



## A Practical Guide Series to Business Jet Financing in APAC

# Edition 1: How Business Jets Are Financed in APAC

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## I. Why Aircraft Financing Deserves Special Attention

**Aircraft financing differs fundamentally from most other asset financing. A business jet is a high-value, mobile and highly regulated asset, often owned, operated and financed across multiple jurisdictions simultaneously.**

In Asia-Pacific, this complexity is amplified by divergent regimes, including:

- Cross-border ownership and guarantor structures
- Divergent regulatory regimes including differences in legal jurisdictions, language and documentation standards
- Capital controls and foreign exchange regulations, which may affect funding flows, guarantee issuance and enforceability
- A relatively smaller and more selective pool of aircraft financiers

These factors mean that aircraft financing in APAC is rarely a single-jurisdiction exercise. Instead, it is a coordinated arrangement spanning transaction governing law, corporate law, aviation regulation, banking regulation and, in certain jurisdictions, foreign exchange and capital control requirements.

In addition, many financing structures commonly used in the region are economically closer to ownership than their legal form suggests. Where the **aircraft is selected by the aircraft owner**, financing is frequently structured as a “**hell-or-high-water**” **dry lease**. Under such arrangements, the lessee remains fully responsible for:

- Maintenance and technical condition
- Insurance coverage
- Operational costs and regulatory compliance

In economic substance, these dry lease structures mirror senior secured loans, even where legal title to the aircraft remains with the financier during the lease tenor.

Accordingly, aircraft financing in APAC should be understood not merely as a funding exercise, but as a risk-allocation and regulatory-alignment exercise.

**This edition sets out the main financing structures available, the types of financiers active in the market and the regulatory overlay that materially affects how transactions are structured in practice.**

## II. Core Financing Structures for Business Jets

Business jet financing in APAC generally falls into three core structural categories: asset-secured loans, finance leases and operating leases.

### ASSET-SECURED LOANS (SENIOR LOANS)

- Under an asset-secured loan:
- The **borrower** (typically an SPV) is the **legal and beneficial owner of the aircraft**
- The financier (as lender) holds a first priority mortgage over the aircraft
- Residual value risk sits squarely with the owner
- Prepayment is generally permitted, subject to break fees and costs

In APAC, a limited number of private banks offer senior secured loan structures, typically where the aircraft owner maintains an established banking relationship. Outside this group, senior loan financing for private jets is relatively limited in the region.

### FINANCE LEASES

Under a finance lease:

- The **financier** (as lessor) **retains legal title during the lease term**
- The lessee bears substantially all economic risks and rewards of ownership
- Maintenance, insurance and operational obligations rest with the lessee
- **Title typically transfers to the lessee at the end of the lease**
- Prepayment is generally permitted, subject to break fees and costs

In APAC, non-bank financiers and leasing companies generally prefer lease structures, as retaining title provides an additional layer of structural protection.

Where the aircraft is chosen by the owner, such leases are almost invariably structured as “hell-or-high-water”

dry leases, meaning lease payment obligations continue regardless of aircraft condition, downtime or operational disruptions.

From an owner’s perspective, a **finance lease is similar to a senior loan**, despite differences in legal form.

### OPERATING LEASES

Operating leases differ fundamentally from both loans and finance leases.

Key features include:

- The financier retains residual value risk
- The **lessee does not obtain ownership** at the end of the lease
- Lease payments are typically fully expensed
- The present value of the lease payments, together with any residual value guaranteed by the lessee, is **less than substantially all of the fair value** of the underlying asset

However, operating leases are **structurally inflexible**, which is a significant consideration for many Asian owners:

- Early termination is generally not permitted
- If and where early termination is allowed, the lessee is typically required to pay:
  - The present value of **all remaining lease payments** and
  - Any interest rate **swap breakage costs** for the remaining tenor

As a result, operating leases often come with tighter operational controls and are less suitable for owners who value flexibility in fleet strategy, aircraft model upgrades or utilisation patterns.

## III. Financiers in the APAC Business Jet Market

The APAC business jet financing market is characterised by a clear structural divide:

### PRIVATE BANKS

- Primarily offer senior secured loans
- Relationship-driven lending
- Integrated with broader wealth management banking relationships, often with AUM minimums

### NON-BANK FINANCIERS AND LEASING COMPANIES

- Prefer lease-based structures
- Retain legal title during the financing term
- More transaction driven execution, with structural flexibility varying by financier

**The choice of financier therefore directly influences not only pricing, but also ownership structure, flexibility and regulatory alignment.**

## IV. Regulatory and Cabotage Considerations in APAC

**In addition to financing structures, aircraft owners in APAC may need to navigate regulatory and cabotage-related requirements, which may vary significantly by jurisdiction.**

These may include:

- Restrictions on domestic commercial operations by foreign-registered aircraft
- Ownership requirements for locally registered aircraft-owning entities, including minimum local shareholding thresholds
- Capital control regimes that may require regulatory approvals for guarantees, cross-border payment or security arrangements above certain thresholds

While these requirements are often viewed as regulatory or administrative matters, they can have direct implications for aircraft financing, including:

- Structuring of ownership and guarantor entities
- Timing and certainty of transaction execution
- Enforceability of guarantees and security interests

Failure to account for these regulatory considerations at the structuring stage can result in delays, additional approvals or downstream complications, even where the financing itself is otherwise sound.

## V. Key Takeaway for Owners

**The choice between a loan, finance lease or operating lease is not merely a technical distinction.**

Each structure determines:

- Who bears residual value risk
- The owner's ability to adjust operations, utilisation or fleet strategy over time
- The flexibility of the financing structure, including prepayment, early termination and exit options
- Which obligations may continue following adverse events, restructuring or early termination
- How regulatory and jurisdictional constraints are managed

Residual value risk, where assumed by the financier, typically comes at a cost — not only in pricing, but also through tighter structural constraints and limited termination flexibility.

Conversely, structures that place residual risk on the owner may offer greater flexibility but require careful planning across the aircraft's lifecycle.

Understanding these trade-offs at the outset is critical to avoiding unexpected constraints or exposure later in the financing term.

See *AVBuyer Magazine (May 2026, pp. 48–54)* for illustrative cash vs finance vs operating lease cost comparisons [View article](#).

### Series Introduction

#### A Practical Guide to Business Jet Financing in APAC

Business jet ownership in Asia-Pacific presents unique financing, regulatory and operational challenges.

This white paper series is designed to provide aircraft owners, family offices and corporate decision-makers with a practical and grounded overview of how aircraft financing works in the region and where risks most commonly arise.

Each edition addresses a distinct aspect of the aircraft lifecycle, from financing structures and regulatory requirements to buying, selling, operating and exiting an aircraft investment.

This series will be released in editions over the coming months.

Stay with the series through the end, where we look at planning clean exits and clearly defined end-of-term obligations from the outset.

View other Editions in this series on our website [lendicate-group.com](https://lendicate-group.com).

**For enquiries about the series or financing-related matters, please contact [info@lendicate-group.com](mailto:info@lendicate-group.com).**