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Daniel Ganem
Group CEO
Challenge Group
Level 5, Skyparks Business Centre
Malta International Airport
Luqa, Malta
LQA4000
Tel: +356 27137174
Mobile: +356 77187163
Email: daniel.ganem@Challenge-group.com

Dear Mr. Ganem:

AVITAS, Inc. has been retained by Challenge Group (the "Client") to provide its opinion as to the Base Value and Current Market Value for one (1) Boeing 747-400F and one (1) Boeing 777-300ER aircraft. The subject aircraft are identified, and their values are set forth in Figure 1 on page 3 of this Opinion Letter.

As AVITAS has not had the opportunity to physically inspect the subject aircraft nor their related technical documentation, we have relied solely on data provided by the Client to prepare this valuation. Consequently, unless otherwise stated, we use the following assumptions in our valuation for each of the subject aircraft:

- It is in average physical condition.
- Its utilization is comparable to industry averages for its type and age.
- The overhaul status of the airframe, engines, landing gear and other major time/cycle limited components is the equivalent of half-life/half-time (or benefiting from above average condition if new or nearly new).
- Its specification status is comparable to that most common for an aircraft of its type and vintage.
- It is in compliance with all Airworthiness Directives.
- It is in standard industry configuration.
- It is in service under the certificate of a major airworthiness authority.
- Its technical documentation and records are in good order with back-to-birth traceability and acceptable to the major airworthiness authorities.
- There is no history of accident or incident damage.

The values presented in this letter do not take into consideration fleet sales, attached leases, tax considerations or other factors that might be considered in structuring the terms and conditions of a specific transaction. These factors do not directly affect the value of the aircraft itself but can affect the economics of the transaction. Therefore, the negotiated striking price in an aircraft transaction may take into consideration factors such as the present value of the future lease stream, the terms and conditions of the specific lease agreement and the impact of tax considerations.

Definitions

AVITAS's value definitions, *set forth in full in the appendix at the end of this report*, conform to those of the International Society of Transport Aircraft Trading ("ISTAT"), adopted in January 1994 and updated in February 2023, and are summarized as follows:

- **Base Value** is the Appraiser's opinion of the value of an aircraft (or other aviation-related asset) in a stable market with a reasonable balance of supply and demand. The Base Value of a tangible asset typically assumes its physical condition is average for an asset of its type and age, and its maintenance status is as described. Base Value assumes that the value is for an unencumbered single-unit transaction valued for the asset's highest and best use (as defined by the Appraiser), that the parties to the potential sale would be willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given the adequate amount of time for effective exposure to prospective buyers.
- **Market Value or Fair Market Value** (or **Current Market Value** or **Current Fair Market Value**, if the value pertains to the time of the analysis) is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft (or other aviation-related asset) under the market circumstances perceived to exist at the time in question. Market Value assumes that the value is for an unencumbered single-unit transaction valued for the asset's highest and best use (as defined by the Appraiser), that the parties to the potential sale would be willing, able, prudent, and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.
- **Half-Life/Half-Time** (historically also known as Mid-life/Mid-time) describes a maintenance status where all scheduled maintenance events are at mid-point of their scheduled or estimated interval (50% time remaining) and all life-limited components are at the mid-point of their assigned lives. Half-life/Half-time rarely reflects the actual maintenance condition of the asset. It is largely used to normalize values of assets in differing maintenance condition.

Highest and Best Use

Highest and Best Use is the reasonably probable and legal use of the asset that results in its highest value, regardless of its current use.

Aircraft Values

AVITAS's opinion as to the value of the subject aircraft is presented below in millions of U.S. dollars.

Figure 1

Challenge Group Aircraft Description & Summary of Aircraft Values U.S. Dollars in Millions		
Aircraft Model	747-400F	777-300ER
Manufacturer	Boeing	Boeing
Serial Number	33729	38284
Registration	OE-LRI	SU-GDL
Operator	Challenge Airlines	Challenge Group
Date of Manufacture	Jun 2003	Feb 2010
MTOW [lbs]	875,000	775,000
Engine Type	CF6-80C2B1F	GE90-115BL
Configuration	Freighter	Passenger
Values of 2nd Qtr 2026		
Base Value	\$ 35.1	\$ 39.7
Current Market Value	39.8	45.7

Aircraft Description

747-400F Design and Configuration

- Nose Cargo Door: A key feature that allows loading of oversized or long cargo items directly through the hinged nose.
- Side Cargo Door: On the main deck's port side for pelletized freight.
- Strengthened Floors: Reinforced to accommodate heavy cargo.
- No Upper Deck Cabin: Smaller hump than passenger 747s; limited upper deck space used for crew rest and avionics.

Key Features

Feature	Details
Type	Wide-body, long-range cargo aircraft
Cargo Capacity	~124 tons (113,000 kg) of cargo
Main Deck Volume	~21,400 cubic feet (605 m ³)
Lower Hold Volume	~6,335 cubic feet (180 m ³)
Max Take-off Weight (MTOW)	~875,000 lbs (396,900 kg)
Typical Range (full payload)	~4,400–4,970 nautical miles (8,150–9,200 km)
Engines	4 × GE CF6-80C2B1F

The Boeing 777-300ER (Extended Range) is a long-haul, wide-body twin-engine jet and the largest variant of the Boeing 777 family. Introduced in the early 2000s, it was designed to offer exceptional range and efficiency for intercontinental routes. Equipped with powerful GE90 engines and advanced aerodynamics, the 777-300ER can carry up to 386 passengers in a typical three-class configuration and boasts a range of approximately 7,370 nautical miles. Its extended-range capability, high fuel efficiency, and reliability have made it a flagship aircraft for many international carriers, serving as a backbone of long-haul operations worldwide.

777-300ER Design and Configuration

- Fuselage: Extended length (73.9 m), offering one of the highest passenger capacities among twin-engine jets.
- Cabin Layout: Typically configured for 3-class seating (First, Business, Economy) with up to 386 passengers.
- Wing Design: Raked wingtips for improved fuel efficiency and extended range.
- Landing Gear: Strengthened six-wheel main gear to support higher MTOW.

Key Features

Feature	Details
Type	Wide-body, long-range passenger aircraft
Passenger Capacity	~386 (typical 3-class configuration)
Cabin Volume	~4,700 ft ³ (133 m ³) main passenger deck
Max Take-off Weight (MTOW)	~775,000 lbs (351,500 kg)
Typical Range	~7,370 nautical miles (13,650 km)
Engines	2 × GE90-115B (largest turbofan engines in service)

Covenants

AVITAS does not have, and does not intend to have, any financial or other interest in the subject aircraft. Client shall have the right to use the content of this report created by AVITAS for the purpose for which it is intended. Further, this report shall not be provided to any other parties by AVITAS without the Client's express consent.

This letter represents the opinion of AVITAS and is intended to be advisory only in nature. Therefore, AVITAS assumes no responsibility or legal liability for any action taken, or not taken, by the Client or any other party, with regard to this equipment. By accepting this letter, all parties agree that AVITAS shall bear no such responsibility or legal liability, including liability for special or consequential damage.

Statement of Independence

AVITAS hereby states that this Opinion Letter has been independently prepared and fairly represents AVITAS's opinion of the value of the subject aircraft.



Douglas B. Kelly
Chief Executive Officer
ISTAT Certified Senior Appraiser



APPENDIX A - AVITAS VALUE DEFINITIONS

- **Base Value** is the Appraiser's opinion of the value of an aircraft (or other aviation-related asset) in a stable market with a reasonable balance of supply and demand. The Base Value of a tangible asset typically assumes its physical condition is average for an asset of its type and age, and its maintenance status is as described. Base Value assumes that the value is for an unencumbered single-unit transaction valued for the asset's highest and best use (as defined by the Appraiser), that the parties to the potential sale would be willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.
- **Market Value or Fair Market Value (or Current Market Value or Current Fair Market Value**, if the value pertains to the time of the analysis) is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft (or other aviation-related asset) under the market circumstances perceived to exist at the time in question. Market Value assumes that the value is for an unencumbered single-unit transaction valued for the asset's highest and best use (as defined by the Appraiser), that the parties to the potential sale would be willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.
- **Adjusted (Current) Market Value** indicates the Market Value of the aircraft adjusted for the actual technical status and maintenance condition of the aircraft, but still assuming the same market conditions and transaction circumstances as described above.
- **Distressed Transaction Value** is the appraiser's opinion of the price at which an aircraft could be sold under abnormal conditions, such as an artificially limited marketing time period, the perception of the seller being under duress to sell, an auction, a liquidation, commercial restrictions, legal complications or other such factors that significantly reduce the bargaining leverage of the seller and give the buyer a significant advantage that can translate into heavily discounted actual trading prices. Apart from the fact that the seller is uncommonly motivated, the parties to the transaction are otherwise assumed to be willing, able, prudent and knowledgeable, negotiating under the market conditions that are perceived to exist at the time, not in an idealized balanced market. While Distress Value normally implies that the seller is under some duress, there are occasions when buyers, not sellers, are distressed and, therefore, willing to pay a premium price.
- **Future Base Value** is the appraiser's forecast of future aircraft value(s) setting forth Base Value(s) as defined above.
- **Lease - Encumbered Value ("LEV")** (formerly Securitized Value) is the Appraiser's opinion of value of an aircraft (or other aviation-related asset) under lease, its associated expected cash flows and Residual Value.



APPENDIX B - AVITAS APPRAISAL METHODOLOGY

At AVITAS, we undertake formal periodic value reviews of the approximately ten dozen aircraft types that we regularly track as well as value updates as market events and movements require. The primary value opinions we develop are Market Value, Base Value and Future Base Value. An aircraft's Market Value is the price at which you could sell the aircraft under the market conditions prevailing at the time in question and its Base Value is the theoretical value of the aircraft assuming a balanced market in terms of supply and demand. In reaching our value opinions, we use data on actual market transactions, various analytical techniques, a proprietary forecasting model and our own extensive industry experience. While Market Value and Base Value embody different value concepts, we are continually cross checking their relationships to determine if our value opinions are reasonable given existing market conditions.

Our broad aviation industry backgrounds are critically important; they add a diversity of viewpoints and a high degree of realism to our value opinions. Our backgrounds include: aircraft sales, jetliner manufacturing, economic forecasting, market research, performance analysis, econometric modeling, fleet and financial planning, aircraft finance, the negotiation of aircraft acquisitions and dispositions, operating leases, repossessions, flight operations, engineering, and maintenance activities.

- **Market Value** In determining Current Market Values, we use a blend of techniques and tools. First, through various services and our extensive personal contacts, we collect as much actual transaction data as possible on aircraft sales, leases, financings and scrappings. Our published values assume airframes, engines and landing gear to be halfway through their various overhaul and/or life cycles. Because sales of half-life aircraft rarely occur, and because sales can include spare engines, parts, attached lease streams, tax considerations and other factors, judgment and experience are important in adjusting actual transaction data to represent clean, half-life Market Values. In addition, because over the last several years there have been a large number of aircraft leases, our experience and knowledge of the market is used to make value inferences from lease rentals and terms.

As a supplement to transaction data, and in some cases in the absence of actual market activity, we also use other methods to assist in framing Market Value opinions. We use several analytical tools because we do not believe that there is any one technique which always results in the "right" number. Through our statistical analysis of historical transactions, we have developed a quantitative modeling technique that allows us to predict the magnitude of the effects of the economy and traffic on aircraft values. Two variables of special relevance are traffic growth and aircraft surplus. By preparing forecasts for these two variables, we can assess their likely impact on Market Values.

Other tools may assist us in our analysis as well. *Replacement cost analysis* can simply be the cost of a new airplane of the same model or it can be used where it is possible to reproduce an aircraft. It is often helpful in framing the upper limit of an aircraft's value, particularly for modified or upgraded aircraft. An example would be a passenger aircraft such as the 747-400 which can be converted into freighter configuration. *Value in use or income analysis* is another technique in which an aircraft's earning capacity over time is determined and the present value of those earnings is calculated. Because different operators have different costs, yields and hurdle rates of return, this technique can yield a range of values. Therefore, the appraiser must use his judgment to determine what value in that range represents a Market Value representative of the overall marketplace. Another powerful tool which we use is *should-*



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cost analysis, which is a blend of replacement cost and value in use analysis. This technique is used when there is little or no market data on a particular airplane type but there is on similar or competing types. By analyzing the economic and operational profiles of competing aircraft, the appraiser is able to impute what the aircraft in question *should cost* to position it competitively.

Once we have formulated our own internal Market Value opinions, we present them to a small, select group of outside aviation experts - individuals in the fields of aircraft manufacturing, sales, remarketing, financing and forecasting who we know well and regard very highly - for their review and frank comments. We consider this "reality check," which often results in further value refinements, to be a critical part of our value process.

- **Base Value** The determination of Base Value, an aircraft's balanced market, long term value, is a highly subjective matter, one in which even the most skilled appraisers may have widely divergent views. We use three main tools in developing Base Values. First, we use our own research, judgment and perceptions of each aircraft type's long term competitive strengths and weaknesses vis-a-vis both competing aircraft types and the marketplace as a whole. Second, we utilize a transaction-based computer forecasting model developed by AVITAS and refined over the years. Based on thousands of actual market transactions, the model sets forth a series of value curves which describe the value behaviors of aircraft under different circumstances. Third, we do a final reality check by comparing our opinion of an aircraft's Base Value to our opinion of its Current Market Value and current marketplace conditions.

We analyze each aircraft model to determine its historic, current and projected competitive position with respect to similar aircraft types in terms of mission capability (i.e., what are the aircraft's capabilities and to what extent does the market require those capabilities), economic profile and market penetration. As a result of weighing those factors, we assign a numerical "strength" to each aircraft for each year of its economic life, where Strength 10 represents the strongest value performance and Strength 1 the weakest. The model then takes those strength factors and translates them into the aircraft's Base and Future Base Values based on its actual replacement cost (or theoretical replacement cost if it is no longer in production). After Base Values have been calculated, we compare them to our Current Market Value opinions as a calibration check of the computer model. In the infrequent case where the marketplace for that aircraft is in balance, Base Value and Current Market Value should be the same. In most cases, though, we must subjectively compare Base Value with Current Market Value to see if we believe the relationship is reasonable. This may highlight where Base Value inputs require further refinements. Because of the dynamics of the aircraft marketplace and our continuing recalibration, Base Value opinions are not static.