



Registration of a Charge

Company name: **BRITISH AIRWAYS PLC**

Company number: **01777777**

Received for Electronic Filing: **04/03/2015**



X42HHJRF

Details of Charge

Date of creation: **26/02/2015**

Charge code: **0177 7777 0805**

Persons entitled: **BANK OF CHINA LIMITED, LONDON BRANCH**

Brief description: **ONE AIRBUS A380-841 AIRCRAFT WITH MANUFACTURER'S SERIAL NO. 173 AND UK REGISTRATION MARK G-XLEI, TOGETHER WITH FOUR ROLLS-ROYCE TRENT 970-84 AIRCRAFT ENGINES WITH MANUFACTURER'S SERIAL NUMBERS 91375, 91376, 91377 AND 91378**

Contains fixed charge(s).

Contains negative pledge.

Chargor acting as a bare trustee for the property.

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: 1777777

Charge code: 0177 7777 0805

The Registrar of Companies for England and Wales hereby certifies that a charge dated 26th February 2015 and created by BRITISH AIRWAYS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 4th March 2015 .

Given at Companies House, Cardiff on 5th March 2015

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

EXECUTION VERSION

DATED 26 FEBRUARY 2015

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.

BRITISH AIRWAYS PLC
as Borrower

Sign & Dated Norton Rose Fulbright LLP
4 March 2015

and

BANK OF CHINA LIMITED, LONDON BRANCH
as Agent

and

BANK OF CHINA LIMITED, LONDON BRANCH
as Security Trustee

AIRCRAFT MORTGAGE

relating to
one (1) Airbus A380-841 Aircraft
with Manufacturer's Serial No. 173 and
UK Registration Mark G-XLEI

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(PJ/AEZW)

526953404

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THIS DEED OF MORTGAGE is made the 26 day of February 2015

BETWEEN:

- (1) **BRITISH AIRWAYS PLC** whose registered office is at Waterside, PO Box 365, Harmondsworth, Middlesex UB7 0GB as borrower (the "**Borrower**");
- (2) **BANK OF CHINA LIMITED** acting through its office in London as Agent which expression shall include its successors, assigns and transferees (the "**Agent**"); and
- (3) **BANK OF CHINA LIMITED** acting through its office in London as Security Trustee which expression shall include its successors, assigns and transferees (the "**Security Trustee**").

NOW IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation

1.1 In this Mortgage:

"**Aircraft**" means one Airbus A380-841 aircraft, with manufacturer's serial number 173 and registration mark G-XLEI together with the Associated Engines, any other equipment or parts of whatever nature from time to time installed upon or attached to such aircraft and belonging to the Borrower and any of the same which remain subject to this Mortgage after removal from such aircraft, all Manuals and Technical Records and, insofar as the same belong to the Borrower, all substitutions, replacements or renewals from time to time made in or to such aircraft, the Associated Engines and any such other equipment or parts or to any part thereof but Aircraft excludes any item of equipment installed on the Aircraft pursuant to clause 15.2 (*Temporary installation of substitute equipment or engines*) of the Loan Agreement and, unless the context otherwise requires, references to the "Aircraft" include any part thereof;

"**Associated Engines**" means each of the four Rolls-Royce Trent 970-84 engines with engine serial numbers identified in Schedule 1, each Suitable Replacement Engine and, insofar as the same belong to the Borrower, any and all appliances, spare parts, instruments, accessories or other equipment or parts of whatever nature from time to time forming part thereof and any of the same which remain subject to this Mortgage when no longer installed on or attached to such engine (excluding any such engine which has been replaced by a Suitable Replacement Engine);

"**Expenses**" means all out-of-pocket expenses and fees (including legal fees) incurred by the Agent and/or the Security Trustee in the performance of their respective roles as Agent and Security Trustee under the Transactional Documentation for the payment or reimbursement of which the Borrower is liable under any of the Transactional Documentation;

"**Loan Agreement**" means the loan agreement dated 31 December 2014 and entered into between the Borrower, the Lenders, the Agent and the Security Trustee pursuant to which the Lenders agreed to make certain loans available to the Borrower to refinance the expenditure incurred by it in purchasing the Aircraft;

"Mortgaged Property" means all the property from time to time assigned or charged to the Security Trustee pursuant to clause 2.1 (*Security*) by way of security for the Secured Indebtedness under this Mortgage and includes any part of the same;

"Receiver" means any receiver and/or manager of all or any part of the Mortgaged Property appointed pursuant to clause 7.2 (*Powers of Agent and Security Trustee*) (and includes any joint receiver);

"Requisition Compensation" means all monies or other compensation from time to time receivable by the Borrower, any Lessee or any other person in respect of the requisition for hire, title, acquisition, capture, deprivation, detention, condemnation, confiscation or seizure of the Aircraft;

"Secured Indebtedness" means all moneys owing, whether actually or contingently, by the Borrower under any Transactional Documents and all expenses incurred by the Agent and the Security Trustee;

"Security Period" means the period commencing on the date of this Mortgage and terminating upon the earliest of the dates upon which the Borrower becomes entitled to request the release of the mortgages and charges created by this Mortgage in accordance with clause 2.4 (*Security*);

"Suitable Replacement Engine" means in relation to an Associated Engine, any engine which is for the time being substituted therefor pursuant to clauses 15.1.4 (*Repair*) and 15.1.6 (*Installation of equipment and Associated Engines*) of the Loan Agreement or any part thereof but excluding any engine installed on the Aircraft pursuant to clause 15.2 (*Temporary installation of substitute equipment or engines*) of the Loan Agreement; and

"Transactional Documentation" means the Loan Agreement, this Mortgage, the Fee Letters and any notices of assignment and acknowledgements required to be given or received under the foregoing documents and any further documentation relating to the use and/or possession of the Aircraft and/or constituting security or further security for the obligation of any of the parties to the same or such further documentation and any other document which the parties agree should be transactional documentation.

- 1.2 Clause headings are inserted for convenience of reference only and shall be ignored in this Mortgage.

In this Mortgage, unless a contrary indication appears:

- 1.2.1 references to clauses and Schedules are to be construed as references to the clauses of, and Schedules to, this Mortgage and references to this Mortgage include its Schedules;
- 1.2.2 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;

- 1.2.3 a reference to an "**amendment**" includes a supplement, novation, restatement or re-enactment and "**amended**" will be construed accordingly;
- 1.2.4 words importing the plural shall include the singular and vice versa, and words importing a gender include every gender;
- 1.2.5 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;
- 1.2.6 references to any provision of law shall be construed as a reference to such provision as applied, amended, extended or re-enacted and include any subordinate legislation;
- 1.2.7 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;
- 1.2.8 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
- 1.2.9 references to costs and expenses which are to be reimbursed to or recovered by the person incurring the same shall be construed as references to an amount equal to the amount of such costs and expenses together with any VAT thereon in respect of which that person is unable to claim a credit or repayment pursuant to the Value Added Tax Act 1994 or other similar tax in any jurisdiction in respect of which that person is unable to claim a credit or repayment pursuant to provisions under the laws of that jurisdiction analogous to the said Act.
- 1.3 Words and Expressions defined in the Loan Agreement have the same respective meanings when used in this Mortgage.

2. Security

- 2.1 The Borrower hereby:
 - 2.1.1 with full title guarantee mortgages and charges by way of first fixed charge all its present and future right and title to, and interest in, the Aircraft and assigns and agrees to assign and charges by way of first fixed charge all its present and future right and title to, and interest in, the proceeds of sale of the Aircraft, in each case, to and in favour of the Security Trustee;

2.1.2 with full title guarantee assigns and agrees to assign, and charges by way of first fixed charge, to and in favour of the Security Trustee:

- (a) all its right, title and interest, present and future, to and in respect of proceeds arising, under:
 - (i) all Insurances in respect of all risks of physical loss or damage (including, but not limited to, war risks) effected in relation to the Aircraft (but for the avoidance of doubt this Mortgage does not constitute an assignment of any policies of insurance but only of the benefit, rights, title, interest and proceeds thereunder insofar as the same relate to the Aircraft);
 - (ii) any Requisition Compensation relating to the Aircraft;

and all benefits thereof (including, without limiting the generality of the foregoing, the benefit of all powers and remedies for enforcing all claims relating to such Insurances and to such Requisition Compensation); and

- (b) all its right, title and interest, present and future, in all warranties, contracts or other agreements relating to the condition, operation, use or repair of the Aircraft or any part thereof including, without limitation, any right, title or interest which the Borrower may have under any Lease,

TO HOLD the same unto the Security Trustee in trust for the Beneficiaries as continuing security for the payment and discharge to the Beneficiaries and to each of them of the Secured Indebtedness.

2.2

2.2.1 Any item of equipment at any time removed from the Aircraft shall remain subject to the security created by this Mortgage until such time as a replacement or substitute, title to which is vested in the Borrower, free of Liens (other than Permitted Liens), shall have been installed in the Aircraft and shall have become subject to the security created by this Mortgage pursuant to clause 2.2.2.

2.2.2 Upon installation on the Aircraft, any replacement or substitute item of equipment, title to which is vested in the Borrower, shall, thereupon and without further act, become subject to the security created by this Mortgage for all purposes as though it had been originally installed in, or attached to, the Aircraft and, subject thereto and to clause 2.2.1, the item of equipment replaced or substituted shall be released from the security created by this Mortgage.

2.3

2.3.1 Any Associated Engine which at any time is not installed on the Aircraft shall remain subject to the security created by this Mortgage until such time as a

Suitable Replacement Engine shall have been substituted therefor and shall have become subject to the security created by this Mortgage.

2.3.2 Any Suitable Replacement Engine shall, without further act, become subject to the security created by this Mortgage for all purposes as though it had originally been an Associated Engine upon:

- (a) its installation on the Aircraft; or
- (b) the Borrower obtaining title to an engine installed on the Aircraft pursuant to clause 15.2 (*Temporary installation of substitute equipment or engines*) of the Loan Agreement and such engine otherwise complying with the requirements of clause 15.1.6 (*Installation of equipment and Associated Engines*) of the Loan Agreement such that it becomes a Suitable Replacement Engine for an Associated Engine not then installed on the Aircraft; or
- (c) the execution by the Borrower of a supplemental deed to this Mortgage, in form and substance satisfactory to the Agent, by virtue of which the definition herein of Mortgaged Property is amended to include such Suitable Replacement Engine,

whereupon the Associated Engine so substituted shall be released from the security created by this Mortgage.

2.4 The Security Trustee shall, at the request and cost of the Borrower, release the mortgages and charges created by this Mortgage and reassign any Mortgaged Property assigned to the Security Trustee by this Mortgage upon the payment or other satisfaction in full of the Secured Indebtedness to the satisfaction of the Agent, and the Lenders.

3. Loan Agreement

3.1 The Borrower hereby covenants with the Agent and the Security Trustee to perform duly and punctually all of its obligations, agreements and undertakings in, under and pursuant to the Loan Agreement.

4. Covenants

4.1 The Borrower hereby covenants with the Agent and the Security Trustee that, throughout the Security Period, save as constituted by or permitted under this Mortgage, it will retain such title to the Mortgaged Property as was vested in the Borrower on the Advance Date and will not itself, throughout the Security Period, knowingly create any Liens (other than Permitted Liens) over the Mortgaged Property or any of it.

4.2 The records required to be kept by the Borrower pursuant to clause 16 (*Manuals and Technical Records*) of the Loan Agreement shall be part of the Manuals and Technical Records and shall be subject to the mortgage and charges created hereby.

- 4.3 The Borrower hereby further covenants that it will promptly inform the Agent and the Security Trustee of any occurrence of which it becomes aware which might materially and adversely affect its ability to perform its obligations under this Mortgage.

5. Insurance, Loss and Damage

- 5.1 The Borrower shall 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 herein contained in the form attached as Schedule 2 (the "**Notice of Assignment**").
- 5.2 The proceeds of any Insurances or Requisition Compensation received by the Agent in respect of a Total Loss of the Aircraft shall, after deduction by the Agent of any costs and expenses incurred by it in the collection and receipt of the proceeds, be applied in accordance with the provisions of clause 8 (*Application of Moneys*) of this Mortgage.
- 5.3 The Agent agrees that any proceeds of Insurances received by it in respect of repairable damage to the Aircraft or the loss or destruction of any Associated Engine (where no Total Loss has occurred) shall be applied by it in the manner specified in clause 19.5 (*Loss and Damage*) of the Loan Agreement.
- 5.4

- 5.4.1 The Borrower hereby agrees that if:

- (a) an Event of Default has occurred and is continuing; and
- (b) the Aircraft has suffered repairable damage or the loss or destruction of any or all of the Associated Engines (where no Total Loss of the Aircraft has occurred)

the Borrower shall forthwith on demand by the Agent and/or the Security Trustee give all releases or discharges required for the proceeds of Insurances to be paid in accordance with the Transactional Documentation and in particular the Loss Payable and Notice of Cancellation Clauses set out in Schedule 6 to the Loan Agreement.

- 5.4.2 The Borrower, by way of security for the performance of its obligations under this Mortgage (including without limitation clause 5.4.1) and for so long as any Secured Indebtedness remains undischarged, irrevocably appoints the Security Trustee as its attorney for and on behalf of the Borrower and in its name and as its act and deed to do all acts and things and to execute, seal and deliver and otherwise perfect any release or discharge required by the insurers to permit the proceeds of Insurances in the circumstances described in clause 5.4.1(b) to be dealt with in accordance with the terms of the Transactional Documentation (and in particular the Loss Payable Clause referred to in clause 5.4.1) as the Borrower itself could do or execute, seal and deliver or otherwise perfect, provided that the Security Trustee shall not exercise the authority conferred on it by this clause 5.4.2 unless an Event of Default has occurred and is continuing.

5.5 The Security Trustee hereby agrees that it shall not notify the insurers as contemplated in paragraph 4 of the Notice of Assignment and given pursuant to clause 5.1 unless either:

5.5.1 the security created by this Mortgage shall have become immediately enforceable as provided in clause 7.1 (*Powers of Agent and Security Trustee*); or

5.5.2 both a Total Loss and an Event of Default have occurred.

6. Powers of Security Trustee to Protect Security, Remedy Defaults and Delegate

6.1 The Security Trustee shall, without prejudice to its other rights, powers and remedies under this Mortgage, be entitled (but not bound) at any time and as often as may be necessary to take any such action as it may, in its reasonable discretion, think fit for the purpose of protecting or maintaining the security created by this Mortgage.

6.2 The Security Trustee shall be entitled at any time and as often as may be expedient to delegate all or any of the power and discretions vested in it by this Mortgage (including the power vested in it by virtue of clause 11) in such manner upon such terms, and to such persons as the Security Trustee in its absolute discretion may think fit.

6.3 Any Losses or Expenses suffered or incurred by any of the Agent and the Security Trustee in connection with the exercise of any of their rights, powers and remedies under this Mortgage shall, save where the same have been suffered or incurred or have arisen as a result of gross negligence or wilful misconduct on the part of the Agent, the Security Trustee or any delegate of the Security Trustee as contemplated by clause 6.2, be charged on the Mortgaged Property.

7. Powers of Agent and Security Trustee

7.1 The security created by this Mortgage shall become immediately enforceable upon the giving by the Agent, in accordance with clause 21 (*Consequences of an Event of Default*) of the Loan Agreement, of a notice declaring that an Event of Default has occurred, whereupon the Security Trustee 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 Mortgaged Property all or any of the rights, powers and remedies conferred upon mortgagees by any relevant law and/or conferred on the Security Trustee by virtue of this Mortgage, and in particular (but without limiting the generality of the foregoing):

7.1.1 to take possession of the Aircraft or any other Mortgaged Property and for this purpose to enter upon any premises where the same may be located;

7.1.2 to require that all policies, contracts and other records relating to the Insurances (including details of and correspondence concerning outstanding claims) be delivered forthwith to such brokers as the Agent may nominate;

7.1.3 to collect, recover, compromise and give a good discharge for all claims then outstanding or thereafter arising under the Insurances or any of them and to

take over or institute (if necessary using the name of the Borrower) all such proceedings in connection therewith as the Agent in its absolute discretion thinks fit and to permit the brokers through whom collection or recovery is effected to charge the usual brokerage therefor;

- 7.1.4 to settle, discharge, compound, release or compromise any claims whatsoever in connection with the Aircraft or any other Mortgaged Property or in any way relating to the security created by this Mortgage;
- 7.1.5 to bring, take, defend, compromise, submit to arbitration or discontinue any actions, suits or proceedings to collect, recover, compromise and give a good discharge for all claims then outstanding or thereafter arising under the Insurances or any of them and to take over or institute (if necessary using the name of the Borrower) all such proceedings in connection therewith as the Agent, in its absolute discretion, thinks fit and to permit the brokers through whom collection or recovery is effected to charge the usual brokerage therefor;
- 7.1.6 to bring, take, defend, compromise, submit to arbitration or discontinue any actions, suits or proceedings whatsoever, civil or criminal, in relation to the Aircraft or any other Mortgaged Property;
- 7.1.7 to repair and keep in repair the Aircraft and generally maintain, preserve and protect the Aircraft and keep the same free from any Lien;
- 7.1.8 to insure the Aircraft 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 Agent, in its absolute discretion, deems expedient.
- 7.1.9 to continue or terminate any then current Lease and otherwise to lease or charter or place in safekeeping the Aircraft for such periods, at such rents and generally in such manner and upon such conditions as the Security Trustee, in its absolute discretion, deems expedient;
- 7.1.10 to sell and give good title to the Aircraft or any other Mortgaged Property, with or without prior notice to the Borrower and with or without the benefit of any lease or charter, by public auction or private contract, at such place and upon such terms as the Security Trustee, 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 the postponement thereof; and
- 7.1.11 in relation to any of the foregoing, to do all acts and things incidental or conducive thereto and, in particular, to enter into such arrangements respecting the Aircraft, its repair, insurance and employment in all respects as if the Security Trustee were the owner of the Aircraft, but without being responsible for any loss thereby incurred.

7.2

- 7.2.1 At any time after the security created by this Mortgage has become enforceable, the Security Trustee shall be entitled (but not bound) by writing

under seal or under the hand of any of its officers, attorneys or substitute attorneys to appoint any person to be Receiver of the Mortgaged Property or any part thereof (with power to authorise any joint receiver to exercise any power independently of any other joint receiver and/or manager) and may from time to time fix the Receiver's remuneration, and may remove any Receiver so appointed and appoint another or others in his place. Any Receiver so appointed shall be the agent of the Borrower, and the Borrower shall be solely responsible for his acts or defaults and for the Receiver's remuneration. Such Receiver so appointed shall have all the powers conferred from time to time on receivers by any applicable statute (in the case of powers conferred by the Law of Property Act 1925, without the restrictions contained in Section 103 of that Act) and in addition power on behalf of, and at the cost of the Borrower (notwithstanding any liquidation of the Borrower), to do or omit to do anything which the Borrower could do or omit to do in relation to the Mortgaged Property or any part thereof, and in particular, but without prejudice to the generality of the foregoing, any such Receiver may exercise all the powers and discretions conferred on the Security Trustee by this Mortgage.

7.2.2 Any 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 without being limited to the maximum rate specified in Section 109(6) of the Law of Property Act 1925.

7.2.3 Neither the Security Trustee nor any Receiver shall be liable as mortgagee in possession in respect of the Mortgaged Property to account or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection therewith for which a mortgagee in possession may be liable as such.

7.3 Section 93 of the Law of Property Act 1925 shall not apply to this security or any security given to the Security Trustee pursuant hereto.

7.4 In relation to any sale of the Aircraft or any other Mortgaged Property by the Security Trustee pursuant to clause 7.1.10 or by any Receiver the purchaser shall not be bound to see or enquire whether the power of sale of the Security Trustee or the Receiver has arisen in the manner provided for in this Mortgage, and the sale shall be deemed to be within the power of the Security Trustee (or the Receiver, as the case may be) and the receipt of the Security Trustee (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.

8. Application of Moneys

All proceeds of Insurances and Requisition Compensation required to be applied in the manner specified in this clause 8 and all moneys arising from any sale, calling in, collection or conversion of the Mortgaged Property pursuant to clause 7 (*Powers of Agent and Security Trustee*) of this Mortgage, after deducting an amount equal to the amount of all Losses and Expenses suffered or incurred by the Agent, the Security

Trustee and/or any Receiver and interest thereon under this Mortgage, shall be applied by the Agent as follows:

8.1.1 **FIRST** in or towards payment of the Secured Indebtedness as and when the same becomes due and payable, *pari passu* in respect of indebtedness relating to Facility A and Facility B.

8.1.2 **SECOND** any balance remaining shall be paid to the Borrower,

provided however that, in the event that any part of the Secured Indebtedness is denominated in a currency other than that in which the moneys required to be applied under this clause 8 were received by the Agent (the "**currency of receipt**") the Agent shall convert such part of such moneys as may be necessary to effect the foregoing applications into the relevant currencies at the rates, as conclusively determined by the Agent, for the purchase of the relevant currencies with the currency of receipt at the date of application.

9. Continuing Security and Remedies Cumulative

9.1 It is hereby declared and agreed that:

9.1.1 the security created by the Borrower pursuant to this Mortgage shall be a continuing security for the payment of the Secured Indebtedness and accordingly (subject to the provisions of clause 2.4 (*Security*)) the security so created shall not be satisfied by any intermediate payment or satisfaction of any part of the Secured Indebtedness;

9.1.2 the security so created shall be in addition to, and shall not in any way prejudice or affect, the security created by any deposit of documents, or any guarantee, lien, bill, note mortgage or other security now or hereafter held by the Beneficiaries or by any other person on behalf of or in trust for the Beneficiaries or any right or remedy of the Beneficiaries or such person thereunder, and shall not be in any way prejudiced or affected by, or by the invalidity or unenforceability of, or by the Beneficiaries or any person holding any security on behalf of or in trust for the Beneficiaries releasing, modifying or refraining from perfecting or enforcing any of the same or granting time or indulgence or compounding with any person liable;

9.1.3 all the rights, remedies and powers vested in the Agent and the Security Trustee by this Mortgage may be exercised from time to time and as often as the Agent and the Security Trustee may deem expedient; and

9.1.4 if the Agent and/or the Security Trustee receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent charge or other interest affecting any part of the Mortgaged Property and/or the proceeds of sale thereof (other than pursuant to any of the Transactional Documentation), any of the Beneficiaries may open a new account or accounts for the Borrower. If any Beneficiary does not open a new account it shall, nevertheless, be treated as if it had done so at the time when it received, or was deemed to have received, notice and, as from that time, all payments made to, or for the account

of, such Beneficiary shall be credited, or be treated as having been credited, to the account and shall not operate to reduce the amount for which this Mortgage is security.

10. Time and Indulgence

The security constituted hereby shall not be prejudiced if any of the Beneficiaries and/or any person holding security on behalf of or in trust for the Beneficiaries (or any of them) (in this clause "**Relevant Persons**") shall:

- 10.1.1 terminate or amend any of the Transactional Documentation in any manner whatsoever, subject always to the terms of the Transactional Documentation;
- 10.1.2 grant to any party to any of the Transactional Documentation or to any other person any time or indulgence;
- 10.1.3 deal with, exchange, renew, vary, release, modify or abstain from perfecting or enforcing any securities, guarantees or rights which any of the Relevant Persons may now or hereafter have from or against any party to any of the Transactional Documentation or any other person in respect of the obligations of such parties or such other person under the Transactional Documentation;
- 10.1.4 compound with, discharge or vary the liability of any party to any of the Transactional Documentation or any other person or guarantor to any of the Relevant Persons or concur in, accept or vary any compromise, arrangement or settlement with any party to the Transactional Documentation or any other person or concur in or vary any deed of arrangement or deed of assignment for the benefit of creditors;
- 10.1.5 omit to prove or maintain any right of proof for or to claim or enforce payment of any dividend or composition against any of the parties to any of the Transactional Documentation; or
- 10.1.6 take or omit to take any security from any of the parties to any of the Transactional Documentation or any other person in respect of the obligations of such parties or such other person under the Transactional Documentation whether contemporaneously with this Mortgage or otherwise,

Provided that this clause 10 shall not constitute an authority to any of the Relevant Persons to do any of the foregoing.

11. Attorney

- 11.1 By way of security, the Borrower hereby irrevocably appoints the Security Trustee and any Receiver, jointly and also severally, to be its attorney generally, for and in its name and on its behalf and as the act and deed or otherwise of the Borrower, to execute, seal and deliver and otherwise perfect and do all such deeds, assurances, agreements, instruments, acts any things which may be required for the full exercise of all or any of the rights, powers or remedies hereby conferred, or which may be deemed proper in or in connection with all or any of the purposes aforesaid; provided always that neither the

Security Trustee nor any Receiver shall exercise the authority conferred upon either of them in this clause 11.1 unless an Event of Default has occurred and is continuing. The power hereby conferred shall be a general power of attorney under the Powers of Attorney Act 1972 and the Borrower ratifies and confirms and agrees to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the Security Trustee or the Receiver may execute or do pursuant thereto.

- 11.2 The exercise of such power by or on behalf of the Security Trustee or the Receiver shall not put any person dealing with the Security Trustee or the Receiver upon any enquiry as to whether the security created by this Mortgage has become enforceable, nor shall such person be in any way affected by notice that the security so created has not become so enforceable, and the exercise by the Security Trustee or the Receiver of such power shall be conclusive evidence of its or his rights to exercise the same.

12. Extent of Security Trustee's Liability

It is further agreed and declared that notwithstanding the mortgage and charges contained in this Mortgage the Security Trustee shall not be obliged to make any enquiry as to the nature or sufficiency of any payment received by it under this Mortgage or to make any claim or take any other action to collect any moneys or to enforce any rights and benefits hereby mortgaged or charged to the Security Trustee or to which the Security Trustee may at any time be entitled under this Mortgage.

13. Further Assurance

The Borrower further undertakes, at the expense of the Borrower, from time to time to execute, sign, perfect, do and (if required) register every such further assurance document, act or thing as in the reasonable opinion of the Agent and/or the Security Trustee may be necessary or desirable for the purpose of more effectively mortgaging and charging the Mortgaged Property or perfecting the security constituted or intended to be constituted by this Mortgage.

14. Rights Cumulative, Waivers

The rights of the Security Trustee under this Mortgage are cumulative, may be exercised as often as it considers appropriate and are in addition to its rights under the general law. The rights of the Security Trustee under this Mortgage (whether arising pursuant hereto or under the general law) shall not 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 such rights shall not preclude any other or further exercise of that or any other such right; and no act or course of conduct or negotiation on the Security Trustee's part, or on its behalf, shall in any way preclude it from exercising any such right or constitute a suspension or any variation of any such right.

15. No Set-Off

The Borrower shall not be entitled to set-off or withhold from any sum or sums expressed in this Mortgage to be payable to any of the Agent, the Security Trustee or

the Beneficiaries, any amount due and payable to the Borrower by the Agent, the Security Trustee or the Beneficiaries.

16. Interest

Interest on any sum demanded or payable under this Mortgage shall, except to the extent that the same bears interest (or additional interest) as a result of non-payment or late payment under any provision of the Loan Agreement, bear interest at the Default Rate.

17. Miscellaneous

- 17.1 Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof or affecting the validity or enforceability of such provision in any other jurisdiction.
- 17.2 This Mortgage may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.
- 17.3 No term of this Mortgage is enforceable under the Contract (Rights of Third Parties) Act 1999 by anyone other than a party to this Agreement.

18. Notices

- 18.1 Every notice, request, demand or other communication under this Mortgage shall:
 - 18.1.1 be in writing delivered personally or by first-class prepaid post (or by airmail if sent to any address outside the United Kingdom) or by fax transmission;
 - 18.1.2 be deemed to have been received, subject as otherwise provided in this Mortgage, in the case of a fax transmission, upon receipt by the sender of a transmission report confirming receipt at the correct number and, in the case of a letter, when delivered personally or 5 days (10 days in the case of airmail) after it has been put in to the post; and
 - 18.1.3 be sent as required:

- (a) the Borrower at:

Waterside (HCA3)
PO Box 365
Harmondsworth
Middlesex UB7 0GB

Fax: +44(0)20 8738 9618
Attention: Group Treasurer

(b) to the Agent at:

Bank of China
Operation Services-LA
1 Lothbury
London
EC2R 7DB

Fax: +44 207 282 8899

Attention: K S Tung/G Tao

(c) to the Security Trustee at:

Bank of China
Operation Services-LA
1 Lothbury
London
EC2R 7DB

Fax: +44 207 282 8899

Attention: K S Tung/G Tao

or to such other address or fax number as the recipient may have notified to the Borrower, the Security Trustee and the Agent.

18.1.4 Any communication to be made under, or in connection with, this Mortgage may be made by electronic mail or other electronic means, if the parties:

- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (b) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (c) notify each other of any change to their address or any other such information supplied by them.

18.1.5 Any electronic communication made under, or in connection with, this Mortgage will be effective only when actually received in readable form.

19. Law

19.1 This Mortgage and any non-contractual obligations connected with it are governed by and shall be construed in accordance with English law.

19.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Mortgage (including a dispute regarding the existence, validity or termination of this Mortgage or any non-contractual obligations arising out of or in connection with it) (a "**Dispute**").

- 19.3 The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- 19.4 This clause 19 is for the benefit of the Beneficiaries only. As a result, no Beneficiary shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by any applicable law, the Beneficiaries may take concurrent proceedings in any number of jurisdictions.

IN WITNESS whereof the parties hereto have caused this Mortgage to be executed as a deed and this Mortgage is intended to be and is hereby delivered the day and year first before written.

Schedule 1
Description of Aircraft

One Airbus A380-841 aircraft, manufacturer's serial number 173 and UK Registration mark G-XLEI, together with four Rolls-Royce Trent 970-84 aircraft engines with manufacturer's serial numbers 91375, 91376, 91377 and 91378.

Schedule 2
Notice of Assignment of Insurances - Mortgage

To: Marsh Ltd
Aviation & Aerospace Practice
Tower Place
London
EC3R 5BU

Tel: 020 7357 1000
Fax: 020 7929 2705
Attention: Andrew Gardener

Willis Limited
51 Lime Street
London
EC3M 7DQ

Tel: 020 3124 6196
Fax: 020 3124 8587
Attention: Tony McCarthy

Airbus A380-841 Aircraft, Serial No. 173 Registration Mark G-XLEI

- 1 We hereby give you notice that by a first priority mortgage (the "**Mortgage**") dated ____ February 2015 British Airways Plc (the "**Owner**") assigned to Bank of China Limited, as security trustee for itself, the Agent and the Beneficiaries (as defined in the Mortgage) (the "**Security Trustee**") all right, title and interest in and to all insurances (other than third party liability insurances) in respect of the above Aircraft.
- 2 In accordance with paragraph 1.1 of the latest certificate of insurance (AVN67B or based on AVN67B or any replacement thereof) relating to the above Aircraft, where settlement of any claim (in respect of All Risks insurance and War Risks insurance) 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 Security Trustee and where settlement of any claim (other than a Total Loss) is to be made otherwise than to a repairer, it shall be paid (a) (save where the Security Trustee has otherwise given its prior written consent) to the Security Trustee if the amount of the claim equals or exceeds eight million Dollars (\$8,000,000) inclusive of deductible and in any other case after the occurrence of an Event of Default (as defined in the Mortgage) which is continuing; or (b) to the Owner if the amount of the claim is less than eight million Dollars (\$8,000,000) inclusive of deductible and no Event of Default (as defined in the Mortgage) has occurred and is continuing.
- 3 For the purpose of the foregoing paragraph, the term Contract Party(ies) shall have the meaning ascribed to such term in the latest certificate of insurance issued by you in respect of the insurance for the Aircraft referred to above.
- 4 Until you are notified to the contrary by the Security Trustee, you should continue to deal with the Owner in respect of all matters relating to the making and settlement of

claims under the insurances relating to the above Aircraft as though such assignment had not been made.

.....
for and on behalf of
BRITISH AIRWAYS PLC

.....
for and on behalf of
BANK OF CHINA LIMITED, LONDON BRANCH
as Security Trustee

The Schedule
Description of Aircraft and Engines

One Airbus A380-841 aircraft, registration mark G-XLEI
and four (4) Rolls-Royce Trent 970-84 engines.

Airframe Serial No.

Engine Serial Nos.

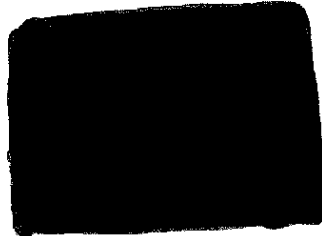
173

91375, 91376, 91377 and 91378

EXECUTION PAGE – MORTGAGE MSN 173

Borrower

THE COMMON SEAL of)
BRITISH AIRWAYS PLC)
was hereunto affixed in)
the presence of:)



Agent

EXECUTED and DELIVERED)
as a **DEED** for and on behalf of)
BANK OF CHINA LIMITED,)
LONDON BRANCH as Agent by)
in the presence of:)

Security Agent

EXECUTED and DELIVERED as)
a **DEED** for and on behalf of)
BANK OF CHINA LIMITED,)
LONDON BRANCH as Security)
Trustee in the presence of:)


EXECUTION PAGE – MORTGAGE MSN 173


Borrower

THE COMMON SEAL of)
BRITISH AIRWAYS PLC)
was hereunto affixed in)
the presence of:)

Agent

EXECUTED and DELIVERED)
as a DEED for and on behalf of)
BANK OF CHINA LIMITED,)
LONDON BRANCH as Agent by)
in the presence of:)



Deputy General Manager


Head of Corporate
Banking Department

Security Agent

EXECUTED and DELIVERED as)
a DEED for and on behalf of)
BANK OF CHINA LIMITED,)
LONDON BRANCH as Security)
Trustee in the presence of:)


Deputy General Manager


Head of Corporate
Banking Department