

AA4P Factsheet

Amedeo Air Four Plus Limited

LSE: AA4

Report to Shareholders as at 26 July 2021

MESSAGE FROM THE CHAIRMAN

THE PAST YEAR

Please refer to the Annual Financial Report, published today, for the year ended 31st March 2021. As this is published, our Asset Manager (Amedeo) is in detailed discussions with the Planner for the Thai rehabilitation as well as with the lenders to these transactions. The Board hope to be in a position to make an announcement in the next ten days.

BOARD COMPOSITION AND DIVERSITY

The Board mandated BoardAlpha Limited to carry out a review of the Board's effectiveness. The report was positive and made suggestions which will be implemented in the course of this year. The Board is already very aware that it lacks female representation, notwithstanding the powerful representation of women in management roles at both Amedeo Limited and JTC Fund Solutions (Guernsey) Limited. In addition, a new independent director to assume responsibility for the Audit Committee is required. Active independent searches commenced earlier in the year and our intention is to make two new appointments which will be announced in the coming days. Both individuals bring very strong accounting and restructuring experience and will add considerable expertise to the Audit Committee.

John Le Prevost resigned as a director of the Company, for personal reasons, with effect from 21 June 2021. On behalf of the Board, I would like to thank John for his service and valuable contribution to the Company and we wish him all the best in his future endeavours.

FINANCIAL SUMMARY

Financial Year	2020-21	2019-20	2018-2019
Total Rental Income (GBP)	201,374,560	256,560,337	254,648,768
Net Asset Value Per Share (Pence)	71.80	98.43	109.70
Distributions Made (GBP) ¹	11,346,419	52,985,622	52,985,621
Outstanding Shares	434,141,757	642,250,000	642,250,000
Outstanding Debt (GBP)	1,033,556,018	1,233,244,765	1,574,112,490
Change in Portfolio Residual Value ²	-20%	-16%	-1%

Robin Hallam

Chairman

¹ Interim dividends of 1.15 pence and 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021

² Based on appraisal assumptions used for each respective financial year

THE COMPANY

Amedeo Air Four Plus Limited (“the Company”), a Guernsey domiciled company, initiated business in May 2015 and has 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 in issue. On 25 September 2020, the Company compulsorily redeemed 214,083,243 shares at 46p per share as a means of equitably returning to shareholders part of the proceeds of two aircraft sold to Etihad. On 18 February 2021, 5,975,000 shares were issued as part of the termination agreement with Nimrod Capital LLP, resulting in a total of 434,141,757 shares remaining in issue (the “equity”). With the share price on 30 June 2021 closing at 24.00p, the market capitalisation then of the Company was GBP 104,194,022.

CURRENT INVESTMENTS

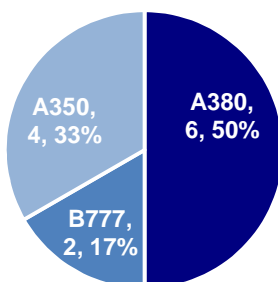
Since launch in May 2015, the Company has acquired eight Airbus A380s, two Boeing B777-300ERs and four Airbus A350-900s aircraft. Two A380s were sold in February 2020. The current fleet consists of six A380s and two B777-300ERs leased to Emirates and four A350-900s aircraft leased to Thai Airways. All 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 (30 June 2021)

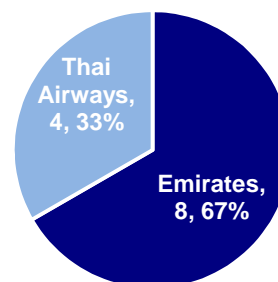
Listing	LSE	Launch Date / Price	13 May 2015 / 100p
Ticker	AA4	Incorporation	Guernsey
Share Price	24.00p (Closing)	Asset Manager	Amedeo Limited
Market Capitalisation	GBP 104,194,022	Corporate & Shareholder Adviser	Liberum Capital Limited
Shares Outstanding	434,141,757	Administrator	JTC Fund Solutions (Guernsey) Limited
Outstanding Debt Balance	USD 1,399,598,995	Auditor	KPMG, Dublin
Currency	GBP	SEDOL, ISIN	BKY41C6, GG00BKY41C61
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

As set out in the Company's announcement on 19 May 2021, the meeting to vote on the Rehabilitation Plan (and amendments to it) occurred as scheduled on 19 May at 9am Bangkok time by way of a virtual meeting. In accordance with the Thailand Bankruptcy Act, the Rehabilitation Plan proposed by the Planners along with certain proposed amendments to the Rehabilitation Plan tabled by the Planners and certain creditors, was approved by the creditors committee. On 15 June 2021, the Court rendered its order to approve the Plan and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai Airways in accordance with the conditions and terms stipulated in the Plan. The Asset Manager is in negotiations to agree the binding lease amendment documentation with the airline, on a power by the hour basis initially, before moving to a fixed rate lease for the remaining term of the lease including an extension of the lease from the original term. The Company is targeting Q3 2021 to document and effect the restructuring of debt with its lenders.

Emirates continues to fulfil its current lease obligations. The airline has released its 2020/21 financial statements at the end of Q2 2021, highlighting its first annual loss in over 30 years, however the carrier also ended the year with a much-improved passenger network and strong cash reserves of AED 15.1 billion (USD 4.1 billion³) that will help its recovery. The Company has given permission to Emirates to add "premium economy" to three of its A380 aircraft. MSNs 201, 206, & 208 have been selected by Emirates to undergo the modification and the airline will bear the cost in full. The Company is encouraged by this step forward in Emirates' A380 programme and believes that the cabin refurbishment will enhance the value of its aircraft.

AMEDEO'S ASSET INSPECTION REPORT TO AA4P

The utilisation figures below represent the totals for each aircraft from first flight to 31 May 2021

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	23,993	2,210
	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	19,331	3,098
	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	18,498	4,560
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	18,218	4,188
Thai Airways	A350-900	123	HS-THF	13/07/2017	13/07/2029	12,930	2,189
	A350-900	130	HS-THG	31/08/2017	31/08/2029	12,516	2,012
	A350-900	142	HS-THH	22/09/2017	22/09/2029	12,266	2,018
	A350-900	177	HS-THJ	26/01/2018	26/01/2030	10,745	1,764

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.

³ US\$ Figures are converted at US\$ 1 = AED 3.67

- Emirates aircraft have been grounded from the end of March 2020, with the exception of the B777-300ER aircraft and A380s MSN 187 & 206.
- Thai Airways aircraft have undergone the relevant checks and confirmed as serviceable and seen limited operations, with all aircraft returning to full revenue service.
- Emirates fleet last operated as per the dates listed below as of 31 May 2021:
 - MSN 157: 12 July 2021 (Positioning Flight from DXB – DWC)
 - MSN 164: 19 March 2020
 - MSN 187: In service (last revenue flight on 20 July 2021)
 - MSN 201: 18 August 2020 (Positioning Flight from DXB – DWC)
 - MSN 206: In service (Last revenue flight on 20 July 2021)
 - MSN 208: 26 August 2020 (Positioning Flight from DXB – DWC)
 - MSN 42334: In service (Last revenue flight on 20 July 2021)
 - MSN 42336: In service (Last revenue flight on 20 July 2021)
- Thai Airways fleet last operated as per the dates listed below as of 31 March 2021:
 - MSN 123: In service (Last revenue flight on 12 July 2021)
 - MSN 130: 03 June 2021
 - MSN 142: In service (Last revenue flight on 18 July 2021)
 - MSN 177: 14 February 2021

Industry Update: COVID-19

On 3 February 2021, IATA announced full-year global passenger traffic results for 2020 showing that demand (RPKs fell by 65.9% compared to the full year of 2019. IATA describes this as by far the sharpest traffic decline in aviation history. International passenger demand in 2020 was 75.6% below 2019 levels, while capacity, measured in ASKs, declined 68.1% and load factor fell 19.2 percentage points to 62.8%. Unsurprisingly, domestic demand in 2020 was slightly better than international demand, but was still down 48.8% compared to 2019 levels, while capacity contracted by 35.7% and load factor dropped 17 percentage points to 66.6%.

In June, IATA published the latest data from April performance showing that total demand for air travel in April 2021 (measured in revenue passenger kilometres or RPKs) was down 65.4% compared to April 2019. That was an improvement over the 66.9% decline recorded in March 2021 versus March 2019. The better performance was driven by gains in most domestic markets. Total domestic demand was down 25.7% versus pre-crisis levels (April 2019), much improved over March 2021, when domestic

traffic was down 31.6% versus the 2019 period. All markets except Brazil and India showed improvement compared to March 2021, with both China and Russia reporting traffic growth compared to pre-COVID-19 levels.

Willie Walsh, IATA's Director General, claims that "The continuing strong recovery in domestic markets tells us that when people are given the freedom to fly, they take advantage of it." He mentioned that international travel remained stagnant due to travel regulations, however offered optimism that there will be "a similar resurgence in demand" to domestic travel once restrictions are relaxed and global vaccination rates improve.

Despite the underwhelming results in 2021 thus far, IATA estimates that travel demand (RPKs) will recover to 43% of 2019 levels over the year. While that is a 26% improvement on 2020, it is far from a recovery. Domestic markets will improve faster than international travel. Overall passenger numbers are expected to reach 2.4 billion in 2021. That is an improvement on the nearly 1.8 billion who travelled in 2020, but well below the 2019 peak of 4.5 billion.

Industry revenues are expected to total USD 458 billion. That's just 55% of the USD 838 billion generated in 2019 but represents 23% growth on the USD 372 billion generated in 2020.

EMIRATES GROUP

2020/21 Financial Results⁴:

Emirates did well to design and implement bio-safety measures across operations to gradually restore its passenger network and hub connectivity from mid-June 2020 when the UAE re-opened its borders. By the 31 March 2021, Emirates increased its flight network to over 120 destinations across the globe, an impressive achievement considering that the airline recorded zero scheduled passenger flights at the start of its financial year. Despite its efforts, Emirates recorded its first loss in over 30 years, during the 2020/21 financial year.

Due to ongoing pandemic-related flight and travel restrictions, the airline reported a loss of AED 20.3 billion (USD 5.5 billion) after last year's AED 1.1 billion (USD 288 million) profit, and a negative profit margin of 65.6%. Emirates' total revenue for the financial year declined 66% compared to AED 30.9 billion (USD 8.4 billion) recorded during the same period last year. Emirates focused their attention towards preserving cash and ultimately ended the year holding AED 15.1 billion (USD 4.1 billion) in cash assets. The airline claims that its cash position would have been stronger if not for a one-time pay-out of AED 8.5 billion (USD 2.3 billion) for customer refunds. Emirates was well supported by its biggest shareholder, the Government of Dubai, and ultimately received a capital injection of AED 11.3 billion (USD 3.1 billion) during the year.

Emirates carried 6.6 million passengers (down 88% from 56.2 million in 2019-20) in 2020-21, with seat capacity down by 83%. The airline reports a Passenger Seat Factor of 44.3%, compared with last year's passenger seat factor of 78.5%; and a 48% increase in passenger yield to 38.9 fils (10.6 US

cents) per Revenue Passenger Kilometre (RPKM), due largely to a favourable route mix, fares and continued healthy demand for premium seats.

Emirates SkyCargo did very well to respond to new demand in a changed global marketplace, and ultimately contributed to 60% of the airline's total transport revenue. It supplemented its existing freighter capacity by bringing into service 19 modified Boeing 777-300ER, which acted as "mini freighters". This helped Emirates to upscale and take advantage of the strong demand in air freight and end the financial year with revenue of AED 17.1 billion (USD 4.7 billion), an increase of 53% over last year.

In February 2021, Emirates' president Sir Tim Clark stated that the carrier will recover from the COVID-19 crisis without any fundamental changes to its business model. Rather, Emirates intends to use its mix of widebody aircraft to take advantage of anticipated supply-side shortages in medium- and long-haul sectors in the coming years. At the same time, Sir Tim Clark walked back his prediction according to which medium- and long-haul international traffic would ramp up significantly in July and August this year but expects such developments in the last quarter of 2021: "At the end of the day, my view is that once we are through this, demand for air travel will return, consumer confidence will return."

As of the publishing of the annual results, Emirates' order book for 200 aircraft remains unchanged as the airline is firmly committed to its strategy of operating a modern and efficient fleet that is in line with its "Fly Better" brand. However, during a webinar that took place on 8 April, Sir Tim Clark publicized that Boeing's 777X programme is in "a state of disarray". Sir Tim Clark stated that he expects the jets will begin arriving "either [at] the back end of '23, '24 or possibly even '25", over five years later than scheduled. He also added that the absence of the aircraft is causing difficulties for the

⁴ US\$ Figures are converted at US\$ 1 = AED 3.67

airline as it assesses its fleet and network strategy for the coming years. Emirates had planned to begin replacing some of its A380s with 777-9s, however given the delays, the timeline “has been shifted to the right”. Amid the uncertainty, the Airbus A380 will potentially play an ongoing role at the carrier for at least another 15 years. The double-deck type has formed the backbone of the airline's fleet for over a decade, and Clark highlights that pre-pandemic the A380 accounted for 85% of profits and was "always full", proving popular across all classes, something that "we see continuing".

Thai Airways International

As detailed in the AA4P Portfolio Update section above, the airline, with the help of its Planners, submitted the Rehabilitation Plan to the Official Receiver on 2 March 2021. The Court will now review the extensive details before providing a decision that will likely be announced in a hearing during Q3 2021. Furthermore, on 15 June 2021, the Central Bankruptcy Court rendered its order to approve the Plan and appointed the Plan Administrators, who will have rights, duties, and powers to manage and operate Thai in accordance with the conditions and terms stipulated in the Plan.

During the first quarter of 2021, Thai Airways published its annual report for the financial year ending in December 2020. Thai reported a net loss of 141.2-billion-baht (c. USD 4.5 billion)⁵, widening the 12-billion-baht (c. USD 388 million) loss incurred in 2019. The annual loss was the largest ever for a Thai company, according to data compiled by the Stock Exchange of Thailand.

The airline's losses last year included one-time expenses of almost 92 billion baht (c. USD 2.9 billion) from an employee separation plan and impairment losses on aircraft, right-of-use assets and aircraft spare parts. In efforts to rebuild the airline's fortunes, Thai is gradually cutting its workforce with the aim to reduce its current 28,000

workforce by half, paying out severance along the way. However, the majority of 92-billion-baht was attributed to impairment loss of 83-billion-baht (c. USD 2.7 billion). At the operational level, Thai incurred a loss of 38.6-billion-baht (c. USD 1.2 billion), far greater than the 10.6-billion-baht (c. USD 340 million) loss suffered in 2019.

In April 2020, the Thai government imposed strict travel restrictions, causing passenger numbers to drop to unprecedentedly low figures. In December, the Government of Thailand eased travel restrictions to allow citizens from 56 countries to visit Thailand without visa requirements. However, the travellers were still forced to follow other health safety measures. Given these severe travel restrictions, Thai and its subsidiaries carried around 5.87 million passengers in 2020, which was a decrease of 76.1% from the previous year. Capacity (in ASKs) decreased by 73.7% while passenger traffic (in RPKs) decreased by 78.5%. In its outlook, Thai notes that vaccines will go some way towards helping the industry recover, though it notes that its financial performance for the first half of 2021 will continue to remain “negative”.

Thailand faced a third wave of COVID-19 in the initial periods of 2021, which slowed down Thai's progress on its commercial operations. Towards the end of April, the government of Thailand implemented travel restrictions from India over concerns of imported coronavirus cases. The government also ordered parks, gyms, cinemas, day-care centres and other venues in Bangkok, the epicentre of the latest wave of infections, to shut from April 26 until May 9.

The Civil Aviation Authority of Thailand (CAAT) said in an 18 July statement that it would require local airlines to suspend commercial passenger flights to and from “dark red”⁶ zones, which are provinces classified as having the highest infection risk, starting 21 July, in line with travel restrictions

⁵ US\$ Figures are converted at US\$ 1 = 30.5923 Thai Baht

imposed on these provinces. In support of the Covid-19 containment efforts by the government of Thailand, Thai Airways has suspended several domestic routes from the capital Bangkok until September and its regional subsidiary Thai Smile will temporarily suspend all of its scheduled domestic commercial flight operations from 21 July until 3 August

Fortunately, Prime Minister Prayuth Chan-ocha made a statement in June, mentioning that fully inoculated foreign visitors and Thai citizens must be allowed entry “without quarantine or other inconvenient restrictions,” and that his goal is to open up the country within 120 days. He stated that “this decision comes with some risk because, once the country is open there will be an increase in infections, no matter the precautions they choose

to take. However, he added that “when we take into consideration the economic needs of the people, the time has come for us to take that calculated risk.” We will have to wait and see how things progress, but this provides hope for the country, that heavily relies on tourism, and offers positive indication for the upcoming operations of Thai. There is further optimism after the Government of Thailand passed the "Phuket Sandbox" initiative, which from 1 July 2021 will allow free movement on the island for tourists fully vaccinated against COVID-19, with no self-isolation on arrival. This “sandbox initiative” is not affected by the tightening of restrictions in Thailand and tourists will be given a green light to travel elsewhere in Thailand after 14 days.

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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Disclaimer

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