

AA4P Factsheet

Amedeo Air Four Plus Limited

LSE: AA4

Report to Shareholders as at 30 September 2022

MESSAGE FROM THE CHAIRMAN

The half year to 30 September 2022 has passed somewhat uneventfully compared with last year. Dividends have been maintained and indeed increased at the most recent review, however the Directors believe that the share price continues to undervalue the Company. How to unlock that value is an ongoing concern and we will explore all avenues that will assist in this.

The Board continue to consider the values of the A350s, now that they have leases attached out to 2035/6. It is fair to say that there have been material differences in opinions of appraisers, industry leasing professionals and market analysts as to what they are worth and the Board continues to keep this under review. At a macro level, long haul flying is still no more than 75% of its pre-pandemic level with strong Transatlantic traffic contrasted to slower Asia Pacific recovery. Many observers are predicting a worldwide recession next year as negative real interest rates and quantitative easing are revealed to have been maintained for far too long. Some airlines will be at risk over the winter. Pre-covid, Chinese and Russian tourists represented a significant share of tourism to Thailand and they are yet to return in previous numbers, although in the case of Russian tourists, this situation is improving as the key winter season arrives. Against that, at least in the second and third quarters, the A350s have been flown a lot.

At a more specific level, the A350-900 is regarded as an excellent fuel efficient aircraft which according to Ishka has recovered to about 87-90% of its "Base" (that is, long term trend value) whereas Thai Airways, notwithstanding the progress made over the last two years, is a credit that many investors and financiers will treat with caution and discount more heavily or require a higher return, at least until it has emerged from bankruptcy protection and shown that its rehabilitation plan is viable. The prospect of income returns to shareholders from the A350s are minimal due to lender constraints and, in light of the above, the equity return remains difficult to quantify.

The A380s have been enjoying their steady return to service, and Emirates plan to reconfigure 67 of their A380 fleet to Premium Economy is a positive. At this stage we do not know whether this number represents Emirates future fleet size.

Robin Hallam

Chairman

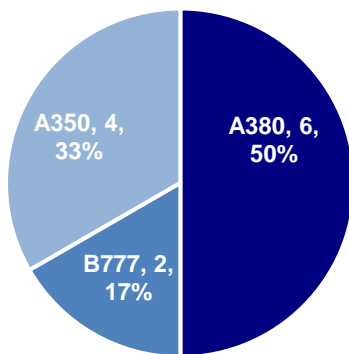
OVERVIEW (30 September 2022)

Listing	LSE
Ticker	AA4
Share Price	33.00p (Closing)
Market Capitalisation	GBP 114,613,449
Shares Outstanding	347,313,483
Outstanding Debt Balance	USD 1,259,730,057
Currency	GBP
Year End	31-Mar

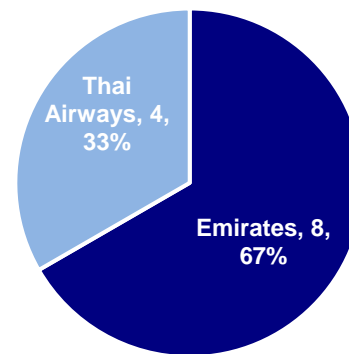
Launch Date / Price	13 May 2015 / 100p
Incorporation	Guernsey
Asset Manager	Amedeo Limited
Corporate & Shareholder Adviser	Liberum Capital Limited
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG, Dublin
SEDOL, ISIN	BMZQ5R8, GG00BMZQ5R81
Stocks & Shares ISA	Eligible
Website	www.aa4plus.com

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 announcement on 16 December 2021, the Company completed the lease amendment documentation with Thai Airways in respect of its 4x A350-900 aircraft. Under the restructured leases, Thai Airways will pay rent on a power by the hour basis until December 2022. From January 2023, the leases will switch to fixed monthly rent with an additional six-year lease extension agreed. Thai Airways has expanded operations leading to an increased utilisation of the Company's aircraft. As a result, the aircraft have generated PBH income in excess of interest with overages being applied to repay loan principals.

Thai Airways has made significant progress in its operations, having said that, their Plan Administrator submitted a petition for a Plan Amendment on 01 July 2022. Under the proposed revised Plan the airline is seeking a new term loan of up to six years and / or a bond with the same maturity term of up to US\$350m. It may also seek a revolving facility of up to the same amount. The airline is aiming to increase its capital registration by c.31.5bn

shares in order to i) repay creditors with debt-to-equity conversion and ii) to give a new financial supporter the right/option to buy shares at the same amount of the US\$350m facility mentioned above. The debt-to-equity conversion can lead to Thai increasing its equity and reducing debts under the Plan by c. US\$ 1.06bn. If approved, Thai expects to receive c. US\$2.24bn through the new share issuance and capital restructuring. Thai expects equity will be positive in 2024 and that the airlines shares will be traded again on the stock exchange in 2025. The proposed amendment and debt-to-equity conversion only applies to financial creditors and not lessors.

Emirates continues to keep up its positive performance and reported a productive summer, carrying more than 10m passengers on nearly 35,000 flights to 130 destinations. The airline continues to expand its operations as it announces increased frequencies to London, Tel Aviv, and more cities. The airline continues to redeploy A380 services in line with demand, as the flagship aircraft is set to return to Perth, Auckland, Kuala Lumpur, and Bengaluru between October and December 2022. In the half year financial period ending 30 September 2022, Emirates recorded a net profit of AED 4.0 billion (US\$ 1.1 billion). His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said that the expectation is for “the Group to return to track record of profitability at the close of the full financial year”.

AMEDEO’S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 30 September 2022

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles	September Flight Hours
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	26,265	4,198	300
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	25,930	4,168	282
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	26,871	2,686	0
	A380-861	201	A6-EOQ	27/11/2015	27/11/2027	17,707	2,799	0
	A380-861	206	A6-EOV	19/02/2016	19/02/2028	22,814	3,724	0
	A380-861	208	A6-EOX	13/04/2016	13/04/2028	16,110	2,543	0
	B777-300ER	42334	A6-EPO	28/07/2016	28/07/2028	23,650	5,881	347
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	23,241	5,316	357
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2035	15,873	2,906	330
	A350-900	130	HS-THG	31/08/2017	31/08/2035	15,208	2,746	321
	A350-900	142	HS-THH	22/09/2017	22/09/2035	14,718	2,630	330
	A350-900	177	HS-THJ	26/01/2018	26/01/2036	12,370	2,102	312

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.
- Only MSN 201 & 208 remain grounded, as all other aircraft are in commercial service.
- Emirates fleet last operated as per the dates listed below as of 30 September March 2022:
 - MSN 157: 30 September 2022
 - MSN 164: 28 September 2022
 - MSN 187: 31 March 2022
 - MSN 201: 18 August 2020 (Positioning Flight from DXB – DWC)
 - MSN 206: 10 August 2022
 - MSN 208: 26 August 2020 (Positioning Flight from DXB – DWC)

- MSN 42334: 30 September 2022
- MSN 42336: 30 September 2022
- Thai Airways fleet last operated as per the dates listed below as of 30 September 2022:
 - MSN 123: 30 September 2022
 - MSN 130: 30 September 2022
 - MSN 142: 30 September 2022
 - MSN 177: 30 September 2022

Industry Update

The International Air Transport Association (IATA) announced a positive performance thus far in 2022, as passenger data for September 2022 shows that the recovery in air travel continues to be strong. Total demand for air travel in September 2022, measured in revenue passenger kilometres (RPKs) was up 57.0% compared to September 2021. Global traffic is now at 73.8% of 2019 levels, which is in line with August 2022.

September domestic air travel was up 6.9% compared to the previous year and is now driving the recovery. Total September 2022 domestic traffic was at 81.0% of the September 2019 level, which is slightly lower than the 85.4% reached in August 2022. Recent developments in China, which is an important market, indicate a significant contraction in domestic traffic compared to last month, following the re-introduction of travel restrictions in some provinces RPKs decreased by 43.3% month-on-month, with achieved traffic levels now 60.5% below September 2019 -down 22.7 ppts from last month. Given the significance of the China domestic market, travel policies in the country continue to impact global figures.

International RPKs continue to increase globally, supported by easing travel restrictions in Asia Pacific. Industry traffic increased 122.2% compared to September 2021, which places the international industry 30.1% below September 2019. This represents a 2.5ppts improvement from August 2022. Passenger load factors are close to or above those achieved in 2019 and averaged 81.6% industry-wide in September. The load factor

remains high industry wide at 81.6% with North America in the lead at 85.5%, which remains in line with August 2022.

According to IATA, forward bookings provide an optimistic outlook for both international and domestic passenger traffic for the months to come and willingness to travel remains strong despite high energy prices, traffic disruptions, and other economic headwinds. “Strong demand is helping the industry cope with sky high fuel prices. To support that demand in the long-term, we need to pay attention to what travellers are telling us. After nearly three years of pandemic travel complexity, IATA’s 2022 Global Passenger Survey (GPS) shows that travellers want simplification and convenience.”, IATA’s director general Willie Walsh commented.

EMIRATES GROUP

Half Yearly Financial Highlights¹:

In the half year financial period ending 30 September 2022, Emirates recorded a net profit of AED 4.0 billion (US\$ 1.1 billion). The performance was a significant improvement of the airline’s profitability, after the previous year’s net loss amounted to AED 3.9 billion (US\$ 1.1 billion). Emirates expanded its operations and reinstated more passenger flights in its network, which helped increase its revenues by 131% to AED 50.1 billion (US\$ 13.7 billion). Considering the substantial increase in flight operations, Emirates’ operating costs increased by 73% mainly due to the carrier’s fuel cost which more than tripled compared to the

¹ US\$ Figures are converted at US\$ 1 = AED 3.67.

same period last year. Fuel, which had been the largest component of Emirates' operating cost prior to the pandemic, accounted for 38% of operating costs. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said that the expectation is for "the Group to return to track record of profitability at the close of the full financial year".

Operations:

Emirates continued to focus on restoring its global passenger network and connections through its Dubai hub, restarting services and adding flights to meet customer demand across markets. In June, it launched services to Tel Aviv, a new destination. Emirates continues to expand its operations and flight network, launching codeshare and interline agreements with 12 airlines in the first six months of 2022-23 financial year. In early August 2022 Emirates resumed passenger flights to its third London gateway, London Stansted with a daily Boeing 777 service that complements six daily flights to Heathrow and a double daily A380 service to Gatwick.

In September 2022 United Airlines and Emirates have signed a codeshare agreement. From November on United customers will get access to more than 100 destinations through Emirates' hub in Dubai. In return Emirates passengers can continue their journey to approximately 200 US cities through Chicago, San Francisco and Houston. As at the end of September 2022, Emirates was operating passenger and cargo services to 140 airports, utilising its entire Boeing 777 fleet and 73 A380s. From 30 October 2022 Bengaluru (India) will be the second city in India Emirates will serve with an A380. The daily service complements two daily Boeing 777 flights. Post-pandemic Emirates has rebuilt its A380 network of more than 30 destinations on six continent and will reintroduce direct A380 services to Auckland (New Zealand) and Kuala Lumpur (Malaysia) from 1 December. In order to meet strong demand from Australia, Emirates will also upgrade its service to Perth to an A380 later this

year. Emirates continues to rebuild its capacities to South Africa with additional flights to Johannesburg, Cape Town, and Durban. The enhanced schedule will offer 42 weekly services in a combination of A380 and Boeing 777 operations. With new passenger aircraft only expected to arrive in 2024, Emirates began its multi-billion dollar programme to retrofit 120 aircraft (67 A380s and 53 Boeing 777s) with its latest cabin interiors and products. Emirates launched its full Premium Economy experience to hugely positive, "booked-out" customer response on its flights to London, Paris and Sydney. Emirates plans to introduce its Premium Economy product on 5 more routes before the end of 2022-23, as more aircraft fitted with these popular seats roll out of its retrofit programme. One of the reasons for the programme is due to Emirates President, Sir Tim Clark, scepticism about the delivery timelines of the new aircraft the airline has ordered with Airbus and Boeing. Boeing in particular keeps shifting delivery timelines on the 777X and 787 that could lead to Emirates cancelling orders and reconfiguring its long-term fleet plan.

Thai Airways International

Q3'22 Financial Highlights²:

In the first nine months of 2022, Thai reported total revenue of THB 60.6 billion (US\$ 1.6 billion) which was 326.9% higher than the same period last year. This is mainly due to an increase in revenue from passenger and cargo transportation, which totalled to THB 54.6 billion (US\$ 1.4 billion) as a result of greater traffic from resumption of regular flights, considering during this period last year the airline had to temporarily suspend flights. Total expenses were THB 58.3 billion (US\$ 1.52 billion) and higher than last year by 111.8%. Fuel costs increased almost 8 times higher when compared to the same period in 2021. After accounting for finance costs and one-time items, Thai recorded a net loss of THB 8.5 billion (US\$ 223.6 million). As of the end of Q3'22, cash and cash equivalent was THB 22.8 billion (US\$ 605 million) mainly from cash received from operating activities, sale of asset and

² THB Figures are converted at THB 1 = US\$ 0.026445.

investment.

Operations:

In the third quarter of 2022, due to the growth in passenger traffic, Thai Airways increased its flights frequencies on international routes including Frankfurt, London, Munich, Zurich, Copenhagen, Seoul, Singapore, Kuala Lumpur, Jakarta, Denpasar and opened additional routes, including Tokyo (Haneda), Brussels, Jeddah, to support passenger travel demand and support the country's economic growth. Jakarta, Denpasar and opened additional routes, including Tokyo (Haneda), Brussels, Jeddah, to support passenger travel demand and support the country's economic growth.

In the third quarter of 2022, Thai increased production traffic (ASK) by 309.0% while passenger traffic (RPK) increased by 3,034.2%. The average Cabin Factor was 59.6%, a significant increase from compared to the 7.8% recorded for the same period last year. The numbers of passengers carried totalled 2.7 million, increased by 3,742.9% from the previous year where the carrier struggled

During the high season in the fourth quarter of this year to the first quarter of 2023, Thai plans to support the continued growth in travel demand from the recovering aviation situation by gradually bringing three A330-300 aircraft back into service on the Fukuoka and Tokyo routes from the end of October onwards. Moreover, Thai increases two B777-200ER aircraft to the fleet for additional service on the Mumbai, Jakarta and Denpasar routes, the company is confident that it will be able to satisfy passengers and meet the revenue targets set forth in the rehabilitation plan.

Rehabilitation Plan:

On 20 October 2022, the Court ordered the request to amend the Company's business rehabilitation plan by the essence of the revision of the plan is to provide new financing through the debt-to-equity conversion process and capital

increase from the existing creditors and existing shareholders in the amount of THB 25 billion within 2024. Thai also expects to be able to complete the capital restructuring by 2024 as well as its Equity will return to positive in 2024. If so, Thai securities will be able to resume trading in 2025.

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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