



Aquila 65 T-Class

Ocean Going Commercial Yacht

The Aquila 65T Class OGCY (Ocean Going Commercial Yacht) represents an evolution of design and engineering intended to meet the demanding requirements of serious offshore cruisers and luxury commercial operators. The Aquila class incorporates the strictest regulatory standards for design, functionality, operational efficiency and safety. These features allow the 65T to operate domestically (USCG /Jones Act) and world wide (SOLAS) with paying passengers. This changes the rules of ownership of a Yacht; it is in fact a commercial venture.

Inter Island Yachts Inc. (IIFY) has been in the business of construction and operation of commercial yachts for over 25 years, and brings its knowledge base to this program. The key of this program is that all of the vessels will be, as close as possible, identical. This allows commonality of crews, spares, contract fuel, overhead costs, insurance, agents etc.

Fractional Ownership Option

The term “fractional ownership” has been misused for many programs in the past. The IIFY fractional program is true share ownership in the subchapter S corporation or LLC that owns each vessel. This can provide the owner the opportunity to participate equally in either active or passive income, depending on the owner’s preference, and in the flow-through of operating profits, losses, expenses, depreciation, etc. (Please check with your tax advisor, as IIFY makes no guarantee or representation about a fractional owner’s tax obligations.) Active shareholders may elect to participate in operations, act as crew, captains, vessel repositioning and many other needs of the corporation. There will be 10 shares sold for 100% ownership interests (subject to legal subscription and qualification requirements). Ownership provides 30 days per share for the owner to use the vessel, or another vessel in the fleet depending on availability. The owner may elect to sell this time to others. When the owners are not using the vessels, the vessels will be actively marketed to charter customers to generate revenue. IIFY will provide complete licensed crew and provisioning on a turnkey basis per each owner’s request. In the event that the owner and guests act as crew, subject to licensing requirements the crew cost savings will be credited to their respective accounts. IIFY will make available training and testing arrangements requirements to meet USCG requirements captains. For owners who prefer to be pampered, full crew will be provided. The requirements for deck hands are training materials, drills and random drug testing. All owners of each of the vessels will actively participate in the location and seasons of the fleet.

Full Ownership Option

This option allows the owner to effectively own 10 full shares and control the vessel. At the owner’s option, the full owner may elect to participate in none, part, or the entire IIFY program.

IIFY overhead functions are dependent upon level of participation of the shareholders in each of the vessels. Typically the shareholder value is based on a third-party cost for each function. The remaining monthly contract costs will be provided by IIFY, subject to 15% G&A and 10% profit, which will be divided equally on a per share basis. Fuel and provisioning will be charged per owner’s use, plus overhead and profit. (See Pro Forma estimates)

Items to Discuss with your accounting/tax advisor:

- Passive and/or Active flow through of profits, depreciation and expenses.
- Sales and property tax exemption for vessels engaged in charter fishing or interstate or international commerce. Attractive bank financing available.
- Training and licensing costs. Travel costs to asset.
- Corporate use for incentives and client entertainment.
- Use of vessel in ports for business lodging and entertainment.
- Recapture into next production model.
- Estate planning.
- The net cost of ownership