



**PRUDENTIA S.À R.L.,
acting on behalf and for the account of its compartment AirBlu 4.50% EUR 2029**

a private limited liability company (*société à responsabilité limitée*)
incorporated under the laws of the Grand Duchy of Luxembourg
having the status of an unregulated securitisation company (*société de titrisation*)
subject to the Securitisation Law
registered with the Luxembourg Trade and Companies Register
(*Registre de Commerce et des Sociétés, Luxembourg*)
under registration number B240695, with its registered office at
10, Rue Mathias Hardt, L-1717 Luxembourg
Grand Duchy of Luxembourg

**EUR 35,000,000 4.50% Notes due 8 June 2029
Issue Price 100 per cent.**

This Prospectus constitutes a prospectus within the meaning of article 6.3 of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**") and has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") which is the Luxembourg competent authority for the purpose of the Prospectus Regulation) and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129*, the "**Luxembourg Prospectus Law**"), as a prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue on 8 April 2022 of the EUR 35,000,000 Notes due 2029 (the "**Notes**") of Prudentia S.à r.l., acting on behalf and for the account of its compartment AirBlu 4.50% EUR 2029 (the "**Issuer**") described in this Prospectus. The CSSF only approves this 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 (i) the Issuer that is and (ii) the Notes that are the subject of this Prospectus. By approving this Prospectus, in accordance with article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer in line with article 6(4) of the Luxembourg Prospectus Law. Investors should make their own assessment as to the suitability of investing in the Notes. This Prospectus, once approved by the CSSF, will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Prudentia S.à r.l. is a securitisation company (*société de titrisation*) subject to the Luxembourg law on securitisation dated 22 March 2004 on securitisation, as amended (the "**Securitisation Law**"). Prudentia S.à r.l. is not regulated nor supervised by the CSSF.

Application has been made for the Notes to be admitted to listing on the official list and to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange. The professional segment is open only to qualified investors in the sense of the Prospectus Regulation. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, restated or supplemented, "**MiFID II**").

This Prospectus will be valid as from the date of approval of this Prospectus until the end of the date falling 12 months after the approval of this Prospectus being 13 October 2022. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Notes, the Issuer will prepare and publish a supplement to this Prospectus without undue delay in accordance with article 23 of the

Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply once the Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange.

For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS". An investment in the Notes is suitable only for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

Any website referred to in this Prospectus is for information purposes only and does not form part of this Prospectus and has not been scrutinised or approved by the CSSF. The information on these websites does not form part of this Prospectus (unless that information is incorporated by reference into the Prospectus) and has not been scrutinised or approved by the CSSF.

Prospectus dated: 13 October 2022

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer confirms that this Prospectus contains all information which is (in the context of the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Notes or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. By accepting delivery of this Prospectus, each potential investor agrees to these restrictions. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe and to comply with any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "SUBSCRIPTION AND SALE". In particular, the Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons ("**U.S. Persons**") as defined in Regulation S under the Securities Act ("**Regulation S**") or "United States persons" as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Code**"), and U.S. Treasury regulations thereunder. For a description of certain restrictions on offers and sales of the Notes, see "SUBSCRIPTION AND SALE".

PRIIPs Regulation / Prohibition of Sales to EEA Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU on markets in financial instruments (as amended, restated or supplemented, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, restated or supplemented, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, restated or supplemented, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000, as amended ("**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Transaction is not structured to comply with the requirements of the Regulation (EU) No. 2017/2402 dated 12 December 2017 (the "**Securitisation Regulation**") and related rules and regulations.

For the avoidance of doubt, the Transaction is not structured to comply with the requirements of the Regulation (EU) No. 2017/2402 dated 12 December 2017, as it forms part of domestic law of the United Kingdom by virtue of the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to the Securitisation Regulation or amending the Securitisation Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, binding technical standards and related documents published by the UK Financial Conduct Authority and the UK Prudential Regulation Authority) (the "**UK Securitisation Regulation**").

NO ACTION HAS BEEN TAKEN BY THE ISSUER OTHER THAN AS SET OUT IN THIS PROSPECTUS THAT WOULD PERMIT A PUBLIC OFFERING OF THE NOTES, OR POSSESSION OR DISTRIBUTION OF THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS (NOR ANY PART THEREOF) NOR ANY OTHER INFORMATION MEMORANDUM, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT, OTHER OFFERING MATERIAL OR OTHER INFORMATION MAY BE ISSUED, DISTRIBUTED OR PUBLISHED IN ANY COUNTRY OR JURISDICTION EXCEPT IN COMPLIANCE WITH APPLICABLE LAWS, ORDERS, RULES AND REGULATIONS.

The Notes constitute an obligation of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Prospectus, including the Corporate Services Provider and any person who controls them or any of their directors, officers, employees, agents or Affiliates. None of the foregoing or any other person has assumed any obligation to pay the Notes in case the Issuer fails to make payment due under any Note issued by it.

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RISK FACTORS

THE PURCHASE OF THE NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY AND IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW. PROSPECTIVE INVESTORS SHOULD (A) MAKE SUCH INQUIRIES AND INVESTIGATIONS AS THEY DEEM APPROPRIATE AND NECESSARY AND (B) REACH THEIR OWN VIEWS PRIOR TO MAKING ANY INVESTMENT DECISIONS WITHOUT RELYING ON THE ISSUER OR ANY OTHER PARTY REFERRED TO HEREIN.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. These factors are 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 contingency occurring.

The Notes will be solely obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of, Alaric Capital AD, the Borrower, the Calculation Agent, the Holder(s), the Paying Agent, the Representative, or any of their respective Affiliates or any Affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third Person or entity other than the Issuer. Furthermore, no Person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer believes that the risks described herein are a list of risks which are specific to the Transaction and which are material for taking investment decisions by the potential Noteholders. Although the Issuer believes that the various structural elements described in this document mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of principal or any other amounts on or in connection with the Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer's financial strength in relation to this Transaction.

Various factors that may affect the Issuer's ability to fulfil its obligations under the Notes are categorised below as either (i) risks relating to the nature of the Issuer, (ii) risks relating to the nature of the Notes and the related security interests, (iii) risks relating to the Initial Loan Agreement and the underlying Aircraft and Engines, (iv) risks relating to legal matters in respect of the Borrower, the Aircraft and the Engines, (v) risks relating to tax matters, in each case which are material for the purpose of taking an informed investment decision with respect to the Notes and (i) risks relating to the Borrower. Several risks may fall into more than one of these six categories and investors should therefore not conclude from the fact that a risk factor is discussed under a specific category that such risk factor could not also fall and be discussed under one or more other categories.

Category 1: Risks relating to the nature of the Issuer

1. Liability and limited recourse obligations of the Issuer

Pursuant to the Securitisation Law, the articles of association of the Company authorise its board of managers to create one or more independent parts of the Company's estate (*patrimoine*) (each individual part referred to as a "**Compartment**") distinguishable from the remaining part of Company's estate by the nature of assets or liabilities relating to such Compartment. The assets and liabilities of a Compartment are exclusively available to satisfy the rights of the creditors whose claims have arisen on the creation, operation or liquidation of, and the transactions entered into by, such Compartment.

The Company (a) is subject to the Securitisation Law and (b) has by a resolution of its board of managers created compartment AirBlu 4.50% EUR 2029 to which all assets, rights and claims under the Notes and the Securitised Assets will be allocated. Consequently, the assets of compartment AirBlu 4.50% EUR 2029 are exclusively available to satisfy the rights of the Holders in relation to the Notes and the rights of

creditors whose claims have arisen in connection with the creation, the operation or the liquidation of, and the transactions entered into by that compartment AirBlu 4.50% EUR 2029. Furthermore, the Holders will only have recourse, in compliance with the limited recourse clause of the Terms and Conditions, to the assets of the compartment AirBlu 4.50% EUR 2029 and not to the assets allocated to any other compartments created by the Company or any other assets of the Company. Furthermore, the Company has issued the Notes in respect of its compartment AirBlu 4.50% EUR 2029 only so that any and all references to the Issuer in the Terms and Conditions and related documents shall be read as a reference restricted to such compartment AirBlu 4.50% EUR 2029 and to the assets and liabilities allocated thereto and not to the Company as a whole or any other compartment. Accordingly, once all the assets allocated to the compartment AirBlu 4.50% EUR 2029 have been realised and distributed in accordance with the Terms and Conditions, the Holders are not entitled to take any further steps against the Company or any other Compartment created by the Company to recover any further amount due and the right to receive any such amount shall be extinguished.

At all times, and including in the event that the Issuer defaults under any payment obligation hereunder, the obligations of the Issuer vis-à-vis the Holders under the Terms and Conditions shall be limited to such amounts which the Issuer can pay from its rights in respect of the Securitised Assets only in accordance with Condition 9 of the Terms and Conditions.

Each Holder will have a claim against the Issuer only to the extent set out in this Condition 9 of the Terms and Conditions and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Company's other assets, other compartments of the Company or the contributed share capital of the Company.

2. Limited resources of the Issuer

The Issuer is a special purpose vehicle with limited resources and with no business operations other than to issue and repay or redeem the Notes and to finance the Initial Loan Agreement, in each case in accordance with the Transaction Documents. In order to meet its obligations under the Transaction Documents, the Issuer has appointed certain Transaction Parties to perform certain of the Issuer's obligations under or in connection with the Transaction Documents.

Therefore, the ability of the Issuer to meet the obligations under the Notes will depend essentially upon receipt of the relevant amounts under the Initial Loan Agreement.

3. Luxembourg insolvency proceedings affecting the Issuer

Although the Issuer will contract on a "limited recourse" and "non-petition" basis, it cannot be excluded as a risk that the assets of Prudentia S.à r.l. (that is, its aggregate assets allocated to its Compartments plus any other assets it may own) will become subject to bankruptcy proceedings.

Prudentia S.à r.l. is a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, has its centre of main interest (*centre des intérêts principaux*) (for the purposes of Council Regulation (EU) 2015/848 of the European Parliament and of the Council of 29 May 2015 on Insolvency Proceedings (recast), as amended, restated or supplemented) in the Grand Duchy of Luxembourg, has its registered office in the Grand Duchy of Luxembourg and is managed by its board of managers from the Grand Duchy of Luxembourg. Accordingly, bankruptcy proceedings with respect to the Issuer may proceed under, and be governed by, the insolvency laws of the Grand Duchy of Luxembourg.

Under Luxembourg law, a company is bankrupt (*en faillite*) when it is unable to meet its current liabilities and when its creditworthiness is impaired. In particular, under Luxembourg bankruptcy law, certain payments made, as well as other transactions concluded or performed by the bankrupt party during the so-called "suspect period" (*période suspecte*) may be subject to cancellation by the bankruptcy court.

Whilst the cancellation is compulsory in certain cases, it is optional in other cases. The "suspect period" is the period that lapses between the date of cessation of payments (*cessation de paiements*), as determined by the bankruptcy court, and the date of the court order declaring the bankruptcy. The "suspect period" cannot exceed six months.

Under article 445 of the Luxembourg Code of Commerce: (a) a contract for the transfer of movable or immovable property entered into or carried out without consideration, or a contract or transaction entered into or carried out with considerably insufficient consideration for the insolvent party; (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor's assets for previously contracted debts, would each be unenforceable against the bankruptcy estate if carried out during the suspect period or ten days preceding the suspect period. According to article 61(4) second paragraph of the Securitisation Law and without prejudice to the provisions of the law of 5 August 2005 on financial collateral arrangements, the validity and perfection of each of the security cannot be challenged by a bankruptcy receiver with respect to article 445 of the Luxembourg Code of Commerce and such security interests are hence enforceable even if they were granted by the company during the suspect period or ten days preceding the suspect period. However, article 61(4) second paragraph of the Securitisation Law is only applicable if (i) the articles of association of the company granting the security interests are governed by the Securitisation Law and (ii) the company granted the respective security interests no later than the date of issuance of the securities or at the conclusion of the agreements secured by such security interests.

Under article 446 of the Luxembourg Code of Commerce, any payments made by the bankrupt debtor for matured debt in the suspect period may be rescinded if the creditor was aware of the cessation of payment of the debtor.

Under article 448 of the Luxembourg Code of Commerce, transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void (article 448 of the Luxembourg Code of Commerce) and can be challenged by a bankruptcy receiver without limitation of time.

Prudentia S.à r.l. can be declared bankrupt upon petition by a creditor of Prudentia S.à r.l. or at the initiative of the court or at the request of Prudentia S.à r.l. in accordance with the relevant provisions of Luxembourg insolvency laws. The conditions for opening bankruptcy proceedings are the stoppage of payments (*cessation des paiements*) and the loss of commercial creditworthiness (*ébranlement du crédit commercial*). If the above mentioned conditions are satisfied, the Luxembourg court will appoint a bankruptcy receiver (*curateur*) who shall be the sole legal representative of Prudentia S.à r.l. and obliged to take such action as it deems to be in the best interests of Prudentia S.à r.l. and of all creditors of Prudentia S.à r.l. Certain preferred creditors of Prudentia S.à r.l. (including the Luxembourg tax authorities) may have a privilege that ranks by virtue of law senior to the rights of the Noteholders in such circumstances. Other bankruptcy proceedings under Luxembourg law include controlled management and moratorium of payments (*gestion contrôlée et sursis de paiement*) of Prudentia S.à r.l., composition proceedings (*concordat*) and judicial liquidation proceedings (*liquidation judiciaire*).

In any such circumstances, there is a risk that the Holders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

4. Violation of Company's articles of association

The Company's articles of association and issuer's undertakings limit the scope of the Issuer's business and authorised activities. In particular, the Issuer undertakes not to engage in any business activity other than entering into and performing its obligations under the Transaction Documents and any agreements relating thereto. However, obligations assumed by the Issuer in breach of the undertakings made in the Transaction Documents (in particular non-contractual obligations and contractual obligations deriving from agreements between the Issuer and third parties who are not aware of the undertakings made by the Issuer in the Transaction Documents) are likely to still be valid obligations of the Issuer. Further, according to article 710-15 of the Luxembourg Companies Law, a private limited liability company (*société à responsabilité limitée*) shall be bound by any act of the board of managers, even if such act exceeds the corporate object, unless it proves that the third party knew that the act exceeded the corporate object or could not in view of the circumstances have been unaware of it without the mere publication of the articles of association constituting such evidence. Any such activity which is to the detriment of the Noteholders and/or the assets of the Issuer may adversely affect payments to the Noteholders under the Notes.

Category 2: Risks relating to the nature of the Notes and the related security interests

5. Repayment of the Notes is dependent on payments under the Initial Loan Agreement

The value of the Notes and their repayment depends, amongst other things, predominantly on the Initial Loan Agreement. The creditworthiness of the Initial Loan Agreement depends on specific risks relating to the Borrower and the leasing of the Aircraft and Engines. In particular, the Borrower has used the proceeds of the Initial Loan Agreement to purchase the Aircraft (including the Engines), which in turn the Borrower has leased to Bulgaria Air, a Bulgarian airline. Hence, the ability of the Borrower to repay the Initial Loan Agreement primarily depends on the ability of the lessee to make regular lease instalments payments for the use of the Aircraft.

If circumstances arise or an event occurs which have/has a negative impact on the creditworthiness or credit rating of the Initial Loan Agreement or the Borrower, the ability for the Issuer to make payments on the Notes, and the value of the Notes, may be affected. In such circumstances, Holders may sustain a significant loss of their capital invested.

There is no guarantee that the Holders will ultimately receive the full principal amount of the Notes and interest thereon as a result of losses incurred in respect of the Initial Loan Agreement.

6. Yield to maturity is dependent on payments under the Initial Loan Agreement

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payments under the Initial Loan Agreement and the price paid by the Noteholders for the Notes.

The amount and timing of payments under the Initial Loan Agreement cannot be predicted and are influenced by a wide variety of economic, social and other factors, including local and regional economic conditions, etc. There is a risk that the yield to maturity will be less than anticipated in case payments under the Initial Loan Agreement are not made timely or entirely.

7. Limitation of secondary market liquidity and market value of the Notes

Although application has been made to admit the Notes to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange and to list the Notes on the official list of the Luxembourg Stock Exchange, there can be no assurance that a liquid secondary market for the Notes will develop or, if it develops, that it provides sufficient liquidity, or that it will continue for the whole life of the Notes.

Limited liquidity in the secondary market for asset-backed securities may have a serious adverse effect on the market value of asset-backed securities.

In addition, prospective investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), the market values of the Notes may fluctuate with changes in market conditions. Any such fluctuation may be significant and could result in significant losses to investors in the Notes. Consequently, any sale of Notes by the Noteholders in any secondary market transaction may be at a discount to the original purchase price of such Notes. Accordingly, investors should be prepared to remain invested in the Notes until the Maturity Date.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, operating results of Bulgaria Air AD and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruptions may have a negative effect on the Noteholders, regardless of the prospects and financial performance of Bulgaria Air AD. If no active trading market for the Notes develops, the Noteholders may not be able to resell the Notes they own at a fair value, if at all.

8. The Security for the Notes are granted to the Security Agent rather than directly to the Noteholders; no security over the Aircraft and the Engines for the Noteholders

The security interests in the loan receivables from Leasing Finance EAD that secure the obligations of the Issuer under the Notes are not granted directly to the holders of the Notes but are granted only in favor of the Security Agent. Accordingly, only the Security Agent has the right to enforce such security. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the security for the Notes.

In addition, the Security Agent has no direct security in the Aircraft and the Engines (nor the lease payments from Bulgaria Air for the use of the Aircraft on a lease), but only a security in the loan receivables of the Issuer against Leasing Finance EAD. In case of a default of the Issuer under the Notes, the Security Agent will be entitled to enforce the security in the loan receivables of the Issuer against Leasing Finance EAD. Such enforcement can take the form of either the Security Agent: (a) instructing Leasing Finance EAD to make any payments under the Initial Loan Agreement directly to the Security Agent or (b) selling the loan receivable to a third party-buyer. In case of (a) if Leasing Finance EAD is in default of the payment under the Initial Loan Agreement, the Security Agent can enforce the security for such loan receivables, i.e. the pledge of the Aircraft and the Engines. Accordingly, the Noteholders have no direct recourse on the Aircraft and the Engines (nor any lease payments from the lessee for the use of the Aircraft) in accordance with the terms of the Transaction Documents.

Category 3: Risks relating to the Initial Loan Agreement and the underlying Aircraft and Engines

9. Enforcement of the Initial Loan Agreement

The ability of the Issuer to redeem all the Notes in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, will depend upon whether the Initial Loan Agreement can be repaid or realised, as the case may be, in an amount which is sufficient to redeem the Notes and to satisfy claims ranking by virtue of applicable law in priority to the Notes.

There may be no liquid secondary market for the Initial Loan Agreement. Therefore, it may not be possible for the Issuer or the Security Agent to enforce or dispose of the Initial Loan Agreement on appropriate terms should such a course of action be required, which may result in the Issuer not being able to pay all amounts due to the Noteholders.

In addition, if Leasing Finance EAD were unable to repay the amounts due under the Initial Loan Agreement, the Security Agent might need to enforce the security interests on the Initial Loan Agreement, i.e. the pledge of the Aircraft and/or the Engines (and/or the pledge of the lease payments therefor due by the lessee, if any).

10. Risk of losing the registration of the Aircraft and consequently also losing the pledge thereof

All aircraft flying under a Bulgarian flag must have and maintain at all times valid registration with a special register maintained by the Bulgarian Civil Aviation Authority (the “**Aircraft Registry**”). There are detailed rules and requirements about this registration. If these rules and requirements are not complied with, the registration of the Aircraft in the Aircraft Registry may be lost. Given that pledges in aircraft are subject to registration in the Aviation Registry and that there is no separate register of pledges over aircraft, the loss of registration of the Aircraft in the Aircraft Registry may result also in loss of registration of the pledge over the Aircraft which secures the loan from the Issuer to the Borrower (Leasing Finance EAD). In addition, if any of the Aircraft lose its registration in the Aircraft Registry it will not be entitled to operate any flights in the territory of Bulgaria. Any such events could result in the inability of Leasing Finance EAD to make payments under the Initial Loan Agreement which may in turn result in the inability of the Issuer to make payments due under the Notes to the Noteholders.

11. The value of the Aircraft and the Engines securing indirectly the Notes may not be sufficient to satisfy the Issuer's obligations under the Notes

If the Issuer defaults on the Notes, holders of the Notes will be secured only to the extent of the value of the loan receivable against Leasing Finance EAD granted as security in favor of the Security Agent for the Notes and, indirectly, the value of the Aircraft and the Engines securing such loan receivable.

In the event of an enforcement of the pledge of the loan receivable securing the Notes, the Security Agent for the Notes will be entitled to collect the loan receivables from Leasing Finance EAD and, if there is a default on such loan, to enforce the pledge over the Aircraft and/or the Engines securing it. The proceeds from the sale of the Aircraft and/or the Engines may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. As a result, if the value of the Aircraft and/or the Engines pledged as security for the Initial Loan Agreement is less than the value of the claims of the holders of the Notes against the Issuer, those claims will not be satisfied in full.

The value of the Aircraft indirectly securing the Notes will also depend on many factors, including, among other things, international Covid-19 development, war in Ukraine, decrease in domestic and international travel, drastic changes in air fuel prices, timely maintenance of the Aircraft, opening new flight destinations for better utilization of existing fleet, the ability to sell the Aircraft in an orderly sale, the condition of the Aircraft and the availability of buyers. We cannot assure the Noteholders that the Aircraft and/or the Engines will be saleable or, if saleable, that there will not be substantial delays in the sale thereof.

For multiple reasons, the Aircraft (or the Engines) could be taken out of service at any time. This could have a negative impact on the cash flow provided to the Borrower as well as the value of the security interest securing the Initial Loan Agreement. Some of the reasons could be related to maintenance issues, actual loss of the Aircraft and/or damage to the Aircraft not covered by the insurance as well as mechanical failure related to the Aircraft.

Any such events could result in the inability of Leasing Finance EAD to generate revenues from the Aircraft and make payments under the Initial Loan Agreement which may in turn result in the inability of the Issuer to make payments due under the Notes to the Noteholders.

12. Economic effects of the COVID-19 pandemic on the activities of the Borrower

The economic downturn due to the effects of the COVID-19 pandemic could have a material adverse effect on the activities of the Borrower and the market value of the Notes.

Since December 2019, there has been an outbreak of coronavirus disease in China which has gradually spread to over 200 countries and territories throughout the world.

Measures implemented by governmental authorities worldwide to contain the outbreak of COVID-19, such as declarations of a national state of emergency, closing of businesses, nurseries, schools and universities, as well as travel restrictions, quarantines, border controls, social distancing requirements and other measures to discourage or prohibit the movement and gathering of people, have had, and are expected to continue to have, a material and adverse impact on the level of economic activity in the countries in which the Transaction Parties operate.

Investors should note the risk that COVID-19, or any governmental or societal response to COVID-19, may affect the operations, business activities and financial results of the Borrower, or may impact the functioning of the financial and judicial system(s) needed to make regular and timely payments under the Initial Loan Agreement and the Notes, and therefore the ability of the Issuer to make payments on the Notes.

Given the ongoing and dynamic nature of the COVID-19 pandemic, its effects and the governmental measures aimed at constraining spread of the virus, it is not possible to assess accurately the ultimate impact of the outbreak on the global economy, the economy in the countries in which the Transaction Parties operate and on the ability of the Borrower to perform their payment obligations under the Initial Loan Agreement.

Any such events could result in the inability of the Borrower (and the airline operating the Aircraft and the Engines) to operate normally and make payments under the Initial Loan Agreement which may in turn result in the inability of the Issuer to make payments due under the Notes to the Noteholders.

13. Outbreak of war in Ukraine

Throughout 2021, the Russian military build-up on the border of Ukraine has escalated tensions between Russia and Ukraine and strained bilateral relations. These events have continued in 2022 with Russia commencing a full-scale military invasion of Ukraine in February 2022. On 21 February 2022, Russia recognized the independence of two separatist regions within Ukraine, and ordered Russian troops into these regions with a purported mission to maintain peace in the area. Following the invasion of Ukraine, the EU and countries like the United States, UK, Switzerland, Canada, Japan and Australia have made announcements regarding imposition of sanctions. The imposition of sanctions could lead to unpredictable reactions from Russia particularly resulting in a disruption of oil and gas supplies to the EU. High volatility in commodity prices could lead to unforeseeable developments in which could affect the position of the Borrower (and the airline operating the Aircraft and the Engines) and/or its activities.

The extent and duration of the military action, resulting sanctions and future market disruptions in the region are impossible to predict. Moreover, the ongoing effects of the hostilities and sanctions may not be limited to Russia and Russian companies and may spill over to and negatively impact other regional and global economic markets of the world, including Europe and the United States. The ongoing military action along with the potential for a wider conflict could further increase financial market volatility and cause negative effects on regional and global economic markets, industries, and companies. It is not currently possible to determine the severity of any potential adverse impact of this event on the financial condition of the Borrower, or more broadly, upon the global economy.

Any such events could result in the inability of Leasing Finance EAD (and the airline operating the Aircraft and the Engines) to operate normally and make payments under the Initial Loan Agreement which may in turn result in the inability of the Issuer to make payments due under the Notes to the Noteholders.

14. The legal infrastructure and the law enforcement systems in Bulgaria is less developed compared to Western Europe

The legal infrastructure and the law enforcement system in Bulgaria is less developed when compared to some western European countries. In some circumstances, it may not be possible to obtain legal remedies to enforce contractual or other rights in a timely manner or at all. Although institutions and the legal and regulatory system's characteristic of parliamentary democracy have begun to develop in Bulgaria, the lack of sufficient institutional history remains a problem. As a result, shifts in government policies and regulations in Bulgaria tend to be less predictable than in countries with more developed democracies. A lack of legal certainty or the inability to obtain effective legal remedies in a timely manner or at all may have a material adverse effect on the business, results of operations and financial condition of Bulgaria Air AD and Leasing Finance EAD. This could result in the inability of Leasing Finance EAD to operate normally and make payments under the Initial Loan Agreement, and/or the security interests granted to be enforced where necessary, which may in turn result in the inability of the Issuer to make payments due under the Notes to the Noteholders.

Category 4: Risks relating to legal matters in respect of the Borrower, the Aircraft and the Engines

15. Stabilisation proceedings in Bulgaria may affect payments under the Initial Loan Agreement and the enforcement of the related security interests

As of 2017, Bulgarian law provides for a pre-insolvency restructuring procedure called "stabilisation procedure". It currently exists as an additional procedure to the traditional restructuring as part of the insolvency procedure and it is a procedure the main steps in which must be sanctioned by a court. The stabilisation procedure under the Bulgarian Commerce Act may be applied when there is a "threat of insolvency" but where the debtor is still not insolvent. Actually, all court cases since the inception of the new procedure have been focused on whether the requirements for launching stabilisation were fulfilled and in all publicly available judgments so far, the courts held that the debtor was actually insolvent (in most cases over indebted), so insolvency rather than stabilisation procedure had to be opened. We are not aware of any case where the new procedure was applied, and the debtor was successfully restructured

to avoid insolvency. In terms of substance, the stabilisation procedure provides for a temporary standstill where all court enforcement and out-of-court enforcement procedures (including those under special pledges) shall be stopped. Further there are rules for partial reduction of the debtor's liabilities. As of the time of preparing of this Prospectus, no draft law exists yet whereby Bulgaria would transpose Directive (EU) 2019/1023 (relating to preventive restructuring frameworks and other insolvency matters) with respect to companies, and further legislation on pre insolvency restructuring may not be ruled out.

Accordingly, if a stabilisation procedure is opened in respect of Leasing Finance EAD, the enforcement of the security interests granted by Leasing Finance EAD to secure the Initial Loan Agreement will be stayed for as long as the stabilisation procedure is in place. In addition, in a stabilisation proceedings a writing down of the claims of some classes of creditors is permissible. This might apply to the receivable of the Issuer against Leasing Finance EAD under the Initial Loan Agreement, which might in turn affect the ability of the Issuer to pay the amounts due under the Notes.

16. **Insolvency proceedings in Bulgaria may affect payments under the Initial Loan Agreement and the enforcement of the security interests**

Should Leasing Finance EAD be determined to have its "center of main interests" (which is presumed to be the case due to its incorporation in Bulgaria, until and unless proven otherwise) it would be a subject to the Bulgarian insolvency proceedings.

The insolvency proceedings do not affect out-of-court enforcement over Bulgarian special pledges (such as the pledge over the Aircraft and/or the Engines), only if the out-of-court enforcement was commenced before the court decision ordering the opening of the insolvency proceedings. Otherwise, a pledgee under a special pledge is entitled to receive the cash proceeds from a sale of the assets pledged to it in the insolvency proceedings in satisfaction of its secured claims ahead of any other creditors of the insolvent pledgor.

A Bulgarian company would be deemed insolvent if any of the following three cases occurs.

The first case is one of balance sheet insolvency (over indebtedness). When a creditor claims that a debtor is balance sheet insolvent (as a ground for commencement of insolvency proceedings against the latter) it has to be established that the debtor's "liabilities exceed the debtor's assets". All liabilities must be compared to all assets for that purpose. This includes all existing liabilities including those that are not yet due (e.g., future payments under an existing contract). There is no formal requirement that the negative balance for the purposes of over indebtedness should be substantial and even a minor negative balance may trigger over indebtedness.

The second case is the one of cash flow insolvency. This means a state of inability to pay: (i) a monetary obligation under or in relation to a commercial transaction, or (ii) public law obligation towards the State/municipalities connected with the commercial activity of the entity; or (iii) private law obligation towards the State/municipalities. So, in the cash flow insolvency scenario a creditor must establish both: (i) the existence of a particular payment obligation of any of the three types listed above that was due but was not paid (i.e., the "**First Condition**"), and the inability of the debtor to pay ("**Second Condition**"). The First Condition involves establishment of only factual matters. The Second Condition however requires again a comparison between assets and liabilities of the debtor, although in a more limited manner (compared to the over indebtedness scenario). In particular (according to the case law) in order to determine whether a debtor is unable to pay, the ratio has to be established between the current/short term assets (i.e., those that can be easily turned into cash) vis à vis short term liabilities (i.e., existing liabilities with a maturity of up to 1 year in the future). If the ratio is below 1 (meaning that the short-term liabilities exceed the short term assets), it is normally presumed that the debtor is unable to pay (i.e., the Second Condition is met).

The third case where insolvency proceedings should be opened is the one of "concealed insolvency". This means that an entity is concealing commercial activity behind an insolvent entity, so if that is proven to be the case, insolvency proceedings must be opened against that entity.

In general, the opening of insolvency proceedings by a Bulgarian court does not result in the automatic termination of contracts. However, the insolvency administrator may choose to terminate certain contracts as to avoid the worsening of the financial condition of the company. Any power of attorney terminates

upon initiation of bankruptcy proceedings provided that the insolvency court has established that the debtor jeopardizes the interests of creditors and that the debtor has been deprived of the right to manage and dispose of the property of the company.

During an insolvency procedure in Bulgaria, claims of the creditors in foreign currency are converted *ex lege* into Bulgarian levs at the exchange rate of the Bulgarian National Bank (the central bank of Bulgaria) at the date of opening the insolvency proceedings. Therefore, any currency exchange differences from such date until the date of actual payment to the Noteholders may result in the Noteholders receiving less value for their Notes than the EUR denomination of the Notes. The Bulgarian currency has been pegged to the EUR for more than 20 years. In addition, Bulgaria aspires to join the Eurozone in 2024. This mitigates the above currency exchange risk but does not fully eliminate it.

As a result, insolvency proceedings may have a material adverse effect on Leasing Finance EAD's business performance and asset valuation, affecting its ability to make payments under the Initial Loan Agreement. Any such event will in turn affect the ability of the Issuer to make payments under the Notes.

Avoidance Claims

During insolvency proceedings in Bulgaria (subject to some technical exceptions), the following acts and transactions may be declared null and void with respect to the insolvency creditors if made by Leasing Finance EAD or Bulgaria Air AD after the initial date of its insolvency or over indebtedness and cumulatively – within the timelines – under the following items (i) – (iii) before the submission of the application for opening of insolvency proceedings: (i) performance of a monetary obligation that was not yet due regardless of the manner of performance made within a one year period or a two years period if the creditor was aware at the time of the payment that the debtor was insolvent or overindebted and (ii) performance of a monetary obligation that was due regardless of the manner of performance made within a six month period or a one year period if the creditor was aware at the time of the payment that the debtor was insolvent or overindebted. Knowledge of the creditor is presumed if the creditor was aware of (actual knowledge) or was able to establish (deemed knowledge) circumstances on the basis of which one could reasonably assume that the debtor was insolvent or overindebted.

Lastly, the following shall be considered null and void (in accordance with art. 646, par. 1 of the Bulgarian Commerce Act) with respect to the insolvency creditors if carried out after the date of the court decision on opening of insolvency proceedings and in violation of the insolvency procedures: (i) performance of an obligation that had occurred prior to the date of the court decision on opening of insolvency proceedings; (ii) establishing a pledge or a mortgage; (iii) transactions with rights or properties from the insolvency estate.

A court decision opening insolvency proceedings in respect of Leasing Finance EAD would restrict it from making payments, including under the Initial Loan Agreement. In turn, this might result in the inability of the Issuer to make payments under the Notes.

17. The enforcement of the security over the Initial Loan Agreement will be subject to a specific enforcement framework

Under Bulgarian law, a special pledge of receivables (such as the pledge in favor of the Security Agent of the Issuer's receivable against the Borrower under the Initial Loan Agreement and the pledge in favor of the Issuer of the lease instalments due by Bulgaria Air AD to the Borrower securing the loan receivables of the Issuer from the Borrower under the Initial Loan Agreement) can be enforced both out-of-court or through the use of a bailiff.

In this section only out-of-court enforcement is considered. The term "out-of-court" refers to an extra judicial procedure for the seizure and sale by the secured creditor of the collateral (*i.e.*, a procedure without court involvement), pursuant to the rules set out in the Bulgarian Special Pledges Act. Under the Bulgarian Special Pledges Act, such out-of-court enforcement (i) does not require a prior court judgment (whether from a Bulgarian court or any foreign court), arbitral award, writ of execution or other judicial ruling; (ii) may be undertaken without acceleration of the Notes for the amount outstanding and payable under the Notes at the date of enforcement; and (iii) may be carried out simultaneously, independently and irrespective of any insolvency proceedings that may be opened with respect to the Bulgarian security provider (Leasing Finance EAD) (provided that the enforcement of the pledge has started prior to the court

decision opening the insolvency thereof). However, as mentioned above, such enforcement will be suspended if a stabilisation procedure is opened with respect to the Bulgarian security provider (Leasing Finance EAD). This out-of-court pledge enforcement is in effect a “fast track” recovery procedure irrespective of any other pending or contemplated actions or litigation proceedings.

The enforcement starts with a notification of the commencement of out-of-court pledge enforcement to the Bulgarian Central Register of Special Pledges by the pledgee. This does not require the assistance or the consent of the respective Bulgarian pledgor. The pledgee shall notify the pledgor of the commencement of the out-of-court enforcement proceeding, specifying, amongst other information, the nature of the default, the outstanding amount due and payable, and the pledged assets subject to sale. This notification may be served to the pledgor immediately following the notification to the respective register. Upon service of the abovementioned notifications to the register and the pledgor, the pledgee is entitled to take possession of the pledged assets that are the subject of enforcement. In the event the pledgor refuses to voluntarily surrender such assets, the pledgee may seek the intervention of and engage a bailiff (public or private enforcement officer) at the expense of the pledgor. Based on a certificate from the register confirming that enforcement has been initiated, such bailiff is entitled to force the pledgor to surrender the pledged assets, with police assistance, if necessary. The sale of the pledged assets may occur after expiry of a 2-week grace period from the notification to the register, to enable making a voluntary payment before the pledged assets are sold. During this grace period, the pledgee may nevertheless organise the sale (take possession of the pledged assets, engage the depository (as defined below), identify creditors, and so on). The sale of the collateralized assets must be undertaken by and in the name of the pledgee. The pledgee must make reasonable efforts to achieve the best price for the collateral and there are some specific requirements to publicise the terms of the sale in advance by registration with the register. The pledgee must appoint a registered auditor or a lawyer (the “**Depository**”) who will administer the cash proceeds collected from the sale of the collateralized assets. Amongst other things, the Depository shall (i) identify the creditors recorded in the relevant security registers as having preference rights (e.g., security) to the collateral that is subject to enforcement (“**Qualified Creditors**”) and notify the Qualified Creditors, who have two weeks to comment, after which the definitive list of Qualified Creditors is finalised and is not subject to challenge, (ii) open a special purpose depository bank account in the name of the Depository for the collection of the sale proceeds, (iii) provide information on the contemplated distribution of proceed to the creditor(s) and (iv) if there are no objections or challenges, distribute such proceeds to the secured creditors. The Depository must maintain a professional indemnity insurance (for damages he may cause to the secured creditors) with an insurance amount not lower than the amount for which the enforcement is carried out.

This specific enforcement process may not be fast-paced and affect the ability of the Security Agent to enforce the security in time in view of enabling the Issue to make payments under the Notes when due.

18. The enforcement of the security over the Aircraft will be subject to a specific enforcement framework

When an aircraft pledge agreement is entered in writing, has an authentic date, and the parties have agreed that the pledge can be enforced without a court involvement, the pledgee is entitled to sell the pledged aircraft alone (i.e. in a private sale and without any court involvement). To perfect the sale, it should be registered in the Aircraft Registry to have effect vis-à-vis third parties.

The pledgee is not entitled to acquire title to the pledged aircraft and can only sell it.

The authenticity of the date of an aircraft pledge agreement is achieved by registering the pledge in the Aircraft Registry.

A private foreclosure of the pledge is permissible provided the pledged aircraft has “a market value”.

This requirement of the law is unclear insofar as any asset for which a buyer is willing to pay a purchase price has broadly speaking a “market value”.

It might be interpreted as a requirement that an enforcement sale is made at a “fair market value”. However, this has not been confirmed in court cases and remains unclear. Therefore, this might create an obstacle for a private enforcement sale of the Aircraft in case of enforcement of the pledge thereof. In such case, the pledge of the Aircraft may need to be enforced through a bailiff under a more formal and more

expensive procedure which may affect the effectiveness of the security granted to the Issuer to secure the Initial Loan Agreement and, in turn, affect the ability of the Issuer to make payments under the Notes in case the security over the Aircraft were to be enforced.

19. Risk relating to creditors preferred by law

Under mandatory provisions of Bulgarian law, outside insolvency proceedings certain creditors of Leasing Finance EAD will take priority over the Issuer's claims under the Initial Loan Agreement secured over the Aircraft and the Engines.

In particular, the following claims will be satisfied from the enforcement proceeds of the Aircraft with priority over the claims of the Issuer:

- (a) claims of the Bulgarian state or Bulgarian municipalities for taxes due on the Aircraft (e.g. ownership tax); and
- (b) claims of third parties for costs of maintenance of the Aircraft and/or the Engines for which the third party detains possession of the Aircraft and/or the Engines.

Category 5: Risks relating to taxation matters

20. No gross-up for taxes for payments under the Notes

If required by law, any payments under the Notes will only be made after deduction of any applicable withholding taxes and other deductions.

Neither the Issuer nor the Paying Agent will be obliged to pay additional amounts in respect of any withholding or other deduction for or on account of any present or future taxes or other duties of whatever nature, in which case Holders of the Notes may receive less interest or principal than expected. See "TERMS AND CONDITIONS OF THE NOTES".

21. Any such deduction of any applicable withholding tax and other deductions required by law may decrease the amounts (principal or interest) effectively paid to the Holders under the Notes. Risks associated with the withholding taxation regime in Bulgaria

Interest accrued by a Bulgarian tax resident to a foreign tax resident is subject to a withholding tax in Bulgaria, currently at the rate of 10%. An exemption of this taxation is available for interest accrued on a loan made by a note issuer, which is a tax resident in the EU or the EEA, provided that (a) the notes had been issued with the purpose of providing the proceeds thereof as a loan to a Bulgarian tax resident and (b) the Notes are admitted to trading on a regulated securities market in the EU and the EEA.

Accordingly, if the Notes are not admitted to trading on a regulated securities market in the EU or the EEA the interest accrued on the loan under the Initial Loan Agreement will be subject to 10% withholding tax in Bulgaria.

22. Impact of the anti-tax avoidance directives on the Issuer

On 8 August 2016, the Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (the "**Anti-Tax Avoidance Directive**" or "**ATAD 1**") entered into force. Among other measures, ATAD 1 disallows borrowing costs in excess of the higher of (a) EUR 3,000,000 or (b) 30 per cent. of an entity's earnings before interest, tax, depreciation and amortisation (EBITDA). The disallowance applies in respect of the amount by which the borrowing costs exceed interest revenues and other equivalent taxable revenues. ATAD 1 was implemented in the Grand Duchy of Luxembourg by a law dated 21 December 2018 (the "**ATAD 1 Law**"). The interest limitation rule in force since 1 January 2019 applies to securitisations issuance going forward. The carve-out of securitisation companies in the meaning of article 2(2) of the Securitisation Regulation from the scope of the interest limitation rules is expected to terminate with effect as of 1 January 2023.

Following the adoption of ATAD 1, the Council of the EU adopted on 29 May 2017 the Directive 2017/952/EU ("**ATAD 2**") extending the scope of ATAD 1 with respect to anti-hybrid mismatch rules to non-EU hybrid mismatches and additional forms of hybrids. Luxembourg adopted the Law of 20

December 2019 to transpose ATAD 2 into the domestic tax legislation (the "**ATAD 2 Law**") with effect as of 1 January 2021, save for the provisions regarding reverse hybrids that will start to apply as from financial years 2022.

The anti-hybrid mismatch rules derived from ATAD 1 and ATAD 2 are designed to tackle situations of deduction / non-inclusion (i.e. an expense/charge is deductible from the income of one entity and is not taxable for another), or double deductions (i.e. the same expense/charge is deductible for two entities). These rules could potentially apply to the Issuer where: (i) the interest that it pays under the Notes, and claims deductions for, is not brought into account as taxable income by the relevant Holder, either because of the hybridity of the Notes, or the payments made under the Notes, or because of the hybridity of the Holder itself; and (ii) the mismatch arises between associated enterprises or the Issuer and an associated enterprise or under a structured arrangement.

ATAD 1 and ATAD 2 may affect the situation of the Issuer and its ability to make payments made under the Notes. The exact scope of the above measures and impact on the tax position of the Holders needs to be carefully analysed by each Holder on a case-by-case basis.

23. Tax reporting regimes and related withholding

The Foreign Account Tax Compliance Act ("**FATCA**") and the global standard for the automatic exchange of financial information between tax authorities (the "**CRS**") generally require Luxembourg reporting financial institutions to report certain information to respectively the U.S. Internal Revenue Service ("**IRS**") and the competent authorities of the relevant reportable jurisdiction(s).

Failure to comply with the FATCA and CRS regulations may trigger a 30% withholding tax and/or fines or penalties.

FATCA may affect payments made to any Holder that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or any Holder that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Category 6: Risks relating to the Borrower

24. Financial risks surrounding the Borrower's activities

The Borrower's activities are closely related to financial risks, including credit risk, liquidity risk, market risk, risk of change of foreign exchange rates and changes of interest rates.

Credit risk

Credit risk relates to the risk of the counterparty's failure to fulfil their obligations for a financial instrument or contract, which results in financial loss. The Borrower is exposed to credit risk due to its operating activity - finance and operating lease. Before entering into lease contracts and afterwards, the Borrower analyses the entities-lessees, their economic abilities and available assets and liabilities. It monitors their credibility and economic activity. Prepayments under some of the lease contracts are indicator of proper assessment of the lessees' payment ability.

Liquidity risk

Liquidity risk is the risk for the Borrower to face difficulties when servicing its financial obligations. The Borrower's approach to the management of liquidity risk is to guarantee as much as possible that it would have enough liquid funds available to meet its maturing obligations both in normal and unexpected situations, without suffering any additional losses or reputation risks.

Market risk

The Borrower is partially exposed to market risk. The Borrower does not have financial instrument traded on public markets. The currency risk is minimum as far as all assets and liabilities, revenue and expenses are denominated in BGN and EUR.

Currency risk

The Borrower is not exposed to currency risk as far as all assets and liabilities of the Borrower denominated in BGN or EUR. Currency risk would occur in case of change in the BGN/EUR exchange rate, and the management does not have any information and expectations about such fact. ***Inflation risk***

The inflation risk relates to a rise in general price levels. In recent years, the Bulgarian governments have adhered to a strict fiscal policy under the conditions of a currency board. The tendency is to maintain such a policy in the coming years, especially with a view to achieving the goals of Bulgaria's accession to the Euro zone in the shortest possible time. The currency board system controls the money supply, but external factors (like rising oil prices) maintain an upward pressure on price levels. The accession of the Bulgaria to the European Union also affects the gradual equalization of domestic prices with those of other member countries.

Interest risk

The financial position and cash flows of the Borrower are exposed to the impact of the changes of the market interest rates. Since most of the interest-bearing assets /claims under finance lease contracts/ and liabilities /loans/, respectively, have floating interest rate, the management believes the risk is low.

The Borrower's overall risk management policy is aimed at minimizing the potential adverse impact on the Borrower's financial position and ensure timely discharge of its obligations towards its business partners and creditors, including towards the Borrower under the Initial Loan Agreement. Nevertheless, the materialisation of the aforementioned financial risks may have an impact on the financial situation of the Borrower and may result in the Borrower not being able to make timely or full payments of its obligations when due under the Initial Loan Agreement, which will have a direct impact on the ability of the Issuer to make payments under the Notes to the Noteholders.

25. Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates, which by definition will seldom equal the actual results. The management of the Borrower also needs to exercise judgement in applying the Borrower's accounting policies.

The areas involving significant estimates or judgements include the estimation of current tax payable and current tax expense in relation to an uncertain tax position, the estimated fair value of certain financial assets, the presentation of liabilities under supplier finance arrangement and the estimation of fair values of land and buildings and investment property, among others.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In case of material adjustments due to wrong estimates, that may have an impact on the financial situation of the Borrower, and the Borrower could potentially be unable to repay the amounts due under the Initial Loan Agreement, which will have a direct impact on the ability of the Issuer to make payments under the Notes to the Noteholders

26. Changes in regulatory regimes could adversely affect Borrower's business, financial condition, results of operations and liquidity

The Borrower is licensed and regulated by certain Bulgarian regulators. Non-compliance with applicable regulations could subject the Borrower to administrative penalties, criminal penalties and other enforcement measures imposed by a particular governmental or self-regulatory authority, and could lead

to unanticipated costs associated with remedying such failures and adverse publicity. It could also harm the Borrower's reputation and the relationships with supervisory authorities, cause temporary interruption of operations, and could cause revocation or temporary suspension of licenses. In addition, the non-compliance with laws and regulations may give rise to litigation. Each of these risks, should they materialize, could have a material adverse effect on the Borrower's reputation, business, financial condition and results of operations.

If the Borrower's reputation, business or financial condition would be impaired, that may have an impact on the financial situation of the Borrower, which will consequently have a direct impact on the ability of the Issuer to make payments under the Notes to the Noteholders.

27. Risk management policies and procedures may be ineffective, may fail or may not be complied with

The Borrower's business activities expose it to a wide variety of risks, including asset risk, credit risk, capital adequacy risk, liquidity and funding risk, interest rate risk, currency risk, motor insurance risk, operational risk, reputational risk, legal, privacy and compliance risk, among others.

Any material deficiency in the Borrower's risk management or internal control policies or procedures, including the measures, instruments or strategies the Borrower uses to assess, hedge and mitigate risk, could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects which may in turn result in the inability of the Borrower to make repayments due under the Initial Loan Agreement and affect the capacity of the Issuer to make payments under the Notes to the Noteholders.

28. Human Resources

While the Borrower strives to hire and retain qualified personnel in order to successfully compete in markets in Bulgaria and overseas, its business activities, financial condition and results of operations may be adversely affected if the Borrower cannot hire or retain the necessary qualified personnel. That could materially affect the activities and affairs of the Borrower and affect its capacity to make payments under the Initial Loan Agreement and consequently the ability of the Issuer to make payments under the Notes to the Noteholders.

29. System risk

The Borrower relies on internal and external information and technology systems to provide services to its customers, administer customer data, and manage our operations. Any disruption including natural disaster, power outage, delay or other difficulty experienced by any of these information or technology systems through quality defects, human error, unauthorized access from external sources, or the intrusion of computer viruses, could result in a decrease in transaction volume, delays in processing transactions, or a decrease in customer confidence in the business of the Borrower, or otherwise adversely affect its operational results and financial condition and incur the capacity of the Borrower to repay the Initial Loan Agreement and therefore the ability of the Issuer to make payments under the Notes to the Noteholders.

30. Asset risk management

The Borrower manages impairment risk of its leased property by undergoing timely reviews of the value in use and market value, and controls its asset portfolio by diversifying equipment types, ages and contract due dates. Any material error in valuation or error in the diversification policy may lead to a financial impact on the Borrower's situation and affect its ability to make payments under the Initial Loan Agreement, and, consequently, the ability of the Issuer to make payments under the Notes to the Noteholders.

31. Changes in tax regulations, treaties or other arrangements may affect the Borrower's business

Tax laws, regulations, treaties and other arrangements are subject to change and may be subject to different interpretations. The Borrower cannot guarantee that its interpretations of such laws will be accepted by the relevant authorities. Any failure to comply with the tax laws or regulations applicable to

the Borrower may result in reassessments, late payment interest, fines and penalties for the Borrower and could materially impact its reputation, business, results of operations, financial condition and prospects.

Also, a material change in applicable tax laws and regulations, or in their interpretation or enforcement, could force the Borrower to alter its business strategy, leading to additional costs or loss of revenue, which could materially and adversely impact the Borrower's business, results of operations and financial condition and consequently result in the trouble of the Borrower to make payments due under the Initial Loan Agreement and affect the ability of the Issuer to make payments under the Notes to the Noteholders.

32. Difficulty in executing its strategy

An important element of the Borrower's historical growth has been expanding its client base. This includes in particular a faster growth planned in small and mid-size enterprises and private segments and better retention of existing customers. If this does not yield the expected results or if the Borrower is unable to retain its existing corporate customers, this could have a material adverse effect on the Borrower's business, financial condition and results of operations. In addition, any future recession could have a material adverse effect on the execution of the Borrower's growth strategy and this could have a material adverse effect on its business, financial condition and results of operations. This could affect its incomes and affect the capacity of the Borrower to pay the amounts due under the Initial Loan Agreement, and impact directly the ability of the Issuer to make payments under the Notes to the Noteholders

GENERAL DESCRIPTION OF THE TRANSACTION

Compartment "AirBlu 4.50% EUR 2029" was created and the issuance of the Notes authorised by decision of the board of managers of the Company on 22 February 2022. The Notes are issued by the Issuer, being the Company acting on behalf and for the account of the compartment AirBlu 4.50% EUR 2029. The Terms and Conditions of the Notes authorise the issuance of Notes up to an amount of EUR 70,000,000, however, at the date hereof, Notes have been issued to an amount of EUR 35,000,000 only.

The Notes are structured as to give exposure to the Holders of the Notes on the Securitised Assets and in particular the Initial Loan Agreement by offering (i) a fixed return through yearly interests, and (ii) a participating return by distribution of the Accrued Proceeds at redemption. Return on the Notes (Interest and Accrued Proceeds) will be largely dependent on the business activities of the Borrower and its ability to make payments under the Initial Loan Agreement. Holders bear the credit risk of the Issuer, the Securitised Assets and the Borrower.

The only asset securitised by the Issuer on the date of this Prospectus is the Initial Loan Agreement. It may be that after the date of this Prospectus, a new transaction opportunity arises for the Issuer to securitise another loan agreement having the same terms as the Initial Loan Agreement through the issuance of new notes. Should this materialise, the Issuer may issue new notes governed by the same Terms and Conditions for a maximum amount of EUR 35,000,000, fungible with the Notes, and in respect of which a new prospectus will be prepared for the purpose of the admission to trading of such new notes on the professional segment of the regulated market of the Luxembourg Stock Exchange.

The Notes have been issued in registered form and are represented by a Global Note (as defined below) signed by the Issuer and the Paying Agent and deposited with a common depository acting on behalf and for the account of Euroclear and/or Clearstream.

Title to the Notes will pass by delivery and successive registration in the Notes Register. The Issuer will, except as ordered by a court of competent jurisdiction or as required by law, deem and treat the Holder registered at any time into the Notes Register of any Notes as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes. The Notes may be offered to, subscribed by, transferred to and owned by professional clients only, as defined in the MiFID Rules.

The Notes have been issued in denominations of EUR 1,000 each. The offer and holding of the Notes in certain jurisdictions may be restricted by law. No action has been or will be taken by the Issuer to permit public or private offering of the Notes in any jurisdiction where action for that purpose may be required. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) and are not subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act or "United States persons" as defined in the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder.

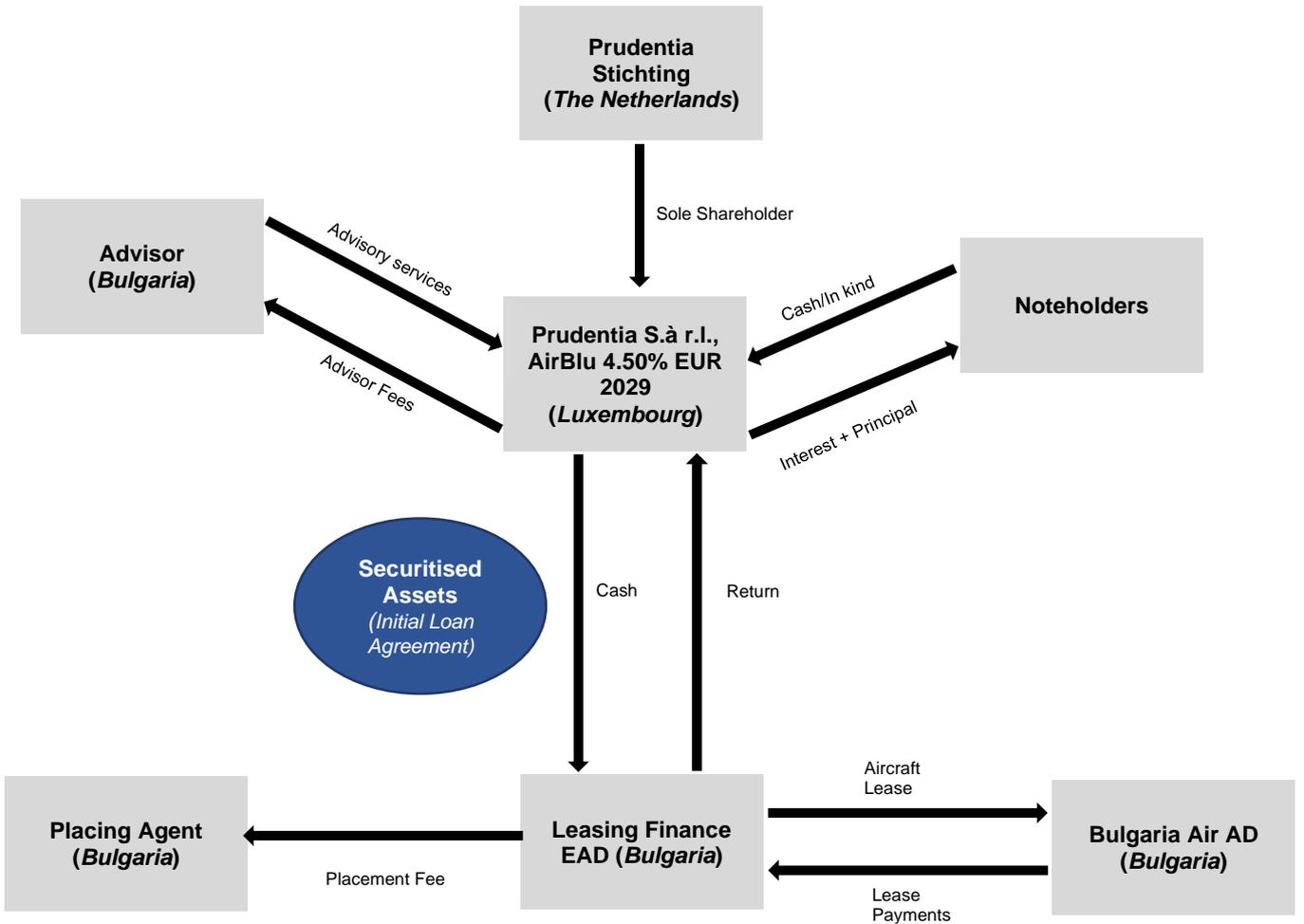
No credit rating will be obtained in relation to the Notes, the Issuer or the Securitised Assets.

The Issuer will not apply any risk retention rules. It remains the sole responsibility of the investors and the Holders to verify that no risk retention in respect of the Issuer and the Notes is required by the laws and regulations applicable to them.

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and admit the Notes to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange.

All capitalised terms which are not defined in this section "GENERAL DESCRIPTION OF THE TRANSACTION" are defined in section "TRANSACTION OVERVIEW" on pages GENERAL INFORMATION" *et seqq.* of this Prospectus and in the Terms and Conditions of the Notes.

STRUCTURE DIAGRAM



TRANSACTION OVERVIEW

THE PARTIES

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advisor | means Alaric Capital AD acting as advisor to the Issuer in connection with the structuring, the acquisition and the holding of the Securitised Assets, and the terms of the Initial Loan Agreement. |
| Alaric | means Alaric Securities OOD, an EU licensed and regulated investment firm, having its registered office at Ekzarh Yosif 7 Street, Sofia, 1301, Bulgaria. Alaric Securities OOD acted as Placing Agent and acts as Calculation Agent in connection with the Notes. |
| Auditor | means the external approved auditor (<i>réviseur d'entreprises agréé</i>) appointed by the Company at any time, being currently Deloitte Audit, Société à responsabilité limitée. |
| Borrower | means Leasing Finance EAD, EIK: 131352367, "Cherni Vruh" Street, #53, Sofia, Bulgaria. |
| Bulgaria Air | means Bulgaria Air AD, a Bulgarian airline headquartered in Sofia, 1 Brussels Blvd BG-1540, which is the airline leasing the Aircraft and Engines from the Borrower. |
| Calculation Agent | means Alaric Securities OOD, an EU licensed and regulated investment firm, having its registered office at Ekzarh Yosif 7 Street, Sofia, 1301, Bulgaria. Alaric Securities OOD also acted as placing agent in connection with the Notes. |
| Company | means Prudentia S.à.r.l., a private limited liability company (<i>société à responsabilité limitée</i>) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 10 Rue Mathias Hardt, L-1717 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B240695, having the status of an unregulated securitisation company (<i>société de titrisation</i>) subject to the Securitisation Law. The Company is not regulated or supervised by the CSSF. |
| Holder(s) or Noteholder(s) | means the person or persons from time to time being holder(s) of the Notes, being specified that it shall at all times qualify as a professional investor within the meaning of the applicable MiFID Rules. |
| Issuer | means the Company, acting in respect and for the account of its compartment "AirBlu 4.50% EUR 2029". |
| Paying Agent | means European Depositary Bank S.A., a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg and existing as a credit institution within the meaning of the law of 5 April 1993 on the financial sector, as amended, having its registered office at 3, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B10700, acting as paying agent in connection with the Notes. |
| Placing Agent | means Alaric Securities OOD, an EU licensed and regulated investment firm, having its registered office at Ekzarh Yosif 7 Street, Sofia, 1301, Bulgaria. Alaric Securities OOD also acts as Placing Agent in connection with the Notes. |

| | |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative | means the representative of the Holders of the Notes appointed at any time in accordance with the Companies Law, which on the First Issue Date is the Security Agent. |
| Security Agent | means Capman AD, appointed as a security agent to hold the Security Interests in favour of the Holders of the Notes in accordance with the relevant security documents. |
| Transaction Parties | means the Advisor, Alaric, the Borrower, the Calculation Agent, the Issuer, the Paying Agent, the Placing Agent, the Representative and the Security Agent. |
| Valuer | means Mr. Rumen Nedelchev, independent and registered appraiser. |

THE TRANSACTION

General Description of the Transaction

The Notes are structured as to give exposure to the Holders of the Notes on the Securitised Assets and in particular the Initial Loan Agreement by offering (i) a fixed return through yearly interests, and (ii) a participating return by distribution of the Accrued Proceeds at redemption. Return on the Notes (Interest and Accrued Proceeds) will be largely dependent on the business activities of the Borrower and its ability to make payments under the Initial Loan Agreement. Holders bear the credit risk of the Issuer, the Securitised Assets and the Borrower. No credit rating will be obtained in relation to the Notes, the Issuer or the Securitised Assets. The Issuer will not apply any risk retention rules. It remains the sole responsibility of the investors and the Holders to verify that no risk retention in respect of the Issuer and the Notes is required by the laws and regulations applicable to them.

Advisor Fees

Means the advisory fees due under the investment advice agreement with the Advisor, which is set at 0.025% of the principal amount of the Notes outstanding per annum.

Aircraft

Means the two (2) Embraer aircrafts model E190AR, one holding Bulgarian aircraft registration No.LZ-VAR with manufacturer's serial number 19000496, and one holding Bugarian aircraft registration No.LZ-BUR with manufacturer's serial number 19000551, as further described in section "DESCRIPTION OF THE AIRCRAFT AND ENGINES" below and the Valuation Report.

Aircraft Pledge Agreements

Means together:

- a) The pledge created over the aircraft Embraer, model E190AR, registration number LZ-VAR and serial number 19000496 and the engines model CF34-10E5 serial numbers 424334 and 424337 pursuant to an aircraft pledge agreement (MSN 19000496) to be further granted by the Borrower as pledgor in favour of the Issuer (the **Aircraft Pledge Agreement (MSN 19000496)**); and
- b) The pledge created over the aircraft Embraer, model E190AR, registration number LZ-BUR and serial number 19000551 and the engines model CF34-10E5 serial numbers 424368 and 424412 pursuant to an aircraft pledge agreement (MSN 19000551) to be further granted by the Borrower as pledgor in favour of the Issuer (the **Aircraft Pledge Agreement (MSN 19000551)**).

Coupon Amount

Means the amount of Interest for each Note payable on a Payment Date as calculated by the Calculation Agent. The Notes bear a fixed interest rate of 4.50% per annum. In addition, Noteholders may be entitled to an additional return on Maturity, through the payment of the Accrued Proceeds, if any.

Denomination

Means the nominal value of each Note, which have been issued in nominal value of EUR 1,000 each.

Engines

Means the four (4) aircrafts engines manufactured by General Electric, model CF34-10E5, holding engine serial numbers 424334; 424337; 424368 and 424412, together with all parts of whatever nature, which are from time to time incorporated, installed or attached to or otherwise relate to such engines, as further described in section "DESCRIPTION OF THE AIRCRAFT AND ENGINES" below and the Valuation Report.

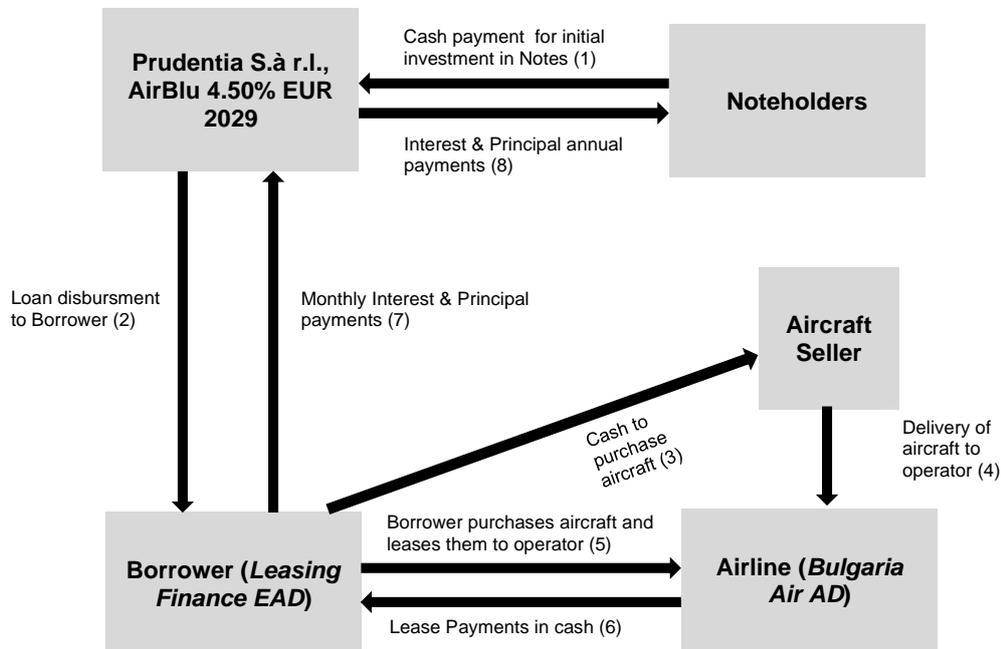
| | |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First Issue Date | Means 8 April 2022. |
| Initial Loan Agreement | Means the EUR 35,000,000 loan agreement entered into on 4 April 2022 pursuant to which a loan is granted by the Issuer to the Borrower, as further described in section "MATERIAL TERMS OF THE INITIAL LOAN AGREEMENT". |
| Insolvency Event | Means any corporate action, legal proceedings or other procedure or step which has been taken in relation to: <ul style="list-style-type: none"> a) the bankruptcy, suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, judicial management, receivership, administration, provisional supervision, supervision or reorganisation, a "<i>concordat préventif de la faillite</i>" or a "<i>gestion contrôlée</i>" or any analogous proceedings (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer; or b) a composition, assignment or arrangement with any creditor of the Issuer; or c) the appointment of a liquidator, judicial manager, receiver and/or manager, administrator, administrative receiver, compulsory manager, provisional supervisor, supervisor or other similar officer in respect of the Issuer. |
| Interest Rate | Means 4.50 % per annum calculated on the basis of 365 days per year. |
| Interest Start Date | Means 8 June 2022, the date falling two calendar months after the First Issue Date. |
| Issue Date | Means 8 April 2022. |
| Maturity Date | Means 8 June 2029, unless the Notes are previously redeemed. |
| MiFID Rules | Means the applicable rules contained in Directive 2014/65/EU on markets in financial instruments (MiFID II) and any Luxembourg implementing measures, laws, regulations, including any circulars of the <i>Commission de Surveillance du Secteur Financier</i> , as may be amended from time to time. |
| Notes | Means the 35,000 notes, issued at a nominal value of EUR 1,000 each, by the Issuer on the Issue Date in accordance with the Terms and Conditions and the terms of the Subscription Agreement. |
| Notes Register | Means the register of the Notes to be held and managed by the Company in respect and on behalf of the Issuer at its registered office. |
| Payment Date | Means: <ul style="list-style-type: none"> a) 8 June 2023, 8 June 2024, 8 June 2025, 8 June 2026, 8 June 2027, 8 June 2028 and 8 June 2029; or b) after the delivery of an Enforcement Notice pursuant to the Terms and Conditions, the date determined on which all payments of principal and/or interest are to be made by the Issuer. |
| Priority of Payments | No specific priority of payments applies: the Notes constitute direct, secured, unsubordinated and limited recourse obligations of the Issuer, ranking at least <i>pari passu</i> with any other secured and |

unsubordinated Indebtedness of the Issuer, and without any preference among themselves. By virtue of Luxembourg law, claims of the Noteholders (whether principal or interest) and from the other creditors (services providers, tax authorities) arising during the lifetime of the transaction will, unless such claims are preferred by virtue of applicable law, rank *pari passu*, although the Noteholders benefit from the Security Interest securing the obligations of the Issuer under the Notes.

| | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Receivables Pledge Agreement | Means the first ranking special pledge created pursuant to the Bulgarian law governed receivables pledge agreement dated 5 April 2022 between the Issuer and the Security Agent over the receivables owed to the Issuer under the Initial Loan Agreement. |
| Redemption | The Issuer shall have the option to redeem the Notes in accordance with the Terms and Conditions. It is anticipated that the Issuer will redeem Notes in an amount corresponding to any principal repaid by the Borrower under the Initial Loan Agreement. |
| Securitised Assets | Has the meaning ascribed to such terms in the Terms and Conditions, which on the date of this Prospectus, comprise of the Initial Loan Agreement and related rights. |
| Securitisation Law | Means the Luxembourg law of 22 March 2004 on securitisation, as amended. |
| Security Interests | The obligations of the Issuer are secured by security interests which comprise of a special pledge (in Bulgarian: особен залог) governed by Bulgarian law over the receivables of the Issuer against the Borrower arising under the Initial Loan Agreement. |
| Subscription Agreement | Means each subscription agreement entered into between the Issuer as issuer and the initial Holders as subscribers on or about 8 April 2022. |
| Terms and Conditions | Means the terms and conditions as provided in the section "TERMS AND CONDITIONS OF THE NOTES" of this Prospectus. |
| Transaction Documents | Means the Terms and Conditions, the Subscription Agreements and the Initial Loan Agreement. |
| Valuation Report | Means the valuation report prepared by Rumen Nedelchev, independent and registered appraiser, on 10 April 2022, in respect of the Aircraft and the Engines. The Valuation Report provides for a valuation and a description of the Aircraft and the Engines. The original version is in Bulgarian and was translated to English by Rezon Translation Office, a licensed translation office in Bulgaria. |
| Yield | Each Note was subscribed by the investors at a 100% issue price and bears a 4.50% interest per annum. The yield until maturity of each Note will depend whether the Notes are early redeemed in accordance with the Terms and Conditions. |

CREDIT STRUCTURE AND FLOW OF FUNDS

FLOW OF FUNDS



As of the date hereof, 35,000 Notes have been issued. **The Terms and Conditions foresee the possibility for the Issuer to issue further 35,000 notes, fungible with the Notes and governed by the same Terms and Conditions.**

All of the proceeds from the subscription of the Notes were used to disburse the loan under the Initial Loan Agreement between the Issuer as Lender and the Borrower dated 4 April 2022. The Borrower has used the loan made available under the Initial Loan Agreement to purchase two Embraer E190AR airplanes. See Section “DESCRIPTION OF THE AIRCRAFT AND ENGINES” for more details on the Aircraft.

The principal amount of the Initial Loan Agreement is 35 000 000 EUR, the interest rate is 4.60% per annum, interest inception period starts 1 June 2022 and the maturity of the loan is 1 June 2029. There are monthly payments that are due on the 1st of every month with a six calendar days grace period. See below regarding the monthly repayment schedule.

Based on the interest rate difference between the Initial Loan Agreement (4.60%) and interest payable to the Noteholders under the Notes (4.50%), the Issuer will receive cash in an aggregate amount up to around 140,000 EUR over the lifetime of the transaction (regardless whether the Notes are called earlier or not), which will cover the costs and expenses of the Issuer: the expected expenses for the Issuer are approximately EUR 15,000 per year (own costs and *pro rata* costs for the Company as a whole shared with other compartments), which will be covered by the cash buffer.

The table below describes the anticipated income expected on the Initial Loan Agreement and payments/expenses:

| | Cash Flow from Initial Loan | Interest to NoteHolders | Loan Principal Payment/Note Principal Repayment | Issuer Revenues | Expected Annual Issuer Expenses |
|--------|-----------------------------|-------------------------|-------------------------------------------------|-----------------|---------------------------------|
| Year 1 | 6,610,000.04 € | 1,575,000.00 € | 5,000,000.00 € | 35,000.04 € | 31,250.00 € |
| Year 2 | 6,380,000.00 € | 1,350,000.00 € | 5,000,000.00 € | 30,000.00 € | 19,500.00 € |
| Year 3 | 6,149,999.96 € | 1,125,000.00 € | 5,000,000.00 € | 24,999.96 € | 17,027.27 € |
| Year 4 | 5,920,000.04 € | 900,000.00 € | 5,000,000.00 € | 20,000.04 € | 15,192.86 € |
| Year 5 | 5,690,000.00 € | 675,000.00 € | 5,000,000.00 € | 15,000.00 € | 13,564.71 € |
| Year 6 | 5,459,999.96 € | 450,000.00 € | 5,000,000.00 € | 9,999.96 € | 12,050.00 € |
| Year 7 | 5,230,000.04 € | 225,000.00 € | 5,000,000.00 € | 5,000.04 € | 10,550.00 € |

Accordingly, the Initial Loan Agreement backing the Notes has characteristics that demonstrate capacity to produce funds to satisfy due payment obligations of the Issuer under the Notes (be it resulting of redemption of principal or payment of interest to the holders of the Notes) or any taxes incurred by the Issuer, costs and expenses of the Issuer until the Maturity Date.

The terms of the Transaction Document do not provide for any provisions designed to cover interest and/or principal shortfall risk from the Issuer.

Following the fifth anniversary of the issuance of the Notes, the Borrower is entitled to prepay any amount of the outstanding the Loan as long as it coincides with the monthly payment date. In that case the Borrower agrees to pay the Issuer (as lender) 0.20% fee of the prepaid amount. It is anticipated that the Issuer will redeem Notes in an amount corresponding to any principal repaid by the Borrower under the Initial Loan Agreement.

In case the Lender fails to admit the Notes to trading on a regulated market in an EU Member State within 6 (six) months from the date of issuance of the Notes, the Lender shall be entitled to demand early repayment of the Loan in full, including any interest accrued. In such case the Borrower shall not owe any prepayment fee.

The Borrower undertakes the obligation within 20 days of registering the Aircraft with the Bulgarian Registry of Civil Aircraft kept by the General Directorate "Civil Aviation Administration" to the Ministry of Transport and Communications of the Republic of Bulgaria to pledge both Aircraft and their Engines (see Section 2 below) with the Central Special Pledge Registry of Bulgaria.

Monthly Repayment Schedule under the Initial Loan Agreement

| Payment | Date | Amount | Interest | Principal |
|---------|-----------|----------------|--------------|----------------|
| 1 | 1-9-2022 | 402.500,01 € | 402.500,01 € | - € |
| 2 | 1-10-2022 | 134.166,67 € | 134.166,67 € | - € |
| 3 | 1-11-2022 | 134.166,67 € | 134.166,67 € | - € |
| 4 | 1-12-2022 | 134.166,67 € | 134.166,67 € | - € |
| 5 | 1-1-2023 | 134.166,67 € | 134.166,67 € | - € |
| 6 | 1-2-2023 | 134.166,67 € | 134.166,67 € | - € |
| 7 | 1-3-2023 | 134.166,67 € | 134.166,67 € | - € |
| 8 | 1-4-2023 | 134.166,67 € | 134.166,67 € | - € |
| 9 | 1-5-2023 | 134.166,67 € | 134.166,67 € | - € |
| 10 | 1-6-2023 | 5.134.166,67 € | 134.166,67 € | 5.000.000,00 € |
| 11 | 1-7-2023 | 115.000,00 € | 115.000,00 € | - € |
| 12 | 1-8-2023 | 115.000,00 € | 115.000,00 € | - € |
| 13 | 1-9-2023 | 115.000,00 € | 115.000,00 € | - € |
| 14 | 1-10-2023 | 115.000,00 € | 115.000,00 € | - € |
| 15 | 1-11-2023 | 115.000,00 € | 115.000,00 € | - € |
| 16 | 1-12-2023 | 115.000,00 € | 115.000,00 € | - € |
| 17 | 1-1-2024 | 115.000,00 € | 115.000,00 € | - € |
| 18 | 1-2-2024 | 115.000,00 € | 115.000,00 € | - € |
| 19 | 1-3-2024 | 115.000,00 € | 115.000,00 € | - € |
| 20 | 1-4-2024 | 115.000,00 € | 115.000,00 € | - € |
| 21 | 1-5-2024 | 115.000,00 € | 115.000,00 € | - € |
| 22 | 1-6-2024 | 5.115.000,00 € | 115.000,00 € | 5.000.000,00 € |
| 23 | 1-7-2024 | 95.833,33 € | 95.833,33 € | - € |
| 24 | 1-8-2024 | 95.833,33 € | 95.833,33 € | - € |
| 25 | 1-9-2024 | 95.833,33 € | 95.833,33 € | - € |
| 26 | 1-10-2024 | 95.833,33 € | 95.833,33 € | - € |
| 27 | 1-11-2024 | 95.833,33 € | 95.833,33 € | - € |
| 28 | 1-12-2024 | 95.833,33 € | 95.833,33 € | - € |
| 29 | 1-1-2025 | 95.833,33 € | 95.833,33 € | - € |
| 30 | 1-2-2025 | 95.833,33 € | 95.833,33 € | - € |
| 31 | 1-3-2025 | 95.833,33 € | 95.833,33 € | - € |
| 32 | 1-4-2025 | 95.833,33 € | 95.833,33 € | - € |
| 33 | 1-5-2025 | 95.833,33 € | 95.833,33 € | - € |

| | | | | |
|----|-----------|----------------|-------------|----------------|
| 34 | 1-6-2025 | 5.095.833,33 € | 95.833,33 € | 5.000.000,00 € |
| 35 | 1-7-2025 | 76.666,67 € | 76.666,67 € | - € |
| 36 | 1-8-2025 | 76.666,67 € | 76.666,67 € | - € |
| 37 | 1-9-2025 | 76.666,67 € | 76.666,67 € | - € |
| 38 | 1-10-2025 | 76.666,67 € | 76.666,67 € | - € |
| 39 | 1-11-2025 | 76.666,67 € | 76.666,67 € | - € |
| 40 | 1-12-2025 | 76.666,67 € | 76.666,67 € | - € |
| 41 | 1-1-2026 | 76.666,67 € | 76.666,67 € | - € |
| 42 | 1-2-2026 | 76.666,67 € | 76.666,67 € | - € |
| 43 | 1-3-2026 | 76.666,67 € | 76.666,67 € | - € |
| 44 | 1-4-2026 | 76.666,67 € | 76.666,67 € | - € |
| 45 | 1-5-2026 | 76.666,67 € | 76.666,67 € | - € |
| 46 | 1-6-2026 | 5.076.666,67 € | 76.666,67 € | 5.000.000,00 € |
| 47 | 1-7-2026 | 57.500,00 € | 57.500,00 € | - € |
| 48 | 1-8-2026 | 57.500,00 € | 57.500,00 € | - € |
| 49 | 1-9-2026 | 57.500,00 € | 57.500,00 € | - € |
| 50 | 1-10-2026 | 57.500,00 € | 57.500,00 € | - € |
| 51 | 1-11-2026 | 57.500,00 € | 57.500,00 € | - € |
| 52 | 1-12-2026 | 57.500,00 € | 57.500,00 € | - € |
| 53 | 1-1-2027 | 57.500,00 € | 57.500,00 € | - € |
| 54 | 1-2-2027 | 57.500,00 € | 57.500,00 € | - € |
| 55 | 1-3-2027 | 57.500,00 € | 57.500,00 € | - € |
| 56 | 1-4-2027 | 57.500,00 € | 57.500,00 € | - € |
| 57 | 1-5-2027 | 57.500,00 € | 57.500,00 € | - € |
| 58 | 1-6-2027 | 5.057.500,00 € | 57.500,00 € | 5.000.000,00 € |
| 59 | 1-7-2027 | 38.333,33 € | 38.333,33 € | - € |
| 60 | 1-8-2027 | 38.333,33 € | 38.333,33 € | - € |
| 61 | 1-9-2027 | 38.333,33 € | 38.333,33 € | - € |
| 62 | 1-10-2027 | 38.333,33 € | 38.333,33 € | - € |
| 63 | 1-11-2027 | 38.333,33 € | 38.333,33 € | - € |
| 64 | 1-12-2027 | 38.333,33 € | 38.333,33 € | - € |
| 65 | 1-1-2028 | 38.333,33 € | 38.333,33 € | - € |
| 66 | 1-3-2028 | 38.333,33 € | 38.333,33 € | - € |
| 67 | 1-3-2028 | 38.333,33 € | 38.333,33 € | - € |
| 68 | 1-4-2028 | 38.333,33 € | 38.333,33 € | - € |

| | | | | |
|----|-----------|----------------|----------------|----------------|
| 69 | 1-5-2028 | 38.333,33 € | 38.333,33 € | - € |
| 70 | 1-6-2028 | 38.333,33 € | 38.333,33 € | - € |
| 71 | 1-7-2028 | 19.166,67 € | 19.166,67 € | - € |
| 72 | 1-8-2028 | 19.166,67 € | 19.166,67 € | - € |
| 73 | 1-9-2028 | 19.166,67 € | 19.166,67 € | - € |
| 74 | 1-10-2028 | 19.166,67 € | 19.166,67 € | - € |
| 75 | 1-11-2028 | 19.166,67 € | 19.166,67 € | - € |
| 76 | 1-12-2028 | 19.166,67 € | 19.166,67 € | - € |
| 77 | 1-1-2029 | 19.166,67 € | 19.166,67 € | - € |
| 78 | 1-2-2029 | 19.166,67 € | 19.166,67 € | - € |
| 79 | 1-3-2029 | 19.166,67 € | 19.166,67 € | - € |
| 80 | 1-4-2029 | 19.166,67 € | 19.166,67 € | - € |
| 81 | 1-5-2029 | 19.166,67 € | 19.166,67 € | - € |
| 82 | 1-6-2029 | 5.019.166,67 € | 5.019.166,67 € | 5.000.000,00 € |

DESCRIPTION OF THE AIRCRAFT AND THE ENGINES

1. Description of the Aircraft

| Manufacturer | Model | Registration Number | Manufacturer's Serial Number / (MSN) |
|--------------|--------|---------------------|--------------------------------------|
| Embraer | E190AR | LZ-VAR | 19000496 |
| Embraer | E190AR | LZ-BUR | 19000551 |

Together with all parts of whatever nature, which are from time to time incorporated, installed or attached to or otherwise relate to said Aircraft.

The Aircraft consist of two Embraer model E190AR regional jets delivered in 2012 and holding Bulgarian aircraft registration No. LZ-VAR with Manufacturer's Serial Number 19000496, and Bulgarian aircraft registration No. LZ-BUR with Manufacturer's Serial Number 19000551. Each of the Aircraft have have a seating capacity of 100 economy class seats and 8 business class seats. Each of the Aircraft is powered by two General Electric model CF34-10E5 turbofan engines holding engine serial numbers 424334; 424337; 424368 and 424412.

Currently, LZ VAR is being used by TAP Portugal airline for a "wet lease" with a base in Lisbon with a contract guaranteed 250 hours per month (summer schedule).

LZ BUR is mainly used for regular flights and is included in the regular flights' schedule, with an average monthly flight duration of 200 to 250 hours (summer schedule).

According to the winter schedule aircraft, LZ VAR and LZ BUR of Bulgaria Air will mainly be used for regular flights and are included in the schedule for regular flights, with an average monthly flight duration of 200 hours during the winter period.

Both Aircraft are used to perform single charter flights on specific requests when the program on regular routes allows it.

The management of Bulgaria Air anticipates similar usage of the Aircraft until 2029.

The Aircraft are further described and have been valued under the Valuation Report prepared by Rumen Nedelchev, independent appraiser, on 10 April 2022. The Valuation Report is appended to this Prospectus as Schedule 1.

Description of the Engines

| Manufacturer | Manufacturer's Model | Serial Number | Aircraft |
|------------------|----------------------|---------------|----------|
| General Electric | CF34-10E5 | 424334 | LZ-VAR |
| General Electric | CF34-10E5 | 424337 | LZ-VAR |
| General Electric | CF34-10E5 | 424368 | LZ-BUR |
| General Electric | CF34-10E5 | 424412 | LZ-BUR |

Together with all parts of whatever nature, which are from time to time incorporated, installed or attached to or otherwise relate to such Engines

The Engines are further described and have been valued under the Valuation Report prepared by Rumen Nedelchev, independent appraiser, on 10 April 2022. The Valuation Report is appended to this Prospectus as Schedule 1.

Valuer

The Valuation Report has been prepared by the Valuer, Mr. Rumen Nedelchev, independent and registered appraiser, on 10 April 2022. The Valuer is specialised in the valuation of machines and equipment. Its offices are located at Druzhba 2, bl. 316, City of Sofia, Bulgaria. The website of the Valuer

is <https://valuation.alle.bg/> He is a member of the Chamber of Independent Appraisers in Bulgaria, with reference No. 300100074 since 14 December 2009. The Valuer holds a Master in Engineering and a Master in Economics. The Valuer holds no interests in the Issuer, the Advisor or any other party involved in the transaction. The Valuer has accepted the Valuation Report to be included in this Prospectus at the request of the Issuer.

Information included in the Valuation Report has been accurately reproduced as far as the Issuer is aware. As far as the Issuer is able to ascertain from information published from the Valuer, no facts have been omitted which would render the information reproduced in the Valuation Report inaccurate or misleading.

2. Security over the Aircraft and the Engines

The Aircraft Pledge Agreement (MSN 19000551)

Pursuant to the Aircraft Pledge Agreement (MSN 19000551) to be entered into between the Borrower as pledgor and the Issuer as pledgee, the Borrower will grant to the benefit of the Issuer a pledge over the aircraft Embraer, model E190AR, registration number LZ-VAR and serial number 19000551 and the engines model CF34-10E5 serial numbers 4243368 and 424412, to secure the obligations of the Borrower under the Initial Loan Agreement.

The Aircraft Pledge Agreement (MSN 19000496)

Pursuant to the Aircraft Pledge Agreement (MSN 19000496) to be entered into between the Borrower as pledgor and the Issuer as pledgee, the Borrower will grant to the benefit of the Issuer a pledge over the aircraft Embraer, model E190AR, registration number LZ-VAR and serial number 19000496 and the engines model CF34-10E5 serial numbers 424334 and 424337, to secure the obligations of the Borrower under the Initial Loan Agreement.

MATERIAL TERMS OF THE INITIAL LOAN AGREEMENT AND RECEIVABLES PLEDGE AGREEMENT

The following is the text of all the material terms of (i) the Initial Loan Agreement between the Issuer and the Borrower and (ii) the Receivables Pledge Agreement between the Issuer and the Security Agent. In case of any overlap or inconsistency in the definition of a term or expression in the Initial Loan Agreement, respectively the Receivables Pledge Agreement, and elsewhere in this Prospectus, the definition contained in the Initial Loan Agreement, respectively the Receivables Pledge Agreement, will prevail.

Description of the Initial Loan Agreement

1. The Initial Loan Agreement is dated as of 4 April 2022 and was entered into between Issuer, as lender, and Borrower, as borrower. The Initial Loan Agreement was entered into to enable the Borrower to finance its purchase of the Aircraft and the Engines which will thereupon be leased by Borrower to Bulgaria Air under the Lease Agreement. The loan to value (LTV) ratio of the loan disbursed under Initial Loan Agreement against the value of the Aircraft and Engines is 106.12% (value of the Aircraft and Engines based on the Valuation Report).
2. The material terms of the Initial Loan Agreement are as follows:
 - The proceeds of the Loan to be made available to the Borrower in a single tranche not later than 5 (five) Business Days after the submission of a utilisation request by the Borrower to the Issuer, conditional on successful subscription and payment for the Notes.
 - The Loan in an amount of EUR 35,000,000 was disbursed by the Issuer and made available to the Borrower on 8 April 2022.
 - The maturity date for the repayment of the Loan is 1 June 2029, subject to a six calendar days grace period, meaning that the final maturity date for full repayment of the Loan is 8 June 2029.
 - Interest shall be payable on the Loan at the rate of 4.60% per annum, starting from the expiry of the grace period, that is 1 September 2022.
 - The interest shall be calculated on the basis of 30/360 days a year on the amount actually utilised for the actual number of days of using the Loan.
 - The Loan is repaid in monthly instalments (each a “**Repayment Instalment**”), payable on the 1st day of each month (or the first business day if not a business day), with a grace period of 6 (six) calendar days, starting from 1 September 2022.
 - Any repayment amount shall be applied towards discharging of the following liabilities in the following order: (*first*) any fees and expenses due under the Initial Loan Agreement, (*second*) any interest accrued under the Loan Agreement as of the date of repayment and (*third*) principal.
 - The Borrower may prepay Loan provided such prepayment: (i) is made after the 5th anniversary of the utilisation of the Loan; (ii) is made on a regular due date for repaying instalments thereon; (iii) amounts to repayment in full of all principal, accrued interest and any fees and expenses due at the time of prepayment; and (iv) includes an additional prepayment fee in the amount of 0.2% of the prepaid amount.
 - If Issuer fails to admit the Notes to trading on a regulated market in an EU Member State within 6 (six) months from the date of issuance of the Notes, Issuer shall be entitled to demand early repayment of the Loan in full, including any interest accrued. In such case the Borrower shall not owe any prepayment fee.
 - The Initial Loan Agreement is secured by a first ranking security interest over the Aircraft and the Engines. Such existing security interest over the Aircraft and Engines will be replaced with the Aircraft Pledge Agreements, a similar security interest further to the change of ownership of the Aircraft and Engines to the Borrower.

- The Initial Loan Agreement is governed by Bulgarian law.

Description of the Receivables Pledge Agreement

1. The Receivables Pledge Agreement is dated as of 5 April 2022 and was entered into between the Issuer as pledgor and the Security Agent as pledgee over the receivables of the Issuer against the Borrower arising under the above described Initial Loan Agreement. The Receivables Pledge Agreement was entered into to secure the repayment of the Notes of the Issuer. The asset pledged under the Receivables Pledge Agreement is the receivable deriving from the Initial Loan Agreement owed to the Issuer and the related ancillary rights.
2. The material terms of the Receivables Pledge Agreement are as follows:
 - Untill the occurrence of an enforcement event, the Issuer shall be entitled to exercise its rights related to the receivable deriving from the Initial Loan Agreement.
 - Upon the occurrence of an enforcement event, the Security Agent shall be entitled to exercise all powers available under applicable law and the Receivables Pledge Agreement to enforce the security interest.
 - The security interest in the receivable deriving from the Initial Loan Agreement which the Issuer has granted pursuant to the Receivables Pledge Agreement shall continue until all obligations are discharged towards the Noteholders.
 - Upon discharge of all the obligations of the Issuer towards the Noteholders, the Security Agent shall execute all such documents and do all suchs acts and things as may be necessary to release the security interests.
 - The Receivables Pledge Agreement is governed by Bulgarian law.

TERMS AND CONDITIONS OF THE NOTES

1. DEFINITION AND INTERPRETATION

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”), unless a contrary intention appears or the context otherwise requires:

“**Accrued Interest**” means the accrued interest that has been accruing under the Notes during an Interest Period, calculated at the Interest Rate, that has not yet been paid-out and that shall be paid as a Coupon Amount on the relevant Payment Date.

“**Accrued Proceeds**” means the accrued proceeds arising under the Securitised Assets minus all costs and expenses incurred by the Issuer during the Interest Period (including, for the avoidance of doubt, running costs and any Advisor Fees).

“**Admission Date**” means the date on which the Notes will be admitted for clearance and settlement in the clearing systems operated by Euroclear and Clearstream.

“**Advisor**” means Alaric Capital AD acting as advisor to the Issuer in connection with the acquisition and the holding of the Securitised Assets.

“**Advisor Fees**” means the advisory fees due under the investment advice agreement with the Advisor, which is set at 0.025% of the principal amount of the Note outstanding per annum.

“**Alaric**” means Alaric Securities OOD, an EU licensed and regulated investment firm, having its registered office at Ekzarh Yosif 7 Street, Sofia, 1301, Bulgaria.

“**Auditor**” means the external approved auditor (*réviseur d'entreprises agréé*) appointed by the Company at any time.

“**Borrower**” means Leasing Finance EAD, EIK: 131352367, “Cherni Vruh” Street, #53, Sofia Bulgaria.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in Luxembourg and Bulgaria are authorised or required by law, executive order or governmental decree to be closed.

“**Calculation Agent**” means Alaric.

“**Clearstream**” means Clearstream Banking S.A.

“**Company**” means Prudentia S.à.r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 10 Rue Mathias Hardt, L-1717 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B240695, having the status of an unregulated securitisation company (*société de titrisation*) subject to the Securitisation Law.

“**Companies Law**” shall have the meaning ascribed to such term in Condition 15.1.

“**Coupon Amount**” means the amount of Interest for each Note payable on a Payment Date as calculated by the Calculation Agent.

“**Definitive Note**” has the meaning ascribed to such term in Condition 3.3.

“**Denomination**” means the nominal value of each Note.

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Enforcement Notice**” has the meaning ascribed to such term in Condition 14.

“Event of Default” has the meaning ascribed to such term in Condition 14.

“FATCA” means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 (or any successor legislation thereto) as amended from time to time, and the regulations promulgated and rulings issued thereunder, all as may be in effect or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“First Issue Date” means the 8 April 2022.

“Global Note” has the meaning ascribed to such terms in Condition 3.1.

“Holder(s)” means the person or persons from time to time being holder(s) of the Notes, being specified that it shall at all times qualify as a professional investor within the meaning of the applicable MiFID Rules.

“Indebtedness” means any indebtedness, monies, obligations, liabilities of the Issuer in any form whatsoever denominated in whatever currency, whether actual or contingent, present or future, which may be now or hereafter due, owing or incurred howsoever and whether alone or jointly and whether as principal or surety.

“Initial Loan Agreement” means the EUR 35,000,000 loan agreement entered into on 4 April 2022 pursuant to which a loan is granted by the Issuer to the Borrower.

“Insolvency Event” means any corporate action, legal proceedings or other procedure or step which has been taken in relation to:

- (i) the bankruptcy, suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, judicial management, receivership, administration, provisional supervision, supervision or reorganisation, a "*concordat préventif de la faillite*" or a "*gestion contrôlée*" or any analogous proceedings (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer; or
- (ii) a composition, assignment or arrangement with any creditor of the Issuer; or
- (iii) the appointment of a liquidator, judicial manager, receiver and/or manager, administrator, administrative receiver, compulsory manager, provisional supervisor, supervisor or other similar officer in respect of the Issuer.

“Interest Period” means each period from (and including) a Payment Date to (but excluding) the following Payment Date, calculated on a basis of 365 days per year; provided that (i) the first Interest Period shall begin on (and include) the Interest Start Date and end on (but exclude) the first Payment Date (which follows the First Issue Date) and (ii) the last Interest Period shall end on (and include) the Maturity Date and shall begin on (and include) the last Payment Date which immediately precedes the Maturity Date.

“Interest Rate” means 4.50 % per annum calculated on the basis of 365 days per year.

“Interest Start Date” means 8 June 2022, the date falling two calendar months after the First Issue Date.

“Issue Date” means 8 April 2022

“Issuer” means the Company, acting in respect and for the account of its compartment “AirBlu 4.50% EUR 2029”

“Loan Agreements” means the Initial Loan Agreement and any additional loan agreement having the same terms and the Initial Loan Agreement that may subsequently be entered into between the Issuer and the Borrower (or any affiliates of the Borrower, in which case “Borrower” shall be construed accordingly to designate such affiliate).

“Maturity Date” means 8 June 2029

“MiFID Rules” means the applicable rules contained in Directive 2014/65/EU on markets in financial instruments (MiFID II) and any Luxembourg implementing measures, laws, regulations, including any circulars of the *Commission de Surveillance du Secteur Financier*, as may be amended from time to time.

“Notes” means up to 70,000 notes, issued at a nominal value of EUR 1,000 each, by the Issuer on the Issue Date in accordance with these Terms and Conditions and the terms of the Subscription Agreement.

“Notes Register” means the register of the Notes to be held and managed by the Company in respect and on behalf of the Issuer at its registered office.

“Paying Agent” means European Depository Bank S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and existing as a credit institution within the meaning of the law of 5 April 1993 on the financial sector, as amended, having its registered office at 3, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B10700.

“Payment Date” means:

- (i) 8 June 2023, 8 June 2024, 8 June 2025, 8 June 2026, 8 June 2027, 8 June 2028 and 8 June 2029;
- (ii) after the delivery of an Enforcement Notice pursuant to Condition 14, the date (as determined by the Masse Meeting) on which all payments of principal and/or interest are to be made by the Issuer in accordance with Condition 12.

The last Payment Date shall be the Maturity Date.

“Representative” shall mean the representative of the Holders of the Notes appointed at any time in accordance with the Companies Law, which on the First Issue Date shall be the Security Agent.

“Securitised Assets” means (i) the Loan Agreements, (ii) any present and future rights, claims and receivables arising in favour of the Issuer under the Loan Agreements (including, but not limited to any security interest agreements, trust deeds, guarantees, indemnities, etc.), and (iii) any rights, claims and assets acquired by the Issuer in connection with the Loan Agreements and the acceleration, the enforcement or the restructuring of the Loan Agreements.

“Securitisation Law” means the Luxembourg law of 22 March 2004 on securitisation, as amended.

“Security Interests” shall have the meaning ascribed to such term in Condition 5.1.

“Security Agent” means Capman AD, appointed as security agent to hold the Security Interests in favour of the Holders of the Notes in accordance with the relevant security documents.

“Subscription Agreement” means the subscription agreement entered into between the Issuer as issuer and the initial Holders as subscribers on or about the First Issue Date.

“Taxes” means any amounts (including, without limitation, any present and future taxes, duties, assessments or governmental charges) that may become payable by the Issuer to applicable tax, regulatory, statutory or other authorities in Luxembourg or any other jurisdiction from time to time.

1.2 Construction

In these Terms and Conditions:

- (i) any document or agreement are references to that document or agreement as amended, supplemented, novated and / or restated from time to time;
- (ii) a **“Party”** includes its successors, assignees, transferees or novated parties;
- (iii) a **“person”** means any individual, firm, company, corporation, government or state, or any association, trust, partnership or other entity;
- (iv) a law is a reference to that law as amended or re-enacted;
- (v) any reference to an agreement or letter is a reference to such agreement or letter including its recitals and schedules (if any); and
- (vi) words denoting the singular include the plural and vice versa, and words denoting either gender include the other.

1.3 Description

The Notes are structured as to give exposure to the Holders of the Notes on the Securitised Assets and in particular the Loan Agreements by offering (i) a fixed return through yearly interests, and (ii) a participating return by distribution of the Accrued Proceeds at redemption. Return on the Notes (Interest and Accrued Proceeds) will be largely dependent on the business activities of the Borrower and its ability to make payments under the Loan Agreements. Holders bear the credit risk of the Issuer, the Securitised Assets and the Borrower.

No credit rating will be obtained in relation to the Notes, the Issuer or the Securitised Assets.

The Issuer will not apply any risk retention rules. It remains the sole responsibility of the investors and the Holders to verify that no risk retention in respect of the Issuer and the Notes is required by the laws and regulations applicable to them.

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and admit the Notes to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange, or another regulated market in the sense of MiFID II.

2. FORM, DENOMINATION AND TRANSFER

- 2.1 Compartment “AirBlu 4.50% EUR 2029” was created and the issuance of the Notes authorised by decision of the board of managers of the Company on 22 February 2022.
- 2.2 The Notes are issued by the Issuer, being the Company acting on behalf and for the account of the compartment AirBlu 4.50% EUR 2029.
- 2.3 The Notes are issued in registered form and will, as from the Admission Date, be represented by a Global Note (as defined below) which will be signed by the Issuer and the Paying Agent and deposited with a common depository acting on behalf and for the account of Euroclear and/or Clearstream.
- 2.4 Title to the Notes will pass by delivery and successive registration in the Notes Register. The Issuer will, except as ordered by a court of competent jurisdiction or as required by law, deem and treat the Holder registered at any time into the Notes Register of any Notes as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.
- 2.5 The Notes may be offered to, subscribed by, transferred to and owned by professional clients only, as defined in the MiFID Rules.
- 2.6 The Notes will be issued in denomination of EUR 1,000 each.

- 2.7 The offer and holding of the Notes in certain jurisdictions may be restricted by law. No action has been or will be taken by the Issuer to permit public or private offering of the Notes in any jurisdiction where action for that purpose may be required. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 2.8 The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) and are not subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act or "United States persons" as defined in the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder.

3. FORM OF THE NOTES UPON THE ADMISSION DATE

- 3.1 The Notes will be represented by a global note in the clearing systems (the "**Global Note**"). Payments will be made through Euroclear and/or Clearstream in accordance with Condition 12 (Payments) below.
- 3.2 The Global Note will be deposited on or about the Admission Date with the common depository on behalf of Euroclear and/or Clearstream and/or any other clearing system (each, a "**Clearing System**"). Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system.
- 3.3 The Global Note will be exchangeable for definitive Notes (each, a "**Definitive Note**") only if Euroclear or Clearstream or any other relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, or does in fact do so (other than in the case of a merger or consolidation of Euroclear and Clearstream) and no alternative Clearing System is available.
- 3.4 In case of Definitive Notes, the Paying Agent undertakes to maintain the Notes Register up-to-date and to provide a copy of the Notes Register to the Issuer. Such registration in the Notes Register shall be conclusive evidence of the ownership of Notes.
- 3.5 For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent as the holder of nominal amount of Notes for all purposes. In this purpose the bearer of the relevant Global Note shall be treated by the Issuer and the Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions "noteholder" and "holder of the Notes" and related expressions in connection with the Notes held through a Clearing System shall be construed accordingly). The Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, as the case may be.
- 3.6 All transactions (including transfers of Notes) in the open market or otherwise must be initiated through an account at Euroclear or Clearstream, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be, and title will pass upon registration of the transfer in the books of Euroclear or Clearstream, as the case may be.
- 3.7 The Notes will bear upon the Admission Date an ISIN number XS2455528823 and a Common Code 245552882.

4. STATUS

The Notes constitute direct, secured, unsubordinated and limited recourse obligations of the Issuer, ranking at least *pari passu* with any other secured and unsubordinated Indebtedness of the Issuer, and without any preference among themselves.

5. SECURITY

5.1 The obligations of the Issuer under the Notes and these Terms and Conditions will be secured by the following security interests (the “**Security Interests**”):

- (i) a special pledge (in Bulgarian: особен залог) governed by Bulgarian law over the receivables of the Issuer against the Borrower arising under the Initial Loan Agreement; and
- (ii) similar security rights in respect of further Loan Agreements, as the case may be.

5.2 The modalities and conditions under which the Security Interests shall be enforced by the Security Agent on behalf of the Holders of the Notes are determined in the relevant security documents.

5.3 The Security Agent is appointed as Representative for the Holders of the Notes to exercise the powers foreseen by the Companies Law, including the holding of security interests on behalf of and for the benefit of the Holders of the Noteholders. Accordingly, the Security Interests shall be granted to the Security Agent on behalf and for the benefit of the Holders of the Notes in accordance with the relevant security documents.

6. USE OF PROCEEDS

The Issuer shall use 100% of the proceeds of the Notes to disburse the loan under the Initial Loan Agreement and, as the case may be, disburse additional loans in accordance with the Terms and Conditions. The proceeds of the Notes will not be used to pay any other costs or expenses of the Issuer.

7. INTEREST

7.1 The Notes shall accrue interest in favour of the Holders at the Interest Rate.

7.2 The Issuer shall pay all Accrued Interest on the Notes on each Payment Date. In case of Redemption of the Notes prior to the Maturity Date, the provisions of Condition 8 shall apply.

7.3 The Accrued Interest due for the Interest Period shall be calculated by the Calculation Agent.

8. REDEMPTION

8.1 Redemption at maturity

All outstanding Notes shall be redeemed on the Maturity Date in cash. The Issuer will be required to redeem the Notes at Denomination plus Accrued Interest to each Holder or its successors and permitted assignees within ten (10) Business Days after the Maturity Date.

Any Accrued Proceeds not yet distributed as Accrued Interest shall be paid to the Holders on the Maturity Date in the form of a one-off payment on top of, for the avoidance of doubt, any Accrued Interest and principal payable under the Notes.

8.2 Early Redemption

8.2.1 Redemption upon the occurrence of an Event of Default

If an Event of Default has occurred, all the Notes may be declared immediately due by the Holders and payable in accordance with Condition 14.2 in which case all the Notes shall be automatically redeemed in cash and the Issuer will be required to repay the Notes to the Holders or their successors and permitted assignees within ten (10) Business Days from the decision of the Holders to declare the Notes being due and payable in accordance with Condition 14.2. The Holders however acknowledge and agree that the Securitised Assets will be sold by the Issuer at their actual market value and the Holders will only be entitled to the proceeds of such sale (less costs and operating costs as reasonably determined by the board of managers of the Company) in connection with the redemption of the Notes.

8.2.2 Early Redemption in full at the discretion of the Issuer

The Issuer may, at any time after the fifth anniversary of the First Issue Date, redeem at its sole discretion all the Notes outstanding and Interest accrued thereunder, on each Payment Date. In case the Notes are held by more than one Holder, any redemption effectuated in accordance with this Condition 8.2.2 shall be made *pari passu* among the Holders of the Notes.

Any Accrued Proceeds not yet distributed as Accrued Interest shall be paid to the Holders on the early redemption's date in the form of a one-off payment on top of, for the avoidance of doubt, any Accrued Interest and principal payable under the Notes.

8.2.3 Partial early Redemption at the option of the Issuer

The Issuer may, at any time after the first anniversary of the First Issue Date, redeem at its sole discretion part of the Notes outstanding and Interest accrued thereunder, on each Payment Date, up to 20% of the aggregate principal amount of the Notes then outstanding. In case the Notes are held by more than one Holder, any redemption effectuated in accordance with this Condition 8.2.3 shall be made *pari passu* among the Holders of the Notes.

Any Accrued Proceeds not yet distributed as Accrued Interest shall be paid to the Holders on the early redemption's date in the form of a one-off payment on top of, for the avoidance of doubt, any Accrued Interest and principal payable under the Notes.

8.2.4 Mandatory Redemption for failure to admit the Notes to trading on a regulated market

If the Issuer fails for any reason to have the Notes admitted to trading on a regulated market in the sense of MiFID II within the six calendar months from the First Issue Date, the Masse Meeting (or the Holder of the Notes in case of a sole holder of the Notes) may declare the Notes to be immediately due and payable in which case all the Notes shall be automatically redeemed in cash and the Issuer will be required to repay the Notes to the Holders or their successors and permitted assignees within thirty (30) days from the decision of the Holders to declare the Notes being due and payable. The Holders however acknowledge and agree that the Securitised Assets will be sold by the Issuer at their issue price and the Holders will only be entitled to the proceeds of such sale (less costs and operating costs as reasonably determined by the board of managers of the Company) in connection with the redemption of the Notes.

9. LIMITED RECOURSE AND NON-PETITION, TERMINATION RIGHT

- 9.1 Pursuant to the Securitisation Law, the articles of association of the Company authorise its board of managers to create one or more independent parts of the Company's estate (patrimoine) (each individual part referred to as a "**Compartment**") distinguishable from the remaining part of Company's estate by the nature of assets or liabilities relating to such Compartment. The assets and liabilities of a Compartment are exclusively available to satisfy the rights of the creditors whose claims have arisen on the creation, operation or liquidation of, and the transactions entered into

by, such Compartment.

- 9.2 The Holders acknowledge and accept that the Company (a) is subject to the Securitisation Law and (b) has by a resolution of its board of managers created compartment AirBlu 4.50% EUR 2029 to which all assets, rights and claims under the Notes and the Securitised Assets will be allocated. Consequently, the assets of compartment AirBlu 4.50% EUR 2029 are exclusively available to satisfy the rights of the Holders in relation to the Notes and the rights of creditors whose claims have arisen in connection with the creation, the operation or the liquidation of, and the transactions entered into by that compartment AirBlu 4.50% EUR 2029. Furthermore, the Holders acknowledge and accept that they only have recourse, in compliance with the limited recourse clause of these Terms and Conditions, to the assets of the compartment AirBlu 4.50% EUR 2029 and not to the assets allocated to any other Compartments (if any) created by the Company or any other assets of the Company. Furthermore, the Holders also acknowledge and accept that the Company has issued the Notes in respect of its compartment AirBlu 4.50% EUR 2029 only so that any and all references to the Issuer in the Terms and Conditions and related documents shall be read as a reference restricted to such compartment AirBlu 4.50% EUR 2029 and to the assets and liabilities allocated thereto and not to the Company as a whole or any other compartment. Accordingly, the Holders acknowledge and accept that once all the assets allocated to the compartment AirBlu 4.50% EUR 2029 have been realised and distributed in accordance with these Terms and Conditions, they are not entitled to take any further steps against the Company or any other Compartment created by the Company to recover any further amount due and the right to receive any such amount shall be extinguished.
- 9.3 At all times, and including in the event that the Issuer defaults under any payment obligation hereunder, the obligations of the Issuer vis-à-vis the Holders under these Terms and Conditions shall be limited to such amounts which the Issuer can pay from its rights in respect of the Securitised Assets only in accordance with Condition 9.
- 9.4 Each Holder will have a claim against the Issuer only to the extent set out in this Condition 9 and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Company's other assets, other compartments of the Company or the contributed share capital of the Company.
- 9.5 The Issuer shall incur no liability and be under no additional duty to any person solely as a result of any inability on its part to make payments or to perform other obligations hereunder, which inability results from the operation of the foregoing provisions of this Condition 9.
- 9.6 For so long the Notes are outstanding, save for lodging a claim in the liquidation of the Issuer initiated by another party, or taking proceedings to obtain a declaration or judgement as to the obligations of the Issuer, none of the Holders (nor any person acting on behalf of any of them) shall be entitled at any time to initiate against the Issuer, or join in any litigation against the Issuer of any insolvency proceeding under any applicable bankruptcy, reorganisation or similar law in connection with any obligations of the Issuer relating to the Notes.

10. COVENANTS OF THE ISSUER

10.1 Issuer's negative covenants

Subject to the provisions below and unless otherwise required by applicable laws or regulations, as long as any amount remains outstanding in respect of the Notes, the Issuer, save with the prior written consent of the Holders or as expressly provided in these Terms and Conditions, shall not (nor decide to or convene any shareholders' meeting to):

- (i) create or permit to subsist any security interest or encumbrance whatsoever over the Securitised Assets;
- (ii) dispose of any of its assets, unless in accordance with these Terms and Conditions;

- (iii) engage in any activity which is not incidental to or necessary in connection with any activities in which these Terms and Conditions provide or envisage that the Issuer will engage;
- (iv) at any time approve or agree or consent to any act or thing whatsoever in connection with, or with effect on the Notes, which is materially prejudicial to the interests of the Holders;
- (v) at any time approve or agree or consent to any amendment of its articles of association or the adoption of a resolution of shareholders, in each case which is materially prejudicial to the interests of the Holders; and
- (vi) issue securities (*valeurs mobilières*) to the public in a continuous manner in the sense of the Securitisation Law.

10.2 Issuer's positive covenants

Subject to the provisions below and unless otherwise required by applicable laws or regulations, as long as any amount remains outstanding in respect of the Notes, the Issuer shall:

- (i) at all times use its best endeavours to maintain its residence for tax purposes in the Grand Duchy of Luxembourg;
- (ii) at all times comply with and perform all its obligations under the Notes;
- (iii) acquire, hold and passively manage the Securitised Assets in accordance with the Securitisation Law;
- (iv) ensure that its "centre of main interests" (as that term is referred to in Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast)), its central administration (*administration centrale*) and its residence for tax purposes will remain at all times in the Grand Duchy of Luxembourg;
- (v) comply with the provisions of the Luxembourg law dated 31 May 1999 on the domiciliation of companies, as amended; and
- (vi) promptly notify the Holders upon becoming aware of an Event of Default.

11. ACKNOWLEDGEMENTS & SIGNIFICANT RISKS

Each Holder of Notes will be deemed to have understood and acknowledged the following risk factors relating specifically to the Notes and the rating of the Securitised Assets as foreseen in these Terms and Conditions:

11.1 General

This Notes are complex financial products. The investors assume an additional credit risk. Investors are advised to seek expert advice on the risks associated with the Notes before investing in the Notes. Given the complexity of the Terms and Conditions of the Notes an investment is suitable only for experienced investors who understand and are in a position to evaluate the risks associated with it.

11.2 Risks regarding the credit linkage to the Securitised Assets

The value of the Notes and their repayment depends, amongst other things, predominantly on the Securitised Assets and in particular the Loan Agreements. The creditworthiness of the relevant Securitised Assets depends on specific risks relating to the Borrower.

If circumstances arise or an event occurs which have/has a negative impact on the creditworthiness or credit rating of the Securitised Assets or the Borrower, the price of the Notes may be affected. As a result, Holders who sell the Notes at this time may sustain a significant loss of their capital invested.

No investigations, searches or other enquiries will be made and no express or implied representations or warranties will be given by the Issuer and its affiliates, any agent or any other third party on behalf of any of the persons named above in respect of the Securitised Assets.

11.3 Market Risks

The general market performance of securities is dependent, in particular, on the development of the capital markets, which for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk). Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the Securitised Assets and/or the Notes. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the Securitised Assets and/or their stock exchanges or markets taking place during the term or upon maturity of the Securitised Assets. Such occurrences can have an effect on the time of redemption and/or on the value of the Securitised Assets and/or the Notes.

11.4 Price Fluctuation Risk

During the lifetime of the Notes, the market value may fluctuate in line with market conditions and may fall below originally invested price levels. The performance of the Notes should be valued at Maturity Date.

11.5 Suitability

Prospective purchasers of the Notes must ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in the light of their own circumstances and financial condition.

Given the complexity of the Terms and Conditions of the Notes, an investment is suitable only for experienced investors who understand and are in a position to evaluate the risks associated with it.

11.6 Tax/Regulatory Impact

There may be a tax or regulatory impact on investing in the Notes. The Issuer and any placement agent do not provide any tax opinion. Any investor should seek advice and consult with its own advisors prior to investing in the Notes.

11.7 Additional Risk Factors

Prospective investors should ensure that they fully understand the nature of the Notes and the extent of their exposure to risks and they should consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.

The terms and conditions of the Notes may be subject to adjustments during the lifetime of the Notes for which the Holders will be informed in writing as set out in the Terms and Conditions.

The value of the Notes may not correlate with the value of the Securitised Assets.

Although the Issuer will apply for the Notes to be admitted to trading on a regulated market within the meaning of MiFID II, expected to be the professional segment of the regulated market of the Luxembourg Stock Exchange, there is no guarantee that the Notes will effectively be admitted to trading on such market, which may trigger an early redemption of the Notes in accordance with the Terms and Conditions of the Notes.

11.8 Credit Risk of Issuer

The Notes constitute unsubordinated obligation of the Issuer and rank *pari passu* with each and all other current and future unsubordinated obligations of the Issuer. The insolvency of the Issuer or the Borrower may lead to a substantial loss of the invested capital.

11.9 Illiquidity Risk of the Securitised Assets

The Securitised Assets might be or become illiquid over the life time of the Notes. Illiquidity of the Securitised Assets might lead to an extended time period for buying and/or selling the Securitised Assets respective to acquire, unwind or dispose of the asset(s) or to realise, recover or remit the proceeds of such asset(s).

12. PAYMENTS

12.1 Payments of amounts owing in respect of the Notes will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and/or Clearstream, which will distribute such payments to participants in accordance with their respective procedures, subject in all cases to any applicable fiscal or other laws and regulations in the jurisdictions of the Issuer and in any other applicable jurisdictions.

12.2 All payments due to be made by the Issuer under the Notes shall be made without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise howsoever) provided that if the Issuer is required by law to make any such deduction or withholding, it shall:

- (i) ensure that the deduction or withholding does not exceed the amount legally required;
- (ii) pay to the relevant taxation or other authorities, as appropriate, the amount of the deduction or withholding; and
- (iii) promptly send to the Paying Agent an official receipt from such authorities for the amount deducted or withheld if such is available, or otherwise any evidence of the relevant deduction or withholding.

12.3 If the due date for payments under the Notes is not a Business Day, a Holder shall not be entitled to receive a payment of the amount due until the next following Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

12.4 In case the Global Notes are exchanged into Definitive Notes, all amounts owing in respect of the Notes will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the relevant Holders which are registered in the Notes Register, each time subject in all cases to any applicable fiscal or other laws and regulations in the jurisdictions of the Issuer and in any other applicable jurisdictions.

13. TAXATION

13.1 Withholding Tax

13.1.1 General

All payments in respect of the Notes will be made by the Issuer without withholding or deduction for, or on account of, withholding tax in Luxembourg. However, the Issuer may be required by applicable law to deduct or to withhold taxes, duties or charges, such as, but not limited to a deduction or withholding from a payment under the Notes required by FATCA. In that event the Issuer shall deduct or withhold the respective taxes, duties or charges, and pay the amounts so

required to be withheld or deducted to the relevant authorities and the Holders of the Notes will not be entitled to any additional payment further to such withholding or deduction.

13.1.2 **Non-Resident Holders of Notes and Luxembourg withholding tax**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium, or interest made by the Luxembourg Issuer to non-resident Holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Holders of the Notes.

13.1.3 **Resident Holders of Notes and Luxembourg withholding tax**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Relibi Law**") mentioned below, there is no withholding tax on payments of principal, premium, or interest made by the Luxembourg Issuer to Luxembourg resident Holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Holders of Notes.

Under the Relibi Law and where the conditions provided by the latter are met, payments of interest or similar income made or ascribed by a paying agent to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

13.2 **Income deriving from the Notes**

Non-resident and resident Holders should seek advice as to the tax treatment applicable to the holding of the Notes and to the income deriving from the Notes in the jurisdiction of residence and/or of establishment. While such income would generally be subject to tax in the jurisdiction of residence and/or of establishment, the tax treatment will differ in each jurisdiction according to the tax status of the Holder. The holding of the Notes may be subject to net wealth tax in the jurisdiction of residence and/or of establishment.

14. **EVENTS OF DEFAULT**

14.1 An "**Event of Default**" shall occur in the following events:

- (i) a receiver, trustee in bankruptcy, director or other similar officer is appointed in relation to, the whole or a substantial part of the undertaking, assets and revenues of the Issuer; or
- (ii) an Insolvency Event occurs with respect to the Issuer or the Borrower; or
- (iii) the Issuer fails to make any payment within ten (10) Business Days of the due date; or
- (iv) the Issuer fails to perform or observe any of its other material obligations under the terms and conditions to which it is a party which failure is either (i) incapable of remedy or (ii) if such failure is capable of remedy, it continues unremedied for a period of thirty (30) Business Days following the delivery of a written notice thereof to the Issuer; or
- (v) the Borrower fails to make any payment under a Loan Agreement within twenty (20) Business Days; or
- (vi) the Issuer is materially restricted from performing any of its obligations under the Notes; or

- (vii) the Issuer disposes of part or all of the Securitised Assets, except in accordance with these Terms and Conditions.

14.2 Upon the occurrence of an Event of Default which is continuing, the Masse Meeting (or the Holder of the Notes in case of a sole holder of the Notes) may declare the outstanding Notes immediately due and payable by sending an Enforcement Notice to the Issuer and require the Issuer to dispose of the Securitised Assets, notably in view of complying with the obligations specified in Condition 8 (*Redemption*) and Condition 12 (*Payments*) of these Terms and Conditions.

15. MEETINGS OF HOLDERS, MODIFICATION AND WAIVER

15.1 Masse Meetings

If and as long as there shall only be one Holder of Notes, the following provisions of this Condition 15.1 shall not apply.

Holders of the Notes will belong to a masse (the “**Masse**”) created, among other things, for the representation of their common interests. The Security Agent will act as Representative for the Holders of the Notes in accordance with the Companies Law. Where one or more Representatives have been appointed, holders of the Notes may no longer individually exercise their rights against the Issuer. A Masse Meeting may be called at any time by the Representatives (if any), the managers of the Issuer or the Auditor.

The Representatives, provided an advance on expenses has been paid to them by the Issuer, or the managers of the Issuer or the Auditor, must convene the Masse Meeting if called upon to do so by holders of the Notes representing fifty per cent (50%) or more of the Notes outstanding.

All Masse Meetings shall be held at the place specified in the notice calling the meeting. All holders of the Notes have the right to attend and vote at the Masse Meeting either personally or by proxy. Any holders of the Notes who participates in a Masse Meeting by conference-call, videoconference or by any other means of communication which allow such holders of the Notes identification and which allow that all the persons taking part in the meeting hear one another on a continuous basis and may effectively participate in the meeting, is deemed to be present for the computation of quorum and majority.

The voting rights attached to the Notes are equal to the proportion of the aggregate amount of all the Notes represented by the amount of the Notes or Notes held by the relevant holders of the Notes. Each Note gives the right to at least one vote. A Masse Meeting may be called to approve certain changes in the rights of the relevant holders of the Notes and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the relevant holders of the Notes in accordance with the provisions of the law of 15 August 1915 on commercial companies, as amended (the “**Companies Law**”).

15.2 Minor Modifications and Corrections

The managers of the Issuer may agree, without the consent of the holders of the Notes, to any modification of the Notes, which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification, waiver or authorisation shall be binding on the holders of the Notes and shall be notified to the holders of the Notes.

16. NO SHAREHOLDERS RIGHTS

The Notes do not confer shareholders’ rights in the Issuer, and in particular, no right to attend, participate or vote in shareholders’ meetings, except if required under the Companies Law.

17. PRESCRIPTION

Claims against the Issuer in respect of the Notes (principal or interest) will be prescribed after five (5) years, unless legal action for payment is initiated prior to the expiry of such period.

18. NOTICES

Any notice, request, demand or other communication in connection with Notes shall be made in writing by registered mail with acknowledgement of receipt and delivered or addressed to the addressee at its address below:

If to the Issuer:

Address: Prudentia S.à r.l., acting in respect and for the account of its compartment AirBlu 4.50%
EUR 2029

10 Rue Mathias Hardt, 1717 Luxembourg

Grand Duchy of Luxembourg

Attention: Board of Managers

Email: info@prudentia.eu (daily business)

If to the Paying Agent:

Address: European Depositary Bank SA,

3, rue Gabriel Lippmann, L-5365 Munsbach

Grand Duchy of Luxembourg

Email: custody_securingisations@eudepobank.eu (daily business)

Fax number: +352 424561 413

If to Holders: Until the Admission Date, as per the address referred for each Holder in the Notes Register.

As from the Admission Date and for so long as all of the Notes are represented by the Global Note and such Global Note is held on behalf of the relevant Clearing Systems, notices to Holders may be given by delivery of the relevant notice to the relevant Clearing Systems for communication to the relative accountholders. The Issuer shall also ensure that notices are duly published in compliance with the requirements of the relevant authority of each stock exchange on which the Notes may be listed. Any such notice shall be deemed to have been given to the Holders on the following day after the day on which such notice is delivered to the relevant Clearing Systems.

As soon as the Global Note is exchanged to Definitive Notes, communication will be made directly to each Holder as specified in the Notes Register.

19. SEVERABILITY

19.1 The illegality, invalidity or unenforceability of any provision of these Terms and Conditions in any jurisdiction shall not affect the legality, validity or enforceability:

- (i) in that jurisdiction, of any other provision of these Terms and Conditions; or
- (ii) in any other jurisdiction, of that or any other provisions of these Terms and Conditions.

19.2 The illegal, invalid or unenforceable provision shall be replaced by a new provision reflecting the intention of the Issuer.

20. LAW AND JURISDICTION

20.1 The Notes are governed by and shall be construed in accordance with Luxembourg law.

20.2 Any dispute arising out of or in connection with the Notes and these Terms and Conditions, including a dispute regarding their existence, validity, interpretation, performance or termination, shall be subject to the exclusive jurisdiction of the District Court of the City of Luxembourg (*Tribunal d'arrondissement de et à Luxembourg*).

USE OF PROCEEDS

On 8 April 2022, the Issuer has issued Notes in the amount of EUR 35,000,000 and 100% of the proceeds of the Notes (i.e. EUR 35,000,000) have been disbursed by the Issuer to the Borrower under the Initial Loan Agreement dated 4 April 2022 on 8 April 2022. The proceeds of the Notes have not been used to pay any other costs or expenses of the Issuer.

Costs relating to the structuring, legal fees, listing fees and all set-up fees have been and will be borne by Alaric Securities OOD exclusively.

THE ISSUER

1. General

Prudentia S.à r.l. is a private limited liability company (*société à responsabilité limitée*) incorporated on 18 December 2019 under the laws of the Grand Duchy of Luxembourg having the status of an unregulated securitisation company (*société de titrisation*) subject to the Securitisation Law registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under registration number B240695, with its registered office at 10, Rue Mathias Hardt, L-1717 Luxembourg, Grand Duchy of Luxembourg and is acting on behalf and for the account of its compartment AirBlu 4.50% EUR 2029.

The legal entity identifier (LEI) of Prudentia S.à r.l. is: 529900LTGPPAJ00NMI20

Prudentia S.à r.l. has been established as a special purpose vehicle whose objects and purposes are primarily the issue of securities in accordance with the Securitisation Law.

Prudentia S.à r.l. is a securitisation company (*société de titrisation*) within the meaning of, and governed by, the Securitisation Law. Prudentia S.à r.l. is not regulated nor supervised by the CSSF.

The website of the Prudentia S.à r.l. is www.prudentia.eu and the telephone number is +352 621 638 078. No website referred to herein forms part of this Prospectus, unless that information is incorporated by reference into this Prospectus.

2. Corporate Object of Prudentia S.à r.l.

According to the articles of association of Prudentia S.à r.l., it may enter into any type of securitisation transactions within the meaning of the Securitisation Law and in particular it may acquire, originate (to the extent permitted) or assume, directly or indirectly or through another entity, risks relating to any kind of loans, non-performing loans, receivables, claims, notes, shares, partnership interests, government bonds, treasury bills, debt and equity securities, derivatives and any other kind of financial instruments, other similar instruments and real estate (the "**Underlying Assets**") and to directly or indirectly invest in, acquire, originate, hold and dispose of the Underlying Assets. In addition, Prudentia S.à r.l. may securitise indirectly the Underlying Assets through the acquisition and holding of interests, debt and/or equity securities and instruments issued by companies or entities holding the Underlying Assets.

3. Compartments

The Board may create one or more compartments within Prudentia S.à r.l. Each compartment shall, unless otherwise provided for in the resolution of the board creating such compartment, correspond to a distinct part of the assets and liabilities of Prudentia S.à r.l.. The resolution of the board creating one or more compartments, or amending the same, shall be binding as of the date of such resolutions against any third party.

As between shareholders, investors and creditors, each compartment of Prudentia S.à r.l. shall be treated as a separate entity. Rights of shareholders, investors and creditors of Prudentia S.à r.l. that (i) have, when coming into existence, been designated as relating to a compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a compartment are, except if otherwise provided for in the resolution of the board having created the relevant compartment, strictly limited to the assets of that compartment and the assets of that compartment shall be exclusively available to satisfy such shareholders, investors and creditors. Creditors, investors and shareholders of Prudentia S.à r.l. whose rights are not related to a specific compartment shall have no rights to the assets of any compartment.

Each compartment of Prudentia S.à r.l. may be separately liquidated without such liquidation resulting in the liquidation of another compartment or of the Company itself.

Compartment AirBlu 4.50% EUR 2029 was created by a resolution of the board of managers of the Company on 22 February 2022. Bank accounts of the Compartment AirBlu 4.50% EUR 2029 are held with European Depositary Bank S.A. in Luxembourg.

4. Business Activity

Prudentia S.à r.l. has previously entered into certain transactions prior to the Issue Date with respect to the securitisation transaction in relation to its other compartments.

In respect of the compartment AirBlu 4.50% EUR 2029, the Issuer's principal activities are the issue of the Notes, the granting of the Security Interests, the entering into the Loan Agreements and the entering into all other Transaction Documents to which it is a party and the exercise of related rights and powers and other activities reasonably incidental thereto. The Notes are structured as to give exposure to the Holders of the Notes on the Securitised Assets and in particular the Loan Agreements by offering (i) a fixed return through yearly interests, and (ii) a participating return by distribution of the Accrued Proceeds at redemption. Return on the Notes (Interest and Accrued Proceeds) will be largely dependent on the business activities of the Borrower and its ability to make payments under the Loan Agreements. Holders bear the credit risk of the Issuer, the Securitised Assets and the Borrower.

5. Corporate Administration and Management

The managers of the Prudentia S.à r.l. and their business addresses are:

| Name | Business Address |
|--------------------|----------------------------------------------------------------------|
| Bruncher Alexandre | 10 rue Mathias Hardt, L-1717 Luxembourg, Grand Duchy of Luxembourg |
| Nagy Peter | 5210 rue Mathias Hardt, L-1717 Luxembourg, Grand Duchy of Luxembourg |
| Rimpeff George | 52 Strandhza Street, 1303 Sofia, Bulgaria |

George Rimpeff is employed by Alaric Securities OOD as senior financial manager and is a board member for Alaric Capital AD, the Advisor.

Peter Nagy is head of legal, corporate and compliance services for Corpag, a domiciliary agent in Luxembourg and also exercises mandates at the board of other domiciled entities.

Alexandre Bruncher is head of finance services for Corpag, a domiciliary agent in Luxembourg and also exercises mandates at the board of other domiciled entities or not.

Each of the managers confirms that there is no conflict of interest between his duties as a manager of the Company and his principal other activities outside the Company, nor in connection with the Transaction.

6. Capital and Shares, Shareholders

The share capital is set at twelve thousand Euros (EUR 12,000.-), represented by twelve thousand (12,000) shares in registered form, having a nominal value of one Euro (EUR 1.-) each.

The shares are indivisible towards Prudentia S.à r.l. which recognises only one (1) owner per share. Joint share owners must appoint a sole person as their representative towards Prudentia S.à r.l. that has the right to suspend the exercise of all rights attached to a joint owned share, except for relevant information rights, until a sole person has been appointed as the owner of the share towards Prudentia S.à r.l.

The shareholder of Prudentia S.à r.l., who has an influence on Prudentia S.à r.l. and controls Prudentia S.à r.l., is Prudentia Stichting, a foundation established under the laws of The Netherlands having its registered office in Prinses Margrietplantsoen 88, WTC Tower E, 23th floor, 2595 BR, The Hague, The Netherlands, registered with the Chamber of Commerce in Amsterdam under number 76564061. There are no specific measures in place in respect of the control of Prudentia Stichting over Prudentia S.à r.l. other than deriving from the articles of association of Prudentia S.à r.l. and Luxembourg law applicable to Luxembourg companies generally.

7. Capitalisation

The capitalisation of Prudentia S.à r.l. as of the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date, is as follows:

Share Capital: EUR 12,000.- (authorised, issued and fully paid up).

8. Indebtedness

The Issuer has no material indebtedness, contingent liabilities and/or guarantees as of the date of the Prospectus, other than which the Issuer has incurred or will incur in relation to compartment AirBlu 4.50% EUR 2029 and the transactions contemplated in the Prospectus. For the avoidance of doubt, the Company has engaged in other securitisation transactions through other compartments.

9. Shareholder

Prudentia Stichting 12,000 shares

Total 12,000 shares

10. Subsidiaries and Affiliates

Prudentia S.à r.l. has no subsidiaries or Affiliates, except for Prudentia Stichting as its shareholder.

11. Main Process for Managers's Meetings and Decisions

Prudentia S.à r.l. is managed by a board of managers. Prudentia S.à r.l. shall be managed by one or more managers appointed by a resolution of the shareholders representing more than half of the Company's share capital which sets the term of their office. The managers, or class A managers and class B managers, as applicable, will be appointed based on a list of candidates proposed by Anton Panayotov. The managers need not be shareholders.

The managers may be removed at any time, with or without cause, by a resolution of the shareholders representing more than half of the Company's share capital.

The Board shall meet at the request of any manager, at the place indicated in the convening notice, which in principle shall be in Luxembourg. Written notice of any Board meeting shall be given to all managers at least twenty-four (24) hours in advance, except in the case of an emergency, in which case the nature and circumstances of such shall be set out in the notice. No notice is required if all members of the Board are present or represented and each of them states that they have full knowledge of the agenda for the meeting. A manager may also waive notice of a meeting, either before or after the meeting. Separate written notices are not required for meetings which are held at times and places indicated in a schedule previously adopted by the Board. A manager may grant to another manager a power of attorney in order to be represented at any Board meeting.

The Board may only validly deliberate and act if a majority of its members are present or represented, provided that if the shareholders have appointed one or several class A managers and one or several class B managers, at least one (1) class A manager and one (1) class B manager are present or represented. Board resolutions shall be validly adopted by a majority of the votes of the managers present or represented, provided that if the shareholders have appointed one or several class A managers and one or several class B managers, at least one (1) class A manager and one (1) class B manager votes in favour of the resolution. Board resolutions shall be recorded in minutes signed by the chairperson of the meeting or, if no chairperson has been appointed, by all the managers present or represented. Any manager may participate in any meeting of the Board by telephone or video conference, or by any other means of communication which allows all those taking part in the meeting to identify, hear and speak to each other. Participation by such means is deemed equivalent to participation in person at a duly convened and held meeting. Circular resolutions signed by all the managers (Managers' Circular Resolutions) shall be valid and binding as if passed at a duly convened and held Board meeting and shall bear the date of the last signature.

12. Auditors of Prudentia S.à r.l.

The company that has performed audit of the financial statements of Prudentia S.à r.l. since its inception is Deloitte Audit, Société à responsabilité limitée located at 20 Boulevard de Kockelscheuer, L-1821 Luxembourg. Deloitte Audit is an approved statutory auditor (*Cabinet de révision*) and a member of the *Institut des Réviseurs d'Entreprises* of Luxembourg.

13. Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position, and Profit and Losses

Audited financial statements will be published by Prudentia S.à r.l. on an annual basis.

The audited financial statements for the periods from 18 December 2019 to 31 December 2020 and from 1 January 2021 to 31 December 2021 are incorporated by reference in this Prospectus (see "INFORMATION INCORPORATED BY REFERENCE"). Copies of these audited financial statements are available as set out in "GENERAL INFORMATION — Availability of Documents". The financial statements for the periods from 18 December 2019 to 31 December 2020 and from 1 January 2021 to 31 December 2021 have been audited by the Auditors in accordance with Luxembourg laws and regulations and the historical financial information included therein give a true and fair view of the financial position of Prudentia S.à r.l. in accordance with the auditing standards applicable in Luxembourg.

14. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

THE BORROWER

The Borrower or Leasing Finance EAD, was registered in accordance with the commercial legislation of the Republic of Bulgaria on 27 December 2004, with a Bulgarian Identification Company Number 131352367. The Borrower is a leasing company active in the financial markets of Bulgaria. Leasing Finance EAD is a member of the Bulgarian Association for Leasing (BAL).

1. General and corporate object

Leasing Finance EAD is private company, single member joint stock company. Its registered office is at 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria. Leasing Finance EAD is a leasing company established in 2005. As a member of the Bulgarian Association for Leasing (BAL), Leasing Finance has actively participated in the development of the leasing business climate in the country. Leasing Finance EAD offers the following leasing services:

- *Cars, vans, trucks, passenger and specialized cars and vehicles;*
- *Production lines, machines, facilities and equipment of the food, packaging, bottling, printing, wood and metalworking and other industries;*
- *Leasing of aircrafts. The company could offer dry lease of passengers and cargo aircrafts.*

The LEI for the Leasing Finance EAD is 894500YLYB09O4O39R85.

The website of Leasing Finance EAD is www.leasingfinance.bg and the telephone number is +359 24510170. No website referred to herein forms part of this Prospectus, unless that information is incorporated by reference into this Prospectus.

2. Business Activity

Leasing Finance EAD's primary business activity is to provide financial leasing to physical persons and legal entities. The company provides financial leasing of vehicles, machinery and equipment, aircrafts.

Leasing Finance EAD is not party to any material contracts not entered into in the ordinary course of its business, which could be expected to result in Leasing Finance EAD being under an obligation or an entitlement that is material to its ability to meet its obligations under the Initial Loan Agreement Agreement.

Leasing Finance EAD operates under Bulgarian law.

Leasing Finance EAD is registered as a financial institution in Bulgaria as per Article 3a of the Bulgarian Credit Institutions Act dated 21 July 2006, as amended from time to time, and was entered in the Bulgarian National Bank register for financial institutions with registration number BGR00181.

3. Corporate Administration and Management

Members of the Board of Directors are:

| Name | Function | Business Address |
|---------------------------|------------------------------------|------------------------------------------------------------|
| Marin Ivanov Stoev | Executive Director | 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria |
| Zdravko Atanasov Stoev | Chairman of the Board of Directors | 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria |
| Romil Svetozarov Zlatanov | Member of the Board of Directors | 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria |

Marin Ivanov Stoev has management functions in the following companies:

- Executive Director of ZENITH INVESTMENT HOLDING AD, holding Bulgarian company registration number 121779787 - public company;

- Executive Director of WEB MEDIA GRUP AD, holding Bulgarian company registration number 131387286 - public company;
- Executive Director of TK - HOLD AD, holding Bulgarian company registration number 121657705- public company.

Zdravko Atanasov Stoev has management functions in the following companies:

- Member of the Board of Directors of Finance Assistance Management SIPC, holding Bulgarian company registration number 205350597- public company;
- Executive Director of PARK ADSITS, holding Bulgarian company registration number 131401280 - public company;
- Chairman of the Board of Directors of ZENITH INVESTMENT HOLDING AD, holding Bulgarian company registration number 121779787 - public company;
- Chairman of the Board of Directors of FINANCE SECURITY GROUPE AD, holding Bulgarian company registration number 202191129 - public company;
- Chairman of the Board of Directors of WEB MEDIA GRUP AD, holding Bulgarian company registration number 131387286 - public company.

Each of the directors confirms that there is no conflict of interest between his duties as a director of Leasing Finance EAD and his principal other activities outside Leasing Finance EAD, nor in connection with the Transaction.

4. Capital and Shares, Shareholders

The share capital amount of the Borrower is BGN 39,577,452. The shares issued are in registered form, and an aggregate number of 425,564 shares have been issued with a nominal value BGN 93 per share. Legal entities through which Leasing Finance EAD is controlled directly: Finance Info Assistance EOOD, with principal place of business: 8 Vrabcha Street, Oborishte Area, Sofia, Bulgaria; incorporated in the Republic of Bulgaria.

Leasing Finance EAD is independent from the Issuer and the other Transaction Parties.

There are no arrangements, known to Leasing Finance EAD, the operation of which may at a subsequent date result in a change in control of Leasing Finance EAD.

5. Shareholder

Finance Info Assistance EOOD owns 100 % of the share capital in the Borrower.

6. Subsidiaries

The Borrower owns 100 % of the capital in the following entities (collectively, the “**Leasing Finance Group**”):

- a) **M RENT EAD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 131455456, having its seat and address of management in 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria. The main activity of the company is connected with investments in operational leasing of legal entities.
- b) **Hems Air EOOD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 130690145, having its seat and address of management in 1 Papa Yoan Pavel Vtori Str. Lozenets Distr. Sofia, 1164, Bulgaria. The main activity of the company is the provision of aviation services to governmental and non-governmental organisations and individuals, maintenance of aviation equipment, training of aviation personnel and transport services.
- c) **NEW WEB MARKET EAD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 201507193, having its seat and address

of management in 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria. The main activity of the company is marketing and promotional activities.

- d) **LF IMOTI EOOD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 206694850, having its seat and address of management in 53 Cherni Vrah blvd. Lozenets Distr. Sofia, 1407, Bulgaria. The main activity of the company is purchase and sale of real estate, development (design, construction), management and rental of real estate.
- e) **KETI TRAVEL EOOD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 175106424, having its seat and address of management in Sofia Airport, 1 Brussels Blvd., Rayon Slatina, Sofia 1540, Bulgaria. The main activity of the company is intermediation in the purchase of plane tickets, tourist reservations, tourist services, hotel reservations.
- f) **AIRCRAFT LEASE EOOD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 130969771, having its seat and address of management in Sofia Airport, 1 Brussels Blvd., Rayon Slatina, Sofia 1540, Bulgaria. The main activity of the company is air transport, operation of own and leased aircraft (planes and helicopters) transport of passengers and cargo, repair and servicing of aircraft, trade in aircraft, aviation spare parts.
- g) **FLY LEASE EOOD**, duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 206173720, having its seat and address of management in Sofia Airport, 1 Brussels Blvd., Rayon Slatina, Sofia 1540, Bulgaria.
- h) **M INS EOOD Skopje**, duly organized and existing under the laws of the Republic of North Macedonia, registered under UIC 4057017536024. The main activity of the company is granting leasing of motor vehicles.
- i) Leasing Finance EAD owns 95 % of the capital of **Aeronautical Training Academy AD** - duly organized and existing under the laws of Bulgaria, registered in the Trade Register of the Registry Agency under UIC 206543624, having its seat and address of management in Sofia Airport, 1 Brussels Blvd., Rayon Slatina, Sofia 1540, Bulgaria. The main activity of the company is theoretical and practical training, retraining, maintenance and restoration of qualification of aviation specialists, operations center, aviation security specialists, aviation auditors.

7. Main Process for Managers' Meetings and Decisions

The Board of Directors meets at least once a month to discuss the state and development of the Borrower. The Board of Directors may be convened by the Executive Directors or any of its members. The board of directors makes a decision if at least half of its members are present in person or represented by another member of the board. Each member can represent only one of the absent members. Decisions are made by a simple majority of those present. In case of parity of votes, the vote of the Chairman of the Council is decisive. The Board of Directors may make decisions in absentia if all members have expressed their consent to the decision in writing. The minutes of the meetings of the board of directors are signed by all members present and arranged in a minutes register /book/. Dissenting opinions are in writing and are attached to the minutes.

8. Auditors of the Borrower

Crowe Bulgaria Audit EOOD, Audit Company, with address at 55 6-ti septemvri Blvd., Sredets Area, 1142 Sofia, Bulgaria. Crowe Bulgaria Audit EOOD is a member of the Institute of Certified Public Accountants of the Republic of Bulgaria.

9. Financial Information Concerning the Borrower's Assets and Liabilities, Financial Position, and Profit and Losses (all expressed in IFRS)

The audited financial statements for the periods from 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021 (translated in English from the originals in Bulgarian) are incorporated by reference in this Prospectus (see "INFORMATION INCORPORATED BY REFERENCE"). Copies of these audited financial statements are available as set out in "GENERAL INFORMATION — Availability of Documents".

The historical financial information included therein are expressed in IFRS endorsed by the European Union. The historical financial information included therein present fairly, in all of its material respects, the financial status of Leasing Finance EAD in accordance with Bulgarian rules and regulations.

There has been no material adverse change in the prospects of the Borrower and the Leasing Finance Group, nor any significant change in the financial performance and position of the Leasing Finance Group, since the date of the last published audited financial statements on 31 December 2021.

There has been no material change in the financial position of the Borrower and the Leasing Finance Group since the date of the last published audited financial statements on 31 December 2021, except as a result of the loan granted to the Borrower under the Initial Loan Agreement in section "MATERIAL TERMS OF THE INITIAL LOAN AGREEMENT AND RECEIVABLES PLEDGE AGREEMENT" at page 35 of this Prospectus, and the correlated acquisition by the Borrower of the Aircraft and Engines as described in section "DESCRIPTION OF THE AIRCRAFT AND THE ENGINES" at page 33 of this Prospectus.

10. Legal and Arbitration Proceedings

Leasing Finance EAD initiates legal proceedings against lessees in order to protect the interests of the company. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Borrower.

DESCRIPTION OF THE OTHER TRANSACTION PARTIES AND AGREEMENTS

1. Corporate Services Provider

Corpog was established in 1972 and at the moment it is a global corporate services provider with 25 offices worldwide.

The organization's European head office is in Zuidplein 116. WTC Tower H, 14th floor, 1077XV Amsterdam, the Netherlands. The official website is: www.corpag.com and phone: +31 20 333 8320.

For decades Corpog provides corporate services to high-net-worth individuals and family offices, multinational corporations, financial institutions and fund managers, intending to build long-term relationships. The organization helps their clients set up, administer, manage, and grow their business by letting them do what they do best: focus on their core business.

Corpog provides corporate services and administrative support to the Company through its Luxembourg office located at 10, rue Mathias Hardt, L-1717 Luxembourg.

The Corporate Services Provider is independent from the Issuer and the other Transaction Parties and does not own or control directly or indirectly any entities participating in the issue of Notes.

The corporate services agreement between the Company and Corpog sets out the various services and administrative support offered by Corpog to the Company, in accordance with rules and regulations applicable to the domiciliation of companies in Luxembourg and based on the needs of the Company from time to time. The corporate services agreement can be terminated by either party on 1 April of each year, or within a 30 days written notice or with immediate effect in case of severe negligence by either party.

The Corporate Services Agreement

Services under the Corporate Services Agreement

Pursuant to the Corporate Services Agreement entered into between the Prudentia S.à r.l. and the Corporate Services Provider, the Corporate Services Provider provides Prudentia S.à r.l. with, among others, the followings services against payment of a fee: (i) providing a registered office address; (ii) providing corporate administration services, including necessary filing with the trade register of the Chamber of Commerce, assisting in handling of bank account(s), arrangements and execution of bank payments, arranging for the meetings of the general assembly of the Shareholder and the board of managers, preparing minutes of meetings and resolutions, maintaining the corporate and statutory records; (iii) secretarial services; (iv) providing managers; (v) preparation of bookkeeping; and (vi) tax compliance services (the "**Corporate Services Agreement**").

Fees, Costs and Expenses

In consideration of the provision of the services to be performed under the Corporate Services Agreement, the Corporate Services Agreement shall be entitled to a remuneration up to EUR 6,000 excluding VAT on an annual basis, as may be amended from time to time.

Termination

The parties entered into the Corporate Services Agreement for a period of one year effective from 1 April 2020, after this period, the agreement will each year automatically be renewed for an additional term of one year. The Corporate Services Provider may terminate the Corporate Services Agreement on each calendar month by giving a 30 days prior notice. Prudentia S.à r.l. may terminate the Corporate Services Agreement upon 30 calendar days' prior written notice to the Corporate Services Provider. Both parties may terminate the agreement with immediate effect in case of severe negligence.

This description of the Corporate Services Provider and the Corporate Services Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the corporate services agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of the Corporate Services Provider since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding the Corporate Services Provider has been provided by the Corporate Services Provider, and the Corporate Services Provider is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Corporate Services Provider, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from the Corporate Services Provider, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

2. Security Agent

Capman AD, appointed as a security agent to hold the Security Interests in favour of the Holders of the Notes in accordance with the relevant security documents. Capman AD is a joint stock company registered in Bulgaria with a decision from the SCC (Sofia City Court) in a company case № 15165/1996. The company has received a permit № 130-IP from 12.11.1997 by the FSC (Financial Supervision Commission) for carrying out activity as an investment intermediary. Capman AD is a re-registered company, according to the Commercial Register Act, by the Registry Agency in Bulgaria.

The headquarter and the address of management of Capman AD is Republic of Bulgaria, Sofia, municipality Triaditsa, 8 Tri Ushi Str., 6th floor, phone: (02) 4030300. The official registered website is: www.capman.bg, e-mail: mail@capman.bg Capman AD is a company with over 20 years of history, fully licensed by the Bulgarian Financial Supervision Commission in order to operate as an investment intermediary in Bulgaria.

The Security Agent is independent from the Issuer and the other Transaction Parties and does not own or control directly or indirectly any entities participating in the issue of Notes.

The Security Agent Agreement

Services under the Security Agent Agreement

Pursuant to the Security Agent Agreement entered into between the Issuer and the Security Agent, the Security Agent undertakes to protect the common interests of the Noteholder during the duration of the Loan and, among others, against payment of a fee to: (i) analyse the Issuer's financial statements; (ii) comply with the disclosure requirements of the regulated securities market where the Notes may be registered; (iii) regularly check the availability and condition of the pledge; (iv) reply to the Noteholders' request regarding the issue of notes; (v) if relevant, take the necessary steps to protect the common interests of Noteholders in case of failure by the Issuer; and (vi) keep record of all resolutions of the General Meetings of Noteholders (the "**Security Agent Agreement**").

Fees, Costs and Expenses

In consideration of the provision of the services to be performed under the Security Agent Agreement, the Security Agent shall be entitled to receive a remuneration of BGN 3,000 excluding VAT on an annual basis, as amended from time to time.

Termination

The Security Agent Agreement shall terminate automatically on the date on which the Issuer's obligations towards the Noteholders and the Security Agent are fully and definitively extinguished. The Security Agent and the Issuer may terminate the Security Agent Agreement by a 3 months' prior written notice to the other party. In the event of the Issuer's unilateral termination of the contract, the latter shall be liable to pay to the Security Agent the sums referred to in the precedent paragraph for the relevant year in which the 3 months prior notice expires, unless otherwise agreed between the parties. In case of termination of the Security Agent Agreement, the Security Agent and the Issuer may take necessary steps to deregister the Pledges only after a pledge has been duly established in favor of the new security agent, if applicable.

This description of the Security Agent and the Security Agent Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Security Agent Agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of the Security Agent since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding the Security Agent has been provided by the Security Agent, and the Security Agent is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Security Agent, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from the Security Agent, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

3. Paying Agent

European Depositary Bank S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and existing as a credit institution within the meaning of the law of 5 April 1993 on the financial sector, as amended, having its registered office at 3, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B10700.

European Depositary Bank SA is provider of banking, depositary and custody services in Europe, headquartered in Luxembourg and branches in Ireland, the United Kingdom and Malta.

The Paying Agent is independent from the Issuer and the other Transaction Parties and does not own or control directly or indirectly any entities participating in the issue of Notes.

The Paying and Transfer Agent Agreement

Services under the Paying and Transfer Agent Agreement

Pursuant to the Paying and Transfer Agent Agreement entered into between the Issuer and the Paying Agent, the Paying Agent undertakes to provide to the Issuer with paying and transfer agency services against payment of a fee, and namely to: (i) open one or more accounts to serve as payment transaction account and securities settlement account for the Issuer; (ii) make all relevant payments and any and all amounts payable under the Notes to the Noteholders in respect of the Notes; (iii) when relevant, cancel the relevant Global Note and, unless otherwise instructed by the Issuer, procuring that the relevant Global Note be destroyed and certifying such destruction to the Issuer; (iv) procure that the relevant Global Note be endorsed by or on behalf of the Paying Agent to reflect the decrease of the number of Notes represented thereby; (v) deliver the Notes in the form of a Global Note via Clearstream Luxembourg (or similar); (vi) make all relevant payments under the Notes to the Noteholders in respect of the Notes and (vii) provide the Issuer with periodic statements for the account (the "**Paying and Transfer Agent Agreement**").

Fees, Costs and Expenses

In consideration of the provision of the services to be performed under the Paying and Transfer Agent Agreement, the Paying Agent shall be entitled to a remuneration of EUR 8,250 excluding VAT as initial set up fee and EUR 3,500 excluding VAT on an annual basis as maintenance fee, as amended from time to time.

Termination

The Paying Agent may resign its appointment as a Paying Agent of the Issuer hereunder upon the expiration of not less than 90 days' notice to that effect by the Paying Agent to the Issuer provided; such resignation shall not be effective until a successor thereto has been appointed by the Issuer as

its Paying Agent and notice of such appointment has been given in accordance with the Paying and Transfer Agent Agreement.

The Issuer may revoke its appointment of the Paying Agent as its Paying Agent hereunder by not less than 90 days' notice to that effect to the Paying Agent provided that it has appointed as its successor and assign a new Paying Agent being an Eligible Institution.

In addition, the appointment of the Paying Agent shall terminate forthwith if (i) the Paying Agent becomes incapable of acting; (ii) the Paying Agent loses its banking licences or its status as a credit institution in Grand Duchy of Luxembourg (iii) a secured creditor of the Paying Agent takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Paying Agent; (iv) the Paying Agent admits in writing its insolvency or inability to pay its debts as they fall due; (v) an administrator or liquidator of the Paying Agent or the whole or any part of the undertaking, assets and revenues of the Paying Agent is appointed (or application for any such appointment is made); (vi) the Paying Agent takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness; (vii) an order is made or an effective resolution is passed for the winding-up of the Paying Agent; or (viii) any event occurs which has an analogous effect to any of the foregoing.

This description of the Paying Agent and the Paying and Transfer Agent Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Paying and Transfer Agent Agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of the Paying Agent since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding the Paying Agent has been provided by the Paying Agent, and the Paying Agent is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Paying Agent, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from the Paying Agent, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

4. Calculation Agent

Alaric Securities OOD., has been appointed as calculation agent in accordance with the Brokerage Services Contract. Alaric Securities OOD is a Bulgarian limited liability company established on 24.02.2011 under the laws of the Republic of Bulgaria with an UIC number: 201482151, with registered office and address of management: 7 Ekzarh Yosif Str, Vazrazhdane district, Sofia, Bulgaria.

Alaric Securities OOD. is licensed to operate as an investment intermediary by Decision №145 - SP / 24.02.2011 and Decision № 577-IP of 22.07.2013 of the Financial Supervision Commission and is entered in the register of the FSC under registration № RG-03-236-1. The company provides services as an investment firm on the territory of Republic of Bulgaria and the European Union.

Brokerage Services Agreement (including calculation agent services)

Services under the Brokerage Services Agreement including calculation agent services

Pursuant to the Brokerage Services Agreement, Alaric Securities OOD undertakes to provide the Issuer with the following brokerage services (i) reception, transmission and execution of orders for transactions in financial instruments, (ii) safekeeping and administration of financial instruments for the account of the Issuer, including custodianship and related services such as cash and collateral management, as well as ancillary services upon demand, and (iii) provide valuation of the Issuer assets as well as to calculate net asset value of financial instruments issued by Issuer using methods and frequency specified by the Issuer (the "**Brokerage Services Agreement**").

Fees, costs & expenses

In consideration of the services provided under the Brokerage Services Contract, the Issuer shall remunerate Alaric Securities OOD pursuant to Alaric Securities OOD's standard published tariffs unless otherwise agreed by both parties.

In consideration of the provision of the services to be performed as Calculation Agent, the Calculating Agent shall be entitled to a remuneration of EUR 500 excluding VAT on an annual basis, as amended from time to time.

Termination

The Brokerage Services Contract is dated 14 January 2021 and shall remain in force for 1 year and shall automatically renew for additional 1-year periods unless either party provides a 2 weeks' prior notice of intent to non-renew. Additionally, either party may unilaterally terminate at any time with one-month written notice.

The Calculation Agent is independent from the Issuer and the other Transaction Parties, except the Placing Agent and the Advisor, Alaric Capital AD. Otherwise, the Calculation Agent does not own or control directly or indirectly any entities participating in the issue of Notes.

This description of the Calculation Agent and the Brokerage Services Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Brokerage Services Agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of the Calculation Agent since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding the Calculation Agent has been provided by the Calculation Agent, and the Calculation Agent is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Calculation Agent, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from the Calculation Agent, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

5. Placing Agent

Alaric Securities OOD., has been appointed as placing agent. There is no placing agent agreement directly between the Placing Agent and the Issuer or between the Placing Agent and the Borrower. Alaric Securities OOD is a Bulgarian limited liability company established on 24.02.2011 under the laws of the Republic of Bulgaria with an UIC number: 201482151, with registered office and address of management: 7 Ekzarh Yosif Str, Vazrazhdane district, Sofia, Bulgaria.

Alaric Securities OOD. is licensed to operate as an investment intermediary by Decision №145 - SP / 24.02.2011 and Decision № 577-IP of 22.07.2013 of the Financial Supervision Commission and is entered in the register of the FSC under registration № RG-03-236-1. The company provides services as an investment firm on the territory of Republic of Bulgaria and the European Union.

The Placing Agent is independent from the Issuer and the other Transaction Parties, except the Calculation agent and the Advisor, Alaric Capital AD. The Placing Agent is controlled by Alaric Capital AD. Otherwise, the Placing Agent does not own or control directly or indirectly any entities participating in the issue of Notes.

6. Advisor

Alaric Capital AD, has been appointed as advisor agent to the Issuer in relation to the transaction. Alaric Capital AD is an investment management company licensed by the Financial Supervision Commission (FSC) of the Republic of Bulgaria (License Number 18-УД/ 27.04.2006). The company is registered in the

Bulgarian National register (UIC) with number 175092191 with a registered office and address of management at 52 Strandzha Street, Sofia 1303, Bulgaria. Alaric Capital AD offers a full range of investment products and services including but not limited to collective investment schemes (UCITS), administration of units, legal services and accounting services in connection with asset management, asset valuation and calculation of the price of units.

Alaric Capital AD was founded in 2006.

Investment Advice Agreement

Services under the Investment Advice Agreement

Pursuant to the Investment Advice Agreement between Alaric Capital AD, a Bulgarian-licensed management firm and the Issuer, Alaric Capital AD undertakes to provide Issuer with investment advice in respect with the selection of underlying financial instruments to be included in certain issuances by Issuer. Upon Issuer request, Alaric Capital AD shall also provide guidance and calculations regarding the structuring and acquiring of the underlying portfolio of financial instruments subject to securitization by the Issuer (the "**Investment Advice Agreement**").

Fees, costs & expenses

In consideration of the services provided under the Investment Advice Agreement, Alaric Capital AD shall receive remuneration from Issuer in respect of each portfolio structured in a fractional amount in basis points of the aggregate principal amount of securities issued by the Issuer or its compartment per annum, as set out in a separate schedule thereto, in each case payable within 10 (ten) business days after each issuance and within 10 business days after the beginning of each consecutive calendar year thereafter. Such remuneration shall amount to a maximum of EUR 8,750 excluding VAT on an annual basis, as amended from time to time.

Termination

The Investment Advice Agreement is dated 14 January 2021 and shall remain force for 5 years, automatically renewing for additional 1-year periods unless either party provides 2 weeks' notice of intent to non-renew. The Investment Advice Agreement shall terminate automatically upon the expiry of the Agreement and full payment of all amounts due to Alaric Capital AD, and may also be terminated at any time by either party by providing two weeks written notice, or at any time effective immediately upon written consent of both parties.

The Advisor is independent from the Issuer and the other Transaction Parties, except the Calculation Agent and the Placing Agent. Otherwise, the Advisor does not own or control directly or indirectly any entities participating in the issue of Notes.

This description of the Advisor and the Investment Advice Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Investment Advice Agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of the Advisor since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding the Advisor has been provided by the Advisor, and the Advisor is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Advisor, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from the Advisor, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

7. Bulgaria Air

Bulgaria Air AD is a Bulgarian airline headquartered in Sofia, 1 Brussels Blvd, BG-1540. Bulgaria Air was established in 2002 and is the national flag carrier of Bulgaria. The airline operates short and medium haul aircraft to destinations in Europe and the Middle East. It operates a fleet of over ten aircraft.

The website for Bulgaria Air is www.air.bg

Bulgaria Air operates the Aircraft and the Engines leased from the Borrower in accordance with the terms of the Lease Agreement.

Bulgaria Air is independent from the Issuer and the other Transaction Parties and does not own or control directly or indirectly any entities participating in the issue of Notes.

The Lease Agreement

On 15 September 2022, Bulgaria Air as lessee and the Borrower as lessor entered into a lease agreement in relation to the Aircraft and the Engines (the "**Lease Agreement**").

The Aircraft was delivered from the Borrower to Bulgaria Air on 15 September 2022. The term of leasing of the Aircraft will commence on the delivery date and continue for a lease term of 7 years (84 months).

Bulgaria Air will under the Lease Agreement pay the Borrower a security deposit of EUR 825,000 for the lease of the Aircraft.

The security deposit will serve as security for the performance by Bulgaria Air of its obligations under the Lease Agreement and any other relevant obligation and may be applied by the Borrower upon the occurrence of a default by Bulgaria Air under the Lease Agreement.

During the lease term, Bulgaria Air shall pay to the Borrower monthly in advance on each rent payment date the sum of the following amounts as rent for the Aircraft: EUR 275,000.

Throughout the lease term and until the return, Bulgaria Air will bear all risk of loss, theft, damage and destruction to the Aircraft.

On the date on which the term of the Lease Agreement expires (84 months after the day on which it is signed), Bulgaria Air shall, at its cost and expense, return the Aircraft, Engines, parts and Aircraft documentation to the Borrower in the condition required by the Lease Agreement.

The Lease Agreement is governed by Bulgarian law. The relevant Bulgarian court is competent to resolve disputes connected with or arising from the Lease Agreement.

This description Bulgaria Air and the Lease Agreement does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Lease Agreement and the other Transaction Documents.

The delivery of this Prospectus does not imply that there has been no change in the affairs of Bulgaria Air since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The foregoing information regarding Bulgaria Air has been provided by Bulgaria Air, and Bulgaria Air is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from Bulgaria Air, (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from Bulgaria Air, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof.

TAXATION

The tax legislation applicable to the Holders and of the country of incorporation of the Issuer may have an impact on the income received from the Notes.

The following is a general description of certain Luxembourg and Bulgarian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in these countries or elsewhere. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. It is not intended to be, nor should it be construed to be, legal or tax advice.

Prospective investors should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of these countries.

Taxation in the Grand Duchy of Luxembourg

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Taxation of the Issuer

Registration Duty

A fixed duty of EUR 75 should be due upon incorporation and on any future capital increases of the Issuer.

Corporate Income Tax and Municipal Business Tax

The Issuer, incorporated as a corporate entity, should be subject to Luxembourg corporate income tax and municipal business tax. The aggregate corporate income tax and municipal business tax rate is 24.94 per cent. (incl. solidarity surcharge) for 2022 for a company established in the city of Luxembourg.

The Issuer is in principle taxable on its worldwide profits. The Issuer is a fully taxable Luxembourg resident and should therefore, from a Luxembourg tax perspective, be able to benefit from tax treaties and also be covered by the EC Parent and Subsidiary Directive (90/435/EC), EC Merger Directive (90/434/EEC) and EC Interest and Royalty Directive (2003/49/EC) as it is not tax-exempt and does not have an option to be tax-exempt. The exact application of the tax treaties and the Directives needs to be checked on a case by case basis.

The taxable income of the Issuer should be computed by application of the Luxembourg income tax law of 4 December 1967, as amended. According to the Securitisation Law, the commitments of the Issuer towards its shareholder(s), the Holders and other creditors should qualify as tax deductible expense. Accordingly, these commitments shall be considered as operating expenses for corporate income tax and municipal business tax purposes.

The implementation of the ATAD 1 Law in Luxembourg and the implementation of the ATAD 2 Law might potentially impact the Luxembourg tax treatment applicable to certain securitisation structures. Among other measures, ATAD 1 contains an interest limitation rule disallowing borrowing costs in excess of the higher of (a) EUR 3,000,000 or (b) 30 per cent. of an entity's earnings before interest, tax, depreciation and amortisation (EBITDA). The disallowance applies in respect of the amount by which the borrowing costs exceed interest revenues and other equivalent taxable revenues. The interest limitation rule applies to financial years having started on or after 1 January 2019 and applies to securitisations issuance which occurred on or after this date. The carve-out of securitisation companies in the meaning of article 2(2) of the Securitisation Regulation from the scope of the interest limitation rules is expected to terminate with effect as of 1 January 2013.

Since 1 March 2021, interest paid to associated corporations established in non-cooperative jurisdictions in the context of non-genuine transactions are disallowed for corporate income tax and municipal business tax purposes. Since 24 February 2022, the EU list of non-cooperative jurisdictions for tax purposes, as

adopted by the European Council and updated every six months, is composed of: American Samoa, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, U.S. Virgin Islands and Vanuatu.

Net Wealth Tax

As a securitisation company within the meaning of the Securitisation Law, the Issuer should be exempt from the annual net wealth tax. Notwithstanding this exemption, the Issuer should be subject to the minimum net wealth tax of either (i) EUR 4,815 or (ii) ranging from EUR 535 to EUR 32,100, depending on the composition and the total amount of its balance sheet at financial year end preceding the net wealth tax reference date.

VAT

As a securitisation company, the Issuer should qualify as a VAT taxable person in Luxembourg.

Under Luxembourg VAT law, fees for management services rendered to Luxembourg securitisation companies should be exempt from Luxembourg VAT. Luxembourg VAT should be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg VAT purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

Access to Tax Treaties and Directives

Because securitisation companies are fully taxable resident companies, they are expected to benefit from Luxembourg's tax treaty network and from the Parent and Subsidiary Directive (90/435/EC), the Merger Directive (90/434/EEC) and the Interest and Royalty Directive (2003/49/EC). The exact application needs to be checked on a case by case basis.

Taxation of the Holders

Withholding Tax

Under the current laws of Luxembourg and except as provided for by the Luxembourg law of 23 December 2005 implementing a withholding tax on savings, there is no withholding tax on the payment of interest on, reimbursement or redemption of principal of, the Notes.

According to the law of 23 December 2005, a withholding tax of 20 per cent. must be withheld on interest on the Notes paid or secured by a paying agent located in Luxembourg for the benefit of Luxembourg beneficial owners (*bénéficiaires effectifs*) who are individuals resident in Luxembourg.

This withholding tax represents a final tax liability for Luxembourg resident individual taxpayers if they act in the course of the management of their private wealth.

Luxembourg resident individual Holders deriving income from the Notes held as business assets must report their interest income in their taxable base. The 20 per cent. Luxembourg withholding tax levied is credited against their final tax liability. They will not be liable to any Luxembourg tax on the repayment or the redemption of the principal of the Notes.

Taxes on Income, Capital Gains and Wealth

Non-Residents

A non-resident Holder should not be subject to any Luxembourg taxes on income or capital gains in respect of any benefit derived or deemed to be derived from the Notes, including any payment of principal or interest (including accrued but unpaid interest) under the Notes and any gain realised on the redemption, sale or disposal of the Notes, provided that the Notes are not effectively connected to a permanent establishment or a permanent representative in Luxembourg through which the Holder carries on a business or trade in Luxembourg and all payments are at arm's length. Such non-resident Holders should not be subject to any Luxembourg net wealth tax with regard to the Notes either.

Luxembourg Resident Individuals

Interest received by a Luxembourg resident individual is, in principle, reportable and taxable at the progressive rate unless the interest has been subject to withholding tax (see above under "Withholding Tax") or to an option for deduction. Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made after 31 December 2007 by paying agents located in a member state other than Luxembourg or a member state of the European Economic Area other than a member state. The withholding tax or deduction should be the final tax liability for the Luxembourg resident individual taxpayers receiving the interest payment in the course of their private wealth. Luxembourg resident individual Holders receiving the interest as business income must include the interest in their taxable income. If applicable, the 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Holders are not subject to taxation on capital gains upon the redemption, sale or disposal of the Notes, unless the redemption, sale or disposal of the Notes occurs before the acquisition of the Notes or the Notes are redeemed, sold or disposed of within six months following their acquisition. Upon redemption of the Notes, Luxembourg resident individual Holders must however include the portion of the redemption corresponding to accrued but unpaid interest in their taxable income.

Luxembourg Resident Companies

Luxembourg resident companies (*société de capitaux*) or foreign entities of the same type that have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and the difference between the redemption, sale or disposal price (received or accrued) and the lower of the cost or book value of the Notes redeemed, sold or disposed of.

Luxembourg Resident Companies benefiting from a Special Tax Regime

Luxembourg resident Holders which are companies benefiting from a special tax regime, and are governed by, for instance, the amended law of 13 February 2007 on specialised investment funds, the amended law of 11 May 2007 on private wealth management companies, the amended law of 17 December 2010 on undertakings for collective investment, or the amended law of 23 July 2016 on reserved alternative investment funds (to the extent that the Noteholder has not opted to be treated as a venture capital company) are exempt from Luxembourg corporate income tax, municipal business tax and net wealth tax, other than a subscription tax. Income and gains derived from the Notes are therefore not subject to Luxembourg corporate income tax, municipal business tax and net wealth tax.

Net Wealth Tax

Luxembourg net wealth tax should not be levied on a Holder, unless:

- (a) such Holder is a fully taxable Luxembourg resident company; or
- (a) the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg by a non-resident company through a permanent establishment or a permanent representative in Luxembourg.

When a Holder is subject to net wealth tax, the rules on minimum net wealth tax should also be applicable. The minimum net wealth tax should also apply to certain corporate resident Holders benefitting from a special tax regime, and this notwithstanding the fact that these entities are exempt of net wealth tax.

Other Taxes

There should be no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issue of the Notes, nor should any of these cover be payable as a consequence of a subsequent transfer, redemption or exchange of the Notes, unless the documents relating to the Notes are voluntarily registered in Luxembourg.

There should be no Luxembourg VAT payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

Inheritance tax is levied in Luxembourg at progressive rates (depending on the value of the assets inherited and the degree of relationship). No Luxembourg inheritance tax should be due in respect of the Notes, unless the holder of Notes resides in Luxembourg at the time of his death. No Luxembourg gift tax should be due upon the donation of Notes, unless such donation is passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

Exchange of Information

FATCA

FATCA generally requires reporting to the IRS of non-U.S. financial institutions that do not comply with FATCA and direct or indirect ownership by U.S. persons of non-U.S. entities.

On 28 March 2014, Luxembourg entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the U.S. that has been transposed into Luxembourg law by the law of 24 July 2015 (the "**FATCA Law**").

Under the FATCA Law, entities qualifying as Luxembourg reporting financial institutions are required to conduct due diligence and annually report to the Luxembourg tax authorities personal and financial information in relation to certain shareholders and debt holders qualifying as specified U.S. persons and controlling persons of passive non-financial foreign entities which are themselves specified U.S. persons (as defined in the IGA). The Luxembourg tax authorities will then automatically disclose the reported information to the IRS.

Failure to comply with the FATCA Law may trigger fines or penalties and/or a 30% withholding tax.

CRS

The OECD has developed the CRS as an information-gathering and reporting to the competent authorities of the relevant reportable jurisdiction(s). The CRS has been transposed into Luxembourg law by the law of 18 December 2015 concerning the automatic exchange of information on financial accounts in tax matters and implementing the EU Directive 2014/107/EU (the "**CRS Law**").

Under the CRS Law, entities qualifying as Luxembourg reporting financial institutions are required to conduct due diligence and annually report to the Luxembourg tax authorities personal and financial information in relation to certain shareholders and debt holders qualifying as reportable persons and controlling persons of passive non-financial entities which are themselves reportable persons. The Luxembourg tax authorities will then automatically disclose the reported information to the competent authorities of the relevant reportable jurisdiction(s).

Failure to comply with the CRS Law may trigger fines or penalties.

Holders should consult their own tax advisors regarding how the above rules may apply to their investment in the Notes.

Importance of Obtaining Professional Advice

THE FOREGOING DESCRIPTION IS NOT INTENDED AS A SUBSTITUTE FOR TAX ADVICE. ACCORDINGLY, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISERS REGARDING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

SUBSCRIPTION AND SALE

All the 35,000 Notes issued on the date of this Prospectus have been offered under a private placement to 18 qualified investors (professional clients in the sense of MiFID II) and subscribed pursuant to subscription agreements governed by Luxembourg law, on or about 8 April 2022. Alaric Securities OOD acted as Placing Agent in connection with the placement of the Notes with the initial subscribers. This Prospectus was prepared in accordance with the Terms and Conditions of the Notes which require the Notes to be admitted to trading on a regulated market (within the meaning of MiFID II).

SELLING RESTRICTIONS

No action has been taken in any jurisdiction by the Issuer for the purpose of permitting a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area which has implemented the Prospectus Regulation (each, a "**Relevant Member State**"), there shall be no offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that, with effect from and including the Relevant Implementation Date, an offer of notes may be made to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- (c) in any other circumstances falling within article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes shall require the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any such member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons, except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States in reliance on Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Code and U.S. Treasury regulations thereunder.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to retail investors in the European Economic Area and this Prospectus or any other offering material relating to

the Notes has not been distributed or caused to be distributed and will not be distributed or caused to be distributed to retail investors in the European Economic Area.

For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU on markets in financial instruments (as amended, restated or supplemented, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, restated or supplemented, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to retail investors in the United Kingdom and this Prospectus or any other offering material relating to the Notes has not been distributed or caused to be distributed and will not be distributed or caused to be distributed to retail investors in the United Kingdom.

For the purposes of this provision, the expression "retail investor" means a person who is one (or both) of the following:

- (a) a retail client, as defined in point (8) of article 2 of Regulation (EU) No 2017/56516 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/9716, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of Regulation (EU) No 600/201416 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

GENERAL INFORMATION

1. Authorisation

The issue of the Notes was duly authorised by a resolution of the board of managers of the Issuer dated 22 February 2022.

2. Listing and Trading

Application has been made for the Notes to be admitted to listing on the official list and to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange. The professional segment is open only to qualified investors in the sense of the Prospectus Regulation. The Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II.

It is expected that official listing and admission to trading will be granted on or about 13 October 2022.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 10,000. Such expenses will be borne by Alaric Securities OOD.

3. Payment Information, Notices for the Noteholders

All information to be given to the Noteholders pursuant to Condition 18 (*Notices*) of the Terms and Conditions of the Notes will be available and may be obtained (free of charge) at the specified office of the Paying Agent.

Payments and transfers of the Notes will be settled through the Clearing System, as described herein. The Notes have been accepted for clearing by the Clearing System.

All notices regarding the Notes will either be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or by delivery to the Clearing System for communication by them to the Noteholders.

4. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream Banking S.A. and assigned the following identification codes:

ISIN: XS2455528823

Common Code: 245552882

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream Banking S.A. is Clearstream Banking S.A., 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

5. Legal Entity Identifier

The legal entity identifier (LEI) of Prudentia S.à r.l. is: 529900LTGPPAJ00NMI20.

6. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company and/or Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Company/Issuer.

7. No Material Adverse Change in the Company's/Issuer's Financial Position

There has been no material adverse change in the financial position or prospects of the Issuer since the date of the last published audited financial statements of the Company as at 31 December 2021. The Company has, through another compartment, independent and segregated from compartment AirBlu 4.50% EUR 2029, issued EUR 5,000,000 notes to professional clients on a private placement basis on 30 June 2022.

8. Auditors

The auditors of the Issuer are Deloitte Audit, Société à responsabilité limitée, located at 20 Boulevard de Kockelscheuer, L-1821 Luxembourg (member of the *Institut des Réviseurs d'Entreprises*), who have audited the Issuer's accounts, without qualification, in accordance with Luxembourg GAAP for the period from 18 December 2019 to 31 December 2021.

9. Financial Statements

Prudentia S.à r.l. does not and will not publish interim accounts. Since 1 January 2021, the financial year began on 1 January and ended on 31 December.

10. Availability of Documents

10.1 Prospectus

This Prospectus (and all the documents incorporated by reference in this Prospectus) will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of the Company at www.prudentia.eu.

10.2 Other Documents

(a) The following documents will be available for inspection on the following website www.prudentia.eu for twelve months from the date of this Prospectus:

- (i) the articles of association of Prudentia S.à r.l.;
- (ii) the articles of association of Leasing Finance EAD; and
- (iii) the future annual financial statements of the Company (interim financial statements will not be prepared).

(b) Upon listing of the Notes on the Luxembourg Stock Exchange and so long as the Notes remain outstanding, copies of the constitutive documents of the Company may also be obtained free of charge during customary business hours at the specified offices of the Paying Agent and at the registered office of the Company and, as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on professional segment of the regulated market of the Luxembourg Stock Exchange, at the specified offices of the Company.

(c) The following documents may also be inspected during business hours at the specified offices of the Paying Agent and of the Company and obtained free of charge on the website of the Company at www.prudentia.eu for at least ten years from the date of this Prospectus:

- (i) the articles of association of Prudentia S.à r.l.;
- (ii) the articles of association of Leasing Finance EAD;
- (iii) the resolutions of the board of managers of Prudentia S.à r.l. creating compartment AirBlu 4.50% EUR 2029 and approving the issue of the Notes, the issue of, this Prospectus and the Transaction as a whole;
- (iv) the audited financial statements of Prudentia S.à r.l. for the periods from 18 December 2019 to 31 December 2020 and from 1 January 2021 to 31 December 2021;
- (v) the future annual financial statements of Prudentia S.à r.l. (interim financial statements will not be prepared);
- (vi) the audited financial statements of the Borrower for the periods from 1 January 2020 to 31 December 2020 and from 1 January 2021 to 31 December 2021;
- (vii) the Valuation Report;

- (viii) all notices given to the Noteholders pursuant to the Terms and Conditions; and
- (ix) this Prospectus and all Transaction Documents referred to in this Prospectus.

11. Post Issuance Reporting

The Issuer does not intend to provide post issuance transaction information regarding the Notes or the Securitised Assets.

12. Third Party Interests

Save with respect to the Placing Agent and the Advisor as described at page 67 in this Prospectus, there are, to the knowledge of the Issuer, no interest by any third party which are material to the issuance of the Notes.

13. Third Party Information

Where information in this Prospectus has been sourced from third parties, including in respect of the Valuation Report, this information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

14. Miscellaneous

No website referred to herein forms part of this Prospectus, unless that information is incorporated by reference into this Prospectus.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

INFORMATION INCORPORATED BY REFERENCE

The following documents (the "**Filed Documents**") have been filed by the Issuer with the CSSF and shall be deemed to be incorporated by reference in, and to form part of, this Prospectus:

- (a) audited financial statements of Prudentia S.à r.l. for the period from 18 December 2019 to 31 December 2020 (available at: <https://prudentia.eu/wp-content/uploads/2022/09/Audited-Financial-Statements-Prudentia-S.a-r.l.-2020-fully-executed.pdf>);
- (b) audited financial statements of Prudentia S.à r.l. for the period from 1 January 2021 to 31 December 2021 (available at: <https://prudentia.eu/wp-content/uploads/2022/09/Audited-Financial-Statements-Prudentia-S.a-r.l.-2021-fully-executed.pdf>);
- (c) audited financial statements of Leasing Finance EAD for the period from 1 January 2020 to 31 December 2020 (available at: <https://prudentia.eu/wp-content/uploads/2022/09/Annual-Financial-Statement-2020-Leasing-Finance-EAD-translation.09092022-searchable-format.pdf>); and
- (d) audited financial statements of Leasing Finance EAD for the period from 1 January 2021 to 31 December 2021 (available at: <https://prudentia.eu/wp-content/uploads/2022/10/Leasing.Finance.Financial.Statement.2021-final-October-2022-searchable-format.pdf>)

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| 56 | THE ISSUER, Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position, and Profit and Losses | The Issuer's audited annual financial statements for the period from 18 December 2019 to 31 December 2020, prepared on the going concern basis in accordance with Luxembourg legal and regulatory requirements: |
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| | | The Issuer's audited annual financial statements for the period from 1 January to 31 December 2021, prepared on the going concern basis in accordance with Luxembourg legal and regulatory requirements: |
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| 59 | THE BORROWER, Financial Information Concerning the Borrower's Assets and Liabilities, Financial Position, and Profit and Losses | The Borrower's audited annual financial statements for the period from 1 January 2020 to 31 December 2020, prepared on the going concern basis in accordance with Bulgarian legal and regulatory requirements: |
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The Borrower's audited annual financial statements for the period from 1 January 2021 to 31 December 2021, prepared on the going concern basis in accordance with Bulgarian legal and regulatory requirements:

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To the extent that any statement that is contained in the information incorporated by reference is modified or superseded (whether expressly, by implication or otherwise) for the purposes of this Prospectus by any statement contained in this Prospectus, such statement contained in the information incorporated by reference will not, except as so modified or superseded, form part of this Prospectus.

Any information which is itself incorporated by reference into any of the information incorporated by reference in this Prospectus will not form part of this Prospectus.

Any information contained in any of the Filed Documents which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus. Information contained in any of the Filed Documents which is not incorporated by reference is not contained in the above cross-reference list.

Any document incorporated herein by reference can be obtained without charge at the offices of Prudentia S.à r.l., acting for and on behalf of its compartment compartment AirBlu 4.50% EUR 2029 as set out at the end of this Prospectus.

**Schedule 1
Valuation Report**

Translation from Bulgarian

[Logo of Irvi OOD]

REPORT



11.04.2022

*For valuation of Embraer ERJ 190 – 100 IGW aircraft
owned by BULGARIA Air EAD for financial reporting
purposes*

*This report was prepared by the independent appraiser, Master in
Engineering, Master in Economics Rumen Nedelchev with legal
capacity: valuation of machines and equipment*

City of Sofia, 2 Beli Iskar Str., office 2, Mob. phone 0898658355

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SUMMARY

On the basis of a contract and Valuation Assignment, with contracting authority BULGARIA AIR EAD, Master in Engineering, Master in Economics Rumen Nedelchev - independent appraiser of machines and equipment provided the service of valuation of aircraft **Embraer ERJ 190-100 IGW, S/N 19000551 LZ-BUR, S/N19000492 No. LZ-SOF, S/N19000496 No. LZ-VAR, S/N19000584 No. LZ-PLO**, for the purposes of financial reporting, as a result of which this Valuation Report is drawn up in writing.

The results obtained in the course of the Valuation allow to conclude that as of 11.04.2022 the fair value of the aircraft under valuation (rounded to ten BGN) is as follows:

| Aircraft | s/n | Fair value in USD | Fair value in BGN |
|-----------------|------------|--------------------------|--------------------------|
| LZ-BUR | 19000551 | 20,351,394.38 | 36,517,320.00 |
| LZ-SOF | 19000492 | 19,822,368.18 | 35,568,070.00 |
| LZ-VAR | 19000496 | 20,133,219.28 | 36,125,840.00 |
| LZ-PLO | 19000584 | 22,693,018.15 | 40,718,990.00 |
| TOTAL | | 83,000,000.00 | 148,930,220.00 |

11.04.2022.
City of Sofia

Valuation prepared by: [sgd. illegibly] / R. Nedelchev/

[Rectangular seal:]
Chamber of Independent Appraisers in Bulgaria
Appraiser's Capacity of Work
machinery and equipment
Reg. No. 300100074 dd. 14.12.2009
Rumen Yordanov Nedelchev



CHAPTER 1. GENERAL

1.1. SEQUENCE OF THE DETERMINATION OF THE VALUE OF THE OBJECT.

The sequencing of the determination of the fair value of the aircraft under valuation shall consist in the implementation of the following stages of their valuation:

- (a) Coordination of the assignment for valuation and signing of a contract.
- (b) establishing the quantitative and qualitative characteristics of the aircraft under valuation, including the collection and processing of:
 - data on accounting relating to the aircraft under valuation;
 - information on the technical and operational characteristics of aircraft;
 - other information necessary to establish the quantitative and qualitative characteristics of aircraft in order to determine their fair value.
- (c) an analysis of the market to which the aircraft under valuation relate.
- (d) selection of valuation method(s) within each of the valuation approaches consistent with the requirements of IFRS and implementation of the necessary estimates.
- (f) compilation and transmission of this Report to the Contracting Authority.

1.2. OBJECT VALUATION ASSIGNMENT

In accordance with the agreed Valuation Assignment, the independent appraiser Rumen Nedelchev provided a valuation service for the aircraft **Embraer ERJ 190-100 IGW, S/N 19000551 LZ-BUR, S/N19000492 No. LZ-SOF, S/N19000496 No. LZ-VAR, S/N19000584 No. LZ-PLO** for financial reporting purposes, under assignment by BULGARIA AIR EAD, the independent appraiser has adhered to the basic requirements specified in the table "Object Valuation Assignment"



Table No.1 Valuation Assignment

| Requirements | Data |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reason for carrying out the valuation | Assignment of aircraft valuation under the Valuation Contract |
| Accurate description of the Valuation Object | Aircraft Embraer ERJ 190-100 IGW, S/N 19000551 LZ-BUR, S/N 19000492 No. LZ-SOF, S/N19000496 No. LZ-VAR, S/N19000584 No. LZ-PLO in their condition as of 11 April 2022 |
| Contracting Authority | BULGARIA AIR EAD, |
| Purpose of the valuation | for financial reporting purposes |
| Base of value | market value (as per Bulgarian Valuation Standard) and fair value (as IFRS) |
| Value determination date | 11.04.2022 |
| Date of preparation of the report | 11.04.2022 |
| Props of the independent appraiser | |
| Type of independent appraiser | freelance profession |
| Address of the independent appraiser | City of Sofia, h.e. Druzhiba 2, bl. 316, entr. A, apt.14 |
| Telephone | 0882352426,0898658355 |
| Email | borun@abv.bg |
| Website on the Internet | valuation.alle.bg |
| Legal Capacity | appraiser of machinery and equipment; |
| Legal capacity document | Certificate No. 300100074/14.12.2009 |
| Professional indemnity insurance | Insurance Policy No. From Armeec Insurance JSC |
| Users of the valuation | the Contracting Authority |
| Confidentiality of information | Standard |
| Use in the valuation of external specialists and consultants | None |
| Standards for valuation | Bulgarian Valuation Standard, edition 2018 and IFRS |
| Specific valuation requirements | none |
| Statement of knowledge and experience in the valuation of objects similar to the one under valuation | I declare that I possess the necessary knowledge and experience in the valuation of aviation equipment of the type described above |

1.3. STANDARDS, APPROACHES AND METHODS FOR OBJECT VALUATION

The valuation standards for determining the basis of the object value corresponding to the assignment are the Bulgarian Valuation Standards, Edition 2018, approved by the General Assembly of the Chamber of Independent Appraisers in Bulgaria. Under the Independent Appraisers Act, the application of



said standards are mandatory for independent appraisers in the framework of the valuation activities.

Specific applicable valuation standards:

Part one. 1.1. Section One: General legal framework; Conditions for application of the Bulgarian Valuation Standards (BVS); Valuation assignment – general and specific requirements.

Part One 1.2. Section two: Ethical norms in the application of Bulgarian Valuation Standards.

Part one 1.3. Section three: Conditions for valuation assumptions.

Part one. 1.4. Section Four: Minimum content requirements for the appraiser's report.

Part One 1.5. Section Five: Definitions of value types.

Part One 1.7. Section Seven: Approaches and methods applied in the valuation process, their definition and value conclusion.

Part One 1.8. Section Eight: General regulations and special conditions and rights.

Part Two. Section Three. Specific and special requirements for the appraiser's legal capacity for machinery and facilities, including equipment (MF).

Taking into account the purpose of the valuation, it is consistent with IFRS and, in particular, with IFRS 13. The statement of fair value of the assets under valuation – aircraft, the needs of preparation and presentation of the financial statements for 2021, will be carried out in accordance with the requirements of IFRS 13 in conjunction with IAS 16 Property, Plant and Equipment.

IFRS 13 Fair Value Measurement contains the following definition: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 recreates uniform guidance on how to value at fair value. These guidelines must be applied where required or permitted by other standards.

The fair value of machinery, equipment and facilities is usually the market value determined by a valuation opinion, mainly applying two methods: the Amortized Recoverable Value Method of the Cost Approach and the Market Analogue Method of the Comparative Approach. For this report, the Market Analogue Method has been used.

1.4. ASSUMPTIONS AND LIMITATIONS ADOPTED IN THE CONDUCT OF THE VALUATION

1.4.1 Assumptions

(a) The objects of valuation do not possess any hidden defects that would lead to an amendment of the valuation;

(b) The data from the sources of information used for the valuation is reliable;



(c) The owner or operator uses or intends to use the objects under valuation reasonably and most effectively under the socio-political and economic conditions established at the date of the valuation for the region in which the object under valuation is operated.

1.4.2. Restrictions

(a) Neither the report as a whole nor any part of it may be used by the contracting authority for the purposes of advertising, neither for carrying out public relations events without the prior written permission of the appraiser. The Parties shall not be entitled to use the report or any part thereof otherwise than as provided for in the Valuation Contract and specified in the report.

(b) the identification of the objects under valuation has been carried out to the appropriate degree of accuracy that could be achieved from the source information provided by the contracting authority for the valuation objects.

(c) The results of the valuation shall be fully reliable only for the date stated in the report and up to the period of validity, the objectives and the purpose of the valuation.

(d) the value conclusion contained in the report relates to the valuation objects as a whole with regard to the completion and technical condition of the main units and equipment at the date of valuation.

(e) the conclusion on the value of the objects is based on an analysis of the market situation existing in the period of the valuation works.

(f) the valuation of the aircraft is an opinion of the independent appraiser on the fair value of the aircraft for the purposes of financial reporting as of the date of the valuation, in the conditions of a specific market, which is formed in this report and signed and stamped with the individual seal of the independent appraiser (according to Art. 7, para. 3 of the Independent Appraisers Act).

(g) The professional opinion of the independent appraiser is not mandatory for the Contracting Authority and other users of the valuation in accordance with Art. 7, para. 3 of the Independent Appraisers Act.



1.5. INFORMATION FOR PROFESSIONALS INVOLVED IN THE VALUATION PROCEDURES

The valuation was prepared by:

Master in Engineering, Master in Economics Rumen Yordanov Nedelchev – appraiser of machinery and equipment Certificate No. 300100074/14.12.2009, aeronautical engineer, economist, specialist in the field of aeronautical equipment, specialized equipment, automotive equipment and other fields. As an appraiser he is entered in the Register of Certified Appraisers of the Chamber of Independent Appraisers.

A certified copy of the certificate of the right to exercise the appraisers' profession is set out in the Annex.

On the basis of the requirements of good appraiser practice, the independent appraiser declares that:

- He is able to provide an objective and impartial valuation;
- He has no business interest in the objects to be under valuation and the contracting party;
- He possesses sufficient competence to carry out the valuation.
- No assistance from third parties was used for consultation or information in the preparation of the valuation.
- There are no circumstances in case of the existence of which the Independent Appraisers Act would not give the independent appraiser the right to carry out the valuation for which a Statement is annexed to this report.

1.6. BASIC CONCEPTS AND VALUATION METHODOLOGY

1.6.1. Terms and definitions

Valuation – 1) process of determining the value of the object or the results of this process; 2) process for determining the level of compliance of the object with the requirements or the result of this process.

Value basis - a statement of the main measurement assumptions for the valuation of the value.

Market value of the valuation object – the estimated monetary amount for which an exchange of the asset or liability would have taken place at the date of valuation between an interested buyer and an interested seller as a result of a commercial transaction after due marketing, where each party would have acted with good knowledge, prudence and without coercion.



Price – this is the amount of money asked, offered or paid for an asset. By virtue of specific financial possibilities, motives, or special interests of a buyer or seller, the price paid may differ from the value that other persons may attribute to the asset. Price – remuneration for a specific object.

Value - not a fact, but an opinion:

- (a) for the most probable price that would have been paid for the asset in its exchange;
- (b) the economic benefits from possession of the asset.

Valuation date - the date to which the opinion on the value relates.

Purpose of the valuation – presumed object-related actions for which the results of its valuation will be used.

Object of the valuation – separate tangible objects (articles); collection of objects constituting property of persons, including property of a certain type (movable or immovable, including commercial enterprise); right of ownership and other property rights or separate property; rights of receivables, liabilities (debts); works, services, information; other objects of rights in respect of which under our legislation the possibility for their participation in the civil turnover has been established.

Analogue of the object of valuation – similar in basic economic, material, technical and other characteristics of the object of valuation to another object, the price of which is known from a transaction that took place under similar conditions or is offered on the relevant market.

1.6.2. Overview of the valuation approach

Market approach – ensures that the indicator of value is obtained by comparing the asset under valuation with an identical or similar asset for which price information is available. Using the methods of the market approach, a comparative study of the information from the market value of the object set at the time of the valuation, **i.e. now**, is carried out. It is based on the thesis that "the prudent buyer will not pay for an object more than the value of an analogous object available for purchase" and is used in determining the value based on data on recent purchase and sale transactions with analogous objects or with sufficiently adjusted values of existing offers for sale.



Thus, the ultimate objective of the methods of the market approach is to determine the **market value that, in accordance with the requirements of IFRS 13, is relevant to fair value.**

The values determined by the methods of the comparative approach shall be considered to be the most objective or close to the objective ones.

Stages of the comparative approach:

- market research and the collection of information on recent purchase and sale transactions with analogous objects as well as those on the market;
- comparison (juxtaposition) of the object under valuation with each of the analogous objects and detection of the distinctions by sales date, user characteristics, location, performance, etc.;
- an estimate of the value of the object through the correction of the price information of the analogous objects.

The following estimation procedures (methods) may be used at the object value estimation stage:

- determination of the value of additional elements in the path of paired comparisons (comparison of prices of objects having or not additional elements);
- determination of correction coefficients when the compared objects differ in individual parameters (inclusion of increasing or decreasing coefficients);
- an estimate of the value of specific indicators (i.e. the specific units of one of the object indicators, e.g. power, area, height, etc., are determined);
- an estimate of the value of the object by means of correlation models, for example of the type: $S=f(\text{power, lifting capacity, performance, etc.})$

2. DESCRIPTION OF THE VALUATION OBJECTS AND ANALYSIS OF THE MARKET SITUATION

2.1. Description of the valuation objects Embraer ERJ 190-100 IGW

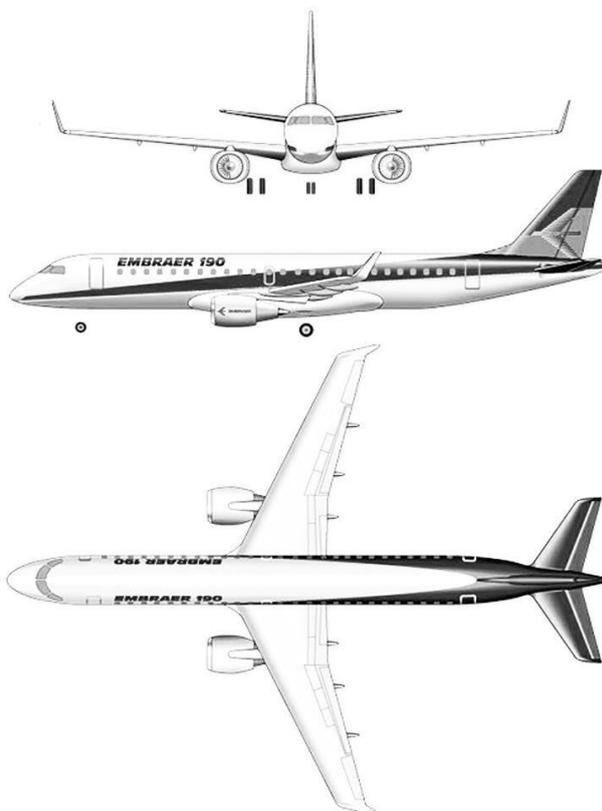
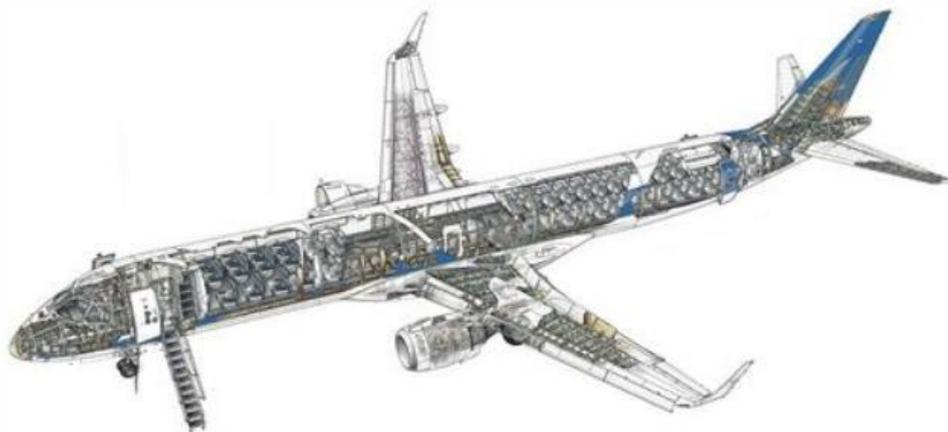
2.1.1. General information.

Embraer ERJ 190-100 IGW is a medium-highway passenger aircraft developed by the Brazilian company Embraer. On the market, they compete with Boeing 737-600, Airbus A318, Airbus A319. The aircraft is a new development of the company Embraer in this class with increased passenger capacity compared to the previous models ERJ 135/140/145. The following companies are involved in the development of the aircraft: General Electric –



turbofan engines CF34-10E, Hamilton Sunstrand – plane tail development, Honeywell – avionics development, Primus Epic, Kawasaki, Latecoere, Liebherr, Gamesa, Sonaca – different parts of the fuselage, Parker Hannifin - hydrodynamics and fuel system.

Diagram of the aircraft internally.





Flight and technical characteristics of the aircraft:

Length – 36.24 m

Wing spread – 28.72 m

Height – 10.57 m

Width of the fuselage – 3.01 m

Length of the lounge – 25.76 m

Width of the lounge – 2.74 m

Maximum take-off weight – 47,79 tonnes

Maximum landing weight – 43 tonnes



Weight empty aircraft – 27.72 tonnes
 Maximum weight without fuel – 40.8 tonnes
 Maximum payload – 13.08 tonnes
 Maximum fuel – 12.97 tonnes
 Engines – two turbojets General Electric CF34-10E2 n 8400 kgs
 Crew – 2
 Maximum number of passengers – 108
 Cruising speed km/h – 890
 Distance of the flight with maximum load – km – up to 4 260
 Flight ceiling – maximum height – m – 12 000
 Length of the run-out – m – 1 890
 Length of the run – m - 1260

The peculiarity of the aircraft under valuation is the presence of winglets - round raised wings at the end of the wing, which significantly improve its aerodynamics and therefore performance characteristics.

2.1.3. Condition of the aircraft under valuation - Embraer ERJ 190-100 IGW

2.1.3.2. Data on the technical condition of the aircraft under valuation as of 11.04.2022

The technical condition of the aircraft according to the information provided by the Contracting Authority is indicated in the Tables:

| | | |
|----------------------------|------------------------------------|-----------------|
| PARAMETERS | <i>Aircraft type</i> | ERJ 190-100 IGW |
| | <i>Registration marks</i> | LZ-SOF |
| | <i>Serial number</i> | 19000492 |
| | <i>Date of manufacture</i> | 02 март 2012 г. |
| | <i>Hours</i> | 24300:30 |
| | <i>Landings</i> | 15296 |
| | Status Basic technical maintenance | |
| <i>Check Type/Interval</i> | Last Made | Next |
| C- check/7500 FH | 05.04.2022 (24998 FH) | After 7498 FH |
| 8 Y | 17.04.2020 | 17.04.2028 |
| 10 Y | 05.04.2022 | 05.04.2032 |
| 12 Y | | 02.03.2024 |
| | Landing Gear | |
| <i>Position</i> | Date of next repair | |
| <i>Left main stand</i> | 20 JAN 2024 | |
| <i>Right main stand</i> | 20 JAN 2024 | |



| | | |
|-----------------------------------------------------------|---------------------------------------------------|--------------------|
| <i>nose stand</i> | 20 JAN 2024 | |
| | | |
| | APU | |
| Type/SN | APS2300/HSC-E1233037P | |
| TSN/CSN | 9771:30/25087 | |
| TSLSV/CSLSV | 636:00/1489 | |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 24913 FC | |
| <i>Last repair date</i> | 11 MAR 2021 | |
| | | |
| | Engines | |
| <i>Position</i> | 1 | 2 |
| <i>Model</i> | CF34-10E5G | CF34-10E5G |
| <i>SN</i> | 424310 | 424324 |
| <i>hours/ landings</i> | 23313:09/14683 | 24299:07/15295 |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 10317 | 9705 |
| | | |
| | Maintenance history of engines of LZ-SOF aircraft | |
| | <i>1st Repair</i> | |
| <i>Date</i> | 24 Mar 2022 | 30 Mar 2022 |
| <i>hours/ landings</i> | 23313/14683 | 22458/14255 |
| <i>Reason / Scope</i> | J HOOK +LPT SHROUD | J HOOK +LPT SHROUD |

| | | |
|----------------------------|------------------------------------|-----------------|
| PARAMETERS | <i>Aircraft type</i> | ERJ 190-100 IGW |
| | <i>Registration marks</i> | LZ-BUR |
| | <i>Serial number</i> | 19000551 |
| | <i>Date of manufacture</i> | 11 JUN 2012 |
| | <i>Hours</i> | 23483 |
| | <i>Landings</i> | 15065 |
| | | |
| | Status Basic technical maintenance | |
| <i>Check Type/Interval</i> | Last Made | Next |
| C- check/7500 FH | 05.04.2020 (21113 FH) | After 2370 FH |
| 8 Y | 13.08.2020 | 17.04.2028 |
| 10 Y | | JUN 2022 |
| 12 Y | | JUN 2024 |
| | | |
| | Landing Gear | |
| <i>Position</i> | Date of next repair | |
| <i>Left main stand</i> | 07 MAY 2024 | |



| | | |
|-----------------------------------------------------------|---------------------------------------------------|---------------------|
| <i>Right main stand</i> | 07 MAY 2024 | |
| <i>nose stand</i> | 07 MAY 2024 | |
| | | |
| | APU | |
| <i>Type/SN</i> | APS2300/HSC-E1123952 | |
| <i>TSN/CSN</i> | 9733:36/27137 | |
| <i>TSLSV/CSLSV</i> | 875:00/2101 | |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 22863 FC | |
| <i>Last repair date</i> | 11 MAR 2021 | |
| | | |
| | Engines | |
| <i>Position</i> | 1 | 2 |
| <i>Model</i> | CF34-10E5G | CF34-10E5G |
| <i>SN</i> | 424368 | 424337 |
| <i>hours/ landings</i> | 23483:21/15065 | 23910:04/15015 |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 9935 | 9985 |
| | | |
| | Maintenance history of engines of LZ-BUR aircraft | |
| | 1st Repair | |
| <i>Date</i> | 20 JUL 2020 | 4 MAY 2021 |
| <i>hours/ landings</i> | 22179/14239 | 21892/13835 |
| <i>Reason / Scope</i> | J HOOK PERFORMED | J HOOK PERFORMED |

| | | |
|----------------------------|-------------------------------------------|-----------------|
| PARAMETERS | <i>Aircraft type</i> | ERJ 190-100 IGW |
| | <i>Registration marks</i> | LZ-VAR |
| | <i>Serial number</i> | 19000496 |
| | <i>Date of manufacture</i> | 05 APR 2012 |
| | <i>Hours</i> | 23777 |
| | <i>Landings</i> | 15067 |
| | Status Basic technical maintenance | |
| <i>Check Type/Interval</i> | Last Made | Next |
| C- check/7500 FH | 30.06.2020 (20860 FH) | After 2917 FH |
| 8 Y | 30.06.2020 | 30.06.2028 |
| 10 Y | 30.04.2022 | 30.04.2032 |
| 12 Y | | APR 2024 |
| | | |
| | Landing Gear | |
| <i>Position</i> | Date of next repair | |
| <i>Left main stand</i> | 14 FEB 2024 | |



| | | |
|-----------------------------------------------------------|---------------------------------------------------|----------------|
| <i>Right main stand</i> | 14 FEB 2024 | |
| <i>nose stand</i> | 14 FEB 2024 | |
| | | |
| | APU | |
| <i>Type/SN</i> | APS2300/HSC-E1223974P | |
| <i>TSN/CSN</i> | 9671:00/25128 | |
| <i>TSLSV/CSLSV</i> | 368:00/909 | |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 17495 FC | |
| <i>Last repair date</i> | 31 MAR 2022 | |
| | | |
| | Engines | |
| <i>Position</i> | 1 | 2 |
| <i>Model</i> | CF34-10E5G | CF34-10E5G |
| <i>SN</i> | 424334 | 424412 |
| <i>hours/ landings</i> | 23778:55/15068 | 23276:00/14955 |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 9933 | 10046 |
| | | |
| | Maintenance history of engines of LZ-BUR aircraft | |
| | 1st Repair | |
| <i>Date</i> | 14 May 2021 | 26 June 2021 |
| <i>hours/ landings</i> | 21963:31/13993 | 22174:20/14234 |
| <i>Reason / Scope</i> | J HOOK | J HOOK |

| | | |
|----------------------------|-------------------------------------------|-----------------|
| PARAMETERS | <i>Aircraft type</i> | ERJ 190-100 IGW |
| | <i>Registration marks</i> | LZ-PLO |
| | <i>Serial number</i> | 19000584 |
| | <i>Date of manufacture</i> | 02 NOV 2012 |
| | <i>Hours</i> | 20879 |
| | <i>Landings</i> | 12995 |
| | Status Basic technical maintenance | |
| <i>Check Type/Interval</i> | Last Made | Next |
| C- check/7500 FH | 19.12.2020 (19709 FH) | After 1170 FH |
| 8 Y | 30.06.2020 | 30.06.2028 |
| 10 Y | | 02 NOV 2022 |
| 12 Y | | 02 NOV 2024 |
| | | |
| | Landing Gear | |
| <i>Position</i> | Date of next repair | |
| <i>Left main stand</i> | 05 OCT 2024 | |
| <i>Right main stand</i> | 05 OCT 2024 | |



| | | |
|-----------------------------------------------------------|---------------------------------------------------|-------------|
| <i>nose stand</i> | 05 OCT 2024 | |
| | | |
| | APU | |
| Type/SN | APS2300/HSC-E1123934P | |
| TSN/CSN | 9455/26588 | |
| TSLSV/CSLSV | 1054/2754 | |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 13.04.1988 | |
| <i>Last repair date</i> | 07 JUL 2020 | |
| | | |
| | Engines | |
| <i>Position</i> | 1 | 2 |
| <i>Model</i> | CF34-10E5G | CF34-10E5G |
| <i>SN</i> | 424471 | 424472 |
| <i>hours/ landings</i> | 20879:15/12995 | 21937/13765 |
| <i>Remaining parts with limited resource (lowest LLP)</i> | 12005 | 11235 |
| | | |
| | Maintenance history of engines of LZ-PLO aircraft | |
| | 1st Repair | |
| <i>Date</i> | 03 JAN 2022 | 23 Jan 2022 |
| <i>hours/ landings</i> | 20565:39/12792 | 21623/13562 |
| <i>Reason / Scope</i> | J HOOK | J HOOK |

Aircraft in operation so far do not have rough landings and flight accidents leading to structural disruption or decommissioning and repair.

3. ANALYSIS OF THE MARKET SITUATION OF THE AIRCRAFT UNDER VALUATION

The **Embraer ERJ 190-100 IGW** aircraft is a sought-after aircraft, accounting for 60% of the regional aircraft market. The aircraft at the date of the valuation continues being manufactured. 536 aircraft of the model under valuation in total are in operation according to WORLD AIRCRAFT SALES data.

Understandably, a large number of them are operated in the United States and the Americas, but there is also a small number of the aircraft that are operated in Europe and Asia.

The aviation equipment market in 2022 is recovering from the negative impact of COVID-19. In 2021, due to a strong reduction in the activity of aviation operators in passenger transport, primary and secondary



market of aeronautical equipment has undergone significant changes. They mainly manifest themselves in the following:

- demand for passenger aircraft was reduced as a whole by 40%;
- demand for the purchase of aircraft or lease thereof increased;
- narrow-body aircraft remain the most in demand on both the primary and secondary markets;
- the introduction of new modifications to the hitherto produced aircraft has reduced its share;
- the policies on the renewal of the available fleet of aircraft have been reconsidered.

Against the background of this market, **Embraer ERJ 190-100 IGW** aircraft continue to be effective on the market of narrow-body passenger aircraft. For 2021, a total of 35 transactions were made on the secondary market with this aircraft, with average sales prices in the range of USD 22,000,000 – USD 28,000,000 depending on the year of production and the flight hours and number of landings since the start of operation. Until the valuation date, there were 12 transactions with this passenger aircraft, with the price range almost preserved. At the date of the valuation, 8 aircraft of this type are available on the market in a different range of production years and flight hours and number of landings.

The main factors influencing the price are:

- flight hours - the most important factor (number of landings);
- years of operation;
- the equipment of the aircraft;
- the condition of the interior and the condition of the paint and varnish coating of the body of the aircraft;
- the technical condition of the aircraft.

Based on the technical and flight capabilities of the aircraft, the value of such an aircraft at the time of the valuation is estimated to be USD 22,000,000. This value is also used in the application of market value estimation methods.

Market data for Embraer ERJ 190-100 IGW at the valuation date

- production of new aircraft - carries out
- years of production of the aircraft - 1999 to date
- marketed on the secondary market at the date of the valuation - 11 aircraft
- sold on the secondary market in 2021 - 35 aircraft
- average time for sale in 2021 - 340 days
- average sale price in 2021 – USD 22,000,000



4. ANALYSIS OF THE BEST AND MOST EFFICIENT USE OF THE OBJECT UNDER VALUATION

The notion of the best and most effective use applicable to this report is defined as the likely and lawful use of the object under valuation with the best regard to its useful qualities and capabilities.

Of course, the determination of the best and most effective use is the result of the judgement of the appraiser based on his analytical habits and abilities, given that he expresses only an opinion and not an unconditional fact.

Taking into account the possibilities for the best and most efficient use of the objects under valuation, the appraiser has used the following as a base:

1. The Embraer ERJ 190-100 IGW aircraft under valuation are passenger aircraft designed to transport passengers and luggage. In this respect, their use so far, taking into account their condition and equipment, is considered to be in accordance with the best and most efficient use.

On this basis, the valuation of the Embraer ERJ 190-100 IGW aircraft was carried out on the assumption that the best and most efficient use is its use as intended so far.

5. DETERMINATION OF THE MARKET VALUE OF THE OBJECTS UNDER VALUATION

5.1. Determination of the market value of aircraft based on market approach methods.

When using the market approach, the value of the object of valuation is determined by comparison with the sales prices of similar objects. The basis for using this approach is the fact that the value of the object of valuation is directly related to the sale price of similar objects, which is a starting point for risk assessment in the operations for the purpose of valuation – collateral on bank loan. Each comparable sale shall be compared with the object under valuation according to its most important parameters. The price of comparable sales is subject to adjustments reflecting the substantial differences between them.

In this case, the appraiser chose the method of direct comparisons among the existing market approach methods. The general model for estimation under this method is:

$$V_{mar} = P_{an} \times C_d \times C_c \times C_1 \times C_2 \times \dots \times C_m \pm \sum P_{add}$$

where:

P_{an} - price of the analogue object at the time of sale structurally homogeneous in relation to the estimated value of the object under valuation;

C_d - coefficient for recalculation the price of the analogue to the valuation date (adjustment of market conditions or valuation date);



Cc - coefficient for correction of the condition by comparing the level of physical wear (depreciation) of the object under valuation with respect to the analogue for the period of its operation from the moment of production until the moment of valuation;

C₁ - C_m - correction coefficients taking into account the differences in the meanings of other parameters of the object under valuation and its analogue (such as quality, location, type size and set of technological and economic indicators separated by the appraiser);

Padd - price of additional devices, the presence of which distinguishes the comparable objects at the date of valuation, as well as a number of other corrections in absolute terms.

Taking into account the specificities of aircraft as a object under valuation where the factors influencing the value are respectively: flight hours, years of operation, number of landings and the integrated status indicator of the aircraft, the above model has been reworked into a tabular model for the valuation of the aircraft.

The following steps were taken in the valuation using the chosen method from the market approach:

- market research and proposals for the sale of analogous objects, i.e. the objects that are most comparable to the object under valuation;
- selection of analogues;
- collecting, studying and verifying information on each selected object - on the sale price and offer prices, payment of the transaction, technical characteristics and conditions of sale;
- analysis and comparison of each object to the one under valuation as per technical characteristics and conditions of sale;
- adjustment of the sale or offer prices at each of the comparable objects in accordance with the differences between them and the object under valuation

For the realization of the valuation by the method of market analogues, the main task is the selection of analogues from the analysed and studied market.

In the selection of analogues there are two alternatives - the selection of analogues by offers for their sale and the selection of analogues with which there already are transactions concluded.

Where offer analogues are used, they shall be subject to an adjustment for the difference between the offer price and the price at which the transactions with the analogues are concluded. Marketing studies for the Embraer ERJ 190-100 IGW aircraft show that this discount is within 8%.

The following market evidence is available following the market studies carried out:



| No. | Data | Analogue 1 | Analogue 2 | Analogue 3 |
|-----|----------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| 1. | Aircraft model | EMBRAER ERJ 190 - 100 IGW | EMBRAER ERJ 190 - 100 IGW | EMBRAER ERJ 190 - 100 IGW |
| 2. | Year of manufacture | 2013 | 2012 | 2012 |
| 3. | Hours since the start of operation (Total Time) | 20,443.00 | 22,206.00 | 22,081.00 |
| 4. | Total number of landings since the start of operation (Total Cycles) | 13,890.00 | 15,110.00 | 15,103.30 |
| 5. | Price in USD | 24,000,000.00 | 23,000,000.00 | 23,000,000.00 |
| 6. | Years of operation to date of valuation | 9.00 | 10.00 | 10.00 |
| 7. | Prices with VAT | no | no | no |
| 10. | Type of information | offer | offer | offer |
| 11. | Offer adjustment | 8% | 8% | 8% |
| 12. | Adjusted price in USD | 22,080,000.00 | 21,160,000.00 | 21,160,000.00 |
| 13. | Information source | www.controler.com | www.controler.com | www.controler.com |

The valuation models and the valuation results obtained under the market analogues method of each aircraft are set out in the following tables:



VALUATION OF AIRCRAFT EMBRAER ERJ 190-100 IGW s/n 19000551, LZ-BUR BY THE METHOD OF MARKET ANALOGUES

| No. | Quality and price indicators | Measure | Quantity of the indicators of the analogues | | | Ratio between the values of the indicators | | | weights of indicators | Weighted ratios to | | | |
|----------|--------------------------------------------------|---------|---------------------------------------------|-----------|-----------|--------------------------------------------|------|------|-----------------------|--------------------|-------------------|--------------------|---------------------|
| | | | The object of valuation | I | II | III | I | II | | III | I cell 5 x cell 8 | II cell 6 x cell 8 | III cell 7 x cell 8 |
| a | b | c | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Quality and Functionality Indicators (QF) | | | | | | | | | | | | |
| 1.1 | flight hours | hour | 23,483.00 | 20,443.00 | 22,206.00 | 22,081.00 | 0.87 | 0.95 | 0.94 | 45 | 39.17 | 42.55 | 42.31 |
| 1.2 | years of operation | years | 10 | 9 | 10 | 10 | 0.90 | 1.00 | 1.00 | 15 | 13.50 | 15.00 | 15.00 |
| 1.3 | number of landings | pcs. | 15,065.00 | 13,890.00 | 15,110.00 | 15,103.30 | 0.92 | 1.00 | 1.00 | 40 | 36.88 | 40.12 | 40.10 |
| 2 | Amount | % | | | | | | | | 100% | 89.55 | 97.67 | 97.42 |
| 3 | Adjustment coefficient/index/ | | | | | | | | | | 0.90 | 0.98 | 0.97 |
| 4 | Prices of analogues | USD | | | | | | | | | 22,080,000 | 21,160,000 | 21,160,000 |
| 5 | Price to be paid vs. analogue | USD | | | | | | | | | 19,773,677 | 20,667,478 | 20,613,028 |
| 6 | Estimated market value | USD | 20,351,394.38 | | | | | | | | | | |
| 7 | Exchange rate of USD | | 1,79434 | | | | | | | | | | |
| 8. | Estimated market value | BGN | 36,517,321.00 | | | | | | | | | | |
| 9 | Fair value | BGN | 36,517,320.00 | | | | | | | | | | |

Value is exclusive of VAT



VALUATION OF AIRCRAFT EMBRAER ERJ 190-100 IGW s/n 19000490, LZ-SOF BY THE METHOD OF MARKET ANALOGUES

| No. | Quality and price indicators | Measure | The object of valuation | Quantity of the indicators of the analogues | | | | Ratio between the values of the indicators | | | weights of indicators | Weighted ratios to | | |
|------------|--------------------------------------------------|------------|-------------------------|---------------------------------------------|-----------|-----------|------|--------------------------------------------|------|-------------------|-----------------------|--------------------|---------------------|--|
| | | | | I | II | III | I | II | III | I cell 5 x cell 8 | | II cell 6 x cell 8 | III cell 7 x cell 8 | |
| a | b | c | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| 1 | Quality and Functionality Indicators (QF) | | | | | | | | | | | | | |
| 1.1 | flight hours | hour | 24,300.00 | 20,443.00 | 22,206.00 | 22,081.00 | 0.84 | 0.91 | 0.91 | 45 | 37.86 | 41.12 | 40.89 | |
| 1.2 | years of operation | years | 10 | 8 | 10 | 10 | 0.80 | 1.00 | 1.00 | 15 | 12.02 | 15.03 | 15.03 | |
| 1.3 | number of landings | pcs. | 15,296.00 | 13,890.00 | 15,110.00 | 15,103.30 | 0.91 | 0.99 | 0.99 | 40 | 36.32 | 39.51 | 39.50 | |
| 2 | Amount | % | | | | | | | | 100% | 86.20 | 95.67 | 95.42 | |
| 3 | Adjustment coefficient/index/ | | | | | | | | | | 0.86 | 0.96 | 0.95 | |
| 4 | Prices of analogues | USD | | | | | | | | | 22,080,000 | 21,160,000 | 21,160,000 | |
| 5 | Price to be paid vs. analogue | USD | | | | | | | | | 19,033,993 | 20,242,900 | 20,190,211 | |
| 6 | Estimated market value | USD | 19,822,368.18 | | | | | | | | | | | |
| 7 | Exchange rate of USD | | 1,79434 | | | | | | | | | | | |
| 8. | Estimated market value | BGN | 35,568,068.11 | | | | | | | | | | | |
| 9. | Fair value | BGN | 35,568,070.00 | | | | | | | | | | | |

Value is exclusive of VAT



VALUATION OF AIRCRAFT EMBRAER ERJ 190-100 IGW s/n 19000496, LZ-VAR BY THE METHOD OF MARKET ANALOGUES

| No. | Quality and price indicators | Measure | Quantity of the indicators of the analogues | | | | Ratio between the values of the indicators | | | weights of indicators | Weighted ratios to | | |
|----------|--------------------------------------------------|---------|---------------------------------------------|-----------|-----------|-----------|--------------------------------------------|------|------|-----------------------|--------------------|--------------------|---------------------|
| | | | The object of valuation | I | II | III | I | II | III | | I cell 5 x cell 8 | II cell 6 x cell 8 | III cell 7 x cell 8 |
| a | b | c | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Quality and Functionality Indicators (QF) | | | | | | | | | | | | |
| 1.1 | flight hours | hour | 23,777.00 | 20,443.00 | 22,206.00 | 22,081.00 | 0.86 | 0.93 | 0.93 | 45 | 38.69 | 42.03 | 41.79 |
| 1.2 | years of operation | years | 10 | 8 | 10 | 10 | 0.80 | 1.00 | 1.00 | 15 | 12.01 | 15.02 | 15.02 |
| 1.3 | number of landings | pcs. | 15,067.00 | 13,890.00 | 15,110.00 | 15,103.30 | 0.92 | 1.00 | 1.00 | 40 | 36.88 | 40.11 | 40.10 |
| 2 | Amount | % | | | | | | | | 100% | 87.58 | 97.16 | 96.90 |
| 3 | Adjustment coefficient/index/ | | | | | | | | | | 0.88 | 0.97 | 0.97 |
| 4 | Prices of analogues | USD | | | | | | | | | 22,080,000 | 21,160,000 | 21,160,000 |
| 5 | Price to be paid vs. analogue | USD | | | | | | | | | 19,337,095 | 20,558,193 | 20,504,370 |
| 6 | Estimated market value | USD | 20,133,219.28 | | | | | | | | | | |
| 7 | Exchange rate of USD | | 1,79434 | | | | | | | | | | |
| 9 | Estimated market value | BGN | 36,125,840.68 | | | | | | | | | | |
| 10. | Fair value | BGN | 36,125,840.00 | | | | | | | | | | |

Value is exclusive of VAT



VALUATION OF AIRCRAFT EMBRAER ERJ 190-100 IGW s/n 190005584, LZ-PLO BY THE METHOD OF MARKET ANALOGUES

| No. | Quality and price indicators | Measure | Quantity of the indicators of the analogues | | | | Ratio between the values of the indicators | | | weights of indicators | Weighted ratios to | | |
|------------|--------------------------------------------------|---------|---------------------------------------------|-----------|-----------|-----------|--------------------------------------------|------|------|-----------------------|--------------------|--------------------|---------------------|
| | | | The object of valuation | I | II | III | I | II | III | | I cell 5 x cell 8 | II cell 6 x cell 8 | III cell 7 x cell 8 |
| a | b | c | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Quality and Functionality Indicators (QF) | | | | | | | | | | | | |
| 1.1 | flight hours | hour | 20,879.00 | 20,443.00 | 22,206.00 | 22,081.00 | 0.98 | 1.06 | 1.06 | 45 | 44.06 | 47.86 | 47.59 |
| 1.2 | years of operation | years | 10.0 | 8 | 10 | 10 | 0.80 | 1.00 | 1.00 | 15 | 12.05 | 15.06 | 15.06 |
| 1.3 | number of landings | pcs. | 12,995.00 | 13,890.00 | 15,110.00 | 15,103.30 | 1.07 | 1.16 | 1.16 | 40 | 42.75 | 46.51 | 46.49 |
| 2 | Amount | % | | | | | | | | 100% | 98.86 | 109.43 | 109.14 |
| 3 | Adjustment coefficient/index/ | | | | | | | | | | 0.99 | 1.09 | 1.09 |
| 4 | Prices of analogues | USD | | | | | | | | | 22,080,000 | 21,160,000 | 21,160,000 |
| 5 | Price to be paid vs. analogue | USD | | | | | | | | | 21,829,157 | 23,155,634 | 23,094,263 |
| 6 | Estimated market value | USD | 22,693,018.15 | | | | | | | | | | |
| 7 | Exchange rate of USD | | 1,79434 | | | | | | | | | | |
| 9 | Estimated market value | BGN | 40,718,990.19 | | | | | | | | | | |
| 10. | Fair value | BGN | 40,718,990.00 | | | | | | | | | | |

Value is exclusive of VAT



5.2. Final results of the fair value measurement of the aircraft under valuation.

The results obtained in the course of the Valuation allow to conclude that as of 11.04.2022 the fair value of the aircraft under valuation (rounded to ten BGN) is as follows:

| Aircraft | s/n | Fair value in USD | Fair value in BGN |
|-----------------|------------|--------------------------|--------------------------|
| LZ-BUR | 19000551 | 20,351,394.38 | 36,517,320.00 |
| LZ-SOF | 19000492 | 19,822,368.18 | 35,568,070.00 |
| LZ-VAR | 19000496 | 20,133,219.28 | 36,125,840.00 |
| LZ-PLO | 19000584 | 22,693,018.15 | 40,718,990.00 |
| TOTAL | | 83,000,000.00 | 148,930,220.00 |

11.04.2022.
City of Sofia

Valuation prepared by: [sgd. illegibly] / R. Nedelchev/

[Rectangular seal:]
Chamber of Independent Appraisers in Bulgaria
Appraiser's Capacity of Work
machinery and equipment
Reg. No. 300100074 dd. 14.12.2009



Statement on the quality of the valuation

The appraiser who signed this report hereby certifies that, in accordance with the available data:

1. the facts set out in this report are consistent with the actual facts, and that they are correctly reflected.
2. The appraiser's analysis, comments, and conclusions are consistent with the assumptions made and the restrictive conditions
3. The appraiser has neither current nor anticipated property interest in the object under valuation, nor any additional obligations (other than the obligations under this contract) towards any party related to the object under valuation;
4. The appraiser's remuneration does not depend on the final value of the object in the valuation, neither on events that may occur as a result of the use by the Contracting Authority or third parties of outcome and conclusions contained in the report.
5. The valuation was carried out and the report was prepared in accordance with the Independent Appraisers Act, the Code of Professional Ethics, the Bulgarian Valuation Standards, as well as the reception of the BVS to the International Valuation Standards, the European Valuation Standards and the company standards.
6. Facts, assumptions and conclusions were obtained by the appraiser who was making the most use of his professional knowledge and experience.

Independent appraiser: [sgd. illegibly]

/R. Nedelchev/



List of information sources used

List of information sources used

1. Independent Appraisers Act (prom. SG issue 98 dd. 14.11.2008)
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 3. Bulgarian Valuation Standards - edition 2018, in force from 01.06.2018.
 4. "Aircraft Valuation", David Yu, PALGRAVE MACMILLAN, 2020
 5. "Airline Finance", Peter S Morrel, ASHGATE 2007.
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 7. "Airline Economics", Giovanni Alberto Tabacco, PALGRAVE MACMILAN, 2017,
 8. "The economics of International Airline Transport", James Peoples, 2014
 9. "Introduction to Air Transport Economics. From Theory to Applications", Bijan Vasigh, Ken Fleming, Thomas Tacker, ASHGATE 2013
 10. "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets", ASA 2011
 11. „Экономика воздушного транспорта“, А.В. Губенко, М.Ю. Смуров, Д.С.Черкашин, ПИТЕР 2009
 12. „Оценка стоимости машин и оборудования“ Т.Г. Касьяненко, Г.А. Маходикова „ЮРАЙТ“ Москва, 2014
 13. "Основы оценки стоимости машин и оборудование" под ред. М.А. Fedotovoy, Moscow, ed. Финансы и статистика” 2006
 14. “Практика оценки стоимости машин и оборудования” под ред. М.А. Fedotovoy, Moscow, ed. Financey and Statistics” 2007
7. Sites reflecting the business aircraft market: <http://www.controller.com>
<http://www.aircraft24.com/>
<http://www.flightmarket.com>.
<http://controler.ru>
www.controler.com
among others.
9. AIRCRAFT VALUE REFERENCE - 2021 Volume II



Independent appraiser's documents

**DECLARATION
FOR LACK OF CIRCUMSTANCES
UNDER ART.21, PARA.3 OF THE INDEPENDENT APPRAISERS ACT.**

The undersigned **Rumen Yordanov Nedelchev** in my capacity as independent appraiser,

DECLARE THAT:

1. I am not a related party to the Contracting Authority of the valuation within the meaning of § 1, item 3 of the Tax and Social Security Procedure Code;
2. I am not a related party to the owner or user of the object under valuation within the meaning of § 1, item 3 of the Tax and Social Security Procedure Code;
3. I or a person related to me within the meaning of § 1, item 3 of the Tax-Insurance Procedure Code do not have, respectively, does not have any property or other interest related to the object under valuation;
4. At the time of the valuation, I have no liabilities to the owner or user of the object under valuation.

I am aware of the liability under Art. 313 of the Criminal Code for false declaration of circumstances required by law.

DECLARANT: [sgd. illegibly]

/Rumen Yordanov Nedelchev/

§1. of the Additional Regulations to the TSSPC, item 3. "Related parties" are:

- (a) spouses, relatives in a straight line, collateral - up to and including third degree; and relatives in matchmaking - up to and including second degree, and for the purposes of Art. 123, para. 1, item 2 - when they are included in a common household;*
- (b) employer and worker;*
- (c) the partners;*
- (d) the persons, one of whom participates in the management of the other or of its subsidiary;*
- (e) the persons in whose management or control body the same entity or natural person participates, including where the natural person represents another person;*
- (f) a company and a person holding more than 5 per cent of the shares issued with voting rights in the company;*
- (g) persons, one of whom exercises control over the other;*
- (h) persons whose business is controlled by a third party or its subsidiary;*
- (i) persons who jointly control a third party or its subsidiary; (k) persons, one of whom is a commercial representative of the other;*
- (l) persons, one of whom has made a donation to the other;*
- (m) persons who are directly or indirectly involved in the management, control, or capital of another person or persons, therefore conditions other than usual may be agreed between them.*



CHAMBER OF INDEPENDENT APPRAISERS IN BULGARIA

**CERTIFICATE
OF APPRAISER'S CAPACITY OF WORK**

Reg. No. 300100074 dd. 14 December 2009

RUMEN YORDANOV NEDELICHEV

Born on 12 may 1953 in the town of Plovdiv, Plovdiv Municipality

**FOR VALUATION
of machinery and equipment**

**The present Certificate is issued based on
Licence No. 3623 dd. 23.01.1995 by the Privatisation Agency**

**[sgd. illegibly]
Lyudmil Simov
Chair of the BD of the CIAB
[Round seal of the Chamber of Independent
Appraisers in Bulgaria]**

True to the original: [sgd. illegibly]

28

Valuation Report of
aircraft Embraer ERJ 109-100 IGW
For financial reporting purposes. Independent Appraiser Rumel Nedelchev

The undersigned Petar Petrov Galabov do hereby certify that my Bulgarian to English translation of the document(s) herewith, namely "Report", said translation consisting of 29 (twenty-nine) page(s), is true and correct.

Translator:

Petar Petrov Galabov

The Issuer

Prudentia S.à r.l.

acting on behalf and for the account of its compartment AirBlu 4.50% EUR 2029
10, Rue Mathias Hardt, L-1717 Luxembourg
Grand Duchy of Luxembourg
R.C.S. number: B240695

The Borrower

Leasing Finance EAD

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Calculation Agent

Alaric Securities OOD

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Grand Duchy of Luxembourg