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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

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)

NW/022312/£40.00

For official use

Company number

FC015529

Name of company

* South African Airways (Proprietary) Limited (carrying on business in the United Kingdom under the trade name "South African Airways") (the "Airline")

Date of creation of the charge

2 September 1999

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

Third Priority Aircraft Mortgage and Security Agreement (the "Mortgage") dated 2 September 1999 in respect of one (1) Boeing Model 747-400 Aircraft, bearing Manufacturer's Serial Number 28960, Registration Mark ZS-SBS and made between (1) ZS-SBS Company Limited and (2) the Airline as mortgagors and (3) Wilmington Trust Company as mortgagee (the "Security Trustee").

Amount secured by the mortgage or charge

All amounts payable under the Mortgage and the ZS-SBS Company Limited Guarantee (which together provide security for the Other Ex-Im Bank Transactions) (the "Secured Obligations").

All defined terms used in this Form 395 are defined in the attached Schedule 1.

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

Wilmington Trust Company, a Delaware banking corporation having its principal place of business at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, United States of America, as Security Trustee for and on behalf of the Secured Parties

Postcode

Presentor's name address and reference (if any):

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ
Docs Open Ref: 440273
Ref: GNH/LBR/A2736/00020

For official Use
Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

See Schedule 2

Please do not
write in
this margin

**Please complete
legibly, preferably
in black type, or
bold block
lettering**

Particulars as to commission allowance or discount (note 3)

None

Signed

Clifford Clance

Date

16/9/99

On behalf of ~~the company~~ [mortgagee/chargee] †

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

† delete as
appropriate

Notes

- 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 CF4 3UZ

SCHEDULE 1

In this Form 395:

"Aircraft" means the Boeing 747-400 aircraft bearing manufacturer's serial number 28960 and registration mark ZS-SBS, and means the Airframe, together with the Engines, Parts, Manuals and Technical Records;

"Airframe" shall mean the Boeing Model 747-400 Aircraft bearing Manufacturer's Serial Number 28960 (excluding the four Engines and the engines from time to time installed thereon) and any and all Parts, so long as the same shall be incorporated or installed in or attached to the Airframe or so long as title thereto shall remain vested in the Borrower in accordance with the Conditional Sale Agreement after the removal from the Airframe;

"Borrower" means ZS-SBS Company Limited, a limited liability company incorporated and existing under the laws of the Cayman Islands having its registered office at P O Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands, British West Indies and its successors and permitted assigns and transferees under the Conditional Sale Agreement;

"Collateral" means the Airframe, the Engines, the Parts and other properties, rights, interests, contract rights, assignment of contract rights and privileges set forth in paragraph 1 of Schedule 2, whether now owned or hereafter acquired or now or hereafter existing;

"Conditional Sale Agreement" means the conditional sale agreement dated as of 30 August 1999 between the Borrower, as owner, and the Airline, as purchaser, in relation to the Aircraft;

"Engine" shall mean (i) each of the four General Electric Model CF6-80C2-B1F engines bearing Manufacturer's Serial Numbers 704708, 704709, 704710 and 704711 whether or not from time to time installed on the Airframe or any other airframe or any engine substituted therefor subjected to the Conditional Sale Agreement pursuant to a conditional sale agreement supplement executed by the Airline and the Borrower and (ii) any other engine that may from time to time be installed on the Airframe that is or becomes the property of the Borrower or any engine that having been removed from the Airframe remains the property of the Borrower, in each case pursuant to the Conditional Sale Agreement, together with all Parts from time to time belonging to, installed in or appurtenant to any such engine;

"Ex-Im Bank" means the Export-Import Bank of the United States, an agency of the Government of the United States;

"Ex-Im Bank Loan Agreement" means the Loan Agreement dated as of 30 August 1999 and made between, inter alios, the Borrower, Ex-Im Bank and the Security Trustee;

"Junior Aircraft Mortgage" means the Junior Aircraft Mortgage and Security Agreement dated 2 September 1999 in respect of the Aircraft and made between (1) the Borrower and (2) the Airline as mortgagors and (3) the Security Trustee as mortgagee;

"Manuals and Technical Records" has the meaning given to it in Section 5(f) of the Conditional Sale Agreement;

"Operative Documents" shall mean each of (i) the Participation Agreement, (ii) the Conditional Sale Agreement, (iii) the Ex-Im Bank Loan Agreement, (iv) the Commercial Loan Agreement, (v) the ZS-SBS Company Limited Guarantee, (vi) the Security Agreements, (vii) the Pledge Agreements, (viii) the Fee Letters, (ix) the Purchase Agreement Assignment, (x) the Aircraft Consent and Agreement, (xi) the Bill of Sale, (xii) the Engine Consent and Agreement (xiii) the Aircraft Mortgages, (xv) the Engine Assignment, (xvi) the Account Pledge Agreement (xvii) the Ex-Im Bank Guarantee, (xviii) the Powers of Attorney; (xix) the Notes; (xx) each Request for Disbursement, (xxi) each Request for Guarantee Legend, (xxii) the A Transnet Guarantee, (xiii) the Subordination Agreement, (xxiv) the Administration Agreement, (xxv) the Aircraft Sale Agreement, (xxiv) the Assignment of Insurances, (xxvii) the Account Charge and (xxviii) the Borrower Indemnity Agreement (all such terms, save as defined herein, being as defined in Annex I to the Participation Agreement);

"Other Ex-Im Bank Transactions" means the transactions contemplated by any direct or indirect, present or future Ex-Im Bank-supported financing (i.e., under transaction documents dated on or after August 30, 1999) (whether by way of a loan, lease or a guarantee) for or for the benefit of the Airline (which benefit may be determined conclusively by a letter from the Airline to Ex-Im Bank confirming such direct or indirect benefit; provided, however, that the absence of such a letter in respect of any transaction shall not determine, in and of itself, whether such transaction is not an Ex-Im Bank-supported financing;

"Participation Agreement" means the Participation Agreement dated as of 30 August 1999 relating to the financing of one (1) Boeing 747-400 aircraft bearing manufacturer's serial number 28960 and entered into between the Borrower, the Airline, Queensgate SPV Services Limited, Transnet Limited, the Security Trustee, Ex-Im Bank, the Commercial Lender and Bank of America, N.A.;

"Parts" shall mean, with respect to the Aircraft or any engine, all appliances, components, parts, instruments (including avionics), appurtenances, accessories, furnishings and other equipment of whatever nature (other than complete Engines for the Aircraft or engines or any equipment leased by the Airline or any Permitted Sublessee (as defined in Annex I to the Participation Agreement) from any third party lessor), that may from time to time be *incorporated or installed in or attached to the Airframe or Engine or so long as the Borrower's* interest therein shall continue in accordance with the Conditional Sale Agreement;

"Secured Parties" means together Ex-Im Bank, the Security Trustee (acting on behalf of itself and Ex-Im Bank in relation to the Third Priority Documents) and their respective successors and permitted assigns and transferees;

"Senior Aircraft Mortgage" means the Senior Aircraft Mortgage and Security Agreement dated 2 September 1999 in respect of the Aircraft and made between (1) the Borrower and (2) the Airline as mortgagors and (3) the Security Trustee as mortgagee; and

"ZS-SBS Company Limited Guarantee" means the guarantee dated as of 30 August 1999 relating to the financing of the Aircraft and made between (1) the Borrower as guarantor, (2) Ex-Im Bank as guaranteed party and (3) the Security Trustee as security trustee thereunder for Ex-Im Bank.

SCHEDULE 2

1. GRANT

The Airline has granted, conveyed, pledged, granted a security interest in and mortgaged to the Security Trustee, irrevocably and unconditionally, a security interest and mortgage in:

- (a) all right, title and interest of the Airline in and to the Airframe and Engines, whether such Airframe or Engines are now owned by the Airline or hereafter acquired and in the case of any Engine, whether or not attached to the Airframe or any other aircraft or airframe, together with all Parts, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to such airframe or Engines made in accordance with the Conditional Sale Agreement;
- (b) all right, title and interest of the Airline in and to all Manuals and Technical Records with respect to the Airframe, Engines and Parts, whether now in existence or hereafter acquired or created, and all right, title and interest of the Airline in and to warranties, service, life policies and all product support in respect of the Collateral;
- (c) all right, title and interest of the Airline in and to proceeds of any insurance other than Excluded Payments (as defined in Annex I to the Participation Agreement) or requisition payments in respect of the property described in Clauses (a) and (b) above, including the insurance required to be maintained under the Conditional Sale Agreement; and
- (d) all right, title and interest of the Airline in and to the Bill of Sale (as defined in Annex I to the Participation Agreement);

such mortgage being expressed as a third priority mortgage subordinate to the Senior Aircraft Mortgage and the Junior Aircraft Mortgage.

2. NEGATIVE PLEDGE

The Airline has agreed that it will not take or omit to take (without the Security Trustee's consent) any action the taking or omission of which might result in an alteration or impairment of (A) the Aircraft, any Engine or Part (except as otherwise expressly permitted by the Conditional Sale Agreement), (B) the Conditional Sale Agreement, (C) any of the other Operative Documents, (D) any assignment, conveyance, pledge, mortgage or security interest created hereunder, or (E) any of the rights, title or interests of the Borrower, the Airline or the Security Trustee in, to or under the Aircraft, any Engine, Part, the Conditional Sale Agreement or any of the other Operative Documents.

3. FURTHER ASSURANCE

The Airline has agreed that at any time and from time to time, upon the written request of the Security Trustee, the Airline, at the sole cost and expense of the Airline, will promptly

and duly execute and deliver (or cause to be duly executed and delivered) any and all such further instruments and documents as the Security Trustee may reasonably deem necessary or desirable in obtaining the full benefits of the assignment hereunder and of the rights and powers herein granted.

4. POWER OF ATTORNEY

The Airline has irrevocably constituted and appointed the Security Trustee the true and lawful attorney of the Airline (with full power of substitution) in the name, place and stead of, and at the cost and expense of the Airline, in connection with the enforcement of the rights and remedies provided for in Article 4 of the Mortgage, including, without limitation, all rights, (A) to ask, require, demand and receive any and all monies and claims for monies (in each case including, without limitation, all insurance proceeds, reinsurance proceeds and all expropriation, condemnation, confiscation, requisition, indemnity payments or proceeds) due or to become due to the Airline under or arising out of the Ex-Im Bank Loan Agreement, the Conditional Sale Agreement or any of the other Operative Documents, (B) to endorse any checks or other instruments or orders in connection therewith, to exercise any and all rights thereunder (all to the exclusion of the Airline, (C) to file any claims or to take any action or institute any proceedings which the Security Trustee may reasonably deem necessary or advisable in the exercise of its rights and remedies hereunder, (D) to give any necessary receipts or acquittances for amounts collected or received hereunder (E) to make all necessary transfers of any Aircraft, Engine, Part or any other property included in the Collateral in connection with any sale, lease or other disposition made pursuant hereto, (F) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any such sale, lease or other disposition, the Airline has ratified and confirmed all that any such attorney (or any substitute) shall lawfully do hereunder and pursuant hereto, and (G) to sign any agreement, order or other document in connection with or pursuant to the Conditional Sale Agreement and the other Operative Documents. For the avoidance of doubt, pursuant to the aforementioned power of attorney, the Security Trustee is specifically authorised, empowered and entitled (1) to register and, de-register the Aircraft from time to time, in the name of the Security Trustee and the Airline or otherwise, in such jurisdictions as the Security Trustee may select in accordance with the Operative Documents and (2) to obtain export licenses and other governmental consents or approvals from south Africa for, and take any other actions necessary or advisable for the de-registration, repossession and exportation from the Republic of South Africa of the Aircraft. The foregoing power of attorney has been given for valuable consideration, for security, is coupled with an interest and is irrevocable. Nevertheless, if so requested by the Security Trustee or a purchaser, lessee or lessor, the Airline has agreed to ratify and confirm any such sale, lease or other disposition by executing and delivering to the Security Trustee or such purchaser, lessee or lessor all proper bills of sale, assignments, releases, leases and other instruments as may be designated in any such request. The Airline has agreed to execute and deliver to the Security Trustee a power of attorney and such other documents as the Security Trustee may from time to time request in order to give effect to the provisions of the foregoing power of attorney.

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

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

COMPANY No. FC015529

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A THIRD PRIORITY AIRCRAFT MORTGAGE AND SECURITY AGREEMENT DATED THE 2nd SEPTEMBER 1999 AND CREATED BY SOUTH AFRICAN AIRWAYS FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO WILMINGTON TRUST COMPANY (AS SECURITY TRUSTEE FOR AND ON BEHALF OF THE SECURED PARTIES AS DEFINED) UNDER THE MORTGAGE AND THE ZS-SBS COMPANY LIMITED GUARANTEE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 17th SEPTEMBER 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 22nd SEPTEMBER 1999 .



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



C O M P A N I E S H O U S E

HC026B