

AA4P Factsheet

Amedeo Air Four Plus Limited

LSE: AA4

Report to Shareholders as at 31 December 2020

MESSAGE FROM THE CHAIRMAN

Dear Shareholders

Following the webinar on 11 December last year, in which we updated investors about negotiations with the Planner in the Thai rehabilitation plan, you will see from the Asset Manager's report below that we are now likely reaching a critical phase in negotiations where the future of our aircraft within the Thai fleet will be determined. We had hoped that the Restructuring Plan would be submitted and be "known" by January 4 but due to the complexity of the process the Bankruptcy Court has given the airline a further month to complete the initial work on the Plan. In terms of the situation in Thailand, as far as COVID-19 is concerned, if anything this appears to be getting worse in that inbound tourist traffic will be diminished for longer than initially feared (this being the mainstay of Thai Airways business), and it may be that the Planners are having to reassess the likely recovery trajectory for tourist traffic in that light.

Aside from the key driver of looking for a successful outcome for our aircraft in broader terms, one of our aims was to bring our aircraft back into operation, this being beneficial from the point of view of the technical condition of the aircraft (since, somewhat counter intuitively, if aircraft are not used, they deteriorate when stored and 'waking them up' again can be expensive) and also from the point of view of enabling the airline to be reminded that these are the most fuel efficient and up to date widebodies available today. Amedeo have worked tirelessly through the holiday season to keep on top of this situation and we have also assessed the likely role that the two big airframe OEMs, and Rolls-Royce as the incumbent engine supplier to both the A350 and the Boeing 787 Dreamliner (a potential competitor to our aircraft), are likely to play in the crucial Asia Pacific market, and the likely effect on values and rents in the future.

Against this backdrop, we continue to work closely with our lenders for a collectively acceptable solution. It has been our policy to date to seek to avoid a repossession scenario in the current market as we would expect this to lead to investors losing their equity investment in these aircraft. To keep our lenders onside however, the market generally dictates that we should keep lenders' current on interest, at the very least to avoid an enforcement scenario where the lenders take over the equity position. For as long as there is no income from Thai this must be funded from cash reserves in the Company and we are in the fortunate position where thankfully such reserves were accumulated prior to Thai's rehabilitation process. The same logic applies to the substantial legal and other additional costs incurred as a result of Thai's default.

The Company is responsible for paying all of the contracted fees, expenses of advisers and any other costs, and these must be accounted for before calculating whether a dividend can be paid. As a point of legal analysis, this does not concern the Boards of the individual subsidiaries who have no duty to consider whether their parent can meet its own obligations, but only whether the subsidiary can meet its own obligations. On the other hand, in broader terms, aggregate gross dividends from all subsidiaries have been cut by approx. 17% from the disposal of the two A380s sold to Etihad Airways in February 2020, by a further 36% from the lost lease rentals on the four A350s leased to Thai Airways, on the expense side, whereas the routine Operating Costs of the Company remain unchanged plus we have now, in addition, the costs of managing the Thai bankruptcy negotiations as a

further drain on resources. Whereas previously Operating Costs represented circa 12% of gross income for the Company, they now exceed 25% and continue to increase. Your Board is actively renegotiating material costs of the Company to ensure they are not only reasonably aligned to market rates but also essential to the continuation of the Company. Amedeo agreed in February to a discount of ca. \$11m on its contractual entitlement to remarketing fees following the Etihad sale, as well as suffering the on-going loss of annual asset management fees on those aircraft. Whilst welcome, this does not affect forward analysis since that discount was reflected in the surplus proceeds of sale from that transaction.

Many investors have asked for an update on the ongoing dispute with Nimrod over the quantum of their fees for services to the company. Legal constraints restrict what can be said but we have spent many hours trying to find an appropriate resolution to this issue in our shareholders' interests and will continue to do so until it is satisfactorily resolved.

As was announced yesterday, your Board has declared a dividend of 1.5 pence per share to be paid later this month. Whether this can become a routine quarterly event has yet to be determined but your Board is hopeful that it might and a further announcement in this regard will be made once the future for our lessee Thai Airways becomes more certain.

It is generally true that the widebody aircraft market remains largely closed. It is specifically the case that A380 values have suffered severe impairment which appraisers and commentators consider will be permanent. We have commented previously on the best estimates made by Amedeo in relation to possible end of lease compensation and projected residual values, particularly of engines, at lease expiry. Since there is currently no second hand sale or lease market for the A380, the original end of lease residual value projections which formed the basis on which it was considered at launch that balloon debt could be met are no longer applicable and we have concluded that some partial cash reserve must be set aside for this shortfall. If in future a second hand market emerges, or appraisers form a more favourable view of future values on a "real world" basis, we will consider whether a cash reserve remains appropriate.

The scale and timing of the reopening of long-haul travel markets is unknowable and subject to political, as well as financial and medical aspect. The Qantas story encapsulates the issues for airlines. On January 5 Qantas announced that it was considering restarting its long-haul business in July, presumably because it thinks there is sufficient demand for it to be profitable. The Australian government, however, very firmly countered by stating that the decision whether to open the borders to international travellers was solely the government's and would be determined by whether they think Australians will be harmed if they do. On a more positive note, Emirates has been more active than most in trying to reopen routes – after all, it has no domestic network, unlike Qantas. It has overwhelmingly been using its 777 fleet for this purpose and no more than 16 A380s are in service to date, mostly on Dubai to London. Of the worldwide A380 fleet, less than 10% is currently in operation and only China Southern has kept its full fleet in service. The recently announced Dubai – Brazil A380 service was switched to 777. We hope that their policy of opening routes to position themselves advantageously when long haul travel is restored to profitable levels, will succeed. Also, as the Boeing 777 X entry into service date slips ever further, this may be positive for the Airbus A380. Shareholders will remember that in November 2019 we gave consent to Emirates to change the configuration of MSNs 201 and 208 to permit premium economy (PE) seating. PE is a worldwide trend in widebody configuration; it will be interesting to see which aircraft Emirates decides to upgrade in its existing fleet. It might be assumed that those chosen may have a longer life with the airline than those not upgraded. Meanwhile, all Emirates rent has been paid to date, which is a very positive indicator as their most recent accounts showed that deferrals had been agreed with some lessors.

Finally, I am sure that investors are as fatigued by the resistance of the COVID virus to suppression as they are by “Zoom- mongering”. As we approach the anniversary of the eruption of the virus, the emergence of viable vaccines has the potential to see an end to this pandemic and along with it, the worst crisis in aviation history. Let us fervently hope that this is indeed the case.

Yours sincerely,

Robin Hallam

Chairman

THE COMPANY

Amedeo Air Four Plus Limited (“the Company”), a Guernsey domiciled company, commenced business in May 2015 and has its shares listed on the Specialist Fund Segment of the London Stock Exchange’s Main Market. Initially 202 million Ordinary Shares were issued at a price of 100p per share and subsequently the Company has concluded additional placings of shares at issue prices of 100p, 101p, 102p and 104p that resulted in a total of 642,250,000 shares being in issue. On 25 September 2020 the Company compulsorily redeemed 214,083,243 shares at 46 pence each on a one-for-three basis resulting in a total of 428,166,757 shares remaining in issue (the “equity”). With the share price on 31 December 2020 closing at 33.75p, the market capitalisation then of the Company was GBP 144,506,280.

CURRENT INVESTMENTS

Since launch in May 2015, the Company has acquired eight Airbus A380s, two Boeing B777-300ERs and four Airbus A350-900s aircraft. Two A380s were sold in February 2020. The current fleet consists of six A380s and two B777-300ERs leased to Emirates and four A350-900s aircraft leased to Thai Airways.

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

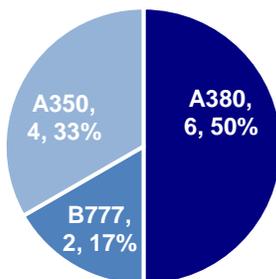
OVERVIEW (31 December 2020)

Listing	LSE
Ticker	AA4
Share Price	33.75p (Closing)
Market Capitalisation	GBP 144,506,280
Shares Outstanding	428,166,757
Outstanding Debt Balance	USD 1,457,710,138
Currency	GBP
Year End	31-Mar

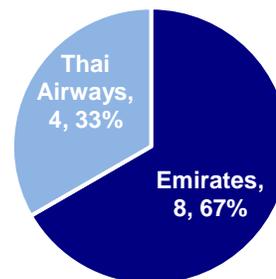
Launch Date / Price	13 May 2015 / 100p
Incorporation	Guernsey
Asset Manager	Amedeo Limited
Corporate & Shareholder Adviser	Nimrod Capital LLP
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG, Dublin
SEDOL, ISIN	BKY41C6, GG00BKY41C61
Stocks & Shares ISA	Eligible
Website	www.aa4plus.com

AA4P PORTFOLIO BREAKDOWN

By Aircraft Type



By Operator



AA4P PORTFOLIO UPDATE provided by Amedeo Limited, the Company's Asset Manager

As set out in the Company's report to shareholders of 14 October 2020, discussions with Thai Airways ("Thai") and the respective lenders around the status of the Company's aircraft leased to Thai have taken place and remain in process. From such time, Thailand's Central Bankruptcy Court approved a seven-member "Planning Committee", who will strategize the carrier's rehabilitation and seek to restructure Thai's debt and lease obligations amongst other matters with a view to obtaining majority creditor and Court approval. The Asset Manager has entered discussions with the Planners around the potential for Thai to start operation of certain aircraft, which could possibly include the Company's aircraft, on a power by the hour (PBH) basis. While the aircraft are in temporary storage, it would be preferable to see these aircraft fly and earn some income for the Company. Discussions have also commenced around the potential to keep the Company's aircraft as part of the carrier's long-term strategic plans. The negotiations remain in progress and further detail will likely be revealed after the carrier submits its Restructuring Plan to the Court. Thai was recently granted a one-month extension of the deadline to submit its Plan and will now look to present a more concrete Plan by 2 February 2021. In a recent public filing, Thai stated that it asked for the extension because the carrier needed more time to consider aspects including its "debt structure, capital structure, and organisational structure" to ensure the satisfaction of the creditors with the Plan and receive its approval.

Further to the Company's report to shareholders of 14 October 2020, no further discussion with Emirates and the respective lenders have taken place. From such time, Emirates announced its half-yearly financial report for 2020/21, which included a statement from the Chairman and Chief Executive of Emirates Airline and Group confirming an equity injection of US\$ 2 billion into Emirates to help support the carrier on its path to recovery. At present, there are no further updates from Emirates and the carrier has continued to fulfil its current lease obligations.

AMEDEO'S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 31 December 2020

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	23,633	3,761
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	23,475	3,773
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	23,992	2,209
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	17,707	2,799
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	18,360	2,909
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	16,110	2,543
	B777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	16,986	4,205
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	17,255	3,938
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2029	12,654	2,146
	A350-900	130	HS-THG	31/08/2017	31/08/2029	12,508	2,010
	A350-900	142	HS-THH	22/09/2017	22/09/2029	12,249	2,014
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	10,717	1,760

Recent Technical Activity:

- No significant technical events have been reported by Emirates for this period.

- No significant technical events have been reported by Thai Airways for this period.
- Emirates aircraft have been grounded from the end of March 2020, with the exception of the B777-300ER aircraft and MSN 206 that have returned to service during this period. Fleet last operated as per the dates listed below as of 31 December 2020:
 - MSN 157: 23 March 2020 (Non-revenue flight on 12 July 2020)
 - MSN 164: 19 March 2020
 - MSN 187: 24 March 2020
 - MSN 201: 21 March 2020 (Non-revenue flight on 18 August 2020)
 - MSN 206: Now returned to service
 - MSN 208: 24 March 2020 (Non-revenue flight on 26 August 2020)
 - MSN 42334: Now returned to service
 - MSN 42336: Now returned to service
- Thai Airways aircraft have been grounded from the end of March 2020. Fleet last operated as per the dates listed below as of 31 December 2020:
 - MSN 123: 24 March 2020
 - MSN 130: 29 March 2020
 - MSN 142: 26 March 2020
 - MSN 177: 25 March 2020

Industry Update: COVID-19

On 24 November, The International Air Transport Association (IATA) released a revised outlook for airline industry performance in 2020 and 2021, with the expectation that industry losses will continue into 2021. IATA anticipates a net loss of \$118.5 billion for 2020 and a net loss of \$38.7 billion in 2021.

The COVID-19 crisis challenged the industry's survival in 2020 and if governments had not provided an estimated \$173 billion in aid, potentially more airlines would have gone bankrupt. By the end of 2020, passenger numbers are expected to fall to 1.8 billion, which is roughly the same number that the industry carried in 2003 and is 60.5% down on the 4.5 billion passengers recorded in 2019. Passenger revenues are expected to fall to \$191 billion, less than a third of the \$612 billion earned in 2019. This is largely driven by a 66% fall in passenger demand (measured in Revenue Passenger Kilometres). Further poor performance can be exemplified through passenger load factor, which is expected to be 65.5%, down from the 82.5% recorded in 2019. Cargo operations are performing better than passenger operations but remain depressed compared to 2019 due to the

significant loss in belly capacity from the decrease in passenger flights. Cargo uplift is expected to be 54.2 million tonnes in 2020, down from 61.3 million tonnes in 2019. Contrary to the negative trends seen thus far, cargo revenues are expected to increase to \$117.7 billion in 2020 compared to \$102.4 billion in 2019. This outcome is positive, however the increase in cargo revenues is not significant enough to account for the severe loss in passenger revenues.

Performance factors in 2021 will potentially show improvements compared to 2020, however there is still an expected industry loss of \$38.7 billion. Based on the assumption that there will be opening of borders by mid-2021, either due to increased testing or growing availability of a vaccine, overall revenues are expected to grow to \$459 billion. This is an improvement of \$131 billion on 2020, but still 45% below the \$838 billion achieved in 2019. Passenger numbers are expected to grow to 2.8 billion in 2021, which would be a billion more than expected passengers in 2020, but still 1.7 billion travellers short of 2019 performance. Passenger yields are expected to be flat and the load factor is expected to improve to 72.7%, but this is

still significantly below the 82.5% factors achieved in 2019. Cargo operations is expected to continue with strong performance, as improved business confidence and increased vaccine distribution is estimated to help cargo uplift grow to 61.2 million tonnes, which is close to the 61.3 million tonnes carried in 2019. This will contribute to improved cargo revenues, which are projected to grow to a historic high of \$139.8 billion. Despite the forecasted recovery in 2021, IATA expects a long journey before a full recovery can be witnessed, as passenger volumes are not expected to return to 2019 levels until 2024 at the earliest, with domestic markets recovering faster than international services. Furthermore, increase in border/quarantine restrictions or spread of the virus variant can further delay recovery, as well as further depress financial and operational performance within the industry.

EMIRATES GROUP

Airline Operations:

Emirates gradually restarted scheduled passenger operations on 21 May. By 31 December, the airline was operating passenger and cargo services to close to 100 cities and resumed A380 serviced flights to select destinations. Customers can now enjoy the A380 experience on flights to Cairo, Paris, London, Guangzhou, Moscow, and Amman. Emirates will continue to gradually deploy the A380 in line with increased passenger demand.

Emirates reported in its half-yearly financial for 2020/21, that overall capacity during the first six months declined by 67% to 9.8 billion Available Tonne Kilometres (ATK) due to a substantially reduced flight programme, including the suspension of passenger flights at Dubai international airport for 8 weeks. Capacity measured in Available Seat Kilometres (ASK), shrunk by 91%, whilst passenger traffic carried measured in Revenue Passenger Kilometres (RPK) was down by 96% with average Passenger Seat Factor falling to 38.6%, compared with last year's

pre-pandemic figure of 81.1%.

Emirates carried 1.5 million passengers between 1 April and 30 September 2020, down 95% from the same period last year. Emirates was able to uplift 65% of its cargo volumes compared to the same period last year, which shows its cargo division's agility in adapting its operations to provide air freight services in this new environment. In a very short time, Emirates SkyCargo completed the partial retrofit of 14 Boeing 777-300ER passenger aircraft to transport freight on the main deck. In November, Emirates started to utilize the A380 on select cargo charter operations as a dedicated "Emirates A380 'mini-freighter'". The carrier optimized the cargo capacity to safely transport around 50 tonnes of cargo per flight in the belly hold of the aircraft. Emirates SkyCargo is working on further optimisations of the capacity through measures such as seat loading of cargo.

The table below details the current fleet activity for the week commencing 25 December and ending 31 December 2020:

Aircraft Type	Grounded	Active
A380	102	15
B777	4	146
Total	106	161
%	40%	60%

Source: Flightradar24

Half Year 2020/21 financial results:

In the first half of the 2020-21 financial year, Emirates reported its first half-year loss in over 30 years, due to COVID-19 implications. Emirates revenue, including other operating income, of AED 11.7 billion (c. US\$ 3.2bn) was down 75% compared with the AED 47.3bn (c. US\$ 12.9bn) recorded during the same period last year. Subsequently, the carrier recorded a loss of AED 12.6bn (c. US\$ 3.4bn), compared to last year's profit of AED 862m (c. US\$ 235m).

Emirates' operating costs decreased by 52%. Fuel, which had previously been the largest cost category for the airline, only accounted for 11% of total

operating costs (compared to 32% in the first half of the previous financial year). Contributing factors were a 49% decrease in oil prices and a 76% lower fuel uplift from reduced flight operations. Despite this significant reduction in operations, Emirates' EBITDA remained positive at AED 290 million (c. US\$ 79 million). As of 30 September, Emirates' total liabilities decreased by 8.3% to AED 136.1 billion (c. US\$ 37.1 billion) compared to the end of the previous financial year. Total equity decreased by 10.6% to AED 21.1 billion (c. US\$ 5.75 billion) with an equity ratio of 13.4%. Emirates' cash position amounted to AED 15.6 billion (c. US\$ 4.25 billion) at the end of the first half of the 2020/21 financial year, following a US\$ 2 billion equity injection. This compares to AED 20.2 billion (c. USD 5.5 billion) in cash assets as of 31 March 2020.

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Thai Airways International

General Update:

As detailed in the AA4P Portfolio Update section above, the airline, with the help of its Planners, is in process of strategizing the carrier's recovery. The plan will be submitted to the Bankruptcy Court on 2 February 2021, and more details will potentially be revealed after the deadline.

Airline Operations:

In April 2020, the Thai government imposed strict travel restrictions for those wishing to enter and leave the country. An article published by FlightGlobal indicates that since restrictions were set, the number of international flights plummeted as April only saw 2,711 flights from Bangkok's Suvarnabhumi airport compared to January's 26,000 international flights. For the quarter ended 30 June, tourist arrivals into Thailand fell to an unprecedented zero. In December 2020, the Government of Thailand eased travel restrictions to allow citizens from 56 countries to visit Thailand without visa requirements. However, these travellers will still have to follow other health safety measures, such as undergoing a PCR test, and will

also have to quarantine for 14 days upon arrival.

This is positive news for Thai, who will look to restart its operations. In its most recently made available financial statement for the third quarter of 2020, Thai recounted passenger production (Available Seat Kilometres) decreased by 95.0% while passenger traffic (Revenue Passenger Kilometres) decreased by 97.8%. Average cabin factor was 34.9% lower than last year which averaged 80.0%. Passengers carried were 0.49 million people, a decrease of 91.9% from the previous year. For cargo transportation, freight production (Available Dead Load Ton-Kilometres) was 96.2% lower than the previous year, while freight traffic (Revenue Freight Ton-Kilometres) was 93.6% lower than the previous year. Average Freight load Factor was 91.2% higher than the previous year at 52.2%.

Despite the lack of International flights since April, domestic services are gradually improving. Flightradar24 data illustrates that Thai Airways' subsidiary, Thai Smile, was operating 16 out of 20 A320 aircraft during the month of December.

The table below details the current fleet status of Thai International Airways for the week starting 25 December 2020 and ending 31 December 2020:

Aircraft Type	Grounded	Active
A330	13	2
A350	9	3
A380	6	0
B747	8	0
B777	22	5
B787	8	0
Total	66	10
%	87%	13%

Source: Flightradar24

Q3'20 Financial Results:

Total revenues of Thai and its subsidiaries were THB 3,727m (c.US\$ 118.9m), lower than the same quarter of last year by THB 41,289m (c. US\$ 1.32bn) or 91.7%. The main reason was because both revenue from passenger and cargo operations decreased by THB 37,654m (c. US\$ 1.20bn) or

95.1%. Total expenses were of THB 19,375m (c. US\$ 618.3m), THB 28,483m (c. US\$ 908.89m) or 59.5% lower than last year, mainly due to operating expenses that varied with traffic production, traffic demand and number of passengers decreased in line with production and traffic demand.

Moreover, fixed expense was still high while as revenue decreased greater than its expenses, thus resulting in operating loss of THB 15,648m (c. US\$ 499.4m), higher loss of THB 12,806m (c. US\$ 408.6m) or 450.6% from the same quarter last year. Thai reported a net loss of THB 21,531m (US\$ 687.1m), more loss of THB 16,851m (US\$ 537.7m) or 360.1% from the same quarter the previous year. This amount takes Thai's total loss

for the first 9 months of the 2020/21 financial year to THB 49,560m (c. US\$ 1.58bn).

As of September 30, 2020, total assets tallied THB 298,952m (c. US\$ 9.54bn), increased by THB 44,144m (c. US\$ 1.41bn) or 17.3% from as at December 31, 2019. Total liabilities as of September 30, 2020 were THB 338,897m (c. US\$ 10.81bn), increased by THB 95,855m or (c. US\$ 3.06bn) or 39.4% from as of December 31, 2019. The Group had loss from operations since year 2013 resulting in the Group having a capital deficiency and lack of financial liquidity.

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This report has been prepared for the Company by Amedeo Limited ("Amedeo") in its capacity as Asset Manager to the Company and is for the sole benefit of the Company. We agree to the disclosure of this report by the Company in its report to shareholders on the basis that in doing so Amedeo does not assume any responsibility or liability to any person other than the Company. Neither Amedeo nor any of its directors, officers or employees shall be responsible for any loss or damage suffered by any person, other than the Company, as a result of placing reliance on the contents of this report.

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Contact with the Board

The Directors consider it important that all Shareholders are able to contact the Board, through the Chairman or any individual Director if they wish to do so and, for this purpose the contact email for each Director are set out below.

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