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Global Jet Capital snaps up GE Capital's corporate jet portfolio

Corporate jet financier Global Jet Capital (GJC) announced, on 5 October, that it had agreed to purchase GE Corporate Aircraft Finance's portfolio in the Americas. The deal, which took most industry observers by surprise, represents around \$2.5 billion of net assets. It is scheduled for completion by the end of the year.

The assets involve leases and loans on just over 300 corporate aircraft in the US, Canada, Mexico and Latin America, which are understood to be valued between \$25 million and \$75 million each and are registered to both private and corporate owners. The GE Capital Corporate Aircraft team will join GJC as part of the purchase.

Florida-based GJC Global Jet is owned GSO Capital Partners, a Blackstone company, in partnership with Franklin Square Capital Partners, the Carlyle Group and AE Industrial Partners. The deal makes GJC, was launched in 2014, one of the largest sources for corporate aviation finance in the marketplace.

Signature makes "landmark" deal

Signature Flight Support, already the world's largest chain of fixed base operators (FBOs), just got that little bit bigger! In the largest acquisition in the history of the business aviation service industry, Signature's parent company BBA Aviation has agreed to buy Landmark Aviation for a deal valued at \$2.065 billion. The deal covers 68 FBOs in Europe and North America, a fleet of over 100 charter and managed aircraft, along with Landmark's MRO business. Headquartered in Florida, Signature currently operates 113 FBOs worldwide with very limited overlap with Landmark's locations. It is expected that the deal will be completed early next year.

European flight activity on the slide again

The monthly "Business Aviation Monitor" produced by Hamburg-based research company WINGX makes depressing reading for the European market. Overall flight activity was down 4.3% over the same period last year with year-on-year activity down by 1.4% over 2014. The figures for September noted particular declines in certain markets – with the UK (down by 8%), Spain, Switzerland and Italy all reflecting major falls. WINGX recorded a total of 72,640 business aviation departures in Europe during the month.

WINGX said this "may reflect the torrid financial markets and the darkening prospects for the global economy in the last couple of months". Western Europe remains the most resilient area overall with a modest 2% decrease overall. However, the constriction in the Russian market continues to depress annual figures – with numbers down by some 20% over 2014. Turkey also saw a fall of some 11% year-on-year.

In terms of activity, business jet flights decreased by 8%, while piston flights increased by 6.8% and turboprops reflected a modest decline at 2.8%. The business jet total was held down by heavy jet activity, which declined by 15% in September and, in particular, charters in this sector, which fell by some 20% over the same period last year.

Two aircraft grounded in Nigeria

According to press reports in local media, two foreign-registered corporate jets were grounded in Nigeria in late September for allegedly operating domestic flights without authorisation, as well as for various paperwork infringements and irregularities. Details of the aircraft, including full registration marks, serial numbers and operator details were printed in a number of press articles. The aircraft, a Mexican-registered Embraer Legacy 600 and a UK-registered Bombardier Global Express, were reportedly grounded on the authority of the Nigerian Civil Aviation Authority (NCAA). It is understood that the Global Express was released a few days after seizure following payment of a substantial fine.

Isle of Man Cape Town consultation

In mid-August, the Isle of Man Government's Department of Economic Development issued a consultation document seeking feedback on a proposal to extend ratification of the Cape Town Convention on International Interests in Mobile Equipment (the Cape Town Convention) to the Isle of Man. It was noted that responses should be received by 2 October. The UK undertook a similar consultation process last year and ratification of the Cape Town Convention will come into effect on 1 November 2015. The UK will join 58 other countries (along with the EU) in ratifying the Convention as it relates to aircraft.

RANA SERVICE CENTRE:

Finance

Despite the economic downturn, the new and used corporate aircraft market continues to function and buyers continue to seek finance for these transactions, with growing demand in some sectors and geographical areas. RANA has built up relationships with a number of banks, finance houses, leasing companies and groups of individual investors that have demonstrated an appetite for investment in the corporate aviation sector.

Lenders will look at a number of different factors and each has its own criteria for acceptance, in addition to loan to value ratios and the length of term of any potential deal. These criteria may include: the maximum age of the aircraft; whether it is new or pre-owned; the book value of the aircraft; the jurisdiction of the aircraft's registration; or the type and nationality of the client. Any such financing is of course viewed on a strictly case-by-case basis with tailored terms and conditions.

The Russian market and JetExpo 2015

The tenth annual JetExpo corporate aviation show opened in Moscow on 10 September amid what most observers describe as “challenging times” for the Russian business jet sector. The show was held over three days at the Centre of Business Aviation at Moscow’s Vnukovo-3 airport. Last year’s event took place at the height of the Ukraine crisis and imposition of sanctions against Russian individuals and companies. Sanctions remain in place but this year’s event is estimated to have attracted just over 8,000 visitors. A number of manufacturers with significant previous sales in the Russian market maintained a major presence – Dassault displayed both the Falcon 7X and 2000XLS, along with a cabin mock-up of the new Falcon 5X; Gulfstream showed the G280, G450 and G650; Embraer showed the Legacy 500 and Phenom 300; Bombardier showed the Global 6000 and Challengers 350 and 650; while Textron Aviation (Cessna) featured the Citation 680 Sovereign+ and the CitationJet.

As WINGX figures suggest, business jet flights between Russia and Europe continue to decline. The weakness of the rouble and corresponding reduction in overseas spending power may go some way to explain the eye watering falls in flights to leisure destinations in Greece, France, Italy and Spain. One feature of the downturn in Russian ownership of corporate aircraft is a corresponding and well-documented increase in domestic charter operations, particularly at the heavy jet end of the market. Unfortunately, some business aviation lobby groups have alleged that there is an increasing number of “grey” charters – illegal carriage of fare-paying passengers on ostensibly privately registered aircraft, often belonging to non-Russian operators.



Corporate aircraft news

In a further significant landmark for the programme, Brazilian manufacturer Embraer announced on 10 September that deliveries of the Legacy 450 to European customers can now proceed following EASA certification. Embraer claims that the Super Light Jet offers the largest cabin of any aircraft in its class, accommodation for nine passengers and a range of 4,679km, along with enhanced “hot and high” performance. The design has recently received approval from Brazil and the FAA and first deliveries are slated to begin before the end of this year. In other news, US fractional operator FlexJet took delivery of its first Legacy 500 at the end of September. The aircraft comes from a large order for both the 450 and 500 models. The first 450 is due to be handed over in June 2016.

In a ceremony at its Wichita headquarters at the end of September, Textron Aviation rolled out the 2,500th single-engine Cessna Caravan. The aircraft is to be based in Alaska and is part of an order placed by charter operator Bering Air. The first production aircraft, which was delivered in 1994, still remains in service.

Troubled Canadian manufacturer Bombardier has confirmed that it has fitted engines to the Flight Test Vehicle (FTV1) of the new Global 7000 at its plant in Downsview, near Toronto. It also confirmed that FTV2 is in the final stages of production, with a further two to follow. The company will provide further updates on both the Global 7000 and 8000 projects at the NBAA in Las Vegas next month.

Chinese manufacturer Avicopter unveiled the prototype of its new AC352 medium twin helicopter at the China Helicopter Expo in Tianjin. The design is the Chinese version of Airbus Helicopters H175. The aircraft is expected to make its first flight by the end of this year.



AIRCRAFT FACT FILE \ \

Bombardier Learjet 60



CATEGORY

Mid-size jet

MANUFACTURER

Bombardier Aerospace, Canada

ENGINE

2x P&WC PW305A turboprops

LENGTH

17.88 m

WINGSPAN

13.34 m

RANGE

4,461 km

MAX. SPEED

839 kmh

SEATING CAPACITY

8

NO. OF CREW

2

MAXIMUM TAKE-OFF WEIGHT (MTOW)

10,660 kg

DESCRIPTION

The Learjet 60 was designed to replace the popular Learjet 55, which had first flown in November 1979. The new design first flew in June 1991 and received FAA certification two years later. The Learjet 60 differed from its predecessor in offering a fuselage stretch of 1.09m and more powerful powerplant (the P&WC PW305A). As part of the new design, the aircraft received a reworked engine pylon and was the first Learjet to receive the very distinctive “Ogive” winglet trailing edge. The Learjet 60 is particularly noted for its performance in the climb and is able to ascend to 41,000ft (12,497m) in just 18.5 minutes at maximum take-off weight.

Production of the Learjet 60 was terminated in 2007 after a total of 314 aircraft had been produced. The 60 was itself superseded by the 60XR version. The 60XR features a new avionics suite (Rockwell Collins Pro Line 21) and extensive cabin enhancements. Production of the 60XR was “paused” in 2013 due to falling demand.