

The logo consists of the word "AMEDEO" in white, uppercase, sans-serif font, centered within a dark blue rectangular box. To the right of the box is a circular graphic composed of several overlapping, semi-transparent rings in shades of blue and purple, creating a 3D effect.

**AMEDEO**

# **Amedeo Air Four Plus Webinar**

Wednesday 10<sup>th</sup> August 2022 14:00

## PRESENTED BY THE BOARD OF DIRECTORS

- Company Overview
- Financial Summary
- General Update

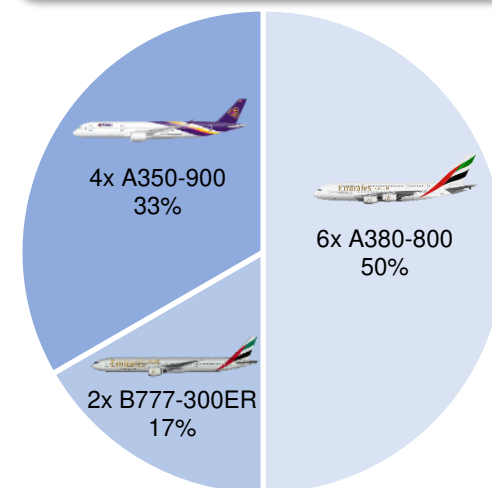
## PRESENTED BY THE ASSET MANAGER | AMEDEO

- Asset Manager Responsibilities
- Aviation Market Update
- Asset Update
- Lessee Update
- Agreed Sale of A380 MSN 016 by DNA1 to Emirates

## Company Overview

- **Amedeo Air Four Plus** (the “Company”) is a non-cellular company limited by shares, registered and incorporated in Guernsey.
- The Company specialises in obtaining income and capital returns for its shareholders by acquiring, leasing, and then selling aircraft.
- Company **shares listed** on the Specialist Fund Segment of the London Stock Exchange’s Main Market **since May 2015**.
- The Company has paid out **over GBP 220m in dividend<sup>1</sup>** since inception.
- The Company has returned **c. GBP 128m in capital** through share redemption.
  - Company returned c. GBP 98m to shareholders through share redemption in September 2020.
  - Company returned c. GBP 30m to shareholders through share redemption in December 2021.
- Following the sale of 2x A380s to Etihad Airways in first half of 2020 with net cash proceeds over GBP 100m, the Company’s **portfolio consists of 12x aircraft**.
- The Company has 4x aircraft on lease to **Thai Airways** and 8x aircraft on lease to **Emirates**.

Portfolio Breakdown by  
**Number of Aircraft**



## Recent Announcements

- On 1 December 2021, the Company announced the redemption of one ordinary share for every five existing shares.
  - Accordingly, 86,828,274 shares were redeemed and cancelled, leaving the total number of shares in issue to currently be 347,313,483.
- On 15 December 2021, over a year since Thai Airways’ commencement of rehabilitation proceedings, the Company lease restructuring was finalised once the carrier received approval from its Rehabilitation Plan Administrator.

<sup>1</sup> Excludes share redemption announced in September 2020 and December 2021.

# Financial Summary

Financial Year (Year)	FY22 2021 – 2022	FY21 2020 – 2021	FY20 2019 – 2020
<b>Total Rental Income (GBP)</b>	190,033,541	201,374,560	256,560,337
<b>Net Asset Value Per Share (Pence)</b>	90.34	71.80	98.43
<b>Distributions Made (GBP)</b>	4,341,418 <sup>1</sup>	11,346,419 <sup>2</sup>	52,985,622
<b>Outstanding Shares</b>	347,313,483	434,141,757	642,250,000
<b>Outstanding Debt (GBP)</b>	994,628,598	1,033,556,018	1,233,244,765
<b>Profit / (Loss) (GBP)</b>	24,747,259	(172,062,324)	(33,488,435)
<b>Change in Portfolio Residual Value<sup>3</sup></b>	-16%	-20%	-16%

- For the financial year ended 31 March 2022, the Company posted a **profit of c. GBP 25m, it's first in two years.**
- The Company is pleased of the results and its lessees on going performance and looks forward to more stable operations after facing a challenging two years due to the COVID-19 pandemic, border restrictions, and Lessee restructuring, which significantly impacted revenues.

<sup>1</sup>Interim dividends of 1.25 pence per ordinary share announced on 04 January 2022.

<sup>2</sup>1.15 & 1.50 pence per Redeemable Ordinary Share in respect of the financial year ending 31 March 2021.

<sup>3</sup>Based on appraisal assumptions used for each respective financial year. The 2021/22 financial year accounts for residual value at the end of the Thai lease extension.

# General Update

## Emirates Airline

- The airline has and continues to perform all its obligations under the respective lease agreements.

## Thai Airways

- The airline continues to perform in accordance with the amended and restructured lease.
- The Company's A350 aircraft are in active service and interim PBH rental payments have been sufficient to cover the corresponding debt service and operating expenses. On certain Aircraft, the recent PBH rental income has generated revenues in excess of the corresponding debt service and operating expenses, with surplus cash being applied to repay loan principal as per the restructured loan agreements.

## Thai Airways Rehabilitation

- The Plan Administrator has proposed a plan amendment, as the airline was able to generate increased levels of revenue and secure new funding. Thai Airways is projecting that there will no longer be a requirement to incur new borrowings as previously described by the approved rehabilitation plan.

## Interim Dividend

- On 4 January 2022, the Board announced an interim dividend of 1.25 per ordinary share, which is under constant review, based on the performance of the Company's lessees.



PRESENTED BY THE ASSET MANAGER  
AMEDEO

# Asset Manager Responsibilities



## Amedeo has specialised teams that manage the different functions needed to protect the Company's assets & interests

<b>Customer Facing</b>	<ul style="list-style-type: none"> <li>■ Seizing opportunities – Etihad Sale.</li> <li>■ Carrying out complex restructuring of leases and loans – such as the Thai Restructuring.</li> <li>■ Future End of Lease negotiations with Emirates.</li> </ul>
<b>Billings &amp; Receivables</b>	<ul style="list-style-type: none"> <li>■ Calculate, invoice, track and manage all lease payment and loan obligations.</li> <li>■ On a monthly basis, where cash MRs, power-by-hour (PBH) Rent, Fixed Rent, or Floating Rents are applicable, Amedeo creates and issues the respective invoices.</li> <li>■ Monitor the receipt of rental payments to ensure that the associated debt service can also be paid in full and on time. Our teams liaise with airlines immediately if rent has not been received by the due date and notify lenders to make the relevant arrangements in these scenarios.</li> </ul>
<b>Technical Team</b>	<ul style="list-style-type: none"> <li>■ Ongoing communication with the lessee to ensure compliance with arranging physical inspection and technical records auditing.</li> <li>■ Monitor activity of aircraft to ensure it is not flown in sanctioned jurisdiction.</li> <li>■ Track receipt of Utilization Reports to monitor flight hours and flight cycles flown by the asset.</li> <li>■ Manage various Lessee requests such as: cabin changes, exterior modifications, temporary cargo passenger to cargo conversions. Liaise with lenders on these requests.</li> </ul>
<b>Contracts Team</b>	<ul style="list-style-type: none"> <li>■ Tracking of time sensitive contractual obligations (insurance expiration, letter of credit, lease option, maintenance reserve escalations).</li> <li>■ Managing various information requests and data provision responsibilities to AA4P's wide network of lenders (+15 for all aircraft).</li> </ul>
<b>Commercial Team</b>	<ul style="list-style-type: none"> <li>■ Maintaining contact with AA4P's lessees on their performance and fleet requirements.</li> <li>■ Communicating with lessors, investors, and airlines on potential transactions that can achieve high net proceeds for the Company.</li> </ul>
<b>Pricing &amp; Analytics</b>	<ul style="list-style-type: none"> <li>■ Assessing and evaluating proposals on aircraft financing for AA4P, to find transactions that meet Company investment criteria.</li> <li>■ Production of Asset Manager reports to provide insight of any market, lessee, and asset updates.</li> <li>■ Carrying out appraisal reviews to monitor asset valuation and provide impairment analysis when required.</li> </ul>

## Latest IATA Report for June 2022 shows Total Demand for Travel was up 76.2% vs June 2021

### DOMESTIC TRAVEL

▲ **5.2%**

(2022)

### INTERNATIONAL TRAVEL

▲ **230%**

(2022)

### TOTAL TRAVEL

▲ **76%**

(2022)

Note: Data compared with June 2021 figures.

Domestic Traffic – Strong improvements in most markets, combines with the easing of some Omicron-related lockdown restrictions in the Chinese domestic market that contributed to the result.

- June 2022 domestic traffic was at 81.4% of the June 2019 level.

International Traffic – The lifting of travel restrictions in most parts of Asia-Pacific is contributing to the recovery.

- June 2022 international traffic reached 65.0% of the June 2019 level.

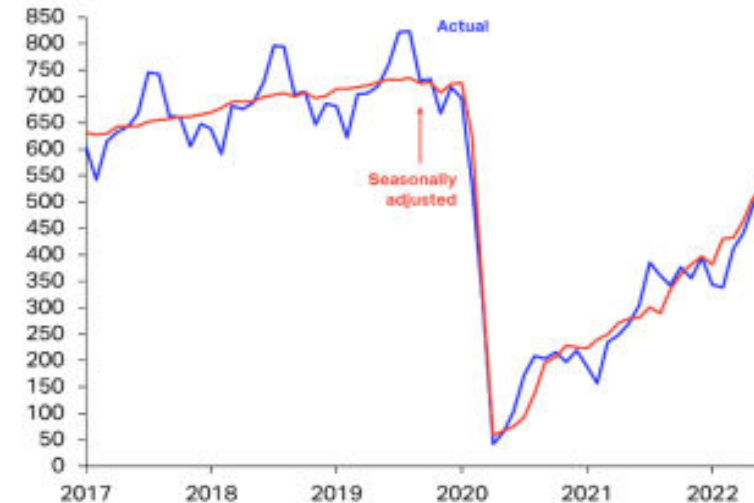
Meeting the pent-up demand for travel has proved challenging and will likely continue to do so, as many airports and airlines around the world have faced issues during the busy summer period.

- Airports like Heathrow have capped passenger numbers that have also prevented airlines from benefitting from the strong demand.

Russia-Ukraine Conflict – Banned airspace and travel has caused some minor disruptions.

- AA4P Portfolio: Emirates are no longer operating leased aircraft in Russia due to insurance restrictions but can continue to operate aircraft they own. Thai Airways has advised they are not operating to Russia.

### Industry RPKs (billions per month)





# Asset Update



- Emirates continues to utilise the Company's aircraft with the exception of MSN 201 & 208 that remain grounded. MSN 201 and MSN 208 are in the 2 Class configuration (c. 615 passengers) while all the rest are in 3 class (c. 519 passengers) configuration. Emirates have indicated that the 3 class configuration will return to service first before the 2 class configuration aircraft.
- Thai Airways has continued to gradually increase its utilisation of the A350 fleet over the past couple of months, and the Company's aircraft have returned to service.

Lessee	Model	MSN	Age (yrs)	Utilisation Data (FHs/m)				Aircraft Last Operated <sup>1</sup>
				Apr-22	May-22	Jun-22	Jul-22	
Emirates	A380	157	7.2	173.0	341.4	309.2	302.3	04-Aug-22
	A380	164	7.2	282.4	312.3	304.4	389.1	04-Aug-22
	A380	187	7.0	387.5	148.3	58.3	-	09-Jun-22
	A380	201	6.7	-	-	-	-	18-Aug-20
	A380	206	6.5	320.6	309.2	184.1	349.5	02-Aug-22
	A380	208	6.3	-	-	-	-	26-Aug-20
	B777-300ER	42334	6.0	335.1	303.3	316.2	266.2	04-Aug-22
	B777-300ER	42336	6.0	309.5	374.5	336.4	388.4	04-Aug-22
Thai Airways	A350-900	123	5.1	289.8	256.8	254.2	299.0	04-Aug-22
	A350-900	130	4.9	298.5	241.9	213.6	358.7	04-Aug-22
	A350-900	142	4.9	181.6	285.9	273.9	350.3	04-Aug-22
	A350-900	177	4.5	312.3	242.9	28.5	73.1	04-Aug-22

<sup>1</sup> Flightradar24 data as of 04 August 2022.

# Lessee Update: Emirates



- In the financial year ending 31 March 2022, Emirates recorded a net loss of AED 3.9 billion (US\$ 1.1 billion), the second in more than 30 years.
  - An improvement of the airline's profitability, after the previous year's net loss amounted to AED 20.3 billion (US\$ 5.5 billion).
  - Largely attributed to the expansion of its global capacity and reinstatement of more passenger flights, as revenues increased by 91% to AED 59.2 billion (US\$ 16.1 billion).
  - Should be noted that in the second half of the financial year Emirates generated a net profit of AED 1.9 billion (US\$ 0.5 billion).
  - The share of the cargo business to Emirates' overall revenue is 37%.
- The airline received yet another equity injection from its ultimate shareholder, the Government of Dubai, in the amount of AED 3.5 billion (US\$ 0.95 billion).
- By the end of the financial year, Emirates was operating over 1,100 weekly passenger flights to 127 airports around the world.
  - Returned over half of its A380 aircraft into service.
  - Entire fleet of B777-300ER is in active service.
- With an expected aircraft shortage in the Emirates' fleet in 2024/25, Emirates President, Sir Tim Clark has hinted to the media that the airline may look to extend lives on current A380s and B777-300ERs in the fleet, although the exact numbers have not been fixed.

## Financial Overview<sup>1</sup>

Income Statement	FY 21-22	% Change
Revenue	US\$ 16.1bn	▲ 91%
Profit / (Loss)	(US\$ 1.1bn)	▲ 81%
Cash Assets	US\$ 5.7bn	▲ 38%
Passengers carried	19.6 million	▲ 199%
Overall capacity	36.4bn ATKM <sup>3</sup>	▲ 47%
Available seat km	160.0bn ASKM <sup>4</sup>	▲ 150%

Fleet Utilisation <sup>2</sup>		
Aircraft Type	In Storage	In Service
A380	47	74
B777	0	145
<b>Total</b>	<b>47</b>	<b>219</b>
<b>%</b>	<b>18%</b>	<b>82%</b>

<sup>1</sup> Emirates Annual Financial report 2021-2022. <sup>2</sup> Flightradar24 data as of 04 August 2022.

# Lessee Update: Thai Airways



**Thai Restructuring:** The Thai Airways restructuring, with the Bankruptcy Planners, and aircraft lenders, was completed in December 2021. This has reset the leases with the airline as follows:

- PBH rent payments until 31 December 2022. Payments have been sufficient to cover the quarterly interest and expense – on certain aircraft, PBH income is generating revenues in excess of interest and expense with overages being applied to repay loan principal.
- Lease rentals are then fixed from 1st January 2023 to original lease expiry, which is c. 45% below the previously agreed rent. Pre-petition unpaid rent in the amount of c. US\$ 6.7m is payable by the airline in instalments starting in 2024.
- A committed 6-year extension with future rent level to be agreed in future.
- New debt amortisation profile agreed with the Lenders.
- Retain engine maintenance reserves (in an amount of c. US\$ 71.5m) that will provide asset protection.
- Greatly reduced amortisation of debt caused by the rent reduction means that, whilst debt service, expenses, and fees are fully covered, there is no income to shareholders.

**Thai Rehabilitation:** Having made significant progress in its operations, Thai through its Plan Administrator submitted a petition for Plan amendment on 1 July 2022. Instead of creating new debts for its business operation Thai will now focus on:

- A new term loan of up to 6 years and/or a bond with the term of up to 6 years, which is c. US\$ 350m. Thai may also seek a revolving facility, which is up to US\$ 350m.
- Increasing its capital registration by c. 31.5 billion 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.

**Note: the proposed debt-to-equity conversion only applies to financial creditors and not lessors.**

## Financial Overview<sup>1</sup>

Income Statement	Q1'22	% Change
Revenue	US\$ 0.31bn	▲ 155%
Expenses	US\$ 0.40bn	▲ 26%
Profit / (Loss)	(US\$ 0.09bn)	▲ 73%
Cash Assets	US\$ 0.17bn	▲ 9%
Passengers carried	1.0 million	▲ 143%
Available seat km	6.0bn ASKM <sup>4</sup>	▲ 180%

Fleet Utilisation <sup>2</sup>		
Aircraft Type	In Storage	In Service
A330	15	0
A350	1	11
A380	6	0
B777	3	20
B787	1	7
<b>Total</b>	<b>26</b>	<b>38</b>
<b>%</b>	<b>41%</b>	<b>59%</b>

<sup>1</sup> Management Discussion and Analysis – Q1/ 2022, Thai and its subsidiaries. Figures converted 1 THB = US\$ 0.028. <sup>2</sup> Flightradar24 data as of 04 August 2022.

# Agreed Sale of A380 MSN 016 by DNA1 to Emirates



Transaction Context	Original Redelivery Conditions	Nominal Economic Return Condition Options	Nominal Economic Return Condition Options for <u>AA4P A380s Portfolio</u>
<ul style="list-style-type: none"> <li>➤ In July 2022, Emirates agreed to acquire the aircraft at lease end for c. <u>US\$ 30m</u>.</li> <li>➤ Emirates will continue to make the remaining rent payments until the scheduled lease expiration (Dec-2022).</li> <li>➤ Emirates is likely to retire aircraft thereafter.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Nominal redelivery maintenance obligations.</li> <li>➤ Physical minimum life remaining to major aircraft components applicable.</li> <li>➤ End of lease maintenance compensation (if applicable).</li> </ul>	<ul style="list-style-type: none"> <li>➤ Half-Life: provide Lessee pay a US\$ 12m fee.</li> <li>➤ Full-Life – with no nominal compensation.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Minimum Return Conditions (MRC): provide Lessee pay a US\$ 25m fee.</li> <li>➤ Half-Life: provide Lessee pay a US\$ 17m fee.</li> <li>➤ Full-Life – with no nominal compensation.</li> </ul>

■ End of lease maintenance compensation is paid by the airline to reconcile the difference between the actual aircraft physical return condition and the nominal economic return condition agreed by the parties.

■ End of lease maintenance rates are commercially agreed but are generally based on published or quoted labour and material rates to accomplish the corresponding maintenance event and not by the need or desirability of a particular aircraft or type of aircraft.

■ This transaction provides the airline an opportunity to compensate the lessor for: (i) its contractual economic return option; (ii) any end of lease maintenance payments which would have been due and; (iii) mitigated the airline from having to perform costly redelivery maintenance to return the aircraft per the lease.

■ Given the AA4P A380 portfolio has higher nominal economic return condition values and the cost of maintenance will only continue to rise, this transaction should be seen as a positive market indicator for AA4P.

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