



Registration of a Charge

Company name: **AIRLINE INVESTMENTS LIMITED**

Company number: **08151808**



X811BSFT

Received for Electronic Filing: **11/03/2019**

Details of Charge

Date of creation: **05/03/2019**

Charge code: **0815 1808 0007**

Persons entitled: **AEROCENTURY CORP.**

Brief description:

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 THE ELECTRONIC COPY INSTRUMENT
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **WITHERS LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 8151808

Charge code: 0815 1808 0007

The Registrar of Companies for England and Wales hereby certifies that a charge dated 5th March 2019 and created by AIRLINE INVESTMENTS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th March 2019 .

Given at Companies House, Cardiff on 12th March 2019

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

DATE

5 MARCH

2019

(1) Airline Investments Limited
(as Assignor)

(2) AeroCentury Corp.
(as Assignee)

(3) Loganair Limited
(as Sub-Lessee)

Security Assignment of Sub-Lease
of one Embraer ERJ 145EP aircraft with
Manufacturer Serial Number 145201

I/WE HEREBY CERTIFY THIS TO BE A
COMPLETE AND TRUE COPY OF THE
ORIGINAL

WITHERS LLP
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LONDON EC4M 7AN


SOLICITORS

7067 JOY

8 March 2019

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DATE

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2019

PARTIES

- (1) **Airline Investments Limited**, a company incorporated in England and Wales with registered number 08151808 and whose registered office at BMI Regional Herald Way, East Midlands Airport, Castle Donington, Derby DE74 2TU, United Kingdom (the '**Assignor**');
- (2) **AeroCentury Corp.**, a Delaware corporation whose registered office at 1440 Chapin Avenue, Suite 310, Burlingame, California 94010, United States of America (the '**Assignee**'); and
- (3) **Loganair Limited**, a company incorporated under the laws of Scotland with registered number SC170072 and whose registered office is at Lightyear Building, 9 Marchburn Drive, Glasgow Airport, Paisley, Renfrewshire, Scotland PA3 2SJ (the '**Sub-Lessee**').

RECITALS

- (A) The Assignee agreed to lease the Aircraft to the Assignor pursuant to the Head Lease Agreement.
- (B) The Assignor wishes to sub-lease the Aircraft to the Sub-Lessee pursuant to the Aircraft Sub-Lease Agreement.
- (C) The Assignor has agreed to grant an assignment by way of security of the Aircraft Sub-Lease Agreement to the Assignee as security for the Assignor's obligations under the Head Lease Agreement.

OPERATIVE PROVISIONS

1. Definitions and Interpretation

- 1.1 In this Deed, unless the context otherwise requires, words and phrases defined in the Head Lease Agreement shall apply in this Deed and the following words and phrases shall have the following meanings:

'Act'	The Law of Property Act 1925;
'Aircraft'	one (1) Embraer ERJ 145EP aircraft with serial number 145201 as more particularly described in the Head Lease Agreement;
'Aircraft Sub-Lease Agreement'	the aircraft sub-lease agreement dated on or about the date of this Deed in respect of the Aircraft between the Assignor, as sub-lessor, and the Sub-Lessee, as lessee, as amended by the Supplemental Agreement;
'Assigned Property'	all of the Assignor's right, title, interest and benefit, present and future, actual or contingent, in, to under and in respect of each of: <ol style="list-style-type: none">(a) the Aircraft Sub-Lease Agreement;(b) the Supplemental Agreement;(c) the Requisition Compensation;

	(d) all proceeds in respect of any of the foregoing;
'Enforcement Event'	the occurrence of (i) an Event of Default under the Head Lease Agreement; and/or (ii) any default by the Assignor and/or Sub-Lessee of the terms of this Deed;
'Encumbrance'	any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
'Head Lease Agreement'	the lease agreement in respect of the Aircraft dated 20 March 2017 between the Assignee (as lessor) and the Assignor (as lessee), as amended and/or restated from time to time;
'Receiver'	any receiver or receiver and manager appointed by the Assignee hereunder or under any statutory power;
'Requisition Compensation'	any and all consideration, monies or other compensation or proceeds of whatever kind received and/or receivable in relation to the Aircraft or any part thereof in the event of its requisition for title, use or hire, forfeiture, confiscation, appropriation, compulsory acquisition, restraint, detention or seizure by any person;
'Secured Obligations'	all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Assignor to the Assignee under the Head Lease Agreement or otherwise howsoever arising;
'Supplemental Agreement'	a supplemental agreement to the Aircraft Sub-Lease Agreement dated on or about the date of this Deed between the Assignor and the Sub-Lessee; and
'Transaction Documents'	this Deed, the Head Lease Agreement, the Supplemental Agreement and the Aircraft Sub-Lease Agreement.

1.2 In this Deed, unless the context otherwise requires:

- (a) any reference in this Deed to 'this Deed' or any other documents includes reference to this Deed, its recitals and its schedules or such other documents as varied, amended, supplemented, extended, restated and/or replaced from time to time;
- (b) any reference to a recital, clause, sub-clause or schedule (as the case may be) of or to this Deed and references within a schedule to paragraphs are to paragraphs of that schedule unless otherwise specified;
- (c) the table of contents and the recitals and the headings in this document are inserted for convenience only and shall not affect the construction or interpretation of this Deed;
- (d) use of the singular includes the plural and vice versa;
- (e) use of any gender includes the other genders;
- (f) any reference to a 'person' includes a natural person, firm, government, state, partnership, company, corporation, association, organisation, institution, foundation, trust or agency (in each case whether or not having separate legal personality);

- (g) any reference to a statute, statutory provision or subordinate legislation ('legislation') shall (except where the context otherwise requires) be construed as referring to such legislation as amended and in force from time to time and to any legislation which re-enacts or consolidates (with or without modification) any such legislation;
- (h) references to a 'company' are to be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- (i) any reference to a party is to a party to this Deed; and
- (j) references to times of the day are to London time.

2. Covenant to pay

The Assignor, as principal obligor and not merely as surety, covenants in favour of the Assignee that it will pay and discharge the Secured Obligations from time to time when they fall due.

3. Security

3.1 Assignment and charge

The Assignor, in order to secure the full and punctual payment and performance of the Secured Obligations in accordance with the terms of the Head Lease Agreement, does hereby:

- (a) assign and agree to assign by way of security with full title guarantee the Assigned Property to and in favour of the Assignee absolutely; and
- (b) to the extent that any of the Assigned Property is not at any time assigned pursuant to Clause 3.1(a), charge and agree to charge to the Assignee by way of first fixed charge with full title guarantee the Assigned Property and grant a security interest in all of the Assignor's right, title and interest, whether now or hereafter acquired, in, to and under the Assigned Property to the Assignee and create and agree to create a general Encumbrance in favour of the Assignee over the Assigned Property to the fullest extent permitted by applicable law.

3.2 Notices of assignment and perfection of security

- (a) This Deed constitutes notice to the Sub-Lessee that the Assignor has assigned all its right, title and interest in and under (i) the Aircraft Sub-Lease Agreement and (ii) the Supplemental Agreement to the Assignee and the Sub-Lessee acknowledges and consents to such assignments.
- (b) In relation to the Requisition Compensation, the Assignor shall execute and deliver such written notices as may be required by the Assignee from time to time so as to perfect and protect its interests pursuant to this Deed and shall use its reasonable endeavours to obtain from the party to which such notice is given an acknowledgment thereof, in such form as the Assignee may require, provided that the Assignee will only collect Requisition Compensation directly where the Assignor is in default under the Head Lease Agreement or where the Assignor is no longer the 100% shareholder and parent company of the Sub-Lessee.

4. Continuing security

- 4.1 The Encumbrance created by this Deed shall remain in full force and effect by way of continuing security for the full and punctual payment and performance of the Secured Obligations, regardless of any intermediate payment, payment on account, performance, discharge or satisfaction of all or any of the Secured Obligations.

4.2 The Assignee shall be at liberty, without thereby affecting its rights hereunder, at any time at its absolute discretion and with or without the consent or knowledge of or the requirement of giving notice to the Assignor:

- (a) to give time for the payment or performance of any Secured Obligations; and
- (b) to neglect or forbear to enforce the payment or performance of any Secured Obligations or any other guarantee or security in respect of the Secured Obligations and (without prejudice to the foregoing) to grant any indulgence or forbearance to and fail to or delay in asserting or pursuing any right, remedy or recourse against the Assignor or any other person in respect thereof.

4.3 The Assignee need not before exercising any of its rights hereunder:

- (a) make any demand of or take any action or obtain any judgment against the Assignor or any other person for the payment or performance of any of the Secured Obligations;
- (b) make or file any claim or proof in any insolvency, bankruptcy, winding-up, liquidation or dissolution of the Assignor or any other person or other analogous event or any reorganisation or amalgamation of or affecting the Assignor or any other person; or
- (c) make any claim or pursue any action under or by virtue of any of the other Transaction Documents.

4.4 The Encumbrance created by this Deed shall not be discharged and the rights of the Assignee hereunder shall not be prejudiced or affected by:

- (a) the insolvency, bankruptcy, winding up, liquidation or dissolution of the Assignor or any other person or other analogous event, the appointment of a receiver, administrator, trustee or similar officer of the Assignor or any other person, its undertakings or all or any of its assets, or any reorganisation or amalgamation or other alteration of the status of the Assignor or any other person;
- (b) any total or partial invalidity, voidability or unenforceability of any of the Transaction Documents;
- (c) any amendment, variation or supplement to or any assignment, novation, restatement or replacement of any of the Transaction Documents;
- (d) the taking, existence or release of any other guarantee or security; or
- (e) any other act, omission, event or circumstance which (apart from this provision) would or might constitute a legal or equitable defence for or discharge of the Encumbrance created by this Deed.

4.5 Any settlement or discharge between the Assignee on the one hand and the Assignor or any other person on the other hand shall be conditional upon no security or payment to the Assignee by the Assignor or such other person being voided or set aside or ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency, bankruptcy, winding-up, liquidation, dissolution, reorganisation or amalgamation or other analogous event for the time being in force.

5. Additional security

The Encumbrance created by this Deed is in addition to, and shall not be prejudiced or affected by, any other security, guarantee or collateral now or subsequently held by the Assignee for all or any of the Secured Obligations.

6. Release and reassignment

Following the full payment and performance of all of the Secured Obligations and provided that the Assignee shall not have been advised by insolvency counsel that, having regard to the facts then existing and by reason of any bankruptcy, insolvency or other applicable laws affecting creditors rights and the discharge of obligations, the Assignee would be obliged to pay to or to account to the Assignor or any other person or any liquidator, administrator or trustee in bankruptcy of the Assignor or any other person any amount corresponding to all or any part of the amount paid or accounted for towards such discharge, the Assignee shall, at the request and cost of the Assignor, release the Assigned Property from the Encumbrance constituted by this Deed and reassign to the Assignor, without recourse or warranty, the Assigned Property.

7. Obligations and liabilities in respect of the Assigned Property

- 7.1 The Assignor shall at all times remain liable to perform all obligations and liabilities expressed to be assumed by it under or in respect of the Assigned Property.
- 7.2 No exercise by the Assignee of any rights under this Deed or any other document or in respect of the Assigned Property shall constitute or be deemed to constitute an assumption or acceptance by the Assignee of any obligation or liability in respect of the Assignor or the Assigned Property.
- 7.3 The Assignee shall not have any obligation or liability in relation to the Assigned Property by reason of, or arising out of, this Deed.
- 7.4 The Assignee shall not be obliged to perform any of the obligations or duties of the Assignor expressed to be assumed by it in relation to the Assigned Property.
- 7.5 The Assignee shall not be required to make any payment or to make any inquiry as to the sufficiency of any payment received by the Assignee or the Assignor, or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

8. Representations and warranties

8.1 Representations and warranties

The Assignor and Sub-Lessee acknowledge that the Assignee entered into the Head Lease Agreement and this Deed in full reliance on the following representations by the Assignor and Sub-Lessee and each of the Assignor and the Sub-Lessee now represents and warrants to the Assignee that on and as of the date of this Deed:

- (a) the Assigned Property is free of all Encumbrances and the Assignor has not assigned, transferred, mortgaged, charged, pledged or otherwise encumbered or disposed of any of its rights and benefits in, to or under the Assigned Property or agreed or purported to do any of the same;
- (b) each is a company, duly incorporated in and validly existing under its jurisdiction of incorporation, with power to own its own assets and to carry on its business and other activities as they are being conducted;
- (c) the entry into and performance by each of the Assignor and the Sub-Lessee of, and the transactions contemplated by, this Deed do not and will not conflict with:
 - (i) any law or regulation applicable to it or binding on its assets;
 - (ii) its constitutional documents; or
 - (iii) any other agreement or other instrument binding upon it;

- (d) each has the corporate power to enter into and perform, and has taken all necessary corporate action to authorize the entry into, performance and delivery of, this Deed and all of the Transaction Documents and the transactions contemplated by the Transaction Documents;
- (e) the Assignor is the sole shareholder of the Sub-Lessee;
- (f) the representations and warranties made by the Assignor in Clause 2 of the Head Lease Agreement remain true and correct in all respects; and
- (g) the Assignor has provided to the Assignee a certified copy of the Transaction Documents (other than this Deed) in their final and current forms duly signed by the parties thereto.

8.2 Representations by Sub-Lessee

The Sub-Lessee represents and warrants to the Assignee that it has not received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Aircraft Sub-Lease Agreement and/or the Supplemental Agreement and undertakes that it will notify the Assignee promptly if it should do so in future.

8.3 Repetition of Representations and Warranties

The representations and warranties in Clause 8.1 shall be deemed to be repeated by the Assignor and the Sub-Lessee on each date on which Rent is payable under the Head Lease Agreement, as if made with reference to the facts and circumstances existing on each such date.

8.4 Investigation No Prejudice

The rights of the Assignee in relation to any misrepresentation or breach of warranty by the Assignor shall not be prejudiced by any investigation by or on behalf of the Assignee into the affairs of the Assignor.

9. Assignor Covenants and Acknowledgments

9.1 The Assignor covenants and undertakes to the Assignee that throughout the Term it shall:

- (a) not amend or release any of the terms of any of the Transaction Documents to which it is a party or enter into any agreement or arrangement supplemental thereto without the prior written consent of the Assignee (other than of a minor nature in the ordinary course of the day-to-day management and administration of the Transaction Documents);
- (b) not give any consent, waiver or approval under or in connection with or arising out of or in respect of any of the Transaction Documents to which it is a party or take any other action in connection with the Transaction Documents to which it is a party without the prior written consent of the Assignee (other than of a minor nature in the ordinary course of the day-to-day management and administration of the Transaction Documents);
- (c) promptly notify the Assignee of any material default of which it has knowledge by the Assignor or any other person under the agreements, arrangements, undertakings or promises forming the Assigned Property or any part thereof and upon becoming aware of any of the same being frustrated or the performance thereof becoming impossible or substantially different from that contemplated originally by the parties thereto;
- (d) promptly give the Assignee copies of any notices or other communications received by it with respect to the Assigned Property or any part thereof;

- (e) at all times do all such acts and things and make all such filings and registrations as shall be necessary to preserve, perfect and protect all its rights, interest and title in and to the benefit of the Assigned Property;
 - (f) not, save for this Deed, assign or otherwise dispose of or deal with the Assigned Property and not create or incur or agree to or acquiesce in the creation or the incurring by any other person of any Encumbrance in or upon the Assigned Property;
 - (g) not exercise any right of set-off, counterclaim or defence with respect to the Assigned Property against the Assignee or agree that any other person may exercise any such right; and
 - (h) at all times after the occurrence of an Enforcement Event, deliver in the form received (properly endorsed, but without recourse, for collection where required) to the Assignee all cash, proceeds, cheques, drafts, orders and other instruments for the payment of money received by the Assignor on account of the Assigned Property and the Assignor agrees not to co-mingle or mix any such collections or proceeds with its other funds or property and agrees to hold the same upon an express trust for and on behalf of the Assignee until delivered.
- 9.2 The Assignor acknowledges and agrees that it shall remain primarily liable as lessee under the Head Lease Agreement for the performance and observance of all its obligations under the Head Lease Agreement to the same extent as if no Aircraft Sub-Lease Agreement and Supplemental Agreement had been entered into.
- 10. Sub-Lessee Covenants and Acknowledgments**
- 10.1 The Sub-Lessee covenants and undertakes to the Assignee that it shall:
- (a) disclose to the Assignee at the Assignor's expense, such information relating to the Aircraft Sub-Lease Agreement and/or the Supplemental Agreement as the Assignee may from time to time request;
 - (b) comply with any written notice or instructions in any way relating to, or purporting to relate to, this Deed or the Aircraft Sub-Lease Agreement and/or the Supplemental Agreement which the Sub-Lessee receives at any time from the Assignee without any reference to or further authority from the Assignor and without any enquiry by the Sub-Lessee as to the justification for or validity of such notice or instruction;
 - (c) to send copies of all notices and other information given or received under the Aircraft Sub-Lease Agreement to the Assignee;
 - (d) not agree to any amendment or supplement to, waive any obligation under, or exercise any right to terminate, the Aircraft Sub-Lease Agreement and/or the Supplemental Agreement, save with the prior written consent of the Assignee;
 - (e) in the event that the Sub-Lessee receives written notice from the Assignee that this Deed has become enforceable, to pay all monies owing by it under the Aircraft Sub-Lease Agreement and/or the Supplemental Agreement as directed by the Assignee;
 - (f) not further sublease the Aircraft, except with the prior written consent of the Assignee; and
 - (g) it will on the date of this Deed execute and register an irrevocable de-registration and export request authorisation with the Aviation Authority.
- 10.2 The Sub-Lessee and the Assignor each acknowledges and agrees that their respective rights under the Aircraft Sub-Lease Agreement and the Supplemental Agreement shall be subordinate to all the rights of the Assignee under the Head Lease Agreement.

- 10.3 The Sub-Lessee and the Assignor each acknowledges and agrees that the Aircraft Sub-Lease Agreement shall terminate immediately upon any termination of the Head Lease Agreement (whether following an Event of Default or otherwise), and following any such termination the Sub-Lessee covenants to the Assignee to redeliver the Aircraft to the Assignee as directed by the Assignee.

11. Consolidation

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

12. Enforcement of security

12.1 Time of Enforcement

The Encumbrance constituted by this Deed and the power of sale and other powers conferred by Section 101 of the Act, as varied or amended by this Deed, shall be immediately enforceable and exercisable upon and at any time after the occurrence of an Enforcement Event, despite any rule of law or equity to the contrary, and whether or not any previous default shall have been waived, and in particular without the limitations contained in Section 103 of the Act.

12.2 Rights upon enforcement

Without prejudice to any of its other rights whether conferred under the Head Lease Agreement or by law generally, at any time upon or following an Enforcement Event, the Assignee shall be entitled without further notice or demand to put into force and exercise all the powers and remedies possessed by it as Assignee of the Assigned Property and in particular (but without limitation):

- (a) to apply to any court of competent authority for an order for foreclosure absolute so as to vest all the Assignor's right, title and interest in all or any of the Assigned Property in the Assignee;
- (b) to sell, call in, collect and convert into money all or any of the Assigned Property by public or private contract at any place in the world with or without advertisement or notice to the Assignor or any other person, with all such powers in that respect as are conferred by law; and by way of extension thereof such sale, calling in, collection and conversion may be made for such consideration as the Assignee shall in its sole and absolute discretion deem reasonable (whether the same shall consist of cash or shares or debentures in some other company or companies or other property of whatsoever nature or partly of one and partly of some other species of consideration, and whether such consideration shall be presently payable or by instalments or at some future date, and whether such deferred or future payments shall be secured or not) and in all other respects in such manner as the Assignee shall in its sole and absolute discretion think fit, and without being liable to account for any loss of or deficiency in such consideration; and Section 103 of the Act shall not apply to this Deed or to the power of sale, calling in, collection or conversion hereinbefore contained; and for the purposes of this sub-clause the Assignee may (in its sole and absolute discretion) by notice appoint the Assignor or any other person its non-exclusive agent to sell all or any of the Assigned Property on terms satisfactory to the Assignee;
- (c) to settle, arrange, compromise or submit to arbitration any accounts, claims, questions or disputes whatsoever which may arise in connection with the Assigned Property or in any way relating to this Deed and execute releases or other discharges in relation thereto;
- (d) to bring, take, defend, compromise, submit to arbitration or discontinue any actions, suits or proceedings whatsoever, civil or criminal, in relation to the Assigned Property;
- (e) to execute and do all such acts, deeds and things as the Assignee may consider necessary or proper for or in relation to any of the purposes aforesaid; and

- (f) to appoint a Receiver of all or any part of the Assigned Property upon such terms as to remuneration and otherwise as the Assignee shall deem fit; and the Assignee may from time to time remove any Receiver so appointed and appoint another in his stead. Nothing herein contained shall render the Assignee liable to any such Receiver for his remuneration, costs, charges or expenses or otherwise. A Receiver so appointed shall be the agent of the Assignor, and the Assignor shall be liable for such Receiver's actions and defaults to the exclusion of liability on the part of the Assignee.

12.3 The Act

Sections 109(6) and 109(8) of the Act shall not apply in relation to any Receiver appointed under Clause 12.2(f).

12.4 Rights at law

Notwithstanding any other provision of this Deed, and without limiting, and as an addition to, the powers conferred upon the Assignee (and any Receiver appointed pursuant to Clause 12.2(f)) by the laws of England and Wales or of any other jurisdiction, the Assignee or the Receiver (as the case may be) may at any time upon or following an Enforcement Event exercise against or in respect of the Assignor and/or the Assigned Property any of the rights, powers, privileges or discretions conferred from time to time by applicable law, domestic or foreign.

12.5 Powers of Receiver

Any Receiver appointed under Clause 12.2(f) shall have all the powers conferred on a receiver by law (save that Section 103 of the Act or any other relevant statutory provision shall not apply) and by way of addition to but without limiting those powers:

- (a) the Receiver shall have all the powers given to the Assignee hereunder of taking possession of, calling in, collection, converting into money and selling and dealing with the Assigned Property or any part thereof and generally shall be entitled to the same protection and to exercise the same powers and discretions as are given to the Assignee hereunder and shall also have such other of the powers and discretions given to the Assignee hereunder as the Assignee may from time to time confer on him;
- (b) the remuneration of the Receiver may be fixed by the Assignee (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise), but shall be payable by the Assignor, and the amount of such remuneration may be debited by the Assignee from any account of the Assignor but shall, in any event, be secured on the Assigned Property under this Deed;
- (c) the Receiver shall have power to make any payment and incur any expenditure which the Assignee is by this Deed expressly or impliedly authorised to make or incur. Any expenses incurred by the Receiver in the exercise of any of his powers hereunder may be paid or retained by him out of any moneys coming into his hands as receiver or may be paid by the Assignee, in which case they shall be treated as expenses properly incurred by the Assignee;
- (d) the Receiver shall in the exercise of his powers, authorities and discretions conform with the reasonable directions from time to time made and given by the Assignee;
- (e) the Assignee may at any time require security to be given for the due performance of the Receiver's duties as receiver, at the cost of the Assignor; and
- (f) the Assignee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as receiver.

12.6 Other powers of Receiver

The foregoing powers of a Receiver shall be in addition to any statutory or other powers of the Assignee under the Act and of a receiver under the Insolvency Act 1986 as amended by the Enterprise Act 2002, and the Receiver shall in any event have and be entitled to exercise all the rights, powers and remedies conferred upon the Assignee by this Deed and by law with respect to the Assigned Property.

12.7 No liability as mortgagee in possession

Neither the Assignee nor the Receiver shall be liable to account as a mortgagee in possession of the Assigned Property and neither the Assignee nor any Receiver shall be liable for any loss arising from or in connection with the realisation of the Assigned Property or otherwise for any act, neglect, default or omission for which a mortgagee in possession might be liable as such.

13. Third Parties

13.1 Protection of third parties

No person dealing with the Assignee or any Receiver appointed by the Assignee hereunder shall be concerned to enquire whether an Enforcement Event has occurred or whether the power which the Assignee or such Receiver is purporting to exercise has become exercisable or whether any money remains due on the security of this Deed or otherwise as to the propriety or regularity of any sale or other dealing by the Assignee or such Receiver with the Assigned Property, and all the protections to purchasers conferred by law shall apply to such persons dealing with the Assignee or such Receiver.

13.2 Receipts

The receipt of the Assignee or such Receiver for the purchase moneys shall effectively discharge the purchaser, who shall not be concerned with the manner of application of the same or be in any way answerable therefor.

13.3 Meaning of purchaser

In this Clause 13, 'purchaser' includes any person acquiring for money or money's worth any interest or right whatsoever in relation to the Assigned Property.

13.4 Application of proceeds

All proceeds in respect of the Assigned Property received by the Assignee, the Assignor, any Receiver or any other person following the occurrence of an Enforcement Event shall be applied in the following order and manner of priority:

- (a) first, in or towards discharge of costs and expenses of the Assignee or any Receiver in the collection and bringing in of the same;
- (b) secondly, in or towards discharge of the Secured Obligations in such manner and in such order as the Assignee in its absolute discretion shall determine; and
- (c) thirdly, in payment of any surplus to the Assignor or the persons entitled to the same.

14. Power of attorney

14.1 Power of attorney

The Assignor irrevocably appoints by way of security the Assignee and the Assignee's directors and officers from time to time and any receiver (each an 'Attorney') severally to be the true and lawful attorney and agent of the Assignor in its name and on its behalf as its act and deed (with full power

of substitution and delegation) to take any action which the Assignor is obliged to take under or pursuant to this Deed or entitled to take in respect of the Assigned Property and/or which the Assignee or any such Attorney deems necessary or proper for any of the purposes of giving effect to and enabling the Assignee to take the full benefit of this Deed and the Assigned Property provided that such Attorney shall not exercise the power of attorney granted hereunder until the occurrence of an Enforcement Event. The Assignor covenants with the Assignee to indemnify and keep indemnified the Attorney for all such acts.

14.2 No obligation to exercise power

Neither the Assignee nor any Attorney shall have any obligation to exercise any of the powers conferred upon it by this Deed nor to make any demand or enquiry as to the nature or sufficiency of any payment received by it with respect to the Assigned Property. No action taken by or omitted to be taken by the Assignee or an Attorney in the proper exercise of the powers conferred on it pursuant to Clause 14.1 or otherwise hereunder shall give rise to any defence, counterclaim or set-off in favour of the Assignor or otherwise affect any of the Secured Obligations.

14.3 Ratification

The power hereby conferred shall be a general power of attorney under the Power of Attorney Act 1971 and the Assignor shall ratify and confirm and agree to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the Attorney may lawfully execute or do in the proper exercise of such power.

14.4 Assignee's right to remedy

If at any time the Assignor fails to do any act or to make any payment which it is obliged to do or make hereunder or in respect of the Assigned Property (other than a payment to the Assignee), the Assignee may (but shall not be bound to) do such act or procure its doing or make such payment itself. The Assignor shall pay to the Assignee on demand the amount of payment made or losses, costs and expenses incurred by the Assignee in doing any act pursuant to this Clause 14.4, together with interest thereon calculated from the date of payment by the Assignee until the date of payment by the Assignor at the Interest Rate.

15. Assignments and transfers

15.1 Binding agreement

This Deed shall be binding upon and enure to the benefit of each party hereto and its or any permitted subsequent successors and assigns.

15.2 Assignments and transfers by the Assignee

- (a) the Assignor acknowledges and accepts that the Assignee shall be entitled at any time to transfer (whether by way of assignment, novation or otherwise) all or any of its rights or obligations under this Deed to any person to which it is entitled to transfer its rights and obligations under the Head Lease Agreement;
- (b) the Assignor hereby undertakes that it shall promptly comply with all reasonable requests of the Assignee or its successors, transferees or assigns (each a transferee) in respect of any such transfer and shall take all such steps and execute such agreements or instruments and make any necessary filings or registrations which may be required and as the Assignee shall reasonably request to give the transferee the benefit of this Deed and to give effect to and/or perfect such transfer and the Assignee agrees to reimburse the Assignor for any expenses reasonably incurred by the Assignor in doing so; and
- (c) in the event that the Assignee gives notice to the Assignor that it has transferred its rights and obligations under this Deed by way of assignment in accordance with this Clause 15.2,

the Assignor shall, within ten (10) Business Days of receiving such notice, deliver to the Assignee written acknowledgment of its receipt of such notice.

15.3 No assignments and transfers by the Assignor

The Assignor and the Sub-Lessee shall not be entitled to assign or transfer all or any of their respective rights, benefits and/or obligations hereunder.

16. Further provisions

16.1 Cumulative rights and waivers

The Assignee's rights under this Deed are cumulative, may be exercised as often as the Assignee considers appropriate and are in addition to its rights under any applicable law. The Assignee's rights against the Assignor or in relation to the Assigned Property shall not, as against or in favour of the Assignor, be capable of being waived or varied otherwise than by an express waiver or variation in writing and in particular any failure to exercise or any delay in exercising any of such rights shall not operate as a waiver or variation of that or any other such right. Any defective or partial exercise of any of the Assignee's rights against the Assignor shall not preclude any other or further exercise of that or any other such right. No act or course of conduct or negotiation on the Assignee's part or on its behalf shall in any way preclude it from exercising any of its rights against the Assignor or constitute a suspension or any variation of any such right.

16.2 Partial invalidity

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions of this Deed nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction shall in any way be affected or impaired thereby.

17. Notices

17.1 A notice given under this Deed:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address, or email address, given in this Clause 17.1 (or such other address, email address or person as the relevant party may notify to the other parties); and
- (c) shall be:
 - (i) delivered personally;
 - (ii) sent by email;
 - (iii) sent by courier; or
 - (iv) (if the notice is to be served into a country other than that from which it is sent) sent by airmail.

17.2 The postal address for service of notice to the Assignor is:

Airline Investments Limited, c/o Loganair Limited, Lightyear Building, 9 Marchburn Drive, Glasgow Airport, Paisley, Renfrewshire, Scotland PA3 2SJ.

The postal addresses for service of notice to the Assignee and Sub-Lessee are as set out in the recitals.

The email addresses for the parties are set out below:

Assignor:	Attention: David Harrison Email: davidharrison@loganair.co.uk
Assignee:	Attention: Christopher Tigno Email: chris.tigno@aerocentury.com
Sub-Lessee:	Attention: Jonathan Hinkles Email: jonathanhinkles@loganair.co.uk

17.3 Notice is deemed to have been received:

- (a) if delivered personally, at the time of delivery;
- (b) if sent by email, when dispatched provided the email was properly addressed and sent;
- (c) in the case of courier, 48 hours from the date of couriering;
- (d) in the case of airmail, five days from the date of posting; or
- (e) if deemed receipt under the previous paragraphs of this Clause 17.3 is not within business hours (meaning 9.00am to 5.30pm Monday to Friday on a day that is a Business Day), when business next starts in the time of deemed receipt.

17.4 To prove service in the case of Clause 17.3(a) and 17.3(c) above, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.

17.5 The provisions of Clause 17.3(b) shall not apply to the service of any proceedings or other documents in any legal action.

17.6 A party may change its details in Clause 17.2 by giving notice, the change taking effect for the party notified of such change at 9.00am on the later of:

- (a) the date, if any, specified in the notice as the effective date for the change; or
- (b) the date which is five (5) Business Days after deemed receipt of the notice pursuant to Clause 17.3.

18. Entire agreement

This Deed represents the sole and entire agreement between the Assignee, Sub-Lessee and the Assignor in relation to the subject matter hereof and supersedes all previous agreements in relation thereto.

19. Costs

The Assignor shall on demand pay to the Assignee the amount of all costs and expenses (including legal fees and any value added tax thereon) incurred by the Assignee in the preparation, negotiation, amendment and enforcement of, or the preservation of rights under, this Deed (and any documents referred to in it).

20. Time of essence

All of the Assignor's and Sub-Lessee's respective obligations under this Deed shall constitute conditions, the time for performance of which shall be of the essence.

21. Further assurance

The Assignor and Sub-Lessee shall from time to time do and perform such other and further acts and execute and deliver any and all such further documents which are necessary or desirable to establish, maintain and protect the rights and remedies of the Assignee under, and to carry out and effect the intent and purposes of, this Deed.

22. Counterparts

This Deed may be entered into in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

23. Third party rights

Other than any person which shall have the benefit of Clause 13 (whose consent shall nevertheless not be required to any amendment or modification to this Deed not affecting the rights of the relevant person), a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

24. Governing law and submission to jurisdiction

24.1 This Deed and any non-contractual obligations arising from or in connection with it are governed by and shall be construed in accordance with the laws of England.

24.2 The Assignor and Sub-Lessee agree for the benefit of the Assignee that the courts of England shall have exclusive jurisdiction to settle any disputes (including claims for set-off and counterclaims) which may arise in connection with this Deed or relate to any non-contractual obligations arising from or in connection with this Deed, and for such purposes the Assignor and the Sub-Lessee irrevocably submit to the jurisdiction of the courts of England.

24.3 Nothing in this Clause 24.3 shall limit the Assignee's right to take proceedings against the Assignor and the Sub-Lessee in any other court of competent jurisdiction nor shall the taking of proceedings in one jurisdiction preclude the Assignee from taking proceedings against the Assignor and the Sub-Lessee in any other jurisdiction, whether concurrently or not.

24.4 The Assignor and the Sub-Lessee irrevocably waive any objection on the grounds of venue or *forum non conveniens*, *lis alibi pendens* or other similar grounds.

In witness whereof this Deed has been executed by the parties hereto as a deed and is intended to be and is hereby delivered on the date first above written

Executed as a deed by
Airline Investments Limited

)

)

Director



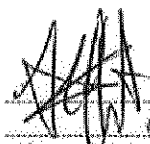
in the presence of

Witness

Signature:

Name:

Address:



DAVID GILCHRIST
110 QUEEN STREET
GLASGOW G1 3HQ

Occupation:

SOLICITOR

Signed as a deed on behalf of
AeroCentury Corp.
a company incorporated in Delaware

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)

)

By

)

being a person who in accordance with

)

the laws of that territory is acting

)

under the authority of the company

)


Authorised signatory

Executed as a deed by
Loganair Limited

)

)

Director




in the presence of

Witness

Signature:

Name:

Address:



DAVID GILCHRIST
110 QUEEN STREET
GLASGOW G1 3HQ

Occupation:

SOLICITOR

In witness whereof this Deed has been executed by the parties hereto as a deed and is intended to be and is hereby delivered on the date first above written

Executed as a deed by

Airline Investments Limited

Director

In the presence of

Witness

Signature:

Name:

Address:

Occupation:

Signed as a deed on behalf of

AeroCentury Corp.

a company incorporated in Delaware

By TONI M. PERAZZO *Toni M. Perazzo*

being a person who in accordance with

the laws of that territory is acting

under the authority of the company

Authorised signatory

Executed as a deed by

Loganair Limited

Director

In the presence of

Witness

Signature:

Name:

Address:

Occupation: