

PICTON II LTD.

Clarendon House, Church Street, Hamilton HM QX, Bermuda

To: **[Buyer]**

Attention: []
Email: []
Facsimile: []

Dated: []

Dear Sirs

Boeing Business Jet aircraft msn 29273 registration VP-BBJ Letter of Offer – Sale

We refer to our discussions in relation to the above Aircraft.

PICTON II Ltd., on behalf of itself and its affiliates and/or nominee (the “**Seller**”), hereby offers to sell the above aircraft, as more particularly defined in the Terms below, (the “**Aircraft**”) to **[Buyer]** the “**Buyer**”) for the Purchase Price, as defined in the Terms below, of US\$28,000,000~~26,500,000~~ and otherwise on the terms of this letter of offer as set out below (“**Offer**”).

This Offer remains open for acceptance by you on behalf of the Buyer until 1800 hours London time on **[TBD]** (the “**Expiry Time**”) when, without its extension by us, it will expire, and is subject to:

(A) a Visual Inspection of the Aircraft by the Buyer, as further provided below, and the Aircraft being found on such inspection to be satisfactory to the Buyer, in the Buyer’s absolute discretion; and

(B) the entering into of a definitive Aircraft Sale and Purchase Agreement in respect of the sale of the Aircraft by the Seller and its purchase by the Buyer in form and substance satisfactory to the Seller and the Buyer (the “**Sale Agreement**”) by **[TBD]** (the “**Documentation Deadline**”).

The purchase of the Aircraft by the Buyer from the Seller and the sale of the Aircraft by the Seller to the Buyer are referred to in this Offer as the “**Transaction**”.

ACCEPTANCE AND INITIAL DEPOSIT

If you find this Offer satisfactory, please evidence your acceptance of it on behalf of the Buyer by signing and returning to the undersigned a duplicate of this letter in original, facsimile or pdf signed form by the Expiry Time.

Within two (2) business days of the Buyer’s acceptance of this Offer, the Buyer agrees to deposit with Insured Aircraft Title Service, Inc. of PO Box 19527, 6449 S. Denning St., Oklahoma City, Oklahoma 73179, the United States of America (the “**Escrow Agent**”) the sum of **US\$1,000,000** (the “**Initial Deposit**”) as a good faith indication of its intent to proceed with its purchase of the Aircraft, such Initial Deposit to be held by the Escrow Agent to the order of the Buyer. The Initial Deposit shall be paid to the Escrow Agent’s Escrow Account details of which are set out in attachment 2 to this Offer (the “**Escrow Account**”).

If this Offer is accepted and the Initial Deposit is received by the Escrow Agent within the time specified above:

1 the Seller shall withdraw the Aircraft from the market as being for sale and shall deal exclusively with the Buyer and its representatives in relation to the sale of the Aircraft;

2 neither the Buyer nor its representatives shall commence or continue discussions for the purchase of another aircraft, whether new or pre-owned, similar to the Aircraft otherwise than as an additional aircraft to and not in place of the Aircraft; and

3 the Seller and the Buyer shall proceed to the Visual Inspection of the Aircraft and to negotiate in good faith with a view to concluding a Sale Agreement on or before the Documentation Deadline, it being agreed that the Sale Agreement will include the terms and conditions indicated in this Offer.

If, following the Buyer's acceptance of this Offer, the Initial Deposit is not made by the Buyer as required above, such acceptance shall be deemed not to have been made and this Offer shall accordingly be deemed to have expired without having been accepted by the Buyer and neither party shall have any further obligation to or right against the other in respect of or arising out of this Offer.

VISUAL INSPECTION AND FURTHER DEPOSIT

As a condition precedent to the Offer, the Seller has agreed that the Buyer may conduct a visual ground inspection of the Aircraft ("Visual Inspection") and that the Aircraft is found by the Buyer to be satisfactory to the Buyer, in the Buyer's absolute discretion.

Accordingly, the Seller shall position the Aircraft at Geneva Airport, Geneva, Switzerland (the "Visual Inspection Location") where the Aircraft may be inspected by the Buyer during week of [TBD] (or as otherwise agreed between the Seller and the Buyer) at a time to be arranged between the Seller and the Buyer. The Visual Inspection shall be completed by the Buyer within one day and the Buyer shall indicate formally to the Seller in writing (by fax or email) within 48 hours of its completion of the Visual Inspection whether it wishes to proceed (an "Affirmation") or does not wish to proceed (a "Rejection") with its purchase of the Aircraft pursuant to this Offer. If the Buyer issues, or is deemed below to have issued, a Rejection, the Initial Deposit will be promptly refunded in full to the Buyer, without interest, and neither party shall have any further obligation to or right against the other in respect of or arising out of this Offer.

Upon the issue by the Buyer of an Affirmation, (1) the Buyer shall place a further deposit in the amount of **US\$1,500,000** with the Escrow Agent at the Escrow Account (the "Further Deposit" and, together with the Initial Deposit, the "Transaction Deposit") and (2) save as mentioned in this Offer, the Transaction Deposit will become non-refundable to the Buyer and will be held to the credit of the Purchase Price should the sale of the Aircraft to the Buyer proceed to Delivery pursuant to the Sale Agreement.

If the Seller does not receive a Rejection or an Affirmation from the Buyer within this 48 hour period, or if the Further Deposit is not made by the Buyer as required above, the Buyer shall be deemed to have indicated that it does not wish to proceed with its purchase of the Aircraft and to have issued a Rejection.

SALE AGREEMENT

If the Sale Agreement is not entered into by the Seller and the Buyer by the Documentation Deadline for any reason, the Transaction Deposit, to the extent already placed by the Buyer with the Escrow Agent, will be repaid in full by the Escrow Agent to the Buyer absolutely and neither the Seller nor the Buyer shall have any further obligation to or right against the other in respect of or arising out of this Offer.

Upon the entering into by the Seller and the Buyer of the Sale Agreement, the Transaction Deposit will be held upon the terms of the Sale Agreement and will be non-refundable thereunder save in the case of (1) the Aircraft proving not to be in the Delivery Condition, (2) the Aircraft suffers a total loss or damage prior to its delivery to the Buyer or (3) the Seller fails to deliver the Aircraft to the Buyer in accordance with the terms of the Sale Agreement. In any of such cases, the Transaction Deposit shall be refunded to the Buyer without interest.

TERMS

The further terms of this Offer are:

The Aircraft One pre-owned Boeing Business Jet aircraft manufacturer's serial number 29273 line no. YG 006 and current registration and nationality mark VP-BBJ, with the specification detailed in attachment 1 to this Offer (the "**Specification**"), together with its systems, appliances, accessories, components, parts, furnishings and equipment (including all loose, ground and safety equipment other than personalised items) belonging to, installed in or attached or relating to such aircraft and all records and technical data relating to the same ("**Records**"). The "**Aircraft**" shall include and be delivered with all Records.

Title The Seller shall transfer or procure the transfer, by way of the issue to the Buyer of a full warranty bill of sale, the full legal, equitable and beneficial, good and marketable, title to the Aircraft to the Buyer at delivery free of all liens and encumbrances.

Purchase Price US\$28,000,000~~26,500,000~~

Payment terms The Buyer shall place a deposit, in the amount of the Transaction Deposit of US\$2,500,000 with the Escrow Agent by transfer to the Escrow Account at the following times and in the following amounts:

1. within two business days of the Buyer's acceptance of the Offer, US\$1,000,000 (the "**Initial Deposit**"); and
2. on the issue of an Affirmation, a further US\$1,500,000 (the "**Further Deposit**");

together, the "**Transaction Deposit**".

From entry into of the Sale Agreement, the Transaction Deposit shall be non-refundable save in the case of (A) the Aircraft proving not to be in accordance with the Delivery Condition and the Buyer rejecting the Aircraft in accordance with the provisions below, (B) the Aircraft suffers~~suffering~~ a total loss or damage prior to Delivery or (C) the Seller fails~~failing~~ to deliver the Aircraft to the Buyer in accordance with the terms of the Sale Agreement. In any of such cases, the Transaction Deposit will be promptly refunded in full to the Buyer.

An amount of the The Purchase Price equal to US\$25,000,000 will be payable to the Seller at Delivery in freely available, same day funds and the Transaction Deposit will be applied towards that amount payable on Delivery. The balance of the Purchase Price will be payable on the earlier of (1) the date on which the Buyer receives the purchase price on sale of its existing B727 aircraft and (2) the date which falls six (6) months after Delivery. [Note: Seller will require a guarantee or recourse to an entity of appropriate credit standing or other appropriate security in respect of the Purchase Price balance – TBC] the Purchase Price at Delivery.

No withholdings or deductions shall be made by the Buyer from the Purchase Price. All sales taxes arising in relation to the sale of the Aircraft, other than on the income or gains of the Seller, shall be for the account of the Buyer. The Seller shall cooperate with the Buyer and locate the Aircraft for its delivery to the Buyer in such place as shall be required by the Buyer so as to avoid any sales taxes being applicable to the sale of the Aircraft to the Buyer pursuant to the Sale Agreement.

The Aircraft and its Delivery Condition The Aircraft shall be delivered by the Seller to the Buyer in the following condition (the "**Delivery Condition**"):

1. the Aircraft shall have completed a C1 check in October 2014 and shall be current on the manufacturers' recommended maintenance program with all items

- 2 on the Maintenance Due List complied with and completed and all systems, flight, airworthiness, operating or otherwise, shall be operating fully within the manufacturers' published specifications;
- 3 all applicable mandatory Airworthiness Directives (ADs) issued by the FAA or the Department of Civil Aviation of Bermuda ("BDCA") and all mandatory Boeing Service Bulletins (SB's) requiring termination at Delivery shall have been terminated at the cost of the Seller prior to Delivery;
- 4 the Aircraft shall have no material damage;
- 5 the Aircraft shall be free of material corrosion;
- 6 the Records shall be up-to-date, continuous and complete up to and including Delivery. The Records shall be in a format that complies with the requirements of the BDCA and FAA;
- 7 the Aircraft shall have a current Certificates of Airworthiness and Release to Service, or equivalent issued by the BDCA; and
- 8 the Aircraft shall otherwise conform in all material respects with the Specification.

**Manufacturer's
Warranties**

All Boeing and engine manufacturer warranties shall be transferred or made available to the Buyer from Delivery.

**Export Certificate of
Airworthiness**

The Aircraft shall be delivered with an Export Certificate of Airworthiness issued by the BDCA to such jurisdiction as shall be specified by the Buyer and agreed by the Seller (the "**State of Intended Registry**"). The Seller shall be responsible for the cost of obtaining such Export Certificate of Airworthiness from BDCA save that the cost of any modifications, alterations or inspections that are required to be made to the Aircraft to obtain the same which modifications, alterations or inspections are the requirements of the Aviation Authorities of the State of Intended Registry shall be paid by the Buyer to the Seller prior to the effecting of the same. The Buyer shall further reimburse and indemnify the Seller for the cost of reinstating the Aircraft to its condition prior to the making of any such modifications or alterations should the Transaction not be concluded by the delivery of the Aircraft to the Buyer in accordance with the terms of the Sale Agreement, otherwise than by reason of any default by the Seller.

**Pre-purchase
Inspection**

The Buyer's obligation to purchase the Aircraft shall be contingent upon a visual and technical pre-purchase inspections of the Aircraft being undertaken on the Buyer's behalf at a Boeing approved maintenance facility agreed between the Seller and the Buyer (the "**Inspection Facility**") in accordance with the standard Boeing approved pre-purchase inspection procedures for pre-owned aircraft (the "**Pre-purchase Inspection**") to determine whether the Aircraft is in the Delivery Condition. The Pre-purchase Inspection shall include, if required by the Buyer, engine ground power runs, engine and APU boroscope inspections and a test flight of the Aircraft. The test flight shall be conducted in accordance with Boeing's or the Inspection Facility's written standards for pre-owned aircraft and the Aircraft shall be under the command and control of an Inspection Facility pilot at all times during the test flight evaluation. The Buyer may have up to three (3) representatives onboard the Aircraft during the test flight. All costs of the technical pre-purchase inspection and test flight shall be for the account of the Buyer.

The Seller shall be responsible for positioning the Aircraft to the Inspection Location at the Seller's cost.

The Seller shall make the Aircraft available for and the Buyer shall commence the Pre-

Purchase Inspection within five (5) business days of entry into of the definitive Sale Agreement, unless otherwise agreed between the Seller and the Buyer.

Following the completion of the Pre-purchase Inspection, the Buyer may either technically accept the Aircraft, subject to the rectification of any differences or divergences from the Delivery Condition (“**Discrepancies**”) by the Seller, or reject the Aircraft if Discrepancies are found in the Aircraft as a result of such inspection and (1) the same cannot be rectified by the Seller within sixty (60) days of the completion of the Pre-purchase Inspection or (2) the cost to the Seller of such rectification is more than US\$500,000. The Buyer shall not be entitled to reject the Aircraft for any other reason. The Buyer shall technically accept or reject the Aircraft within 48 hours of completion of the Pre-purchase Inspection. If the Buyer so rejects the Aircraft, due to the foregoing, the Transaction Deposit shall be returned promptly to the Buyer by the Escrow Agent in full and neither the Seller nor the Buyer shall have any further obligation to or right against the other in relation to the Aircraft and/or its sale and/or purchase pursuant to or arising out of the Sale Agreement. If the Buyer accepts the Aircraft subject to the rectification of any Discrepancies found during the Pre-purchase Inspection, such Discrepancies shall be rectified by the Seller at its sole cost promptly and in any event within such period of sixty (60) days, unless otherwise agreed between the Seller and the Buyer, failing which the Transaction Deposit shall be returned promptly to the Buyer by the Escrow Agent in full and neither the Seller nor the Buyer shall have any further obligation to or right against the other in relation to the Aircraft and/or its sale and/or purchase pursuant to or arising out of the Sale Agreement. The Buyer shall advise the Seller in writing within 48 hours following the completion of the Pre-purchase Inspection if Buyer accepts or rejects the Aircraft in accordance with the terms of this paragraph.

Delivery time and location

The Aircraft shall be delivered by the Seller to the Buyer promptly following the completion of the Pre-purchase Inspection and the rectification of all Discrepancies by the Seller and, in any event, within five (5) business days after the Seller's rectification of all Discrepancies found as a result of the Pre-purchase Inspection, unless otherwise agreed between the Seller and the Buyer.

The Aircraft shall be delivered to the Buyer at a location within Europe to be named by the Buyer, acting reasonably, so as to avoid or mitigate the imposition of sales taxes in relation to the Transaction for which the Buyer is responsible hereunder (the “**Delivery Location**”). The Buyer shall reimburse the Seller for the cost of positioning the Aircraft at the Delivery Location.

Post-Delivery operating costs

The Buyer shall indemnify the Seller in relation to all operating costs and liabilities incurred by or in relation to the Aircraft at any time after Delivery and shall add the Seller and such past owners and financiers of the Aircraft as shall be named by the Seller to the Buyer as Additional Insureds under the Third Party Legal Liability insurances in respect of the Aircraft for a period of two (2) years following Delivery or until the first major check on the Aircraft after Delivery.

Assignment

This Offer is not, and the Sale Agreement between the Seller and the Buyer shall not be, assignable by either party without the consent of the other.

Expenses

The Seller and the Buyer shall be responsible for their own costs and expenses in relation to the Transaction unless such costs or expenses are expressly stated to be paid for by the Buyer in this Offer.

The Seller and the Buyer shall confirm that to the extent that they have used or retained the services of a broker or agent in connection with the Transaction, it shall be severally responsible for the fees of the brokers or agents so used or retained by it and shall indemnify and keep indemnified the other against the same and any claims that might be brought by any person for the same claiming through it.

Standard terms The Sale Agreement shall contain such other normal terms as are customary in transactions of this nature as required by either party, including as to the right of a party to terminate the Transaction upon Delivery not having occurred as provided above due to the failure of the other to perform its obligations under the Sale Agreement. If the Sale Agreement is so terminated due to Seller's failure to perform its obligations the Transaction Deposit shall be returned promptly to the Buyer by the Escrow Agent in full and neither the Seller nor the Buyer shall have any further obligation to or right against the other in relation to the Aircraft and/or its sale and/or purchase pursuant to or arising out of the Sale Agreement. If the Sale Agreement is so terminated due to Buyer's failure to perform its obligations the Transaction Deposit shall be forfeited and paid to the Seller by the Escrow Agent. The definitive Sale Agreement shall be prepared by counsel to the Seller and shall supersede this Offer.

Governing law This Offer and the definitive Sale Agreement shall be subject to English law.

Confidentiality Both the Seller and the Buyer shall keep the terms of this Offer and the definitive Sale Agreement confidential and shall not disclose their existence or terms other than to their professional advisers or as may be required by law.

Counterparts This Offer may be signed in counterparts by the Seller and Buyer, such counterparts together constituting but one and the same instrument. Such counterparts may be exchanged via facsimile or other electronic transmission.

We look forward to receiving your confirmation of your acceptance of this Offer by way of the return to us of the copy of this Offer by the above Expiry Time duly signed on behalf of the Buyer.

Yours truly

For and on behalf of **PICTON II Ltd**
By Alireza ITTIHADIEH, Exclusive Representative

[ON COPY]

To: Picton II Ltd.
Clarendon House, Church Street, Hamilton HM QX, Bermuda

Attention: Alireza ITTIHADIEH
Email: alireza@freestreambermuda.bm
Facsimile: +1 917 591 3381

Dear Sirs,

Boeing Business Jet aircraft msn 29273 registration VP-BBJ
Letter of Offer – Sale

[Buyer], the "Buyer", hereby confirms the Buyer's acceptance, in accordance with its terms, of the Offer by Picton II Ltd., the "Seller" for the sale of the Aircraft by the Seller to the Buyer, of which Offer, the above is a true copy.

Signed, for and on behalf of [Buyer]

Signature:

Name:

Title:

Date:

The Specification

Boeing Business Jet aircraft

Aircraft nationality and registration mark: **VP-BBJ**

NOTE: Times and Cycles below are as at 12-Dec-2013 *[times and cycles to be updated] 13 November 2014*

Airframe

Serial Number: 29273
Manufacturer: The Boeing Company
Model: B737-72U Boeing Business Jet
Type Aircraft: Fixed Wing Multi-Engine
MFR Year: 1998
Total Time: 37143756:0407 Hours
Total Cycles: 864924

Weight Data

Maximum Taxi Weight: 77,791 kg
Maximum Takeoff Weight: 77,564 kg
Maximum Landing Weight: 60,781 kg
Maximum Zero Fuel Weight: 57,152 kg
Basic Operating Weight: 45,588 kg
Maximum Fuel Capacity: 32,558 kg

Engines

Serial Numbers: 874437 (#1) and 874438 (#2)
Manufacturer: CFM International
Model: CFM56-7B26/B1

Posn.	Serial No.	Total	
		Hours	Cycles
Left	874437	<u>37143756:0407</u>	<u>864888</u>
Right	874438	<u>37143756:0407</u>	<u>864888</u>

Auxiliary Power Unit

Serial Number:
Manufacturer: Honeywell
Type: 131-9B
TTSN 33053468 Hours/28172955 Cycles

Avionics:

ADIRU: Honeywell P/N HG2050AC04
Comm: Collins VHF-900B -- P/N 822-1047-003
Nav: Collins VOR-900 -- Receiver P/N 822-0297-001
FMS: FMC P/N 171497-05-01
HF: Collins HFS-900 -- P/N 822-0330-001
ADF: Collins ADF-900 -- R/T P/N 822-0329-001
DME: Collins DME-900 -- Interrogator P/N 066-50013-0101
ILS/GPS: Collins Receiver P/N 822-1152-002
ATC Transponder: Collins TPR-901 P/N 822-1338-003
RADAR: Collins WXR-700 -- R/T P/N 622-5132-632
TCAS: Collins TTR-920 -- Computer change 7 P/N 622-8971-020022

EGPWS: Honeywell Computer P/N 965-0976-003-204-204 Collins GLU-920 Receiver P/N 822-1152-002
CVR: P/N 24000202100-1020-00
FDR: P/N 2100-4043-00
ELT: Artes B406 4 — P/N 453-5004
HGS: Computer P/N 1500-1730-002
AIRSHOW Network- Fax / SATCOM

Auxiliary Fuel Tanks

Pat's 9 Tanks, 5 aft, 4 fwd

Interior

Maximum 18 Passenger Interior. Forward crew rest section at entrance. Forward lounge featuring 4 individual club seats and 2 inward facing material divans. Aft lounge featuring 2 (4 seat) dining tables and inward facing material divan and credenza containing entertainment system. Aft section is a master bedroom with double bed and en-suite bathroom / lavatory with shower. Aft Galley area. Forward cloak room and forward airstairs.

The Escrow Account details

Escrow Account Details -

Bank: International Bank of Commerce
Branch: 1200 San Bernardo, Laredo, TX 78040
ABA: 114902528
Swift Code: IBCLUS44
Credit: Insured Aircraft Title Service
Account Number: 0717213717
Phone advice: Kirk Woford
Reference: Boeing-BBJ/29273/VP-BBJ

Input:

Document 1 ID	PowerDocs://LONDON/21445/2
Description	LONDON-#21445-v2-LOI_-_Picton_II_-_msn_29273_-_YG006
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Rendering set	Standard

Legend:

Insertion

Deletion

Moved from

Moved to

Style change

Format change

Moved deletion

Inserted cell

Deleted cell

Moved cell

Split/Merged cell

Padding cell

Statistics:

	Count
Insertions	23
Deletions	28
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	51