGEMENT REPORT (continued)

- (c) 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 and the Group's performance, business model and strategy; and
- (d) The Consolidated Annual Financial Report includes information required by the London Stock Exchange and for ensuring the Group complies with the relevant provisions of the Disclosure and Transparency Rules of the UK Listing Authority.

Robin Hallam

Chairman

John Le Prevost

Chairman of the Audit Committee

DIRECTORS' REPORT

The Directors present the Consolidated Annual Financial Report of the Group for the period from incorporation (16 January 2015) to 31 March 2016 (the “**Period**”).

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 Period is given in the Chairman’s Statement on pages 5 to 6.

Status

The Company is a Guernsey domiciled company, the Shares of which are admitted to trading on the SFS. Its registered number is 59675. The Group operates in accordance with the Law.

Results and Dividends

The results of the Group for the Period are set out on pages 38 to 60.

The Company declared the following dividends during the Period:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
30 June 2015	2 July 2015	24 July 2015	2.0625
30 September 2015	2 October 2015	23 October 2015	2.0625
31 December 2015	7 January 2016	29 January 2016	2.0625

The Company declared the following dividend after the Period end:

Quarter End	Announcement Date	Payment Date	Dividend per Share (pence)
31 March 2016	14 April 2016	29 April 2016	2.0625

The Company aims to continue for the time being to pay quarterly dividends of 2.0625 pence per Share, in line with the distribution policy. There is no guarantee that any future dividends will be paid.

Directors

The Directors in office are shown on page 10 and all Directors remain in office as at the date of signature of this Consolidated Annual Financial Report. Post the reporting period, Laurence Barron was appointed as a Director effective from 2 June 2016. Further details of the Directors’ responsibilities are given on page 18.

Anson Registrars Limited 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 Registrars Limited.

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

DIRECTORS' REPORT (continued)

The following interests in Shares of the Company are held by Directors and their connected persons:

	Number of Shares
Robin Hallam	30,000
John Le Prevost	50,000
David Gelber	112,648

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

At the date of this report, there are no outstanding loans or guarantees between the Group and any Director.

There were no material related party transactions which took place in the Period, other than those disclosed in the Directors' Report and at Note 20 to this Consolidated Annual Financial Report.

Substantial Shareholdings

The Group has been informed, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following substantial interests in the Company's Share capital.

There have been no material changes in the following list of substantial holdings between the end of the Period and 24 June 2016, being the latest practicable date prior to publication of this Consolidated Annual Financial Report.

Holder	% Total Voting Rights	Number of Shares
Amedeo Capital Limited	3.34	10,100,000
Architas Multi-Manager Limited	6.29	19,000,000
Tesco Pension Trustees Limited	6.29	19,000,000
CCLA Investment Management Limited	4.06	12,249,600
Insight Investment Management Limited	10.00	30,196,278
Legal and General Group plc	5.46%	16,500,000

Corporate Governance

Statement of Compliance with the UK Corporate Governance Code

As a Guernsey company with shares admitted to the SFS, the Group is not obliged to adopt the UK Corporate Governance Code (the "Code"). The Company has however voluntarily committed to comply with the Code or explain any departures. A copy of the Code is available for download from the Financial Reporting Council's web-site (www.frc.org.uk).

Save for departing from the requirements to: (i) have a chief executive (since the Group does not have any executive directors); (ii) have a senior independent director (since the Group considers that each director who is not Chairman can effectively fulfil this function); (iii) have a remuneration committee (given the small size of the exclusively non-executive and independent Board); (iv) have a nomination committee (given the small size of the exclusively non-executive and independent Board); and (v) have an internal audit function (as the Group has no executives or employees of its own), the Group is not presently aware of any departures from the Code.

DIRECTORS' REPORT (continued)

Board Responsibilities

The Board comprised three directors during the Period, who met quarterly to consider the affairs of the Company in a prescribed and structured manner. Laurence Barron was appointed as a Director effective from 2 June 2016. Biographies of the three Directors appear on page 10, a biography for Laurence appears on page 11, and these demonstrate the wide range of skills and experience they each bring to the Board. All the Directors are non-executive and independent. The Board regularly reviews the balance, knowledge and effectiveness of the Board, to identify if any additional experience or skills are needed and to ensure that the current directors have sufficient available time to undertake the tasks required and remain independent. When considering the composition of the Board the Directors will be mindful of diversity and meritocracy.

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 £45,000 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.

Board meetings will be held at least four times per year to consider the business and affairs of the Group for the previous quarter and going forward thereafter. At two of these meetings the Board will consider and, if deemed appropriate, approve the Group's financial statements. The Board has also appointed a committee of the Board, which 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.

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 intend to 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.

During the Period the Board met ten times, the Director's attendance is summarised below:-

Director	Board Meetings during the Period
Robin Hallam	10 of 10
David Gelber	10 of 10
John Le Prevost	9 of 10

Audit Committee

The Directors are all 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 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

DIRECTORS' REPORT (continued)

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 2016 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 will meet at least twice annually, shortly before the Board meets to consider the Group's half-yearly and annual financial reports, and will report to the Board with its deliberations and recommendations and also holds an annual planning meeting with the Auditor. 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 report 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 upon request.

Each year the Board will examine the Audit Committee's performance and effectiveness, and ensure that its tasks and processes remain appropriate. Key areas to be covered will 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 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 Period.

Internal Control and Financial Reporting

The Board is responsible for the Group's system of internal control and for reviewing its 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 control systems are designed to meet the Group's particular needs 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 Board on an annual basis will conduct a full review of the Group's risk management systems including consideration of a risk matrix which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and business activities.

Asset Management services are provided by Amedeo. Administration and Secretarial duties for the Group are performed by JTC.

The Directors of the Group clearly define the duties and responsibilities of their service providers. The appointment of service providers 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 also specifies which matters are reserved for a decision by the Board and which matters may be delegated to its service providers.

DIRECTORS' REPORT (continued)

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 holders of Shares in the Company have the right to receive notice of, and attend, the general meetings of the Company, during which one or more members of the Board will be available to discuss issues affecting the Company.

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. The Company's Directors can be contacted at the Group's registered office or via the Secretary.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 the Directors are required to prepare the Group's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under the Law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs 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.

DIRECTORS' REPORT (continued)

Responsibility statement

We confirm that to the best of our knowledge:

- the 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 the undertakings included in the consolidation taken as a whole; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide 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 their reappointment was submitted to the forthcoming Annual General Meeting to be held pursuant to section 199 of the Law.

Robin Hallam

Chairman of the Board

John Le Prevost

Chairman of the Audit Committee

Signed on behalf of the Board on 27 June 2016.

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 is recently established and 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 facets of performance including cash management, asset management, regulatory and listing obligations.</p> <p>The Group has no employees and so enters into a series of contracts/legal agreements with a series of service providers to ensure both operational performance and the regulatory obligations are met. 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 Company and could adversely affect the ability of the Company in meeting its investment objective.</p> <p>This risk has been mitigated by the Group using well established, reputable and experienced service providers and planning to assess service providers' continued performance on at least 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 ensure that the level of services remains continuous.</p>

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Explanation/Mitigation
Investment risk	
The Airbus A380	<p>The Group currently has only one type of Asset, the Airbus A380, which is, in industry terms, a relatively recently developed generation of aircraft, the first of which was delivered in October 2007. With such a recent design, in particular in respect of innovative materials and technologies, and the size of the aircraft, there is not at present sufficient experience and data to give a complete assessment of the long-term use and operation of the aircraft. There is a risk that the newly developed materials may be found to be less efficient or durable than expected, thereby leading to lower overall operating hours of the Assets and higher maintenance and repair costs. 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. This could affect the ability of the Company to meet its investment objective.</p> <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 Emirate (or alternatively) by a combination in a specified minimum physical condition, as set out in the relevant Lease, plus a cash compensation (payable by Emirates) 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>

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Explanation/Mitigation
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 Emirates activities in certain jurisdictions. Any of these risks could materially affect the ability of Emirates 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>
The Middle East	<p>The Assets are wholly leased to Emirates, a corporation 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 to make significant unanticipated expenditures, limit the ability of Emirates to obtain financing or other capital or otherwise have an adverse effect on Emirates' cash flow.</p> <p>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.</p> <p>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' services.</p>

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Explanation/Mitigation
Valuation of Assets	<p>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.</p> <p>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 such valuations 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 an appropriate adjustment to the Net Asset Value and Net Asset Value per Share of the Group.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Borrowings and financing risk	<p>There is a risk that the Group is exposed to fluctuations in market interest rates and foreign exchange rates.</p> <p>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.</p> <p>Emirates are the sole lessee of the Assets. Should Emirates 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.</p> <p>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.</p> <p>An expense budget is also reviewed on a quarterly basis to ensure that adequate reserves are maintained to meet operational expenses.</p>

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Explanation/Mitigation
Regulatory risk	<p>The Group is required to comply with Guernsey Company law, LSE listing rules or any other applicable listing rules or regulations. Any failure to comply or respond in a timely manner could lead to criminal or civil proceedings.</p> <p>The Group is also a member of The Association of Investment Companies (the "AIC") who is the trade body for closed-ended investment companies. Amongst other things, the AIC keep their member companies up-to-date with legal and regulatory changes and provide guidance and advice on how to comply with them.</p> <p>The Board receives periodic updates from external auditors, legal advisers and professional publications advising of regulatory changes.</p> <p>Although responsibility ultimately lies with the Board, the Secretary also monitors and assists the Board with compliance with regulatory requirements.</p>

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 Objective

The Audit Committee's prime objective is the provision of effective governance over (i) the appropriateness of the Group's financial reporting including the adequacy of related disclosures, (ii) the performance of the Group's external auditor, (iii) monitoring of the systems of internal controls operated by the Group and (iv) the Group's principal service providers and the management of the Group's regulatory compliance activities.

Responsibilities

- 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; and
- monitoring the systems of internal controls and risk management operated by the Group and by the Group's principal service providers.

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 Period

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 advises them on whether it believes the Group's 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.

AUDIT COMMITTEE REPORT (continued)

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-year and annual financial statements, the significant financial reporting issues and accounting policies and disclosures in the financial statements. The Committee has considered the key risks identified as being significant to the Group's 2016 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 the Group's 2016 Consolidated Annual Financial Report and how these were addressed are detailed below:

Significant issues for the Period	How the Committee addressed these significant issues
<p>Residual value of aircraft assets</p> <p>The assets of the Group comprise of five Airbus A380 aircraft (the "Assets"). An annual review is required of the residual value of the Assets as per IAS 16 <i>Property, Plant and Equipment</i>, which defines residual value as "<i>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.</i>". 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.</p>	<p>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.</p> <p>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 the anticipated residual values of the planes since they were acquired.</p> <p>As all of the Assets were purchased within the current period the Group believes that the appraisals completed at the time of purchase are sufficient for the purposes of the accounts, therefore the residual values used in the accounts are based on these appraisals and no impairment review is required for this year.</p> <p>Upon review of the advice they have received from Amedeo and the appraisers, the Committee is of the opinion that, the current estimate of the residual valuation of the Asset is a reasonable approximation of the residual value of the aircraft within the IAS 16 definition given a comparable asset is not available.</p>

AUDIT COMMITTEE REPORT (continued)

Significant issues for the Period	How the Committee addressed these significant issues
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 Period the Group has recorded significant foreign exchange rate losses due to the depreciation of Sterling against US Dollars from 1.535 to 1.438 and the consequent increase in the Sterling value of the US Dollar denominated debt.	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.
Risk of default by Emirates on lease rentals receivable Emirates are the sole lessee of the Assets. Should Emirates 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.	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.
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\$35 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.	The Committee received quarterly reports from Amedeo which comment on the economic performance of Emirates. Amedeo have advised that economically Emirates has continued to perform well, flying more passengers than ever before. Passenger load factors remain high. The Committee concluded that it would continue to receive quarterly reports from Amedeo on the performance of Emirates and would continue to monitor Emirates' 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 as being 100%.
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 review them again as each new assets is acquired and has requested the Secretary to keep the Group informed of any in-house developments and improved internal control procedures effected.	

AUDIT COMMITTEE REPORT (continued)

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 be of insufficient benefit for the Group to engage 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 Period 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 evaluates the effectiveness of the audit process in addressing the matters raised through the reporting it received from Deloitte at the Period-end. 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 will also seek feedback from the Administrator on the effectiveness of the audit process.

For the Period, 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 will discuss their findings with Deloitte and agree how future external audits could be improved.

The Committee will hold meetings with the external auditor to provide additional opportunity for open dialogue and feedback from the Auditor. If felt necessary, Committee members will meet with the external auditor without the Administrator and Asset Manager being present. Matters typically discussed will 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 restriction in scope placed on them by the Administrator on the independence of their audit and how they have exercised professional scepticism.

Appointment and Independence

The Committee will consider 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 provided the Board with its recommendation to Shareholders on the reappointment of Deloitte as external auditor for the year ending 31 March 2017. Accordingly a resolution proposing the reappointment of Deloitte as the Group's auditor will be put to Shareholders at the Group's 2016 Annual General Meeting.

AUDIT COMMITTEE REPORT (continued)

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 very supportive.

Non-Audit Services

To further safeguard the objectivity and independence of the external auditor from becoming compromised, 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 Period. This policy specifies that Deloitte should only be engaged for non-audit services where there is considered to be a very low threat to auditor independence.

Deloitte is prohibited from providing all other services without the Committee's prior approval. In reaching such a determination 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 January 2016.

An internal evaluation of our effectiveness will be carried out in 2016.

Yours faithfully

John Le Prevost

Chairman of the Audit Committee

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS 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 2016 and of its loss for the period from 16 January 2015 to 31 March 2016;
- 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 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.

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 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Management Report.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 22 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 pages 22-26 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement on page 14 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;
- the Director's explanation on page 14 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, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and 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.

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.

Risk

Measurement of aircraft assets

Included on the Group's statement of financial position as at 31 March 2016 are aircraft assets of £894 million as disclosed in Note 9 to the consolidated financial statements. As explained in Note 2(l), 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. The estimation of residual value is a key source of judgment in preparing the consolidated financial statements. The risk is that the selected residual value is not appropriate or is not properly applied in calculating depreciation. In addition, the risk also exists that 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.

How the scope of our audit responded to the risk

We have challenged management's estimates of aircraft residual values by inspecting relevant supporting evidence 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.

As all assets were purchased in the current period, cost has been agreed to purchase documentation and recalculated depreciation for the period based on these costs and selected residual values.

We have reviewed and challenged management's conclusion on assets impairment assessment by review of current market values as provided by the expert valuers.

INDEPENDENT AUDITOR'S REPORT (continued)

Risk	How the scope of our audit responded to the risk
<p>Recognition of lease rental income As explained in Note 2(k), the Group's leases of its aircraft have been classified as operating leases and as such rental income 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 risk is that revenue is not properly recorded in accordance with these requirements.</p>	<p>We have examined whether the classification of the leases as operating leases is appropriate with reference to the lease terms and as per requirements of IAS 17. We have developed independent expectations of lease income for the year based on total lease rentals receivable, the lease term and foreign exchange rates during the year.</p> <p>We have also recalculated deferred rental recognised as a liability in the Consolidated Statement of Financial Position.</p>
<p>Accounting for fixed rate debt using effective interest rate As at 31 March 2016 the value of the fixed rate debt held by the Group was £673 million as disclosed in Note 14 to the consolidated financial statements. The Group has obtained fixed interest rate debt to part-finance the acquisition of its assets. As set out in Note 2(m) to the consolidated financial statements, the debt instruments are amortised by regular repayments over their term and are carried at amortised cost with interest expense recognised at the effective interest rate. The risk exists that the effective interest rates have not been accurately calculated or applied.</p>	<p>We reviewed the debt amortisation schedules prepared by management to calculate the effective interest rates on the loans and checked their consistency with the repayment schedules and if any arrangement costs had been appropriately incorporated.</p> <p>We obtained direct confirmation from the lead arranger of each loan facility of the principal balance outstanding and recalculated accrued interest using the effective interest rate.</p> <p>We developed expectations of the interest charges for the period using the average outstanding principal balances during the period, the effective interest rates and foreign exchange rates during the year.</p>

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 27 to 31.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

We determined materiality for the Group to be £5,255,000 which is approximately 2% of shareholder's equity. Our materiality is based on the equity of the Group as comprehensive income for the Group is significantly influenced by fluctuations in exchange rates.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

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

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities', 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 (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 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
Chartered Accountants and Recognised
Auditors
St Peter Port, Guernsey

27 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 16 January 2015 to 31 March 2016

	Notes	16 Jan 2015 to 31 Mar 2016	GBP
Income			
A rent income	4	32,602,829	
B rent income	4	3,724,603	
C rent income	4	20,531,070	
Amortisation of advanced rent income	4	930,819	
Bank interest received		67,727	
		57,857,048	
Expenses			
Operating expenses	5	(3,088,289)	
Depreciation of Aircraft	9	(21,455,319)	
		(24,543,608)	
Net profit for the period before finance costs and foreign exchange losses		33,313,440	
Finance costs			
Finance costs	10	(16,900,551)	
Unrealised foreign exchange loss	17b	(40,077,766)	
Loss for the period		(23,664,877)	
Other Comprehensive Income		-	
Total Comprehensive Loss for the period		(23,664,877)	
Pence			
Loss per Share for the period – Basic and Diluted	8	(10.72)	

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

The notes on pages 42 to 60 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	Notes	31 Mar 2016 GBP
NON-CURRENT ASSETS		
Aircraft	9	893,821,824
CURRENT ASSETS		
Accrued income		4,080,433
Receivables	12	38,269
Cash and cash equivalents		64,625,569
		68,744,271
TOTAL ASSETS		962,566,095
CURRENT LIABILITIES		
Payables	13	320,601
Deferred income		2,495,357
Borrowings	14	39,723,387
		42,539,345
NON-CURRENT LIABILITIES		
Borrowings	14	633,952,523
Deferred income		24,167,656
		658,120,179
TOTAL LIABILITIES		700,659,524
TOTAL NET ASSETS		261,906,571
EQUITY		
Share Capital	15	299,039,573
Retained Earnings		(37,133,002)
		261,906,571
		Pence
Net Asset Value Per Share based on 302,000,000 shares in issue		86.72

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 June 2016 and are signed on its behalf by:

Robin Hallam

John Le Prevost

The notes on pages 42 to 60 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 16 January 2015 to 31 March 2016

	16 Jan 2015 to 31 Mar 2016 GBP
OPERATING ACTIVITIES	
Loss for the period	(23,664,877)
Movement in accrued and deferred income	(5,385,970)
Interest received	(67,727)
Depreciation of Aircraft	21,455,319
Loan interest payable	16,503,702
Increase in payables	320,601
Increase in receivables	(38,269)
Foreign exchange movement	40,077,766
Amortisation of debt arrangement costs	396,849
NET CASH FROM OPERATING ACTIVITIES	49,597,394
INVESTING ACTIVITIES	
Purchase of Aircraft	(915,277,143)
Interest received	67,727
NET CASH USED IN INVESTING ACTIVITIES	(915,209,416)
FINANCING ACTIVITIES	
Advanced rental received	28,131,634
Dividends paid	(13,468,125)
Repayments of capital on senior loans	(17,885,096)
Payments of interest on senior loans	(10,116,960)
Payments of interest on junior loans	(3,142,071)
Share issue proceeds	302,530,000
Share issue costs	(3,490,427)
New debt raised on senior loans	532,383,079
New debt raised on junior loans	120,840,493
Costs associated with debt issued	(7,696,010)
NET CASH FROM FINANCING ACTIVITIES	928,086,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	
Increase in cash and cash equivalents	62,474,495
Exchange rate adjustment	2,151,074
CASH AND CASH EQUIVALENTS AT END OF PERIOD	64,625,569

The notes on pages 42 to 60 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 16 January 2015 to 31 March 2016

	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 42 to 60 form an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2016

1 GENERAL INFORMATION

The consolidated financial information incorporates the results of Amedeo Air Four Plus Limited (the “**Company**”), AA4P Alpha Limited, AA4P Beta Limited and AA4P Gamma Limited, AA4P Delta Limited and AA4P Epsilon Limited and AA4 Zeta 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 have been admitted to trading 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.

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 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:

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

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 (EU endorsement is outstanding).

IAS 1 Presentation of Financial Statements – amendments resulting from the disclosure initiative 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.

IAS 7 Statement of Cash Flows – amendments resulting from the disclosure initiative effective for annual periods beginning on or after 1 January 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

(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.

(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").

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

(j) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 five planes ranges from £87.3 million to £93.1 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.

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).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

2 ACCOUNTING POLICIES (continued)

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY

Residual value of Aircraft

As described in note 2 (l), 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. However, there are currently no 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 aircraft at the end of the lease (including inflationary effects) best approximates residual value. In estimating residual value, the Directors have made reference to forecast market values for the aircraft obtained from three independent expert aircraft valuers. 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 £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 five 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.

Impairment

As described in Note 2 (l), 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 impairment loss for the 16 January 2015 to 31 March 2016 period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

4 RENTAL INCOME

	16 Jan 2015 to 31 Mar 2016 GBP
A rent income	28,249,395
Revenue earned but not yet received	5,755,053
Revenue received but not yet earned	(1,401,619)
	<hr/> 32,602,829
B rent income	3,222,674
Revenue earned but not yet received	655,540
Revenue received but not yet earned	(153,611)
	<hr/> 3,724,603
C rent income	20,931,281
Revenue earned but not yet received	328,233
Revenue received but not yet earned	(728,444)
	<hr/> 20,531,070
Amortisation of advance rental income	930,819
Total rental income	57,789,321

Rental income is derived from the leasing of the Assets. Rent is split into A rent, B rent and C rent. A rent and B rent represent rent received in US Dollars ("USD") and C rent represents rent received in 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

5 OPERATING EXPENSES

	16 Jan 2015 to 31 Mar 2016	GBP
Corporate and shareholder adviser fee	637,204	
Asset management fee	921,475	
Administration fees	103,027	
Bank interest & charges	5,150	
Accountancy fees	25,185	
Registrars fee	12,891	
Audit fee	57,500	
Directors' remuneration	111,809	
Directors' and Officers' insurance	17,085	
Public offering insurance	17,886	
Legal & professional expenses	74,445	
Foreign Currency Hedging cost	727,499	
Security trustee and agency fees	104,667	
Travel costs	150,187	
Sundry costs	112,628	
Other operating expenses	9,651	
	3,088,289	

6 DIRECTORS' REMUNERATION

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

7 DIVIDENDS IN RESPECT OF SHARES

	16 Jan 2015 to 31 Mar 2016	Pence per share
	GBP	
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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

8 LOSS PER SHARE

Loss per Share ('EPS') is based on the Total Comprehensive Loss for the period of £23,664,877 and 220,851,393 shares being the weighted average number of Shares in issue during the period. The Company has 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 result in a figure that is misleading. Calculated in accordance with IAS 33 (Earnings per Share), EPS would be based on a weighted average of 162,125,000 shares, resulting in a misleading figure of (14.67) pence.

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

9 PROPERTY, PLANT AND EQUIPMENT – AIRCRAFT

	Alpha MSN157 GBP	Beta MSN164 GBP	Gamma MSN187 GBP	Delta MSN201 GBP	Epsilon MSN206 GBP	TOTAL GBP
COST						
As at 16 Jan 2015	–	–	–	–	–	–
Additions	172,491,118	172,491,148	190,947,641	188,343,082	191,004,154	915,277,143
As at 31 Mar 2016	172,491,118	172,491,148	190,947,641	188,343,082	191,004,154	915,277,143
ACCUMULATED DEPRECIATION						
As at 16 Jan 2015	–	–	–	–	–	–
Charge for the period	6,121,170	6,012,393	5,478,808	2,881,821	961,127	21,455,319
As at 31 Mar 2016	6,121,170	6,012,393	5,478,808	2,881,821	961,127	21,455,319
CARRYING AMOUNT						
As at 31 Mar 2016	166,369,948	166,478,755	185,468,833	185,461,261	190,043,027	893,821,824

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
Cost in USD	\$ 264,773,865	\$ 264,773,913	\$ 293,104,628	\$ 289,106,630	\$ 289,142,088
GBP/USD exchange rate	1.5350	1.5350	1.5350	1.5350	1.5138

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 recognized as an expense over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

10 FINANCE COSTS

	31 Mar 2016 GBP
Amortisation of debt arrangements costs	396,849
Interest payable	16,503,702
	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 2016	Next 12 months GBP	2 to 5 years GBP	After 5 years GBP	Total GBP
Aircraft – A rental receipts	59,883,245	239,532,981	378,549,117	677,965,343
Aircraft – B rental receipts	6,840,721	27,420,685	43,288,757	77,550,163
Aircraft – C rental receipts	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 – term of the lease is for 12 years ending September 2026.

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

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

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

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

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 FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

12 RECEIVABLES

	31 Mar 2016 GBP
Prepayments	38,269
	<hr/> 38,269

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

13 PAYABLES (amounts falling due within one year)

	31 Mar 2016 GBP
Accrued administration fees	32,700
Accrued audit fee	25,000
Accrued corporate and shareholder adviser fee	183,707
Accrued registrar fee	5,231
Other accrued expenses	73,963
	<hr/> 320,601

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

14 BORROWINGS

	31 Mar 2016 GBP
Bank loans	680,989,266
Associated costs	(7,313,356)
	<hr/> 673,675,910
Consisting of:	
Senior loans (\$781,243,364 as at 31 March 2016)	544,041,340
Junior loans (\$186,155,243 as at 31 March 2016)	129,634,570
	<hr/> 673,675,910
Non-current portion	633,952,523
Current portion (senior loans only)	39,723,387
	<hr/> 673,675,910
Amount due for settlement within 12 months	66,293,538
Consisting of:	
Senior loans covered by lease payments (capital and interest)	59,510,289
Repayments of junior debt covered by lease paymets (interest only)	6,783,249
	<hr/> 66,293,538
Amount due for settlement after 12 months and before 60 months	265,055,533
Consisting of:	
Senior loans covered by lease payments (capital and interest)	238,041,157
Repayments of junior debt covered by lease paymets (interest only)	27,014,376
	<hr/> 265,055,533
Amount due for settlement after 60 months	547,739,321
Consisting of:	
Senior loans covered by lease payments (capital and interest)	376,086,295
Uncovered (capital) and covered (interest) repayments of junior debt	171,653,026
	<hr/> 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

14 BORROWINGS (continued)

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 for USD 175,000,000 Senior loan and USD 35,000,000 for the Junior loan. Both loans run for 12 years until February 2028.

Each loan is secured on one Asset. No breaches or defaults occurred in the period. The loans are fixed rate over the term of the loan. 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.

Issued	Ordinary Shares
Shares issued at incorporation	1
Shares issued at placing 13 May 2015	201,999,999
Shares issued at placing 15 December 2015	47,000,000
Shares issued at placing 11 March 2016	53,000,000
	302,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

15 SHARE CAPITAL (continued)

Issued	Ordinary Shares	GBP
Ordinary Shares		
Shares issued at incorporation		—
Shares issued at placing 13 May 2015	202,000,000	
Shares issued at placing 15 December 2015	47,000,000	
Shares issued at placing 11 March 2016	53,530,000	
Share issue costs	(3,490,427)	
Total share capital as at 31 March 2016	299,039,573	

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

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 2016 GBP
Financial assets	
Cash and cash equivalents	64,625,569
Financial assets at amortised cost	64,625,569
 Financial liabilities	
Payables	320,601
Debt payable	680,989,266
Financial liabilities measured at amortised cost	681,309,867

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	31 Mar 2016 GBP
Debt (USD) – Liabilities	(680,989,266)
Cash and cash equivalents (USD) – Asset	52,248,745

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

	31 Mar 2016
Profit or loss	82,009,633
Change in value of assets	(6,815,054)
Change in value of liabilities	88,824,687
<hr/>	
Excluding junior loans:	
Profit or loss	50,481,243
Change in value of assets	(6,473,149)
Change in value of liabilities	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 GBP. Transactions in similar assets are typically priced in USD.

(c) Credit Risk

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

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

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

	31 Mar 2016 GBP
Cash and cash equivalents	64,625,569
	64,625,569

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit Risk (continued)

Surplus cash in the Company is held with Barclays, HSBC, Lloyds and RBSI, which have credit ratings given by Moody's of A2, A1, A1 and A3 respectively. Surplus cash in the Subsidiaries is held in accounts with RBSI and Westpac, which have credit ratings given by Moody's of A3 and Aa2 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.

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 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:

31 Mar 2016	1-3 months GBP	3-12 months GBP	1-2 years GBP	2-5 years GBP	over 5 years GBP
Financial liabilities					
Payables	320,601	-	-	-	-
Bank loans	16,565,430	49,728,108	66,265,272	198,790,261	547,739,321
	16,886,031	49,728,108	66,265,272	198,790,261	547,739,321

(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 Group mitigates interest rate risk by fixing the interest rate on the bank loans and the lease rentals.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

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:

	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 2016 would have been £161,564 greater due to an 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 2016 would have been £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 14 April 2016, a dividend of 2.0625 pence per Ordinary Share was declared and this was paid on 29 April 2016.

On 13 April 2016 the Group purchased the sixth Asset, MSN208 by Zeta.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

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) respectively.

The Company paid Amedeo:

- (i) an upfront lease and debt arrangement fee of £2,438,125 (the "**Upfront Fee**") for the first four assets.
- (ii) In consideration for providing the services pursuant to the Agency Agreement, the Company shall (itself and on behalf of each Lessor), upon each Admission, pay to Amedeo Limited an upfront lease and debt arrangement fee of £609,600 for each of the additional two assets.
- (iii) reimbursement for all expenses reasonably and properly incurred by Amedeo in connection with the performance of the services provided under the Agency Agreement in advance of admission.

In addition, Amedeo receives, in consideration for providing services to the Company, a management and advisory fee of £247,500 per annum per Asset (adjusted annually for inflation from 2016 onwards at 2.5 per cent. per annum), payable monthly in arrears (the "**Annual Fee**"). The Annual Fee for each Asset accrues from the date of admission.

In consideration for providing the services pursuant to the Asset Management Agreement with respect to the New Assets the Company will, pursuant to the terms set out in the AMA supplement, pay Amedeo a management and advisory fee of £250,000 per annum per New Asset.

Following the disposal of the Initial Assets, 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 following two planes is 3%.

During the Period, the Group incurred £4,065,948 of expenses with Amedeo, of which £Nil was outstanding to this related party at 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 to Amedeo Services £10,000 per annum (adjusted annually for inflation from 2016 onwards, at 2.5 per cent per annum) payable annually in advance.

During the period the Group incurred £10,000 of expenses with Amedeo Services, of which £nil was outstanding as at 31 March 2016.

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 £1,711,875 being equal to 0.85 per cent of the IPO Placing Proceeds.

In consideration for Nimrod acting as Placing Agent in the Placing Programme, the Company has agreed to pay Nimrod: (i) at First Admission, a placing commission of £428,000, of the First Placing Proceeds; and (ii) at Second Admission, a placing commission of £428,000, of the Second Placing Proceeds. The total placing commission was £856,000 being equal to 0.85 per cent of the First and Second Placing Proceeds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 March 2016

20 RELATED PARTY TRANSACTIONS (continued)

The Group pays to Nimrod for its services as Corporate and Shareholder Adviser an annual fee of £175,332 per aircraft per annum (adjusted annually for inflation from 2016 onwards, at 2.5 per cent per annum) payable quarterly in arrears.

During the period, the Group incurred £3,212,461 of expenses with Nimrod, of which £183,707 was outstanding to this related party at 31 March 2016. £2,575,257 of expenses have been deducted from equity. £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 period the Group incurred £24,714 of costs with ARL, of which £5,231 was outstanding as at 31 March 2016.

KEY ADVISERS AND CONTACT INFORMATION

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

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