

# **Structure and contents of an aircraft lease agreement**

**Kenneth Gray**  
Consultant



# Agenda

- Different clauses and why they are there
- The timeline
  - Before delivery
  - Delivery
  - During the Lease Term
  - Termination/expiry
  - Unlimited by time



# Basic of a lease

Transfer of possession

For a fixed term

Consideration

Quiet enjoyment

Default



# Finance leases vs Operating leases

## Finance lease

- Financing ultimate acquisition of aircraft by lessee
- e.g. full pay out hire purchase agreement
- A credit operation
- For lessor, aircraft is *security*

## Operating lease

- Lessee only pays for the right to use the aircraft
- No economic interest
- A trading operation
- For lessor, aircraft is *asset*

# Definitions and Interpretation

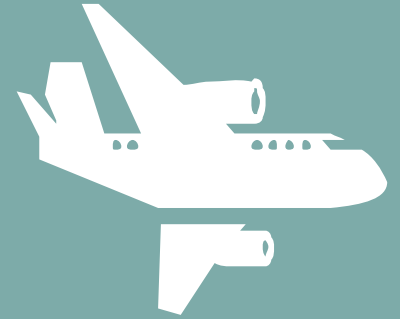
## For example:

- Engine vs engine



# Representations and warranties

- What is a representation?
- Statement as to question of fact or of law
- Made by the lessee
- To induce the lessor to enter into the agreement
- Establish an agreed legal and factual framework



# Conditions precedent

**These are conditions which must be satisfied before the lessor becomes obliged to lease the aircraft to the lessee**

- Corporate documents
- Legal opinions
- Cape Town registrations
- Deregistration Powers of Attorney
- IDERAs



# Lessor's warranty – Quiet enjoyment

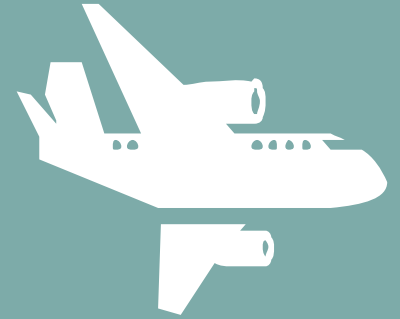


*"The Lessor warrants and agrees that, provided that no Termination Event has occurred and is continuing, the Lessor shall not, through its own acts, interfere during the Lease Period with the use, possession and quiet enjoyment of the Aircraft by the Lessee."*



# Delivery

- Inspection and delivery process
- New and second hand aircraft
- "As is, where is"



# Rent



**Fixed vs floating rate**

**"Net lease"**

Lessee responsible for maintenance,  
insurance, property taxes etc..

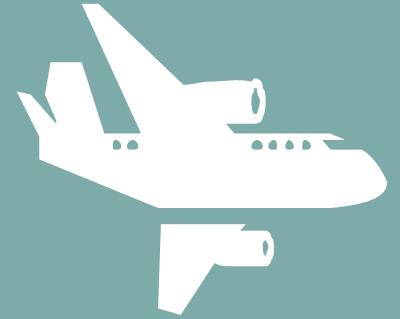
# Rent – hell or high water

- Obligation to pay rent absolute and unconditional
- No set-off or counterclaim
- Unavailability, unairworthiness of aircraft etc..
- Breach by any party of its obligations under the lease
- Insolvency of a party
- Lack of authorisation of the Lease Agreement



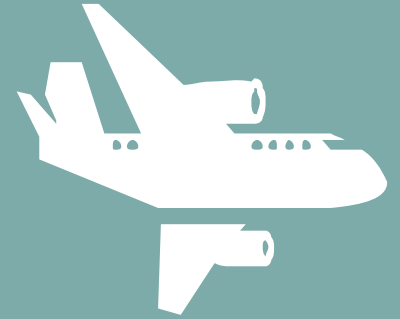
# Indemnities

- Third party indemnity
- Tax indemnity

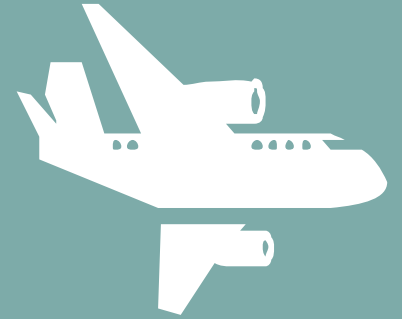


# Undertakings

- Corporate
- Information on aircraft
- Liens
- Maintenance, repair, operation (including maintenance reserves)
- Sub-leasing
- Cape Town Convention
- Sanctions



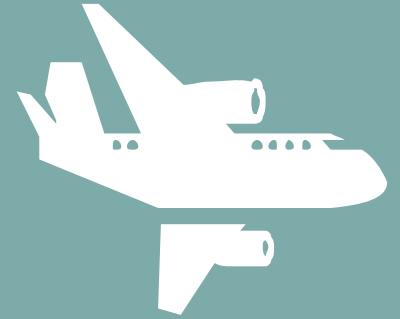
# Registration



# Insurances, Loss and Damage

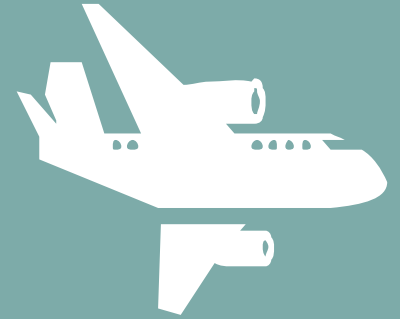


# Events of Default





# Redelivery Condition



# Governing Law and Jurisdiction



# World

## Canada

Calgary Québec  
Montréal Toronto  
Ottawa Vancouver

## Europe

Amsterdam Hamburg Munich  
Athens Istanbul Paris  
Brussels London Piraeus  
Düsseldorf Luxembourg Warsaw  
Frankfurt Milan

## Asia Pacific

Bangkok  
Beijing  
Brisbane  
Canberra  
Hong Kong  
Jakarta\*  
Melbourne  
Perth  
Shanghai  
Singapore  
Sydney  
Tokyo

## USA

Austin  
Chicago  
Dallas  
Denver  
Houston  
Los Angeles  
Minneapolis  
New York  
San Antonio  
San Francisco  
St Louis  
Washington, DC

## Latin America

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São Paulo

## Africa

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Cape Town  
Casablanca  
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