

## Chairman’s Message

Many shareholders attended our webinar on 23 January.

The main feature of that event was the announcement of a substantial capital return to shareholders of £27.8m by way of a compulsory share redemption. This followed the same format as we have used previously. We keep the future cash needs of the Company and its subsidiaries under constant review, including sensible buffers for unexpected events, and the level of dividend supported by our cashflows.

We also heard from our asset manager, Amedeo Limited, of the continuing strength of the aviation and travel markets, and the challenges still facing airlines in the areas of new aircraft availability, rising costs and shortages in skilled labour and materials. We heard that this situation is supporting demand for used aircraft and therefore lease rates and aircraft values.

This is all positive for our shareholders as we move to within about 18 months of our first scheduled lease expiry. We continue to look at every avenue to maximise returns to our shareholders, whose support is greatly appreciated.

Regards,  
Robin Hallam

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

Listing	LSE – Specialist Fund Segment
Ticker	AA4
ISIN	GG00BQKNKR70
Share Price	56.80p
Shares Outstanding	303,899,361
Market Capitalisation	GBP 172.6 million
Outstanding Debt	US\$ 945.1 million
Accounting Year End	31 March
Incorporation	Guernsey
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG, Channel Islands Limited
SEDOL	BQKNKR7
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



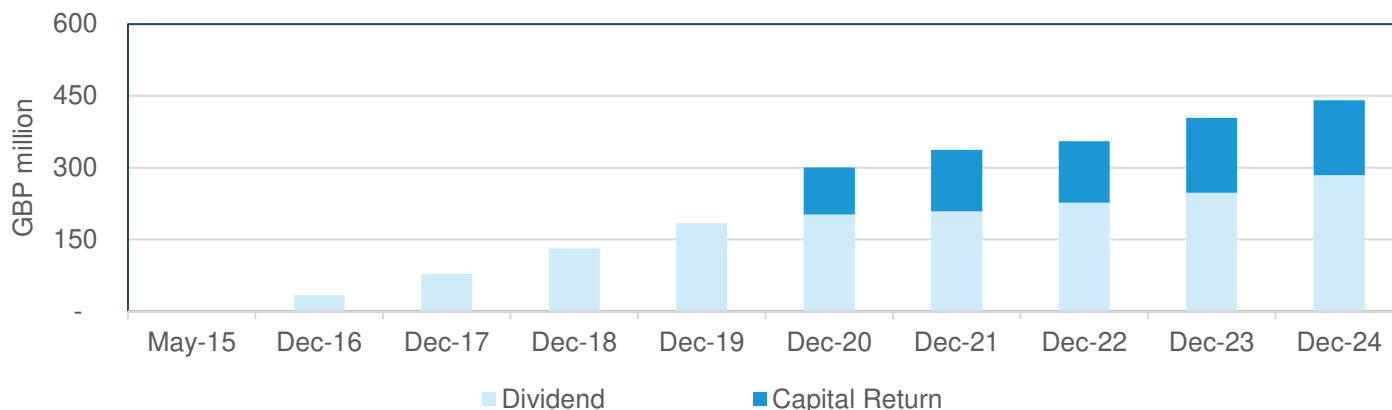
2x B777-300ERs

Lessee



<sup>1</sup>As of 31 December 2024 with exception to ISIN and SEDOL that became effective 31 January 2025, following the compulsory redemption of shares.

**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)*

**14.1%**

**1.5x**

**Portfolio Update**

A golden decade for aircraft investments is perhaps upon us considering traffic remains strong and aircraft production and supply chain constraints are likely to last for a long time, which will enhance older aircraft values and raise new aircraft prices to eye watering levels. Training a line mechanic can take 5 years, which leads the whole industry down into the deep part of the supply chain that is well short of hiring targets with no sign of any quick solutions.

As reported in Thai Airways' published Management Discussion and Analysis, the airline announced a US\$ 479m net profit for the nine months ended on 30 September 2024. This comes after an impressive start to the 2024 financial year, where the airline announced US\$ 80m net profit for the first six-month period ended 30 June 2024. In the third quarter of 2024, the airline expanded its network to European cities, increased flight frequencies to China and strengthened codeshare agreements with Gulf Air. From July to September 2024, Thailand reported 8.6 million international tourists, a 21.1% increase compared to the same period last year. Despite seasonal slowdowns, this recovery was driven by the return of Chinese tourists, as well as travelers from Malaysia, India, South Korea, and Japan, representing 88.5% of 2019 levels of international tourists. Thai Airways was also able to realise its non-core assets by selling 1 Boeing 777-200 aircraft, along with unused property in London and other assets.

On 20 December 2024, Thai Airways announced it had completed its capital restructuring and increased its registered capital. The airline completed a debt-to-equity conversion with its various creditors at the conversion price of THB 2.5452. The airline also issued new shares to existing shareholders and employees through a preferential public offering and to private investors through a private placement at the price of THB 4.48 per share. Following this process, the airline is arranging an extraordinary general meeting to appoint new directors and has invited shareholders to nominate director candidates before the meeting, although a meeting date is yet to be set. Once the new directors are appointed, Thai Airways will have to file a petition with the Court to exit rehabilitation. If the Court confirms that the Plan's criteria are fully met, it will issue an order to cancel the rehabilitation. At that point, the airline will no longer be under the Bankruptcy Act's protections but will remain obligated to comply with the repayment terms outlined in the Plan.

On 21 January 2025, the Court decided to reject three proposed amendments to the Plan. The Court determined that the Administrator already has authority to register a capital decrease to offset losses and authorize dividend distributions, hence these two amendments were unnecessary. The Court rejected the amendment to add two additional individuals to the Plan Administrator from the government, as the airline is progressing well under its current constitution.

On 14 January 2025, the Company, via its wholly owned subsidiary AA4P Alpha Limited (the "Subsidiary") has received a notice from Emirates in respect of MSN 157 exercising the "half-life" option for a potential aircraft return. The option provides for a cash sum that Emirates will pay as a part of the monetary compensation arrangements where the final monetary payment will be based on the actual physical condition of the aircraft vs half-life condition. The lease expiry date for MSN 157 is 4 September 2026.

Emirates continues to perform well and expand its operations. In the first six months of its 2024/25 financial year ending on 30 September 2024, Emirates recorded a profit before tax of AED 9.7 billion (US\$ 2.6 billion), a record performance for the company and 4.5% more than in the same period of the previous year. After accounting for the 9% corporate income tax, which is applicable for the first time since it was enacted in 2023, the net profit amounts to AED 8.7 billion (US\$ 2.4 billion).

<sup>2</sup>Since inception; includes return of capital through share redemptions and dividend declared for Q4'24 of 2.00p. Does not reflect share redemption announced in January. <sup>3</sup>This is a target and not a formal dividend/profit forecast. <sup>4</sup>Annualized quarterly dividend divided by the share price at 31-Dec-24. <sup>5</sup>Cash generated during the quarter (excluding maintenance reserve movements), plus the dividend paid in the quarter, and divided by the dividend paid. The Board decided to show the cover on the basis of quarterly cash movements, as this will give more meaningful insight. The board do not expect this figure to decline materially until leases begin to expire or the dividend rate is increased.

**Portfolio Update (Continued)**

Emirates attributes its performance to strong travel and air cargo demand across regions and the airline’s ability to appeal to customers’ preferences with ongoing investments in products and services such as premium economy cabins. During the first half of 2024-25, Emirates enhanced its network and increased connectivity options through its Dubai hub and rolled out 8 aircraft (3 A380s, 5 Boeing 777s) with premium economy cabins. Emirates has also taken delivery of 3 A350-900 aircraft and the aircraft are operating scheduled flights to Edinburgh, Kuwait and Bahrain. In the months to follow, Emirates will expand A350-900 operations to Muscat, Lyon, Bologna, Colombo, Mumbai and Ahmedabad. Emirates President, Sir Tim Clark, stated that the arrival of the aircraft is a positive development, as the airline actively seeks to expand its network.

Emirates has an outstanding order for 62 A350-900s, which are powered by Rolls Royce Trent XWB-84 engines. Sir Tim Clark has also publicly expressed that the airline will consider placing orders for the A350-1000 once issues around engine durability are resolved. The A350-1000 is powered by Rolls Royce Trent XWB-97 engines and accommodates slightly fewer passengers than its competitor, the B777-9, which is powered by GE9X engines and is also a part of Emirates orderbook. The B777-9 needs more powerful engines than the A350-1000, with thrust requirements of 105,000 lbs versus 97,000 lbs respectively. This is because the B777-9 is heavier due to its larger size and its design heritage, which is a derivative of the B777-300ER that uses less composite materials in its fuselage. In contrast, the A350-1000 is a completely new design that makes extensive use of lightweight composite materials throughout its structure. Rolls Royce reported in January that it has completed the testing of an enhanced Trent XWB engine powering the A350-1000 and it is now up for certification. Market expectation is that an Emirates will place an A350-1000 order soon. However, even if an order is placed, the deliveries would predominantly take place in the next decade, as we are aware Airbus has no slots available for any significant number of units before then. Emirates also has an order for 15 B787-10s and 15 B787-8s, which are powered with GENx-1B or Trent 1000 engines.

Boeing resumed flight testing on the certification program for its highly anticipated B777-X aircraft on 16 January 2025. As reported in the previous quarter, the manufacturer had grounded the tested fleet in August 2024 after discovering a crack in the thrust links, which is the part that connects the engines to the aircraft structure. Once certification is obtained, Boeing expects to deliver the first aircraft to customers in 2026. Our view and market consensus is that deliveries are unlikely to take place before 2027, and there will be a slow ramp up in production and low monthly delivery rates. While Emirates intends to ultimately replace its A380 fleet with the B777-X variants, no larger aircraft will exist in the 2030s and probably beyond, and the B777-9 deliveries will only make a significant impact in Emirates fleet in the next decade.

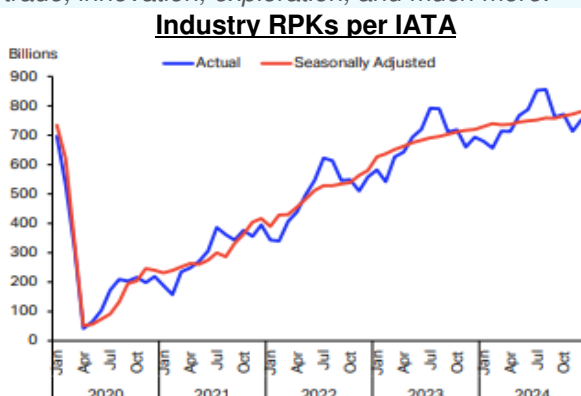
The latest asset utilisation report is available on the website via: <https://www.aa4plus.gg/company-information/>

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

In its latest recovery update, International Air Transport Association (IATA) released 2024 full-year and December 2024 passenger market performance showing record high demand.

	Passenger Traffic (RPKs) (% change yoy)	Capacity (ASKs) (% change yoy)	Passenger Load Factor Level (% -pt)	Passenger Load Factor Level
International	▲ 13.6%	▲ 12.8%	▲ 0.5%	83.2%
Domestic	▲ 5.7%	▲ 2.5%	▲ 2.5%	84.0%
<b>Total</b>	<b>▲ 10.4%</b>	<b>▲ 8.7%</b>	<b>▲ 1.3%</b>	<b>83.5%</b>

IATA’s Director General, Willie Walsh, commented “2024 made it absolutely clear that people want to travel. With 10.4% demand growth, travel reached record numbers domestically and internationally. Airlines met that strong demand with record efficiency. On average, 83.5% of all seats on offer were filled—a new record high, partially attributable to the supply chain constraints that limited capacity growth. Aviation growth reverberates across societies and economies at all levels through jobs, market development, trade, innovation, exploration, and much more.”



<sup>6</sup> IATA Air Passenger Market Analysis December 2024. IATA sustainability and economic using data from IATA information and Data-Monthly Statistics. 3

## Emirates

### Financial Highlights<sup>7</sup>

Income Statement	Half Year 2024	YoY Change
Revenue	US\$ 16.9bn	▲ 5%
EBITDA	US\$ 5.2bn	▼ 2%
Profit / (Loss) After Tax	US\$ 2.4bn	N/A
Cash Assets	US\$ 10.9bn	▼ 7%
Passengers Carried	26.9m	▲ 3%
Available seat km	177.8bn	▲ 4%

Note: The UAE corporate tax applies to the Emirates Group from its 2024-25 financial year. Hence, Profit After Tax figures for September 2024 and September 2023 are not directly comparable.

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said *“The Group’s strong profitability enables us to make the investments necessary for our continued success. We’re investing billions of dollars to bring new products and services to the market for our customers....We expect customer demand to remain strong for the rest of 2024-25, and we look forward to increasing our capacity to grow revenues as new aircraft join the Emirates fleet and new facilities come online at dnata. The outlook is positive, but we don’t intend to rest on our laurels. We will stay agile in deploying our capacity and resources in a dynamic marketplace.”*

### Operational Highlights

During the first half of 2024-25, Emirates increased scheduled flights to 8 cities: Amsterdam, Cebu, Clark, Luanda, Lyon, Madrid, Manila and Singapore. In May, Emirates restarted daily services to Phnom Penh in Cambodia via Singapore. In June, it launched daily services to Bogotá via Miami, expanding the airline’s South American presence to Colombia. In September, Emirates opened a new route to Madagascar via the Seychelles – taking its passenger and cargo network to 148 airports in 80 countries by 30 September 2024.

Expanding connectivity options for customers, during the first six months of 2024-25, Emirates entered into new agreements with 7 codeshare, interline, and intermodal partners. Between 1 April and 30 September 2024, 8 aircraft (3 A380s, 5 Boeing 777s) with fully refreshed interiors rolled out of the airline’s US\$ 4 billion retrofit programme. This enabled Emirates to accelerate the deployment of its latest cabin products, including its latest 4-class Boeing 777 that feature a new 1-2-1 layout of lie-flat seats with personal minibars in Business Class, and the popular Emirates Premium Economy. The first retrofitted Emirates Boeing 777 was deployed to Geneva in August, followed by Tokyo Haneda and Brussels.

## Thai Airways International

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

Income Statement	Jan- Sep 2024	YoY Change
Revenue	US\$ 4.2bn	▲ 25%
Expenses	US\$ 3.4bn	▲ 41%
Net Profit / (Loss)	US\$ 479m	▼ 2%
Cash Assets	US\$ 1.8bn	▲ 13%
Passengers carried	11.6 million	▲ 79%
Available seat km	47.8bn	▲ 30%

### Rehabilitation Plan

As referenced in the portfolio update section, Thai Airways has completed its capital restructuring, which includes a debt-to-equity conversion for its creditors and issuance of new shares for existing shareholders and employees, with some new shares offered under private placement.

Furthermore, as reported by the airline through a press release on 27 December 2024, all debt repayment under the Plan has been made to creditors and no default has occurred. The airline has also sold its non-core assets such as 5 unused aircraft, 1 engine, and residential property in London, which helped the airline generate more income.

In consideration of the above, Thai Airways is performing well under the terms of its Rehabilitation Plan and could potentially exit the Bankruptcy process in 2025 and resume trading on the Stock Exchange of Thailand

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

In the third quarter of 2024, Thai improved its route expansion by resuming services to Milan and Oslo, while increasing frequencies to Beijing and Shanghai. Thai Airways also continued its codeshare partnership with Gulf Air, covering routes between Bangkok and several destinations, including Cairo, Kuwait City, Amman, Casablanca, Athens and Manchester. In the winter 2024/25 schedule, Thai resumed services to Siem Reap and Brussels, whilst increasing the frequency of flights to Nagoya, Kochi, and Denpasar.

In October 2024, the airline took delivery of 2 A330-300 aircraft to support the growth in passenger demand. By the end of 2024, the Thai fleet will consist of 79 aircraft, comprising of 20 narrowbody and 59 widebody aircraft. Furthermore, Thai has agreed to purchase 45 Boeing 787 aircraft with an option to purchase an additional 35 aircraft by 2033. The airline intends to increase its fleet to 150 aircraft, made up of 52 narrowbody and 98 widebody aircraft.

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

<sup>8</sup> US\$ figures are converted at 1 THB = US\$ 0.030837 as of 30 September 2024 as per Bloomberg FX.

<sup>9</sup> Thai Airways Management’s Discussion and Analysis for the third quarter ended 30 September 2024. Thai Airways News and Announcements.

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