

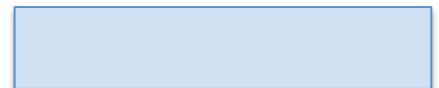
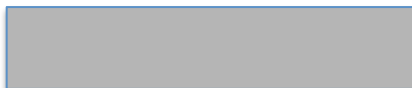
Aircraft Fractional Ownership in Aruba

From a financing perspective

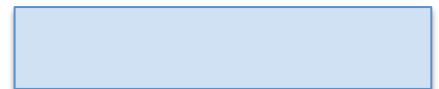


Agenda

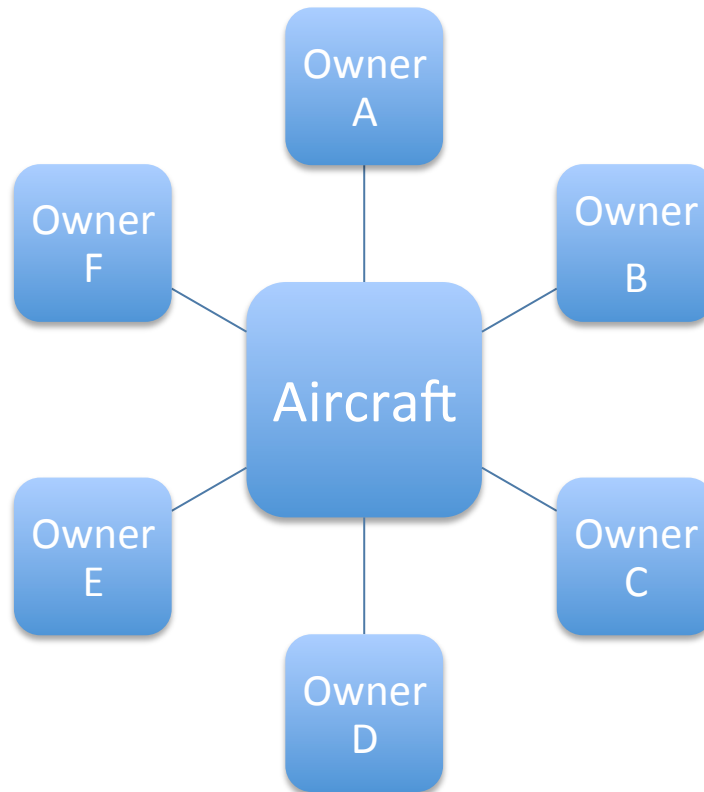
1. Fractional Ownership
2. Relevant registration requirements
3. Financing needs
4. Securities
 - Pledge on shares
 - Aruba Mortgage
 - Geneva Convention
 - Cape Town Convention (international interest)
5. Structures & Securities
6. Recommendations



Fractional Ownership (i)



Fractional Ownership (ii)



Shared:

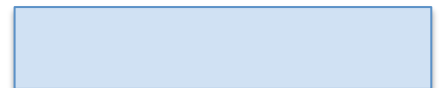
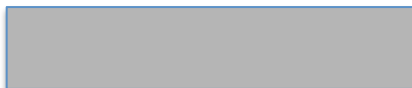
- Purchase price
- Management costs
- Operational costs
- Storage costs



Relevant Registration Requirements (i)

Aruba has two public registers for the registration of Aircraft:

- Nationality Register
- Title Register



Relevant Registration Requirements (ii)

Nationality Register (“NR”):

- (i) the owner of the aircraft is a resident of Aruba or has its corporate seat in Aruba; or
- (ii) if the aircraft has been leased to a resident of Aruba or an entity, having its corporate seat in Aruba.

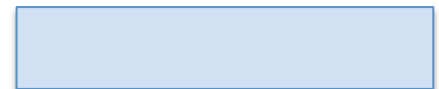
→ This is the so called ‘Aruba connection’



Relevant Registration Requirements (iii)

Question: Can multiple owners/holders register an Aircraft in the NR?

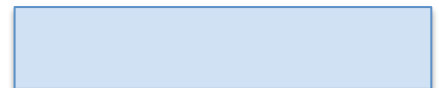
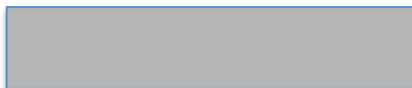
- a. Under Aruban law joint ownership possible
 - Parties may determine percentage of ownership
- b. Under Aruban law there can be more than one holder
- c. The law states: 'an owner/a holder may register'
- d. Comparison with Dutch law



Relevant Registration Requirements (iv)

Answer: Yes

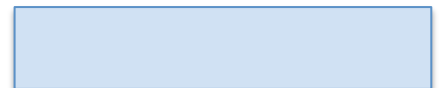
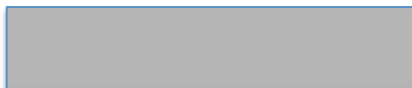
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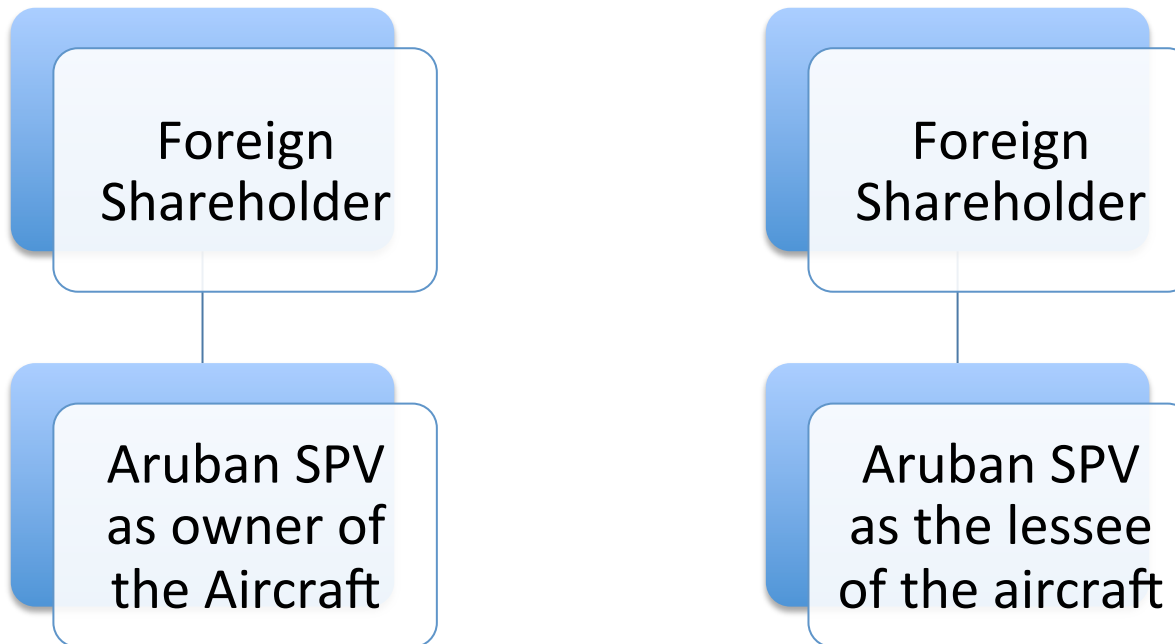
Relevant Registration Requirements (v)

Title Register

- Registration in Title Register possible after registration in NR is complete
- The Title Register is an owner register
- Registration by multiple owners possible

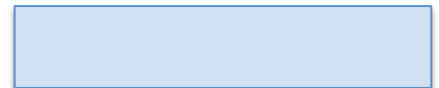
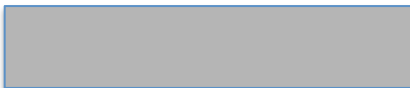


Relevant Registration Requirements (vi)



Securities (i)

- Bank will request security of payment in the form of collateral
- Security will have to be enforceable in other Jurisdictions
- Geneva Convention
 - (i) mortgage pursuant to laws of country of registration
 - (ii) recorded in a public register in that country



Securities (ii)

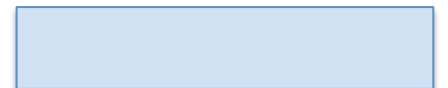
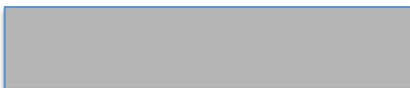
- Cape Town Convention
 - international interest: (a) in writing
 - (b) debtor has power to dispose to an aircraft
 - (c + d) enables aircraft and secured obligations to be identified

- Sphere of application: (a) debtor is situated in Contracting State (aircraft)
- (b) aircraft is registered in a Contracting State
(only applicable to airframe is the debtor is not situated in contracting state)



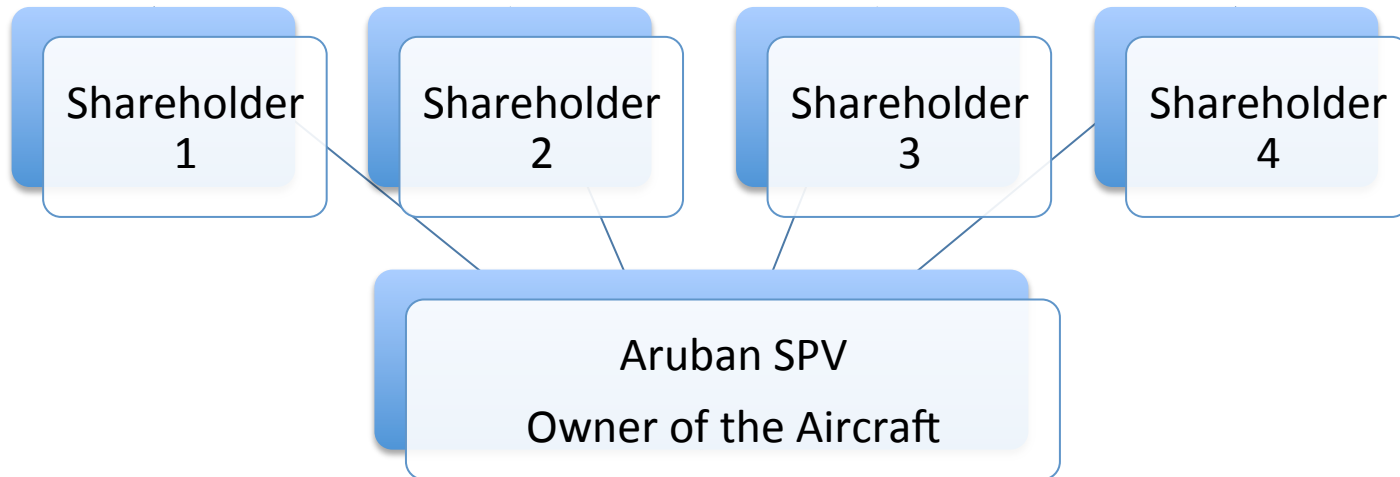
Securities (iii)

- Pledge on Shares
- Pledge on Aircraft
- Aruban Law Mortgage
- Lease Agreement as an International Interest

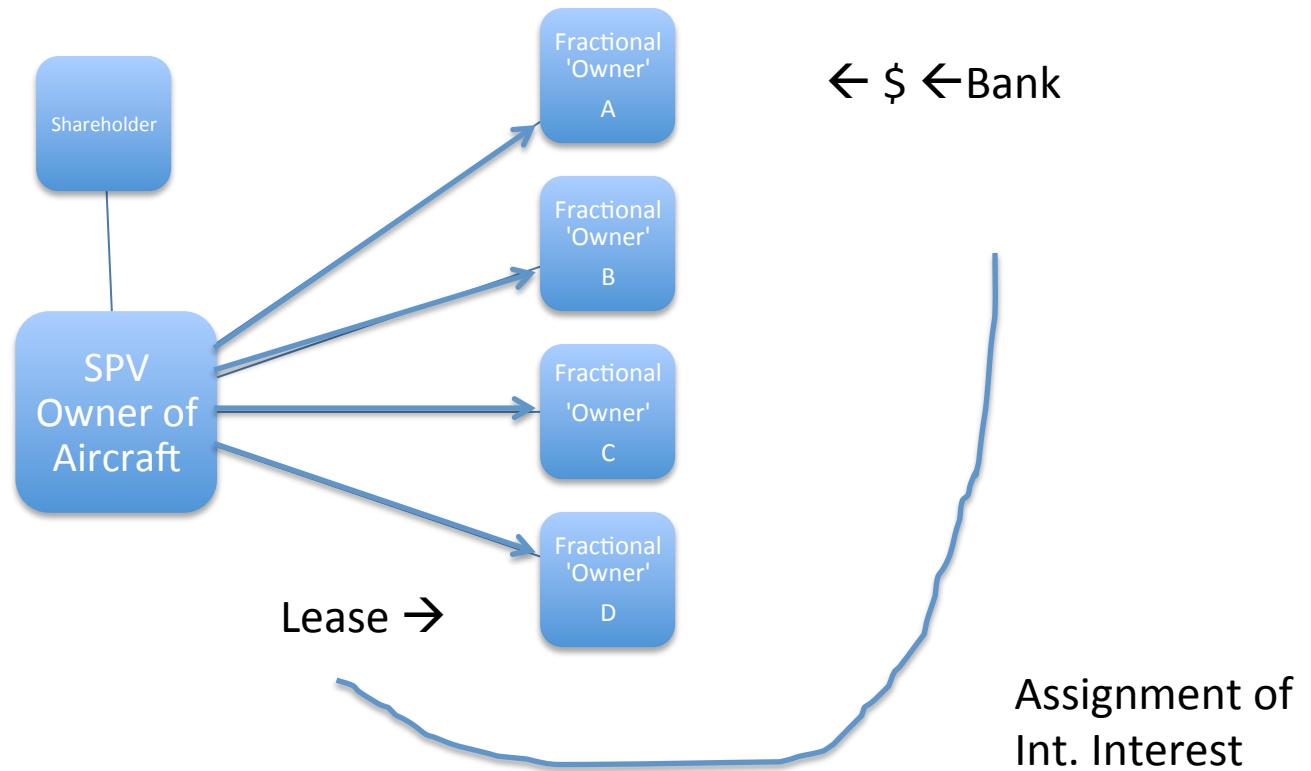


Structures and Securities (i)

'Fractional owner' does not actually own a fraction in the aircraft, but is Shareholder of the SPV owning the aircraft

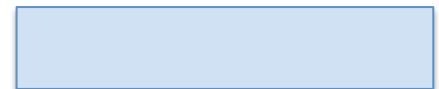
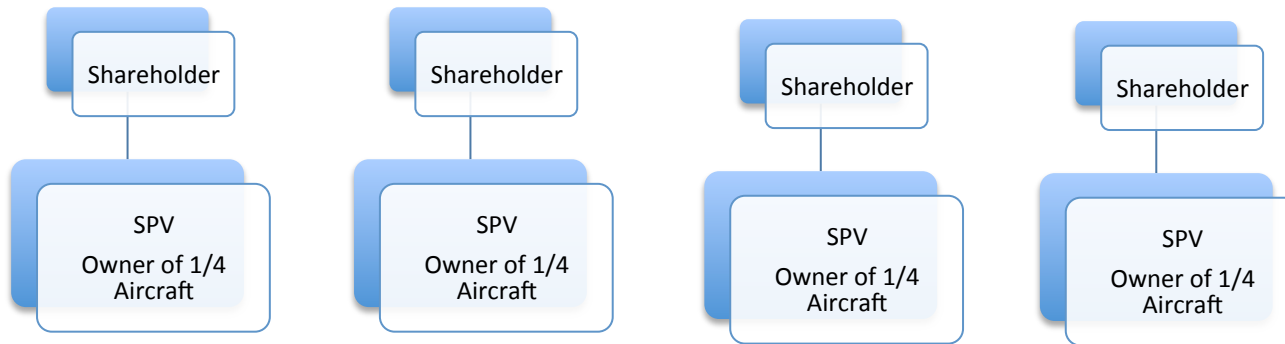


Structures (ii)
Fractional 'Owners' as lessees



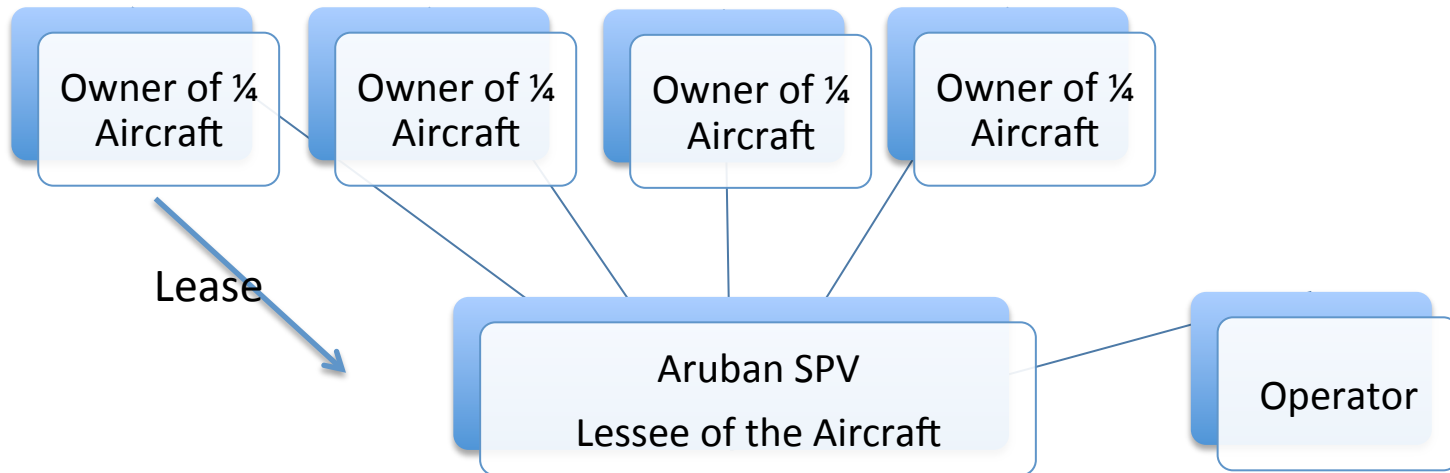
Structures (iii)

An SPV for each owner to jointly register aircraft in NR



Structures (iii)

Owners lease the aircraft to one
Aruban SPV



Closing remarks



AircraftRegistrationAruba.com

