



NIGERIA
INTERNATIONAL
AIRSHOW

The
Aircraft Buyer's
Guide



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Introduction

Private jet ownership is the zenith of flying and there's a sense of accomplishment when you place your hands on the stainless-steel railing and climb aboard your own aircraft.

A private jet allows you connect to more places and gets you closer to the final destination; liberated from the hassles of connecting flights on commercial carriers. But beyond all the fancy and experiences is the key benefit of time savings; our most valuable and non-renewable asset.

These are important and help identify when the right time to buy a private jet is, which aircraft type best suits your mission profile, how much it will cost, sourcing the right one, making the acquisition and operating the aircraft.

As a result, here is the complete buyer's guide on the process from start to finish to purchase a private jet.

This buyer's guide is designed to simplify the process of buying the right private jet and offer a step-by-step process to help you own your own aircraft.



Finding The Right Aircraft

Define Your Mission

No two trips are usually the same. Your routine will likely include a mix of domestic, regional trips and multi-stop international flights.

The frequency of your flights and the variation of trip types will be a key factor in deciding what type of acquisition you will be best suited for purpose; if charters, fractional ownership or outright purchase.

This section will help you determine if you need to purchase a jet or if it makes more business sense to subscribe to fractional ownership and charters.

Understand Your Needs

1

How often do you fly?

Do you fly more than 200 hours in a year? If yes, then it might be right you are considering owning a private jet. However, if your total annual hours are below 200, fractional ownership or charters will be better suited.

2

How far will you fly?

When you make your trips, are they usually short hops or long-haul trips? Perhaps it's a mix of both. If you do fly a lot and often, then getting a jet might just be the better option.

3

How many people do you fly with?

Do you normally fly solo or in a group? How many people do you normally travel with? The number of people and frequency will help guide your decision and determine the kind of jet that will be required. If you primarily travel solo, then a smaller jet will be more suitable. However, if your trips frequently have family, friends or business partners accompanying, then a jet with larger capacity would be needed.

4

Business or Personal Use

What will the primary use of the jet; personal, business or commercial? If it purchased as a business tool or for personal use, then it will be considered a private use, not for charter and will fall under a different set of regulations of the Civil Aviation Authority. Whatever classification is selected, based on the intended use will impact other factors as insurance type, tax and fees obligations and maintenance requirements.

5

What is your budget?

How much do you have budgeted for your new acquisition? Buying a jet is beyond the initial acquisition. You also need to set aside a fair amount to cover annual fixed and variable costs for the jet's operations. Depending on a number of factors such as the type age of aircraft, engine hours, airframe hours, maintenance history, etc, the cost could vary significantly.

Selecting The Best Private Jet Solution For Your Needs

Based on an assessment of your needs, what is the jet best suited to meet your requirements?

Choosing Your Jet Category

Light Jets

Light jets primarily target frequent business travelers with relatively short flights who require the flexibility, greater convenience, privacy and security a private jet offer. With a capacity of 4 to 6 passengers and an average flight endurance of 3-4 hours, Light Jets provide owners access into airports with shorter runways, inaccessible to much larger aircraft and commercial flights, bringing you much closer to your final destination.

Midsized Jets

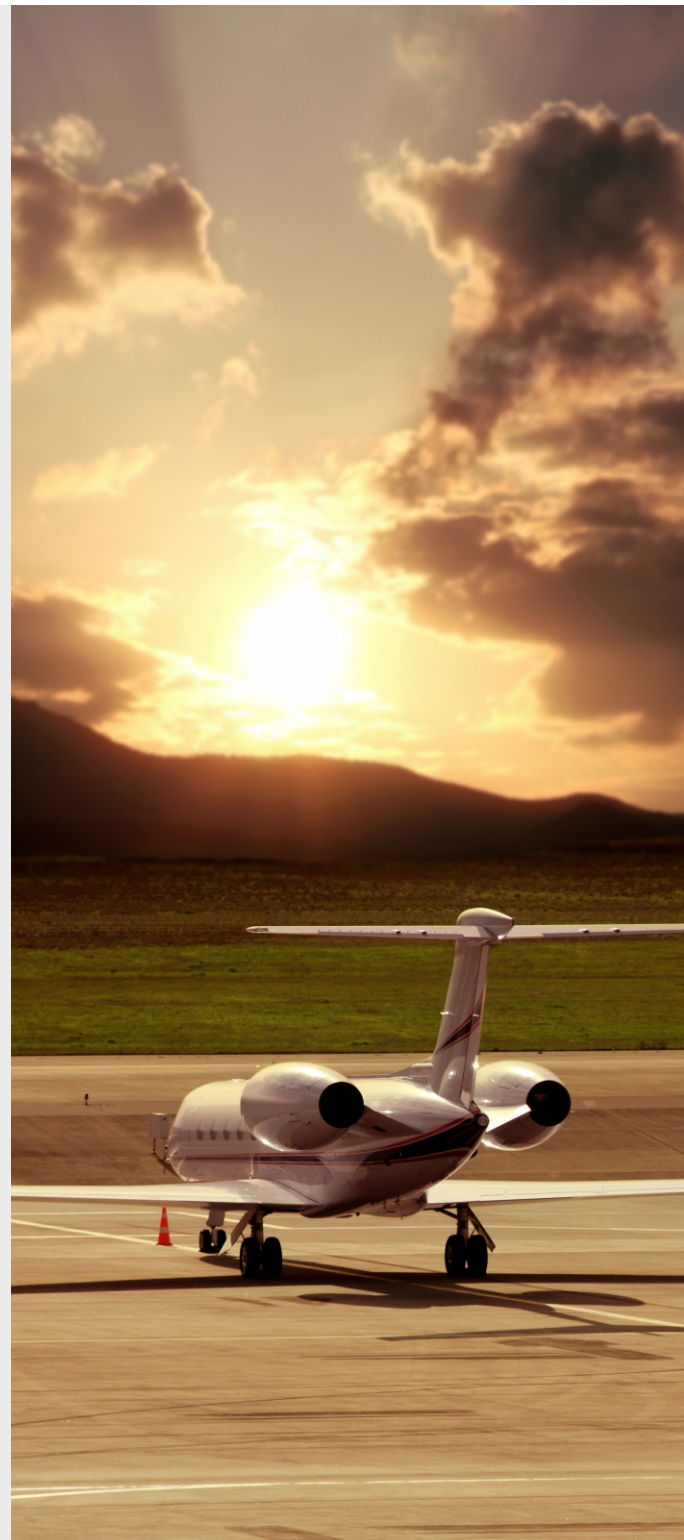
The Midsized category of jets is more suited for transcontinental travelers or larger groups of passengers.

Midsized jets are typically configured to accommodate up to eight passengers and able to travel between 4-6 hours. They are usually fitted with a lavatory and a mini galley.

Super Midsized Jets

The super-midsized category offers a wider body which translates to increased cabin space and luggage hold. These features combine to provide a comfortable blend of speed, luxury, and extended range. Jets in this category have a flight endurance of 5-7 hours.

The typical configuration of Super Midsized Jets can accommodate up to ten passengers and fitted with an enclosed lavatory and full galley.



Long-Range Jets

With an average flight endurance of 6-10 hours or a range of 4,000 plus miles, heavy jets are designed to take on long-haul intercontinental flights. Their first-class or private suite interiors ensure you are coddled in comfort and luxury as you traverse continents.

Depending on configuration, they can accommodate up to twenty passengers, with their interiors providing a harmonious blend of luxury and utility.

Ultra-Long-Range Jets

Large business jets are designed for business travel, while heavy jets (also referred to as "bizliners") are repurposed commercial airline wide-bodied aircraft.

These jets can be customized to be your home or office in the skies with features such as conference rooms, owners suite with king-size beds, a stand-up shower and full-service galleys.

With accommodation for up to 20 passengers, they have a range of 8,000 plus miles or about 10 to 12 flight hours at speeds of up to 560 mph.



Selecting Your Finalists

With a shortlist of models, you can now we start filtering based on your:



- Your Mission
- Important Options
- Age of Aircraft
- Aircraft Total Time
- Budget (upper and lower limits)



- Market Value as equipped
 - Upcoming maintenance obligations which have a significant influence on value
 - Required upgrades to equipment to meet regulatory requirements or personal preference.
 - Interior and exterior cosmetic upgrades
-

Understanding The Costs And Creating Your Budget

Now that your mission has been made clear and gotten an idea of the appropriate jet category that best matches that mission, you need to think of the budget.



Capital Cost: New or Pre-owned

For a new jet, the prices range from \$4 million to well over \$70 million depending on the make, model and size. New aircraft have a higher upfront cost. However, maintenance will be lower during your ownership experience and with the manufacturer's warranty, you have increased peace of mind. Additionally, with extensive customization options, you will have access to all the latest technology and safety features. Newer aircraft are also more efficient, therefore reducing your operating costs.

However, you may opt for a pre-owned jet and expect to pay between \$1 million to \$50 million depending on make, model and year of manufacture, maintenance records and existing warranties.

The pre-owned market provides a wide range of options and you may find some planes that are almost new. You can purchase aircraft that are months old to jets that are over 50 years old and you can customise them to your exact requirements; refurbished with updated interiors and technology.

Annual Operating Budget

Now that you have acquired your jet, you need to keep it operational. Direct Operating Costs can run anywhere from \$1,500 per hour for a light jet to \$5,000 per hour for larger jets. These are for items such as fueling, flight and landing permits, ground services, navigational charges, just to mention a few. Fixed Costs can range from \$250,000 to \$500,000 annually depending on the type of jet acquired. Recurring costs include staff, maintenance fees, aircraft insurance, on-the-ground downtime, and parking or hangarage.

Generating Revenue from Your New Asset

Leasing your jet to a charter company may offset some of your operating costs. However, there are many variables to evaluate. In some cases, leasing the plane to a charter company increases costs rather than offsetting.



Financing Your Private Jet Purchase



There are three standard financing options available.

1

Cash

A cash purchase is the simplest option and will have a minimal impact on your annual budget as you tend to avoid any finance charges that come with other options.

2

Debt Financing

This option has the potential to increase purchasing capability whilst preserving capital if you have access to a favourable source of debt financing. It could be a business or personal loan for the asset acquisition. You will need an experienced aircraft lender who will work with your bankers for this transaction.

However, do note that you will need to include the financing cost in your Fixed Cost calculation should you opt for debt financing.

3

Leasing

Leasing is an option if your financial situation calls for it, again, look for a sophisticated aircraft lessor to compare with your own banking relationships.





Executing The Acquisition

The process of acquiring a private jet can be quite complex even for most folks acquainted with making luxury purchases. This is primarily because it involves several parts with synergies across varying specialties in aviation, such as aviation law, taxation, operations, just to mention a few.

It is advisable to seek out and leverage the services of a firm with the requisite experience in private jet acquisition, except you have that expertise in-house.

Generally, the acquisition process will tend to have the following;

Letter Of Intent

Buying a private jet is a major decision and one both buyer and seller treat with importance. The LOI is the preliminary statement of mutual commitment and expresses each party's understanding of the basic terms of the transaction. This sets the tone for the entire transaction.

The LOI is used for purchase of both new or used aircraft and are essential as they set the framework for the acquisition and the areas of agreement prior to negotiations and the final Purchase and Sale agreement which could take a few weeks.

While an LOI may be non-binding in some cases, care must be taken not to casually assent to terms that could be reasons of concern later in the Purchase and Sale Agreement. Great care must be taken in drafting the LOI to make sure the deal is structured as desired from the onset.

A Letter of Interest is usually a short two-page document and will typically include the following:

- Identity of the parties
- The aircraft of interest
- The purchase price
- Deposit amount and escrow agent
- Detailed description of the aircraft, including engines, equipment, and documents that will transfer to the buyer
- The amount of your deposit, who will hold it, the conditions for its return or forfeiture, and who pays the escrow agent's fee.
- A detailed description of the delivery condition of the aircraft at the time of closing.
- Define timelines for future activities, such as inspection and closing.
- Timeframe for negotiations and transition to a definitive Purchase and Sale Agreement.



Deposit / Escrow

Once both parties agree to and sign the LOI, a deposit will need to be placed towards the purchase, in line with the amount and terms stated in the LOI with a pre-determined escrow agent. The deposit is usually 5% to 10% of the purchase price.



Pre-Purchase Inspection Terms

The terms covering the inspection need to be agreed upon by both parties which include the location, date and time, scope of the inspection. Most first-time buyers opt to engage the services of an experienced independent inspector.

Contract Negotiation

Next, you will negotiate the actual purchase agreement, called an Aircraft Purchase and Sale Agreement (PSA) or Aircraft Purchase Agreement (APA). The PSA is a legal contract which describes responsibility for various costs, fulfillment of certain pre-conditions such as inspection, delivery conditions and payment as precursors to eventual ownership transfer.

The PSA is a complex document and is advised that you have it prepared and reviewed by an aviation attorney.

Pre-Purchase Inspection



At the pre-purchase inspection stage, a qualified Inspection Facility or your designated independent inspector will perform a thorough examination of the aircraft to ensure all parts and fittings are in proper, agreed condition as earlier described.

At the least, the inspection should cover the following areas:

- Documentation Review (history and maintenance records)
- Airframe Inspection
- Avionics Inspection
- Interior And Equipment Inspection
- Engines Inspection
- Test Flight

Registration

Once you are satisfied with the inspection and certain this is the jet that will be acquired you will need to reserve a registration number for the aircraft with the local civil aviation authorities in the country you wish to register the aircraft.

Closing

Before closing, you will need to:

- Acquire airworthiness certificates and required export certificates
- Perform final review of documentation
- Assign the maintenance plans
- Agree on final closing points
- Arrange insurance
- Resolve and confirm all final liens are released
- Principals or designated representatives to meet and authorize Escrow agent to exchange funds
- Apply for registration for title of aircraft

Import / Export

After closing, you will need to arrange for the export and import of the aircraft if the registration jurisdiction is changing.

As you can see, buying a private jet is a complex process with many moving parts.



Asset Management

Monitoring, Managing and Upgrading Your Assets

Now that you've acquired your new jet, the brokers would have collected their commission and moved on to the next transaction. You are left with the task of managing the value of your new acquisition; monitoring all the different parts that support its operation. This can be daunting.

However, most first-time owners will be better engaging the services of a company to manage their new acquisition. There are aircraft management services companies, whose sole objective is to ensure you derive the utmost value from your jet whilst relieving you of the complexities that come with the operations and management of your jet.

They will guide and support you through the entire life-cycle of your ownership.

You'll be able to spot and take advantage of market opportunities specifically for the aircraft you own and your customized fleet plan guides when you should upgrade or replace units in your fleet.

Based on your specific mission needs, when you're ready to replace part of your fleet, you'll have our recommendations about what models currently available best meet your needs.



Engine Programs

The Aircraft Management services provider will guide and advise on suitable jet engine maintenance programs which is an annual service contract that provides owners and operators some peace of mind by allowing them pay for ongoing overhaul and loaner engine services usually based on fixed hourly fees.

Parts Programs

Just as the Engine Program, a parts program allows you plan and source scheduled replacement parts; reducing wait time and disruptions leading to grounding. The data from tracking and monitoring the jet by the aircraft management services provider will help in decision making on when a parts program is beneficial or not.

Upgrades and Retrofitting

As with most assets after a certain number of cycles, they are due for an upgrade or an outright replacement.

Your Aircraft Management Services provider will provide you necessary data to guide decision making and also advise when is best to refurbish, upgrade or a total replacement.

Conclusion

There is no other experience quite like stepping directly from your car onto the tarmac and boarding your own private jet.

We hope that this Aircraft Acquisition Guide will help you along the way, but even this guide is no substitute for a brokerage partner with deep experience.

When you're ready to purchase your next private jet, the team at AvanteFly is standing by to help.



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