

AI² Market Report

Business Jet & Turboprop Aircraft – Volume 1, January 2018

Future Value eTrend™ Projects Slower Value Decline in Q1 Used Aircraft Market Demand Stable Highest Quality Aircraft are the Units Transacting

Welcome to the AI² Market Report from Asset Insight, LLC. This Quarterly Market Report analyzed values for every production year of every modern make/model Business Class aircraft, and our December 29, 2017 maintenance analytics covered 92 fixed-wing models and 1,710 aircraft listed for sale.

- **Overall demand remained stable but slightly below average**
Market demand remained steady at 2.91 during Q4, on our scale of 1.00 (lowest) to 5.00 (highest). Compared to December 2016, demand for Large Jets fell slightly to 2.79 from 2.80, Medium Jet demand improved to 2.97 from 2.89, Small Jet demand decreased from 2.93 to 2.90, while Turboprops remained unchanged at 3.15.
- **Average Ask Price reached yet another record low in November**
Average Ask Price for tracked aircraft fell 6.6% during Q4, with all groups recording a decrease. Since December 2016, the average Ask Price for tracked models has fallen 22.6%, driven primarily by the number of available aircraft and buyer preference for higher quality assets that, not surprisingly, command higher values.
- **Ask versus final Transaction Value gap has continued to improve**
Spread between Ask Price and final Transaction Value for all groups saw an improvement since December 2016. Large Jets improved 0.2% to 12.3%, Medium Jets 0.6% to 14.9% (although this was above the 14.8% posted in 3Q17), Small Jets improved by 0.4% to 7.7%, while Turboprops dropped 0.7%, by improving to 9.0%.
- **For sale fleet Asset Quality maintained a “Very Good” Quality Rating**
Transactions during Q4 continued to evidence buyer preference for higher quality aircraft, thereby increasing the inventory fleet’s percentage of lower quality assets. The overall Quality Rating ended 2017 in the “Very Good” range, just above the inventory fleet’s 12-month low figure.
- **Maintenance Exposure slightly better than historical average**
Our tracked fleet’s accrued/embedded cost of future scheduled maintenance (Maintenance Exposure) ended the year incrementally higher (worse) than the historical average and, at \$1.458 Million, virtually equaled the \$1.460 Million 12-month high (worst) figure. Large Jets registered a 1.9% decrease (improvement), while figures for all other groups worsened: Medium Jets by 1.6%; Small Jets by a staggering 20.4% (additional evidence that higher quality assets are the ones trading); and, Turboprops by 4.5%.
- **Maintenance Exposure to Ask Price Ratio (“ETP Ratio”) at 12-month high 65%**
The fleet’s ETP Ratio (Maintenance Exposure divided by Ask Price) increased 5.3 basis points during Q4, posting the highest (worst) figure of 2017. We consider any ETP Ratio over 40% to represent excessive Exposure in relation to Ask Price and a hindrance to aircraft marketability. **Assets whose ETP Ratio was 40% or more during Q4 were listed for sale 42% longer (on average) than aircraft whose Ratio was below 40% (199 versus 284 Days on Market).**

John B. Spoor
E: jspoor@assetinsight.com

Anthony Kioussis
E: akioussis@assetinsight.com

Barbara A. Spoor, ASA
E: bspoor@assetinsight.com

Craig W. Cox, ASA
E: ccox@assetinsight.com

Andy Krantz, ASA
E: akrantz@assetinsight.com

Francisco Picornell, ASA
Candidate
E: fpicornell@assetinsight.com

Asset Insight, LLC
1424 W. Church Street
Sandwich Airport
Sandwich, IL 60548
Tel: (888) 814-8258
www.assetinsight.com

Large Jets

Future Value Trend (“eTrend™”) and Current Market Demand

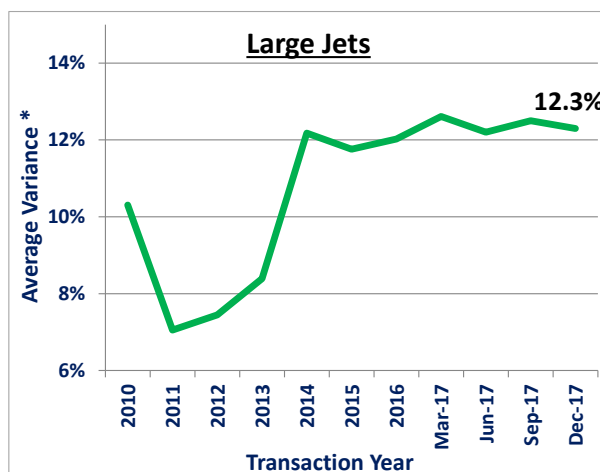
- eTrend™ information is designed to provide a general view of how aircraft prices are currently trending, and the ***effect this is likely to have on average transaction values 90 days hence***.
- **Current Market Demand** for each Make/Model represents an objective view based on that Make/Model’s Average Days on Market and the percentage of that Model’s fleet listed for sale. During this past quarter, ***demand remained steady at 2.79, on our scale ranging from 1.00 (weak demand) to 5.00 (strong demand)***.

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|---------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Bombardier | | |
| Challenger 600 | (\$12,000) | ★★★★☆ |
| Challenger 601-1A | (\$49,000) | ★★★☆☆ |
| Challenger 601-3A | (\$26,000) | ★★★★☆ |
| Challenger 601-3R | (\$61,000) | ★★★★☆ |
| Challenger 604 | (\$294,500) | ★★★★☆ |
| Challenger 605 | (\$437,000) | ★★★★☆ |
| Challenger 650 | (\$12,500) | ★★★★☆ |
| Challenger 850 | (\$129,500) | ★★★☆☆ |
| Global 5000 | (\$153,500) | ★★★★☆ |
| Global 6000 | (\$519,000) | ★★★★☆ |
| Global Express | (\$184,000) | ★★★★☆ |
| Global Express XRS | (\$188,500) | ★★★★☆ |
| Dassault | | |
| Falcon 7X | (\$418,000) | ★★★★☆ |
| Falcon 900A | (\$57,500) | ★★★☆☆ |
| Falcon 900B | (\$106,500) | ★★★★☆ |
| Falcon 900C | (\$157,000) | ★★★★☆ |
| Falcon 900DX | (\$122,500) | ★★★★☆ |
| Falcon 900EX | (\$170,000) | ★★★★☆ |
| Falcon 900EX EASy | (\$380,000) | ★★★☆☆ |
| Falcon 900LX | (\$290,000) | ★★★★☆ |
| Falcon 2000 | (\$236,500) | ★★★★☆ |

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|---------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Dassault | | |
| Falcon 2000DX | (\$136,500) | ★★★★☆ |
| Falcon 2000EX EASy | (\$199,000) | ★★★★☆ |
| Falcon 2000LX | (\$616,000) | ★★★★☆ |
| Falcon 2000LXS | (\$507,000) | ★★★★☆ |
| Falcon 2000S | (\$201,500) | ★★★★☆ |
| Embraer | | |
| Embraer Legacy 600 | (\$673,500) | ★★★★☆ |
| Embraer Legacy 650 | (\$290,500) | ★★★☆☆ |
| Linneage 1000 | (\$732,500) | ★★★☆☆ |
| Linneage 1000E | (\$962,000) | ★★★★☆ |
| Gulfstream | | |
| Gulfstream G300 | (\$179,500) | ★★★★☆ |
| Gulfstream G350 | (\$468,000) | ★★★★☆ |
| Gulfstream G400 | (\$282,500) | ★★★★☆ |
| Gulfstream G450 | (\$153,500) | ★★★★☆ |
| Gulfstream G500 | (\$222,500) | ★★★★☆ |
| Gulfstream G550 | (\$397,500) | ★★★★☆ |
| Gulfstream G650 | (\$421,000) | ★★★★☆ |
| Gulfstream G650ER | (\$327,000) | ★★★★☆ |
| Gulfstream G-III | (\$27,000) | ★★★☆☆ |
| Gulfstream G-IV | (\$62,500) | ★★★★☆ |
| Gulfstream G-IVSP | (\$89,500) | ★★★★☆ |
| Gulfstream G-V | (\$198,500) | ★★★★☆ |

Excludes new production aircraft entering service during 2016 & 2017

Used Aircraft Ask Price vs. Transaction Price Spread



Market Overview Large Jets

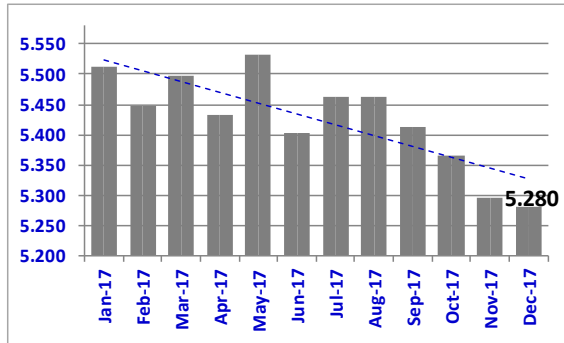
- Since December 2016:
 - Ask Price **decreased** 25.1%.
 - Ask Price and final Transaction Value differential **improved** by 0.2%.
- At 2.79, on our scale of 1.0 to 5.0, Market Demand **remained steady** during 2H17, but 0.01% below December 2016.
- The Quarter over Quarter average 90-Day Value eTrend™ forecasts prices will decrease over 41% **slower** during 1Q18, compared to 4Q17.

* Average Variance based on a Sample Set comparing the Ask Price against the Transaction Price

Large Jets

Asset Quality Rating

Scale -2.500 to 10.000

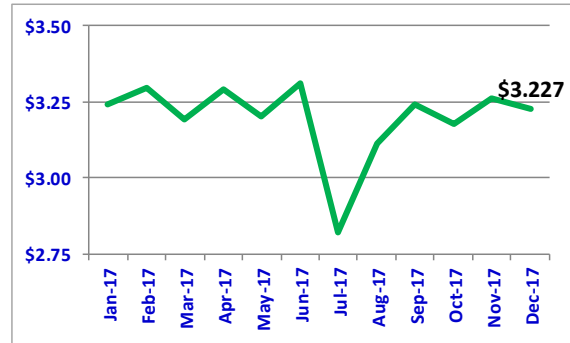


Asset Quality Rating Key

| Outstanding | Excellent | Very Good | Good | Average | Below Average |
|------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 5.500 or Greater | 5.250 to 5.499 | 5.000 to 5.249 | 4.750 to 4.999 | 4.500 to 4.749 | Less than 4.500 |

Maintenance Exposure*

(\$ Mil)



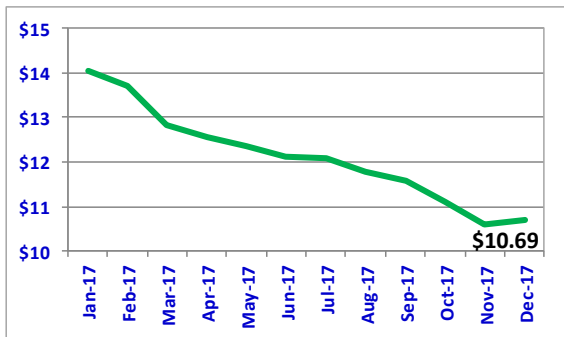
Maintenance Exposure - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Worst | Average | Best | Worst | Best |
| \$3.31 | \$3.20 | \$2.82 | \$3.76 | \$2.58 |

* The accrued cost of future scheduled maintenance

Average Ask Price

(\$ Mil)



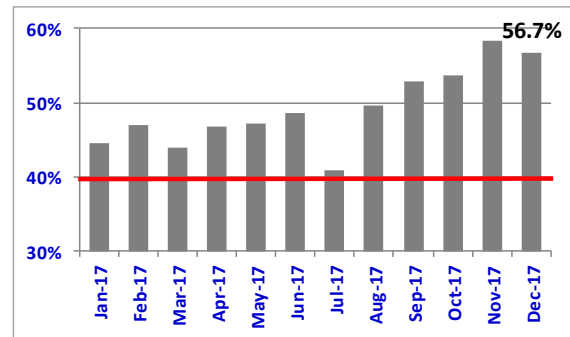
Ask Price - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|---------|-----------------------------------|---------|
| Highest | Average | Lowest | Highest | Lowest |
| \$14.04 | \$12.12 | \$10.60 | \$16.61 | \$11.58 |

Source: Amstat (www.amstatcorp.com)

Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

| Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market |
|-----------------------|--------------|----------------|--------------------|--------------|----------------|----------------------|---------------|----------------|
| Boeing | | | Dassault | | | Embraer | | |
| Boeing BBJ | 6.2% | 381 | F900LX | 6.8% | 400 | Embraer Legacy 600 | 43.0% | 408 |
| Bombardier | | | F900EX EASy | 10.7% | 55 | Gulfstream | | |
| CL-605 | 17.3% | 72 | F2000LX | 12.8% | 176 | G650 | 2.3% | 171 |
| Global XRS | 23.8% | 468 | F900EX | 32.8% | 164 | G 450 | 19.9% | 250 |
| Global 5000 | 34.9% | 290 | F900B | 42.3% | 187 | G550 | 22.6% | 175 |
| CL-604 | 39.7% | 147 | F900 | 47.1% | 887 | GV | 60.5% | 143 |
| Global Express | 68.6% | 96 | Falcon 2000 | 58.8% | 183 | GIV-SP | 64.6% | 275 |
| CL-601-3R | 131.1% | 267 | | | | GIV-SP (MSG3) | 80.0% | 228 |
| CL-601-3A | 166.9% | 142 | | | | GIV | 120.6% | 268 |
| CL-601-1A | 186.2% | 168 | | | | | | |

Ask Price and Days on Market source: Amstat (www.amstatcorp.com)

Medium Jets

Future Value Trend (“eTrend™”) and Current Market Demand

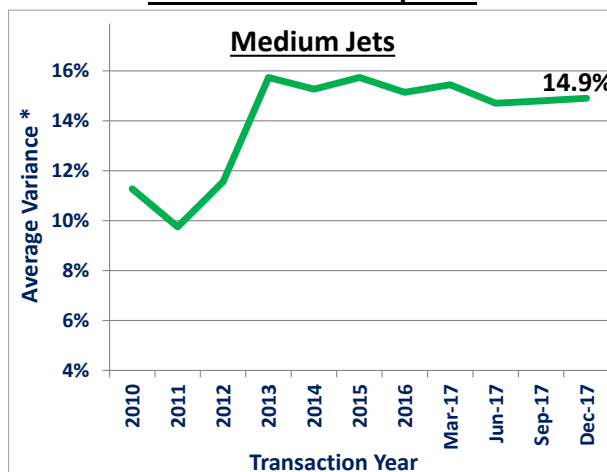
- eTrend™ information is designed to provide a general view of how aircraft prices are currently trending, and the ***effect this is likely to have on average transaction values 90 days hence***.
- **Current Market Demand** for each Make/Model represents an objective view based on that Make/Model’s Average Days on Market and the percentage of that Model’s fleet listed for sale. During this past quarter, ***demand remained steady at 2.97, on our scale ranging from 1.00 (weak demand) to 5.00 (strong demand)***.

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|----------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Bombardier | | |
| Challenger 300 | (\$299,000) | ★★★★☆ |
| Challenger 350 | (\$134,500) | ★★★★☆ |
| Lear 40 | (\$79,500) | ★★★★☆ |
| Lear 40XR | (\$90,717) | ★★★★☆ |
| Lear 45 | (\$46,000) | ★★★★☆ |
| Lear 45XR | (\$104,000) | ★★★★☆ |
| Lear 55 | (\$14,000) | ★★★★☆ |
| Lear 60 | (\$46,500) | ★★★★☆ |
| Lear 60SE | (\$55,000) | ★★★★☆ |
| Lear 60XR | (\$61,000) | ★★★★☆ |
| Lear 70 | (\$124,500) | ★★★★☆ |
| Lear 75 | (\$124,000) | ★★★★☆ |
| Cessna | | |
| Citation Excel | (\$41,500) | ★★★★☆ |
| Citation Latitude | (\$399,000) | ★★★★☆ |
| Citation Sovereign | (\$83,500) | ★★★★☆ |
| Citation Sovereign + | (\$111,500) | ★★★★☆ |
| Citation X | (\$234,000) | ★★★★☆ |
| Citation X+ | (\$165,500) | ★★★★☆ |
| Citation XLS+ | (\$18,500) | ★★★★☆ |
| Citation XLS | (\$46,000) | ★★★★☆ |

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|--------------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Embraer | | |
| Embraer 500 | (\$309,000) | ★★★★☆ |
| Dassault | | |
| Falcon 50 | (\$26,500) | ★★★★☆ |
| Falcon 50EX | (\$214,000) | ★★★★☆ |
| Gulfstream | | |
| Gulfstream G100 | (\$34,000) | ★★★★☆ |
| Gulfstream G150 | (\$120,000) | ★★★★☆ |
| Gulfstream G200 | (\$74,000) | ★★★★☆ |
| Gulfstream G280 | (\$336,500) | ★★★★☆ |
| Hawker Beechcraft | | |
| Hawker 700A | (\$21,000) | ★★☆☆☆ |
| Hawker 750 | (\$62,000) | ★★★★☆ |
| Hawker 800A | (\$27,500) | ★★★★☆ |
| Hawker 800XP | (\$16,500) | ★★★★☆ |
| Hawker 800XPi | (\$42,000) | ★★★★☆ |
| Hawker 850XP | (\$155,000) | ★★★★☆ |
| Hawker 900XP | (\$113,500) | ★★★★☆ |
| Hawker 1000 | \$5,000 | ★★★★☆ |
| Hawker 4000 | (\$103,000) | ★★★★☆ |

Excludes new production aircraft entering service during 2016 & 2017

Used Aircraft Ask Price vs. Transaction Price Spread



Market Overview Medium Jets

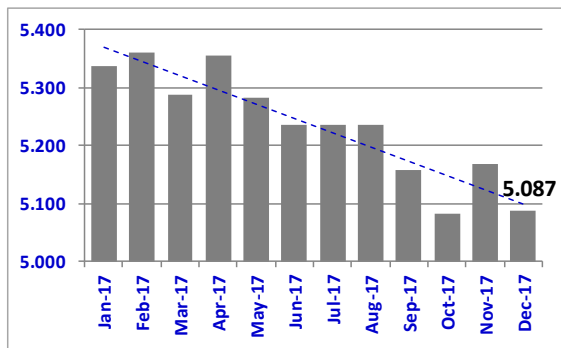
- Since December 2016:
 - Ask Price **decreased** 10.1%.
 - Ask Price and final Transaction Value differential **improved** by 0.6%.
- At 2.97, on our scale of 1.0 to 5.0, Market Demand **remained steady** during 2H17, and **improved** by 0.08 basis points since December 2016.
- The Quarter over Quarter average 90-Day Value eTrend™ forecasts prices will decrease nearly 51% **slower** during 1Q18, compared to 4Q17.

* Average Variance based on a Sample Set comparing the Ask Price against the Transaction Price

Medium Jets

Asset Quality Rating

Scale -2.500 to 10.000

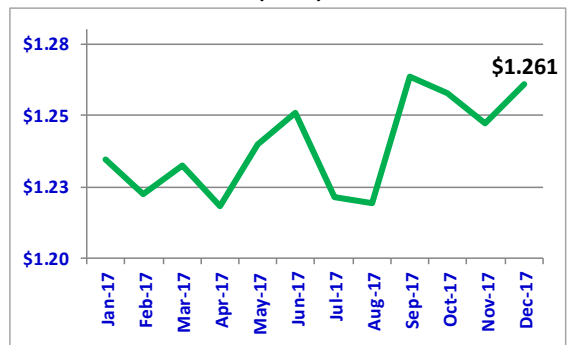


Asset Quality Rating Key

| Outstanding | Excellent | Very Good | Good | Average | Below Average |
|------------------|----------------|----------------|----------------|----------------|-----------------|
| 5.500 or Greater | 5.250 to 5.499 | 5.000 to 5.249 | 4.750 to 4.999 | 4.500 to 4.749 | Less than 4.500 |

Maintenance Exposure*

(\$ Mil)



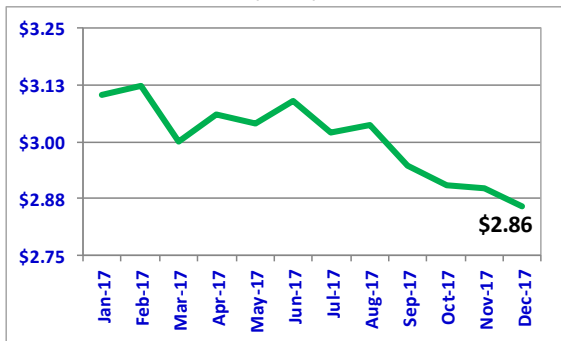
Maintenance Exposure - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Worst | Average | Best | Worst | Best |
| \$1.26 | \$1.24 | \$1.22 | \$1.70 | \$0.85 |

* The accrued cost of future scheduled maintenance

Average Ask Price

(\$ Mil)



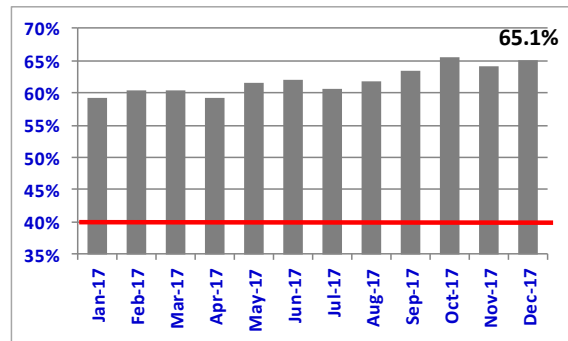
Ask Price - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Highest | Average | Lowest | Highest | Lowest |
| \$3.12 | \$3.01 | \$2.86 | \$4.80 | \$2.86 |

Source: Amstat (www.amstatcorp.com)

Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

| Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market |
|------------------------|-----------|----------------|-----------------------------|-----------|----------------|----------------------|-----------|----------------|
| Bombardier | | | Cessna | | | Gulfstream | | |
| Learjet 60XR | 29.6% | 187 | Citation X (MSG3) | 41.8% | 303 | G-150 | 13.7% | 177 |
| Learjet 45XR | 20.8% | 38 | Citation Excel 560XL | 42.4% | 127 | G-200 | 52.9% | 153 |
| Challenger 300 | 29.9% | 159 | Citation VI | 121.9% | 147 | Hawker | | |
| Learjet 45 w/APU | 42.0% | 162 | Dassault | | | Hawker 900XP | 22.6% | 234 |
| Learjet 45 | 43.4% | 283 | Falcon 50EX | 27.5% | 75 | Hawker 850XP | 40.3% | 278 |
| Learjet 60 | 109.1% | 285 | Falcon 50 | 75.5% | 161 | Hawker 400XP | 40.7% | 252 |
| Learjet 55 | 202.7% | 414 | Falcon 20-5 | 285.2% | 216 | Hawker 800XP | 51.8% | 341 |
| Cessna | | | Hawker Beechjet 400A | | | Hawker Beechjet 400A | 55.5% | 285 |
| Citation Sovereign 680 | 18.1% | 191 | Hawker 1000A | 104.3% | 575 | Hawker Beechjet 400 | 113.9% | 344 |
| Citation XLS (MSG3) | 22.8% | 259 | Hawker 800A | | | Hawker 800A | 126.4% | 246 |
| Citation XLS | 26.6% | 136 | | | | | | |

Ask Price and Days on Market source: Amstat (www.amstatcorp.com)

Small Jets

Future Value Trend (“eTrend™”) and Current Market Demand

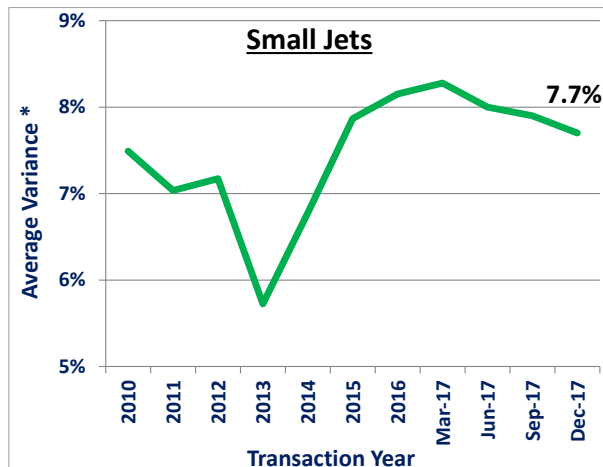
- eTrend™ information is designed to provide a general view of how aircraft prices are currently trending, and the effect this is likely to have on average transaction values 90 days hence.
- **Current Market Demand** for each Make/Model represents an objective view based on that Make/Model’s Average Days on Market and the percentage of that Model’s fleet listed for sale. During this past quarter, **demand remained steady at 2.90, on our scale ranging from 1.00 (weak demand) to 5.00 (strong demand)**.

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|---------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Beechcraft | | |
| Premier 1A | (\$22,500) | ★★★★☆ |
| Premier I | (\$2,500) | ★★★★☆ |
| Bombardier | | |
| Lear 31A | (\$43,000) | ★★★☆☆ |
| Lear 35 | \$0 | ★★★★☆ |
| Lear 35A | (\$12,000) | ★★★★☆ |
| Lear 36 | \$0 | ★★★★☆ |
| Lear 36A | (\$5,000) | ★★★★☆ |
| Cessna | | |
| Citation Bravo | (\$22,000) | ★★★★☆ |
| Citation CJ1 | (\$16,500) | ★★★★☆ |
| Citation CJ1+ | (\$78,000) | ★★★★☆ |
| Citation CJ2 | (\$114,500) | ★★★★☆ |
| Citation CJ2+ | (\$72,000) | ★★★★☆ |
| Citation CJ3 | (\$94,500) | ★★★★☆ |
| Citation CJ3+ | (\$249,500) | ★★★★☆ |

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|---------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Cessna | | |
| Citation CJ4 | (\$131,000) | ★★★★☆ |
| Citation Encore + | (\$31,500) | ★★★☆☆ |
| Citation Encore | (\$12,500) | ★★★★☆ |
| Citation M2 | (\$67,500) | ★★★★☆ |
| Citation Mustang | (\$37,500) | ★★★★☆ |
| Citation Ultra | (\$72,500) | ★★★★☆ |
| Citation II | (\$19,000) | ★★★★☆ |
| Citation III 650 | (\$7,000) | ★★★★☆ |
| Citation V | (\$52,500) | ★★★★☆ |
| Citation VII | (\$24,500) | ★★★★☆ |
| Eclipse | | |
| Eclipse 500 | (\$9,000) | ★★★☆☆ |
| Embraer | | |
| Embraer Phenom 100 | (\$38,500) | ★★★★☆ |
| Embraer Phenom 100E | (\$97,000) | ★★★★☆ |
| Embraer Phenom 300 | (\$298,000) | ★★★☆☆ |
| Nextant | | |
| Nextant XTi | (\$180,000) | ★★★★☆ |

Excludes new production aircraft entering service during 2016 & 2017

Used Aircraft Ask Price vs. Transaction Price Spread



Market Overview Small Jets

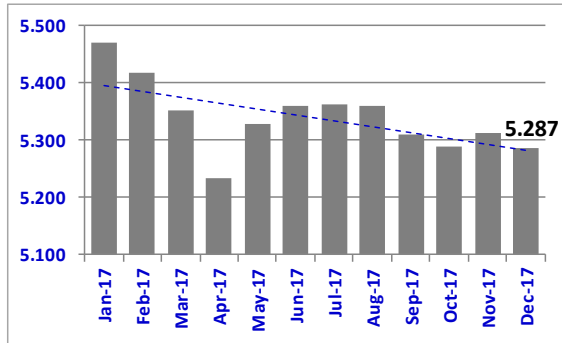
- Since December 2016:
 - Ask Price **decreased** 16.8%.
 - Ask Price and final Transaction Value differential **improved** by 0.4%.
- At 2.90, on our scale of 1.0 to 5.0, Market Demand **remained steady** during 2H17, but **degraded** by 0.03 basis points since December 2016.
- The Quarter over Quarter average 90-Day Value eTrend™ forecasts prices will decrease more than 12% **slower** during 1Q18, compared to 4Q17.

* Average Variance based on a Sample Set comparing the Ask Price against the Transaction Price

Small Jets

Asset Quality Rating

Scale -2.500 to 10.000

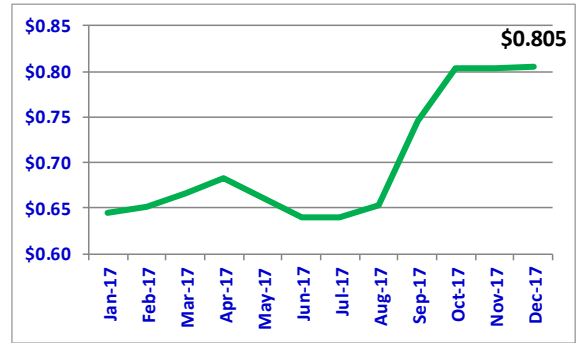


Asset Quality Rating Key

| Outstanding | Excellent | Very Good | Good | Average | Below Average |
|------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 5.500 or Greater | 5.250 to 5.499 | 5.000 to 5.249 | 4.750 to 4.999 | 4.500 to 4.749 | Less than 4.500 |

Maintenance Exposure*

(\$ Mil)



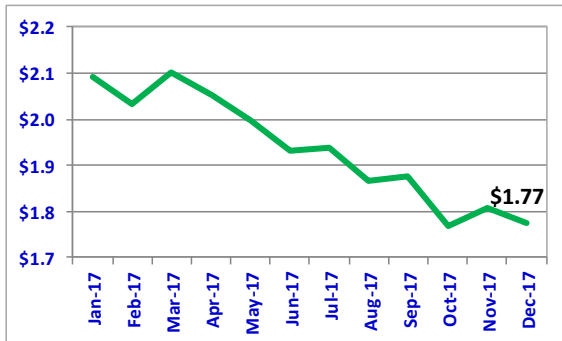
Maintenance Exposure - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Worst | Average | Best | Worst | Best |
| \$0.81 | \$0.70 | \$0.64 | \$1.07 | \$0.57 |

* The accrued cost of future scheduled maintenance

Average Ask Price

(\$ Mil)



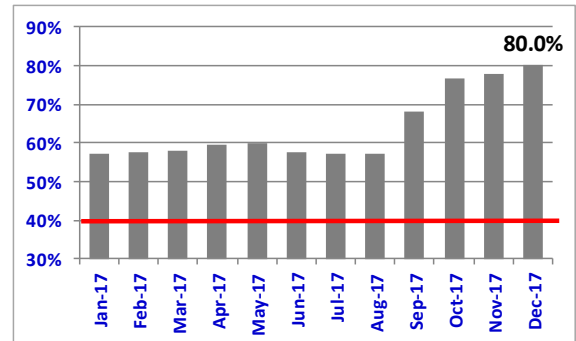
Ask Price - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Highest | Average | Lowest | Highest | Lowest |
| \$2.10 | \$1.94 | \$1.77 | \$2.21 | \$1.70 |

Source: Amstat (www.amstatcorp.com)

Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
- Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

| Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market |
|-------------------|-----------|----------------|----------------------|-----------|----------------|------------------|-----------|----------------|
| Beechcraft | | | Cessna | | | Cessna | | |
| Premier 1A | 39.5% | 145 | Citation CJ3 | 15.7% | 195 | Citation V Ultra | 56.1% | 170 |
| Premier 1 | 67.9% | 258 | Citation CJ2+ 525A | 18.6% | 50 | Citation V 560 | 64.4% | 178 |
| Bombardier | | | Citation Encore | 24.7% | 95 | Citation II | 146.1% | 340 |
| Learjet 31 | 115.9% | 128 | Citation CJ2 | 25.6% | 207 | Citation ISP | 151.2% | 397 |
| Learjet 35A | 200.7% | 524 | Citation Mustang 510 | 29.8% | 149 | Embraer | | |
| Cessna | | | Citation CJ1+ | 32.1% | 286 | Phenom 300 | 12.1% | 122 |
| Citation CJ4 525C | 7.5% | 185 | Citation Bravo | 50.8% | 229 | Phenom 100 | 31.9% | 334 |

Ask Price and Days on Market source: Amstat (www.amstatcorp.com)

Turboprops

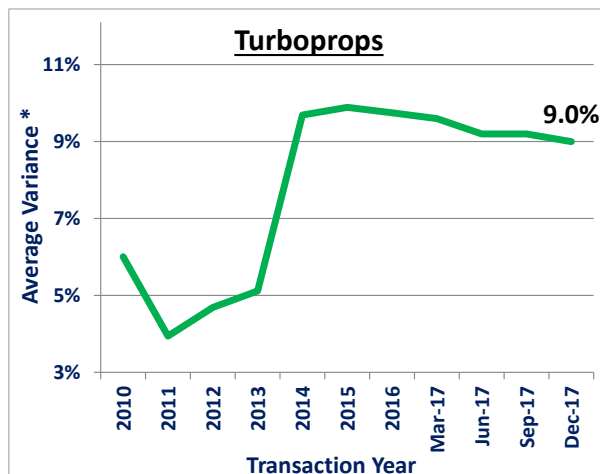
Future Value Trend (“eTrend™”) and Current Market Demand

- eTrend™ information is designed to provide a general view of how aircraft prices are currently trending, and the ***effect this is likely to have on average transaction values 90 days hence***.
- **Current Market Demand** for each Make/Model represents an objective view based on that Make/Model’s Average Days on Market and the percentage of that Model’s fleet listed for sale. During this past quarter, ***demand remained steady at 3.15, on our scale ranging from 1.00 (weak demand) to 5.00 (strong demand)***.

| Aircraft Make/Model | eTrend™ | Current Market Demand |
|----------------------------|---|-----------------------|
| | 90-day Value Trend Average Gain/(Loss) | |
| Cessna | | |
| 208 Caravan (2001+) | (\$35,000) | ★★★★☆ |
| 208 Caravan (2008+) | (\$65,000) | ★★★★☆ |
| 208B Grand Caravan (2001+) | (\$35,500) | ★★★★☆ |
| 208B Grand Caravan (2008+) | (\$21,000) | ★★★★☆ |
| Beech | | |
| King Air 350 (1990-2009) | (\$6,500) | ★★★★☆ |
| King Air 350i | (\$150,500) | ★★★★☆ |
| Piaggio | | |
| Piaggio Avanti P180 II | (\$100,500) | ★★★☆☆ |
| Pilatus | | |
| Pilatus PC-12 41 and 45 | (\$22,000) | ★★★★☆ |
| Pilatus PC-12 47 | (\$43,500) | ★★★★☆ |
| Pilatus PC-12-47E NG | (\$87,500) | ★★★★☆ |
| Socata | | |
| Socata 700A TBM | (\$19,500) | ★★★★☆ |
| Socata 700B TBM | (\$33,500) | ★★★★☆ |
| Socata Pack TBM 850 | (\$34,500) | ★★★★☆ |

Excludes new production aircraft entering service during 2016 & 2017

Used Aircraft Ask Price vs. Transaction Price Spread



Market Overview Turboprops

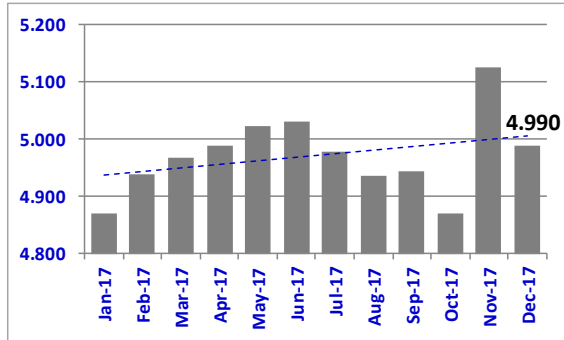
- Since December 2016:
 - Ask Price **decreased** 2.5%.
 - Ask Price and final Transaction Value differential **improved** by 0.7%.
- At 3.15, on our scale of 1.0 to 5.0, Market Demand **remained steady** during 2017, and experienced no change since December 2016.
- The Quarter over Quarter average 90-Day Value eTrend™ forecasts prices will decrease nearly 9% **faster** during 1Q18, compared to 4Q17.

* Average Variance based on a Sample Set comparing the Ask Price against the Transaction Price

Turboprops

Asset Quality Rating

Scale -2.500 to 10.000

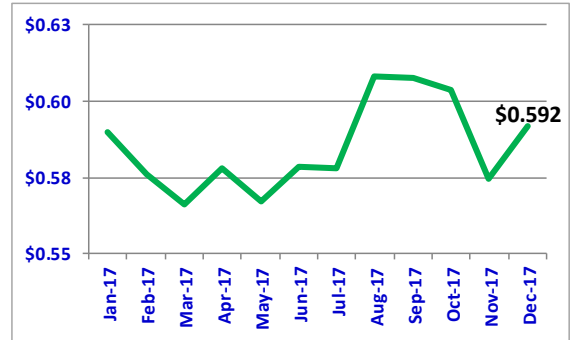


Asset Quality Rating Key

| Outstanding | Excellent | Very Good | Good | Average | Below Average |
|------------------|----------------|----------------|----------------|----------------|-----------------|
| 5.500 or Greater | 5.250 to 5.499 | 5.000 to 5.249 | 4.750 to 4.999 | 4.500 to 4.749 | Less than 4.500 |

Maintenance Exposure*

(\$ Mil)



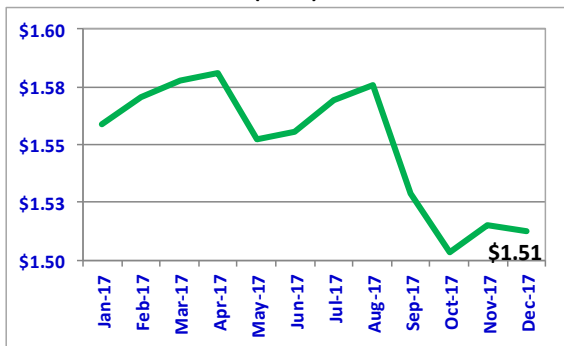
Maintenance Exposure - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Worst | Average | Best | Worst | Best |
| \$0.61 | \$0.58 | \$0.57 | \$0.70 | \$0.44 |

* The accrued cost of future scheduled maintenance

Average Ask Price

(\$ Mil)

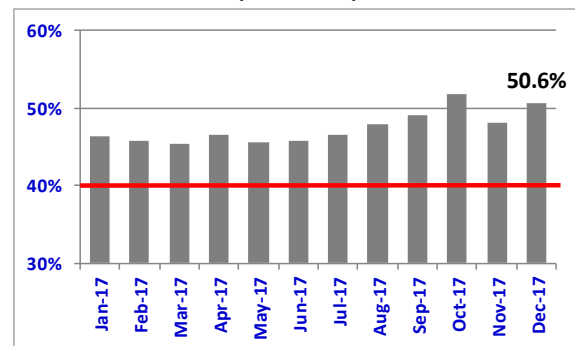


Ask Price - Reference Points

| 12-month Figures \$ Millions | | | Historical Figures \$ Millions | |
|---------------------------------|---------|--------|-----------------------------------|--------|
| Highest | Average | Lowest | Highest | Lowest |
| \$1.58 | \$1.55 | \$1.50 | \$1.97 | \$1.46 |

Maintenance Exposure to Ask Price Ratio

("ETP Ratio")



Importance of the ETP Ratio

- As the ETP Ratio decreases, the aircraft's "value" increases (in relation to its Ask Price)
 - Aircraft whose ETP Ratio is above 40% are burdened, on average, with excessive Maintenance Exposure

Maintenance Exposure to Ask Price Ratio ("ETP Ratio") & Days on Market

| Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market | Model | ETP Ratio | Days on Market |
|---------------------------|-----------|----------------|-------------------|-----------|----------------|----------------|-----------|----------------|
| Beechcraft | | | Beechcraft | | | Pilatus | | |
| KingAir B-200 - Post-2000 | 28.5% | 389 | Beech B-1900C | 71.0% | 431 | Pilatus PC-12 | 13.5% | 152 |
| KingAir 350 - Pre-2001 | 28.8% | 205 | KingAir C90 | 124.0% | 561 | Piper | | |
| KingAir 350 - Post-2000 | 29.9% | 358 | Piaggio | | | Piper Meridian | 18.9% | 103 |
| KingAir B-200 - Pre-2001 | 43.5% | 284 | Piaggio P-180 II | 48.0% | 212 | | | |
| KingAir 300 | 50.2% | 232 | Piaggio P-180 | 92.6% | 260 | | | |

Ask Price and Days on Market source: Amstat (www.amstatcorp.com)

Aircraft analyzed – maintenance analytics

Following is a list of the aircraft models researched to produce this Market Report’s maintenance analytics:

| Large Jets | Medium Jets | Small Jets | Turboprops |
|-----------------------------|----------------------------|--------------------------------|-------------------|
| Beechcraft-Hawker: | | | |
| | • Beechjet 400 | • Premier 1 | • King Air C90 |
| | • Beechjet 400A | • Premier 1A | • King Air B-200 |
| | • Hawker 400XP | | • King Air 300 |
| | • Hawker 800A; 800XP | | • King Air 350 |
| | • Hawker 850XP | | • B-1900C |
| | • Hawker 900XP | | |
| | • Hawker 1000A | | |
| Boeing: | | | |
| • BBJ | | | |
| Bombardier: | | | |
| • CL-601-1A; 3A; -3R; -SE | • Challenger 300 | • Learjet 31 | |
| • CL-604 | • Learjet 45; 45 w/APU | • Learjet 35A | |
| • CL-605 | • Learjet 45XR | | |
| • Global 5000 | • Learjet 55-55A | | |
| • Global Express | • Learjet 55C | | |
| • Global XRS | • Learjet 60 | | |
| | • Learjet 60XR | | |
| Cessna: | | | |
| | • Citation Excel | • Citation CJ1+ | |
| | • Citation Sovereign | • Citation CJ2 | |
| | • Citation VI | • Citation CJ3 | |
| | • Citation X (MSG3) | • Citation CJ4 | |
| | • Citation XLS; XLS (MSG3) | • Citation Bravo | |
| | • Citation XLS+ (MSG3) | • Citation Encore | |
| | | • Citation I-SP | |
| | | • Citation II | |
| | | • Citation Mustang | |
| | | • Citation V; Citation V Ultra | |
| Dassault Falcon Jet: | | | |
| • F2000 | • Falcon 20-5 | | |
| • F2000EX; F2000EX Easy | • Falcon 50 | | |
| • F2000DX; F2000LX | • Falcon 50EX | | |
| • F900; F900B; F900C | | | |
| • F900EX; F900EX Easy | | | |
| • F900DX; F900LX | | | |
| Embraer: | | | |
| • Legacy 600 | | • Phenom 100 | |
| | | • Phenom 300 | |
| Gulfstream: | | | |
| • G-IV | • G-100 | | |
| • GIV-SP & GIV-SP (MSG3) | • G-150 | | |
| • GV | • G-200 | | |
| • G350 | | | |
| • G450 | | | |
| • G550 | | | |
| Piaggio: | | | |
| | | | • P-180; P180 II |
| Pilatus: | | | |
| | | | • PC-12 |
| Piper: | | | |
| | | | • Malibu Meridian |

Analysis Methodology – Maintenance Analytics

Asset Insight, LLC has developed a proprietary **Asset Grading System Process™** (AGSP) that objectively evaluates assets relative to their Optimal Maintenance Condition and provides an easy-to-understand, uniform, yet robust, set of data that can be acted upon, on a timely basis, to protect and/or enhance an asset's financial performance.

The AGSP is based on patented algorithms analyzing current age, the hours and cycles on an aircraft's Major Sectors – airframe, engine(s), propeller(s), APU, paint, and interior – as well as the cost to repair or replace parts with no defined life. The AGSP derives an index (the "**Asset Insight Index**") providing an objective measure of an aircraft's current maintenance status and its related Financial Exposure going forward – that is, the financial liability accrued with respect to future scheduled maintenance events.

The Asset Insight Index is comprised of three factors that evaluate two aspects of an aircraft's maintenance, its **Asset Quality Rating** and its **Maintenance Exposure Value**. The Asset Quality Rating is computed by averaging the aircraft's **Maintenance Rating** and **Financial Rating**, while the Maintenance Exposure Value measures an aircraft's accrued / consumed financial liability with respect to future scheduled maintenance events, presenting such information in financial terms.

Asset Quality Rating and the Factors Comprising the "Asset Insight Index"

Asset Quality Rating

The Asset Quality Rating allows any aircraft's maintenance status to be directly compared to any other aircraft's maintenance status, by virtue of the Asset Insight standardized scale. The Asset Quality Rating is computed by averaging the aircraft's Maintenance Rating ("ATC Score") and Financial Rating ("ATFC Score") – explained in the following two sections – and is based on a scale ranging from -2.500 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

| -2.500 – 2.000 | 3.000 | 4.000 – 6.000 | 7.000 | 8.000 – 10.000 |
|--------------------|---|---|--|--|
| Poor Asset Quality | Below average asset quality due to upcoming scheduled maintenance | Most aircraft will Score within this range, representing good asset quality | Very good asset quality (usually associated with recent production aircraft) | Exceptional asset quality (typical of new, or nearly new, production aircraft) |

① Maintenance Rating – Asset Technical Condition Score ("ATC Score")

The "Asset Technical Condition Score" ("ATC Score") utilizes the Asset Grading System Process™ developed by Asset Insight, Inc. to objectively evaluate and grade an aircraft's maintenance status, on a standardized scale, relative to its Optimal Maintenance Condition (achieved on the day it came off the production line), utilizing the aircraft's (standard/typical) Scheduled Maintenance Program. The ATC Score is based on a scale ranging from -5.000 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

| -5.000 – 2.000 | 3.000 | 4.000 – 6.000 | 7.000 | 8.000 – 10.000 |
|--------------------|---|---|--|--|
| Poor Asset Quality | Below average asset quality due to upcoming, heavy, scheduled maintenance | Most aircraft will Score within this range, representing good asset quality | Very good asset quality (usually associated with recent production aircraft) | Exceptional asset quality (typical of new, or nearly new, production aircraft) |

② Financial Rating – Asset Technical Financial Condition Score ("ATFC Score")

The "Asset Technical Financial Condition Score" ("ATFC Score") evaluates and grades the Aircraft's financial rating relative to its Optimal Maintenance Condition based on the Aircraft's ATC Score (see Maintenance Rating above). The ATFC Score is based on a scale from 0.000 to 10.000, the latter reflecting a newly produced aircraft (see scale below).

| 0.000 | 3.000 | 4.000 – 6.000 | 7.000 | 8.000 – 10.000 |
|--------------------------------------|---|--|--|--|
| All scheduled maintenance events due | Aircraft with upcoming, high cost, scheduled maintenance events | Most aircraft will Score within this maintenance status cost range | Aircraft facing relatively low-cost maintenance events | New or recently manufactured aircraft) |

To score each aircraft make/model, the average cost for completing each maintenance event comprising the ATC Maintenance Program is determined. Having compiled the aircraft's maintenance history, the time (calendar, flight hours or cycles) accumulated toward each individual scheduled/anticipated maintenance event is used to determine the aircraft's ATFC Score.

The Financial Rating (ATFC Score) differs from the Maintenance Rating (ATC Score). While the ATC Score evaluates and grades an aircraft's maintenance status relative to its Optimal Maintenance Condition, the ATFC Score grades an aircraft's financial condition relative to its Optimal Maintenance Condition, meaning the ATFC Score is weighted by the estimated cost to complete each maintenance event. Accordingly, the Maintenance Rating is likely to differ from the Financial Rating.

For example, if an aircraft had only two maintenance components, and if one component was three-quarters of the way toward its overhaul while the second was one-quarter of the way toward its overhaul, their combined ATC Score would be 5.000, based on the following calculation: $(75\% + 25\%) / 2 \times \text{Perfect Score } (10.000) = 5.000$.

However, if the first of these components has an overhaul cost of \$1,000, while the second has an overhaul cost of \$10,000, their combined ATFC Score would be 2.955 (see below).

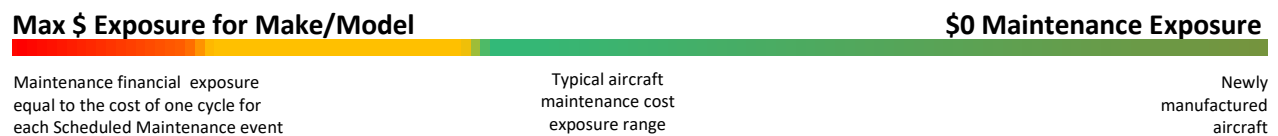
| | <u>Remaining Useful Life</u> | <u>Overhaul Cost</u> | <u>Remaining Financial Value</u> |
|--------------|------------------------------|----------------------|----------------------------------|
| Component #1 | 75% | \$1,000 | \$750 |
| Component #2 | 25% | <u>\$10,000</u> | <u>\$2,500</u> |
| | | <u>\$11,000</u> | <u>\$3,250</u> |

ATFC Score Calculation Methodology

Aircraft's Financial Ratio $(\$3,250 / \$11,000) \times \text{Perfect Score } (10.000) = 2.955$

Maintenance Exposure – Asset Technical Financial Exposure Value (“ATFE Value”)

The “Asset Technical Financial Exposure Value” (“ATFE Value”) measures the aircraft’s financial exposure based on its maintenance condition – the liability accrued / consumed with respect to future scheduled maintenance events – and presents this information in financial terms, as follows:



To derive an aircraft's ATFE Value, the estimated cost for completing each event comprising the ATC Maintenance Program has been established. Having compiled an aircraft's maintenance history, the time (flight hours, landings/cycles, and/or calendar period) accumulated toward each individual scheduled/anticipated maintenance event is used to compute the dollar liability accrued toward that event, with the ATFE Value representing the total accrued liability toward future maintenance events.

Used Aircraft Ask Price vs. Transactional Price Spread

Detailed analytics are used to determine the ask price of an aircraft and its bid/ask spreads, including, but not limited to, items such as market supply, demand, saturation, aircraft age, competition, utility, damage, economics, financing, trade, exclusivity, compulsion to sell, buyer / seller market strength, etc.

Future Value Trend (“eTrend™”) and Current Market Demand

eTrend™ information is displayed by Make/Model and is intended to provide a general view of how aircraft prices are currently trending and the effect this is likely to have on average transaction values 90 days hence. Current Market Demand for each Make/Model is an objective view based on that Make/Model’s Average Days on Market and the percentage of that Model’s fleet listed for sale. All figures **EXCLUDE** new production aircraft entering service during 2016 and 2017.

Ask Price vs. Asset Exposure to Ask Price Ratio (“ETP Ratio”) Graph

The graph displays the relationship between each aircraft group’s “Asset Exposure to Ask Price” Ratio (the ATFE Value divided by the Average Ask Price) and the Average Ask Price. In general, as aircraft Ask Prices rise, the Ratio should decrease – all other factors being equal. However, the Ratio’s relationship to Ask Price is not an absolute inverse correlation. Aircraft with a greater or lesser maintenance-related Financial Exposure, but with the same Ask Price, may replace aircraft listed “for sale” during any given month. Accordingly, it is possible for both the Ratio and the Ask Price lines to move in the same direction.

Asset Exposure to Ask Price Ratio (“ETP Ratio”)

The Asset Exposure to Ask Price Ratio (“ETP Ratio”) is calculated by dividing the aircraft’s ATFE Value (the financial liability accrued with respect to future scheduled maintenance events) by its Ask Price. Accordingly, as the ETP Ratio decreases, the aircraft’s “value” increases (in relation to its Ask Price). Aircraft whose ETP Ratio is 40% or greater are believed to have accrued an excessive level of maintenance Asset Exposure (ATFE Value) in relation to their Ask Price. ETP Ratios are only available in cases where a statistically significant sample of aircraft Ask Price and maintenance status can be derived for a specific Make / Model.

General Information

Asset Insight, LLC (www.assetinsight.com) provides asset evaluation and financial optimization services. The company’s “Asset Grading System Standard,” and related analyses, provides the ability to translate the asset’s technical condition into easy-to-understand, actionable financial information. Asset Insight is independent of any manufacturer, appraisal firm, financial services firm, or technical services facility, enabling it to provide an unbiased view of an asset’s condition with respect to its technical status and related financial exposure. The company is managed by business, technical and financial professionals with significant experience in aviation asset management.

The analytics in this document are not intended to represent a technical evaluation of any Aircraft. Further, the reader, or any party using information contained in this Report, should recognize that this Report is limited in scope, and that discrepant conditions may exist in any one or more analyzed aircraft that were not known by Asset Insight, LLC.

The Asset Insight Index and its ATC Score, ATFC Score, and ATFE Value components are based upon the aircraft maintenance condition information reviewed by Asset Insight, LLC as of a certain date. Running any analytics on any aircraft utilizing a different date, revised maintenance data and/or utilization figures will likely generate different results.

Asset Insight, LLC makes no representation concerning the value or condition of any aircraft. Additionally, Asset Insight, LLC does not warrant the accuracy of the information obtained by Asset Insight, LLC that has been used to produce this Report.

Copyright Notice

The information contained in this document may be copied for use in presentations, proposals, or other business matters, provided that no money is exchanged and the cover sheet for any such use contains the following notice in readable, bold type:

“The attached material is the proprietary information of Asset Insight, LLC”

Additionally, readers shall have the right to use the data contained in this document, provided that any such use references Asset Insight, LLC, and that Asset Insight, LLC is identified as the source of the data and the Asset Insight, LLC website www.assetinsight.com is displayed.

Asset Insight, LLC
P.O. Box 27740, Las Vegas, NV 89126
Telephone: (888) 814-8258 | www.assetinsight.com