

Chairman’s Message

Tailwinds

First, the directors were very pleased to be able to show their confidence in the Company’s finances by increasing the dividend last month. Whilst there are issues surrounding values (good and bad) our cash flow is strong, we are not exposed to rising interest rates and our lessees are performing well.

Aircraft values in some areas have bounced back from the collapses in 2020/21, not everywhere but nevertheless the immutable laws of supply and demand prevail as they always do. Demand for capacity is slowing slightly in some areas but is still there. The Dublin Airfinance Conference at the end of January was heavily attended and upbeat. Amongst all the airlines, lessors and financiers I spoke to, lack of supply is the issue, not lack of demand.

Asia Pacific traffic continues its strong recovery which helps Thai Airways .They are rumoured to be about to order new Boeing 787 aircraft. The airline is clearly confident that it will have the balance sheet and cashflow to finance them.

Headwinds

There are not so many.

Rising fuel and maintenance costs (i.e. things that go to airline profitability) are still a concern, not helped by political instability around the Red Sea.

In the USA low-cost carriers have plateaued, and some have surplus capacity. That is not our market.

The future of the A380 ebbs and flows. Their greatest supporter, Sir Tim Clark, delayed his retirement so as to see Emirates through the pandemic, which he has done. Boeing must prove that the 777-X meets its performance targets, failure there will mean the airline must look for capacity elsewhere. The airline has demanded rigorous testing in local (harsh) conditions.

I must clarify that, following some queries from shareholders after publication of our half year financials, we have not concluded any deal with Emirates and will not speculate (i.e. guess) whether any deal will materialise or what it will look like. Our first aircraft is not due to be returned until September 2026 and the lease agreements specify timelines and return conditions, which both we and Emirates will scrupulously observe.

Robin Hallam

Company Overview¹

Listing	LSE – Specialist Fund Segment
Ticker	AA4
ISIN	GG00BNDVLS54
Share Price	42.25p
Shares Outstanding	303,899,361
Market Capitalisation	GBP 128.4 million
Outstanding Debt	US\$ 1,086.5 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	www.aa4plus.gg
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

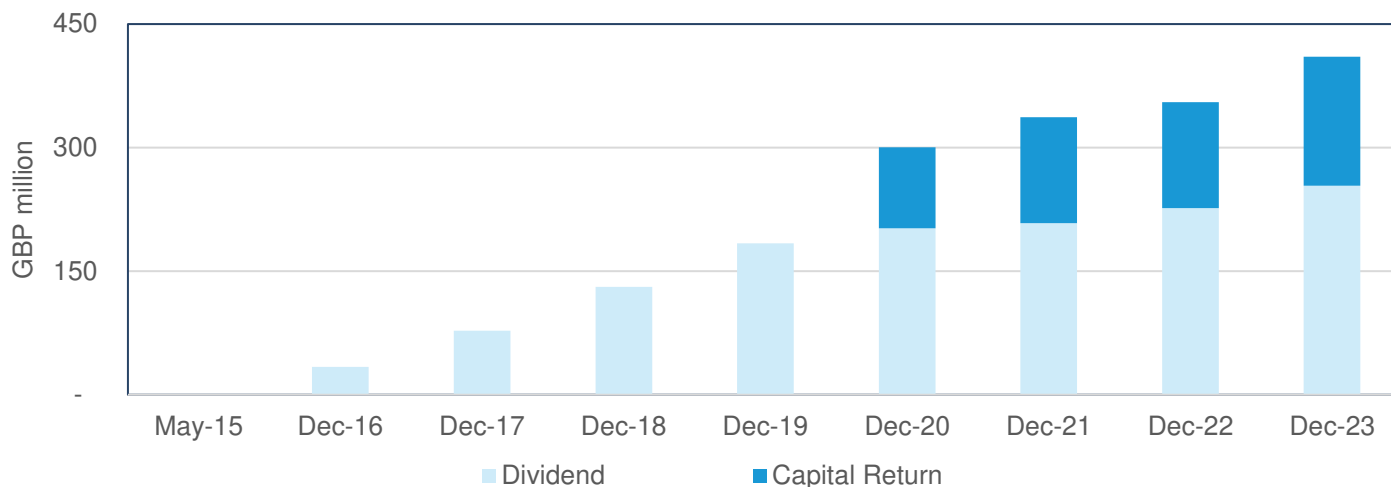


2x B777-300ERs

Lessee



Total Returned To Shareholders²



Dividend Target³

2.00
(pence per quarter per share)

Dividend Yield⁴

18.9%

Cash Cover⁵

1.5x

Portfolio Update⁶

As reported in Thai Airways published Management Discussion and Analysis, the airline announced a US\$ 433m profit for the 9-month period ended 30 September 2023. The airline has reported consecutive quarters of profit and expanded operations ahead of the year end on 31 December 2023. These factors considered the airline looks set to announce promising year end results that should be available by the end of February 2024.

Towards the end of 2023, Thai Airways also initiated the merger process with its subsidiary Thai Smile. It is expected that the merger process will be completed during the first quarter of 2024. Thai Airways has already integrated a few of the Thai Smile A320s into its operations and added new routes to India that these aircraft will service.

Thai Airways is progressing well with its Rehabilitation Plan. The airline received approval for its recapitalisation plan on 14 December 2022, where it increased its registered capital to THB 337bn (c. US\$ 9bn) from THB 22bn (c. US\$ 600 million). The newly issued shares will be allocated as repayment to the creditors as per the debt-to-equity swap arrangement under the Rehabilitation Plan and the airline has until 31 December 2024 to complete this process.

Thai Airways continues to utilize the Company's A350 fleet with the exception of MSN 177 that has undergone a C-Check from 18 January 2024.

Emirates continues to perform well and expand operations. The airline announced a global recruitment drive for 5,000 cabin crew members in 2024. The recruitment comes as Emirates begins to take delivery of its A350s this year as well as the anticipated deliveries for Boeing aircraft that will begin 2025 onwards. Emirates is also progressing well with its premium economy rollout, most recently adding the four-class A380 to its Tokyo route. The premium economy product now features on flights to 15 destinations globally, including New York JFK, Los Angeles, San Francisco, Houston, London Heathrow, Sydney, Auckland, Christchurch, Melbourne, Singapore, Mumbai, Bangalore, Sao Paulo, Tokyo and Dubai. Emirates has selected and the Company has formally consented for MSNs 187, 201, 206, 208, & 42334 to undergo the premium economy retrofit. Emirates has yet to confirm the installation of the retrofit for the selected aircraft.

Emirates continues to utilise the Company's aircraft with the exception of MSN 201 that is in maintenance. The aircraft remains fully insured and Emirates continues to fulfill all of their payment obligations without delay. MSN 201 is expected to return to service by the end of Q1'24.

The Q4'23 asset utilisation report is available on the website via the following link:

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

² Since inception; includes return of capital through share redemptions and dividend declared for Q4'23 of 2.00p.

³ This is a target and not a formal dividend forecast or profit forecast.

⁴ Annualized quarterly dividend target divided by the share price at 29 December 2023.

⁵ 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 repayments and interest payments on all loans, and v) Security Trustee and Agency Fees; as per HYFR for the period ended 30 September 2023.

⁶ 1 THB = US\$ 0.027334 as of 30 September 2023 as per Bloomberg FX.

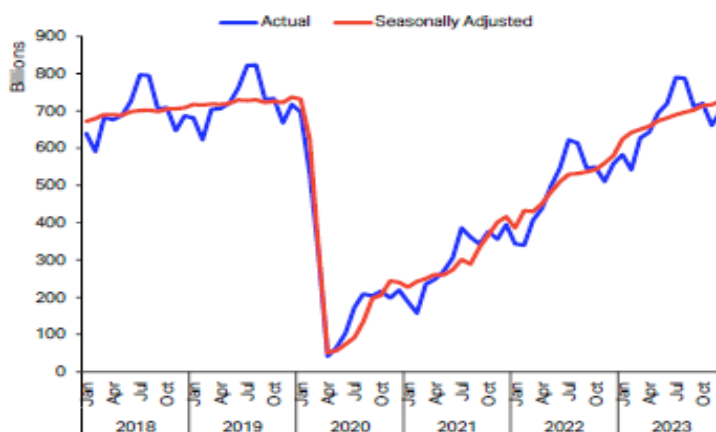
Industry Update⁷

In its latest recovery update, International Air Transport Association (IATA) announced that the recovery in air travel demand is continuing in 2023, based on full year 2023 traffic results.

	Passenger Traffic (RPKs) (% change yoy)	Capacity (ASKs) (% change yoy)	Passenger Load Factor Level (% -pt)	Passenger Load Factor Level
International	▲ 41.6%	▲ 34.4%	▲ 4.2%	82.8%
Domestic	▲ 30.4%	▲ 26.3%	▲ 2.6%	81.5%
Total	▲ 36.9%	▲ 31.0%	▲ 3.6%	82.3%

IATA's Director General, Willie Walsh, commented "The strong post-pandemic rebound continued in 2023. December traffic stood just 2.5% below 2019 levels, with a strong performance in quarter 4, teeing-up airlines for a return to normal growth patterns in 2024. The recovery in travel is good news. The restoration of connectivity is powering the global economy as people travel to do business, further their education, take hard-earned vacations and much more."

Industry RPKs per IATA



Emirates

Financial Highlights⁸

Income Statement	HY 2023/2024	YoY Change
Revenue	US\$ 16.2bn	▲ 19%
EBITDA	US\$ 5.3bn	▲ 33%
Profit / (Loss)	US\$ 2.6bn	▲ 134%
Cash Assets	US\$ 10.4bn	▲ 2%
Passengers carried	26.1m	▲ 31%
Available seat km	171.5bn	▲ 30%

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said "We are seeing the fruition of our plans to return stronger and better from the dark days of the pandemic. The Group has surpassed previous records to report our best-ever half-year performance etc..."

"For the second half of 2023-2024, we expect customer demand across our business divisions to remain healthy and we will stay agile in how we deploy our resources in this dynamic marketplace."

Operational Highlights

In November 2023, Emirates adjusted its orderbook by adding more Boeing and Airbus aircraft. The airline now has an orderbook of 310x widebody aircraft that comprises of i) 65x A350s, ii) 170x B777-9s, iii) 35x B777-8s, iv) 5x B777Fs, v) 15x B787-10s, vi) 20x B787-8s.

The first A350 is scheduled to join Emirates' fleet in August 2024, and deliveries will continue until early 2028. The first B777-9 is expected to join Emirates' fleet in 2025 and deliveries will continue until 2035. Emirates is also set to be one of the launch customers of the B777-8 passenger variant, with first deliveries expected in 2030.

Emirates is also looking to capitalize on a busy winter schedule as the airline is increasing route frequencies and even introducing A380s on certain routes to boost capacity. Starting 19 February 2024, Emirates will ramp up its operations in Seoul with three additional weekly flights that will be serviced by the B777. Additionally, from 21 February until the end of the winter flight schedule (30 March 2024), flights EK127 and EK128 to Vienna will be upgraded from B777 service to an A380.

⁷ IATA Sustainability and Economics, IATA Monthly Statistics, Air Passenger Market Analysis December 2023.

⁸ US\$ figures are converted at US\$ 1 = AED 3.67 as per Bloomberg FX.

Thai Airways International

Financial Highlights⁹

Income Statement	Jan-Sep 2023	YoY Change
Revenue	US\$ 3.0bn	▲ 79%
Expenses	US\$ 2.2bn	▲ 35%
Profit / (Loss)	US\$ 433 million	▲ N/A ¹⁰
Cash Assets	US\$ 1.4bn	▲ 55%
Passengers carried	6.5 million	▲ 1.4x
Available seat km	36.7bn	▲ 57%

Rehabilitation Plan

Thai completed its registration for capital restructuring on 14 December 2022. This resulted in the increase of its registered capital which has been increased from THB 21,827,719,170 (c. US\$ 600m) to THB 336,824,601,650 (c. US\$ 9bn).

The newly issued shares following the capital restructuring shall be allocated as repayment to its creditors as per the debt-to-equity swap arrangement under the Plan. The airline has until 31 December 2024 to complete the process with its creditors. According to local news, Thai Airways will start allocating its shares to creditors and proceed with the private placement offering (PPO) by mid-2024, with the expectation of completing the process by the end of 2024.

As of 30 September 2023, its shareholder equity is reported to still be negative, i.e. -THB 55bn (c. -US\$ 1.5bn). However, the airline anticipates that shareholder equity will become positive after the completion of its recapitalisation process. Accordingly, Thai Airways is expecting to exit the rehabilitation process by Q2 of 2025. On 27 December 2023, Thai Airways submitted a filing to the Stock Exchange of Thailand to provide an update on its progress. In the filing the airline disclosed that it has not been in default of debt repayment under the Plan. This suggests that the implementation of the Plan is making progress and remains on course to achieve the objectives of business rehabilitation.

Operational Highlights

According to Reuters, it is reported that the airline has agreed to an order with Boeing for 45x B787 aircraft with an option to take the total order size to 80x aircraft. There is currently no official announcement from either party, but it is expected that confirmation will be released by the end of February. If a deal is completed, it is estimated that rollout for deliveries will not begin prior to 2027. It is likely that the airline will explore all possible options for financing these deliveries, which will include approaching local banks, export credit agencies, and lessors. Taking into consideration these reports along

with issues around Boeing deliveries, we would expect that around 2027/28, once Thai is well out of Rehabilitation, the airline will revamp its fleet and tailor its widebody segment mostly towards A350s & B787s aircraft with maybe a few B777s. According to Flightradar24, the airline currently operates 17x A350s and this aircraft type is considered to be the youngest in the fleet.

Towards the end of 2023, Thai Airways also initiated the merger process with its subsidiary Thai Smile. It is expected that the merger process will be completed during the first quarter of 2024. Thai Airways has already integrated a few of the Thai Smile A320s into its operations and added new routes to India that these aircraft will service. In similar fashion, its competitor AirAsia is also merging with its subsidiary AirAsia X to create a separate corporate entity named AirAsia Group, which is intended to be a low-cost carrier in the region. This move will certainly make the airline group more cost effective and provide competition to Thai Airways, however according to the executive chairman of AirAsia X, the planned merger cannot close until the rehabilitation process is wrapped up in late 2025, although the two entities can operate separately until then. Hence, it will take time before Thai is to compete against a more efficient AirAsia Group. Thai Airways continues to expand its operations introducing a flight to Sapporo (Japan) to support passenger demand.

The airline received an A350-900 which became operational on 1 November 2023. In order to accommodate passenger demand, the airline is focused on integrating the 20x A320-200s from its subsidiary Thai Smile, and it aims to complete the transfer of all aircraft by the end of Q1'2024. The airline has so far received 6x A320-200s from Thai Smile, operating on international routes, which include Delhi, Mumbai, Dhaka, and Kolkata from 15 October 2023. Thai Airways will also replace Thai Smile's operations on other routes including Yangon, Vientiane, Phnom Penh, Ahmedabad, as well as Kaohsiung and Penang from 15 October 2023 onwards. Thai Airways continues to sell non-core assets such as 2x B747-400s, 1x A340-600 and one spare engine as well as real estate overseas. The airline has put up all its A380s fleet for sale in an "as-is, where-is" condition. The sale is subject to a final approval of Thai's Plan Administrator, under The Bankruptcy Court's order. Mr. Chai Eamsiri, the Chief Executive Officer of Thai Airways, added that the carrier's cabin load factor on flights from China is expected to jump by 75% in Q4'2023, due to the visa-exemption scheme for Chinese citizens, which will be in effect permanently from March 2024. This scheme has resulted in a surge of reservations on Chinese travel booking platforms, such as Ctrip and Tuniu. The Tourism Authority of Thailand has set a target of 8.2m Chinese tourists for 2024.

⁹ US\$ figures are converted at 1 THB = US\$ 0.027334 as of 30 September 2023 as per Bloomberg FX.
¹⁰ Jan-Sep 2022 recorded a loss.

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