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in black type, or
bold block lettering

* insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

A fee of £10 is payable to Companies House in respect
of each register entry for a mortgage or charge

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use 2 Company number

504 172177

Name of company

* BRITISH AIRWAYS PLC (the "Chargor")

Date of creation of the charge

17th March, 2004

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenture dated 17th March, 2004 between the Chargor and AVG Irish Equipment Leasing No. 1
(the "Chargee") (the "Debenture").

All references to clauses are to clauses in the Debenture unless otherwise stated.

Amount secured by the mortgage or charge

see Addendum 2/4

Names and addresses of the mortgagees or persons entitled to the charge

AVG Irish Equipment Leasing No. 1 (an unlimited company incorporated and existing under the laws
of The Republic of Ireland): La Touche House, IRSC, Dublin 1, Ireland.

Postcode

Presentor's name address and
reference (if any):
Slaughter and May
One Bunhill Row
London EC1Y 8YY
(Ref: PTJ/MDYG/PKS
208945/12247)

Time critical reference

For official Use
Mortgage Section

Post room



PMO
COMPANIES HOUSE
A06
COMPANIES HOUSE
PGBU000
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0383
30 p3/04
0521
26/03/04

Short particulars of all the property mortgaged or charged

- see Addendum 4/4

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in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

Signed

Slaughter and May

Date

25/03/04

A fee of £10 is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See note 5)

On behalf of chargee[†]

NOTES

† delete as
appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF14 3UZ

Name of company

* insert full name
of company

* BRITISH AIRWAYS PLC

Addendum 1/4

1. Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Not used.

Addendum 2/4

2. Amount due or owing on the mortgage or charge (continued)

Clause 2.1: The Chargor shall on demand of the Chargee discharge all obligations which have become due and owing to the Chargee or the German Investor by the Chargor or by the Option Holder under or pursuant to the Lease Agreement or the Option Agreement or the other Operative Documents or the Debenture PROVIDED THAT neither such covenant nor the security constituted by the Debenture shall extend to or include any liability or sum which would, but for this proviso, cause such covenant or security to be unlawful or prohibited by any applicable law.

Clause 2.2 sets out the interest accrual provision should the Chargor fail to pay any sum under the Debenture on the date due for payment of that sum.

"German Investor" means HSH Nordbank AG;

"Lease Agreement" means the lease agreement relating to fourteen flight-training simulators dated on or about the date of the Debenture and made between the Chargee as lessor (1) and the Chargor as lessee (2);

"Operative Documents" has the meaning ascribed to it in the Lease Agreement;

"Option Agreement" means the option agreement dated on or about the date of the Debenture and made between the Option Holder (1) and the Chargee (2); and

"Option Holder" means British Airways Leasing Limited (registered in England and Wales with company number 04150220).

Company number

1777777

Name of company

* insert full name
of company

* BRITISH AIRWAYS PLC

Addendum 3/4

3. Names, addresses and description of the mortgagees or persons entitled to the charge (continued)

Not used.

Name of company

* Insert full name
of company

* BRITISH AIRWAYS PLC

Addendum 4/4

4. Short particulars of all the property mortgaged or charged (continued)

Clause 3.1 (Fixed Charges)

The Chargor hereby charges with full title guarantee in favour of the Chargee with the discharge of the Secured Obligations, by way of first legal mortgage all the Chargor's right, title and interest from time to time in the Real Property.

Clause 3.2 (Assignment by way of Security)

To the extent not validly and effectively charged by way of first legal mortgage pursuant to clause 3.1 the Chargor assigns and agrees to assign absolutely with full title guarantee to the Chargee (for and on behalf of the Secured Parties) (to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same (unless any applicable consent or waiver to any such assignment has been granted)), as security for the payment and discharge of the Secured Obligations, the benefit of all its right, title and interest to, in and under all present and future agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefitting the Chargor in respect of the Real Property. ✓

Clause 3.3 (Fixed Charges)

To the extent not validly and effectively charged by way of first legal mortgage pursuant to clause 3.1 or effectively assigned pursuant to clause 3.2 the Chargor charges with full title guarantee in favour of the Chargee (for and on behalf of the Secured Parties), with the payment and discharge of the Secured Obligations, by way of fixed legal charge, all present and future: (i) rights, title and interest in, to and under the Real Property; (ii) Rental Income and the right to make demand for and receive the same; and (iii) all insurance policies relating to the Real Property and the proceeds of the same.

Clause 4.1 (Further Assurance: General)

4.1.1 The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in clause 4.1.2 below.

4.1.2 The Chargor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Trustee may reasonably specify (and in such form as the Trustee may reasonably require in favour of the Trustee or its nominee(s)):

- (a) to perfect the security created or intended to be created in respect of the Charged Property; and/or
- (b) to facilitate the realisation of the Charged Property.

Clause 4.2 (Necessary Action)

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Trustee by or pursuant to the Debenture.

Clause 4.3 (Implied Covenants for Title)

The obligations of the Chargor under the Debenture shall be in addition to the covenants for title deemed to be included in the Debenture by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 provided that the covenant set out in Section 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3.

Clause 5.1 (Negative Pledge)

The Chargor undertakes that it shall not, at any time during the subsistence of the Debenture, create or permit to subsist any further security over all or any part of the Charged Property.

Clause 5.2 (No disposal of Interests)

The Chargor undertakes that it shall not (and shall not agree to) at any time during the subsistence of the Debenture:

- 5.2.1 execute any conveyance, transfer, lease or assignment of, or other right to use or occupy, all or any part of the Real Property;
- 5.2.2 knowingly create any legal or equitable estate or other interest in, or over, or otherwise relating to, all or any part of the Real Property; or

Name of company

* insert full name
of company

* BRITISH AIRWAYS PLC

5.2.3 knowingly (a) grant or vary, or accept any surrender, or cancellation or disposal of, any lease, tenancy, licence, consent or other right to occupy in relation to any of the Real Property or (b) allow any person any right to use or occupy or to become entitled to assert any proprietary interest in, or right over, Real Property, which may, in each case, be reasonably likely to have a Material Adverse Effect.

"Charged Property" means the property of the Chargor which is the subject of the security created or expressed to be created in favour of the Trustee by or pursuant to clause 3 of the Debenture.

"Material Adverse Effect" means any event or circumstance which;

(a) is materially adverse to the ability of the Chargor or the Option Holder to perform any of its payment obligations under any Operative Document; or

(b) is materially prejudicial to the security created by, and interests of the Trustee and the Secured Parties under the Debenture;.

"Real Property" means the freehold property comprising the part of land and buildings shown for the purposes of identification only edged red on the attached plan and forming part of the property known as Cranebank, The Parkway, Hounslow and being part of the property registered at HM Land Registry under title number AGL83701 and includes all Related Rights;

"Related Rights" means, in relation to any asset: (a) the proceeds of sale of any part of that asset; (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset; (c) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that asset so far as the same are capable of being mortgaged or charged or assigned; and (d) any moneys and proceeds paid or payable in respect of that asset;

"Rental Income" means all sums paid or payable to or for the benefit of the Chargor arising from the letting, use or occupation of all or any part of the Real Property, including, without limitation: (a) rents, licence fees and equivalent sums reserved or made payable; (b) sums received from any deposit held as security for performance of any tenant's obligations; (c) proceeds of insurance in respect of loss of rent or interest on rent; (d) receipts from or the value of consideration given for the grant, surrender or variation of any lease; (e) proceeds paid by way of reimbursement of service charge expenses; (f) proceeds paid for a breach of covenant or dilapidations under any lease in relation to the Real Property and for expenses incurred in relation to any such breach; (g) any contribution to a sinking fund paid by an occupational tenant under an occupational lease; (h) any contribution by an occupational tenant of the Real Property to ground rent due under any lease out of which the Chargor derives its interest in the Real Property; (i) any payment from a guarantor or other surety in respect of any of the items listed in this definition; (j) interest, damages or compensation in respect of any of the items in the definition; and (k) any VAT payable on any sum mentioned in this definition;

"Secured Obligations" means all obligations covenanted to be discharged by the Chargor in clause 2.1 (see Addendum 2/4 above);

"Secured Parties" means, together, the Trustee and the German Investor; and

"Trustee" means AGV Irish Equipment Leasing No. 1 (an unlisted company incorporated and existing under the laws of the Republic of Ireland).

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 01777777

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 17th MARCH 2004 AND CREATED BY BRITISH AIRWAYS PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY OR BY THE OPTION HOLDER TO AVG IRISH EQUIPMENT LEASING NO.1 OR THE GERMAN INVESTOR UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 30th MARCH 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 1st APRIL 2004.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

P. P.