

BASE PROSPECTUS

16 April 2026



SECURED BOND ISSUANCE PROGRAMME
OF A MAXIMUM OF €30,000,000

Challenge Group
Challenge Accepted



— SINCE 1976 —

BASE PROSPECTUS
dated 16 April 2026

Challenge Group 
Challenge Accepted
SINCE 1976

This Base Prospectus is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and of the Prospectus Regulation in respect of a:

**SECURED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €30,000,000
by Challenge Aviation p.l.c.**

**A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH COMPANY REGISTRATION NUMBER
C 113656**

***Guaranteed by**

CHALLENGE AVIATION HOLDING LIMITED

a private limited liability company registered in Malta with company registration number C 74987

***Prospective investors are to refer to the Guarantee contained in Annex I of this Base Prospectus for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled “Risk Factors” contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.**

Legal Counsel	Sponsor, Manager & Registrar	Reporting Accountants
		

THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE MFSA HAS APPROVED THIS BASE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE COMPANY THAT IS THE SUBJECT OF THIS BASE PROSPECTUS. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.


THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE BASE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER, FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES ISSUED BY THE COMPANY.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISOR.

APPROVED BY



Colin Gregory



Andrew Muscat

*Signing in their own capacity as Directors of the Issuer and on behalf of
Mr Didier Fernand P. Henet, as his duly appointed agents.*

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IMPORTANT INFORMATION

THIS BASE PROSPECTUS CONTAINS INFORMATION ON (I) THE COMPANY, THE GUARANTOR AND THE BUSINESS OF THE GROUP OF WHICH THEY FORM PART AND (II) THE SECURED BONDS ISSUANCE PROGRAMME IN ACCORDANCE WITH THE REQUIREMENTS OF THE ACT, THE CAPITAL MARKETS RULES AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT, OR TO GIVE ANY INFORMATION, OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS BASE PROSPECTUS AND THE SECURED BONDS ISSUANCE PROGRAMME OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS OR ADVISORS.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE BASE PROSPECTUS AND APPLICABLE FINAL TERMS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE BASE PROSPECTUS OR FINAL TERMS.

THE BASE PROSPECTUS AND APPLICABLE FINAL TERMS DO NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

THIS BASE PROSPECTUS IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. THE INDIVIDUAL FINAL TERMS (AND SUMMARIES THEREOF) THAT MAY BE ISSUED PURSUANT TO THIS BASE PROSPECTUS FROM TIME TO TIME IN RESPECT OF ONE OR MORE TRANCHES OF BONDS ARE TO BE FILED WITH THE MFSA.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE BASE PROSPECTUS AND ANY APPLICABLE FINAL TERMS AND ANY PERSON WISHING TO ACQUIRE ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES OF THE COMPANY ADMITTED TO TRADING ON THE MSE SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS.

STATEMENTS MADE IN THIS BASE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISORS TO THE COMPANY NAMED IN THIS PROSPECTUS UNDER THE HEADING “ADVISORS, SECURITY TRUSTEE AND STATUTORY AUDITORS” IN SECTION 5 OF THIS BASE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THE BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND

WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE BASE PROSPECTUS, SUPPLEMENT OR ANY APPLICABLE FINAL TERMS.

THE INFORMATION ON THE ISSUER'S WEBSITE DOES NOT FORM PART OF THE BASE PROSPECTUS UNLESS THAT INFORMATION IS INCORPORATED BY REFERENCE INTO THE BASE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE SECURITIES.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE BASE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

1. DEFINITIONS

In this Base Prospectus the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Ace Aviation VI	Ace Aviation VI Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 101563 and having its registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Ace Aviation XI	Ace Aviation XI Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 99819 and having its registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Act	the Companies Act (Cap. 386 of the laws of Malta);
Aircraft Portfolio	the aircraft owned by the Bond Group from time to time and “ Aircraft ” shall mean any one of them including the Secured Aircraft and the Target Aircraft;
Aircraft Security Agreement	the aircraft security agreement in respect of the Secured Aircraft entered into by the Security Provider in favour of the Security Trustee and as better explained under section 11 of this Prospectus and is deemed to be incorporated by reference in, and forms part of, the Prospectus;
AOC	an air operator’s certificate;
Applicant/s	the applicant/s for the Bonds;
Application	any form of application for subscription for the Bonds;
Application Form/s	the application form made available by the Issuer for subscription for the Bonds;
Authorised Financial Intermediary/ies	the financial intermediaries, details of which shall be annexed to the relevant Final Terms;
Base Prospectus or Prospectus	this document in its entirety;
Bonds	the secured bonds issued under the Programme;
Bond Issue	the issue of Bonds pursuant to this Programme;
Bondholder/s	the holder/s of the Bonds;
Bond Obligations	the punctual performance by the Company of all its obligations under the Bonds upon issuance including the repayment of principal and payment of interest thereon;
Business	the acquisition and lease of aircraft;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Bond Group	collectively the Company, the Guarantor and the Subsidiaries, as better illustrated in section 6.4.8 of this Prospectus, and the term “ Bond Group Company ” shall mean any one of them;

Capital Markets Rules	the capital markets rules issued by the MFSA, as may be amended from time to time;
Challenge Airlines	means all and either of Challenge Airlines (IL) Ltd., Challenge Airlines (BE) S.A and Challenge Air Cargo;
Challenge Airlines (BE) S.A	means Challenge Airlines (BE) S.A a public limited liability company registered under the laws of Belgium bearing company registration number 0669921491 and having its registered office at Rue du Fort 3 4460 Grâce-Hollogne Belgium;
Challenge Airlines (IL) Ltd.	means Challenge Airlines (IL) Ltd., a private limited liability company registered under the laws of Israel bearing company registration number 510739774 and having its registered office at 4 Oren Street, Building A, High Port, P.O.B 1901 Shoham 6085102 Israel;
Challenge Aviation Services	Challenge Aviation Services Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 74986 and having its registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Challenge Air Cargo	Challenge Air Cargo Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 80123 and having its registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Collateral or Security Interest	the security granted by a Bond Group Company in favour of the Security Trustee (for the benefit of the Bondholders) over the Secured Property as security for the performance of the Bond Obligations, as described in detail in section 11 of this Base Prospectus, and subject to the terms and conditions contained in the Security Trust Deed;
Company or Issuer or Challenge	Challenge Aviation p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C 113656 and having its registered office at Challenge Group, Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Convention or Cape Town Convention	the Convention on International Interest in Mobile Equipment, the Protocol to the Convention on International Interest in Mobile Equipment on Matters specific to Aircraft Equipment, in each case, signed at Cape Town on 16 November 2001, together with the Regulations and Procedures issued by the Supervisory Authority for the International Registry, and all other rules, amendments, supplements, modifications, and revisions thereto (in each case the official English language text);
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Directors or Board	the directors of the Company whose names are set out in sub-section 10.1 of this Base Prospectus under the heading “ <i>The Board of Directors of the Company</i> ”;
Euro or €	the lawful currency of Malta;
Final Terms	the final terms issued by the Issuer from time to time in the form set out in this Base Prospectus which final terms shall be applicable to the Tranche of Bonds in respect of which they are drawn up;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as may be amended from time to time;

Group or Challenge Group	collectively the Bond Group and the Operating Group;
Guarantee	the guarantee granted by the Guarantor as security for the punctual performance of the Bond Obligations and is attached as Annex I;
Guarantor or Challenge Aviation Holding	Challenge Aviation Holding Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 74987 and having its registered office at Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta;
Interest Commencement Date	shall have the meaning assigned thereto in the relevant Final Terms;
Interest Rate	shall have the meaning assigned thereto in the relevant Final Terms;
Issue Date/s	shall be the issue date designated in the relevant Final Terms;
Issue Price/s	the price at which each Tranche of Bonds is issued, details of which will be specified in the relevant Final Terms;
Lease Agreement/s	means the lease agreement/s regulating the lease of the Aircraft making up the Aircraft Portfolio by a Bond Group Company and the Lease Agreement relating to the Secured Aircraft dated 20 August 2024, between Ace Aviation VI and Challenge Airlines (BE) S.A, as amended on 1 February 2026, shall be referred to as the “Secured Lease Agreement” ;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Maturity Date or Redemption Date	the redemption date as specified in the relevant Final Terms;
Memorandum and Articles of Association or M&A	the Memorandum and Articles of Association of the Company in force at the time of publication of the Prospectus. The terms “Memorandum” and “Articles” shall be construed accordingly;
MFSA	the Malta Financial Services Authority as established under the MFSA Act, in its capacity as the competent authority in terms of Article 3 of the Financial Markets Act (Cap. 330 of the laws of Malta);
Offer Period	the period during which each Tranche will be on offer, details of which will be specified in the relevant Final Terms;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Operating Group	means the Group as better illustrated in section 6.4.8 and further explained in section 7.5 of this Prospectus;
Pledge on Aircraft	the pledge over the Secured Aircraft (as defined in section 11 of this Prospectus) entered into by the Security Provider in favour of the Security Trustee and as better explained under section 11 of this Prospectus and is deemed to be incorporated by reference in, and forms part of, the Prospectus;
Pledge on Insurance	the pledge on the Insurance Policy (as defined in section 11 of this Prospectus) over the Secured Aircraft entered into by the Security Provider in favour of the Security Trustee and as better explained under section 11 of this Prospectus and is deemed to be incorporated by reference in, and forms part of, the Prospectus;

Programme	the bond issuance programme being made by the Issuer pursuant to this Base Prospectus;
Prospectus Regulation	Commission Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
Redemption Value	means the nominal amount to be paid on the Redemption Date;
Secured Aircraft	means the Boeing aircraft model B747-400F aircraft with manufacturer's serial numbers 33729 with four (4) General Electric CF6-80C2B1F Engines owned by the Security Provider;
Secured Property	means collectively (i) the Pledge on Aircraft; (ii) the Tripartite Agreement; (iii) the Aircraft Security Agreement; and (iv) the Pledge on Insurance;
Security Provider	Ace Aviation VI or any other member of the Bond Group that secures the obligations of the Issuer by contributing to the Collateral;
Security Trustee	Finco Trust Services Ltd., a private limited liability company registered under the laws of Malta having its registered office at The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta and bearing company registration number C 13078, duly authorised and qualified to act as a trustee in terms of article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Series	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for Issue Dates, Interest Commencement Dates and/or Issue Prices;
SPA or Sale & Purchase Agreement	the agreement dated 17 December 2024 entered into between Ace Aviation XI and LAF Leasing Ireland 3 Limited, a private company with principal place of business is at Unite J, Block 1, Shannon Business Park, Shannon, Co. Clare, Ireland (the " Seller "), for the sale and purchase of the Target Aircraft by Ace Aviation XI;
Sponsor or Manager or Registrar	Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta with company registration number C 13729 and having its registered office situated at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta;
Subsidiaries	the subsidiaries of the Guarantor as provided for in section 6.4 of this Base Prospectus;
Supplement	any supplement to this Base Prospectus which may be issued from time to time by the Issuer;
Target Aircraft	means the Airframe, the Engines, the Parts and the Aircraft Documentation, collectively to be acquired in terms of the SPA (all as defined in section 7.4 of this Base Prospectus);
Terms and Conditions	the terms and conditions of the Bonds contained in section 16 of this Base Prospectus;
Tranche	each tranche of Bonds issued in accordance with the provisions of this Base Prospectus (as may be amended or supplemented from time to time);
Tranche 1	the first series of Bonds issued under the Programme, the aggregate principal amount of which will be specified in the relevant Final Terms;

Tripartite Agreement	the tripartite agreement in respect of the Secured Aircraft (as defined in section 11 of this Prospectus) entered into by the Security Provider and Challenge Airlines in favour of the Security Trustee and as better explained under section 11 of this Prospectus and is deemed to be incorporated by reference in, and forms part of, the Prospectus;
Trust Deed or Security Trust Deed	the trust deed to be signed between the Issuer, the Guarantor, the Security Provider and the Security Trustee prior to but effective upon the Bond Issue. A copy of this deed is available for inspection on the Issuer’s website; and
USD or \$	the lawful currency of the United States of America.

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and vice-versa;
- b. words importing the masculine gender shall include also the feminine gender and vice-versa;
- c. the word “person” shall refer to both natural and legal persons;
- d. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- e. any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Base Prospectus.

2. OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Bonds should be based on a consideration of this Base Prospectus as a whole including the documents incorporated by reference. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any Tranche of Bonds, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of article 25(1) of the Delegated Regulation. Words and expressions defined in this Base Prospectus have the same meanings in this overview.

Issuer:	Challenge Aviation p.l.c.
Issuer Legal Entity Identifier (LEI):	984500ED6CAC6E85E570
Sponsor, Manager & Registrar:	Calamatta Cuschieri Investment Services Limited
Description:	Bond Issuance Programme.
Risk factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds issued under the Programme. These are set out under section 3 "Risk Factors" below and include, among others, risks relating to the suitability of the Bonds for investors and market risks.
Programme Size:	Up to €30,000,000.
Issuance in Tranches:	Bonds may be issued in one or more Tranches and on different Issue Dates. Tranches may be issued and offered under the Programme for a period of up to 12 months from the date of approval of this Base Prospectus. Application will be made in respect of the admission to trading of individual Tranches on the Official List.
Final Terms:	Each Tranche that may be issued under the Programme will be issued on the terms set out under the terms and conditions of this Base Prospectus as completed by the Final Terms specific to such Tranche. Copies of Final Terms will be published on the websites of the Issuer (http://www.challenge-aviation-plc.com/) and the MFSA.
Distribution:	As specified in the applicable Final Terms.
Allocation:	As set out in the Terms and Conditions and as may be supplemented in the applicable Final Terms.
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer.
Denomination:	All Bonds issued under the Programme will have a denomination of €100.
Currency:	Euro (€).
Redemption Date:	The applicable date for redemption, as specified in the applicable Final Terms.
Issue Price:	At par (€100 per Bond).
Interest:	The specific terms governing each Tranche will be set forth in the applicable Final Terms. Bonds will be issued bearing a fixed rate of interest throughout the entire term of the Bonds and will be payable on that basis.
Taxation:	For further information, see section 16.12 of this Base Prospectus, entitled "Taxation".
Listing and admission to trading:	The MFSA has authorised the admissibility of the Bonds to be issued under the Programme to be admitted to listing and trading on the Official List.
Governing law:	The Bonds, all the rights and obligations of the Bondholder and the Issuer, and any non-contractual obligations arising out of or in connection therewith, will be governed by, and construed in accordance with, Maltese law.
Jurisdiction:	The Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.
Underwriting:	The Bonds will not be underwritten.
No credit rating:	The Issuer shall not obtain any credit rating in respect of any of the Bonds.
Use of proceeds:	For further information, see section 16.2 of this Base Prospectus, entitled "Use of Proceeds".

3. RISK FACTORS

3.1. Introduction

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER FOUR MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE ISSUER AND THE GUARANTOR; (II) THE GROUP; (III) THE BONDS; OR (IV) THE GUARANTEE AND COLLATERAL. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS BASE PROSPECTUS. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, THE GUARANTOR OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS, AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS BASE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER OR GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE NOTES. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

THE PROSPECTUS AND THE APPLICABLE FINAL TERMS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND/OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE COMPANY: (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE COMPANY, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 5.1 BELOW, THE SPONSOR, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE BASE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE COMPANY, INCLUDING THE BONDS, AND, THEREFORE, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THE BASE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD LOOKING STATEMENTS".

3.2. Forward-Looking Statements

The Base Prospectus includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, amongst other things, the Company's strategy and business plans, results of operations, financial condition, liquidity, prospects, dividend policy of the Company and the market in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in the Base Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company are consistent with the forward-looking statements contained in the Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions, legislative and regulatory developments, changes in fiscal regimes and the availability of suitable financing.

Potential investors are advised to read the Base Prospectus in its entirety, and, in particular, all the risk factors set out in the Base Prospectus, for a description of the factors that could vary the Company's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3.3. Risk Factors

As is outlined further below and in section 7 of this Prospectus, the Company and the Guarantor do not have any substantial assets of their own. Furthermore, the Bond Group as a whole, because it is the ownership and leasing arm of the Group, is dependent on the performance of the Operating Group. As such the individual risks making up each category are listed in order of probability of occurrence and then materiality upon occurrence, whilst the categories themselves are listed in order of the collective probability of occurrence and materiality of the individual risks contained within.

3.3.1. Risks specific to the Company and the Guarantor

3.3.1.1. Dependence on the performance of the Bond Group and the Operating Group

The Company and the Guarantor do not have any substantial assets of their own. The Company is a special purpose vehicle set up to act as a financing company solely for the needs of the Bond Group, and, as such, its assets are intended to consist primarily of loans issued to Bond Group Companies. As the holding company of the Bond Group, the Guarantor's only source of income is the receipt of dividends from the Subsidiaries and payments of principal and interest under loan advancements granted to the Subsidiaries from time to time. The Bond Group is dependent on the business prospects of the Operating Group and, consequently, the operating results of the Group have a direct effect on the financial position of the Company and the Guarantor.

Therefore, the risks intrinsic in the business and operations of the Bond Group Companies have a direct effect on the ability of the Company and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

Specifically, the Company and the Guarantor are principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments, loan repayments and dividends (as applicable) from Bond Group Companies. The interest payments, the loan repayments and the dividends to be effected by Bond Group Companies are subject to certain risks.

Furthermore, the payment of inter-company loans and/or dividends by Bond Group Companies will depend on, among other factors, future profits, financial position, working capital requirements, general economic conditions and other factors. In addition and more specifically, as the activities of the Bond Group Companies consist solely in the acquisition and lease of aircraft to Challenge Airlines (members of the Operating Group), the ability of Bond Group Companies to effect payments to the Company and/or the Guarantor will depend on their own cash flows and earnings, but also those of the Operating Group, and more specifically, Challenge Airlines. These may be impacted by changes in applicable laws and regulations, the terms of agreements to which they are or may become party, the parties to which Challenge Airlines leases out freight space and/or other factors (more specifically provided hereunder) beyond the control of the Company and/or Guarantor and/or Challenge Airlines. These, in turn, would have an adverse impact on the ability of the Company and/or the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

3.3.2. Risks relating to the Bond Group and the Operating Group

The Bond Group is in the business of acquisition and the subsequent lease of aircraft. The lessee/s of the aircraft are then Challenge Airlines, companies within the Operating Group. In turn, Challenge Airlines then enters into agreements with third parties in order to lease out aircraft and/or cargo/freight space (please see section 7 for a better understanding of the activities).

Whilst the business of the Operating Group is outside of the Bond Group, the Board deems it appropriate that the risks associated with the business of the Operating Group are also, in addition to the risks associated with those of the Bond Group and the Business, provided herein as ultimately, the business of the Operating Group has a direct impact on the Business and therefore on the ability of the Company and/or the Guarantor to make good on the Bond Obligations.

3.3.2.1. Acquisition of Aircraft

The growth strategy of the Bond Group will involve future acquisitions and leasing of aircraft. This poses a risk to the Bond Group both in terms of available aircraft for purchase as well as the financing required for the said acquisitions (please see section 8 of this Prospectus for a better understanding of expected demand and supply of aircraft). The Bond Group may experience difficulties in acquiring aircraft on favourable terms, or at all. Increased competition for aircraft could reduce the Bond Group's acquisition opportunities or may result in a requirement to pay higher prices. There can be no assurance that any future acquisition of aircraft will be profitable to the Bond Group, nor that it will generate sufficient cash flow to justify the investment. Additionally, the Bond Group will need to finance the expansion of its Aircraft Portfolio in the coming years. Volatility or disruption in financing markets may prevent the Bond Group from obtaining additional financing or replacing existing debt financing.

If the Bond Group was unable to raise additional funds or obtain capital on terms that are acceptable, the Bond Group may not be able to satisfy its aircraft acquisition commitments and may be forced to forfeit its deposits. Furthermore, the Bond Group could be exposed to potential breach of contract claims by the Operating Group. Therefore, if the Bond Group was unable to raise additional funds or obtain capital on acceptable terms, its ability to refinance existing debt could be materially adversely affected and the Bond Group may be unable to acquire additional aircraft, take advantage of business opportunities, or respond to competitive pressures, any of which could have a material adverse effect on the Bond Group's financial condition, cash flow and results of operations.

3.3.2.2. Faults in Aircraft of a Particular Manufacturer

All of the aircraft currently, and anticipated to be, owned by the Bond Group are all made by one manufacturer, Boeing. As such, and, until such time as a more diversified portfolio of aircraft is acquired, the Bond Group may be adversely affected by design, safety or other issues which may affect aircraft manufactured by that specific manufacturer. In the event that there is a fault specific to aircraft manufactured by that specific manufacturer, all aircraft of that manufacturer may be required to be taken out of service for checks until the nature of the fault is fully ascertained. This may expose the Bond Group to the need to provide financial compensation to the Operating Group and/or impact the ability of the Bond Group to re-lease aircraft in the future and/or or may cause unforeseen expense in terms of the lease agreements in the event of a recall.

3.3.2.3. Operational Costs Increase with Age of Aircraft

The cost of re-delivering an aircraft under a re-lease, including maintenance and modification expenditures, increases with the age of the aircraft. The costs of converting an ageing passenger aircraft to a cargo aircraft are also substantial. The incurrence of these greater expenses as the Bond Group's fleet ages could adversely affect its financial condition and results of operations.

3.3.2.4. Financial Stability of Aircraft and Engine Manufacturers

The Bond Group depends on the financial stability of aircraft manufacturers and their ability to continue producing aircraft and related components, and provide support services, which meet airlines' demands. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfil their contractual obligations, the Bond Group may experience an inability to acquire aircraft and related components on terms that will allow the Bond Group to lease those aircraft and related components at profitable levels. This may also result in a reduction in the Bond Group's competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and may adversely affect the value of its portfolio.

3.3.2.5. Risks inherent in investing in a single industry

The Bond Group's principal activity directly and through its subsidiaries is to own and invest in the Aircraft Portfolio which are then intended to operate under medium to long-term leases. Challenge Airlines, as lessee/s of the Aircraft then re-lease aircraft and/or cargo/freight space to third parties. By concentrating the vast majority of its operations and investments in the airline market, the Bond Group and Operating Group are susceptible to a downturn in that market which may correlate with a decline in demand for aircraft leasing and could result in both groups' income being adversely affected when the current leases end.

3.3.2.6. Carbon emissions and environmental regulations

The aviation sector is under increasing scrutiny due to its contribution to greenhouse gas emissions. Operators face tightening regulations, such as carbon offset requirements, emissions trading schemes, and government mandated sustainability targets. Failure to comply could result in financial penalties, reputational damage, or restrictions on operations.

Additionally, rising fuel costs and the transition to sustainable aviation fuels (SAFs) present financial and operational risks. While SAFs can reduce carbon footprints, they are currently expensive and face supply constraints. If the Operating Group does not invest in fuel efficiency improvements or alternative propulsion technologies it risks falling behind competitors which could impact its attractiveness and ultimately its operations and cash flow.

3.3.2.7. Exposure to the political, economic and social conditions in the jurisdictions where the Operating Group operates

The Operating Group could be exposed to political, economic and social events in the jurisdictions where it operates and in the markets they serve (the Aircraft operate predominantly in European Union, United States of America and Asia). Such events include political unrest, interest rate and currency exchange rate fluctuations, the nationalisation or expropriation of private assets, strikes, war, economic instability, and other events such as natural disasters, epidemics, widespread transmission of communicable or infectious diseases, acts of God, terrorist attacks and other events beyond the control of the Operating Group that may adversely affect local economies, infrastructures and livelihoods. The resulting instability may adversely affect the Operating Group's third party lessees which could impact their ability and/or need to meet their lease obligations. Either of these could have a material adverse effect on the Operating Group's financial condition, cash flow and results of operations.

3.3.2.8. Dependence on Operating Group and its continued performance of lease obligations

The companies within the Bond Group that lease out aircraft are dependent on the financial strength of Challenge Airlines. The ability of Challenge Airlines to perform its obligations under its lease agreements with the Bond Group will depend primarily on its financial condition and cash flow, which may be affected by factors beyond the control of the Bond Group or the Operating Group, including:

- competition;
- air cargo rates and air cargo demand;
- geopolitical and other events, including war, acts of terrorism, disease and natural disasters;
- operating costs, availability and cost of jet fuel and general economic conditions affecting Challenge Airlines;
- operations;
- labour difficulties;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates;
- government regulation;
- cyber security; and
- adverse currency and interest rates.

3.3.2.9. Dependence on certain key personnel

Performance depends, in part, upon the recruitment, engagement, continued service and performance of key staff members. These key personnel may leave in the future and compete with the groups. The loss of any of these individuals could have a material adverse effect on the group's business, financial condition and the results of operations.

3.3.3. Risks Relating to the Bonds

3.3.3.1. Status and ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional obligations of the Issuer. The Bonds will be guaranteed by the Guarantor and will be secured by the Security Provider and shall at all times rank *pari passu* without any priority or preference among themselves. However, whilst the Bond Obligations shall be secured by the Collateral, they may rank after causes of preference which may be constituted by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer, the Guarantor and/or the Security Provider which may rank with priority or preference to the Collateral.

3.3.3.2. Inflation and fixed interest rate

The Bonds shall carry a fixed rate of return in terms of the coupon and consequently:

- (a) rising inflation may negatively impact the value of the Bonds. The coupon on the Bonds does not take inflation into account, therefore, the longer the maturity of the Bonds, the more potential for declining rates of return in real terms; and
- (b) investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

The above have the ability to impact the general attractiveness of the Bonds on the secondary market, which may result in a reduction of the market value of the Bonds when buying or selling.

3.3.3.3. Orderly and liquid secondary market

The impact of infectious illness outbreaks, war and conflict and certain sanctions and listings that have arisen or that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Bonds at all.

3.3.3.4. Currency of reference

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

3.3.3.5. Continuing obligations

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The MFSA has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the MFSA may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations/discontinuations described above, could have a material adverse effect on the liquidity and value of the Bonds.

3.3.3.6. Amendments to the Terms and Conditions of the Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 16.7 of this Prospectus. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3.3.3.7. Suitability risk

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an investment advisor licensed under the Investment Services Act (Chapter 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor: i. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement; ii. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency; iii. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; iv. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/ her/its ability to bear the applicable risks; and v. is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

3.3.4. Risks Relating to the Guarantee and the Collateral

3.3.4.1. The Guarantee

The Bonds are being guaranteed by the Guarantor on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under the said Secured Bonds on first demand (subject to the terms of the Guarantee) if the Issuer fails to meet any amount, when due in terms of this Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of the undertakings given under the Guarantee and, accordingly, the amount which may be recovered by the Security Trustee from the Guarantor is dependent upon and directly linked to the financial position and solvency of the Guarantor.

3.3.4.2. The Collateral

3.3.4.2.1. Value

The Trust Deed in relation to any Collateral will grant the Security Trustee a right of preference and priority for repayment over the Collateral. However, there can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. The Secured Aircraft is a devaluating asset and as such, the value of the Secured Aircraft is expected to decline circa 5.7% on a year on year basis during the lifetime of the Bonds. Additionally, a number of factors not least of which general economic factors could also have an adverse impact on the value of the Collateral. If such circumstances were to arise or subsist at the time when the Pledge on Aircraft is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

3.3.4.2.2. Enforcement of the Collateral

The enforcement over the Collateral may be subject to legal and procedural requirements in the jurisdiction where the Secured Aircraft is registered, operated, or located at the time of enforcement. These requirements may delay or restrict the ability of the Security Trustee to take possession of, sell, or otherwise dispose of the Secured Aircraft. In certain jurisdictions, enforcement may require court approval or compliance with aviation-specific regulations, which could materially affect the timing and effectiveness of recovery actions.

Specifically with relation to the Pledge on Aircraft, although the pledge is intended to provide first-ranking security, its practical enforceability and recoveries may be subject to a number of risks. In particular, enforcement may be delayed or restricted by mandatory insolvency rules, including potential moratoria or the appointment of an insolvency administrator with the power to challenge or stay enforcement actions. The recognition and effectiveness of the Security Trustee's possession-based rights depend on the continued compliance of the operator with the possession instruction (*Besitzanweisung*). If the operator were to act contrary to such instruction, to deny or disclaim possession for the benefit of the Security Trustee, or to transfer control of the Secured Aircraft without authorization, the Pledge on Aircraft could become invalid or lose its perfection vis-à-vis third parties. The recognition of the Security Trustee's rights may also depend on the cooperation of the operator or aviation authorities, particularly if the Secured Aircraft is located or operated outside Austria at the time of enforcement. Furthermore, third-party rights such as statutory liens for airport or maintenance charges could take priority over the Pledge on Aircraft.

4. RESPONSIBILITY AND AUTHORISATION STATEMENT

4.1. Persons Responsible

The Directors of the Company, whose names appear in sub-section 10.1 under the heading “*The Board of Directors of the Company*”, are the persons responsible for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

4.2. Authorisation Statement

This Base Prospectus has been approved by the MFSA, as competent authority under the Prospectus Regulation. The MFSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Bonds which are the subject of this Base Prospectus. The MFSA does not give any certification regarding the potential risks in investing in the said instrument and such authorisation should not be deemed or be construed as a representation or warranty as to the safety of investing in such instrument.

4.3. Consent for Use of Base Prospectus

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period/s and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of the Base Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of the Bonds, provided this is limited only:

- i. in respect of the Bonds subscribed for through Authorised Financial Intermediaries during the Offer Period;
- ii. to any resale or placement of the Bonds taking place in Malta; and
- iii. to any resale or placement of the Bonds taking place within the period of 12 months from the date of the Prospectus/applicable Final Terms.

None of the Issuer or its advisors accept any responsibility for any of the actions of any of the Authorised Financial Intermediaries, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor its advisors has authorised (nor do they authorise or consent to the use of this Base Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer and neither the Issuer nor its advisors has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Base Prospectus and Applicable Final Terms. If the investor is in doubt as to whether it can rely on the Base Prospectus and applicable Final Terms and/or who is responsible for their contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Base Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or its advisors. The Issuer does not accept responsibility for any information not contained in this Base Prospectus.

In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of

the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Base Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 12 months from the date of the Base Prospectus or the Final Terms, whichever is the later, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Base Prospectus or relevant Final Terms will be made available through a company announcement which will also be made available on the Issuer's website: <http://www.challenge-aviation-plc.com/>

5. ADVISORS, SECURITY TRUSTEE AND STATUTORY AUDITORS

5.1. Advisors

The persons listed under this sub-section have advised and assisted the Directors in the drafting and compilation of the Base Prospectus.

Legal Counsel

Name: Mamo TCV Advocates

Address: 103, Palazzo Pietro Stiges, Strait Street, Valletta VLT 1436, Malta

Reporting Accountants

Name: RSM Malta

Address: RSM Malta, Triq L-Imdina, Haz-Zebbug, ZBG 9015, Malta

Sponsor, Manager & Registrar

Name: Calamatta Cuschieri Investment Services Limited

Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta

The services of the Issuer's advisors in respect of this Base Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Issuer, the Guarantor or an investment in the Bonds upon which the Issuer's advisors have not been consulted. The Issuer's advisors do not undertake to monitor the compliance by the Issuer with its obligations as described in this Base Prospectus, nor do they monitor the Issuer's activities for compliance with applicable laws. Additionally, the Issuer's advisors have relied and continue to rely upon information furnished to them by the Issuer, and its Directors, and have not investigated or verified, nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Issuer, the Issuer's service providers or any other parties involved in the Secured Bond Issuance Programme (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Issuer's advisors accept no responsibility for any description of matters in this Base Prospectus that relate to, and any issues arising from, any applicable law that is not Maltese law.

As at the date of the Prospectus, none of the advisors named under this sub-heading have any beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above. The organisations listed above have advised and assisted the Directors in the drafting and compilation of the Prospectus.

5.2. Security Trustee

The following corporate services provider has agreed to act as security trustee in respect of the Secured Bonds Issuance Programme in accordance with the terms of the Security Trust Deed:

Name: Finco Trust Services Ltd.
Address: The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta.

5.3. Auditors

Name: PricewaterhouseCoopers
Address: 78, Mill Street, Qormi QRM 3101, Malta.

Since incorporation to the date of this Prospectus, no financial statements have been prepared in respect of the Issuer. The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2021 and 2022 have been audited by Mr Kenneth Micallef (19608) of 243, Naxxar Road, Birkirkara BKR 9043, Malta. Those for the financial year ended 31 December 2023 have been audited by BDO Malta (AB/26/84/06) of Triq it-Torri Msida, MSD 1824 and those for the financial year ended 31 December 2024 by PricewaterhouseCoopers (PwC). PwC is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta) with registration number AB/26/84/38.

6. INFORMATION ABOUT THE COMPANY, THE GUARANTOR AND THE GROUP

6.1. The Company

Legal Name of the Company:	Challenge Aviation p.l.c.
Registered Address:	Challenge Group, Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 113656
Date of Registration:	30 October 2025
Legal Form:	The Company is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone No:	+356 27137174
Email Address:	investors@challenge-group.com
Website*:	http://www.challenge-aviation-plc.com/
LEI:	984500ED6CAC6E85E570

** The information on the Issuer's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.*

The Issuer was established on 30 October 2025 as a wholly-owned subsidiary of Challenge Aviation Services save for 1 ordinary share which is held by the Guarantor. The principal objects of the Issuer include, but are not limited to: the carrying on the business of a finance company; the issuing of bonds, debentures, notes, commercial paper or other instruments creating or acknowledging indebtedness and selling or offering the same to the public and/or to procure the same to be listed and/or traded on any stock exchange or market. The issue of bonds falls within the objects of the Issuer. The Issuer's intended purpose is to raise finance for the business of the Bond Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and the Bond Group. The Issuer operates exclusively in and from Malta.

As at the date of the Prospectus, the Issuer has an authorised and issued share capital of \$300,000 divided into 300,000 shares of a nominal value of \$1 each, all being fully paid-up and subscribed for, allotted and taken up by Challenge Aviation Services, other than the 1 ordinary share which is subscribed for, allotted and taken up by the Guarantor. Further details concerning the manner in which the shares in the Issuer are subscribed to are set out in section 6.4 of this Prospectus.

It is not intended for the Issuer to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Bond Group. Accordingly, the Issuer is economically dependent on the financial and operating performance of the Bond Group. The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company to provide Bond Group Companies with funding for the Business.

There are no recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

6.2. The Guarantor

Legal Name of the Company:	Challenge Aviation Holding Limited
Registered Address:	Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 74987
Date of Registration:	28 March 2016
Legal Form:	The Company is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone No:	+356 27137174
Email Address:	investors@challenge-group.com
Website*:	https://www.challenge-group.com/
LEI:	98450074E93E3E049470

** The information on the Guarantor's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.*

The Guarantor was established on 28 March 2016 with the name Ace Aviation Holding Limited, a wholly-owned subsidiary of Ace Aviation Services Limited (now Challenge Aviation Services) save for 1 ordinary B share which was held by BDO Consult Limited. On 1 December 2020 Ace Aviation Holding Limited resolved to change its name to Challenge Aviation Holding Limited and on 11 February 2021 the 1 ordinary B share held by BDO Consult Limited was transferred to Mr Eshel Heffetz. On 7 January 2026, the 1 ordinary B share held by Mr Eshel Heffetz was transferred to ABA MT Ltd. (C 114125). The Guarantor principally acts as the investment holding company of the Bond Group, holding shares in the Subsidiaries. In this respect, the Guarantor is mainly dependent on the business prospects of the Bond Group. The Guarantor operates exclusively in and from Malta.

It is not intended for the Guarantor to undertake any trading activities itself, instead holding investments in the Subsidiaries for capital growth and income generation. Accordingly, the Guarantor is economically dependent on the financial and operating performance of the Bond Group. Other than equity securities in the Subsidiaries, the Guarantor does not have any substantial assets.

There are no recent events particular to the Guarantor which are, to a material extent, relevant to the evaluation of the Guarantor's solvency.

6.3. History of the Group

For the purposes of this section 6.3 of the Base Prospectus:

“MRO”	means maintenance, repair and operations;
“wet-lease”	means an arrangement covering the hire of an aircraft including the provision of a flight crew and sometimes fuel; and
“ULD” or “Unit Loading Devices”	means a device for grouping and restraining cargo, mail and baggage for air transport.

The Challenge Group currently operates three airlines: **Challenge Airlines (IL) Ltd.** in Israel, **Challenge Airlines (BE) S.A** in Belgium and Challenge Air Cargo Limited in Malta. It further consists of the following divisions: a commercial division - **Challenge Air Cargo** Limited in Malta, a ground handling company - **Challenge Handling S.A.** in Liege, Belgium, a European road feeder provider - **Challenge Logistics** in Liege, Belgium, an aircraft and aviation equipment leasing division which sits beneath Challenge Aviation Holding Limited. **Challenge Aviation Services is the internal service arm of the group whereas, - Challenge Technic is a comprehensive line maintenance service provider.**

Challenge Airlines (IL) Ltd.

The history of the Group starts with Cargo Air Lines (CAL, known today as Challenge Airlines (IL) Ltd.), an all-cargo airline established in June 1976 and headquartered at Ben Gurion International Airport in Tel Aviv, Israel. The airline started flying operations in November of that year, originally leasing aircraft from El Al, Israel’s flag carrier. Initially conceived to transport the country’s agricultural exports to Europe, Challenge Airlines (IL) Ltd. has over the years diversified its operations and became the leading provider of air cargo services in the region, albeit using (wet-leased) leased aircraft flown by other carriers.

On 1 December 1999, following receipt of Israeli government licences issued earlier that year, CAL began operating scheduled services using its own aircraft, two Boeing 747-200F. By the early 2000s the airline began to focus on the transportation of specialty cargo, including live animals, dangerous goods, and oversized freight and developed a reputation for providing innovative solutions to complex cargo transportation challenges.

In 2014, Challenge Airlines (IL) Ltd. started investing in upgrading its fleet of aircraft and took delivery of its second Boeing 747-400 freighter. With these new extended range freighters, Challenge Airlines (IL) Ltd. was now able to fly non-stop to locations such as Latin America and Asia Pacific from its Liege hub.

As from 2016, the foundations began being laid for the establishment of the Challenge Group and the spearheading its strategic expansion, from an Israeli focused company to a global air cargo conglomerate. As part of the rebranding strategy process of the Challenge Group, in June 2022, CAL was renamed to **Challenge Airlines (IL) Ltd.**

The current fleet of Challenge Airlines (IL) Ltd. consists of two B747-400 ERF and one of the recently acquired Boeing 767-300 ER.

Challenge Handling S.A.

In 1997, Challenge Airlines (IL) Ltd. established a joint venture with AGREXO, (then Israel's leading exporter of fresh produce), and set up the Liege Air Cargo Handling Services (LACHS) at Liege Airport, a major cargo hub located in Belgium, at the heart of 'the golden triangle' (Frankfurt - Paris - Amsterdam), in Europe. In 2006, Challenge Airlines (IL) Ltd. bought out AGREXO's partial ownership of LACHS and became the sole owner. LACHS changed its name to Challenge Handling S.A. in December 2020.

Since its founding, Challenge Handling S.A. developed a reputation for providing high-quality cargo handling services to a wide range of airlines and cargo operators focusing on complicated air cargo. The company's facilities at Liege, considered one of the largest and most sophisticated handling facilities in Europe, include over 30,000 square meters of warehouse space, 10,000 square meters offline warehouse and 400 square meters of temperature-controlled storage, as well as 5,000 square meters of office space. Alongside automated roller-bed systems for Unit Load Devices (SACO & ETV systems) to ensure quick and efficient cargo handling, the company has a high security clearance methodology and operates Europe's unique largest 52-tonne high-loader that can handle all aircraft types.

Challenge Airlines (BE) S.A

Challenge Airlines (BE) S.A (formerly ACE Air Cargo Europe and ACE Belgium Freighters) is a cargo carrier based in Liege Airport, Belgium. It was established in January 2017 and has received its AOC by Belgian authorities on 19 April 2019. This allowed it to start commercial operations on 2 May 2019 using the acquired Boeing 747-400BCF.

In July 2019, ACE obtained the USA Operations Specifications (OpSpec) from the Federal Aviation Administration (FAA) enabling operations to the United States and in September 2020 it obtained the China OPS SPEC allowing it to operate to China as well. The second aircraft that joined the fleet was a Boeing 747-400ERF in early 2020 and the third was a Boeing 747-400F in August 2022. Challenge Airlines (BE) S.A currently operates 4 B747 aircraft.

Challenge Logistics

Challenge Logistics, the ground transportation division of the Group, was established to support the Group with the collection and distribution of cargo to the various ground destinations. The division offers a strong European road feeder network out of Liège in Belgium, as well as a comprehensive trucking network in the USA. It has access to high security trailers, dual temperature, and high insulation value trailers (FRC certified), and can handle oversized/odd cargo, dangerous goods (ADR), as well as live animals.

Thanks to an established network of more than 40 trucking partners, the division provider reaches most main European markets within 12 hours, out of Challenge Group's Liege hub. A logistics 'control tower' team, based in Liege, provides global service coverage 24/7.

Challenge Air Cargo

Founded in 2018, **Challenge Air Cargo**, is the commercial entity that manages the sale of cargo capacity of the Group's three airlines, as well as third party customers. From the Group's Head Office in Malta and with its own offices in the Netherlands, and Hong Kong, coupled with a network of GSA offices, Challenge Air Cargo's expertise lies in establishing unique door-to-door solutions for time sensitive and complex shipments.

Challenge Air Cargo is also a leading player in the charter market and is capable of operating cargo charters worldwide on short notice.

Challenge Air Cargo holds a Maltese AOC. It is the most recent airline established by the Group. The airline received its AOC in November 2022 and has registered its first Boeing 767-ER300 in its fleet. Its first flight carried to Malta 17th Century Baroque silk tapestries commissioned at the time by the Grand Master of the Order of St John. The company operates three out of four Boeing 767-300ER recently purchased by the Group.

Challenge Aviation Services

Challenge Aviation Services (formerly ACE Aviation Services) was registered in Malta in early 2016 and is the group's internal service arm. This company is the ultimate parent company of the Group including the Bond Group.

The Guarantor (being a subsidiary of Challenge Aviation Services) together with its subsidiaries form the Group's leasing arm, focusing on providing it with the needed aircraft and respective spare engines. Through its subsidiaries it currently owns 14 aircraft and 8 spare engines. These subsidiaries are specialised in the acquisition of aircraft and aviation equipment, predominantly engines.

Challenge Technic

Challenge Technic, formerly JETMX, is an independent EASA 145 / BCAA third-party line maintenance service provider. It was founded in 2018 and was acquired by Challenge Group on 1 September 2021. The Group took on all JETMX staff at the company's five-line stations; one station in Liege, Belgium, three in Germany; Hannover, Cologne, Leipzig, and in Cape Verde, off the coast of West Africa.

Challenge Technic's headquarters and operational management are in Iceland. Its highly skilled technical staff, in its various locations, not only serve the Group's fleet but also other airlines around the world. Together with a closely-knit MRO network, they ensure that airline customers are never parted from their assets due to maintenance, for longer than necessary. The division offers a wide range of services, including transit checks/ETOPS pre-flight checks, daily and weekly checks, A-checks, work packages, troubleshooting, engine wash, engine change services, cabin defect rectification, 24/7 AOG support, parts storage and associated logistics support, aircraft field representative support services, flying spanner services, and borescope inspections.

6.4. Majority Shareholders and Additional Information

6.4.1. Share Capital of the Company

As at the date of the Prospectus, the Issuer has an authorised and issued share capital of \$300,000 divided into 300,000 shares of a nominal value of \$1.00 each, all being fully paid-up and subscribed for, allotted and taken up by Challenge Aviation Services, other than the 1 ordinary share which is subscribed for, allotted and taken up by the Guarantor.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares, up to the authorised share capital of the Company can be issued by the Board of Directors. All ordinary shares in the Issuer rank equally in all respects.

The shares of the Issuer are not listed on the Exchange. An application has not been filed for the shares of the Issuer to be quoted on the Official List of the Exchange. There is no capital of the Issuer which has been issued to the public during the 2 years immediately preceding the publication of the Prospectus. It is not expected that the Issuer will issue any shares during the financial year ending 31 December 2026, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. Furthermore, there are no arrangements in place as at the date of the Prospectus, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with The Code of Principles of Good Corporate Governance (the “**Corporate Governance Code**”) to ensure that the relationship of the Issuer with the rest of the Group and/or with the ultimate shareholders is retained at arm’s length, including, in respect of the Issuer, adherence to rules on related party transactions set out in Chapter 5 of the Capital Markets Rules requiring the vetting and approval of any related party transaction by the Audit Committee. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of three independent, Non-Executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder. With particular reference to the relationship between the Issuer and the ultimate shareholders, the Articles of Association of the Issuer require any director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest to the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest.

6.4.2. Major Shareholders of the Company

Mr Offer Gilboa and Mr Eshel Heffetz are the ultimate beneficial owners of the Issuer, ultimately holding 100% of the ownership interests of the Issuer indirectly as the beneficial owners of 55.76% and 44.24% (respectively) of the issued share capital of Challenge Aviation Services, the immediate parent company and sole shareholder of the Issuer, save for the 1 ordinary share held by the Guarantor.

6.4.3. Memorandum and Articles of the Company

The objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association, with the principal object being *to carry on the business of a finance and investment company in connection with the ownership, development, operations and financing of the business activities of group companies or associated companies, whether in Malta or overseas*. The issue of bonds falls within the objects of the Issuer. The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors, as detailed above in this Prospectus. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out in section 17 of this Base Prospectus and at the Malta Business Registry during the lifetime of the Company.

6.4.4. Share Capital of the Guarantor

As at the date of the Prospectus, the Guarantor has an authorised and issued share capital of \$1,338.48 divided into 9,999 ordinary A shares and 1 ordinary B share of a nominal value of \$0.133848 each, all being fully paid-up and subscribed for, allotted and taken up by Challenge Aviation Services, other than the 1 ordinary share which is subscribed for, allotted and taken up by ABA MT Ltd., (C 114125).

The shares of the Guarantor are not listed on the Exchange. Application has not been filed for the shares of the Guarantor to be quoted on the Official List of the Exchange. It is not expected that shares in the Guarantor shall be issued during the financial year ending 31 December 2026, whether fully or partly paid up, in consideration for cash or otherwise. There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. To the best of the Guarantor's knowledge, there are no arrangements in place as at the date of the Prospectus the operation of which may, at a subsequent date, result in a change in control of the Guarantor.

6.4.5. Major Shareholders of the Guarantor

Save for the 1 ordinary B share, the issued share capital of the Guarantor is held by Challenge Aviation Services and therefore, the major shareholders of the Guarantor are the same, and in the same proportion, as those provided for in section 6.4.2 of this Prospectus.

6.4.6. Memorandum and Articles of the Guarantor

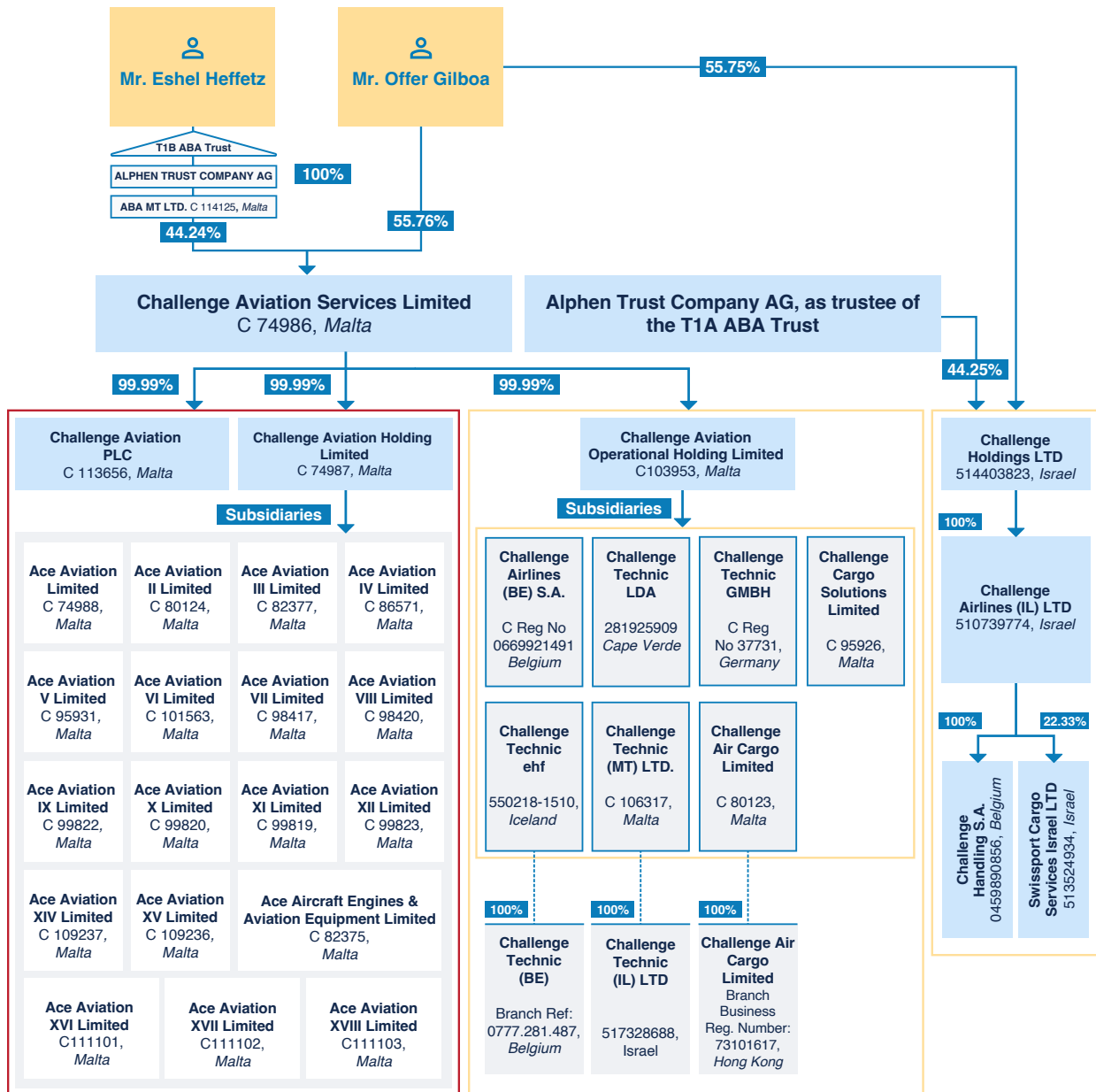
The objects of the Guarantor are set out in clause 4 of the Guarantor's Memorandum of Association, with its objects including securing the repayment of any monies borrowed or any other obligations by giving hypothecary or other security upon the whole or part of the moveable or immovable property of the company. The Memorandum and Articles of Association of the Guarantor otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Prospectus at the registered office of the Guarantor as set out in section 17 of this Base Prospectus and at the Malta Business Registry during the lifetime of the Guarantor.

6.4.7. Commissions

There were no commissions, discounts, brokerages or other special terms granted during the 2 years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Issuer or the Guarantor.

6.4.8. Organisational Structure

The organisational structure of the Group as at the date of this Base Prospectus is illustrated in the organigram hereunder and a brief description of the Group is contained in section 7.5 of this Base Prospectus;



The companies marked in red make up the Bond Group, whilst those companies marked in yellow make up the Operational Group.

Kindly note that:

- (a) (i) 1 share in each of the Subsidiaries is held by Challenge Aviation Services Limited and the remainder of the shares in each of the Subsidiaries are held by the Guarantor; (ii) 1 share in the Guarantor is held by ABA MT Ltd. (C 114125); (iii) Alphen Trust Company AG is a shareholder trustee and trustee of the T1B ABA Trust; and (iv) Mr Eshel Heffetz is a beneficiary of the T1B ABA Trust; (v) Swissport Cargo Services Israel Ltd. is owned by Swissport International Ltd. (SCE-108494528) as to 51% and F.C. (Flying Cargo) Express Ltd. (513046623) as to 26.67%, apart from Challenge Airlines (IL) Ltd. as to 22.33%; and (vi) Mr Eshel Heffetz is a beneficiary of the T1A ABA Trust; and

- (b) (i) 1 share in the subsidiaries of Challenge Aviation Operational Holding Limited which are owned by Challenge Aviation Operational Holding Limited as to 99.99% is held by Challenge Aviation Services Limited; (ii) 1 share in the Guarantor is held by ABA MT Ltd. (C 114125); (iii) Alphen Trust Company AG is a shareholder trustee and trustee of the T1B ABA Trust; (iv) Mr Eshel Heffetz is a beneficiary of the T1B ABA Trust; (v) Swissport Cargo Services Israel Ltd. is owned by Swissport International Ltd. (SCE-108494528) as to 51% and F.C. (Flying Cargo) Express Ltd. (513046623) as to 26.67%, apart from Challenge Airlines (IL) Ltd. as to 22.33%; and (vi) Mr Eshel Heffetz is a beneficiary of the T1A ABA Trust.

6.4.9. Subsidiaries

- a. Ace Aviation Limited (C74988) was established on 28 March 2016 and has an authorised share capital of \$1,338.48 and an issued share capital of 10,000 ordinary shares of \$0.133848, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing aircraft model B747-400F aircraft with manufacturer's serial number (MSN) 26561 which is leased to Challenge Airlines (BE) S.A.
- b. Ace Aviation II Limited (C80124) was established on 23 March 2017 and has an authorised share capital of \$1,300.00 and an issued share capital of 10,000 ordinary shares of \$0.130000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing 747-400 with MSN 24227 which is leased to Challenge Airlines (BE) S.A.
- c. Ace Aviation III Limited (C82377) was established on 31 August 2017 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing 747-400 with MSN 35169 which is leased to Challenge Airlines (BE) S.A.
- d. Ace Aviation IV Limited (C86571) was established on 31 May 2018 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing 747-400 with MSN 26563 which is leased to Challenge Airlines (IL) Ltd.
- e. Ace Aviation V Limited (C95931) was established on 18 June 2020 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing B767-300 with MSN 29435 which is leased to Challenge Airlines (IL) Ltd. and then subleased to Challenge Air Cargo. It also owns and leases a Boeing B767-300 with MSN 28207 which is leased to Challenge Airlines (IL) Ltd.
- f. Ace Aviation VI Limited (C101563) was established on 18 February 2022 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns the Secured Aircraft which is leased to Challenge Airlines (BE) S.A.
- g. Ace Aviation VII Limited (C98417) was established on 10 March 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns and leases a Boeing 767-300 with MSN 30301 and a Boeing 767-300 with MSN 25588 which are both leased to Challenge Air Cargo.
- h. Ace Aviation VIII Limited (C98420) was established on 10 March 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns a Boeing B-777 300 ER bearing MSN 35162.
- i. Ace Aviation IX Limited (C99822) was established on 29 July 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns a Boeing B-777 300 ER bearing MSN 35159.
- j. Ace Aviation X Limited (C99820) was established on 29 July 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It

is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns a Boeing B-777 300 ER bearing MSN 35158.

- k. Ace Aviation XI Limited (C99819) was established on 29 July 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company was previously dormant, however it is the vehicle that was used for the purchase of the Target Aircraft, for which the SPA had been executed. Please see section 7.4 of this Prospectus for more information on the SPA and the Target Aircraft.
- l. Ace Aviation XII Limited (C99823) was established on 29 July 2021 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company owns a Boeing B747-EVF aircraft bearing MSN 35172.
- m. Ace Aviation XIV Limited (C109237) was established on 22 July 2024 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company is currently dormant.
- n. Ace Aviation XV Limited (C109236) was established on 22 July 2024 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company is currently dormant.
- o. Ace Aviation XVI Limited (C111101) was established on 17 February 2025 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company is currently dormant.
- p. Ace Aviation XVII Limited (C111102) was established on 17 February 2025 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company is currently dormant.
- q. Ace Aviation XVIII Limited (C111103) was established on 17 February 2025 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company is currently dormant.
- r. Ace Aircraft Engines & Aviation Equipment Limited (C82375) was established on 31 August 2017 and has an authorised share capital of \$1,500.00 and an issued share capital of 10,000 ordinary shares of \$0.150000, each fully paid up. It is a wholly-owned subsidiary of the Guarantor, save for 1 Ordinary share. This company holds eight (8) engines that are currently leased to related parties.

6.4.10. Challenge Holdings Ltd.

Challenge Holdings Ltd. (formerly Kanfei Hagai) is an Israeli private limited company that is 100% owner of Challenge Airlines (IL) Ltd. Challenge Holdings Ltd. is incorporated in Israel and recorded with the Israeli Corporations Authority. It maintains an active status, with company registration number 514403823, and is headquartered at 4 Oren Street, Shoham, Israel (6085102).

6.5. Financing and Financial Solvency

Loan Facilities and Encumbrances

The Issuer has no third-party facilities in place. As at the date of this Prospectus, whilst the Guarantor has no third-party facilities in which it acts as borrower, the Guarantor does act as guarantor, and provide security (directly or indirectly), for the following facilities in which members of the Bond Group are debtor/s:

Date	Debtor	Total Facility Commitment (TFC) and Drawdown Amount (DDA)	Lender	Security given by Guarantor	Security given by Debtor
13.02.2026	Ace Aviation III Limited	TFC: €10,837,500 DDA: €10,837,500	Investec Bank plc	Pledge of shares held in Ace Aviation III Limited	Mortgage over Boeing B747-400 with MSN 35169 Pledge on cash collateral and collection account Security Assignment of Assigned Property
		TFC: €10,837,500 DDA: €10,837,500	Investec Bank Limited		
26.11.2025	Ace Aviation IV Limited	TFC: €16,500,000 DDA: €16,500,000	The First International Bank of Israel Ltd.	The Guarantor acts as guarantor under this facility agreement	Mortgage over Boeing 747-400F with MSN 26563 Security Assignment of Assigned Property
20.04.2023 as amended and restated 13.02.2026	Ace Aviation V Limited	TFC: €13,145,250 DDA: €13,145,250	Investec Bank plc	Pledge of shares held in Ace Aviation V Limited	Mortgage over Boeing B767-300 with MSN 29435 and Boeing B767-300 with MSN 28207 Pledge on cash collateral and collection account Security Assignment of Assigned Property Deed of Cross-Collateralisation
		TFC: €13,145,250 DDA: €13,145,250	Investec Bank Limited		
20.04.2023 as amended and restated 13.02.2026	Ace Aviation VII Limited	TFC: €13,039,000 DDA: €13,039,000	Investec Bank plc	Pledge of shares held in Ace Aviation VII Limited	Mortgage over Boeing 767-300 with MSN 30301 and a Boeing 767-300 with MSN 25588 Pledge on cash collateral and collection account Security Assignment of Assigned Property Deed of Cross-Collateralisation
		TFC: €13,039,000 DDA: €13,039,000	Investec Bank Limited		
21.10.2025	Ace Aviation XII Limited	TFC: €15,050,000 DDA: €15,050,000	Mizrahi Tefahot Bank Ltd.	N/A	Mortgage over Boeing B747-EVF with MSN 35172 Pledge on bank account Security Assignment of Assigned Property

(the Security given by the Guarantor, the “**Current Encumbrances**”)

For the purposes of this section 6.5:

“Assigned Property”

means, in relation to each aircraft, all present and future rights of the relevant borrower under or in connection with (a) the lease agreement for such aircraft (including rental payments, maintenance reserves and security deposits), (b) all insurances maintained in relation to such aircraft and any proceeds thereof, (c) any compensation receivable from any governmental authority in respect of requisition or compulsory acquisition of such aircraft, (d) proceeds from the sale or other disposition of such aircraft, (e) all manufacturer and maintenance warranties relating to such aircraft, and (f) in respect of Ace Aviation V Limited and Ace Aviation VII Limited, any cargo conversion agreement relating to such aircraft, but in each case excluding certain specified payments retained by the Debtor for operational purpose.

“Cross-Collateralisation”

means that the collateral provided in respect of each facility serves as security for the secured obligations relating to both facility agreements.

Privileged Debt

As at the date of this Prospectus, the Guarantor has no debt with respect to privileged creditors.

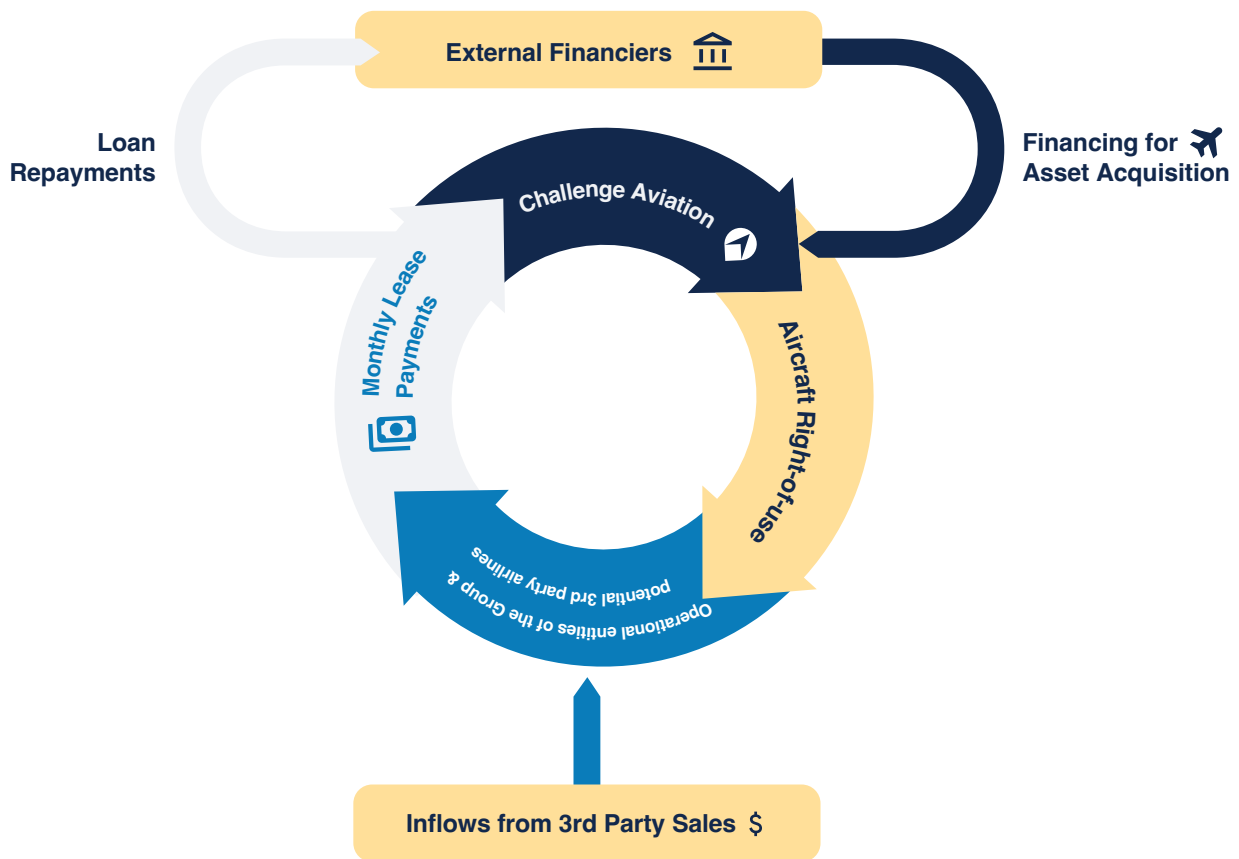
7. BUSINESS OVERVIEW

7.1. Principal Activities and Markets

The main activities of the Bond Group (of which the Issuer and the Guarantor form part) consist in the acquisition of aircraft and subsequent lease to the Operating Group and/or third parties.

The objects and activities of the Issuer and Guarantor are set out in section 6.4 of this Prospectus. The Bond Group operates from and within Malta.

The subsections below give a general overview of (i) the Aircraft Portfolio, (ii) the Sale and Purchase Agreement and (iii) the Secured Lease Agreement. Unless otherwise mentioned in the respective section/s, the latter two agreements follow the template used by the Bond Group when acquiring and leasing aircraft. As such, these agreements and the Aircraft Portfolio provide a holistic overview of the activities of the Bond Group.



7.2. The Aircraft Portfolio

As at the date of this Prospectus, the Bond Group's aircraft portfolio comprised the following:

Boeing 747-412F (MSN 26561)	\$26.70m
Boeing 747-400F (MSN 33729) (Secured Aircraft)	\$39.80m
Boeing 747-412F (MSN 24227)	\$20.23m
Boeing 747-400F (MSN 35169)*	\$52.92m
Boeing 747-400F (MSN 26563)*	\$18.99m
Boeing 767-333F (MSN 25588)*	\$22.28m
Boeing 767-300F (MSN 30301)*	\$26.95m
Boeing 767-300F (MSN 28207)*	\$23.13m
Boeing 767-300F (MSN 29435)*	\$24.78m
Boeing 777-300ER (MSN 38284) (Target Aircraft)	\$45.70m
Boeing 777-300 ER (MSN 35162) **	\$17.50m
Boeing 777-300 ER (MSN 35159) **	\$16.00m
Boeing 777-300 ER (MSN 35158) **	\$12.50m
Boeing 747-EVF (MSN 35172)* **	\$25.30m
Overall valuation of Aircraft	\$372.78m

* These aircraft are currently mortgaged, acting as security for the Loan Facilities. Please see section 6.5 of this Prospectus.

The values of the Aircraft, save for the (i) Target Aircraft, (ii) the Secured Aircraft and those Aircraft marked ** have been extracted from YE 2024 audited financial statements of the relative Bond Group Company.

The values of the Target Aircraft and the Secured Aircraft have been valued by independent valuers and the valuation report dated 15 April 2026 is available for inspection as set out in section 17 of this Base Prospectus. The values of the Aircraft marked ** replicate the purchase price of the Aircraft purchased.

In addition to the Aircraft Portfolio, the assets owned by Ace Aircraft Engines & Aviation Equipment Limited are valued at \$17.6m, as at 31 December 2024.

7.3. Secured Lease Agreement

The lease of the Secured Aircraft, by Ace Aviation VI, is the subject of the Secured Lease Agreement dated 20 August 2024 (and subsequently amended on 1 February 2026) between Ace Aviation VI and Challenge Airlines (BE) S.A. In terms of the Secured Lease Agreement, the Secured Aircraft is leased until circa March 2036 at a consideration of \$410,000 per month. Furthermore, in terms of the Secured Lease Agreement, a refundable deposit is provided to Ace Aviation VI as security for the lease obligations in terms of the lease. An amount equivalent to the aforementioned deposit is returned to the lessee, less any amounts put towards the aforementioned lease obligations.

By way of further information, all Lease Agreements are entered into by a Subsidiary and a member of Challenge Airlines with respect to the Aircraft owned by that particular Subsidiary. The terms of the respective Lease Agreement/s are the same in all material aspects as the Secured Lease Agreement.

7.4. Sale and Purchase Agreement

The acquisition of the Target Aircraft, by Ace Aviation XI, was the subject of a Sale and Purchase Agreement dated 17 December 2024 between Ace Aviation XI and the Seller, on which the Deposit was paid. On 19 March 2025, Ace Aviation XI entered into an assignment agreement through which it assigned its rights to purchase the Target Aircraft to TVPX Aircraft Solutions Inc (not in its individual capacity but solely as owner trustee), a corporation duly incorporated and validly existing under the laws of the State of Utah, U.S.A. Following the payment of the Deposit, TVPX Aircraft Solutions Inc took delivery of the Target Aircraft (free of any encumbrances) on 10 April 2025.

Having secured the Target Aircraft Loan, the Target Aircraft Balance was paid by Ace Aviation XI to the Seller on 8 April 2025. The Target Aircraft is currently a passenger aircraft and, in line with operations, requires conversion to a cargo carrying aircraft (the “**Conversion**”). The Conversion is estimated to cost circa USD 34m (the “**Conversion Costs**”). It is expected that once the Target Aircraft has been converted, the trustee relationship between Ace Aviation XI and TVPX Aircraft Solutions Inc will be terminated and the Target Aircraft will be held by Ace Aviation XI directly.

For the purpose of this section 7.4 of the Base Prospectus:

“ Aircraft Documentation ”	means all log-books, Aircraft records, manuals and other documents provided by Seller at delivery and the other documents listed in Exhibit C of the SPA;
“ Airframe ”	means Boeing 777-300ER with MSN 38284;
“ Consideration ”	means USD 41.5m representing the total purchase price for the acquisition of the Target Aircraft and
“ Target Aircraft Balance ”	means the Consideration less the Deposit;
“ Deposit ”	means USD 4.15m paid in terms of the SPA for the acquisition of the Target Aircraft;
“ Engines ”	means two (2) General Electric GE90-11 engines with ESN 906758 and ESN 906759 and all Parts installed in or on any of such engines at the time delivery of the Target Aircraft is made by the seller to Ace Aviation XI;
“ Parts ”	means any part, component, appliance, system, accessory, instrument, communications equipment, furnishing, module, Seller furnished equipment or other item of equipment (other than complete Engines or engines) installed in or attached to the Airframe or any Engine;
“ Target Aircraft ”	means the Airframe, the Engines, the Parts and the Aircraft Documentation; and
“ Target Aircraft Loan ”	means the loan granted in terms of a loan agreement dated 28 March 2025 (as later amended on 23 June 2025) in which the Guarantor in its capacity as lender granted on loan to Ace Aviation XI in its capacity as borrower an amount of <i>inter alia</i> USD 41.5m representing the Consideration.

7.5. Brief Description of the Group

As also detailed in section 6.3 of the Prospectus, the Challenge Group currently operates three airlines: **Challenge Airlines (IL) Ltd.** in Israel, **Challenge Airlines (BE) S.A** in Belgium and **Challenge Air Cargo** in Malta. It further consists of the following divisions: a commercial division - **Challenge Air Cargo** in Malta, a ground handling company - **Challenge Handling** in Liege, Belgium, a European road feeder provider - **Challenge Logistics** in Liege, Belgium, an aircraft and parts leasing division sitting beneath **Challenge Aviation Services**, and a comprehensive line maintenance provider - **Challenge Technic**.

The Group is an international air cargo group of 7 synergistic divisions whose management, main hub, and business centre are in Europe. The Group employs 1030 staff members across several countries, has a fleet of 14 owned aircraft (Boeing 747, 767 & B777) and encompass several synergetic entities, offering tailored air freight industry solutions, including air cargo door-to-door transportation, ground handling, ground logistics, cargo and aviation sales and management services, aircraft maintenance and leasing. The Group handles and serves a wide range of industries and commodities, focusing on the most complicated air cargo transportation.



Further to section 6 of the Prospectus, the Bond Group acquires the Aircraft making up the Aircraft Portfolio and leases the same to the Operating Group. The Operating Group, as its core business function, leases out the Aircraft and/or freight capacity to third parties.

8. TREND INFORMATION AND FINANCIAL PERFORMANCE

The Bond Group

Insofar as the Bond Group is concerned, and therefore the acquisition and leasing of aircraft, it is expected that projected demand for cargo will continue to exceed the expected output of in-service units, until at least 2034. While it may incentivise long-term investment in increasing output of aircraft, there are no short-term indicators that this gap will be bridged. This will likely cause supply issues, which is both favourable for leasing rates of aircraft, as well as general yield rates for air freight.

Since incorporation to the date of this Prospectus, no financial statements have been prepared in respect of the Issuer. There has been no material adverse change in the prospects of the Company since the date of its incorporation.

There has been no material adverse change in the prospects of the Guarantor since the date of publication of the latest audited financial statements nor has there been any significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus.

The Group is aware of certain trends and uncertainties which may have a material effect on the Issuer's prospects for the current financial year. These include:

- **Macroeconomic conditions and fuel prices:** Continued volatility in global fuel prices, inflationary pressures, and interest rate fluctuations may impact the cost base of operators within the Group's value chain, potentially affecting leasing activity or demand for additional air freight capacity.
- **Geopolitical factors and trade patterns:** Ongoing regional conflicts, trade disputes, or disruptions to global logistics corridors (including those affecting major cargo hubs) may influence air freight volumes, routes, and profitability across the sector.
- **Aircraft production delays:** Persistent supply chain constraints among major aircraft manufacturers may continue to limit new aircraft deliveries, sustaining upward pressure on lease rates but also restricting the Group's ability to expand its fleet base in the near term.
- **Regulatory developments and environmental policies:** Increasing regulatory scrutiny over emissions and environmental performance of cargo operators could result in additional compliance costs or fleet modernisation requirements for lessees, potentially affecting contractual performance or future demand.
- **Currency and interest rate exposure:** Movements in exchange rates or benchmark interest rates could impact the Group's financing costs or the valuation of lease contracts denominated in non-functional currencies.

The Group continuously monitors these factors and based on current information, does not anticipate any of the above to have a materially adverse impact on the Group's overall financial position or prospects during the current financial year.

The Bond Group's principal income stream is derived from medium to long-term contractual agreements with Challenge Airlines which in turn lease out air freight capacity to third parties. The Bond Group's business prospects therefore predominantly revolve around the ability of the aforementioned third parties to service their obligations towards members of the Operating Group and, in turn, those of the Operating Group to service their own obligations towards the Bond Group in a timely manner. The annual amounts receivable by the Bond Group are quantifiable and thus provide the Bond Group with a visible and stable revenue stream. Given the financial stability of the third-party customers the Directors are confident that the anticipated revenue streams in the coming year and foreseeable future will be generated as contracted.

9. FINANCIAL INFORMATION

9.1. Historical Financial Information

For the purposes of this section 9 of the Base Prospectus

“EBITDA”	means earnings before interest, tax, depreciation, and amortisation. It reflects the Group’s/ Company’s earnings purely from operations.
“EBIT”	means earnings before interest and tax.
“PBT”	means profit before tax, or profit before income tax.

Since its incorporation and as of the date of this Base Prospectus, no financial statements have been prepared by the Issuer. The historical financial information of the Bond Group (of which both the Issuer and Guarantor form part of) for the financial year ended 31 December 2024 and its comparative period ending 31 December 2023 have been audited by PricewaterhouseCoopers. These financial statements, together with the auditor’s report for the latest financial year are available for inspection as set out in section 17. The audit report of the latest financial year does not contain any qualification, modification of opinion, disclaimers or emphasis of matter.

The consolidated audited financial statements of the Bond Group for the financial year ending 31 December 2024 and its comparative period ending 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements of the Companies Act (Cap. 386 of the Laws of Malta).

The following table provides a cross-reference to the key sections of the consolidated audited financial statements for the financial year ending 31 December 2024 and its comparative period ending 31 December 2023, as well as the unaudited interim consolidated financial statements for the six-month periods ended 30 June 2024 and 30 June 2025.

	Page number in Annual Report	Page number in Interim Statements
	Financial year ended	6-month period ended
<i>The Bond Group</i>	31 December 2024 and its comparative period ending 31 December 2023	30 June 2025 and its comparative period ending 30 June 2024
Independent Auditors’ Report	34 - 38	15 - 16
Consolidated Statement of Financial Position	4 - 5	4 - 5
Consolidated Statement of Comprehensive Income	6	6
Consolidated Statement of Cash Flows	8	8
Notes to the Financial Statements	9 - 33	9 - 14

Audited historical financial information covering the year ending 31 December 2023 and 2024 as well as interim unaudited consolidated financial information for 2024 and 2025 are being incorporated by reference as per below.

Statement of Comprehensive Income

Audited consolidated statement of comprehensive income for 2023 and 2024 and unaudited consolidated statement of comprehensive income for June 2024 and June 2025	31-Dec-2023	31-Dec-2024	30-Jun-2024	30-Jun-2025
	USD 000	USD 000	USD 000	USD 000
	<i>Audited 12 months</i>	<i>Audited 12 months</i>	<i>Unaudited interim 6 months</i>	<i>Unaudited interim 6 months</i>
Revenue	30,098	36,277	17,078	20,531
Cost of sales (excluding Depreciation and amortisation)	(293)	(232)	(203)	(655)
Gross Profit	29,805	36,045	16,875	19,876
Administrative expenses	(4,218)	(3,530)	(802)	(1,775)
Other operating income	9,959	4,648	-	-
EBITDA	35,546	37,163	16,073	18,101
Depreciation and amortisation	(11,673)	(20,363)	(9,579)	(13,804)
EBIT	23,873	16,800	6,494	4,297
Other income/(expense)	-	-	317	(3,906)
Finance costs	(4,839)	(4,159)	(2,076)	(1,684)
Finance income	580	584	331	5,728
Profit before taxation	19,614	13,225	5,067	4,435
Taxation	(651)	(2,001)	(1,001)	871
Profit for the year	18,963	11,224	4,066	5,307

The Bond Group's business model is based on leasing owned aircraft to operating related parties.

Revenue comprised income generated from lease agreements in place which amounted to USD 36.3 million in FY24 (USD 30.1 million in FY23). Revenue was driven by such leasing agreements in place providing a steady monthly income stream in the form of lease payments. Between FY23 and FY24, revenue increased by 20.5%.

Cost of sales primarily comprised rental charges in FY23 and maintenance and repairs costs in FY24.

Administrative costs mainly comprised legal, professional, management and consultancy fees as well as other general expenses related to IT costs, accounting expenses and travelling.

The Bond Group generated circa USD 37.2 million in earnings before interest, tax, depreciation and amortisation (“EBITDA”)¹ in FY24, representing an EBITDA margin (i.e. EBITDA divided by revenue) of 102.4%. In FY23, EBITDA amounted to USD 35.5 million, driven by revenue as well as by other operating income relating to the release of maintenance reserves which the Bond Group historically accumulated from lessees based on the monthly utilisation of the aircraft to be utilised in the instance of a maintenance event of the aircraft or part thereof. In FY24, other operating income included the release of maintenance reserves. Additionally, other operating income included exchange differences.

Profit before income tax (“PBT”) amounted to USD 13.2 million in FY24 and USD 19.6 in FY23, mainly driven by depreciation and amortisation charges as well as finance costs.

Interim analysis

Revenue generated throughout the first 6 months of FY25 amounted to USD 20.5 million compared to USD 17.1 million generated during the same period of the previous year. The increase in revenue was mainly driven by new aircraft and engine lease contracts entered into by the Bond Group.

Cost of sales primarily comprised technical fee expenses incurred by the Bond Group and increased by 221.7% between June 24 and June 25.

The Bond Group generated c. USD 18.1 million in EBITDA for the first 6 months of FY25 compared to USD 16.1 million across the same period in FY24. The increase in EBITDA is mainly driven by an increase in revenue. No other operating income was recorded in the first six months of 2024 and 2025 following the Bond Group’s policy amendment, under which no aircraft maintenance reserve is due from lessees. Any maintenance adjustments are instead accounted for through end-of-lease adjustments. As a result, no aircraft maintenance reserve is released and no other operating income is recognised.

Across the same period, the Bond Group reported PBT of USD 4.4 million which is 12.4% lower than the PBT in the first 6 months in FY24 (USD 5.1 million). The decline is primarily attributable to higher depreciation expenses following the commencement of depreciation on new assets in FY25. In addition, other movements in PBT mainly reflect a decrease in exchange rate difference expenses, which was subsequently offset by the net movement in the provision for unwinding of discount on non-current, interest-free group loans in accordance with IFRS 9.

¹ In line with the European Securities and Markets Authority (ESMA) Guidelines, EBITDA and EBIT have been used as Alternative Performance Measures (APMs). These measures are commonly used for financial analysis purposes as they focus on the core operations of the business. These measures allow for comparability by excluding items that are non-operational in nature and which may vary significantly between businesses due to different financial and tax structures.

Statement of Financial Position

Audited consolidated statement of financial position for year ended 2023 and 2024 and unaudited consolidated financial position at June 2025	31-Dec-2023	31-Dec-2024	30-Jun-2025
	USD 000	USD 000	USD 000
Non-current assets			
Property, plant and equipment	168,425	270,404	312,945
Other financial assets at amortised cost	11,958	15,191	9,151
Trade and other receivables	14,568	14,568	19,745
Total non-current assets	194,951	300,163	341,840
Current assets			
Trade and other receivables	49,979	39,474	40,629
Other financial assets at amortised cost	4,029	78	7,208
Cash and cash equivalents	32,982	7,973	3,891
Total current assets	86,990	47,526	51,727
Total assets	281,940	347,688	393,567
Non-current liabilities			
Trade and other payables	14,829	19,554	18,779
Borrowings	86,352	139,524	194,511
Deferred tax liabilities	5,657	7,219	6,156
Total non-current liabilities	106,838	166,297	219,446
Current liabilities			
Borrowings	12,256	14,471	11,039
Current taxation	2,005	1,207	641
Trade and other payables	61,138	54,787	46,207
Total current liabilities	75,399	70,465	57,888
Equity			
Share capital	1	1	1
Retained earnings	99,702	110,925	116,232
Total equity	99,703	110,927	116,234
Total equity and liabilities	281,940	347,688	393,567

The Bond Group's assets primarily comprise aircraft and engines (property, plant and equipment) which make up to 77.8% of the Bond Group's total assets in FY24 (59.7% in FY23). Property, plant and equipment increased constantly mainly driven by the increase in the number of aircraft and engines purchased by the Bond Group. Other non-current financial assets mainly comprise loans to related parties.

The Bond Group's assets include trade and other receivables comprising of prepayments and deposits related to aircraft purchases and conversion as well as receivables from leasing contracts and related party receivables.

The Bond Group's borrowings amounted to USD c.154.0 million as at 31 December 2024 (USD c.98.6 million in FY23) are primarily amounts payable to related parties (65.12%) due to banks (29.83%) from third parties (5.05%).

Current trade and other payables mainly comprise amounts due to related parties and ultimate parent company as well as trade payables, accruals and deferred income.

Equity in FY24 comprised USD c.110.9 million in retained earnings (USD c.99.7 million in FY23). Share capital remained unchanged between FY23 and FY24.

Interim analysis

The Bond Group's total assets increased from USD 347.7 million in December 2024 to USD 393.6 million in June 2025 mainly driven by the increase in property, plant and equipment of USD 42.5 million. Such balance includes the addition of USD 55.9 million in aircraft and engines and USD 450k in auxiliary power units, partially offset by USD 13.8 million in depreciation during the first 6 months of FY25. This was financed by an increase in borrowings mainly sourced from related party loans.

Equity movement between December 2024 and June 2025 is driven by an increase in retained earnings due to movements in operations within the first 6 months of FY25.

Statement of Cash Flows

Summary of audited consolidated cash flows statement for 2023 and 2024 and unaudited consolidated cash flows statement for June 2025	31-Dec-2023	31-Dec-2024	30-Jun-2024	30-Jun-2025
	USD 000	USD 000	USD 000	USD 000
	<i>Audited 12 months</i>	<i>Audited 12 months</i>	<i>Unaudited interim 6 months</i>	<i>Unaudited interim 6 months</i>
Cash flow from operating activities				
Operating profit	23,873	16,800	6,811	391
Non-cash charges	12,667	20,363	9,579	13,804
Movement in trade and other receivables	23,245	10,930	536	(6,331)
Movement in trade and other payables	(27,704)	(1,626)	1,499	(9,355)
Tax paid	(1,228)	(1,238)	(1,238)	(757)
Finance income	-	-	-	87
Finance costs	(4,259)	(3,575)	(1,744)	(1,684)
Net cash flow from operating activities	26,594	41,654	15,442	(3,845)
Cash flow from investing activities				
Amounts advanced to group companies	(3,779)	-	-	-
Repayments of amounts advanced to group companies	-	717	-	-
Payments to acquire property, plant and equipment	(22,947)	(122,342)	(37,404)	(56,345)
Amounts advanced to acquire property, plant and equipment	-	(425)	-	-
Net cash flow from investing activities	(26,726)	(122,050)	(37,404)	(56,345)
Cash flow from financing activities				
Proceeds from loans from group companies	49,521	67,892	21,008	59,976
Proceeds from bank loans	36,528	8,598	10,100	-
Payments of lease liabilities	(900)	-	-	-
Repayments of loans from group companies	(98,668)	(6,494)	-	(2,539)
Repayment of bank loans	(3,992)	(10,830)	-	(1,330)
Repayment of third-party loans	(3,606)	(3,780)	(8,163)	-
Net cash flow from financing activities	(21,117)	55,388	22,945	56,107
Net change in cash and equivalents	(21,249)	(25,008)	984	(4,083)
Cash and equivalents at beginning of period	54,231	32,982	32,982	7,973
Cash and equivalents at end of period	32,982	7,973	33,966	3,891

Source: Audited consolidated financial statements 2023 and 2024, and Unaudited Interim consolidated financial statements as at June 2025.

The Bond Group generated a positive cash flow from operating activities in FY23 and FY24, net of non-cash charges, and adjustment for working capital movements. Non-cash charges mainly represent depreciation on aircraft and engines owned by the Bond Group and amortisation of right-of-use assets.

Between FY23 and FY24, cash flow from investing activities resulted in a cash outflow mainly driven by the additions to the aircraft and engines held by the Group of USD 146 million.

Financing activities provided cash inflows in FY24 mainly driven by loans from related parties and bank loans obtained for the acquisition of new aircraft.

Interim analysis

The Bond Group's cash flow from operating activities for the first 6 months of FY25 amounted to negative USD 3.8 million (FY24: USD 15.4 million) mainly driven by the results of operations for the first 6 months of FY25, depreciation and amortisation, movement in trade payables and receivables for the same period and net finance costs.

The Bond Group reported a negative cash flow from investing activities of USD 56.3 million during the first 6 months of FY25 (FY24: negative USD 37.4 million) mainly due to further investment in property, plant, and equipment for the acquisition of aircraft and engines as well as auxiliary power units.

Financing activities provided positive cash flows in the first 6 months of FY25 amounting to USD 56.1 million (FY24: USD 22.9 million) mainly driven by the proceeds from loans from group companies.

9.2. Significant Change in the Bond Group's Financial or Trading Position

There has been no significant change in the financial or trading position of the Bond Group since 31 December 2025.

10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

10.1. The Board of Directors of the Company

The Company is currently managed by a Board of Directors consisting of three directors who are entrusted with the overall direction, administration and management of the Company. As at the date of this Prospectus, the Board of Directors of the Company is constituted by the following persons:

Directors

Mr Didier Fernand P. Henet Independent, Non-Executive Director
(Belgian ID No. 55041737903)

Mr Colin Gregory Independent, Non-Executive Director
(Maltese ID No. 46978M)

Prof Andrew Muscat Independent, Non-Executive Director
(Maltese ID No. 132457M)

The secretaries of the Company are:

- TCV Management and Trust Services Limited (Company Registration No. C17138); and
- Dr. Sarah Abela (Maltese ID No. 249094M).

The business address of the Directors is the same as that of the Company.

The business address of the secretaries of the Company are 103, Palazzo Pietro Stiges, Strait Street, Valletta VLT 1436, Malta and the address of the Company respectively.

The following is a *curriculum vitae* of each of the board members:

Mr Didier Fernand P. Henet

Mr Henet graduated at the Solvay Business School (Economics Faculty of the Brussels University) in 1978. During his career, he has gathered a long experience in international business and various sectors such as high tech, industrial and media companies, funds and holding.

He has been working as Finance Manager, CFO and Finance Director for private and public groups (Oshap Technologies Ltd. (Nasdaq: OSHSF); Carmel – Dor - Plenus Ventures; Tecnomatix Technologies Ltd. (Nasdaq: TCNO); SunGard Data Systems (NYSE: SDS); Ventures Media (Belgium); Thomson CSF group (France). Over the years he has built a strong practice in the fields of finance, legal, audit, corporate administration, management control, M&A and venture capital. He has set European and US subsidiaries for various international groups.

Today, he renders management consulting services and serves actively as director for small and medium sized companies. In January 2017, he joined the Group as an independent board member in the Belgian and Maltese companies and has been involved in the development of the Group since then.

Mr Colin Gregory

Colin Gregory, FCCA, qualified as an ACCA (Association of Chartered Certified Accountants) graduated in 1999 after attending Nottingham Trent University, where he was awarded both the Simpson Scholarship Fund and the Hays Accountancy Personnel Prize in recognition of his outstanding academic performance.

With just under 30 years of professional experience, Colin is a seasoned leader who brings extensive expertise in strategic planning, governance, financial oversight, organisational growth, and management to the boards on which he serves. Throughout his career, he has held senior leadership roles across industries including accounting, insurance management, and trust and corporate services. In these roles, he consistently demonstrated a strong commitment to driving growth, enhancing operational efficiency, and fostering innovation. He has a proven track record of improving profitability, building high-performing teams, and successfully overseeing major strategic initiatives.

Colin has worked with several of the 'Big Four' audit firms and spent a number of years working internationally, including in London and Milan. He has also led international trust and corporate services firms and successfully managed and oversaw the full lifecycle of a merger with another trust and corporate service provider, ensuring its effective execution.

Currently, Colin serves as Managing Director of a Trust & Fiduciary firm. In January 2023, he joined the Challenge Group as an independent board member of the Maltese companies and has since been actively involved in the Group's ongoing development.

Prof Andrew Muscat

Prof Andrew Muscat is a Senior Partner at Mamo TCV Advocates and has developed a wide-ranging commercial law practice advising corporate clients on corporate and commercial matters ranging from M&A transactions, corporate restructurings and corporate finance to privatizations and joint ventures.

As counsel to some of Malta's leading publicly listed companies, he has gained considerable experience on capital markets issues, including bond issues, spin-offs, rights issues and voluntary and mandatory bids. He also regularly advises clients in dealing with distressed companies operating in the financial and commercial sectors.

Prof Muscat is also Professor of Commercial Law in the Faculty of Laws at the University of Malta where he has taught company law, insolvency law, banking law and credit instruments.

10.2. The Board of Directors of the Guarantor

Mr Didier Fernand P. Henet Director
(Belgian ID No. 55041737903)
(Please refer to the curriculum vitae included in section 10.1 above).

Mr Colin Gregory Director
(Maltese ID No. 46978M)
(Please refer to the curriculum vitae included in section 10.1 above).

Mr Yossi Shoukroun Director
(Maltese ID No. 0285825A)
(Please refer to the curriculum vitae included in section 10.3 below).

The secretary of the Guarantor is Dr. Sarah Abela (Maltese ID No. 249094M).

The business address of the directors and the secretary is the same as that of the Guarantor.

10.3. Senior Management of the Bond Group

The respective boards of the Company and the Guarantor are supported by the following persons who occupy the roles indicated below at Group level:

Mr Yossi Shoukroun Chief Executive Officer
(Maltese ID No. 0285825A)

Mr David Canavan Chief Operations Officer
(Republic of Ireland Passport No. LT213211)

Mr Daniel Ganem Chief Financial Officer
(Maltese ID Card No. 0336411A)

Mr Or Zak Chief Commercial Officer
(British Passport No. 144841619)

The business address of the members of senior management is the same as that of the Company.

The following is a *curriculum vitae* of each of the member of senior management.

Mr Yossi Shoukroun

With over 30 years of leadership in the airports and air cargo industry, Yossi Shoukroun has established himself as a seasoned executive with deep expertise in operations, logistics, and business development. Currently serving as CEO of Challenge Group, Yossi oversees a dynamic global cargo network, managing a fleet of Boeing freighters and overseeing operations across strategic hubs. His career journey reflects a relentless commitment to operational excellence and innovative solutions in complex logistics and supply chain management. Skilled in negotiations, budgeting, and analytical decision-making, Yossi has been pivotal in driving growth, enhancing efficiency, and ensuring the success of the organizations he leads.

Before joining Challenge Group, Yossi held influential roles at several renowned air cargo companies. As CEO of LACHS at Liege International Airport, he led one of Europe's largest air cargo handling facilities, driving its capacity to 400,000 tons annually. Earlier, he played a critical role in Maman Cargo Terminals at Ben Gurion Airport, contributing to the company's business development and project management efforts. His strategic mindset and team-focused leadership have been instrumental throughout his career in navigating the complexities of global aviation logistics and achieving sustained organizational success.

Mr David Canavan

David Canavan is a dynamic and results-driven Chief Operating Officer (COO) with over 20 years of executive experience in global operations, business transformation, and strategic leadership. He has a proven track record of delivering large-scale business transformations, optimizing multinational operations, and spearheading high-impact turnaround strategies across industries such as aviation, logistics, and supply chain management. Renowned for his ability to foster performance-driven cultures and implement innovative solutions, David excels in aligning operational execution with long-term strategic goals, ensuring sustainable growth and enhanced shareholder value.

Throughout his career, David has successfully led complex integration projects, such as the merger of TNT into FedEx, delivering significant cost savings and operational efficiency improvements. Currently serving as Group COO at Challenge Aviation Services, he oversees a high-margin group of companies, including airlines and logistics enterprises, driving profitability, scalability, and operational excellence. His dedication to innovation, talent development, and stakeholder collaboration has established him as a visionary leader adept at navigating the challenges of dynamic global environments.

Mr Daniel Ganem

Daniel Ganem began his career in 2014 at Israel Aerospace Industries (IAI), working in the finance department where he gained valuable experience in financial management within the aerospace sector. After three years, he transitioned to Challenge Airlines (IL) Ltd., taking on various commercial and operational roles, including Challenge IL Finance Manager.

In 2022, Daniel was appointed CFO of Challenge Group. He holds an MBA in Finance and Strategy from the Hebrew University of Jerusalem. Under Daniel's leadership, Challenge Group has expanded its fleet with two 747-400F and four 767-300F aircraft. He also oversees the Group's \$350 million fleet expansion project, which includes the acquisition and conversion of four Boeing 777-300ER aircraft.

Mr Or Zak

Or Zak is the Chief Commercial Officer (CCO) of the Group. He began his career in the airfreight industry in 2008 as Manager of Air Import for Courier Network at Ben Gurion Airport in Tel Aviv. After two years, he transitioned into the General Sales Agent (GSA) business, working for AD Aviation Services as Business Development Manager. In 2012, Zak moved to the UK to serve as Cargo Manager for EL AL Airlines, and in 2015, he became the Managing Director for Global Airline Services (Holland) and Chartair UK. He joined Challenge Group in 2022, assuming the newly created role of CCO. Zak holds an MBA degree from Warwick Business School, Warwick University, UK.

Under Zak's commercial leadership, Challenge Group has pursued its ambitious fleet expansion strategy, expanding the fleet from four 747-400F in 2022 to six 747-400F and four 767-300BDSF and thus, expanding the Group's operational flexibility and ability to serve new markets.

10.4. Conflicts of Interest

As at the date of this Prospectus, the Issuer has identified and managed the following roles which may give rise to conflicts of interest:

- (i) Mr Didier Fernand P. Henet and Mr Colin Gregory are directors of the Issuer, the Guarantor and Ace Aviation XI; and
- (ii) Mr Yossi Shoukroun is a director of the Guarantor and Ace Aviation XI;

Conflict of interest could potentially arise in relation to transactions involving the Issuer and the Guarantor, and the Issuer and Ace Aviation XI.

In accordance with the Articles, a director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Company shall declare the nature of his interest at a meeting of the directors and a director shall not vote in respect of any contract or proposed contract or arrangement, transaction or any other proposal whatsoever in which he has any material interest either directly or indirectly. Furthermore, as already mentioned, the Company's audit committee acts as gatekeeper in order to ensure no potential conflicts of interest between the Company and its major shareholder.

Additionally, none of the senior management mentioned in section 10.3 above perform any activities outside of their function which is relevant to the Group.

Other than those disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Company.

10.5. Board Practices

10.5.1. Audit Committee

The terms of reference of the Audit Committee consist of, *inter alia*, its support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of financial reporting; risk; control and governance; and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time. The Audit Committee shall meet at least four times a year.

Briefly the Audit Committee is expected to deal with and advise the Board on: a) its monitoring responsibility over the financial reporting processes, financial and accounting policies, the audit process, internal control structures, and external audit activities; b) maintaining communications on such matters between the Board, management and the independent auditors; and c) preserving the Company's assets by understanding the Company's risk environment and determining how to deal with those risks. In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer.

The Audit Committee is made entirely of independent Non-Executive Directors and is composed of Mr Didier Fernand P. Henet and Mr Colin Gregory and Prof Andrew Muscat. Mr Colin Gregory acts as Chairman and is considered by the Board to be the Director competent in accounting and/or auditing matters.

10.5.2. Compliance with Corporate Governance

Pursuant to the terms of the Capital Markets Rules, the Issuer is required to comply with the provisions of the Corporate Governance Code. The Guarantor's securities are not / will not be listed as a result of this Prospectus and is therefore not bound by the provisions of the Corporate Governance Code.

The Issuer declares its full support for the Corporate Governance Code and undertakes to fully comply with the Corporate Governance Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer. The Issuer shall also, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Corporate Governance Code, explaining the reasons for non-compliance, if any.

As at the date of this Prospectus, the Board considers the Issuer to be in compliance with the Corporate Governance Code, save for the following exceptions:

Principle 3 (Composition of the Board): Due to the fact that the Issuer is a finance vehicle established solely to secure funding for the Group, it is not deemed necessary that the Board include executive directors.

Principle 7 (Evaluation of the Board's Performance): The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of the Board itself, the Issuer's shareholders, the market and all of the rules and regulations to which the Issuer is subject as a company with its securities listed on a regulated market.

Principle 8 (Committees): The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. Given that the Issuer does not have any employees or officers other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. The Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board are determined by the shareholders of the Issuer in accordance with nomination and appointment process set out in the Issuer's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Corporate Governance Code.

10.6. Declaration

None of the Directors, members of the Board committees or members of senior management referred to in this section 10 of this Prospectus have, in the last five years:

- been the subject of any convictions in relation to fraudulent offences;
- been associated with bankruptcies, receiverships or liquidations (other than voluntary) in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

11. THE GUARANTEE AND COLLATERAL

In addition to the Guarantee being provided by the Guarantor, the Bond Obligations will be secured through the Collateral over the Secured Property being constituted by the Security Provider in favour of the Security Trustee, which includes:

- the Pledge on Aircraft;
- the Tripartite Agreement;
- the Aircraft Security Agreement; and
- the Pledge on Insurance.

BONDHOLDERS SHOULD ALSO NOTE THAT THE COLLATERAL BEING PROVIDED IS WITH RESPECT TO THE PROGRAMME AND ANY TRANCHES OF BONDS THAT MAY BE ISSUED THEREUNDER. AS PROVIDED IN SECTION 16.6 OF THIS PROSPECTUS THE ISSUER MAY, FROM TIME TO TIME, WITHOUT THE CONSENT OF THE BONDHOLDERS, ISSUE FURTHER TRANCHES SO AS TO: (I) FORM A SINGLE SERIES WITH THE BONDS ISSUED IN TERMS OF TRANCHE 1; OR (II) TO CONSTITUTE A NEW SERIES. THEREFORE, FOR THE AVOIDANCE OF DOUBT AND ALWAYS UP TO A MAXIMUM OF €30,000,000, NO ADDITIONAL COLLATERAL WILL BE PROVIDED TO SECURE THE BOND OBLIGATIONS IRRESPECTIVE OF THE AMOUNT OF BONDS ISSUED UNDER THE PROGRAMME AND WHETHER OR NOT THE BONDS IN EACH TRANCHE OR TRANCHES ARE FUNGIBLE WITH EACH OTHER. IN THIS RESPECT, PLEASE SEE RISK ENFORCEMENT OF THE COLLATERAL CONTAINED IN SECTION 3.3.4.2.2 OF THIS PROSPECTUS. ADDITIONAL COLLATERAL WILL ONLY BE PROVIDED IF NEEDED DUE TO THE DEVALUATING NATURE OF THE ASSETS AS BETTER EXPLAINED IN SECTION 11.2.5.

11.1. The Guarantee

The Guarantor, as duly authorised and as primary obligor, will jointly and severally with the Issuer, unconditionally and irrevocably guarantee to the Bondholders, to pay any indebtedness/balance at any time due or owing under the Bonds in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Bonds as and when same shall become due. The guarantee is a continuing guarantee for the whole amount due or owing under the Bonds from time to time or which may hereafter at any time become due or owing under the Bonds by the Issuer but the amount due by the Guarantor to the Bondholders under the Guarantee shall be up to and shall not be in excess of the total amount, in Euro, of Bonds issued under the Programme by the Issuer apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or Guarantor and/or the Security Provider which shall be additional to the maximum sum herein stated.

11.2. The Collateral

In addition to the Guarantee provided by the Guarantor, the Security Provider shall provide, in favour of the Security Trustee to secure the Bond Obligations, by way of limited and joint and several suretyship:

- the Pledge on Aircraft;
- the Tripartite Agreement;
- the Aircraft Security Agreement; and
- the Pledge on Insurance.

Bondholders should note the risk contained in section 3.3.4.2.1 of this Prospectus in that the Secured Aircraft is, like all aircraft, a devaluating asset and, in accordance with market standard, typically loses circa 5.7% of its value year on year. Nevertheless, an undertaking is provided so that additional assets are provided as security in the event that the Collateral is lower than the nominal value of outstanding Bonds in issue plus one year's interest yet to accrue.

11.2.1. The Pledge on Aircraft

As part of the security package for the Bonds, the Security Provider has granted to the Security Trustee, for the benefit of the Bondholders, a first-ranking Austrian law pledge over the Secured Aircraft registered in the Austrian Aircraft Register under the registration mark OE-LRI, including all installed engines and parts (the “**Pledge on Aircraft**”). The Pledge on Aircraft has been created pursuant to an Austrian pledge agreement governed by Austrian law and designed to comply with the mandatory perfection requirements applicable to Austrian-registered aircraft. The pledge is perfected by an instruction of possession (*Besitzanweisung*) to the current operator, Challenge Airlines, which holds the Secured Aircraft as a third-party possessor (*Drittbesitzer*) for the benefit of the Security Trustee. In accordance with Austrian law, such instruction and the visible marking of the Secured Aircraft and its engines ensure that possession is held openly and publicly for the pledgee, thereby rendering the pledge valid and enforceable against third parties.

Upon the occurrence of an enforcement event under the Trust Deed, the Security Trustee is entitled to enforce the Pledge on Aircraft in accordance with Austrian law, including by way of private sale or public auction, without prior court authorisation, subject to compliance with statutory notice, valuation, and good-faith requirements. The Pledge on Aircraft is expected to constitute a valid, binding, and enforceable security interest under Austrian law, providing the Bondholders with a first-priority right over the Secured Aircraft, subject only to mandatory provisions of Austrian insolvency law and rights of third parties preferred by law (such as statutory liens for airport charges, maintenance and repairers' liens, or customs and fiscal claims).

The estimated current market value of the Secured Aircraft is \$39.8m (as is set out in the valuation report dated 15 April 2026).

11.2.2. The Tripartite Agreement

The Security Provider, Challenge Airlines and the Security Trustee shall execute a tripartite agreement in respect of the Secured Aircraft (the “**Tripartite Agreement**”). The Tripartite Agreement sets out covenants being made by Challenge Airlines in favour of the Security Trustee in respect of the operation of the Secured Aircraft. In addition, the Tripartite Agreement outlines the different obligations arising upon an event of a default, which would include *inter alia* the repossession of the Secured Aircraft, the removal of the operator and the substitution thereof.

11.2.3. The Aircraft Security Agreement

As security for the Bond Obligations of the Issuer as guaranteed by the Guarantor, the Security Provider shall also enter into an aircraft security agreement in respect of the Secured Aircraft in favour of the Security Trustee (the “**Aircraft Security Agreement**”). Pursuant to the Aircraft Security Agreement, an international interest (the “**International Interest**”) will be registered over the Secured Aircraft by the Security Provider in favour of the Security Trustee in accordance with the Cape Town Convention.

11.2.4. The Pledge on Insurance

In addition, the Security Provider and the Trustee shall enter into a pledge agreement pursuant to which any proceeds recoverable by the Security Provider (as insured) from its insurer in terms of the insurance policy currently in place covering the Secured Aircraft (the “**Insurance Policy**”) shall be reserved as security in favour of the Trustee for the benefit of the Bondholders (the “**Pledge on Insurance**”). In terms of the Insurance Policy, the replacement value of the Secured Aircraft is USD 50m. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured in priority to other creditors.

11.2.5. Variations to the Collateral

In terms of the Security Trust Deed, the Security Provider has undertaken to procure a valuation of the Secured Aircraft on an annual basis for the lifetime of the Bond Issue. If, pursuant to the aforementioned valuation in respect of the Secured Aircraft, the value of the Secured Aircraft is determined to be lower than the nominal value of outstanding Bonds in issue plus one year’s interest yet to accrue, the Security Trustee shall demand that the Security Provider, provide, or procure to provide, additional or alternative (and unencumbered) property owned by the Bond Group as security in addition to and/or in place of the Collateral.

In such case, the signatories to the Trust Deed being a member of the Bond Group shall identify, at their sole discretion, which one or more of the following measures be taken to ensure that the Collateral be equal to the nominal value of outstanding Bonds in issue plus one year’s interest yet to accrue:

- add, replace and/or remove Aircraft; and/or
- provide cash collateral and/or bank guarantees; and/or
- provide any other assets of the Bond Group.

Without prejudice to the aforesaid, the signatories to the Trust Deed, being a member of the Bond Group, retains the right, at any time whilst the Bonds are in issuance, to substitute or procure the substitution of the Secured Aircraft with any other Aircraft, and as a result substitute the Pledge on Aircraft with a pledge over the replacement aircraft as well as any other associated pledges, so that the Collateral remains materially (in terms of the property constituting the Collateral) the same, subject: (i) to an independent expert valuation report confirming that the value of the replacement Aircraft is at least equal to the value of the Secured Aircraft; and (ii) to obtaining the Security Trustee’s prior consent.

11.2.6. Release of Proceeds

The net bond proceeds from the issue of the Tranche 1 Bonds shall be released to the Issuer by the Security Trustee on condition that the Secured Property has been granted as security in favour of Trustee.

11.2.7. Enforcement of the Collateral

The Pledge on Aircraft

Under Austrian law, a pledge over an aircraft is typically perfected by an instruction of possession (*Besitzanweisung*) to the operator, who holds the aircraft as a third-party possessor for the pledgee, combined with visible marking of the aircraft and engines to ensure public notice. Upon an enforcement event, the pledgee (or security trustee) may enforce the pledge without prior court authorisation through private sale or public auction, provided statutory notice, valuation, and good-faith requirements are met.

The Tripartite Agreement

When enforcing the Pledge on Aircraft, the Tripartite Agreement regulates the operator's obligations insofar as repossession is concerned. It binds the Security Provider, the Security Trustee, and the Operator, setting out covenants that govern the aircraft's operation and maintenance during the security period and upon enforcement.

The Aircraft Security Agreement

The obligations of the Issuer under the Bonds shall also be secured by an International Interest registered in respect of the Secured Aircraft by the Security Provider in favour of the Security Trustee pursuant to the Aircraft Security Agreement. An International Interest is a security interest that is recorded on the international registry maintained in accordance with the Cape Town Convention. Such interest can only be removed with the consent of the Security Trustee. In accordance with the Aircraft Registration Act, Chapter 503 of the Laws of Malta, an International Interest duly registered pursuant to the Cape Town Convention shall be an executive title for the purposes of the Code of Organization and Civil Procedure, Chapter 12 of the Laws of Malta. In addition, over 87 countries and the European Union have ratified the Cape Town Convention, and therefore recognise the International Interest, allowing the Security Trustee to exercise its rights under the Cape Town Convention in a default scenario. Typically, but not necessarily, an International Interest allows for a creditor to exercise its rights in a contracting state in a default scenario, allowing it to arrest and repossess the aircraft expeditiously, and with little to no court intervention. A deregistration power of attorney will also be provided by the Security Provider and Challenge Airlines authorising the Security Trustee to deregister and export the Secured Aircraft in a default scenario.

Generally, effective enforcement in respect of an aircraft in an event of default will at all times depend on, firstly, the capability to arrest the aircraft at its location at that moment in time, and secondly, the effective cooperation of the state of registration of the aircraft, and the due recognition by such state of the security package that is in place in respect of the aircraft.

The Pledge on Insurance

The obligations of the Issuer under the Bonds shall be secured by a pledge on the Insurance Policy held on trust by the Security Trustee for the benefit of all Bondholders. A pledge confers upon the creditor the right to obtain payment out of the asset pledged with privilege over other creditors as provided in Title XXIII of the Civil Code, Cap. 16 of the laws of Malta. There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest.

11.3. The Trust Deed

The Issuer, the Guarantor and the Security Provider have entered into a Trust Deed with the Security Trustee, which sets out (i) the covenants of the Issuer to pay the principal amount under the Bonds and interest thereon on the Redemption Date and (ii) all the rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Trust Deed.

The Security Trustee's role includes the holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of specified events of default. All Bondholders, irrespective of the tranche through which they purchased Bonds, will form part of the same group of Bondholders under the same Deed. Therefore, an event of default of any tranche under the Programme, will give rise to an event of default for all under tranches, giving the Security Trustee the right to enforce the collateral for the benefit of the Bondholders in proportion to their respective holding of Bonds.

IN ADDITION TO THE AFOREMENTIONED CROSS DEFAULT FEATURE, THE TRUST DEED CONTAINS OTHER IMPORTANT FEATURES THAT BONDHOLDERS SHOULD BE AWARE OF, SUCH AS VARIATIONS AND ENFORCEMENT OF THE COLLATERAL (WHICH ARE SUMMARISED ABOVE). BONDHOLDERS ARE INVITED TO REVIEW THE TRUST DEED.

12. LEGAL AND ARBITRATION PROCEEDINGS

The directors of the Issuer and the Guarantor are not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Issuer and/or the Guarantor are aware) during the period covering 12 months prior to the date of the Base Prospectus which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

13. MATERIAL CONTRACTS

Save for what has already been provided in this Prospectus, there are no contracts that have been entered into outside the Company's ordinary course of business which could result in any group member being under an obligation or an entitlement that is material to the Company's ability to meet their obligations to security holders in respect of the securities being issued.

14. AIRCRAFT VALUATION REPORT

The Company commissioned Avitas Inc. to issue a valuation report on the Secured Aircraft and Target Aircraft. The business address of Avitas Inc. is at 12701 Fair Lakes Circle, Suite 275, Fairfax, VA 22033, USA.

15. INTEREST OF EXPERTS AND ADVISORS

Save for the following, the Base Prospectus does not contain any statement or report attributed to any person as an expert:

- a. the valuation report prepared in relation to the Target Aircraft and the Secured Aircraft; and
- b. the financial analysis summary.

The valuation reports have been included in the form and context in which they appear with the authorisation of Avitas Inc., which has given and has not withdrawn its consent to the inclusion of such report herein. Avitas Inc. is an aviation consultancy firm with business address situated at 12701 Fair Lakes Circle, Suite 275, Fairfax, VA 22033, USA and does not have any material interest in the Company. The Company confirms that the valuation report has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta which has given and have not withdrawn its consent to the inclusion of such report herein. Calamatta Cuschieri Investment Services Limited does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in these Final Terms and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

16. TERMS AND CONDITIONS

The following is the text of the terms and conditions (“**Terms and Conditions**”) which, as supplemented by the provisions of the relevant Final Terms, shall be applicable to the Bonds. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in section 1 of the Base Prospectus.

16.1. Key Statistics of the Bonds

Denomination:	Euro (€);
Bond Issue Price:	the price of €100 per Bond;
Issue Date:	shall be the issue date set out in the applicable Final Terms;
Plan of Distribution:	as shall be specified in the applicable Final Terms;
Minimum amount per subscription:	minimum application amounts during any Offer Period will be subscription to a minimum subscription amount of €5,000 of Bonds and multiples of €100 thereafter;
Interest:	shall be the rate of interest set out in the applicable Final Terms;
Interest Payment Date(s):	shall be the interest payment date set out in the applicable Final Terms;
Redemption Date:	shall be the redemption date set out in the applicable Final Terms;
Form:	<p>certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated and dematerialised form without interest coupons by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.</p> <p>Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond.</p> <p>The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD. Bondholders may also opt to subscribe for the online e-portfolio of the MSE. The Bondholder’s statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advice evidencing movements in such register will be available through the said e-portfolio facilities on https://eportfolio.borzamalta.com.mt/.</p> <p>Further details on the e-portfolio may be found on https://eportfolio.borzamalta.com.mt/Help;</p>
Transferability:	the Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in accordance with all applicable laws and the rules and regulations of the MSE. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any trading or transfer in the Bonds on the MSE shall be at the charge of the Bondholder or at the charge of such person as the rules and regulations of the MSE may from time to time determine. As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers;
Underwriting:	the Bonds issued under the Programme will not be underwritten;
No Credit Rating:	the Issuer shall not obtain any credit rating in respect of any of the Bonds that may be issued from time to time pursuant to the Programme;
Governing Law:	the Bonds issued under the Programme shall be issued under and shall be governed by and construed in accordance with the laws of Malta;
Jurisdiction:	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

16.2. Use of Proceeds

The total proceeds that may be raised through the Programme may not exceed €30,000,000. The amount that will be raised in terms of Tranche 1 of the Issue (the “**Tranche 1 Bonds**”) and which will be specified in the relevant Final Terms, will be used to pay part of the Target Aircraft Loan obtained for the acquisition of the Target Aircraft (as further described in section 7.4 of this Base Prospectus). These proceeds will be loaned by the Issuer to Ace Aviation XI, pursuant to the terms of a loan agreement entered into between the Issuer (as lender) and Ace Aviation XI (as borrower) (the “**Proceeds Loan**”). The Proceeds Loan is conditional upon the issue and allotment of the Tranche 1 Bonds.

In addition to the aforementioned Tranche 1, the Issuer reserves the right to issue further tranches of Bonds during the lifetime of this Prospectus for the purpose of payment towards (i) the Target Aircraft Loan and/or (ii) the Conversions Costs (as further described in section 7.4 of this Base Prospectus). Further information on the intended use of proceeds of each Tranche would be disclosed in the applicable Final Terms.

16.3. Estimated Expenses

Please see relevant section in Final Terms.

16.4. Security

Please see section 11 of this Prospectus.

16.5. Ranking and Rights

Save as otherwise provided, the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and the Bond Obligations shall be:

- a. jointly and severally guaranteed by the Guarantor; and
- b. secured (by way of joint and several suretyship) and limited solely to the Security Interest.

The Bonds shall, at all times, rank *pari passu*, without any priority or preference among themselves and save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer and/or the Guarantor. This means that any secured or privileged debts of the Issuer and/or the Guarantor (which include the Current Encumbrances) shall rank at all times ahead of its obligations under the Programme, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part.

Therefore in a situation of the insolvency of the Bond Group and competing creditors:

- a. **Issuer:** all unsecured creditors (including the Bondholders) will rank *pari passu* with respect to the Issuer’s assets;
- b. **Guarantor:** as a result of the Current Encumbrances, (i) the Aircraft owned by Ace Aviation IV Limited and the Aircraft owned by Ace Aviation XII Limited; and (ii) Ace Aviation III Limited, Ace Aviation V Limited and Ace Aviation VII Limited and all of their assets (including those Aircraft that are owned by these companies) will not form part of the Guarantor’s assets and all other unsecured creditors (including the Bondholders) will rank *pari passu* with respect to the remainder of the Guarantor’s asset;
- c. **Security Provider:** the Bondholders will be entitled to the enforcement of the Pledge on the Aircraft, the Tripartite Agreement, the Aircraft Security Agreement and the Pledge of Insurance in preference to any unsecured and secured creditors of the Security Provider (save for any prior ranking privileges or security which arise by operation of law).

Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and/or the Guarantor and/or the Security Provider for so long as such security interests remain in effect. There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest subject to and in accordance with the ranking specified herein.

IN THE CASE THAT A FURTHER TRANCHE OF BONDS IS ISSUED UNDER THE PROGRAMME, SAID BONDS WILL RANK *PARI PASSU*, WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES AS WELL AS AMONG THE BONDS ISSUED UNDER THE TRANCHE 1 FINAL TERMS AND SAVE FOR SUCH EXCEPTIONS AS MAY BE PROVIDED BY APPLICABLE LAW. PLEASE SEE SECTION 11 OF THE PROSPECTUS.

16.6. Additional Indebtedness and Encumbrances

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions (and/or fungible with) as any outstanding debt securities of any series (including the Bonds or Tranches thereof) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds or Tranches thereof), or upon such terms as the Issuer may determine at the time of their issue.

Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, if the Issuer incurs further borrowings or other indebtedness as aforesaid, the Issuer may, without the consent of the Bondholders, create or permit to subsist additional security interests or other encumbrances upon the whole or any part of its present or future undertakings, assets or properties, existing or future, and there can be no guarantee that such security interests or other encumbrances, as well as privileges or security interests accorded by law in specific situations, will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.

16.7. Meetings of Bondholders

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consulting Bondholders on particular issues and/or for the purpose of obtaining the consent thereof to effect amendments to the terms of the Base Prospectus and/or the relevant Final Terms in respect of one or more Tranches. In the event that the Issuer is desirous of amending the Final Terms of one particular Tranche, it is only Bondholders of that particular Tranche (the "**Affected Bondholders**") who shall be entitled to attend, and vote at, a meeting summoned for this purpose. Meetings of Bondholders and Affected Bondholders shall be summoned and conducted in the manner prescribed hereunder.

The Issuer may call a meeting of Bondholders or Affected Bondholders (as the case may be) by giving notice to all Bondholders or Affected Bondholders (as the case may be) listed on the register of Bondholders at a date being not more than 30 days preceding the date scheduled for the meeting, by giving not less than 14 days' notice in writing. Said notice may be given by electronic mail, by post or by courier at the discretion of the Issuer.

Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat. Following a meeting held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders or Affected Bondholders (as the case may be) whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval, any such decision shall subsequently be given effect to by the Issuer.

Each Bond shall entitle the holder thereof to one vote. A meeting of Bondholders or Affected Bondholders (as the case may be) shall only validly and properly proceed to business if there is a quorum present at the commencement of the

meeting. For this purpose, a quorum shall be constituted by at least two Bondholders or Affected Bondholders (as the case may be) present, in person or by proxy, representing not less than:

- a. 50% in nominal value of the Bonds in issue, in the case of a meeting of all Bondholders; or
- b. 50% in nominal value of the Bonds in issue in a particular Tranche held by the Affected Bondholders, in the case of a meeting of Affected Bondholders.

If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated in the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders or Affected Bondholders (as the case may be) which are present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement, the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholders or Affected Bondholders present, in person or by proxy, shall constitute a quorum and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any one Director shall chair meetings of Bondholders or Affected Bondholders (as the case may be).

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions to be taken at the meeting, the Directors or their representative/s shall present to the Bondholders or the Affected Bondholders (as the case may be) the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders or Affected Bondholders (as the case may be) present at the time at which the vote is taken, and any Bondholders or Affected Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote, shall not be taken into account for the purpose of such vote. The voting process shall be managed by the Issuer's company secretary.

The proposal placed before a meeting of Bondholders or Affected Bondholders (as the case may be) shall only be considered approved if at least 75% in nominal value of the Bondholders or Affected Bondholders (as the case may be) present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. A matter decided at a duly convened Bondholders' meeting is binding on all Bondholders irrespective of whether they are present or not.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders and Affected Bondholders.

16.8. Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Bondholders present at the meeting at the time when the vote is being taken, by notice in writing to the Issuer declare the Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events (“Events of Default”) and for the purposes of this section 16.8, the Issuer, the Security Provider and the Guarantor collectively, the “**Obligors**”):

- i. the Issuer fails to effect payment of interest under the Bonds (irrespective of the Tranche) on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof has been given to the Issuer by the Security Trustee; or
- ii. the Issuer fails to pay the principal amount on any Bond (irrespective of the Tranche) on the Redemption Date, and such failure continues for a period of 60 days after written notice thereof has been given to the Issuer by the Security Trustee; or
- iii. the Obligors fail to duly perform or otherwise breaches any other material obligation contained in the Base Prospectus and such failure continues for a period of 60 days after written notice thereof has been given to the Obligors by the Security Trustee; or
- iv. in terms of article 214(5) of the Act, a court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Obligors and is not paid out, withdrawn or discharged within one month;
- v. the Obligors stop or suspend payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- vi. the Obligors are unable, or admits in writing of its inability, to pay its debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof; or
- vii. an order is made or an effective resolution is passed for winding up of the Obligors, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee; or
- viii. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Obligors; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion to the Bondholders; or
- ix. either of the Obligors changes the object or nature of its business as currently carried on; or
- x. either of the Obligors commits a breach of any of the covenants or provisions contained in the Trust Deed and/or the security documents and on its part to be observed and performed and the said breach still subsists for 60 days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds); or
- xi. the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertaking or assets of the Obligors shall become enforceable, and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders; or
- xii. any representation or warranty made or deemed to be made or repeated by or in respect of the Obligors is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; or
- xiii. any material indebtedness of the Obligors is not paid when properly due or becomes properly due and payable or any creditor of the Issuer / Guarantor (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Obligors in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €5,000,000; or
- xiv. the Issuer / Guarantor / Security Provider repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds, the Trust Deed and/or the Guarantee (as applicable); or

- xv. it becomes unlawful at any time for the Obligors to perform all or any of its obligations hereunder, or under the Trust Deed and/or the Guarantee and/or security documents (as applicable); or
- xvi. all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Obligors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer or the Security Provider or the Guarantor of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature or otherwise beyond the control of the Issuer or the Security Provider or the Guarantor, as applicable, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or the Security Provider or the Guarantor, as applicable, such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times take cognizance of and, to the extent considered reasonably possible, act on and in accordance with any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. Provided that a default on Bonds, irrespective of the tranche to which they belong shall be a default in respect of all Bonds.

The Bondholders acknowledge that the Security Trustee shall not be bound to take any steps or institute any proceedings or to take any other action to enforce the Guarantee and/or the security constituted by the Collateral unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

Except as otherwise provided for under the Trust Deed, the Security Trustee shall not be bound to take any steps to ascertain whether any Event/s of Default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event/s of Default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions contained in the Prospectus and/or the Trust Deed.

Notwithstanding any other provision of the Trust Deed, the Security Trustee shall, prior to seeking to enforce the Collateral or taking action against the Issuer, first make a formal written demand upon the Guarantor to satisfy its obligations in accordance with the terms of the Guarantee, if the Issuer fails to meet any amount, when due in terms of the Prospectus.

16.9. Payments

Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Maturity Date, with interest accrued up to (but excluding) the Maturity Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected on the Maturity Date.

The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD. Payment of interest on the Bonds will be made to the person in whose name such Bonds are registered on the cut-off date prescribed in the Final Terms (the “**Register Cut-Off Date**”) by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. If payment or repayment is made in accordance with this clause, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.

Except for any charges which may be imposed by the Issuer or any remitting bank or payment institution in connection with the transmission of payments or transfer of funds, no other charges or commissions shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer. If, due to any obstacle attributable to the CSD, any remitting bank and/or payment institution, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.

16.10. Yield

The gross yield in respect of each Tranche, which shall be calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Bonds at Maturity Date, shall be specified in the Final Terms.

16.11. Redemption

The Issuer will redeem the Bonds (together with payment of interest accrued thereon) at their Redemption Value on such date indicated in the Final Terms as being the Maturity Date. If the Maturity Date is not a Business Day, then the redemption shall occur on the following Business Day.

16.12. Taxation

16.12.1. General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer, as well as any income/gains derived therefrom or made on their transfer. The tax legislation relevant to a Bondholder's and of the Issuer's country of incorporation may have an impact on the income received from the Bonds. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive and an Applicant is to consult his/her own independent tax advisors in case of doubt.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Base Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation, as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

16.12.2. Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that he/she/it is entitled to receive the interest gross from any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in their income tax return if paid net of tax. No person (whether corporate or non-corporate) shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund, as the case may be.

The Issuer will render an account to the Maltese Commissioner for Tax and Customs of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in their income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

16.12.3. Exchange of Information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Relevant legislation includes, but is not limited to:

- a. the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard (“CRS”), incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015; and
- b. the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA, incorporated into Maltese law through Legal Notice 78 of 2014 (“FATCA Legislation”).

The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. The CRS requires Malta based financial institutions (“FIs”) (defined as such for the purposes of CRS) to identify and report to the Maltese tax authorities financial accounts held by a “Reportable Person” (as defined under the CRS Legislation), and certain entities with one or more Controlling Persons, as defined under the CRS Legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information will be reported annually by the FIs to the Commissioner for Tax and Customs in respect of each reportable account maintained by the FIs: (i) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth (in the case of an individual); (ii) the account number (or functional equivalent in the absence of an account number); (iii) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (iv) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

Under the FATCA Legislation, FIs in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to Commissioner for Tax and Customs. The latter is in turn required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

Pursuant to obligations under FACTA Legislation, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and/or present account/s held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and U.S. tax identification number, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Tax and Customs.

The Commissioner for Tax and Customs shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority on annual basis, any relevant information that may fall to be classified as reportable, and vice versa.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, FIs may take such action as it thinks fit, including without limitation, the closure of the financial account.

16.12.4. Maltese Taxation on Capital Gains on Transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, if the Bonds are held as capital assets by the Bondholder, no income tax on capital gains is chargeable in respect of transfer of the Bonds.

16.12.5. Duty on Documents and transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the FMA, in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

16.13. Waiver of Set-Off

Bondholders waive any right of set-off in relation to the Bonds. Therefore, the Bondholders will not be entitled (subject to applicable law) to set-off the Issuer’s obligations under the Bonds against obligations owed by them to the Issuer.

16.14. Form of Notice

Any notice to the Issuer shall be made by means of a written declaration delivered by hand or registered mail to the office of the Issuer.

16.15. Prescriptive Period

In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), actions for the payment of interest on sums taken on loan and for the return of money given on loan (if the loan does not result from a public deed) are barred by the lapse of five years. Accordingly, actions for the payment of interest and principal on the Bonds are barred by the said prescriptive period.

16.16. Purchases and Cancellation

The Issuer may purchase Bonds on the open market or otherwise and at any price subject always to compliance with applicable law and requirements.

16.17. Final Terms

These Terms and Conditions shall be complemented in relation to any Series of Bonds (and Tranches thereof) by the terms of the relevant Final Terms.

16.18. Immaterial Inaccuracies

The Issuer reserves the right to issue a notice for the purpose of correcting any immaterial mistake or immaterial inaccuracy contained in the Prospectus and/or Final Terms provided that such information is not capable of affecting the assessment of the Issuer and of the Bonds, which would otherwise need to be included in a Supplement.

16.19. Notices

All notices concerning the Bonds will be made by means of electronic publication on the website of the MSE (www.borzamalta.com.mt), and/or on the website of the Issuer (<http://www.challenge-aviation-plc.com/>). Any notice so given will be deemed to have been validly given on the date of such publication. Furthermore, Bondholders may request that any such notices be sent by post to the address contained in the register of Bondholders maintained by the CSD on behalf of the Issuer.

16.20. Method of Publication of the Base Prospectus and of the Final Terms

This Base Prospectus will be published on the websites of: (a) the MFSA (www.mfsa.mt) during a period of 12 months from the date of this Base Prospectus; and (b) the Issuer (<http://www.challenge-aviation-plc.com/>). The Final Terms related to Bonds admitted to trading on the Official List will be published on the websites of: (a) the MFSA (www.mfsa.mt); and (b) the Issuer (<http://www.challenge-aviation-plc.com/>).

16.21. Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement

The Bonds, as to form and content, and all the rights and obligations of the Bondholders and the Issuer, shall be governed by Maltese law.

The place of jurisdiction for all legal proceedings arising out of or in connection with the Bonds shall be Malta.

16.22. Ancillary Conditions

The following additional terms and conditions shall apply to the Bonds issued under the Programme:

- a. The issue and allotment of the Bonds is conditional upon: (i) the relevant Tranche being admitted to the Official List; and (ii) such other condition/s as may be specified in the relevant Final Terms. In the event that any of these conditions is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, the issue of Bonds shall be cancelled forthwith and any application monies received by the Registrar will be returned without interest by direct credit into the Applicant's or Authorised Financial Intermediary's bank account, as applicable. Save as aforesaid the Bondholders shall have no right of recourse against the Issuer in the event that any of these conditions is not satisfied, including if the Bonds are not admitted to the Official List;
- b. The Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, Registrar and/or Issuer, as applicable, which acceptance shall be made in the absolute discretion of the Authorised Financial Intermediary, Registrar and/or Issuer and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary, Registrar and/or Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation;
- c. The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in the Base Prospectus, the applicable Final Terms and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile;
- d. Any Application Form signed on behalf of another person, legal or natural, will be deemed to have duly bound the person signing such application who will be deemed also to have given the confirmations, warranties and

undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney or resolution, or a copy thereof, duly certified by a lawyer or notary public if so required by the Issuer and/or the Registrar, but it shall not be the duty or responsibility of the Issuer or Registrar to ascertain that such representative is duly authorised to appear on the Application Form;

- e. In respect of a Bond held jointly by several persons, the joint holders shall nominate one of their numbers as their representative and his/her name will be entered in the register maintained by the CSD with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named in the register maintained by the CSD in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.
- f. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The Issuer shall be entitled to request any documents deemed necessary concerning the bare owner/s and the usufructuary/ies. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner);
- g. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s submitting the Application until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years;
- h. By submitting an Application, the Applicant:
 - i. accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Issue Price and, to the fullest extent permitted by law, accepts not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Issue Price (as applicable) being made subject to the provisions of the Base Prospectus, the applicable Final Terms, the Application and the Memorandum and Articles of Association of the Company;
 - ii. agrees and acknowledges to have had the opportunity to read the Base Prospectus (and any supplement thereto, if any), and the applicable Final Terms, and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - iii. warrants that the information submitted by the Applicant is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iv. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at (<http://www.challenge-aviation-plc.com/>). The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the laws of Malta) ("DPA") and any applicable subsidiary legislation, as

may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

- v. authorises the Issuer (or its service providers, including the CSD and/or the Sponsor, Manager and Registrar) and/or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the DPA and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- vi. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Base Prospectus and accordingly agree/s that no person responsible solely or jointly for the Base Prospectus or any part thereof will have any liability for any such other information or representation;
- vii. agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- viii. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- ix. agrees to provide each of the Authorised Financial Intermediaries, the Registrar or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- x. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- xi. warrants that, where an Applicant signs and submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions. The Applicant further undertakes to submit a power of attorney or any other documentation to the satisfaction of the Issuer evidencing authority to sign and submit the Application, together with copies thereof duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- xii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental and/or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and/or his/her Application;
- xiii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- xiv. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Base Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "**United States**") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- xv. agrees that the advisors to the Bond Issue (listed in section 5 of the Base Prospectus) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant (other than when the Sponsors are acting in their capacity as Authorised Financial Intermediaries and are required to conduct suitability testing in terms of applicable law and the terms of this Base Prospectus; the Applicant acknowledges that the Issuer is not acting as an Authorised Financial Intermediary and will therefore, in any event, not be required to carry out suitability testing and therefore cannot be held responsible therefor);

- xvi. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by electronic mail, by post or courier (at the discretion of the Issuer) at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application; and
 - xvii. renounces any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.
- i. In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive from the respective Authorised Financial Intermediary a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application, at the Applicant's sole risk. The Issuer and the Registrar shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer;
 - j. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the DPA and the GDPR as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time;
 - k. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription and holding of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in the BRRD, the R&R Regulations, Directive 2014/65/EU (MiFID), Regulation (EU) No. 600/2014 (MiFIR), as well as applicable MFSA rules for investment services providers, including the Conduct of Business Rulebook. The Issuer is not responsible and/or liable for any failure by an Authorised Financial Intermediary to comply with its obligations emanating from applicable law, including the aforementioned laws and regulations;
 - l. No person receiving a copy of the Base Prospectus, the applicable Final Terms, or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements; and
 - m. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

17. DOCUMENTS ON DISPLAY

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Company during office hours:

- i. the Memorandum and Articles of Association of the Issuer;
- ii. the Memorandum and Articles of Association of the Guarantor;
- iii. the financial information referred to in section 9;
- iv. the valuation report prepared by Avitas Inc.;
- v. the Financial Analysis Summary prepared by Calamatta Cuschieri Investment Services Limited as will be attached to the relevant Final Terms;
- vi. the Trust Deed;
- vii. the Guarantee;
- viii. the Pledge on Aircraft;
- ix. the Tripartite Agreement;
- x. the Aircraft Security Agreement; and
- xi. the Pledge on Insurance.

The documents listed above are also available for inspection in electronic form on the Issuer's website:
<http://www.challenge-aviation-plc.com/>

18. FORM OF FINAL TERMS

Form of Final Terms

Final Terms dated [.]
€30,000,000 Bond Issuance Programme
of a nominal value of €100 per Bond
ISIN: MT [.]
Series No: [.]
Tranche No: [.]
€[.]Bonds [-]
Issued by: Challenge Aviation p.l.c. (the “**Issuer**”)

with the joint and several guarantee of*
CHALLENGE AVIATION HOLDING LIMITED
a private limited liability company registered in Malta with company registration number C 74987

*Prospective investors are to refer to the Guarantee contained in Annex I of the Base Prospectus for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled “Risk Factors” contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

PART A – CONTRACTUAL TERMS

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated 16 April 2026 which was approved by the MFSA on the same date.

Definitions

The following terms will have the following meanings:

[.]

This document constitutes the Final Terms and has been prepared for the purpose of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any supplement thereto in order to obtain all the relevant information which are available on the Issuer's website <http://www.challenge-aviation-plc.com/> and copies may be obtained free of charge from the registered office of the Issuer. The Issue specific summary, required in terms of Article 8(8) (and therefore Article 7) of the Prospectus Regulation, is being appended to these Final Terms.

1	Issuer	Challenge Aviation p.l.c.
2	Guarantor	Challenge Aviation Holding Limited
3	Series Number	[.]
4	Tranche Number	[.]
5	Specified Currency	[.]
6	Aggregate Nominal Amount: (i) Series (ii) Tranche	[.] [.]
7	(i) Issue Price of Tranche (ii) Net Proceeds	[.] [.]
8	Specified Denomination	[.]
9	Number of Bonds offered for Subscription	[.]
10	(i) Issue Date (ii) Interest Commencement Date	[.] [.]
11	Maturity Date	[.]
12	Redemption Value	At par
13	Register Cut-Off Date	[.]
14	Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated [.]
Interest		
15	Rate of Interest	[.]
16	Interest Payment Date/s	[.]
General Provisions		
17	Taxation	As per "Taxation", section 16.12 of the Base Prospectus

PART B – OTHER INFORMATION

a. Admission to Trading and Listing

1	Admission to trading	Application [has been made] [is expected to be made] by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the regulated market of the Malta Stock Exchange with effect from [.]
2	Listing	MSE
3	Previous Admission to Trading	[.]
4	Estimate of total expenses related to admission to trading	[.]

b. Interests of Natural and Legal Persons Involved in the Issue

[./]Except for the fees payable to the advisors of the Issuer in connection with the offer of the Bonds, so far as the Issuer is aware, no person involved in the offer of the Bonds has any other interest that is material to the offer.

c. Third Party Information

[.]

d. Reasons for the Offer and Use of Proceeds, Estimated Net Proceeds and Total Expenses

1	Reasons for the Offer/Use of Proceeds	[.]
2	Estimated net proceeds	[.]
3	Estimated total expenses	[.]
4	Conditions to which the offer is subject	[The offer of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the proceeds raised under this Tranche amounting to at least [•] / [•]]. [In the event that [this condition]/[any of these conditions] is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the issue of Bonds shall be cancelled forthwith].

Yield

1	Indication of Yield	[.] %
2	Method of Calculating Yield	[.]

Operational Information

1	ISIN Code	[.]
2	Delivery	Delivery against payment
3	Names and addresses of paying agent (if any)	[.]/N/A

Distribution and Allocation

1	Offer Period	[.]
2	Plan of Distribution and Allotment	[.]
3	Placement Agreement	
4	Intermediaries' Offer	[.]
5	Reservation of Tranche, of part thereof, in favour of specific class of investors	[.]
6	Minimum amount of application	[.]
7	Allocation Policy	[.]
8	Results of the Offer	[.]
9	Expected timetable	[.]

Security

1	Security in place (if any) given by the Company and/or the Guarantor and/or the Security Provider and in place at the time of the respective Final Terms.	As per "Current Encumbrances" in the Base Prospectus/[.]
2	Security Interest to be given by the Company and/or the Guarantor and/or the Security Provider to secure the Bond Obligations in respect of a Tranche.	As per "The Collateral" section 11.2 of the Base Prospectus/[.]
3	Security Provider	As per the definition in section 1 of the Base Prospectus/[.]
4	Other.	[.]
5	Constitution of Security Interest and Release of Bond Proceeds	[.]

Ranking of the Bonds

1	Ranking	[.]
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Additional Information

1	Reservation of a Tranche, or part thereof, in favour of specific retail and/or non-retail investors or categories of either	[.]
2	Time period, including any possible amendments, during which the offer will be open	[.]
3	Arrangements for publication of final size of issue/offer	[.]
4	Description of the application process	[.]
5	Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest)	[.]
6	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[.]
7	Method and time limits for paying up the securities and for delivery of the securities	[.]
8	Full description of the manner and date in which results of the offer are to be made to public	[.]
9	Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised	N/A
10	Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure	[.]
11	Amount of any expenses and taxes specifically charged to the subscriber	[.]
12	Process for notification to applicants of the amount of Bonds allotted and indication whether dealing may begin before notification is made	[.]
13	Rating	The Issuer has not sought, nor does it intend to seek the credit rating of an independent agency and there has been no assessment of the Bonds by any independent rating agency.

PART C – PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the Bonds described herein pursuant to the Programme of the Issuer dated 16 April 2026.

PART D – RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. Signed on behalf of Challenge Aviation p.l.c.

Duly represented by: [.]

19. ANNEX 1 - CORPORATE GUARANTEE

To: **Finco Trust Services Ltd (C13078)**

The Bastions Office No. 2, Emlin Cremona Street, Floriana FRN 1281, Malta

(hereinafter together with its lawful successors and assigns referred to as the "Security Trustee").

16th April 2026

Dear Sirs,

Re: **GUARANTEE & INDEMNITY**

Challenge Aviation Holding Limited (C 74987) (hereinafter together with our lawful successors and assigns referred to as the "Guarantor"), having noted that:

- I. by virtue of a base prospectus dated 16 April 2026 issued by Challenge Aviation p.l.c. (the "Issuer") in connection with the issue of up to €30 million 5.75% secured bonds (as the same may be amended, varied or supplemented hereinafter referred to as the "Prospectus") the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €30,000,000 in Bonds at an annual interest rate of 5.75% to be redeemed and finally repaid in accordance with the applicable date/s in the respective final terms (the "Secured Bonds");
- II. the Guarantor is a sister company to the Issuer;
- III. in connection with the issue of the Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as "Guarantee") in favour of the Security Trustee for the benefit of the Bondholders; and
- IV. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders;

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) "Indebtedness" means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders in terms of the Prospectus and in

any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;

- (c) “writing” or “in writing” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

2. GUARANTEE

2.1 COVENANT TO PAY

In satisfaction of the conditions for the issuance of the Bonds, and in consideration of the Bondholders acquiring the Bonds, the Guarantor, as duly authorised and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the indebtedness or any balance thereof at any time due or owing under the Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Bonds as and when same shall become due.

2.2 MAXIMUM LIABILITY

This is a continuing guarantee for the whole amount due or owing under the Bonds from time to time or which may hereafter at any time become due or owing under the Bonds by the Issuer but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of

€30,000,000 (thirty million Euro)

apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee’s rights against the Issuer and/or Guarantor which shall be additional to the maximum sum herein stated.

2.3 INDEMNITY

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

- (a) the bankruptcy, insolvency or winding up of the Issuer; or
- (b) the incapacity or disability of the Issuer; or
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition,

arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable.

The Guarantor is hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder.

4. WAIVER OF THE GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness; or
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same; or
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

5. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness

or until such time the Guarantor is released from the Guarantee by the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

6. NO ASSIGNMENT

The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

7. REPRESENTATIONS AND WARRANTIES

7.1 The Guarantor represents and warrants:

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule or regulation, to which the Guarantor is or may be subject;
- (v) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

8. DEMANDS AND PAYMENTS

8.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the sixtieth (60th) day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 9 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default under the Prospectus or such that may render the underlying obligations of the Issuer to the Security Trustee invalid and unenforceable for any reason whatsoever.

8.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

8.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding)

and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee.

9. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the Parties are:

Challenge Aviation p.l.c.

Address: Challenge Group, Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta

Telephone No: +356 27137174

Fax No: NA

Contact Person: The Directors

Challenge Aviation Holding Limited

Address: Level 5, Skyparks Business Centre, Malta International Airport, Luqa LQA 4000, Malta

Telephone No: +356 27137174

Fax No: NA

Contact Person: The Directors

Finco Trust Services Ltd

Address: The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta

Telephone No: +365 21220002

Fax No: N/a

Contact Person: Andrea Debattista and Chris Casapinta

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including

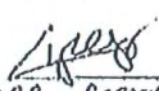
telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

13. APPLICABLE LAW AND JURISDICTION

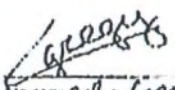
This Guarantee shall be governed by and construed in accordance with Maltese law.

Each Party hereby irrevocably submits to the exclusive jurisdiction of the Courts of the Republic of Malta as regards any claim, dispute or other matter arising out of or in connection with this Agreement and its implementation and effect.

Yours faithfully,


Name: Colin Gregory **ANDREW MUSCAT**
duly authorised, for and on behalf of
Challenge Aviation p.l.c.

Yours faithfully,


Name: Colin Gregory **Yossi Sheutrens**
duly authorised, for and on behalf of
Challenge Aviation Holding Limited

WE ACCEPT.


Name: ANDREA DKRATTISTA
duly authorised, for and on behalf of
Finco Trust Services Ltd



Challenge Group 
Challenge Accepted
— SINCE 1976 —