

AA4P Factsheet

Amedeo Air Four Plus Limited

LSE: AA4

Report to Shareholders as at 31 December 2022

MESSAGE FROM THE CHAIRMAN

The big news is the reopening of China. This is significant for two reasons. First, its closure was one of the main reasons for international travel remaining stubbornly at around 75% of pre-pandemic levels. Second, and of more direct relevance to us, Chinese tourism is a big element of Thai Airways traffic and is vital if they are to become a profitable airline. From 1 January 2023, the Company now receives fixed rent from Thai until the original lease expiry dates, rather than on a power by the hour basis. The airline's rehabilitation remains ongoing, however lease payments are sufficient to meet debt service and a contribution towards expenses, without recourse to the Company's other funds. Thai Airways are doing well and looking for more aircraft.

Anyone who has booked a flight recently will have noticed that air fares have jumped a lot. Whilst a majority of airlines have re-established their route networks, frequencies still lag. Airlines borrowed over \$200 billion during Covid and these higher fares are needed to restore balance sheets. Many major airlines have already repaid the government support that they received. Whilst growth in travel is generally linked to growth in GDP, and is therefore exposed to a slowdown in economic activity, airlines have shown increasing confidence. The massive order by Air India to completely renew its fleet illustrates this. A newly privatised airline in what is now the world's most populous country is a major boost.

On 19 January we appointed Tom Sharp to the Board. Tom is a highly experienced investor both in AA4 and elsewhere. We are now in our 8th year of existence and having a voice which is attuned to shareholder requirements and time horizons is very important.

In the quarter we carried out a long planned visit to meet with Emirates at their HQ in Dubai. In addition, we attended the most important air finance conference in Europe, which takes place in Dublin every year. 4,000 delegates attended and it is a great opportunity to see industry trends.

One obvious trend is shortage; a shortage of aircraft, pilots, maintenance capacity, spares and order positions. How long this will last is anybody's guess, but whilst values of aircraft such as A380s and B777-300ERs remain depressed, lease rates have ticked up for B777 aircraft where they are available at the times and places that airlines want them.

Finally, I must thank Amedeo, Liberum and JTC for their continuing efforts as advisers to the Company.

Robin Hallam

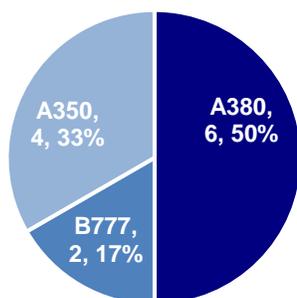
Chairman

OVERVIEW (31 December 2022)

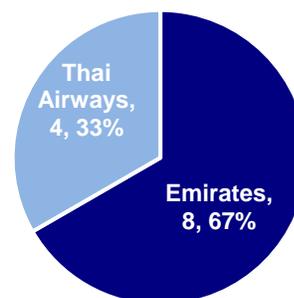
Listing	LSE	Launch Date / Price	13 May 2015 / 100p
Ticker	AA4	Incorporation	Guernsey
Share Price	37.75p (Closing)	Asset Manager	Amedeo Limited
Market Capitalisation	GBP 131,110,840	Corporate & Shareholder Adviser	Liberum Capital Limited
Shares Outstanding	347,313,483	Administrator	JTC Fund Solutions (Guernsey) Limited
Outstanding Debt Balance	USD 1,227,730,168	Auditor	KPMG, Dublin
Currency	GBP	SEDOL, ISIN	BMZQ5R8, GG00BMZQ5R81
Year End	31-Mar	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)

Towards the end of 2022, Thai Airways expanded operations, resulting in an increased utilisation of the Company's aircraft, which led to PBH income in excess of interest payments with overages being applied to repay loan principal. As of 1 January 2023, the Thai leases have switched from a PBH basis to a fixed monthly rent. The increased utilization of the Company's aircraft is a positive sign and as China reopens, there is hope that there will be a further boost to the carrier's operations.

Thai Airways' Plan Administrator submitted a petition for a Plan Amendment on 1 July 2022. The revised plan received approval from a majority of the airline's creditors and was subsequently approved by the Court on 20 October 2022. Under the revised Plan, the airline is seeking a new US\$350 million principal loan or bond with a term of up to six years. Thai may also seek a revolving facility of a similar value. The airline is aiming to further increase its capital by issuing approximately 31.5bn shares in order to i) repay creditors with a debt-to-equity conversion and ii) to give new investors the option to buy up to US\$350 million of shares. The debt-to-equity conversion would lead to Thai increasing its equity and reducing its debts under the Plan by approximately US\$1.0 billion. Thai expects to receive c. US\$2.24 billion through the issue of new shares and its capital restructuring. The airline now expects that it will have positive equity in 2024 and its shares will become freely tradable on the Thai stock exchange in 2025. The proposed amendment and the debt-to-equity conversion only applies to financial creditors and not lessors.

Emirates continues to maintain its positive performance, as the airline adds more routes and flights to its network. It currently deploys its flagship A380 to 40 destinations worldwide, with over 80 A380s in service and is looking to redeploy more across its network in order to meet capacity. Emirates announced that it will scale up its A380 operations with the return of flights to Glasgow (26 March 2023), Nice (1 June 2023) and Birmingham (1 July 2023). The airline has also announced that it will resume its second daily service to Stansted starting from 1 May 2023, utilising a Boeing 777-300ER. With the return of the second daily flight to Stansted, Emirates will ramp up its operations to London with 11 daily flights, including six times daily to London Heathrow and three times daily to Gatwick. By the end of summer 2023, the popular aircraft will be serving almost 50 destinations, restoring close to 90% of the airline's pre-pandemic A380 network. Emirates will ramp up operations in China in response to strong travel demand, boosting connectivity to its gateways; Guangzhou, Shanghai and Beijing as the country reopens its borders and eases its COVID-related entry restrictions. The airline is also ramping up operations in Australia and Japan in order to take advantage of the increased demand seen in those regions.

AMEDEO'S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 31 December 2022

Lessee	Model	MSN	REG	Delivery Date	Lease Expiry Date	Flight Hours	Flight Cycles	Sep to Dec Flight Hours
Emirates	A380-861	157	A6-EEY	04/09/2014	04/09/2026	27,245	4,359	980
	A380-861	164	A6-EOB	03/11/2014	03/11/2026	26,960	4,335	1,030
	A380-861	187	A6-EOM	03/08/2015	03/08/2027	27,624	2,808	753
	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	23,645	3,858	831
	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	24,685	6,138	1,035
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	24,483	5,540	1,242
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2035	17,037	3,166	1,164
	A350-900	130	HS-THG	31/08/2017	31/08/2035	16,299	2,988	1,091
	A350-900	142	HS-THH	22/09/2017	22/09/2035	15,879	2,883	1,161
	A350-900	177	HS-THJ	26/01/2018	26/01/2036	13,423	2,341	1,053

Recent Technical Activity:

- No significant technical events have been reported by Emirates and Thai Airways for this period.
- Only MSN 201 & 208 remain grounded, as all other aircraft are in commercial service. Emirates have indicated that the aircraft should return to service between the end of Q2'23 and Q3'23.
- Emirates fleet last operated as per the dates listed below as of 31 December 2022:
 - MSN 157: 31 December 2022
 - MSN 164: 31 December 2022
 - MSN 187: 31 December 2022
 - MSN 201: 18 August 2020 (Positioning Flight from DXB – DWC)
 - MSN 206: 31 December 2022
 - MSN 208: 26 August 2020 (Positioning Flight from DXB – DWC)
 - MSN 42334: 31 December 2022
 - MSN 42336: 31 December 2022
- Thai Airways fleet last operated as per the dates listed below as of 31 December 2022:
 - MSN 123: 31 December 2022
 - MSN 130: 29 December 2022
 - MSN 142: 31 December 2022
 - MSN 177: 31 December 2022

Industry Update

In its latest recovery update, The International Air Transport Association (IATA) announced that the recovery in air travel continued in December 2022 and for the full year.

Over the course of 2022, global air passenger traffic gained momentum and recovered substantially as travel restrictions were removed and passengers showed a very strong willingness to travel. Passenger traffic (measured in revenue passenger-kilometers or RPKs) recovered from 41.7% of 2019 volumes in 2021 to 68.5% in 2022. December 2022 total traffic rose 39.7% compared to December 2021 and reached 76.9% of the December 2019 level. At the industry level, passenger demand was met by offered seat capacity in 2022, as available seat kilometers (ASKs) recovered to 71.9% of 2019 levels, while maintaining industry-wide passenger load factors of 78.7%. Passenger load factors for 2022 were only 3.9 percentage points below the load factors achieved before the pandemic in 2019.

Globally, domestic operations ramped up quicker than international, as domestic travel policies offered more certainty to passengers. Despite the setbacks caused by lingering travel restrictions, international traffic took off significantly in 2022 wherever these restrictions were removed. As a result, international RPKs surged from 26.8% of 2019 levels in 2021 to 62.2% in 2022.

December 2022 international traffic climbed 80.2% over December 2021, reaching 75.1% of the level in December 2019. December 2022 domestic traffic was up 2.6% over the year earlier period and was at 79.9% of December 2019 traffic.

IATA's Director General, Willie Walsh, commented "The industry left 2022 in far stronger shape than it entered, as most governments lifted COVID-19 travel restrictions during the year and people took advantage of the restoration of their freedom to travel. This momentum is expected to continue in the New Year, despite some governments' over-reactions to China's re-opening."

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, 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 costs, which more than tripled compared to the same period last year. His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said "For the coming months, we [Emirates] remain focussed on restoring our operations to pre-pandemic levels and recruiting the right skills for our current and future requirements. We expect customer demand across our business divisions to remain strong in H2 2022-23. However, the horizon is not without headwinds, and we are keeping a close watch on inflationary costs and other macro-challenges such as the strong US dollar and the fiscal policies of major markets." His Highness added that "The Group expects to return to our track record of profitability at the close of our full financial year."

Operations:

In November 2022 Emirates announced a firm order for 5 new Boeing 777-200LR freighter aircraft to expand its air cargo capacity with expected deliveries in 2024 and 2025. Emirates continues 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. At the end of October 2022 Emirates commenced its A380 service to Bengaluru (South India) and in early November 2022, Emirates resumed daily operations to Taipei, following the conclusion of Taiwan's reopening plan with the

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

termination of COVID-19 quarantine restrictions for arrivals. In mid-November 2022 the A380 service returned to Narita (Japan) to meet a surge in demand, after the country scrapped the daily arrival cap, lifted COVID-19 testing and self-quarantine protocols for inbound travel. In the same month Emirates resumed flights to Rio de Janeiro (Brazil) and Buenos Aires (Argentina), which were previously suspended due to COVID-19.

In December 2022 the carrier ramped up its operations to London Gatwick (UK) with a third daily A380 service, increasing the number of weekly flights from its seven UK hubs to 119. Also in December 2022, the Emirates A380 has returned to Auckland to address increasing travel demand in and out of New Zealand ahead of the country's first full open summer since the pandemic. At 14,200 km it is the longest route in Emirates' network and one of the longest non-stop scheduled commercial flights worldwide.

2023 is set to be a positive year for Emirates as the airline continues to expand its network and capacity, and deploy more A380s into service. Emirates expects to serve almost 50 destinations by the end of summer 2023 with its A380 fleet, which would restore close to 90% of the airline's pre-pandemic A380 network. In response to the growing demand in Asia, in January 2023 Emirates expanded its Bangkok (Thailand) operations with a fourth daily flight, operated by an A380 and from 29 March 2023 the airline will ramp up frequencies with a daily non-stop service on its Dubai-Hong Kong route.

[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 3x higher than the same period last year. This is mainly due to an increase in revenue from passenger and cargo transportation, which totalled THB 54.6 billion (US\$ 1.4 billion) as a result of greater traffic from the resumption of regular flights, as the airline had to temporarily suspend flights during this period last year. Total expenses

were THB 58.3 billion (US\$ 1.52 billion); 1x higher than last year. Fuel costs were almost 8x higher 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). At the end of Q3'22, cash and cash equivalents were THB 22.8 billion (US\$ 605 million) due to cash received from operating activities, the sale of assets and investments.

Operations:

In Q3'22, due to the growth in passenger traffic, Thai increased flight frequencies on international routes including Frankfurt, London, Munich, Zurich, Copenhagen, Seoul, Singapore, Kuala Lumpur, Jakarta, Denpasar and opened additional routes including Tokyo (Haneda), Brussels and Jeddah to support passenger travel demand and Thailand's economic growth. Thai also increased its ASK capacity by 3x while its RSK passenger traffic increased by 30x. The average Cabin Factor was 59.6%, a significant increase compared to the 7.8% recorded for the same period last year. The numbers of passengers carried totalled 2.7 million, increasing by 37x from the previous year.

In December 2022, Thai signed a MOU with Singapore Airlines to form a new strategic partnership. This will result in the airlines progressively increasing their code sharing on each other's services and exploring wide-ranging commercial collaborations to provide customers with more options, greater benefits and an enhanced travel experience. Thai also announced that it will accept applications for the recruitment of over 300 cabin crew. The decision comes following the carrier's plans to increase flight frequencies in Q1'23 due to the anticipated growth in travel demand.

Rehabilitation Plan:

Following the Court approval of the amendment to the Rehabilitation Plan, the Plan Administrator and executives are confident that the business reorganization under the Plan will be implemented smoothly for the benefit of creditors.

² THB Figures are converted at THB1 = US\$0.026445 as per previous Factsheet.

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Contact Details Company

Amedeo Air Four Plus Limited
Ground Floor, Dorey Court
Admiral Park, St. Peter Port
Guernsey, GY1 2HT

Tel: +44 1481 702400
www.aa4plus.com

Corporate Broker

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London, EC2Y 9LY

Tel: +44 2031 002000
www.liberum.com

Asset Manager

Amedeo Limited
Pembroke House
28-32 Pembroke Street Upper
Dublin 2, D02 EK84

Tel: +353 1 205 7960
www.amedeo.aero

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.

Robin Hallam

Robin.Hallam@aa4plus.com

David Gelber

David.Gelber@aa4plus.com

Laurence Barron

Laurence.Barron@aa4plus.com

Steve Le Page

Steve.LePage@aa4plus.com

Mary Gavigan

Mary.Gavigan@aa4plus.com

Thomas Sharp

Tom.Sharp@aa4plus.com

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