



Registration of a Charge

Company name: **VIRGIN ATLANTIC AIRWAYS LIMITED**

Company number: **01600117**



X2NXD9FO

Received for Electronic Filing: **24/12/2013**

Details of Charge

Date of creation: **20/12/2013**

Charge code: **0160 0117 0148**

Persons entitled: **LLOYDS BANK PLC**

Brief description:

Contains fixed charge(s).

Notification of addition to or amendment of charge.

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 CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **NORTON ROSE FULBRIGHT LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 1600117

Charge code: 0160 0117 0148

The Registrar of Companies for England and Wales hereby certifies that a charge dated 20th December 2013 and created by VIRGIN ATLANTIC AIRWAYS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 24th December 2013 .

Given at Companies House, Cardiff on 24th December 2013



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

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

NORTON ROSE FULBRIGHT LLP
Sign & Dated 24/12/2013

|
Private & Confidential

Dated 20 December 2013

VIRGIN ATLANTIC AIRWAYS LIMITED (1)
as Owner

and

LLOYDS BANK PLC (2)
as Mortgagee

ENGINE MORTGAGE
and
ASSIGNMENT OF INSURANCES
Rolls-Royce Trent 772B-60/16 Engine
Engine Serial Number 41870

^
NORTON ROSE FULBRIGHT ‡

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THIS MORTGAGE is made 20 December 2013 BETWEEN:

- (1) **VIRGIN ATLANTIC AIRWAYS LIMITED**, a company registered in England with company number 01600117 (the **Owner**); and
- (2) **LLOYDS BANK PLC**, acting in its capacity as trustee for the Finance Parties or such other person as may be appointed as security trustee for the Lenders in accordance with clause 34 of the Loan Agreement (the **Mortgagee**).

WHEREAS:

- (A) by a loan agreement dated 19 December 2013 (**Loan Agreement**) made between, amongst others, the Owner as borrower, the bank referred to therein as the "Original Lender" and the Mortgagee, the Lenders agreed to make available to the Owner a loan of up to £25,000,000; and
- (B) it is a condition precedent to the advance of the Loan or Loans to which the Engine is subject under the Loan Agreement that the Owner executes this Mortgage.

NOW THIS MORTGAGE WITNESSES AND IT IS HEREBY AGREED as follows:

1 Definitions

- 1.1 Words and expressions defined in the Loan Agreement shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings when used in this Mortgage.
- 1.2 In this Mortgage, unless the context otherwise requires:

Assigned Property means all the Owner's present and future right, title and interest (whether contractual, proprietary or of any other kind and including the right to sue for damages and any returned premium) under or in connection with the Insurance Proceeds and/or any Requisition Compensation;

Collateral means, together, the Engine and the Assigned Property;

Engine means the Rolls-Royce Trent 772B-60/16 engine with engine serial number 41870, including such engine's QEC kit, transportation standard and MVP Bag, together with all Parts installed on such engine on the date of the Loan Agreement with respect to such Engine or thereafter during the Security Period or appurtenant to the relevant engine or any other Parts which are required by the terms of the Loan Agreement or any Security Document to remain the property of the Owner and subject to this Mortgage, but excluding:

- (a) any Parts which are removed from the Engine (unless they are not replaced or substituted in accordance with the terms of the Borrower Total Care Agreement); and

(b) any Parts which are temporarily installed on any Engine in accordance with clause 26.2 of the Loan Agreement,

and, where the context permits, references to the Engine shall (a) include the Manuals and the Technical Records with respect to the Engine and (b) means the Engine and in its entirety and any part of it;

Insurances means all policies of insurance with respect to the Engine from time to time effected or required to be maintained under paragraph 1.1 of Schedule 6 of the Loan Agreement;

Insurance Proceeds means all proceeds of claims under the Insurances and all other amounts payable to the Owner under or in respect of the Insurances, including damages for breach and return of premium;

Part means all appliances, parts, accessories, instruments, furnishings, modules, components and other items of equipment (other than a complete Engine);

Receiver means any receiver and/or manager of all or any part of the Collateral appointed pursuant to clause 9.1;

Requisition Compensation means all moneys or other compensation payable by reason of any Compulsory Acquisition or requisition for hire of the Engine or any Part;

Secured Obligations means the moneys, liabilities and obligations which the Owner covenants in clause 3 to pay, discharge and perform and any reference to the Secured Obligations includes a reference to any of them; and

Security Period means the period commencing on the date of this Mortgage and terminating upon the payment in full of the Secured Obligations and the discharge of all other obligations owed by the Owner under the Finance Documents.

1.3 Headings

Clause headings and the table of contents are inserted for convenience of reference only, have no legal effect and shall be ignored in the interpretation of this Mortgage.

1.4 Interpretation

In this Mortgage, unless a contrary indication appears:

- 1.4.1 references to clauses are to be construed as references to the clauses of this Mortgage
- 1.4.2 references to (or to any specified provision of) this Mortgage or any other document shall include this Mortgage, that document or the relevant provision as it may from time to time be

amended but so that the above is without prejudice to any requirement in any Finance Document that the prior consent of any party be obtained;

- 1.4.3 a reference to an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;
- 1.4.4 words importing the plural shall include the singular and vice versa, and words importing a gender include every gender;
- 1.4.5 references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated association or body of persons and any Government Entity, whether or not having separate legal personality and references to any Party shall be construed so as to include the successors, permitted assignees and permitted transferees of the relevant Party;
- 1.4.6 references to any provision of law is a reference to such provision as applied, amended, extended or re-enacted and includes any subordinate legislation;
- 1.4.7 a reference to an **approval** shall be construed as a reference to any approval, consent, authorisation, exemption, permit, licence, registration, filing or enrolment by or with any competent authority;
- 1.4.8 a reference to **including** shall be construed as a reference to **including without limitation**, so that any list of items or matters appearing after the word "including" shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word "including"; and
- 1.4.9 a reference to any legal term, process or concept in any jurisdiction shall include analogous and similar terms, processes or concepts in every other relevant jurisdiction.

1.5 Third Party Rights

Unless expressly provided to the contrary in this Mortgage and without prejudice to the interests of the Finance Parties in the Collateral, no person other than the Owner and the Mortgagee has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Mortgage.

2 Representation and Warranty

The Owner hereby represents and warrants to the Mortgagee that the Owner has not prior to the execution of this Assignment granted any Security (which is subsisting) over or with respect to, or otherwise encumbered, the Collateral to or in favour of any person other than the Mortgagee.

3 Undertakings

3.1 Secured Obligations

The Owner shall pay to the Mortgagee all moneys, and discharge all obligations and liabilities, now or hereafter due, owing or incurred to the Finance Parties under or in connection with the Finance Documents when they become due for repayment, payment or discharge.

3.2 Claims

In the event of a Total Loss of the Engine, or if it suffers repairable damage the likely cost of rectification of which will exceed \$1,000,000:

- 3.2.1 the Owner shall supply to the Mortgagee all necessary information, documentation and assistance which is in the possession or control of the Owner and which may be required by the Mortgagee in connection with making any claim under the Insurances; and
- 3.2.2 the Owner shall take all such steps as the Mortgagee may reasonably request for the purposes of ensuring that such claim is settled by the insurers as soon as reasonably possible.

3.3 Tacking

Subject to the terms of the Finance Documents, the Lenders are under an obligation to make further advances and any such obligation will be deemed to be incorporated in this Mortgage as if set out in this Mortgage.

4 Mortgage

By way of security for the payment of the Secured Obligations, the Owner hereby mortgages and charges by way of first fixed charge and with full title guarantee to and in favour of the Mortgagee all its rights, title and interest present and future in and to the Engine and accordingly:

- 4.1.1 the Engine shall be subject to this Mortgage; and
- 4.1.2 any Part installed on the Engine shall be subject to this Mortgage unless:
 - (a) it is a Part which is removed from the Engine and has been replaced or substituted in accordance with the terms of the Borrower Total Care Agreement; and
 - (b) it is a Part which is temporarily installed on the Engine in accordance with clause 26.2 of the Loan Agreement.

5 Assignment

- 5.1 The Owner hereby assigns and agrees to assign the Assigned Property with full title guarantee to the Mortgagee absolutely (but subject to redemption upon payment and discharge in full of the Secured Obligations).
- 5.2 This Mortgage does not constitute an assignment of any policies representing the Insurance but only of the benefit, rights, title, interest in the Insurance Proceeds and only insofar as the same relate to the Engine.
- 5.3 The Mortgagee shall not incur any liabilities whatsoever in respect of the Insurances by virtue of this Mortgage. The Owner remains liable to perform all the obligations assumed by it under or in connection with the Insurances.

6 Notices of Assignment

- 6.1 The Owner shall, on or prior to the Utilisation Date of the Loan drawdown first in time with respect to the Engine and from time to time upon the written request of the Mortgagee, give written notice or procure that the brokers through whom the Insurances are placed give written notice to the insurers with whom the Insurances are from time to time effected of the assignment specified in clause 5.1, such notice to be in substantially the same form as that which appears in the Schedule or such other form as the Mortgagee may reasonably require.
- 6.2 The Owner further covenants and agrees that, in the event that there is any Compulsory Acquisition or requisition for hire of the Engine, it will promptly give notice of the assignment of the Requisition Compensation referred to in clause 5.1 to the relevant Government Entity and the Owner shall use its reasonable endeavours to procure that the relevant Government Entity delivers to the Mortgagee a countersigned copy of such notice, acknowledging receipt and confirming that it has not previously received any notice of any other assignment by the Owner in respect of its interests in the Requisition Compensation.

7 Release of Security

- 7.1 Upon the expiry of the Security Period or at such other time that the Engine shall cease, in accordance with the express terms of the Loan Agreement, to be an "Engine" for the purposes of the Finance Documents, the Mortgagee shall, provided that it is indemnified to its reasonable satisfaction for the costs of so doing and subject as provided in clause 7.2, release the Collateral from the Security created by this Mortgage.
- 7.2 The obligation of the Mortgagee under clause 7.1 to release the Collateral from the Security created by this Mortgage is subject to the condition that, immediately prior to such release, the Mortgagee (acting reasonably) is satisfied that no payment previously made by the Owner or the other Obligor to any Finance Party pursuant to the Finance Documents will be ordered to be

refunded pursuant to any Applicable Law relating to bankruptcy, liquidation, administration or insolvency or for any other reason whatsoever.

7.3 All moneys received by the Mortgagee or by any receiver by virtue of its exercise of its powers under this Mortgage shall be applied, after the discharge of the remuneration and expenses of the Receiver and all liabilities having priority to the Secured Obligations:

7.3.1 first, in or towards payment to the Finance Parties of all amounts then due and owing to them under the Finance Documents; and

7.3.2 secondly, in payment of the balance (if any) to the Owner.

8 Powers of Mortgagee on Event of Default

8.1 Without prejudice to any of the Mortgagee's other rights under this Mortgage or by virtue of Applicable Law, the security created by this Mortgage shall become immediately enforceable at any time after the occurrence of an Event of Default which is continuing, whereupon the Mortgagee shall become entitled, as and when it may see fit and without further notice and without the restrictions contained in Section 103 of the Law of Property Act 1925, to exercise in relation to the Collateral all or any of the rights, powers and remedies conferred upon mortgagees and assignees by way of security by Applicable Law and/or conferred on the Mortgagee and assignees by way of security by virtue of this Mortgage, and in particular (but without limiting the generality of the foregoing):

8.1.1 to take possession of the Engine, and for this purpose to enter upon any premises where the Engine or any part thereof may be located;

8.1.2 to settle, discharge, compound, release or compromise any claims whatsoever in connection with the Collateral or in any way relating to the security created by this Mortgage;

8.1.3 to bring, take, defend, compromise, submit to arbitration or discontinue any actions, suits or proceedings whatsoever, civil or criminal, in relation to the Engine;

8.1.4 to repair and keep in repair the Engine, to carry out such maintenance work and modifications as may be required or desirable for the Engine, and generally to preserve and protect the Engine and keep the same free from any Security (and without prejudice to the generality of the foregoing, to exercise its rights under the First Engine ASA);

- 8.1.5 to insure the Engine against loss and damage and in respect of third party, passenger and property damage liability, in such sums, with such insurers, and on such terms as the Mortgagee, in its absolute discretion, deems expedient;
- 8.1.6 to lease or place in safekeeping the Engine for such periods, at such rents and generally in such manner and upon such conditions as the Mortgagee in its absolute discretion deems expedient;
- 8.1.7 to sell and give good title to the Engine with or without prior notice to the Owner, and with or without the benefit of any lease, by public auction or private contract at such place and upon such terms as the Mortgagee in its absolute discretion may determine with power to postpone any such sale and without being answerable for any loss occasioned by such sale or resulting from postponement thereof; and
- 8.1.8 in relation to any of the foregoing, to do all acts and things incidental or conducive thereto and in particular (but without prejudice to the generality of the foregoing) to enter into such arrangements respecting the Engine, its repair, insurance, and employment in all respects as if the Mortgagee were the owner of the Engine but without being responsible for any loss incurred as a result of the Mortgagee doing or omitting to do any such acts or things aforesaid.
- 8.2 In relation to any sale of the Engine by the Mortgagee pursuant to clause 8.1.7 or by any Receiver the purchaser shall not be bound to see or enquire whether the power of sale of the Mortgagee (or the Receiver, as the case may be) has arisen in the manner provided in this Mortgage, and the sale shall be deemed to be within the power of the Mortgagee (or the Receiver, as the case may be) and the receipt of the Mortgagee (or the Receiver, as the case may be) for the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor.

9 Receiver

- 9.1 The Mortgagee may, at any time after the occurrence of an Event of Default which is continuing, by instrument in writing, appoint any person to be a Receiver of all or any part of the Collateral. Where more than one Receiver is appointed, each joint Receiver shall have power to act severally, independently of any other joint Receivers, except to the extent that the Mortgagee may specify to the contrary in the appointment. The Mortgagee may remove any Receiver and appoint another in his place.
- 9.2 A Receiver shall be the agent of the Owner, and the Owner shall be solely responsible for his acts or defaults and for his remuneration.

- 9.3 A Receiver shall have the power to do or omit to do on behalf of the Owner anything which the Owner itself could do or omit to do in relation to the Collateral if the Receiver had not been appointed, notwithstanding the liquidation of the Owner. In particular (but without limitation), a Receiver shall have the powers conferred from time to time on receivers by statute (in the case of powers conferred by the Law of Property Act 1925, without the restrictions contained in section 103 of that Act).
- 9.4 The Mortgagee may from time to time determine the remuneration of any Receiver and section 109(6) of the Law of Property Act 1925 shall be varied accordingly. A Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.
- 9.5 Neither the Mortgagee nor any Receiver shall be liable as mortgagee in possession or assignee in respect of the Collateral to account or be liable for any Losses upon realisation or for any neglect or default of any nature whatsoever in connection therewith for which a mortgagee in possession or assignee may be liable as such.

10 Power of Attorney

- 10.1 The Owner, by way of security, irrevocably appoints each of the Mortgagee and any Receiver severally to be its attorney in its name and on its behalf:
- 10.1.1 to execute and complete all such documents which the Mortgagee or such Receiver may require for perfecting the title of the Mortgagee to the Collateral or for vesting the same in the Mortgagee, its nominee or any purchaser;
- 10.1.2 to execute and complete any document referred to in clause 11; and
- 10.1.3 generally to execute and complete all documents and to do all acts and things which may be required for the full exercise of any of the powers conferred on the Mortgagee or a Receiver under this Mortgage or which may be deemed expedient by the Mortgagee or a Receiver in connection with any disposition, realisation or getting in by the Mortgagee or a Receiver of the Collateral or any part thereof or in connection with any other exercise of any power under this Mortgage.
- 10.2 The exercise by the Mortgagee of the power of attorney referred to in clause 10.1 shall be conclusive evidence of its right to exercise the same.
- 10.3 The power hereby conferred shall be a general power of attorney under the Powers of Attorney Act 1971 and the Owner ratifies and confirms and agrees to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the Mortgagee may execute or do pursuant thereto.

- 10.4 The power of attorney referred to in clause 10.1 shall not be exercised unless and until an Event of Default shall have occurred and be continuing.

11 Further Assurance

- 11.1 The Owner further undertakes that at any time and from time to time upon the request of the Mortgagee it will at its own expense execute, perfect, do, and (if required) register every such further assurance, document, act or thing which the Mortgagee may specify with a view to:
- 11.1.1 perfecting or giving effect to any Security created or intended to be created by this Mortgage, including executing any such supplements to this Mortgage as the Mortgagee may reasonably require for the purposes of subjecting any Part from time to time installed on the Engine to the mortgage and charge created by this Deed; or
- 11.1.2 facilitating the exercise, or the proposed exercise, of any of the Mortgagee's powers under this Mortgage.

12 Security

- 12.1 This Mortgage and the security created hereby shall be held by the Mortgagee as a continuing security for the payment, discharge and performance of the Secured Obligations, and the securities, covenants and provisions contained in this Mortgage shall remain in force as continuing securities to the Mortgagee notwithstanding any settlement of account or any intermediate payment or satisfaction of any part of the Secured Obligations or any other act, event or matter whatsoever, except only the execution by the Mortgagee under seal of an absolute and unconditional release of the security created by this Mortgage.
- 12.2 The security created by this Mortgage, and the powers and remedies of the Mortgagee under this Mortgage, shall be in addition to, and shall not in any way be prejudiced or affected by, any collateral or other security or powers or remedies now or hereafter held by the Mortgagee for all or any part of the Secured Obligations.
- 12.3 No delay or omission of the Mortgagee in the exercise of any right or power vested in it hereunder shall impair such right or power or be construed as a waiver of or an acquiescence in any default by the Owner.
- 12.4 The Mortgagee shall have all the powers conferred on mortgagees by Section 101 of the Law of Property Act, 1925, but without the restrictions contained in section 103 of the Act.

13 Indemnity

- 13.1 The Owner will indemnify the Mortgagee and every Receiver or attorney appointed pursuant hereto in respect of all liabilities and expenses reasonably incurred by it, him or them in good faith in the exercise of any rights, powers or discretions vested in it, him or them pursuant hereto.
- 13.2 Without prejudice to the Mortgagee's duties at law, the Mortgagee shall not be liable for any Losses arising in connection with the exercise of any of its rights, powers and discretions in good faith hereunder and, in particular (without limitation) the Mortgagee and any Receiver in possession shall not be liable to account as mortgagee or assignee in possession or for anything except actual receipts.

14 Benefit of Mortgagee

- 14.1 The Mortgagee may assign or transfer its rights or obligations under this Mortgage to any person appointed as Security Agent under the Loan Agreement. It is intended that this document takes effect as a deed even though the Security Agent may only execute it under hand.
- 14.2 The Owner may not assign any of its rights or transfer any of its rights or obligations under this Mortgage.

15 Loan Agreement

The provisions of each of clauses 39 (other than clauses 39.3.3, 39.3.4 and 39.5) (*Notices*), 41 (*Partial Invalidity*), 42 (*Remedies and Waivers*), 45 (*Counterparts*), 46 (*Governing Law*) and 47 (*Enforcement*) of the Loan Agreement apply to this Mortgage as if references to "this Agreement" in those clauses included a reference to this Mortgage, references to "the Agent" are references to the Mortgagee and on the basis that the address and other details for service of notice on the Owner are those set out in clause 39.2 (*Addresses*) of the Loan Agreement.

This Mortgage has been executed as a deed, and it has been delivered on the date stated at the beginning of this Mortgage.

**Schedule
Notice of Assignment**

To: [•]

One (1) Rolls-Royce Trent 772B-60/16 Engine bearing Engine Serial Number 41870 (the Engine)

Lloyds Bank plc as security trustee for and on behalf of itself and certain banks and financial institutions (the **Mortgagee**) and Virgin Atlantic Airways Limited (the **Owner**) hereby give you notice that:

- (a) By a loan agreement dated [•] 2013 made between, amongst other, the banks and financial institutions referred to therein as lenders, the Owner as borrower and the Mortgagee, the lenders referred to therein advanced a loan (and agreed to advance further loans) to the Owner with respect to the Engine; and
- (b) pursuant to a Mortgage dated [•] 2013 (the **Mortgage**) made between the Owner and the Mortgagee in respect of the Engine, the Owner assigned to the Mortgagee its right, title and interest, present and future, in and to all proceeds of the policies and contracts of insurance (other than third party liability insurances) taken out or in existence from time to time in respect of, or which relate to, the Engine or any Part (more particularly described below) and all other amounts payable to the Owner under or in respect of such policies and contracts of insurance with respect to the Engine or any Part including damages for breach and return of premium (the **Insurance Proceeds**).

The Mortgagee (including its successors and assignees) has no operational interest in the Engine or any Part (as more particularly described below).

Description

One Rolls-Royce Trent 772B-60/16 engine bearing engine serial number 41870 subject to the security created by the Mortgage and all Parts which may from time to time be subject to the security created by the Mortgage.

In accordance with the latest certificate of insurance (AVN67B or based on AVN67B or any replacement therefor) relating to the above engine, where settlement of any claim representing Insurance Proceeds on the basis of a Total Loss is to be made to or to the order of the Contract Party(ies), the Contract Party(ies) have agreed that payment shall be made to the Mortgagee and where settlement of any claim representing Insurance Proceeds (other than a Total Loss) is to be made otherwise than to a repairer, it shall be paid:

- (a) to the Mortgagee to the exclusion of the Owner, if you have received notice from the Mortgagee requiring you to do so; or otherwise
- (b) to the Owner if the amount of the claim is less than one million Dollars (\$1,000,000) inclusive of deductible; or
- (c) to the Mortgagee if the amount of the claim exceeds one million Dollars (\$1,000,000) inclusive of deductible.

For the purposes of the foregoing paragraph, the term **Contract Party(ies)** shall have the same meaning ascribed to such term in the latest certificate of insurance issued by you in respect of the insurances for the engine referred to above.

For the purposes of the above, the term **Part** shall mean in relation to the Engine, all modules, appliances, parts, accessories, instruments, furnishings, components and other items of equipment of (other than the complete Engine) that at any time of determination are incorporated or installed in or attached to the Engine or, having been removed therefrom, title to which remains vested in the Owner in accordance with the provisions of the Loan Agreement; and **Parts** shall have a corresponding meaning.

Until you are notified to the contrary by the Mortgagee you should continue to deal with the Owner in respect of all matters relating to the making and settlement of claims under the Insurances as though such assignment had not been made.

Signed:

.....
For and on behalf of
LLOYDS BANK PLC
as Mortgagee

.....
For and on behalf of
VIRGIN ATLANTIC AIRWAYS LIMITED
as Owner

ENGINE MORTGAGE ESN 41870 - SIGNATURE PAGE

The Owner

EXECUTED as a DEED

for and on behalf of

VIRGIN ATLANTIC AIRWAYS LIMITED

by its duly authorised signatories

in the presence of:

)

)

)

)

)

)

Director

Director/~~Company Secretary~~

Witness

Name:

Address:

Occupation:

The Mortgagee

Signed by

LLOYDS BANK PLC

)

)

By:

1
Private & Confidential

Dated 20 December 2013

VIRGIN ATLANTIC AIRWAYS LIMITED (1)
as Owner

and

LLOYDS BANK PLC (2)
as Mortgagee

ENGINE MORTGAGE
and
ASSIGNMENT OF INSURANCES
Rolls-Royce Trent 772B-60/16 Engine
Engine Serial Number 41870

 **NORTON ROSE FULBRIGHT**

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THIS MORTGAGE is made 20 December 2013 BETWEEN:

- (1) VIRGIN ATLANTIC AIRWAYS LIMITED, a company registered in England with company number 01600117 (the Owner); and
- (2) LLOYDS BANK PLC, acting in its capacity as trustee for the Finance Parties or such other person as may be appointed as security trustee for the Lenders in accordance with clause 34 of the Loan Agreement (the Mortgagee).

WHEREAS:

- (A) by a loan agreement dated 19 December 2013 (Loan Agreement) made between, amongst others, the Owner as borrower, the bank referred to therein as the "Original Lender" and the Mortgagee, the Lenders agreed to make available to the Owner a loan of up to £25,000,000; and
- (B) it is a condition precedent to the advance of the Loan or Loans to which the Engine is subject under the Loan Agreement that the Owner executes this Mortgage.

NOW THIS MORTGAGE WITNESSES AND IT IS HEREBY AGREED as follows:

1 Definitions

- 1.1 Words and expressions defined in the Loan Agreement shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings when used in this Mortgage.
- 1.2 In this Mortgage, unless the context otherwise requires:

Assigned Property means all the Owner's present and future right, title and interest (whether contractual, proprietary or of any other kind and including the right to sue for damages and any returned premium) under or in connection with the Insurance Proceeds and/or any Requisition Compensation;

Collateral means, together, the Engine and the Assigned Property;

Engine means the Rolls-Royce Trent 772B-60/16 engine with engine serial number 41870, including such engine's QEC kit, transportation standard and MVP Bag, together with all Parts installed on such engine on the date of the Loan Agreement with respect to such Engine or thereafter during the Security Period or appurtenant to the relevant engine or any other Parts which are required by the terms of the Loan Agreement or any Security Document to remain the property of the Owner and subject to this Mortgage, but excluding:

- (a) any Parts which are removed from the Engine (unless they are not replaced or substituted in accordance with the terms of the Borrower Total Care Agreement); and

(b) any Parts which are temporarily installed on any Engine in accordance with clause 26.2 of the Loan Agreement,

and, where the context permits, references to the Engine shall (a) include the Manuals and the Technical Records with respect to the Engine and (b) means the Engine and in its entirety and any part of it;

Insurances means all policies of insurance with respect to the Engine from time to time effected or required to be maintained under paragraph 1.1 of Schedule 6 of the Loan Agreement;

Insurance Proceeds means all proceeds of claims under the Insurances and all other amounts payable to the Owner under or in respect of the Insurances, including damages for breach and return of premium;

Part means all appliances, parts, accessories, instruments, furnishings, modules, components and other items of equipment (other than a complete Engine);

Receiver means any receiver and/or manager of all or any part of the Collateral appointed pursuant to clause 9.1;

Requisition Compensation means all moneys or other compensation payable by reason of any Compulsory Acquisition or requisition for hire of the Engine or any Part;

Secured Obligations means the moneys, liabilities and obligations which the Owner covenants in clause 3 to pay, discharge and perform and any reference to the Secured Obligations includes a reference to any of them; and

Security Period means the period commencing on the date of this Mortgage and terminating upon the payment in full of the Secured Obligations and the discharge of all other obligations owed by the Owner under the Finance Documents.

1.3 Headings

Clause headings and the table of contents are inserted for convenience of reference only, have no legal effect and shall be ignored in the interpretation of this Mortgage.

1.4 Interpretation

In this Mortgage, unless a contrary indication appears:

- 1.4.1 references to clauses are to be construed as references to the clauses of this Mortgage
- 1.4.2 references to (or to any specified provision of) this Mortgage or any other document shall include this Mortgage, that document or the relevant provision as it may from time to time be

amended but so that the above is without prejudice to any requirement in any Finance Document that the prior consent of any party be obtained;

- 1.4.3 a reference to an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;
- 1.4.4 words importing the plural shall include the singular and vice versa, and words importing a gender include every gender;
- 1.4.5 references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated association or body of persons and any Government Entity, whether or not having separate legal personality and references to any Party shall be construed so as to include the successors, permitted assignees and permitted transferees of the relevant Party;
- 1.4.6 references to any provision of law is a reference to such provision as applied, amended, extended or re-enacted and includes any subordinate legislation;
- 1.4.7 a reference to an **approval** shall be construed as a reference to any approval, consent, authorisation, exemption, permit, licence, registration, filing or enrolment by or with any competent authority;
- 1.4.8 a reference to **including** shall be construed as a reference to **including without limitation**, so that any list of items or matters appearing after the word "including" shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word "including"; and
- 1.4.9 a reference to any legal term, process or concept in any jurisdiction shall include analogous and similar terms, processes or concepts in every other relevant jurisdiction.

1.5 Third Party Rights

Unless expressly provided to the contrary in this Mortgage and without prejudice to the interests of the Finance Parties in the Collateral, no person other than the Owner and the Mortgagee has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Mortgage.

2 Representation and Warranty

The Owner hereby represents and warrants to the Mortgagee that the Owner has not prior to the execution of this Assignment granted any Security (which is subsisting) over or with respect to, or otherwise encumbered, the Collateral to or in favour of any person other than the Mortgagee.

3 Undertakings

3.1 Secured Obligations

The Owner shall pay to the Mortgagee all moneys, and discharge all obligations and liabilities, now or hereafter due, owing or incurred to the Finance Parties under or in connection with the Finance Documents when they become due for repayment, payment or discharge.

3.2 Claims

In the event of a Total Loss of the Engine, or if it suffers repairable damage the likely cost of rectification of which will exceed \$1,000,000:

- 3.2.1 the Owner shall supply to the Mortgagee all necessary information, documentation and assistance which is in the possession or control of the Owner and which may be required by the Mortgagee in connection with making any claim under the Insurances; and
- 3.2.2 the Owner shall take all such steps as the Mortgagee may reasonably request for the purposes of ensuring that such claim is settled by the insurers as soon as reasonably possible.

3.3 Tacking

Subject to the terms of the Finance Documents, the Lenders are under an obligation to make further advances and any such obligation will be deemed to be incorporated in this Mortgage as if set out in this Mortgage.

4 Mortgage

By way of security for the payment of the Secured Obligations, the Owner hereby mortgages and charges by way of first fixed charge and with full title guarantee to and in favour of the Mortgagee all its rights, title and interest present and future in and to the Engine and accordingly:

- 4.1.1 the Engine shall be subject to this Mortgage; and
- 4.1.2 any Part installed on the Engine shall be subject to this Mortgage unless:
 - (a) it is a Part which is removed from the Engine and has been replaced or substituted in accordance with the terms of the Borrower Total Care Agreement; and
 - (b) it is a Part which is temporarily installed on the Engine in accordance with clause 26.2 of the Loan Agreement.

5 Assignment

- 5.1 The Owner hereby assigns and agrees to assign the Assigned Property with full title guarantee to the Mortgagee absolutely (but subject to redemption upon payment and discharge in full of the Secured Obligations).
- 5.2 This Mortgage does not constitute an assignment of any policies representing the Insurance but only of the benefit, rights, title, interest in the Insurance Proceeds and only insofar as the same relate to the Engine.
- 5.3 The Mortgagee shall not incur any liabilities whatsoever in respect of the Insurances by virtue of this Mortgage. The Owner remains liable to perform all the obligations assumed by it under or in connection with the Insurances.

6 Notices of Assignment

- 6.1 The Owner shall, on or prior to the Utilisation Date of the Loan drawdown first in time with respect to the Engine and from time to time upon the written request of the Mortgagee, give written notice or procure that the brokers through whom the Insurances are placed give written notice to the insurers with whom the Insurances are from time to time effected of the assignment specified in clause 5.1, such notice to be in substantially the same form as that which appears in the Schedule or such other form as the Mortgagee may reasonably require.
- 6.2 The Owner further covenants and agrees that, in the event that there is any Compulsory Acquisition or requisition for hire of the Engine, it will promptly give notice of the assignment of the Requisition Compensation referred to in clause 5.1 to the relevant Government Entity and the Owner shall use its reasonable endeavours to procure that the relevant Government Entity delivers to the Mortgagee a countersigned copy of such notice, acknowledging receipt and confirming that it has not previously received any notice of any other assignment by the Owner in respect of its interests in the Requisition Compensation.

7 Release of Security

- 7.1 Upon the expiry of the Security Period or at such other time that the Engine shall cease, in accordance with the express terms of the Loan Agreement, to be an "Engine" for the purposes of the Finance Documents, the Mortgagee shall, provided that it is indemnified to its reasonable satisfaction for the costs of so doing and subject as provided in clause 7.2, release the Collateral from the Security created by this Mortgage.
- 7.2 The obligation of the Mortgagee under clause 7.1 to release the Collateral from the Security created by this Mortgage is subject to the condition that, immediately prior to such release, the Mortgagee (acting reasonably) is satisfied that no payment previously made by the Owner or the other Obligor to any Finance Party pursuant to the Finance Documents will be ordered to be

refunded pursuant to any Applicable Law relating to bankruptcy, liquidation, administration or insolvency or for any other reason whatsoever.

7.3 All moneys received by the Mortgagee or by any receiver by virtue of its exercise of its powers under this Mortgage shall be applied, after the discharge of the remuneration and expenses of the Receiver and all liabilities having priority to the Secured Obligations:

7.3.1 first, in or towards payment to the Finance Parties of all amounts then due and owing to them under the Finance Documents; and

7.3.2 secondly, in payment of the balance (if any) to the Owner.

8 Powers of Mortgagee on Event of Default

8.1 Without prejudice to any of the Mortgagee's other rights under this Mortgage or by virtue of Applicable Law, the security created by this Mortgage shall become immediately enforceable at any time after the occurrence of an Event of Default which is continuing, whereupon the Mortgagee shall become entitled, as and when it may see fit and without further notice and without the restrictions contained in Section 103 of the Law of Property Act 1925, to exercise in relation to the Collateral all or any of the rights, powers and remedies conferred upon mortgagees and assignees by way of security by Applicable Law and/or conferred on the Mortgagee and assignees by way of security by virtue of this Mortgage, and in particular (but without limiting the generality of the foregoing):

8.1.1 to take possession of the Engine, and for this purpose to enter upon any premises where the Engine or any part thereof may be located;

8.1.2 to settle, discharge, compound, release or compromise any claims whatsoever in connection with the Collateral or in any way relating to the security created by this Mortgage;

8.1.3 to bring, take, defend, compromise, submit to arbitration or discontinue any actions, suits or proceedings whatsoever, civil or criminal, in relation to the Engine;

8.1.4 to repair and keep in repair the Engine, to carry out such maintenance work and modifications as may be required or desirable for the Engine, and generally to preserve and protect the Engine and keep the same free from any Security (and without prejudice to the generality of the foregoing, to exercise its rights under the First Engine ASA);

- 8.1.5 to insure the Engine against loss and damage and in respect of third party, passenger and property damage liability, in such sums, with such insurers, and on such terms as the Mortgagee, in its absolute discretion, deems expedient;
- 8.1.6 to lease or place in safekeeping the Engine for such periods, at such rents and generally in such manner and upon such conditions as the Mortgagee in its absolute discretion deems expedient;
- 8.1.7 to sell and give good title to the Engine with or without prior notice to the Owner, and with or without the benefit of any lease, by public auction or private contract at such place and upon such terms as the Mortgagee in its absolute discretion may determine with power to postpone any such sale and without being answerable for any loss occasioned by such sale or resulting from postponement thereof; and
- 8.1.8 in relation to any of the foregoing, to do all acts and things incidental or conducive thereto and in particular (but without prejudice to the generality of the foregoing) to enter into such arrangements respecting the Engine, its repair, insurance, and employment in all respects as if the Mortgagee were the owner of the Engine but without being responsible for any loss incurred as a result of the Mortgagee doing or omitting to do any such acts or things aforesaid.
- 8.2 In relation to any sale of the Engine by the Mortgagee pursuant to clause 8.1.7 or by any Receiver the purchaser shall not be bound to see or enquire whether the power of sale of the Mortgagee (or the Receiver, as the case may be) has arisen in the manner provided in this Mortgage, and the sale shall be deemed to be within the power of the Mortgagee (or the Receiver, as the case may be) and the receipt of the Mortgagee (or the Receiver, as the case may be) for the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor.

9 Receiver

- 9.1 The Mortgagee may, at any time after the occurrence of an Event of Default which is continuing, by instrument in writing, appoint any person to be a Receiver of all or any part of the Collateral. Where more than one Receiver is appointed, each joint Receiver shall have power to act severally, independently of any other joint Receivers, except to the extent that the Mortgagee may specify to the contrary in the appointment. The Mortgagee may remove any Receiver and appoint another in his place.
- 9.2 A Receiver shall be the agent of the Owner, and the Owner shall be solely responsible for his acts or defaults and for his remuneration.

- 9.3 A Receiver shall have the power to do or omit to do on behalf of the Owner anything which the Owner itself could do or omit to do in relation to the Collateral if the Receiver had not been appointed, notwithstanding the liquidation of the Owner. In particular (but without limitation), a Receiver shall have the powers conferred from time to time on receivers by statute (in the case of powers conferred by the Law of Property Act 1925, without the restrictions contained in section 103 of that Act).
- 9.4 The Mortgagee may from time to time determine the remuneration of any Receiver and section 109(6) of the Law of Property Act 1925 shall be varied accordingly. A Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.
- 9.5 Neither the Mortgagee nor any Receiver shall be liable as mortgagee in possession or assignee in respect of the Collateral to account or be liable for any Losses upon realisation or for any neglect or default of any nature whatsoever in connection therewith for which a mortgagee in possession or assignee may be liable as such.

10 Power of Attorney

- 10.1 The Owner, by way of security, irrevocably appoints each of the Mortgagee and any Receiver severally to be its attorney in its name and on its behalf:
- 10.1.1 to execute and complete all such documents which the Mortgagee or such Receiver may require for perfecting the title of the Mortgagee to the Collateral or for vesting the same in the Mortgagee, its nominee or any purchaser;
- 10.1.2 to execute and complete any document referred to in clause 11; and
- 10.1.3 generally to execute and complete all documents and to do all acts and things which may be required for the full exercise of any of the powers conferred on the Mortgagee or a Receiver under this Mortgage or which may be deemed expedient by the Mortgagee or a Receiver in connection with any disposition, realisation or getting in by the Mortgagee or a Receiver of the Collateral or any part thereof or in connection with any other exercise of any power under this Mortgage.
- 10.2 The exercise by the Mortgagee of the power of attorney referred to in clause 10.1 shall be conclusive evidence of its right to exercise the same.
- 10.3 The power hereby conferred shall be a general power of attorney under the Powers of Attorney Act 1971 and the Owner ratifies and confirms and agrees to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the Mortgagee may execute or do pursuant thereto.

- 10.4 The power of attorney referred to in clause 10.1 shall not be exercised unless and until an Event of Default shall have occurred and be continuing.

11 Further Assurance

- 11.1 The Owner further undertakes that at any time and from time to time upon the request of the Mortgagee it will at its own expense execute, perfect, do, and (if required) register every such further assurance, document, act or thing which the Mortgagee may specify with a view to:
- 11.1.1 perfecting or giving effect to any Security created or intended to be created by this Mortgage, including executing any such supplements to this Mortgage as the Mortgagee may reasonably require for the purposes of subjecting any Part from time to time installed on the Engine to the mortgage and charge created by this Deed; or
- 11.1.2 facilitating the exercise, or the proposed exercise, of any of the Mortgagee's powers under this Mortgage.

12 Security

- 12.1 This Mortgage and the security created hereby shall be held by the Mortgagee as a continuing security for the payment, discharge and performance of the Secured Obligations, and the securities, covenants and provisions contained in this Mortgage shall remain in force as continuing securities to the Mortgagee notwithstanding any settlement of account or any intermediate payment or satisfaction of any part of the Secured Obligations or any other act, event or matter whatsoever, except only the execution by the Mortgagee under seal of an absolute and unconditional release of the security created by this Mortgage.
- 12.2 The security created by this Mortgage, and the powers and remedies of the Mortgagee under this Mortgage, shall be in addition to, and shall not in any way be prejudiced or affected by, any collateral or other security or powers or remedies now or hereafter held by the Mortgagee for all or any part of the Secured Obligations.
- 12.3 No delay or omission of the Mortgagee in the exercise of any right or power vested in it hereunder shall impair such right or power or be construed as a waiver of or an acquiescence in any default by the Owner.
- 12.4 The Mortgagee shall have all the powers conferred on mortgagees by Section 101 of the Law of Property Act, 1925, but without the restrictions contained in section 103 of the Act.

13 Indemnity

- 13.1 The Owner will indemnify the Mortgagee and every Receiver or attorney appointed pursuant hereto in respect of all liabilities and expenses reasonably incurred by it, him or them in good faith in the exercise of any rights, powers or discretions vested in it, him or them pursuant hereto.
- 13.2 Without prejudice to the Mortgagee's duties at law, the Mortgagee shall not be liable for any Losses arising in connection with the exercise of any of its rights, powers and discretions in good faith hereunder and, in particular (without limitation) the Mortgagee and any Receiver in possession shall not be liable to account as mortgagee or assignee in possession or for anything except actual receipts.

14 Benefit of Mortgagee

- 14.1 The Mortgagee may assign or transfer its rights or obligations under this Mortgage to any person appointed as Security Agent under the Loan Agreement. It is intended that this document takes effect as a deed even though the Security Agent may only execute it under hand.
- 14.2 The Owner may not assign any of its rights or transfer any of its rights or obligations under this Mortgage.

15 Loan Agreement

The provisions of each of clauses 39 (other than clauses 39.3.3, 39.3.4 and 39.5) (*Notices*), 41 (*Partial Invalidity*), 42 (*Remedies and Waivers*), 45 (*Counterparts*), 46 (*Governing Law*) and 47 (*Enforcement*) of the Loan Agreement apply to this Mortgage as if references to "this Agreement" in those clauses included a reference to this Mortgage, references to "the Agent" are references to the Mortgagee and on the basis that the address and other details for service of notice on the Owner are those set out in clause 39.2 (*Addresses*) of the Loan Agreement.

This Mortgage has been executed as a deed, and it has been delivered on the date stated at the beginning of this Mortgage.

**Schedule
Notice of Assignment**

To: [•]

One (1) Rolls-Royce Trent 772B-60/16 Engine bearing Engine Serial Number 41870 (the Engine)

Lloyds Bank plc as security trustee for and on behalf of itself and certain banks and financial institutions (the **Mortgagee**) and Virgin Atlantic Airways Limited (the **Owner**) hereby give you notice that:

- (a) By a loan agreement dated [•] 2013 made between, amongst other, the banks and financial institutions referred to therein as lenders, the Owner as borrower and the Mortgagee, the lenders referred to therein advanced a loan (and agreed to advance further loans) to the Owner with respect to the Engine; and
- (b) pursuant to a Mortgage dated [•] 2013 (the **Mortgage**) made between the Owner and the Mortgagee in respect of the Engine, the Owner assigned to the Mortgagee its right, title and interest, present and future, in and to all proceeds of the policies and contracts of insurance (other than third party liability insurances) taken out or in existence from time to time in respect of, or which relate to, the Engine or any Part (more particularly described below) and all other amounts payable to the Owner under or in respect of such policies and contracts of insurance with respect to the Engine or any Part including damages for breach and return of premium (the **Insurance Proceeds**).

The Mortgagee (including its successors and assignees) has no operational interest in the Engine or any Part (as more particularly described below).

Description

One Rolls-Royce Trent 772B-60/16 engine bearing engine serial number 41870 subject to the security created by the Mortgage and all Parts which may from time to time be subject to the security created by the Mortgage.

In accordance with the latest certificate of insurance (AVN67B or based on AVN67B or any replacement therefor) relating to the above engine, where settlement of any claim representing Insurance Proceeds on the basis of a Total Loss is to be made to or to the order of the Contract Party(ies), the Contract Party(ies) have agreed that payment shall be made to the Mortgagee and where settlement of any claim representing Insurance Proceeds (other than a Total Loss) is to be made otherwise than to a repairer, it shall be paid:

- (a) to the Mortgagee to the exclusion of the Owner, if you have received notice from the Mortgagee requiring you to do so; or otherwise
- (b) to the Owner if the amount of the claim is less than one million Dollars (\$1,000,000) inclusive of deductible; or
- (c) to the Mortgagee if the amount of the claim exceeds one million Dollars (\$1,000,000) inclusive of deductible.

For the purposes of the foregoing paragraph, the term **Contract Party(ies)** shall have the same meaning ascribed to such term in the latest certificate of insurance issued by you in respect of the insurances for the engine referred to above.

For the purposes of the above, the term **Part** shall mean in relation to the Engine, all modules, appliances, parts, accessories, instruments, furnishings, components and other items of equipment of (other than the complete Engine) that at any time of determination are incorporated or installed in or attached to the Engine or, having been removed therefrom, title to which remains vested in the Owner in accordance with the provisions of the Loan Agreement; and **Parts** shall have a corresponding meaning.

Until you are notified to the contrary by the Mortgagee you should continue to deal with the Owner in respect of all matters relating to the making and settlement of claims under the Insurances as though such assignment had not been made.

Signed:



For and on behalf of
LLOYDS BANK PLC
as Mortgagee

.....
For and on behalf of
VIRGIN ATLANTIC AIRWAYS LIMITED
as Owner

ENGINE MORTGAGE ESN 41870 - SIGNATURE PAGE

The Owner

EXECUTED as a DEED)
for and on behalf of)
VIRGIN ATLANTIC AIRWAYS LIMITED) Director
by its duly authorised signatories)
in the presence of:)
Director/Company Secretary

.....
Witness

Name:

Address:

Occupation:

The Mortgagee

Signed by 
LLOYDS BANK PLC

)
)



.....
By: