



Registration of a Charge

Company Name: **SPECIALIST AVIATION SERVICES LIMITED**

Company Number: **01848773**



Received for filing in Electronic Format on the: **09/03/2022**

XAZF5VV4

Details of Charge

Date of creation: **09/03/2022**

Charge code: **0184 8773 0065**

Persons entitled: **CLOSE BROTHERS LIMITED**

Brief description: **ONE (1) LEONARDO SPA AW169 AIRCRAFT (SERIAL NUMBER 69023, REGISTRATION MARK G-LNAC) TOGETHER WITH TWO (2) PRATT & WHITNEY CANADA PW210A ENGINES (SERIAL NUMBERS PCE-BP0009 AND PCE-BP0071. FOR FURTHER DETAILS PLEASE REFER TO THE INSTRUMENT.**

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A TRUE, COMPLETE AND CORRECT COPY OF THE ELECTRONICALLY EXECUTED ORIGINAL INSTRUMENT.**

Certified by: **CHRIS NASH**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 1848773

Charge code: 0184 8773 0065

The Registrar of Companies for England and Wales hereby certifies that a charge dated 9th March 2022 and created by SPECIALIST AVIATION SERVICES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 9th March 2022 .

Given at Companies House, Cardiff on 11th March 2022

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

AIRCRAFT MORTGAGE - COMMERCIAL TERMS

THIS AIRCRAFT MORTGAGE is made on 9 March 2022

BETWEEN:

Close Brothers Limited (trading as Close Brothers Aviation & Marine) (Mortgagee)			
Address	10 Crown Place London EC2A 4FT	Company reg. no.	00195626
Owner			
Owner name	SPECIALIST AVIATION SERVICES LIMITED	Jurisdiction of incorporation and reg. no.	ENGLAND 01848773
		Telephone number	01452 857999
Address	GLOUCESTERSHIRE AIRPORT, STAVERTON, CHELTENHAM, GLOUCESTERSHIRE	Email	lfarajallah@specialist-aviation.com
		Postcode	GL51 6SS
Process Agent	N/A	Postcode	N/A
Notice to Owner: this Deed is granted to the Mortgagee on an all monies basis so as to secure or guarantee (as applicable) all and any obligations under the Loan Agreement and any other agreement entered into between the Owner and the Mortgagee			

Aircraft			
Airframe	Manufacturer:	Leonardo Spa	Year of Manufacture: 2016
	Model:	AW169	Serial Number: 69023
	State of Registration:	United Kingdom	Registration Mark: G-LNAC
Engines	Manufacturer:	Pratt & Whitney Canada	Serial Number(s): PCE-BP0009 PCE-BP0071
	Model:	PW210A	
APU	Manufacturer:		Serial Number:
	Model:		
Maintenance Programmes	Airframe:		Engines:
	APU:		Other: N/A
Operator			
Maintenance Performer	Specialist Aviation Services Limited		
Habitual Base	Staverton or such other habitual base for the Aircraft as may be agreed by the Mortgagee in writing		
Agreed Value	an amount equal to 120% of the balance of the loan outstanding under the Loan Agreement		
Lease	N/A		
International Registry	Yes		

Assigned Agreements
means all agreements, policies, terms and conditions entered into by the Owner in connection with the Insurances, the Warranties and the Earnings.

I certify that, save for amendments redacted pursuant to s.859G of the Companies Act 2006, this is a true, complete and correct copy of the virtual original of the instrument.

09.03.2022

21/11/11P

AIRCRAFT MORTGAGE - TERMS AND CONDITIONS

BACKGROUND:

- A By an aircraft loan agreement (comprising of a loan agreement - aviation commercial terms and a loan agreement - aviation terms and conditions) dated on or around the date of this Deed and made between the Owner (as customer) and the Mortgagee (**Loan Agreement**), the Mortgagee has agreed, upon and subject to the terms of the Loan Agreement, to make available to the Owner a term loan (**Facility**).
- B It is a condition precedent to the availability of the Facility that the Owner shall have executed and delivered this Deed to the Mortgagee.

IT IS AGREED:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In this Deed the following capitalised terms shall have the meaning set out below:

Actual Balance has the meaning given to such term in the Loan Agreement

Agreed Value means the agreed value specified in the section of this Deed headed "Agreed Value"

Aircraft means the Airframe together with the Engines (whether or not any of the Engines may from time to time be installed on the Airframe) and, where the context permits, references to the **Aircraft** shall include the Manuals and Technical Records and, unless otherwise provided in this Deed, shall mean the Aircraft as a whole or any part thereof as specified the section of this Deed headed "Aircraft"

Airframe means the airframe specified in the section of this Deed headed "Airframe" (excluding the Engines), and all Parts (including the APU) installed on or after the date of this Deed, or which having been removed therefrom are required by the terms of this Deed to remain the property of the Owner subject to this Deed, and all replacements, renewals and additions made to the foregoing in accordance with this Deed (but excluding those Parts temporarily installed)

APU means the APU (auxiliary power unit) specified in the section of this Deed headed "APU"

Assigned Agreements means the agreements specified in the section of this Deed headed "Assigned Agreements"

Aviation Authority means each person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in the State of Registration

Business Day means any day (other than a Saturday or Sunday) on which banks are open for business in London

Cape Town Convention means the Convention on International Interests in Mobile Equipment (**Convention**) and the Protocol on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the **Protocol**), in each case, signed at Cape Town on 16 November 2001, and references to articles of the Cape Town Convention are to articles of the Consolidated Text

Compulsory Acquisition means the requisition of title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation or confiscation for any reason of the Aircraft by any government entity or other competent authority, whether *de jure* or *de facto*, but shall exclude requisition for use or hire not involving requisition of title and not exceeding 3 months in duration (including any renewal of such use or hire)

Currency has the meaning given to such term in the Loan Agreement

Deed of Priority has the meaning given to such term in the Loan Agreement

Delegate means any delegate or sub-delegate appointed pursuant to clause 12.2 (*Delegates*)

Earnings means all of the Owner's right, title, benefit and interest in and to any charter, sub-charter or other contract relating to the Aircraft and all amounts whatsoever which may at any time be earned by or become

payable to or for the account of the Owner arising out of the ownership, possession, use or operation of the Aircraft by the Owner including but not limited to all freight, hire and all other amounts payable under any charter, contract of hire, pooling agreement, or other contract relating to the Aircraft, all payments for any variation on termination of any such contract and all damages for any breach of any such contract

Engine means the engine(s) specified in the section of this Deed headed "Engines" or any other replacement engine substituted, in accordance with the terms of this Deed (other than as a temporary replacement for an engine which had immediately prior to such replacement been an Engine) together with, in each case, all Parts from time to time belonging to, installed in or appurtenant to the relevant engine

Euro and € means the lawful single currency unit of any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union

Event of Default means any event or circumstance described or defined as an event of default under any agreement (including any Finance Document) between the Owner and the Mortgagee including each of the events and circumstances set out as such in the Loan Agreement (whether expressly or by reference to another document) and any breach by the Owner of its obligations under this Deed

Finance Documents means the Loan Agreement, this Deed, the Deed of Priority, any other Security Document and any other document designated as such by the Owner and the Mortgagee

Habitual Base means the habitual base specified in the section of this Deed headed "Habitual Base" or such other habitual base for the Aircraft as may be agreed by the Mortgagee in writing

Insurances means all policies and contracts of insurance or such other insurance arrangements which are required to be effected by the Finance Documents or, where the context permits, are from time to time entered into in respect of the Aircraft including all claims under the policies and contracts and return of premiums

Insurers means the underwriters, insurance companies, mutual insurance associations or other associations or companies with or by which the Insurances are effected

Interest Rate has the meaning given to such term in the Loan Agreement

International Registry means the international registration facilities established for the purposes of the Cape Town Convention, currently administered by Aviareto Limited of Suite 5, Plaza 255, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15

Lease means the lease specified in the section of this Deed headed "Lease"

Loss means any loss, demand, liability, obligation, claim, action, proceeding, penalty, fine, damage, adverse judgment, order or other sanction, fee and out-of-pocket cost and expense (including any fee and out-of-pocket cost and expense of any legal counsel)

Maintenance Programme means, in relation to the Aircraft, the Airframe, any Engine or any Part, the maintenance programme as may be filed with and/or approved by the Aviation Authority from time to time

Manuals and Technical Records means all records, logs, manuals, technical data and other materials and documents (whether kept or to be kept in compliance with any regulation of the Aviation Authority or otherwise and including any data maintained in a computer or on computer files) relating to the Aircraft

Operator has the meaning given to such term in the Loan Agreement or means such other operator of the Aircraft as may be approved by the Mortgagee from time to time

Operator Documents means any operator documents (if any) specified as being "Conditions Precedent" in the Loan Agreement, and any other document designated as such by the Owner and the Mortgagee

Part means, in relation to the Aircraft, all appliances, parts, accessories, instruments, navigational and communications equipment, furnishings, modules, components and other items of equipment relating thereto (other than complete Engines or engines)

Receiver means any receiver, manager or other receiver or similar officer appointed by the Mortgagee under this Deed in respect of the Secured Property and shall, if allowed by law, include an administrative receiver

Requisition Compensation means all sums of money and all compensation payable by reason of the Compulsory Acquisition of the Aircraft

Second Ranking Mortgage has the meaning given to such term in the Loan Agreement

Secured Obligations means all present and future monies, obligations and liabilities (and whether on or at any time after demand) due, owing or incurred in whatsoever manner to the Mortgagee or any associated company of Close Brothers Group PLC by the Owner, from time to time, whether actually or contingently, solely or jointly and whether as principal or surety (or guarantor or cautioner), including any money and liabilities of the Owner to a third party which have been assigned or novated to or otherwise vested in the Mortgagee or any associated company of Close Brothers Group PLC and including interest, discount, commission and other lawful charges or expenses which the Mortgagee may in the course of its business charge or incur in respect of any of those matters and so that interest shall be computed and compounded according to the usual Mortgagee rates and practice (or otherwise agreed in writing) after as well as before any demand made or judgment or decree obtained under or in relation to this Deed

Secured Property means:

- (a) the Aircraft (including the Manuals and Technical Records); and
- (b) all of the Owner's right, title, interest and benefit in and to:
 - (i) the Insurances;
 - (ii) the Warranties;
 - (iii) the Requisition Compensation;
 - (iv) the Earnings; and
 - (v) the Assigned Agreements

Security Documents has the meaning given to such term in the Loan Agreement

Security Interest means any mortgage, charge, pledge, lien, encumbrance or other security interest securing any obligation of any person or any other agreement having similar effect

Security Period means the period beginning on the date of this Deed and ending on the date on which all of the Secured Obligations have been unconditionally and irrevocably paid and discharged in full and the Mortgagee has no further commitment, obligation or liability whatsoever to the Mortgagee (including under the Finance Documents)

State of Registration means the state of registration specified in the section of this Deed headed "State of Registration" or any other state or territory on whose national aircraft register the Aircraft is registered from time to time

Sterling and **£** means the lawful currency of the United Kingdom from time to time

Taxes means any present and future taxes, levies, imposts, duties, fees or other charges or withholdings of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same)

Total Loss means any of the following events: (a) the actual, constructive, comprised, arranged or agreed total loss of the Aircraft (including any damage to the Aircraft which results in an insurance settlement on the basis of a total loss, or requisition for use or hire of the Aircraft which results in an insurance settlement on the basis of a total loss); (b) the Aircraft being destroyed, damaged beyond repair, or otherwise ceasing to be usable in the normal course of its business for a period exceeding 60 days; (c) the Compulsory Acquisition of the Aircraft; or (d) the hijacking, theft, confiscation, capture, detention, seizure or requisition for use or hire of the Aircraft, (other than where the same amounts to Compulsory Acquisition of the Aircraft) for more than 30 days, excluding requisition for use or hire by any government entity of the State of Registration

US Dollars and **US\$** means the lawful currency of the United States of America from time to time

Warranties means:

- (a) all warranties which the Owner has the benefit of in respect of the Airframe, any Engine or Part by any manufacturer or supplier, including all post-delivery rights relating to such warranties; and
- (b) the benefit of any agreement with Leonardo S.p.a or Pratt & Whitney Canada Corp (or any other provider from time to time) for the repair, overhaul, testing or servicing of the Aircraft, the Airframe or any Engine including the benefit of all warranties and indemnities relating thereto

2. COVENANT TO PAY

- (a) The Owner, as principal obligor and not merely as surety, covenants in favour of the Mortgagee that it will pay and discharge the Secured Obligations from time to time when due, or if there is no due date, on demand.
- (b) If the Owner is late in making any payment under this Deed the Owner shall pay to the Mortgagee interest on the amount of such payment at an annual rate equal to the aggregate of the Interest Rate and 4%. This interest will be payable from the date the overdue amount should have been paid up to and including the day it is actually received by the Mortgagee.

3. GRANT OF SECURITY

3.1 Mortgage of Aircraft

In consideration of the Mortgagee agreeing to make the Facility available to the Owner upon the terms and conditions of the Loan Agreement and as a continuing security for the due and punctual performance and discharge of the Secured Obligations, the Owner, with full title guarantee mortgages by way of first priority mortgage and charges by way of first fixed charge all of its right, title, interest and benefit in and to the Aircraft and accordingly:

- (a) all engines and Parts from time to time installed on the Airframe or any Engine shall be subject to this Deed;
- (b) any Engine or Part at any time removed from the Airframe or any Engine shall remain subject to this Deed until such time as a replacement or substitute shall have been installed on the Airframe or the relevant Engine, and shall have become subject to this Deed; and
- (c) upon installation any replacement or substitute engine or Part shall thereupon without further act become subject to this Deed for all purposes as though it had been originally installed in or attached to the Airframe or any Engine, and subject thereto, the Engine or Part replaced or substituted shall be released from the mortgage and charge created by this Deed.

3.2 Assignment

In consideration of the Mortgagee agreeing to make the Facility available to the Owner upon the terms and conditions of the Loan Agreement and as a continuing security for the due and punctual payment, repayment, satisfaction, performance and discharge of the Secured Obligations, the Owner, with full title guarantee, hereby assigns and agrees to assign absolutely to the Mortgagee all of its right, title, interest and benefit in and to the Secured Property including:

- (a) the Insurances;
- (b) the Warranties;
- (c) the Requisition Compensation;
- (d) the Earnings; and
- (e) the Assigned Agreements.

3.3 Notice of Assignment

The Owner shall:

- (a) upon execution of this Deed give notice in the form set out in schedule 3 (*Notice and Acknowledgement of Assignment of Insurance*) and shall, as soon as possible, procure that such

notice is duly acknowledged and further procure that such acknowledgement is received by the Mortgagee;

- (b) forthwith on any Compulsory Acquisition, notify the relevant authority in writing of the assignment to the Mortgagee of the Owner's right, title, interest and benefit in and to the Requisition Compensation; and
- (c) if required by the Mortgagee, deliver a notice of assignment in a form acceptable to the Mortgagee to any other party to any of the Assigned Agreements and procure that such notice is duly acknowledged by each other party to the relevant Assigned Agreement and further procure that such acknowledgement is received by the Mortgagee.

3.4 Performance and Indemnity

Notwithstanding the foregoing, the Owner shall remain liable to perform all the obligations to be performed by it in respect of the Secured Property (including, under the Assigned Agreements) and shall discharge fully its obligations thereunder as they become due and the Mortgagee shall not have any obligation of any kind whatsoever thereunder or be under any liability whatsoever in the event of any failure by the Owner to perform its obligations thereunder and the Owner hereby indemnifies and agrees to keep indemnified the Mortgagee from and against any such liability.

3.5 Release and Transfer

- (a) At the expiry of the Security Period, the Mortgagee shall, at the cost of the Owner, release and transfer to the Owner, the Secured Property.
- (b) Notwithstanding any discharge, release or settlement from time to time between the Mortgagee and the Owner, if any security, disposition or payment granted or made to the Mortgagee in respect of the Secured Obligations by the Owner or any other person is avoided or set aside or ordered to be surrendered, paid away, refunded or reduced by virtue of any law or regulation relating to administration, bankruptcy, insolvency, liquidation, winding-up, composition or arrangement or for any other reason, the Mortgagee shall be entitled thereafter to enforce this Deed as if no such discharge, release or settlement had occurred.

4. CONTINUING AND INDEPENDENT SECURITY

4.1 Continuing Security

This Deed and the security hereby created shall remain in full force and effect by way of continuing security and in particular shall not be, nor be considered as, satisfied by any intermediate discharge or payment on account of any liabilities or any settlement of accounts between the Owner and the Mortgagee.

4.2 Independent Security

This Deed and the security hereby created shall be in addition to and not in substitution for or derogation of any other security (whether given by the Owner or otherwise) now or from time to time held by the Mortgagee in respect of or in connection with the Secured Obligations. The Mortgagee shall be under no duty to enforce any other Security Interest or Finance Document before enforcing the security created by this Deed.

4.3 Unrestricted Enforcement

The Mortgagee need not before exercising any of the rights, powers or remedies conferred upon it by this Deed or by law:

- (a) take action or obtain judgment against the Owner, or any other person in any court;
- (b) make or file any claim or prove in a bankruptcy, winding-up, administration or liquidation of the Owner or of any other person; or
- (c) enforce or seek to enforce the recovery of the monies and liabilities hereby secured by any other security.

5. TAXES AND OTHER DEDUCTIONS

5.1 No Withholding

All payments to be made by the Owner or any other person under this Deed shall be made in full in immediately available funds in the Currency without any set-off or counterclaim whatsoever, free and clear of any Taxes, deductions or withholdings save as required by law.

5.2 Gross-up

If at any time the Owner is required to make any deduction or withholding in respect of Taxes or otherwise from any payment due under this Deed for the account of the Mortgagee, the sum due from the Owner in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Mortgagee receives on the due date for such payment (and retains, free from and clear of any Taxes or otherwise) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Owner shall indemnify the Mortgagee against any Loss suffered, incurred or paid by it by reason of any failure of the Owner to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment.

6. POSSESSING AND SUB-LEASING

6.1 Restrictions

The Owner shall not lease or otherwise part with possession of the Aircraft without the prior written consent of the Mortgagee, which consent the Mortgagee may grant or withhold in its absolute discretion except that the Owner may:

- (a) make available the Aircraft to the Operator pursuant to the Operator Documents (if applicable) and make available the Aircraft to the lessee under the Lease (if applicable);
- (b) wet lease or charter the Aircraft for a period of not more than 28 days on terms under which possession and operational control of the Aircraft will remain with the Owner, ensuring that the requirements of schedules 1 (*Operational and Maintenance Covenants*) and 2 (*Insurance Covenants*) are fully complied with at all times; and
- (c) deliver possession of the Aircraft, Airframe, any Engine or any Part to the relevant maintenance performer or to any other suitably qualified maintenance contractor approved by the Mortgagee for the purpose of performing maintenance or other work required or permitted by this Deed.

6.2 Operator

Where an Operator is appointed, the Owner shall not agree to any amendment to the Operator Documents without the prior written consent of the Mortgagee and shall notify the Mortgagee of any material breach by any party to the Operator Documents and/or any termination of the Operator Documents. The Owner agrees that the appointment of the Operator and the entry into the Operator Documents shall not in any way reduce, diminish or vary any of the Owner's duties, obligations or liabilities under this Deed, the Loan Agreement or any other Finance Document.

7. COSTS, CHARGES AND EXPENSES

The Owner shall from time to time on demand pay to or reimburse the Mortgagee for any Loss suffered or incurred by the Mortgagee in connection with:

- (a) the preparation, execution and registration of this Deed and any other documents required in connection herewith;
- (b) the exercise of any of its powers under this Deed, in suing for or seeking to recover any sums due under this Deed or otherwise preserving or enforcing its rights under this Deed;
- (c) the preservation or attempted preservation of the Secured Property;
- (d) the defence of any claim brought against the Mortgagee in respect of this Deed; or
- (e) releasing or re-assigning this Deed upon the expiry of the Security Period,

and, until payment of the same in full, any such Loss shall be secured by this Deed.

8. UNDERTAKINGS

8.1 General Undertakings

The Owner hereby undertakes and agrees with the Mortgagee throughout the Security Period that it will:

- (a) **No Security Interest:** not create or attempt or agree to create or permit or suffer to exist any Security Interest over all or any part of the Secured Property (save for the Second Ranking Mortgage and any Security Interest created pursuant to this Deed) and to the extent that any Security Interest is created or exists (notwithstanding the foregoing prohibition), promptly procure that any such Security Interest is discharged from such Secured Property;
- (b) **Third party right:** not grant in favour of any other person any interest in or any option or other right in respect of the Secured Property;
- (c) **Ownership of Secured Property:** at all times remain the sole, absolute legal and beneficial owner of the Aircraft and each of the other Secured Property;
- (d) **No Disposal:** not sell or agree to sell, transfer or assign, any part of the Secured Property or deal with or otherwise dispose of the Aircraft (or any interest therein) without the prior written consent of the Mortgagee;
- (e) **Copies of Notices:** give to the Mortgagee upon receipt copies of all notices, requests and other documents sent or received with respect to the Secured Property or in connection with any notice affecting the Aircraft;
- (f) **Information:** give to the Mortgagee such information regarding the Secured Property as the Mortgagee may require;
- (g) **Enforcement:** do or permit to be done every act or thing which the Mortgagee may from time to time require for the purpose of enforcing the rights of the Mortgagee under this Deed and will allow its name to be used as and when required for that purpose;
- (h) **No Depreciation to Security:** not do or cause, permit or suffer to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the Mortgagee's security under this Deed including ensuring that the Aircraft is not seized by way of distress or taken under execution and shall promptly provide to the Mortgagee the original of any order, notice or other matter served upon the Owner by any third party which may adversely affect the Secured Property and shall promptly comply with, object to or make representations in respect of any such order, notice or other matter as the Mortgagee may require;
- (i) **Outgoings:** pay all rent, charges, Taxes, fees, duties and outgoings of whatsoever nature in respect of the Secured Property and in default thereof the Mortgagee may pay or discharge (without obligation) any such sums which may become due or payable in respect of the Secured Property and the Owner shall promptly indemnify the Mortgagee in relation thereto;
- (j) **Compliance with law:** not permit the Secured Property to be used in contravention of any applicable law and shall comply with the requirements of any applicable law relating to or affecting the Secured Property or the user or owner thereof;
- (k) **Registration:** procure that:
 - (i) the Aircraft is registered with the Aviation Authority in the Owner's name as owner and/or the name of the Operator as charterer by demise in accordance with all applicable laws and regulations; and
 - (ii) the mortgage created by this Deed is registered on the appropriate register for aircraft mortgages maintained by the Aviation Authority and on the International Registry and the Owner shall not take or permit any action which could prejudice any such registration;
- (l) **Airworthiness:** procure that the Aircraft:
 - (i) possesses a valid certificate of airworthiness issued by the Aviation Authority;

- (ii) possesses a valid airworthiness review certificate;
 - (iii) possesses a valid annual release to service; and
 - (iv) is operated in accordance with all applicable laws and in a manner which does not invalidate the Insurances or prejudice the rights of the Mortgagee with respect to the Secured Property or the Finance Documents;
- (m) **Certificates:** deliver a copy of each renewed or reissued certificate of airworthiness or airworthiness review certificate and a valid annual release to service to the Mortgagee promptly upon such renewal or reissue;
- (n) **Deregistration:** not, and shall not attempt or join in any steps to, deregister the Aircraft from the register of aircraft maintained by the Aviation Authority without the prior written consent of the Mortgagee and on demand by the Mortgagee shall execute and deliver to the Mortgagee a deregistration power of attorney in relation to Aircraft (in form and substance satisfactory to the Mortgagee);
- (o) **Notice of Event of Default or Total Loss:** promptly give written notice to the Mortgagee of the occurrence of any Event of Default or any Total Loss;
- (p) **Operation and Maintenance:** comply with each of the operational and maintenance covenants set out in schedule 1 (*Operational and Maintenance Covenants*);
- (q) **Insurances:** ensure that the Aircraft is insured in accordance with the requirements of schedule 2 (*Insurance Covenants*); and
- (r) **Assigned Agreements:** with respect to Assigned Agreements:
 - (i) **No Amendment:** following the occurrence of an Event of Default, not amend or vary or agree to amend or vary any Assigned Agreement, waive any of its rights under any Assigned Agreement, release any party from any of its obligations under any Assigned Agreement or consent to any act or omission which would otherwise constitute a breach of any Assigned Agreement;
 - (ii) **Performance:** punctually pay and perform all of its duties, obligations and liabilities under the Assigned Agreements and shall not transfer any of its duties, obligations or liabilities thereunder;
 - (iii) **Assigned Payments:** following the occurrence of an Event of Default, direct any debtor in respect of any Assigned Agreement to pay all monies arising from or in connection with such Assigned Agreement to such account or accounts as the Mortgagee may from time to time direct, subject to any instructions or agreement to the contrary in any of the notices and acknowledgements to be issued pursuant to this Deed;
 - (iv) **Assigned Rights:** following the occurrence of an Event of Default, will not exercise any right, discretion or power conferred on it by the Assigned Agreement unless and until requested in writing to do so by the Mortgagee whereupon the Owner agrees that it will do so; and
 - (v) **Notification of Breach:** notify the Mortgagee of any breach by it or by any other party to any Assigned Agreement.

9. CAPE TOWN

9.1 Cape Town Meanings

In this clause 9, the following expressions have the respective meanings given to them in Article 1 and Article 2 of the Cape Town Convention:

- (a) aircraft engines;
- (b) aircraft object;
- (c) airframe;

- (d) creditor;
- (e) international interest;
- (f) prospective international interest;
- (g) security agreement.

9.2 Application of Cape Town

- (a) The Owner and the Mortgagee agree that when the Airframe is or becomes an airframe and, accordingly, an aircraft object for the purposes of the Cape Town Convention and the Engines are aircraft engines and, accordingly, also aircraft objects for the purposes of the Cape Town Convention:
 - (i) this Deed is a "security agreement" under the Cape Town Convention and Owner has the "power to dispose" of the Aircraft, as contemplated under the Cape Town Convention;
 - (ii) the Owner shall establish a valid and existing account with the International Registry as a "Transacting User Entity" and shall appoint an administrator and/or a professional user acceptable to Mortgagee to make registration in regard to the Secured Property;
 - (iii) the Mortgagee and Owner shall register and hereby consent to registration of a first priority prospective International Interest or International Interest in connection with the Secured Property in each of the Airframe and Engines which shall be searchable on the International Registry to the satisfaction of Mortgagee;
 - (iv) for the purposes of the Cape Town Convention, each of the events which constitutes an Event of Default is an event that constitutes a default or otherwise gives rise to the rights and remedies specified in the Cape Town Convention and the Owner and Mortgagee agree that all rights and remedies available to a creditor under the Cape Town Convention shall be available to the Mortgagee and/or any Receiver; and
 - (v) the Owner shall cooperate with the Mortgagee with respect to effecting registration pursuant to the Cape Town Convention of any agreement related to the ranking of priority between the various international interests and/or the interests of the Owner and the Mortgagee.
- (b) The Owner and the Mortgagee agree that where any of the Engines are replaced by a replacement engine and any such replacement engine is an aircraft engine and, accordingly, also an aircraft object for the purposes of the Cape Town Convention, the Owner shall promptly on request by the Mortgagee, take such steps as shall be available to it under the terms of the Cape Town Convention and as are necessary:
 - (i) to constitute in favour of the Mortgagee as a creditor (being the mortgagee under a security agreement of an aircraft object) an international interest in the replacement engine, including, for this purpose and if required by the Mortgagee, entering into a supplement to this Deed in such form as the Mortgagee shall require providing that the replacement engine shall be mortgaged and charged by the Owner to the Mortgagee with effect from title to the same vesting in the Owner and that the replacement engine shall be an Engine for the purposes of this Deed; and
 - (ii) to register such international interest in accordance with the Cape Town Convention.

10. ENFORCEMENT

10.1 Events of Default

The security created by this Deed shall become enforceable, and the powers conferred by section 101 of the Law of Property Act 1925 as varied and extended by this Deed shall be exercisable, immediately upon the occurrence of an Event of Default and at any time thereafter, the Mortgagee or its nominee shall be entitled, without prior notice and whether or not it shall have appointed a Receiver, to exercise the power to sell or otherwise dispose of the whole or any part of the Secured Property.

10.2 Power of Sale

The statutory power of sale, of appointing a Receiver and the other statutory powers conferred on mortgagees by section 101 of the Law of Property Act 1925 as varied and extended by this Deed shall arise on the date of this Deed.

11. APPOINTMENT AND POWERS OF RECEIVER

11.1 Appointment of Receiver

At any time after the security created by this Deed has become enforceable, or if requested by the Owner, without any notice or further notice, the Mortgagee may at any time, by deed, or otherwise in writing signed by any officer or manager of the Mortgagee or any person authorised for this purpose by the Mortgagee, appoint one or more persons to be a Receiver. The Mortgagee may similarly remove any Receiver and appoint any person instead of any Receiver. If the Mortgagee appoints more than one person as Receiver, the Mortgagee may give those persons power to act either jointly or severally.

11.2 Scope of Appointment

Any Receiver may be appointed Receiver of all of the Secured Property or Receiver of a part of the Secured Property specified in the appointment. In the latter case, the rights conferred on a Receiver as set out in clause 11.3 (*Rights of Receivers*) shall have effect as though every reference in clause 11.3 (*Rights of Receivers*) to the Secured Property was a reference to the part of the Secured Property so specified or any part of the Secured Property.

11.3 Rights of Receivers

Any Receiver appointed pursuant to this Deed shall have the rights, powers, privileges and immunities conferred by the Insolvency Act 1986 on administrative or other receivers duly appointed under the Insolvency Act 1986, and shall also have the right, either in his own name or in the name of the Owner or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

- (a) **Enter into Possession:** to take possession of the Aircraft, and for this purpose to enter upon any premises where the Aircraft or any part thereof may be located;
- (b) **Insurance:** to require that all policies, contracts and other records relating to the Insurances (including details of, and correspondence concerning, outstanding claims) be delivered forthwith to such brokers as the Mortgagee may nominate and to insure the Aircraft against loss and damage and in respect of third party passenger and property damage liability on such terms and with such persons as it thinks fit;
- (c) **Insurance Claims:** to collect, recover, compromise and give a good discharge for all claims then outstanding or thereafter arising under the Insurances or any of them and to take over or institute (if necessary using the name of the Owner) all such proceedings in connection therewith and to permit the brokers through whom collection or recovery is effected to charge the usual brokerage therefor;
- (d) **Claims:** to settle, defend, discharge, compound, release, adjust, refer to arbitration, compromise and arrange any claims whatsoever in connection with the Aircraft or any other Secured Property including all claims against the Owner and/or the Operator in respect of the Secured Property including those which have given or may give rise to any charge or Security Interest on the Aircraft or which are or may be enforceable by proceedings against the Aircraft;
- (e) **Legal Actions:** to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Secured Property including to recover, institute, pursue discharge, compound, release or compromise all claims by the Owner in respect of the Aircraft or any other Secured Property;
- (f) **Repairs and Maintenance:** to repair and keep in repair the Aircraft, to carry out such maintenance work and modifications required so that the Aircraft complies with the provisions of the Finance Documents, and generally maintain, preserve and protect the Aircraft and keep the same free from any Security Interest;
- (g) **Deal with Secured Property:** to sell, transfer, assign, exchange, hire out, lease, charter, lend, place in safekeeping or otherwise dispose of or realise the Secured Property to any person (including any person connected with the Owner or the Mortgagee) either by public offer or auction, tender or private

contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred);

- (h) **Borrow Money:** to borrow or raise money on the security of the Secured Property (either in priority to the security created by this Deed or otherwise) and on such terms and conditions and for such purpose as he may think fit;
- (i) **Rights of Ownership:** to manage and use the Secured Property and to exercise and do (or permit the Owner or any nominee of it to exercise and do) all such rights and things as the Receiver would be capable of exercising or doing if he were the sole, absolute, legal and beneficial owner of the Secured Property;
- (j) **Redemption of Security:** to redeem any Security Interest (whether or not having priority to the security created by this Deed) over the Secured Property and to settle the accounts of any person with an interest in the Secured Property;
- (k) **Insolvency Act:** to exercise all powers set out in Schedule 1 (*Operational and Maintenance Covenants*) (or Schedule B1 to the Insolvency Act 1986 as now in force (whether or not in force at the date of exercise and whether or not the Receiver is an administrative receiver) and any powers added to Schedule 1 (*Operational and Maintenance Covenants*) or Schedule B1 of the Insolvency Act 1986 after the date of this Deed; and
- (l) **Other Powers:** to exercise all the rights and powers of a mortgagee in law, equity or otherwise and to do anything else he may think fit for the realisation of the Secured Property or incidental to the exercise of any of the rights conferred on the Receiver under or by virtue of any Finance Document, the Law of Property Act 1925 or the Insolvency Act 1986.

11.4 Agent of Owner

Any Receiver shall be the agent of the Owner for all purposes. The Owner alone shall be responsible for the Receiver's contracts, engagements, acts, omissions, defaults and Losses suffered, incurred or paid by the Receiver.

11.5 Remuneration of Receiver

The Mortgagee may determine the remuneration of any Receiver at a rate fixed by agreement between the Receiver and the Mortgagee (or, failing such agreement, to be fixed by the Mortgagee). The Mortgagee may direct payment of that remuneration out of monies the Receiver receives in his capacity as Receiver. The Owner alone shall be liable for the remuneration and all other costs, charges and expenses of the Receiver.

12. MORTGAGEE'S RIGHTS

12.1 Same Rights as Receiver

Any rights conferred by any Finance Document upon a Receiver may be exercised by the Mortgagee after the security constituted by this Deed becomes enforceable, whether or not the Mortgagee shall have taken possession or appointed a Receiver of the Secured Property.

12.2 Delegates

The Mortgagee may delegate in any manner to any person any rights exercisable by the Mortgagee under any Finance Document. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Mortgagee thinks fit.

13. APPLICATION OF PROCEEDS

All monies received by the Mortgagee or any Receiver or Delegate under this Deed following an Event of Default shall be applied in or towards satisfaction of the Secured Obligations in such order of priority as the Mortgagee in its absolute discretion may determine (subject to the prior discharge of all liabilities having priority thereto by law) and, subject to any such determination, in the following order of priority:

- (a) in payment of any Loss suffered, incurred or paid by the Mortgagee or any Receiver or Delegate in connection with the exercise of any power under this Deed, the preserving or attempting to preserve the security created hereby or the Secured Property and of all outgoings paid by the Mortgagee;

- (b) in payment to any Receiver of all remuneration as may be agreed between such Receiver and the Mortgagee should be paid to such Receiver in connection with its appointment as such; and
- (c) in or towards reduction of the remaining Secured Obligations in such manner as the Mortgagee shall determine.

14. LIABILITY OF MORTGAGEE, RECEIVERS AND DELEGATES

14.1 Possession

If the Mortgagee or any Receiver or Delegate takes possession of the Secured Property, it or he may at any time relinquish possession. Without prejudice to clause 14.2 (*Mortgagee's Liability*), the Mortgagee shall not be liable as a mortgagee in possession by reason of dealing with or repairing any of the Secured Property.

14.2 Mortgagee's Liability

Neither the Mortgagee nor any Receiver or Delegate shall (either by reason of taking possession of the Secured Property or for any other reason and whether as mortgagee in possession or otherwise) be liable to the Owner or any other person for any Losses relating to the realisation of any of the Secured Property or from any act, default, omission, or misconduct of the Mortgagee, any Receiver, any Delegate or their respective officers, employees or agents in relation to the Secured Property or in connection with the Finance Documents and any action or transaction taken by any Receiver, Delegate or the Mortgagee pursuant to this Deed shall not be affected by the remedying of any Event of Default. If the Mortgagee takes possession of the Aircraft, the Mortgagee shall not be liable for any act, default, omission or misconduct for which a mortgagee-in-possession would be liable.

15. PROTECTION OF THIRD PARTIES

15.1 No Duty to Enquire

No person dealing with the Mortgagee or any Receiver or Delegate shall be concerned to enquire:

- (a) whether the rights conferred by this Deed or any of the other Finance Documents are exercisable;
- (b) whether any consents, regulations, restrictions or directions relating to such rights have been obtained or complied with;
- (c) otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such rights; or
- (d) as to the application of any money borrowed or raised.

15.2 Protection to Purchasers

All the protection to purchasers contained in sections 104 and 107 of the Law of Property Act 1925, section 42(3) of the Insolvency Act 1986 or in any other applicable legislation shall apply to any person purchasing from or dealing with the Mortgagee, any Receiver or any Delegate.

16. INDEMNITY

16.1 General Indemnity

The Owner shall indemnify and keep indemnified the Mortgagee, every Receiver and every Delegate from and against all Losses which the Mortgagee may suffer or incur in connection with:

- (a) the preparation, execution and registration of this Deed and any other documents required in connection with this Deed;
- (b) the exercise of any of its powers under this Deed, in suing for or seeking to recover any sums due under this Deed or otherwise preserving or enforcing its rights under this Deed;
- (c) the perfection, preservation or enforcement of the security created by this Deed;
- (d) the non-performance or non-observance of any covenant, undertaking or agreement on the part of the Owner under any Finance Document;

- (e) the manufacture, description, fitness for purpose, merchantability suitability, quality, state, appearance, safety, durability, value, design, testing, delivery, import, export, registration, ownership, possession, control, use, operation, leasing, sub-leasing, insurance, maintenance, repair, refurbishment, service, overhaul, modification, change, alteration, loss, damage, storage, removal, re-delivery or otherwise of the Aircraft;
- (f) the defence of any claim brought against the Mortgagee in respect of the Aircraft;
- (g) the payment of any stamp duty, value added tax or similar tax or duty in connection with the Aircraft, or this Deed;
- (h) releasing or re-assigning this Deed upon the expiry of the Security Period; and
- (i) of any matter or thing done or omitted to be done relating in any way whatsoever to the Secured Property,

and, until payment of the same in full, any such Loss shall be secured by this Deed.

16.2 Currency Indemnity

If an amount due to the Mortgagee from the Owner in one currency (the **first currency**) is received by the Mortgagee in another currency (the **second currency**), the Owner's obligations to the Mortgagee in respect of such amount shall only be discharged to the extent that the Mortgagee may purchase the first currency with the second currency in accordance with its normal banking practice. If the amount of the first currency which may be so purchased (after deducting any costs of exchange and any other related costs) is less than the amount so due, the Owner shall indemnify the Mortgagee against the shortfall.

16.3 Payment and Security

The Mortgagee may retain and pay out of any money in the hands of the Mortgagee all sums necessary to effect the indemnities contained in this clause 16 and all sums payable by the Owner under this clause 16 shall form part of the monies hereby secured.

17. SUSPENSE ACCOUNT

The Mortgagee may place and keep any monies received under this Deed, before or after the insolvency of the Owner to the credit of a suspense account in order to preserve the rights of the Mortgagee to sue or prove for the whole amount in respect of claims against the Owner or any other person.

18. SET-OFF

The Mortgagee may at any time without notice, notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any obligation it owes to the Owner in whatever currency and set-off any sum in respect of such obligation in or towards satisfaction of the Secured Obligations.

19. POWER OF ATTORNEY

The Owner, by way of security, irrevocably appoints the Mortgagee, every Receiver and every Delegate and any persons deriving title under it jointly and severally to be its attorney (with full power of substitution) and in its name or otherwise on its behalf and as its act and deed to sign, seal, execute, deliver, perfect and do all deeds, instruments, acts and things which may be required or which such attorney or the Mortgagee shall think proper or expedient for carrying out any obligations imposed on the Owner under this Deed or for exercising any of the powers conferred by this Deed or for giving to the Mortgagee the full benefit of the security created hereby and so that this appointment shall operate to authorise such attorney to do on behalf of the Owner anything it can lawfully do by an attorney (including in relation to the Aircraft, the Earnings, the Insurances and the Requisition Compensation). The Owner ratifies and confirms and agrees to ratify and confirm any deed, instrument, act or thing which such attorney or substitute may execute or do.

20. FURTHER ASSURANCES

- (a) The Owner agrees that at any time and from time to time upon the written request of the Mortgagee it will promptly and duly execute and deliver any and all such further instruments and documents as the Mortgagee may deem desirable for the purpose of obtaining the full benefit of this Deed, for giving effect to the security created by this Deed and of the rights and powers granted in this Deed (including executing and delivering to the Mortgagee such documents of transfer as the Mortgagee may require

in the event of sale of the Aircraft pursuant to any power of sale contained in this Deed or which the Mortgagee may have in law).

- (b) The obligations of the Owner under clause 20(a) shall be in addition to and not in substitution for the covenants for further assurance deemed to be included in this Deed by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

21. MISCELLANEOUS

21.1 Interpretation

- (a) In this Deed any reference to:
 - (i) the **Owner** or the **Mortgagee** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) **assets** includes present and future properties, revenues and rights of every description;
 - (iii) this **Deed**, a **Finance Document** or to any other agreement or document shall, unless the context otherwise requires, be construed as a reference to this Agreement, that Finance Document or such other agreement or document as the same may from time to time be amended, varied, supplemented, novated and/or replaced;
 - (iv) **England** or **English airspace** in the context of the Effective Date is a reference to England and/or Wales and the airspace of England and Wales respectively;
 - (v) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vi) **including** or **includes** means including without limitation;
 - (vii) **Secured Obligations** includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting the Owner;
 - (viii) a **person** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
 - (ix) a **regulation** includes any regulation, rule, official directive, requirement, international convention, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and any statute, statutory instrument, regulation or order shall be deemed to be a reference to that statute, statutory instrument, regulation or order as amended, varied or replaced from time to time;
 - (x) words importing the plural include the singular (and vice versa) and the masculine includes the feminine and neuter;
 - (xi) a clause or schedule is a reference to a clause of or schedule to this Deed;
 - (xii) a time of day is a reference to London time; and
 - (xiii) an Event of Default which is **continuing** shall be construed as meaning an Event of Default that has not been expressly waived in writing by the Mortgagee or remedied to the satisfaction of the Mortgagee.
- (b) Clause and schedule headings are for ease of reference only and shall not affect the construction of this Deed.
- (c) Each undertaking of the Owner (other than a payment obligation) contained in this Deed:
 - (i) must be complied with at all times during the Security Period; and
 - (ii) is given by the Owner for the benefit of the Mortgagee.

- (d) If the Mortgagee reasonably considers that an amount paid by the Owner to it under this Deed is capable of being avoided or otherwise set aside on the liquidation or administration of the Owner, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.
- (e) The parties hereto intend that this document shall take effect as a deed notwithstanding the fact that a party to this Deed may only execute this document under hand.

21.2 Delay is not a waiver

Any delay or failure by the Mortgagee to exercise any right or remedy under this Deed shall not constitute a waiver of them and any of our rights or remedies may be enforced separately or concurrently with any other right or remedy now or in the future accruing to us to the effect that such rights are cumulative and not exclusive of each other.

21.3 Amendment

Any amendment or waiver of any provision of this Deed and any waiver of any default under this Deed shall be effective only if made in writing and signed by the Mortgagee.

21.4 Statement of Account

A statement of account, certificate or determination signed as correct by the Mortgagee as to any rate of interest or any amount payable to it under the Finance Documents shall, in the absence of manifest error or fraud, be conclusive for the purposes of the Finance Documents and *prima facie* evidence in any legal action or proceeding arising out of or in connection with the Finance Documents.

21.5 Severability

If any term or provision of this Deed shall to any extent be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining terms or provisions (and any other application of the said terms and provisions) shall not in any way be affected or impaired as a result.

21.6 Assignment

- (a) The Mortgagee may assign or transfer all or any of its rights under this Deed without the consent of the Owner. The Mortgagee shall notify the Owner of any such assignment or transfer as soon as reasonably practicable following such assignment or transfer. The Owner will not assign, transfer, hold on trust or otherwise dispose of any of its rights and/or obligations under this Deed.
- (b) This Deed shall be binding upon and enure to the benefit of the Owner and the Mortgagee and each of their respective successors and permitted assigns.

21.7 Third Party Rights

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Deed and nothing in this Deed confers or purports to confer on any third party any benefit or right to enforce any term of this Deed. Nothing in this clause 21.7 shall restrict the rights of any of our assignees or successors.

21.8 Law of Property Act 1925

Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Deed.

21.9 Counterparts

This Deed may be executed in any number of counterparts which together make one and the same document.

22. NOTICES

The provisions of clause 16 of the Loan Agreement shall apply (*mutatis mutandis*) to this Deed.

23. GOVERNING LAW AND JURISDICTION

- (a) This Deed (and any non-contractual obligations arising out of or in connection with it) will be governed by English law.

- (b) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed (a **Dispute**)).
- (c) The Owner and the Mortgagee agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly neither the Owner nor the Mortgagee will argue to the contrary.
- (d) Clauses 23(a) and 23(b) are for the benefit of the Mortgagee only. As a result, the Mortgagee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Mortgagee may take concurrent proceedings in any number of jurisdictions.
- (e) The Owner waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues, and (b) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues (including, the Aircraft). The Owner agrees that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of the English State Immunity Act 1978.
- (f) Where a Process Agent is specified in the Loan Agreement, the Owner shall irrevocably appoint the Process Agent as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed and agree that failure by the Process Agent to notify the Owner of the process will not invalidate the proceedings concerned.

IN WITNESS of which this Deed has been duly executed by the Owner as a deed and duly executed by the Owner and has been delivered on the first date specified on page 1 of this Deed by the Owner.

SCHEDULE 1: OPERATIONAL AND MAINTENANCE COVENANTS

The Owner shall:

1. use, maintain and repair the Aircraft, the Engines and all Parts in accordance with:
 - (a) the Maintenance Programme;
 - (b) all mandatory rules and regulations of the Aviation Authority to the standard required by the Aviation Authority; and
 - (c) any other regulations or requirements necessary in order to enable the Aircraft at any time to obtain a Certificate of Airworthiness issued by the Aviation Authority plus a valid Airworthiness Review Certificate and annual certificate of release to service;
2. maintain or cause to be maintained (in writing and in English) all logbooks, maintenance records, record books and other documents as are required by the Aviation Authority or the Maintenance Programme to be maintained with respect to the Aircraft;
3. permit the Mortgagee to carry out (at the Owner's cost and expense on an annual basis and at any time following an Event of Default) an inspection and desk-top valuation of the Aircraft (including the Manuals and Technical Records) and, for that purpose, will grant the Mortgagee and its authorised representatives access to any land or buildings on or in which the Aircraft and/or the Manuals and Technical Records may be stored provided that any such inspection shall not (unless an Event or Default has occurred) unreasonably disturb the normal commercial operation or maintenance of the Aircraft;
4. promptly pay and discharge as they fall due all costs and expenses of operating, storing and maintaining the Aircraft and performing its obligations in relation to the Aircraft (including all charges of airport authorities (whether relating to landing fees, parking fees, handling charges or otherwise), all charges imposed by air navigation authorities (including Eurocontrol) and all charges of the Aviation Authority (whether relating to navigation or otherwise) and will on written request by the Mortgagee supply evidence of the payment of any such charges;
5. replace promptly any Part of the Aircraft or any Engine which becomes worn out or in respect of which a loss occurs with a replacement Part or Engine which shall be:
 - (a) owned by the Owner free and clear of all Security Interests; and
 - (b) in such operating condition as, and of equivalent or better value to, the replaced Part or Engine was (or would have been if it had been maintained in accordance with the terms hereof);
6. not without the prior written consent of the Mortgagee, change the Habitual Base of the Aircraft;
7. ensure that the Aircraft is not based, operated and/or maintained outside the United Kingdom or any member state of the European Economic Area for a period of more than 21 consecutive days, except with the prior written consent of the Mortgagee;
8. make all mandatory alterations and modifications and additions to the Aircraft and the Engines as may from time to time be required by mandatory Airworthiness Directives and/or Time Limited Service Bulletins from the Aviation Authority or any other relevant authority within the time period required by the relevant authority or the relevant manufacturer;
9. comply (on a terminating action basis where available) with all mandatory airworthiness directives from time to time issued by the Aviation Authority and any mandatory modification recommended by the manufacturer of the Aircraft or any Engine in a Mandatory Time Limited Service Bulletin (unless such Mandatory Service Bulletin is excluded by the relevant Aviation Authority);
10. ensure that all scheduled maintenance is carried out by the Maintenance Performer and that all inspections, services, repairs, overhauls, tests and modifications to be carried out to or on the Aircraft are carried out by a qualified and certified maintenance organisation;
11. not suffer any arrest, detention, exercise of a possessory lien, execution, distress or other legal process to be levied or sued out against the Aircraft and following the occurrence of such event or circumstance, the Owner

shall notify the Mortgagee immediately and shall take all steps necessary to ensure that the Aircraft is promptly released therefrom;

12. ensure that such crew and engineers are employed in connection with the operation and maintenance of the Aircraft have such qualifications and hold such licences as are required by the Aviation Authority and by all other applicable laws and regulations;
13. as soon as reasonably practicable following the date of this Deed, affix and keep affixed to the Airframe a fireproof metal plate which has inscribed thereon (in legible characters):
"This [Aircraft, its engines and accessories][Engine] [is][are] owned by [name of Owner] as owner subject to a first priority mortgage in favour of Close Brothers Limited";
14. operate the Aircraft in the ordinary course of its business and not permit the Aircraft to be operated for testing, training, racing or any purpose for which it is not designated or reasonably suitable;
15. at any time within normal business hours on 2 Business Days' notice from the Mortgagee (provided that no notice shall be required where an Event of Default has occurred) make available to the Mortgagee for inspection the Manuals and Technical Records and all other records kept by the Owner or any other person in respect of the Aircraft;
16. on request, promptly furnish to the Mortgagee all such information regarding the operation, maintenance and condition of the Aircraft as the Mortgagee may request;
17. promptly (and in any event within 7 days of any casualty, damage or accident) furnish the Mortgagee with full details of any casualty or other damage or accident to the Aircraft in the event that the value or cost of such casualty or damage exceeds such damage threshold as the Owner may notify to the Mortgagee in writing from time to time; and
18. ensure that the Aircraft shall not be used or operated when the Insurances are not in full force and effect or otherwise at a time or in a manner or in any geographical area which constitutes a breach of the terms of the Insurances or is otherwise inconsistent with the terms of the Insurances.

Until the occurrence of an Event of Default, the Owner may:

19. remove any Part (other than an Engine) in the ordinary course of maintenance, service, repair, overhaul or testing, provided that it promptly replaces such Part with a replacement Part which complies with this schedule 1;
20. remove any Engine in the ordinary course of maintenance, service, repair, overhaul or testing provided that such Engine is re-installed on the Aircraft, or a replacement engine which complies with this schedule 1 is installed on the Aircraft, within 30 days (or such longer period as may be agreed by the Mortgagee in writing) of the removal from the Aircraft of such Engine and provided further that the removed Engine remains the property of the Owner unless and until a replacement engine which complies with this schedule 1 is installed on the Aircraft;
21. make such alterations and modifications in and additions to the Aircraft as it thinks desirable in the proper conduct of its business or which may arise as a result of an Airworthiness Directive or a Mandatory Service Bulletin provided that no such alteration, modification or addition (other than pursuant to an Airworthiness Directive or Mandatory Service Bulletin) breaches the requirements or recommendations of the Aviation Authority, the Maintenance Programme, the manufacturer or any other relevant authority or materially diminishes the value or utility of the Aircraft or impairs the airworthiness of the Aircraft and provided further that no such alteration or modification may be made with or comprising Parts which are not owned absolutely by the Owner free from all Security Interests (save for any Security Interest created pursuant to a Finance Document);
22. remove any Part (other than an Engine) from the Aircraft without replacing it as required by this Deed if such Part:
 - (a) is in addition to and not in replacement of any Part previously installed on or attached to the Aircraft;
 - (b) is not required to be installed on or attached to the Aircraft; and
 - (c) can be removed from the Aircraft without impairing the airworthiness of the Aircraft or diminishing its value;

23. whilst an Engine has been removed from the Aircraft in accordance with the provisions of paragraph 19, install a loaner or replacement engine which is not the property of the Owner provided that the removed Engine is re-installed, or such other engine as may satisfy the requirements of paragraph 5 is installed, on the Aircraft within 30 days (or such longer period as may be agreed by the Mortgagee in writing) of such removal and, further provided that the Engine substituted or replaced by such loaner or replacement engine shall at all times remain free from any Security Interest, shall remain the property of the Owner, and shall not cease to be subject to this Deed and the other Finance Documents and until it is replaced by an engine which satisfied the requirements of paragraph 5; and
24. print or paint its name or other symbol on the Aircraft.

Subject to the provisions of this schedule 1, the Owner may not without the express prior written consent of the Mortgagee:

25. make any alteration in or modification or addition to the Aircraft, remove any Part from the Aircraft or (other than in accordance with the Maintenance Programme or in the ordinary course of the operation of the Aircraft) install any Part on the Aircraft or permit any of the foregoing events to occur;
26. make, do or permit or agree to any act or omission which might cause the Aircraft to be exposed to penalty, forfeiture, impounding, destruction or abandonment under any applicable law or regulation; or
27. hold out or represent, permit or suffer the holding out or representation that any member of the crew of the Aircraft is in the employment of the Mortgagee or that the Mortgagee is carrying persons or goods in the Aircraft or is in any way connected or associated (whether for hire or gratuitously) with any operation of the Aircraft undertaken by (or on behalf of) the Owner.

The Owner shall promptly notify the Mortgagee:

28. of any material alterations in or material modifications or additions to the Aircraft;
29. of any Security Interest arising on the Aircraft and/or exercised over the Aircraft (other than pursuant to any Finance Document); and
30. (if the Mortgagee requests) the location of the Aircraft and of any Engine which is not, for the time being, installed or attached to the Aircraft.

The existence of any agreement for maintenance of the Aircraft shall not in any way absolve, negate, reduce or mitigate the obligations of the Owner to maintain the Aircraft in the manner required under this Deed.

SCHEDULE 2: INSURANCE COVENANTS

1. The Owner shall effect and maintain in relation to the Aircraft throughout the Security Period:
 - (a) Hull All-Risks insurance for loss of or damage to the Aircraft whilst flying and on the ground on an agreed value basis in an amount in the Currency which is not less than the Agreed Value;
 - (b) Hull War and Allied Perils insurance, being such risks excluded from the Hull All risks policy by application of war, hijacking and other perils exclusion clause AVN48B to the fullest extent available from the leading aviation insurance markets (being as ordinarily covered under Aviation Hull "War and allied perils" policy LSW555D or (where agreed by us in writing) Extended Coverage Endorsment (Aircraft Hulls) AVN51(A)), including confiscation and requisition by the State of Registration on an "agreed value basis" for an amount in the Currency which is not less than the Agreed Value;
 - (c) all risks insurance on the Engines and Parts while not installed on the Airframe (and not considered part of the Aircraft for insurance purposes) or the Aircraft on an "agreed value basis" for their full replacement cost in sterling; and
 - (d) a policy or policies of insurance covering aircraft third party, passenger, baggage and cargo legal liability for a combined single limit (Bodily Injury/Property Damage) of not less than the Agreed Value (and in any event not less than the amount carried in respect of the same or similar aircraft in the Owner's or the Operator's fleet (if any) in the same jurisdiction as the Aircraft). War and Allied Perils Risks shall also be covered in accordance with the then current market practice for aircraft of the same type as the Aircraft.
2. The insurances required under paragraph 1 shall be provided on an agreed value basis (in the event of a Total Loss the Insurers will pay the specified agreed value rather than the cost of acquiring a replacement aircraft) and the policies shall:
 - (a) include the Mortgagee as additional insured and contract party for its respective rights and interests;
 - (b) include a reference to the Loan Agreement, this Deed and any other relevant Finance Document;
 - (c) include, in the event of separate insurances being arranged to cover the "Hull All Risks" insurance and the "Hull War Risk" and related insurance, a 50/50 claims funding arrangement in the event of any dispute as to whether a claim is covered by the "Hull All Risks" or "Hull War Risks" policy, wording in the terms of Lloyds clause AVS103 being sufficient for such purpose; and
 - (d) be subject to a deductible of not more than such agreed deductible as the Owner may notify to the Mortgagee in writing from time to time.
3. The policies evidencing the insurances required under paragraph 1(d) shall:
 - (a) include the Mortgagee and its officers, directors, employees, agents and its successors and assigns each as additional insured and as contract parties;
 - (b) provide that all the provisions thereof, except the limits of liability, shall operate to give each named insured the same protection as if there were a separate policy covering each named insured save that this provision shall not operate to include any claim arising in respect of loss or damage to the Aircraft or relevant spare parts covered under the Hull or Spares Insurance, it being understood that notwithstanding the foregoing the total liability of Insurers in respect of any and all insureds shall not exceed the limits of liability stated in the policy; and
 - (c) be primary and without right of contribution from other insurance which may be available to the Mortgagee or any of its officers, directors, employees, agents and its successors and assigns.
4. The policies evidencing any Insurances required under paragraph 1 shall:
 - (a) provide that the cover afforded to the additional insured shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or any party which results in a breach of any term, condition or warranty of the policy provided that the additional insured so protected has not caused, contributed to or knowingly condoned the said act or omission;
 - (b) provide for worldwide coverage (subject only to such exceptions as are consistent with the then generally accepted market practice);

- (c) provide that the Insurers shall waive any right of subrogation to any right against the Mortgagee, any of its officers, directors, employees, agents and its successors, transferees and assigns;
 - (d) provide that the Mortgagee shall not be liable for any premiums in respect thereof and that the Insurers shall not exercise any right of set-off or counterclaim in respect of unpaid premiums or otherwise against the interest of the Mortgagee otherwise than in respect of unpaid premiums with respect to the Insurances;
 - (e) provide that the required insurance may only be cancelled or materially altered in a manner adverse to the additional insureds and contract parties by the giving of not less than 30 days' notice in writing (but 7 days or such lesser period as may be customarily available in respect of War and Allied Perils) to the Mortgagee. Notice shall be deemed to commence from the date such notice is given by the Insurers. It is understood that such notice will not, however, be given at normal expiry date of the policy or any endorsement; and
 - (f) unless or to the extent that the Mortgagee requires otherwise, be written in accordance with Airline Finance/Lease Contract Endorsement AVN67B.
5. All Insurances shall be maintained with such insurance underwriters and companies as the Mortgagee may approve.
6. The Owner shall in relation to the Aircraft:
- (a) furnish to the Mortgagee forthwith upon the date not later than 7 days after the renewal date of each Insurance, a certificate or certificates signed by the relevant Insurers (or their authorised representatives) or brokers, acceptable to the Mortgagee (the **Approved Brokers**) providing evidence of insurance coverage pursuant to this schedule 2). Each such certificate shall:
 - (i) describe the perils covered by each policy of insurance issued by it then in force;
 - (ii) specify the amounts of insurance coverage provided against each such peril and any deductible or uninsured amount; and
 - (iii) certify that each such policy is then in full force and effect;
 - (b) furnish to the Mortgagee, on written request, evidence of:
 - (i) payment of each sum then due and payable under or in connection with the Insurances; and
 - (ii) before or on the expiry of any policy or policies in respect of such Insurances, renewal of the relevant policy or policies or that renewal will be effected on expiry; and
 - (c) procure that the relevant Insurers or Approved Brokers provide the Mortgagee with such other information as to any Insurances as the Mortgagee may request.
7. The following provisions shall apply with respect to the distribution of proceeds of the Insurances and any re-insurances:
- (a) all proceeds of a Total Loss shall be paid in full to the Mortgagee or as the Mortgagee shall direct without any deduction or deductions whatsoever subject to deductions for unpaid premiums relating to the Aircraft;
 - (b) all proceeds in respect of a partial loss or in respect of repairable damage to the Aircraft or an Engine shall be paid directly to the repairer or to the person who has paid for such repairs on production of the relevant invoice provided that if the proceeds of insurance in respect of such a partial loss are equal to or exceed such damage threshold as the Owner may notify to the Mortgagee in writing from time to time then they shall be paid in full to the Mortgagee or as the Mortgagee shall direct without any deduction or deductions whatsoever; and
 - (c) all proceeds of loss of or damage to an Engine which does not constitute repairable damage shall be paid in full to the Owner or to the seller of an engine which the Mortgagee has accepted as a replacement for the Engine which has suffered a Total Loss.
8. The Owner shall, in relation to the Aircraft cause the Approved Brokers to issue a written undertaking in favour of the Mortgagee in such form as the Mortgagee may approve which shall inter alia:

- (a) require such Approved Brokers to notify the Mortgagee forthwith upon such Approved Brokers becoming aware of any cancellation or non-renewal of or modification to the Insurances of their ceasing to act as insurance brokers to the Owner or of any other fact or circumstance of which they may at any time learn which might invalidate the Insurances or render them wholly or partially unenforceable; and
 - (b) require the Approved Brokers to provide the Mortgagee with a certificate of insurance at the same time as the Approved Broker supplies the same to the Owner.
- 9. The Owner shall, in relation to the Aircraft, forthwith notify the Mortgagee of any event which may give rise to a claim under the Insurances.
- 10. The Owner shall not, in relation to the Insurances:
 - (a) make or permit the making of any modification to the Insurances without the express prior written consent of the Mortgagee; or
 - (b) do, omit to do, permit or suffer to exist anything whereby the Insurances would or might be expected to be rendered in whole or in part invalid or unenforceable and, without prejudice to the foregoing, shall not use or keep or permit the Aircraft or any part thereof to be used or kept for any purpose, in any manner or in any place not covered by the required Insurances; or
 - (c) cause or knowingly permit the Aircraft to be employed or used in any place or in any manner or for any purpose inconsistent with the terms of or outside the cover provided by the Insurances or if the Insurances have lapsed.
- 11. The Owner shall, in relation to the Insurances, bear any part of any loss or liability which is to be borne by the insured under the Insurances (notwithstanding that such Insurance names the Mortgagee or other person as additional named insured).
- 12. The Owner shall, in relation to the Insurances, reimburse the Mortgagee on demand the amount of any premiums or premium instalments which the Mortgagee may pay.
- 13. If the Owner shall fail to maintain Insurances, or cause to be maintained Insurances which in the sole and absolute opinion of the Mortgagee do not meet the requirements of this Deed, the Mortgagee may at its option, after notice in writing to the Owner, obtain such Insurances and in such event the Owner shall, upon demand, reimburse the Mortgagee for the cost thereof.
- 14. Without in any way limiting the Owner's obligations under the other provisions of this schedule 2 the Owner undertakes that if, at any time clause "*AVN2000 Date Recognition Exclusion Clause*" or any equivalent clause is endorsed on the policies of insurance required hereunder the Owner shall, at its costs and expense, do all things and to take any and all such action available to it to ensure that the interests of the Mortgagee under such policies of insurance are fully protected (including ensuring that clauses "*AVN2001 Date Recognition Limited Coverage Clause*" and "*AVN2002 Date Recognition Limited Coverage Clause*" or any equivalent clauses are endorsed on the policies of insurance required hereunder as soon as possible thereafter). If at any time the Mortgagee shall be of the opinion that its interests in the Insurances are not adequately protected by reason of the operation of clause "*AVN2000 Date Recognition Exclusion Clause*" or any equivalent clause, the Mortgagee may without obligation take out such policy of insurance to insure the Mortgagee against such risks as the Mortgagee may think fit and the Owner shall indemnify and does hereby indemnify the Mortgagee against any Loss suffered, incurred or paid in connection therewith.

SCHEDULE 3: NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT OF INSURANCE

To:[Insurer]

Date:

AIRCRAFT Leonardo SPA AW-169 registration mark G-LNAC (serial number 69023) (the "Airframe") and two Pratt & Whitney Canada PW210A engines with serial numbers BP0009 and BP0071 (the "Engines"), (together the "Aircraft")

1. We refer to a mortgage of the Aircraft dated _____ (the "Mortgage") between Close ("Lender ") and SAS (the "Borrower").
2. We hereby give you notice that pursuant to the Mortgage, among other things, the Borrower
 - (a) granted to the Lender a first priority mortgage over the Aircraft; and
 - (b) assigned by way of security to the Lender all of the Borrower's rights, title and interest in the Insurances (as defined in the Mortgage and which include the Policy) to the extent relating to loss of or damage to the Aircraft including the right to receive any payments due thereunder.
3. Notwithstanding the assignment of the Policy, the Lender does not have any obligations in relation to the Policy and we shall remain liable to perform all such obligations including paying all premiums.

This notice, and all non-contractual rights and obligations in connection herewith, shall be governed by and construed in accordance with English law.

Please acknowledge receipt of this notice by signing the acknowledgement below and delivering it to the Lender

Yours faithfully

Signed:

Signed:

Name:

Name:

Position:

Position:

For and on behalf of

For and on behalf of

Specialist Aviation Services Limited

Close Brothers Limited

Acknowledgement of Assignment of Insurances G-LNAC

TO: Close Brothers Limited

**COPY TO: SPECIALIST AVIATION SERVICES LIMITED, GLOUCESTERSHIRE AIRPORT, CHELTENHAM
GL51 6SS**

FROM: Hayward Aviation Limited

Terms and expressions defined in the notice attached to this acknowledgement (the "**Notice**") shall have the same meanings when used in this acknowledgement.

We acknowledge receipt of the Notice and confirm that:

1. if we receive notice from the Lender that an Event of Default (as defined in the Mortgage) has occurred and that the Lender is enforcing its security under the Mortgage we shall deal with the Lender to the exclusion of the Borrower in relation to the Policy and shall pay to such account or accounts as the Lender shall direct all amounts payable by us under the Policy; and
2. we agree to the assignment of the Insurances as referred to in the Notice and confirm that we have not previously received any notice of any other assignment of any interest of the Borrower in the Policy.

This acknowledgement, and all non-contractual rights and obligations in connection herewith, shall be governed by and construed in accordance with English law.

Yours faithfully

Signed:

Name:

Position:


For and on behalf of


Hayward Aviation Limited

EXECUTION PAGE

THE OWNER


EXECUTED as a deed for and on behalf of)
SPECIALIST AVIATION SERVICES LIMITED)
by two directors)

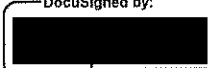
Signature 
DocuSigned by:
A01DC2277CE74AE...
Name (block capitals) ROBERT FERRARI
Director

Signature 
DocuSigned by:
DC77AE00593940E...
Name (block capitals) L Farajallah
Director

THE MORTGAGEE

SIGNED for and on behalf of)
CLOSE BROTHERS LIMITED by an)
authorised signatory)
in the presence of a witness:)

Signature 
DocuSigned by:
AEDD183B02D3421...
Name (block capitals) CAROLINE CLIFF
Authorised signatory

Witness signature 
DocuSigned by:
079895684143418...
Witness name Tracy Horner
(block capitals)
Witness address 