

**Conditions of Lease
of the Austrian Aviation Training GmbH**

(As at: 01.11.2017)

Preamble

Lessee has hired an aircraft from the Austrian Aviation Training GmbH, registered under FN 476925 k at the Regional- as Commercial Court Graz, seated in the municipality Feldkirchen bei Graz and the business address Flughafenstraße 51, 8073 Feldkirchen, (hereinafter referred to as "AAT" or "Lessor").

The hiring of this aircraft as well as the legal relationships resulting from it are subject to the provisions of these Conditions of Lease and were made known to the lessee prior to conclusion of the lease agreement, and were explicitly accepted by him.

The conditions of lease in hand are not only expressly valid for leases within the framework of the aircraft leasing company being commercially operated by AAT as defined in §§ 116 ff LFG, but furthermore also for the transfer of use of aircraft within the framework of the flying school operations of AAT; in this case also student pilots or rather flight instructors with AAT are understood to be covered in this sense under the term "Lessee". For all other civil aviation schools the provisions of point XVIII. of these Conditions of Lease are especially valid.

I.

Object of Lease and Acceptance

(1) The leased aircraft shall be handed over to the lessee by the lessor in a sound condition with all necessary papers and keys and - inasmuch as there is nothing else noted in the log book - without any external damages or other malfunctions.

(2) On the occasion of acceptance the lessee shall check that the leased aircraft has been handed over having been inspected without any discernible damages.

(3) Furthermore the lessee has to carry out prior to every initial operation of the aircraft on every day of the term of lease the preflight inspection outlined in the respective aircraft operations manual.

(4) Any damages discernable and malfunctions of the aircraft detected on the occasion of the preflight inspection have to be reported without delay to the lessor prior to the commencement of the planned flight and have to be entered in the log book. Any reports on damages or malfunctions which are only reported after completion of the flight are imputed to the lessee

by the lessor. On the execution-/continuation of the flight the lessee shall furthermore decide by himself independently by taking into account the estimation of the graveness of the damage/malfunction by the lessor.

II.

Pilot-in-Command

(1) The leased aircraft may exclusively be operated by the lessee as a pilot-in-command. In the case several persons are jointly renting an aircraft from the lessor, only those shall be allowed to operate the aircraft as pilot-in-command who have accepted the Conditions of Lease in hand on the occasion of the acceptance of the aircraft.

(2) The lessee shall be responsible that from the time of acceptance of the leased aircraft by him until to the return to the lessor, only he himself and persons as defined in para. (1) shall operate the leased aircraft as pilot-in-command.

(3) The lessee shall assure that he has acquired at the time of acceptance of the leased aircraft and for the term of the intended lease all the necessary licences, ratings and certificates (especially the medical certificate necessary for carrying out the respective flights), to be allowed to operate the concrete aircraft. The lessee shall especially assure that he has made himself both theoretically as well as practically familiar with the aircraft and its systems and that he shall not operate the aircraft as long as his mental and physical condition is impaired as defined in § 3 para.(2) LVR 2010.

(4) Para. (1) and (2) are not valid for the hiring of aircraft to carry out training flights within the framework of the flying school of AAT; para. (3) is valid on the understanding that the student pilot does not after all have the necessary technical skills to operate the aircraft as pilot-in-command but does have the required minimum age, the medical fitness, the reliability and that there is furthermore no impairment present as defined in § 3 para. (2) LVR 2010.

III.

Approved Use

(1) The lessee shall note that the leased aircraft is exclusively approved for carrying out non commercial flights; for that reason it is not allowed to carry out commercial transport of persons, freight and mail with the leased aircraft. It is explicitly pointed out that also carrying out non commercial aerial work (flights for filming and taking photographs excluded) is not permitted.

(2) The lessee shall note that the leased aircraft shall only be operated according to the procedures depicted in the respective aircraft operations manual and within the limitations listed there as well as according to the certificate of use issued for the respective aircraft by the authority. This also and especially shall apply under observing the prevailing meteorological conditions.

(3) The aircraft shall only be operated according to the legal provisions which are binding at the respective venue of operation; the lessee shall be committed to prior to commencing the flight to make himself familiar with the legal provisions being valid along his flying route (inclusively the routing to the alternate aerodrome and the routing there) and shall be solely responsible for the compliance with these official regulations. This is especially valid for all air traffic regulations but also for all provisions concerning customs- and fiscal law regulations as well as for any regulations in connection with entry into or departure from the countries concerned. Furthermore the lessee shall take into account the conditions of use (especially the opening hours) of the aerodromes approached by him.

IV.

Storage and Return of the Object of Lease

(1) The lessee shall be committed to properly store the object of lease during the term of lease; the lessee shall especially be committed to properly lock and secure the object of lease. In doing so the local and meteorological circumstances have to be taken into account (e.g. wind), in this connection also foreseeable meteorological trends have to be taken into account.

(2) The lessee shall take care that he returns the leased aircraft to the lessor in its original condition as accepted and only taking into account the ordinary wear during the term of lease. The return of the aircraft shall in principle take place at the Graz airport (LOWG).

(3) The aircraft shall not be extraordinarily contaminated by the lessee; in case the aircraft is returned extraordinarily contaminated, the lessor shall be entitled to have the aircraft cleaned at the lessee's expense.

(4) The lessee shall be committed to clear the aircraft upon return of movables of his own and shall note that the lessor shall be entitled to dispose of all movables of the lessee found in the aircraft without having contacted the lessee before.

V.

Flights Abroad

(1) There is an absolute ban from flying in the following countries: all countries outside of Europe, especially the United States of America. Should there any flights be planned in such areas, the lessor shall be consulted with beforehand.

(2) It is explicitly pointed out that when the absolute ban from flying subject to para. (1) is being infringed, all insurances existing for the aircraft are exempted from performance and any possible damages arising to the lessor or other third parties shall be passed on to the lessee.

VI.

Demeanor at Accidents, Incidents, Damages, Loss or Theft

(1) In case of an occurrence, an accident, or an incident as defined in § 1 of the Zivilluftfahrt-Meldeverordnung (ZMV) or rather a theft of the aircraft, the lessee shall inform the lessor without delay.

(2) The legal obligations to make a report to the respective competent authorities (especially subject to VO (EU) No. 996/2010, § 136 LFG, UUG and ZMV) remain valid irrespective of para. (1).

(3) The lessee shall not be entitled without having the respective instruction by the lessor to have the leased aircraft maintained or repaired or to carry out the maintenance or repair by himself.

VII.

Remuneration, Fees, Detriments to be Payable by the Lessor

(1) The remuneration for permitting the use of the aircraft by the lessor to the lessee is charged according to the tariffs published in the electronic reservation system of the lessor.

(2) Basically the invoicing is made to the lessee. Should it be desired by him that the invoicing is made to another person, the lessor shall be made known of the fact at latest on the occasion of returning the object of lease; such requests of the lessee in this connection made later on can not be taken into account on principle. Should the recipient of the invoice named by the lessee refuse to pay the rental fee invoiced, the lessee shall be liable to the lessor for paying it.

(3) The remuneration for permitting the use of the aircraft has to be paid by the invoice recipient immediately after having received the invoice.

(4) The lessee shall additionally commit himself to pay all fees and taxes which are directly connected to the execution of the flight planned by him (e.g. approach fees, air traffic control fees etc...).

(5) The payment of the fees and taxes subject to para. 4 is basically made to the provider authorized to collect the fees (mostly the aerodrome or a handling agent). Should such direct payment not be possible or the lessee has not made the payment, the lessor will hand on to the lessee after having received the bill for fees and taxes on his part, with a service surcharge of 12,00 Euro (20% VAT included) for each bill; these fees and taxes shall be due for payment upon receipt.

(6) Should any financial losses of whatever kind through the operation of the leased aircraft arise for the lessor (especially by non-payment of the mentioned fees and taxes), the lessee shall commit himself to indemnify and hold harmless the lessor with respect to this.

VIII.

Other Duties of the Lessee

(1) The lessee shall be committed to adhere to and comply with the duties as a pilot-in-command imposed on him by the law or other official regulations or orders as it is expected of a pilot-in-command. This especially concerns the execution of an adequate flight preparation as defined in § 6 LVR 2010.

(2) The lessee shall be committed not to leave the leased aircraft unlocked or to park it without paying attention to existing securing devices; this does not apply should there be given any contrary instructions by authorized ramp staff.

(3) The lessee shall be committed to properly store the key of the aircraft and the papers.

(4) The lessee shall not be entitled to utilize the leased aircraft for schooling flights (outside the flight training organization of AAT or rather within the bounds of a rental by flying schools as defined in point XVIII. of these Conditions of Lease), test purposes, competitions or other sport flying competitions or for (towing away) towing of other aircraft.

(5) The lessee shall be committed in the case of fuelling of the aircraft to take care that this is only done by using appropriate fuel according to the aircraft operations manual; the same applies for lubricants and other operating fluids.

(6) At the Graz airport (LOWG) it shall be basically used the supply of operating fluids belonging to the company of the lessor. Should this not be possible and another supplier is used for supplying the operating fluids or should there operating fluids be supplied at an aerodrome other than Graz, only the costs for operating fluids will be compensated to the lessee which would have been to be paid on the day of supply at the Graz airport, for flights in this connection for which there would have been basically an exemption to pay the mineral oil tax, the mineral oil tax will be subtracted in each case from the amount which would have been reimbursed. Operating fluids are especially understood to be fuels, oil, lubricants, de-ice fluids and oxygen.

(7) The lessee shall be committed to return the aircraft to the lessor as agreed upon; should a necessary return flight not be possible for technical or operational reasons and the aircraft can therefore not be returned to the lessor in time, the lessee shall be committed to immediately inform the lessor on this fact.

IX.
Insurances

(1) For the leased aircraft all insurances which are legally required have been taken out, especially an operator-liability insurance.

(2) Furthermore there has been taken out an insurance on hull for the aircraft. It is explicitly noted that it includes an agreement on deductible as well as agreement on a no-claims bonus. **For the liability of the lessee referring to this see point XI. para. 1.**

Callsign	Type	Deductible	No-claims bonus incl. insurance tax	SUM
OE-CSS	Aquila A210	€ 2.000,00	€ 548,72	€ 2.548,72
OE-CUU	Aquila A210	€ 2.000,00	€ 548,72	€ 2.548,72
OE-CVV	Aquila A210	€ 2.000,00	€ 401,63	€ 2.401,63
OE-CYY	Aquila A210	€ 2.000,00	€ 354,38	€ 2.354,38
OE-DKK	Diamond Star DA40TDI	€ 5.000,00	€ 630,00	€ 5.630,00
OE-FBB	Diamond Twin Star DA42TDI	€ 7.500,00	€ 1.325,76	€ 8.825,76
OE-FJJ	Diamond Twin Star DA42TDI	€ 7.500,00	€ 1.134,00	€ 8.634,00

(3) The insurance policies as well as the insurance conditions are laid open for inspection by the lessee at the business premises of the lessor.

(4) It is expressly pointed out that non-adhering to the concrete Conditions of Lease may result in the obligation of the insurance to liquidate the damage being ruled out; it is therefore absolutely necessary to strictly adhere to the Conditions of Lease.

(5) The costs for the above mentioned insurances are included in the rental fee.

(6) The lessor shall not be committed to use the taken out insurances for liquidating the damage.

X.
Regulations for the Time after Return of the Aircraft

(1) Any inquiries on who had been the pilot-in-command of the leased aircraft at a certain time will be truthfully answered by the lessor to the inquiring authority. Notifications of an offence, court decisions, orders to give statements, notifications, sentences, court notices to pay a debt, and all other papers which cause for the lessee an obligation to pay, the lessee is liable to compensate for to the lessor, will be forwarded by the lessor to the lessee's address which had been last made known to him.

(2) It is the duty of the lessee to take any suitable measures to defend any claims in good time.

(3) Inasmuch as the lessor has to take defence measures to avert an obligation to compensate- or to perform against himself or relatives and employees of the lessor, the lessee shall indemnify and hold harmless the lessor. In these cases the lessor shall not be committed to take defence measures or to maintain them, inasmuch as the defence measures seem futile according the information of experts or the lessee despite having been informed does not participate in the defence of claims, especially despite having been demanded does not give his opinion or the lessee does not render any adequate security for the costs of the defence measures.

(4) The lessee declares that all data which he has entered in the reservation system are complete and correct and any necessary changes will be made known to the lessor even after termination of the lease.

(5) The lessee agrees that data of the lessee in connection with the lease contracts concluded between him and the lessor may be processed electronically and are allowed to be processed at the lessor internally but may also be transmitted to competent authorities.

XI.

Liability of the Lessee

(1) The lessee has to compensate the lessor for in case of a damage of the leased aircraft besides the actual damage especially the frustrated expenses in connection with the aircraft, the deductible of the insurance on hull, the no-claims bonus, direct costs caused by the damage (e.g. repair-, recovery-, towing- and storing costs) as well as necessary additional costs (e.g. adequate expenses for ascertainment of the damage as well as to avert and minimize the damage).

(2) The lessee shall be responsible for the timely return of the leased aircraft to the lessor in each case according to the concluded lease contract. Should it not be possible for the lessee to return the aircraft as agreed (e.g. for meteorological reasons or due to failure to meet the ECET¹) and this fact has been caused by the lessee, he shall therefore be liable towards the lessor for the resulting damage.

(3) The lessee shall be liable towards the lessor for all costs in connection with getting back an aircraft with which the return to Graz airport (LOWG) has no more been possible as long as the omitted return to the Graz airport has been caused by the lessee.

¹ECET = End of Civil Evening Twilight = Begin of night as defined in air law

XII.

Liability of the Lessor

(1) The lessor shall be basically liable indeed for the condition of the leased aircraft but he shall not be committed to meet the costs should the aircraft have suffered a damage which has made it impossible to continue the flight, for the transportation of the crew and the passengers to the place of destination or departure; this is valid regardless of whether the damage has been caused by the lessee or not and he is responsible for it or not.

(2) For all direct or indirect damages, losses and present or future detriments, which are suffered by the lessee, a third party or other user and passengers of the leased aircraft, the liability of the lessor shall be precluded inasmuch as this is legally allowed. A liability shall as well be precluded inasmuch as this is legally allowed for the loss or damage of articles brought in the aircraft or left behind there. The lessee declares to indemnify and hold harmless the lessor in view of all claims of third parties which are in connection with the use of the leased aircraft.

XIII.

Refusal of a Lease

The lessor shall be entitled to refuse any further lease of aircraft to the lessee should some outstanding bills not have been settled in time.

XIV.

Seizure of the Aircraft by the Lessor

In case the lessee has infringed essential contractual obligations, the lessor shall be entitled to immediately seize the leased aircraft at the expenses of the lessee. An essential infringement of contract is especially any other act by the lessee which is incompatible with the safety of aviation or which endangers the same.

XV.

Lease Notices

The lessor shall be entitled to lay down rules for organizational and handling matters within the framework of so called "Lease Notices" and by making them known to the lessor within the framework of the electronic reservation system. These Lease Notices shall also become part of the lease contract and therefore have to be strictly adhered to.

XVI.

Applicability to Flight Simulators

A flight simulator rented by the lessee equates to an aircraft as defined by the concrete Conditions of Lease; the concrete Condition of Lease therefore shall apply analogously.

XVII.

Prohibition to Setoff

The lessee shall not be entitled to declare to setoff against claims of the lessor unless his claim towards the lessor has either been accepted beforehand by him or has become final through a court decision. Furthermore the lessee shall also not be entitled to withhold payments for whatever reason.

XVIII.

Lease by Civil Aviation Schools

(1) Should the lessee be a civil aviation school and the lease of the respective aircraft is for the purpose to carry out flights within the framework of flying training operations, the provisions of these Conditions of Lease shall be valid according to the divergences below.

The civil aviation school shall be responsible by herself to make known the contents of the Conditions of Lease as well as the Lease notices subject to point XV. of these Conditions of Lease to her flight instructors and student pilots and to take care that they obey to these Conditions of Lease respectively.

(2) **Contracting parties.** Lessee of the respective aircraft as defined in the concrete Conditions of Lease shall be exclusively the civil aviation school; the agency being responsible to adhere to rights and duties arising from these Conditions of Lease shall be therefore exclusively her, this applies also should the rights and duties actually be exercised by a flight instructor who has been nominated by the civil aviation school for a training flight.

(3) **Reservation.** Every training flight of the civil aviation school has to be booked in the electronic reservation system of the lessor by her. Excluded of it are flights which are executed directly in succession to train one and the same student pilot by the same flight instructor with the same aircraft which are allowed to be covered in one reservation.

For the purpose of reservation the civil aviation school shall set up an own account for each flight instructor employed with her in the electronic reservation system of the lessor (therefore one that is different from any private account of the flight instructor) which has to be used compulsorily

for the respective reservation by the civil aviation school. On the one hand for such training flights neither collective accounts of the civil aviation school nor the private account of the flight instructor or of the student pilot may be used, on the other hand these accounts which have to be especially set up by the civil aviation school for the flight instructors may not be used for other reservations except for training flights.

Furthermore the civil aviation school shall be committed to urge the flight instructor employed with her not to hand on their respective access data to third parties (especially not to student pilots). The full name of the respective student pilot has to be entered in the field "remarks" in the electronic reservation system of the lessor.

(4) **Acceptance and Return of Aircraft.** The acceptance of an aircraft leased for training purposes as well as the return of the same to the lessor by means of the electronic reservation system is only permissible in each case by the flight instructor nominated by the civil aviation school for the training flight. On the occasion of the return of the aircraft to the lessor, the name of the student pilot has to be noted in the log book of the aircraft.

(5) **Pilot-in-command.** The duties of a pilot-in-command rest with the respective flight instructor nominated for the respective flight by the respective civil aviation school or with the student pilot on solo flights on him. In case that student pilots are doing solo flights, the civil aviation school shall be responsible towards the lessor that the flight preparation of the student pilot is sufficiently watched over by the respective flight instructor nominated for the respective training flight and that its proper execution is supervised respectively.

(6) **Charging.** The rental fee shall be exclusively charged to the hiring civil aviation school.

(7) **Liability of the Lessee.** The civil aviation school shall be liable for the demeanor of their flight instructors and student pilots as for the demeanor of her own.

(8) **Liability of the Lessor.** The exclusion of liability subject to point XII. of these Conditions of Lease also expressly applies to the flight instructors and student pilots of the civil aviation school.

XIX.

Applicable Law and Legal Venue

(1) For any disputes out of these Conditions of Lease and the contracts of lease based on these Conditions of Lease respectively, the Austrian Law shall be exclusively applicable. In view of regulations concerning the air-law, the law valid for the respective operating venue is deemed to be valid.

(2) For any disputes out of these Conditions of Lease and the contracts of lease based on these Conditions of Lease respectively and on its valid formation it is agreed the jurisdiction in each case of the court competent over the subject matter in the court district Graz-West.