

AA4P Factsheet

Amedeo Air Four Plus Limited

LSE: AA4

Report to Shareholders as at 12 October 2020

MESSAGE FROM THE CHAIRMAN

Dear Shareholders

I am pleased to report that we were able to return to Shareholders c.£98.5 million on 25 September 2020 by way of a compulsory redemption of one-third of the ordinary shares in the capital of the Company at a redemption price of 46 pence per each redeemed share. Due to the diversity of our shareholder base the compulsory redemption route was considered the most equitable way to treat all shareholders fairly. This resulted in the redemption of approximately 214,083,243 Shares.

Since the webinar we organised in June for our major shareholders, which replaced the Factsheet we would normally have produced, we have continued to deal on a daily basis with the issues facing the long-haul airline industry, to which your company is mostly exposed. International travel has not rebounded in the way predicted at the start of the COVID-19 crisis. Airlines have used up much of the liquidity provided to them by governments and shareholders, but the expected restoration in air travel has been blighted by poor COVID-19 testing facilities, lack of coordinated action by governments, increased infection rates and the expected ending of many of the most generous furlough schemes.

In relation to the situation in Thailand, the country has not reopened to tourism at present (its biggest industry). It expects to have received 7m tourists this year, as opposed to 40m in 2019. As the flag carrier for the country and an entity dependant on tourist inflows, Thai Airways has once again deferred restarting operations, this time until 1 December 2020. Our A350-900 aircraft consequently remain grounded. The aircraft have been recently inspected and at the time of such inspection were being maintained in “flight ready” status as opposed to long term storage status.

As previously noted, Thai Airways are in rehabilitation proceedings and the Central Bankruptcy Court has now appointed the Planning Committee to administer the formal process. Amedeo has maintained dialogue with the airline operations staff and their advisers and are now commencing dialogue with the Planners. Discussions have commenced with the airline around the use of the aircraft with the potential for (limited) income and Amedeo have also arranged with lenders that debt service can be limited to interest only on a three monthly basis and are seeking to extend that arrangement. We therefore anticipate that we may have to fund interest for a possibly longer period from our existing liquidity in a worst case scenario whilst the rehabilitation process is completed and assuming the lenders are willing to grant principal deferrals for that period in full.

We also wish to be in a position where, if negotiations with the Planner about the ongoing use of our aircraft, prove unsatisfactory, we are able to walk away from those negotiations and take back the aircraft. The Board has therefore created a contingency reserve of £30m to cover 18 months interest and funds to allow us to repossess, store, remarket and return to service our aircraft in 2022/23; if such became necessary. Overall, the A350-900 has suffered one of the lowest value impairment of all widebodies and we are focused on preserving your equity investment in these aircraft with a view to weathering the storm, hopefully reaching a satisfactory deal with a renewed and restored Thai Airways. Repossession is very much a last resort and we would not look

to take such action without the most careful thought. However, we regard the Planner's initial timeline of having a plan agreed with all creditors within Q4 this year, and implemented and working within Q1 next year, as being optimistic. We are working on the basis that the timeline needs to be shifted at least two quarters further out and that we will receive little or no income before the end of Q2 next year from the Thai leases.

Emirates is a different story and we appreciate their perseverance and wish them well in hopefully capturing market share that will be left by shrinking airlines in the next few years. Emirates continue to pay rent and they are returning aircraft to service. However, we believe the majority are B777-300ER aircraft operating for cargo purposes. Only 13 A380s are back in service. The reported Government \$2bn cash injection has been made available to the airline; and we are looking forward to Emirates' half year results to 30 September that are usually published in November. We have assumed that Emirates will continue to pay rent in full. To date, our A380 aircraft have not yet been brought back into service, however we have seen some 1 hour flights to keep the aircraft in a "flight ready" status. Our two B777-300ER aircraft have returned to service Emirates' operations.

More broadly, Qantas have placed all their A380s into long term storage, even the refurbished ones. The same applies to SIA. Lufthansa has announced that the B747-8 will be the "flagship" of their long-haul fleet and the A380s will all be stored. They evidently believe there may be a market for a 450 seat aircraft but not a 550 seat aircraft. Etihad has removed its fleet of Airbus A380s from its flight schedule until at least September 2021 and a return of these aircraft is uncertain.

Most appraisers have now adjusted their values to account for COVID-19. We have held extensive and detailed discussions with appraisers about the assumptions they have made about values. For example, an appraisal which assumes a balance between supply and demand is of no value if one's judgment is that the balance will be heavily in favour of the buyer. The valuation results for the A380 are not pretty. IBA describe the aircraft as "one of the worst casualties" of the downturn. One of the advantages we may have, although making such a prediction is a stab in the dark, is that as our first A380 comes off lease in 2026, it is possible that by then, international travel will have come back to life as people realise that Zoom is no substitute for human contact and seeing places with your own eyes. The contraction in available supply as aircraft are permanently retired, as a result of the pandemic and slow production rates, may create a need for lift by the middle of the decade. However, much of the residual value in scrapped aircraft is in its engines and there will be a considerable oversupply of GP7270 engines in 2026 and thereafter. We have had to manage our residual value expectations accordingly. We are more positive about the A350-900 residuals because it is the favourite, alongside the B787-9, to replace the "big" 4 engine widebodies.

The B777-300ER remains the most successful widebody ever, with a wide user base and now a freighter conversion programme.

Meanwhile, we have to manage a corporate structure which has 15 companies to be maintained, whilst only eight are producing income, and we have to ensure that each borrowing entity can meet its present and future obligations. The same structure, which was born in rising markets, has very substantial long-term expenses which are difficult to justify in the current crisis unless they are providing a direct and verifiable benefit to shareholders. They eat directly into funds available for paying off our debt before leaving something for distribution to our shareholders.

Dividend

The Board has declared an interim dividend in October 2020 of 1.15 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021. The Board well recognises that our shareholders have suffered over the last few months by not receiving any income, and we wish to restore this to the extent we can.

The landscape in which we are operating remains uncertain and will throw up more changes and challenges before we are finished.

I would like to thank Amedeo for their ceaseless efforts to do the best they can for us, they have committed many resources to this and they have , like JTC, responded to the many demands the Board has made on them over the last 6 months.

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. Following the Company’s decision to redeem 214,083,243 shares on 25 September 2020, there is a total of 428,166,757 issued shares remaining (the “equity”).

With the share price on 12 October 2020 closing at 34.0p, the market capitalisation then of the Company was GBP 145,576,697.

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.

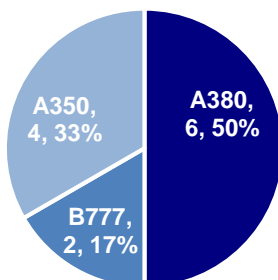
All aircraft are leased for a period of 12 years from each respective delivery date. To complete the purchase of these aircraft, subsidiaries of the Company entered into debt financing arrangements which, together with equity proceeds, were used to finance the acquisition of the twelve aircraft.

OVERVIEW (12 October 2020)

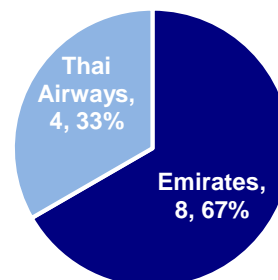
Listing	LSE	Launch Date / Price	13 May 2015 / 100p
Ticker	AA4	Incorporation	Guernsey
Share Price	34.0p (Closing)	Asset Manager	Amedeo Limited
Market Capitalisation	GBP 145,576,697	Corporate & Shareholder Adviser	Nimrod Capital LLP
Shares Outstanding	428,166,757	Administrator	JTC Fund Solutions (Guernsey) Limited
Outstanding Debt Balance	USD 1,482,500,270	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 report to shareholders of 8 June 2020, discussions with Thai Airways ("Thai") and the respective lenders around the status of the Company's aircraft leased to Thai have been taking place and remain in process. On 27 May, Thai submitted a petition to Thailand's Central Bankruptcy Court to enter into a court approved business rehabilitation procedure, which the Court accepted. Following hearings on 17, 20 and 25 August that included the presentation of objections and evidence from a small number of creditors, the Court approved Thai's request on 14 September 2020. From such time, the Court approved a seven-member "Planning Committee", who will now proceed to 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 maintained contact with the secured lenders of the four aircraft on lease to Thai and awaits further news of the Planners' intentions, which might not become clear until the end of 2020. In the meantime, discussions have commenced 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. Separately, the Thai government is involved in discussion with eight other Thai airlines to provide potential COVID-19 related support through a US\$770m package. Thai Airways have been excluded from this discussion at present due to the rehabilitation process, but separate discussions may occur and further details are awaited regarding this matter.

Further to the Company's report to shareholders of 8 June 2020, no further discussion with Emirates and the respective lenders have taken place. As indicated in the previous report, there are a number of different lenders groups underpinning secured financing in respect of the Emirates aircraft. Certain lenders are participating in providing direct liquidity facilities to Emirates and therefore would not contemplate additional assistance in structured transactions. Other lenders were considering and reviewing Emirates' situation; but chose to wait for more developments to arise before deciding on providing support. At present, there are no further updates from Emirates. During this time, Emirates 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 30 September 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	17,967	2,843
	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	16,176	4,039
	B777-300ER	42336	A6-EPQ	19/08/2016	19/08/2028	16,635	3,766
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 that have returned to service during this period. Fleet last operated as per the dates listed below as of 31 August 2020:
 - MSN 157: 23 March 2020
 - MSN 164: 19 March 2020
 - MSN 187: 24 March 2020
 - MSN 201: 21 March 2020 (Local 1 hour flight on 18 August)
 - MSN 206: 24 March 2020 (Local 1 hour flight on 3 September)
 - MSN 208: 24 March 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 August 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 September 29, the International Air Transport Association (IATA) downgraded its traffic forecast for 2020 to reflect a weaker-than-expected recovery, as evidenced by a dismal end to the summer travel season in the Northern Hemisphere. IATA now expects full-year 2020 traffic to be down 66% compared to 2019. The previous estimate was for a 63% decline.

August passenger demand continued to be hugely depressed against normal levels, with revenue passenger kilometers (RPKs) down 75.3% compared to August 2019. This was only a slight improvement compared to the 79.5% annual contraction in July. Domestic markets continued to outperform international markets in terms of recovery, although most domestic markets remained substantially down compared to last year's performance. August capacity (available seat kilometers or ASKs) was down 63.8% compared to a year ago, and load factor plunged 27.2 points to an all-time low for August of 58.5%. Based on flight data, the recovery in air passenger services was brought to a halt in mid-

August by a return of government restrictions in the face of new COVID-19 outbreaks in a number of key markets. Forward bookings for air travel in the fourth quarter show that the recovery since the April low point will continue to falter. Whereas the decline in year-on-year growth of global RPKs was expected to have moderated to -55% by December, a much slower improvement is now expected with the month of December forecast to be down 68% on a year ago.

"August's disastrous traffic performance puts a cap on the industry's worst-ever summer season. International demand recovery is virtually non-existent and domestic markets in Australia and Japan actually regressed in the face of new outbreaks and travel restrictions. A few months ago, we thought that a full-year fall in demand of -63% compared to 2019 was as bad as it could get. With the dismal peak summer travel period behind us, we have revised our expectations downward to -66%," said Alexandre de Juniac, IATA's Director General and CEO.

EMIRATES GROUP

COVID-19 Related Updates:

Due to COVID-19 and the resulting travel restrictions and entry requirements imposed by governments around the world, Emirates suspended its passenger operations on 25 March. Emirates continued to operate approved repatriation flights to select destinations and gradually increased its network during June by allowing customers to transit through its main hub. On 7 July, Dubai officially opened its borders to business and leisure visitors, allowing Emirates to further expand its network. As of 30 September, Emirates offers flights for customers to 94 cities and has resumed A380 serviced flights to select destinations. Customers can now enjoy the A380 experience on flights to Cairo, Paris, London, Guangzhou, Toronto, and Moscow, with potentially more routes to be added, suggesting a positive growth in demand for passenger services.

The airline continues to operate its dedicated freighter unit of 10 B777F aircraft, capable of carrying in excess of 100 tons of cargo, for the transportation of essential goods and medical supplies. Given the success of its freighter division during lockdown, Emirates increased cargo capacity by using passenger B777-300ER to also carry packaged freight in the cabin with very light modifications. These aircraft we estimate are capable of transporting up to 70 tons of cargo, which is good utilisation given that cargo yields remain high.

In an interview with CNBC, Emirates COO, Adel Al-Redha, mentioned that the airline is targeting to serve its pre-pandemic network of 143 destinations by the summer of 2021. The COO said, "If I compare our performance now [August] with a month ago, we have almost doubled the number of passengers we have been carrying on board our aircraft." He also mentioned that the airline's performance in July and August has been "better than what we have expected earlier."

The table below details the current fleet status for the week starting 6 October 2020 and ending 12 October 2020:

Aircraft Type	Grounded	Active
A380	104	13
B777	9	143
Total	113	156
%	42%	58%

Source: Flightradar24

Mr. Al-Redha's comments are rather positive compared to IATA's most recent forecast, particularly since Emirates predominantly carries out International flights. On either account, the industry will have to wait for more developments in vaccine trials and infection rates before a more accurate forecast can be made on the recovery trajectory.

His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum issued a statement of support for the Airline on the 31 March. Reports surfaced in August, that Emirates received a US\$ 2 billion equity injection from the Dubai Government.

<https://mediaoffice.ae/en/news/2020/March/31-03/Sheikh-Hamdan-affirms-Dubai-Governments-full-support-to-Emirates-airlines>

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Thai Airways International

COVID-19 Related Updates:

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. The lack of tourism had a significant impact on Thai Airways as they suffered an operating loss of Bt28 billion (US\$886 million) during the first six months of the year. This is an unfavourable circumstance considering the airline also recorded a Bt12 billion (US\$388 million) loss at the end of 2019 and is looking to restructure approximately Bt245 billion (\$7.83 billion) in debt.

As detailed in the AA4P Portfolio Update section above, the airline has now received approval from Thailand's Central Bankruptcy Court to begin a business rehabilitation process and the newly appointed Planning Committee can begin drawing up plans for the carrier's recovery. The speed with which this may happen is uncertain however although it may be possible that the airline restarts operations before 2021 in order to generate cash.

Despite the lack of International flights since April, domestic services are gradually improving. Flightradar24 data illustrates that Thai Airways' subsidiary, Thai Smile, was operating 12 out of 20 A320 aircraft during the month of September.

The table below details the current fleet status of Thai International Airways for the week starting 6 October 2020 and ending 12 October 2020:

Aircraft Type	Grounded	Active
A330	13	2
A350	9	3
A380	6	0
B747	8	0
B777	24	3
B787	8	0
Total	68	8
%	89%	11%

Source: Flightradar24

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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 think it important that any Shareholder should be able to contact the Board, through the Chairman or any individual Director if they wish to do so. Contact email for each Director are set out below.			
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