



## Re-Introducing Bargate Murray's aviation department

It has been a delight to be given the responsibility for the firm's aviation department, which focusses on business jet finance and sale and purchase transactions, general advisory, and disputes (disputes being managed by our stellar disputes team, headed up by our firm's founder Quentin Bargate).

We have seen immense growth in our department, advising on multiple business jet sales and purchases and financings, involving Gulfstream, Bombardier and Embraer aircraft, for a range of clients based in Europe, the Middle East and Far East, transacting under English law governed documents. English law is the market standard jurisdiction for business jet transactions involving non-US counterparties (and even then, it is not uncommon for English law to be used when a US seller is selling to a non-US buyer, for example) which is a testament to the jurisdiction's dependability and credibility globally (which mirrors that in the maritime sector).

### **Outlook – growth markets**

Members of the aviation department have attended exhibitions and conferences on a client led basis in the UK, Europe and Middle East, likely with more to come, as our global client base broadens (especially Eastward). We have seen growth in business jet transactions in the Far East (especially Indonesia and Singapore), India and in the Middle East. The huge amount of investment in Saudi Arabia together with the business-friendly approach of the United Arab Emirates, the latter also an investment conduit for the gargantuan Indian market,

makes that an exciting place to be in the aviation sector and we expect the Middle East and India to be growth sectors in the aviation market, along with Far East markets. It will be interesting to see how the aviation finance market reacts following the Go First insolvency judgment handed down by the Delhi High Court in April 2024, which was regarded by lawyers as a step in the right direction from a lessor / financier perspective, giving a degree of primacy to the Cape Town Convention (which is yet to be ratified in India, albeit that India has entered into the convention by international treaty). Hopefully this will yield more investment into the Indian business jet market and registered aircraft on the Indian (VT) registry. A large proportion of transactions in which we are instructed have an Indian connection (e.g. Indian UBO) but are registered outside of India (and not used for domestic circulation within India but rather say, based in Dubai, and used in India on an entry-exit basis), partly due to the reluctance for lessors and financiers to lend on a VT registered asset given perceived challenges for asset recovery and security enforcement and Cape Town Convention compliance. If an aircraft is registered outside of a jurisdiction, there may be cabotage rules which restrict circulation of that aircraft within that jurisdiction.

## **Values**

Overall, the pre-owned jet market remains buoyant, despite a slow correction since the boom years during the COVID pandemic, and there seems to be more activity in the pre-owned jet market than there was pre-COVID. According to AMSTAT, there are roughly 10 per cent more jets on the market than there were one year ago however only a low percentage of the overall market are for sale, ranging between approximately 6% of light jets to approximately 7.5% of large jets, with medium jets sitting in the middle at around 7% according to AMSTAT from figures taken in the end of June 2024. Although these percentages are relatively low overall, which would indicate values should remain firm, certain jet types depreciate faster than others, and we have seen first-hand and anecdotally through our broker network that certain models have seen significant reduction in values in the last year or so.

## **The value of engaging a business jet specialist lawyer**

The business jet market is very much its own “sub-niche” in the wider aviation sector with its own particular market characteristics. Although there is no set form of aircraft purchase agreement (unlike the standard forms used in the superyacht market, such as the MYBA form) there are market standard provisions which you would expect to see in a business jet purchase agreement which make it distinct from, say, a commercial jet purchase agreement. For example, it is market standard for a business

jet purchase agreement to be entered into prior to the aircraft's pre-purchase inspection, with the terms governing the scope of the pre-purchase inspection, correction / remedy any discrepancies and placing the aircraft into the delivery condition and returning it to service – it is rare for the purchaser to have an unfettered right to reject the aircraft unless the aircraft cannot, for whatever reason, be put into the delivery condition (often before a cutoff date, in buyer friendly agreements). In contrast, it is common under commercial jet agreements for the purchase inspection to be performed prior to the aircraft purchase agreement being entered into, the findings of the report issued by the inspection facility informing the basis of the letter of intent, and for the buyer to have an unfettered right to reject the aircraft. Furthermore, business jet lawyers will be accustomed to advising on a wider scope of issues on a regular basis, due to varied aircraft use and mission profiles, specialised tax and ownership advice and structuring, registry analysis and advising on implications of charter operations and cabotage rules. It is therefore important to have specialised business jet lawyers who are accustomed to advising on business jet transactions and market nuances, knowledgeable about market standard practice, before engaging with a law firm to advise on a business jet transaction.

Suffice to say, proceeding with a business jet transaction without legal counsel specialised in business jet expertise can have severe consequences. Given the unique and global nature of these transactions, it's crucial to have knowledge of international conventions such as the Cape Town Convention, Montreal Convention, and Chicago Convention and ensure that the documents meet the operational requirements for the owner/operator and the relevant aircraft.



### **ROBERT CALLEJA - Director, Head of Aviation**

Robert has a primary focus on private / corporate jet and superyacht transactions, providing advice to owners, operators and financiers, including in relation to financings (loans, security and finance leases), sale and purchase, charters and operating leases.

#### **CONTACT**

Bargate Murray  
16 Berkeley Street  
London W1J 8DZ

[www.bargatemurray.com](http://www.bargatemurray.com)

T: +44 (0)20 7375 1393

E: [yachtgroup@bargatemurray.com](mailto:yachtgroup@bargatemurray.com)

[aviationgroup@bargatemurray.com](mailto:aviationgroup@bargatemurray.com)