

## Chairman’s Message

The past year has seen rapid changes in the aviation industry with strong airline performances from our two lessees, Emirates and Thai Airways, as passenger traffic continues to improve. Boeing’s travails are front page news, less so are the continuing labour and parts supply issues which are hindering efforts by equipment manufacturers to fill the supply gap left by COVID shutdowns. Whilst some airlines are still paying off government financial support from 2020, others are placing large orders for new generation aircraft. There is increasing evidence that cost pressures, notably fuel and staff costs, are causing excess capacity in some areas.

Your Company continues to show strong financial performance with the cash flows from Emirates supporting the dividend payments to Shareholders. Whilst the lease rentals from Thai do not provide dividend income to the Company, nevertheless, due to the lower interest rates achieved by the existence of highly favourable derivatives, they act to reduce outstanding debt.

The recent news that Emirates intends to upgrade all its A380 aircraft which do not currently have Premium Economy seats should be supportive of values especially since doubts continue over the entry into service date of the largest available replacement, the Boeing 777X. Emirates financial results were outstanding and the A380’s biggest supporter, Sir Tim Clark is at the time of writing still at the helm. However, the residual value of the Group’s Assets is key to the value of the Group to shareholders. The only empirical evidence of value lies in the transactions by other investment funds that have reached maturity where sales have been concluded to Emirates. Recent news concerning progress made by Boeing with the 777X, further increases the uncertainty surrounding the future of the A380 and so your Board remains of the view that these transactions are not persuasive.

Thai Airways has placed a large order for new Boeing aircraft and remains on track to emerge from rehabilitation in 2025 with reduced debt, increased capital and a slimmed down workforce.

To provide an update on our review of strategic options available to the Company, I hope investors will not mistake our comparative silence on this topic as lack of effort. A great deal of work is being done in assessing the best way forward, with a number of different industry participants and advisers including our asset manager, Amedeo Limited.

Whilst the Group’s fleet is not the most complex, it is not the simplest, either. One of our aircraft types, the A380, is less liquid given the shallow operator base although the good news flow I refer to above should support stronger valuations. In addition, one of our lessees is still under bankruptcy protection, and this is discouraging to investors. Consequently, in weighing up the possible alternative ways forward – including running off the leases as is or selling the whole or a part of the portfolio now or over time – in terms of value to you, our shareholders, is not straightforward. Your Board remains committed to identifying the best value for you overall, including assessing the return of cash to you, as we consider prudent, along the way. We intend to provide an update to Shareholders later this year.

Finally, I would like to take the opportunity to thank our two outgoing Directors, Laurence Barron and Mary Gavigan, for their diligence and commitment during their time in office. We welcome Eithne Manning whose deep leasing industry experience will be relevant in our ongoing review.

Robin Hallam

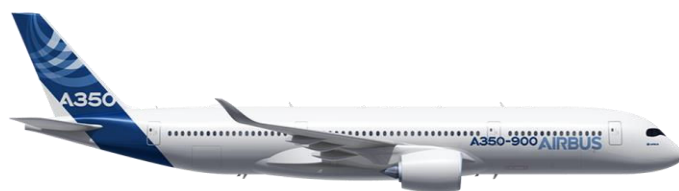
## Company Overview<sup>1</sup>

Listing	LSE – Specialist Fund Segment
Ticker	AA4
ISIN	GG00BNDVLS54
Share Price	43.90p
Shares Outstanding	303,899,361
Market Capitalisation	GBP 133.4 million
Outstanding Debt	US\$ 1,016.8 million
Accounting Year End	31 March
Incorporation	Guernsey
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG, Channel Islands Limited
SEDOL	BNDVLS5
ISA & SIPP	Eligible
Website	<a href="http://www.aa4plus.gg">www.aa4plus.gg</a>
Address	Amedeo Air Four Plus Limited, Ground Floor, Dorey Court, St Peter Port, Guernsey, GY1 2HT

## Portfolio Breakdown

4x A350-900s

Lessee



6x A380-800s

Lessee



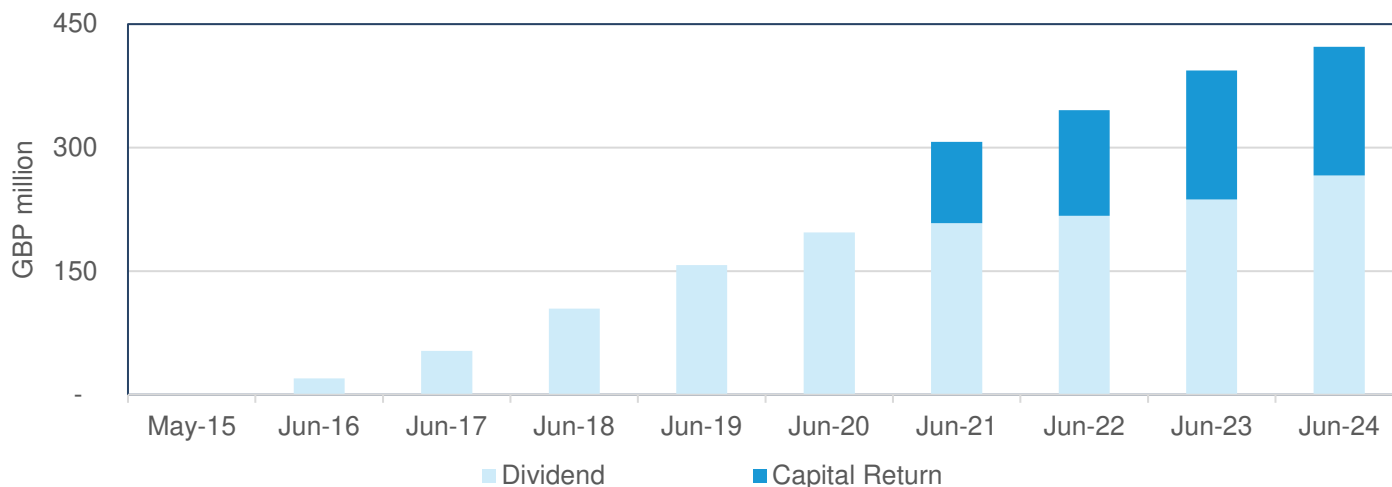
2x B777-300ERs

Lessee



<sup>1</sup>As of 28 June 2024.

## Total Returned To Shareholders<sup>2</sup>



### Dividend Target<sup>3</sup>

### Dividend Yield<sup>4</sup>

### Cash Cover<sup>5</sup>

**2.00**

(pence per quarter per share)

**18.2%**

**3.2x**

## Portfolio Update

As reported in Thai Airways' published Management Discussion and Analysis, the airline announced a US\$69m net profit for Q1'24. This comes after an impressive set of full year results where the airline announced US\$594m net profit for the period ended 31 December 2023. The airline continues to expand its operations, as well as its fleet, as demand for travel continues to recover. The airline is looking to add three more A350s into its fleet in 2024 as well as a B787-9. Thai Airways also entered into an agreement with Boeing for a firm order of 45 B787s, which will help the airline maintain an efficient fleet with new aircraft technology. The airline has the option to take the order size to 80 aircraft and deliveries are expected to take place starting between 2027 and 2033. Thai Airways will also retrofit the A320s it acquired through its merger with its subsidiary, Thai Smile, adding business class seats and an in-flight entertainment system.

Emirates continues to perform well and expand its operations. For the financial year ended 31 March 2024, the airline recorded a new record profit of AED17.2 billion (US\$4.7 billion) exceeding last year's AED10.6 billion (US\$2.9 billion) result, which was also a record at the time. The airline boasted an impressive profit margin of 14.2%, the best performance in its history. Emirates did well to restart services on certain routes, reintroduce new routes, and also add more capacity to its existing network, which is a major reason for its strong performance. Emirates also inked codeshare and interline agreements with 11 new airline partners, further extending its network's reach. By 31 March 2024, the Emirates network comprised 151 destinations across six continents, including 10 cities served by its freighter fleet only. Emirates brought its flagship A380 and popular premium economy product to even more cities, as 16 more aircraft rolled out of its cabin retrofit programme, fully refurbished. As of 31 March 2024, the Emirates A380s served 49 destinations, and customers can enjoy Emirates' Premium Economy experience to and from 15 cities around the world. During May 2024, Emirates announced that it will be refurbishing another 43 A380s and 28 Boeing 777 aircraft, expanding its retrofit programme to 191 aircraft. This means Emirates will refurbish 110 A380s, which is almost the entire fleet. At present Emirates has selected and the Company has formally consented for MSNs 187, 201, 206, 208, and 42334 to undergo the premium economy retrofit. Emirates has yet to confirm the schedule for retrofitting the selected aircraft.

It should be noted that Boeing completed its first certification test flight of the B777-9 on 12 July 2024, after receiving the jet's long-delayed type inspection authorization (TIA) from the Federal Aviation Administration (FAA). The TIA signifies a successful technical review by the FAA that the aircraft design is sufficiently complete and is the gateway to the start of its flight-testing programme. This will comprise three aircraft and if they perform as predicted, will take about 18 months. The TIA is positive news for Boeing's much delayed B777X programme and is also good news for Emirates' fleet plans, as they are the plane's largest customer, with around 200 orders. Based on the expected schedule, deliveries of the B777-9 may start in early 2026.

The Q2'24 asset utilisation report is available on the website via the following link:

<https://www.aa4plus.gg/company-information/>

<sup>2</sup>Since inception; includes return of capital through share redemptions and dividend declared for Q2'24 of 2.00p. <sup>3</sup>This is a target and not a formal dividend/profit forecast.

<sup>4</sup>Annualized quarterly dividend target divided by the share price at 28-Jun-24. <sup>5</sup>Coverage of targeted dividends to be paid for next two quarters by the Company's adjusted operating cashflows that accounts for i) net cash from operating activities, ii) interest received from investing activities, iii) gain received on derivatives, iv) capital and interest payments on all loans, and v) Security Trustee and Agency Fees; as per the Annual Financial Report for the period ended 31 March 2024.

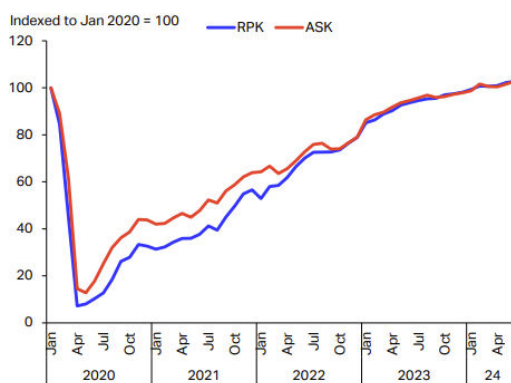
**Industry Update<sup>6</sup>**

In its latest recovery update, International Air Transport Association (IATA) announced that the recovery in air travel demand is continuing in 2024, based on May 2024 traffic results.

	Passenger Traffic (RPKs) (% change yoy)	Capacity (ASKs) (% change yoy)	Passenger Load Factor Level (% -pt)	Passenger Load Factor Level
International	▲ 12.3%	▲ 12.7%	▼ -0.3%	85.0%
Domestic	▲ 4.3%	▲ 2.1%	▲ 1.7%	85.0%
<b>Total</b>	<b>▲ 9.1%</b>	<b>▲ 8.5%</b>	<b>▲ 0.5%</b>	<b>85.0%</b>

IATA’s Director General, Willie Walsh, commented “Demand grew across all regions as the peak Northern summer travel season began in June. And with overall capacity growth lagging demand we saw a very strong average load factor of 85% achieved in both domestic and international operations. Operating with such high load factors is both good and challenging. It makes it even more important for all the stakeholders to operate with equal levels of efficiency to minimize delays and get travelers to their destinations on schedule”.

**Industry RPKs per IATA**



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

**Emirates**

Financial Highlights<sup>7</sup>

Income Statement	FY 2023/2024	YoY Change
Revenue	US\$ 33.0bn	▲ 13%
EBITDA	US\$ 10.2bn	▲ 13%
Profit / (Loss)	US\$ 4.7bn	▲ 63%
Cash Assets	US\$ 11.7bn	▲ 15%
Passengers carried	51.9m	▲ 19%
Available seat km	344.7bn	▲ 21%

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said “The Emirates Group has once again raised the bar to deliver a new record performance. Throughout the year, we saw high demand for air transport and travel related services around the world, and because we were able to move quickly to deliver what customers want, we achieved tremendous results.”

“We are reaping the benefit of years of non-stop investments in our products and services, in building strong partnerships, and in the capabilities of our talented people.”

Operational Highlights

Emirates restarted services to Tokyo Haneda, added capacity to 29 destinations, and launched new daily flights to Montréal, Canada. Emirates was able to increase capacity, by either adding more frequent services or by replacing the B777s with A380s, across 18 routes which included; Barcelona, Casablanca, Düsseldorf, Toronto, Vienna and Sydney. The A380 continued its upward trajectory as Emirates also redeployed or introduced this aircraft to seven more destinations this year, including Taiwan and Birmingham, leading to a surge of 34% in the number of A380 departures.

Emirates’ order book stands at 310 aircraft, after it announced orders worth a combined US\$ 58 billion, for 110 additional Boeing 777s, 787s, and Airbus A350s at the 2023 Dubai Airshow. However, there are uncertainties as to when the Boeing deliveries will take place. On 7 May 2024, Emirates CEO and Chairman, His Highness Sheikh Ahmed Bin Saeed Al Maktoum, mentioned in an interview with CNBC that Emirates “are not happy really with what’s going on” in regards to its Boeing order and that the airline “really wanted to see this aircraft entering the fleet when it had been promised”. The Chairman did not indicate that Emirates would cancel the Boeing orders, or move them to its French rival, Airbus.

<sup>6</sup> IATA Air Passenger Market Analysis May 2024.

<sup>7</sup> US\$ figures are converted at US\$ 1 = AED 3.67 as per Bloomberg FX.

## Thai Airways International

### Financial Highlights<sup>8</sup>

Income Statement	Q1'2024	YoY Change
Revenue	US\$ 1.3bn	▲ 18%
Expenses	US\$ 601m	▲ 43%
Net Profit / (Loss)	US\$ 69m	▼ 79%
Cash Assets	US\$ 1.4bn	0%
Passengers carried	3.9m	▲ 77%
Available seat km	14.6bn	▲ 22%

### Rehabilitation Plan

On 26 May 2020, Thai Airways submitted to the Central Bankruptcy Court of Thailand a petition to file for rehabilitation in order to implement measures to cut costs and to stabilize revenues so that they could ensure the future of the airline. On 20 October 2022, the Court approved an amendment to the Rehabilitation Plan, which involved a capital restructuring. Under the capital restructuring, Thai Airways will issue new shares that will be allocated as repayment to its creditors as per the debt-to-equity swap arrangement under the Rehabilitation Plan. On 24th May 2024 Thailand's Ministry of Finance announced its intention to invest another THB12 billion (US\$330m) in Thai Airways by October 2024 with the aim of relisting the airline on the Stock Exchange of Thailand by mid-2025 at the latest.

### Operational Highlights<sup>9</sup>

After an impressive end to the 2023 financial year, Thai Airways continued its positive performance in Q1'24. The airline operated in line with its Rehabilitation Plan, whereby it progressed its operations and improved its fleet efficiency. Thai Airways took delivery of three A350-900s and increased flight frequencies to Hong Kong, Singapore, Taipei, Kathmandu, Manila, Phuket, Sydney, Tokyo (Narita), and resumed services to Perth, Australia, and Colombo, the capital of Sri Lanka, starting from 31 March 2024.

The airline also continued to sell its non-core assets by selling two A340-600s and a B747-400. Thai Airways completed the transfer of the final four A320-200s from Thai Smile in January 2024 and added domestic services to Chiang Rai, Khon Kaen, Ubon Ratchathani, Krabi, and Hat Yai. Thai Airways will retrofit the A320s with business class seats and in-flight entertainment systems.

In Q2'24, Thai Airways will further enhance its fleet and route network by taking delivery of three A350-900s and a B787-9 aircraft into the fleet and resuming flights to Milan and Oslo, while introducing new routes to Kochi, India, starting from 2 April 2024.

<sup>8</sup> US\$ figures are converted at 1 THB = US\$ 0.027512 as of 29 March 2024 as per Bloomberg FX.

<sup>9</sup> Thai Airways Management 's Discussion and Analysis for year ended 31 March 2024. Thai Airways News and Announcements.

**Contact details**

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