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New and Pre-owned Gulfstream Markets Transition into 2019

2018 was a success for the pre-owned business aviation industry in North America. Aircraft values stabilized, transactions increased, and relative supply decreased. In some cases, pre-owned values increased by as much as 15% for late model, low time aircraft. The manufacturers managed to decrease backlogs and balance inventories for a better delivery mix.

Market sentiment in developed economies certainly changed in 2018. Following several years of lackluster demand and false starts, 2018 started and finished with strong and consistent demand across all sectors. In the U.S., 100% bonus depreciation compelled many hesitant buyers to engage the market. Pent-up demand along with improving U.S. economic conditions created demand unseen since 2006-2007.

In Q4 2018, would-be buyers were frustrated with the lack of pre-owned inventory. Suddenly, volatility in U.S. equity markets is making some buyers reluctant to pull the trigger on an aircraft purchase which means less competition and a potential for inventories to grow again.

As new G500's enter service, we're hopeful the upgrade cycle will introduce pre-owned G450 and G550 inventory in the 6- to 10-year-old age range. The new supply will help, but not entirely satisfy strong demand for very new pre-owned aircraft less than 5 years old.

Gulfstream's most notable achievement in 2018 was officially delivering the G500. The manufacturer delivered eight G500's in the fourth quarter including two to the launch customer, Qatar Airways. Despite a limited supply of nacelles following Nordam's surprise bankruptcy, Gulfstream managed to meet customer deliveries and avert a PR maelstrom by acquiring the nacelle program. As with all clean sheet design aircraft, there are sure to be a series of growing pains with the G500. Experience from initial G500 operators will be the proving-ground for the success of the G500's future.

Next, Gulfstream will shift attention to certifying and delivering the G600 which was anticipated in Q4 2018. Although the G500 and G600 share similar components, Gulfstream seems to be struggling with certification of the larger aircraft. Continued delays could heavily impact the anticipated delivery schedule for Gulfstream in 2019.

Gulfstream and Bombardier will go head to head in 2019 on competing aircraft pairs such as the Global 6500 & 5500 and G500 & G600 as the two newest models to enter service. The first Global 7500 entered service in December 2019 and will serve as the corporate demonstrator. More aircraft are expected to enter service in Q1 2019. Although it's been 6 years since the G650 entered service, Bombardier has a great product to compete in the ultra-long-range segment and they need to get this aircraft to the market to establish a reliability record to generate more sales and a larger market share.

Once again, Gulfstream is first to market with the G500 & G600, but Bombardier is close behind and closing with expected certification of the Global 5500 & 6500 by the end of 2019.

In the super mid-size segment of the market, Gulfstream's G280 has strong competition with the Challenger 350, as always, but the entry of the Embraer Praetor 500 & 600, along with the Citation Longitude, could dilute market share. Meanwhile, the pre-owned G280 market is healthy with resale values remaining relatively strong.

We can expect a choppy pre-owned business jet market in 2019 due to political uncertainty and Equity Market volatility. Demand for aircraft less than 5 years old will remain strong, but older aircraft will continue to decline in value, although at a slower pace than in 2017.



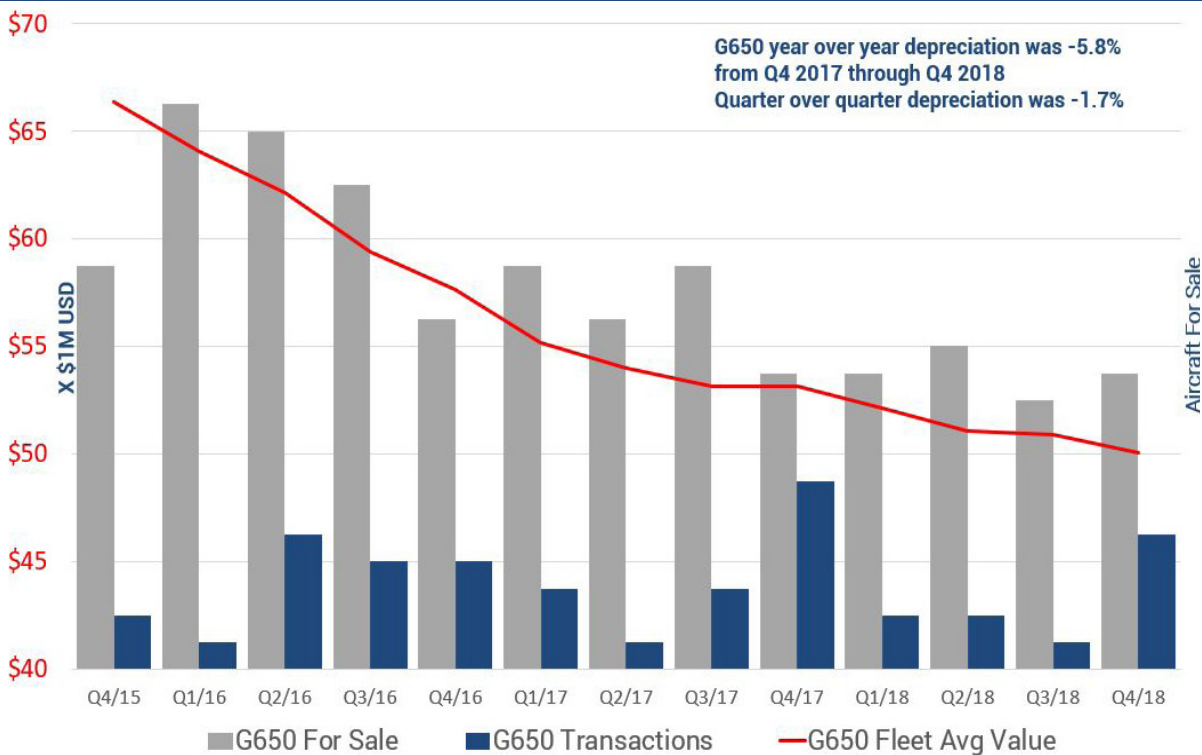
Gulfstream G650

Current Supply of G650/ER's in the market: **11**

In production 342	Available For Sale 24 MO High 15 - Q3 2017	Advertised Price Reductions 3	Current G650 Avg. Ask Price \$53.45M USD
Deals Pending 1	Available For Sale 24 MO Low 10 - Q3 2018	Average Price Reduction -3.05%	% Available w/Fwd Galley 91%
Net For Sale 10	Q4 2018 Transactions 5	Current G650 Ask Price Range \$44.9M - \$66M USD(Incl. ER)	% Equipped w/Crew Rest 91%
% Of Fleet For Sale 3.2%	Transaction Same Period 2017 7	Avg. YTD Sales Price \$56.5M USD	Average Days On Market 182

Gulfstream G650 Value/Transaction History

As of January 3, 2019



G650 Market Summary

There are 11 G650/ER aircraft on the market with 1 deal pending. Among the 10 aircraft still for sale, 3 have the ER upgrade. The total 11 aircraft represent 3.1% of the entire fleet of 341 aircraft built between 2013 and today. The industry average is much higher with an average of 9%. Supply fluctuated mildly in 2018 with only 10-12 aircraft for sale at any given time.

Transactions were up in Q4 2018 with 5 sales, which accounted for half of all pre-owned G650 transactions in the year. Q3 transactions averaged \$53.45M, which was up from the previous quarter of \$51M.

Prices were mostly stable in the fourth quarter, although average G650 values dropped around 6% in 2018 which is in line with a normal depreciation scale.

The average days on market fluctuated in 2018 from a high of 278 days to a low of 115 in Q3 and has since gone back up to 185 days.

Ask Prices for G650/ER remained mostly flat in 2018. Current Ask Prices range between \$44.9M and \$66M, compared with Q1 2018 when prices spanned between \$47.5M and \$66.95M.

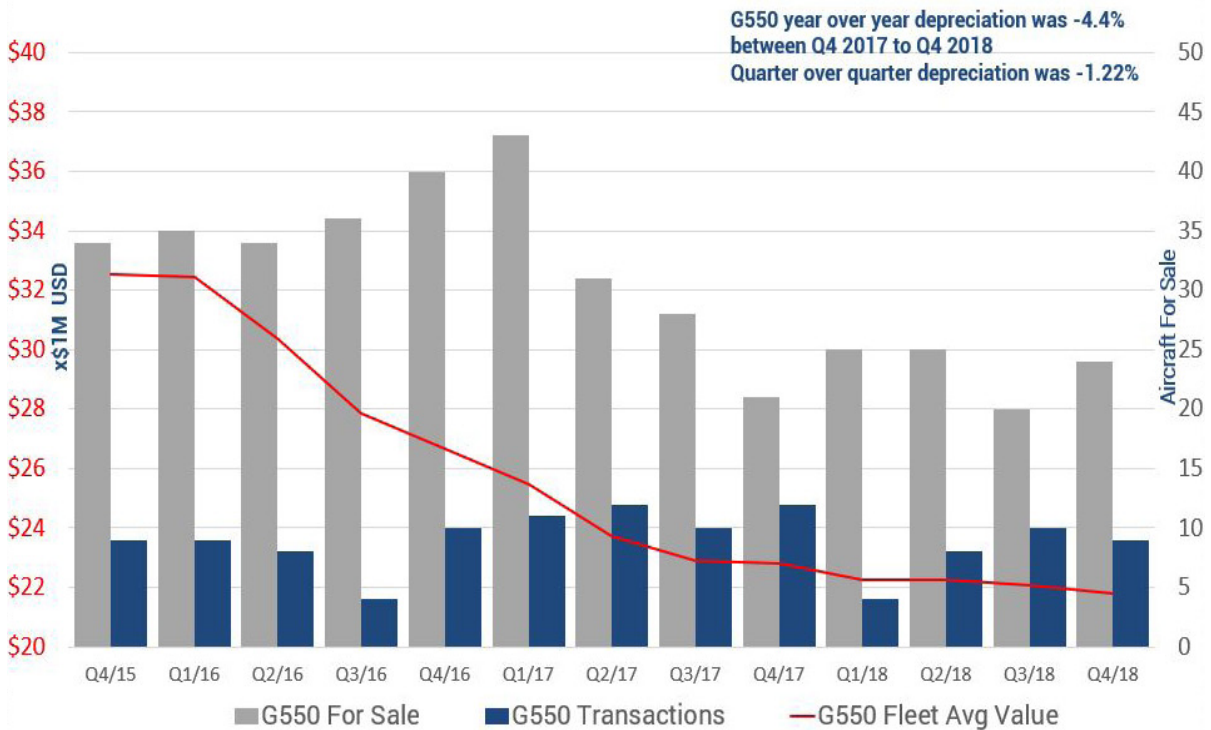


Gulfstream G550

Current Supply of G550's in the market: **24**

In production 576	Available For Sale 24 MO High 43 - Q1 2017	Advertised Price Reductions 9	Avg Sale Price Q4 2018 \$23.6M USD
Deals Pending 5	Available For Sale 24 MO Low 20 - Q3 2018	Avg Price Reduction -4.86%	Q4 2018 Sale Price Range \$20.5M - \$28M USD
Net For Sale 19	Transactions Q4 2018 9	Current G550 Ask Price Range \$19M - \$33.75M USD	Average Days On Market 186
% Of Fleet For Sale 4.1%	Transactions Same period 2017 12	Current G550 Avg. Ask Price \$24.15M USD	% Equipped w/Crew Rest 80%

Gulfstream G550 Value/Transaction History As of January 3, 2019



G550 Market Summary

There are 24 pre-owned G550s and 1 G500 on the market with 5 deals pending. The current supply of 19 aircraft represent only 4.1% of the entire fleet of approximately 576 aircraft built between 2003 and today. Supply has remained fairly stable over the last year with 20-25 aircraft for sale at any given time. However, with a low percentage of the fleet for sale, there are few options for buyers in any segment of the G550 market.

With less than 5 aft galley G550's on the market, it would appear there would be sufficient forward galley options. However, the bulk of aircraft with desirable configurations are found mostly in Asia. The most common demand from buyers has been a forward galley configuration with a crew rest area. 12 aircraft for sale meet this criteria. Ironically, 4 of the 9 transactions in Q4 were Aft Galley configurations which is higher than we've seen in recent years.

Transaction levels were consistent in 2018 with 8-10 G550's selling for the last 3 quarters of 2018. With 5 deals pending, we expect 10 pre-owned G550's to sell in Q1 2019.

Sale prices in Q4 2018 ranged between \$20.5M and \$28M for models built between 2008 and 2011.



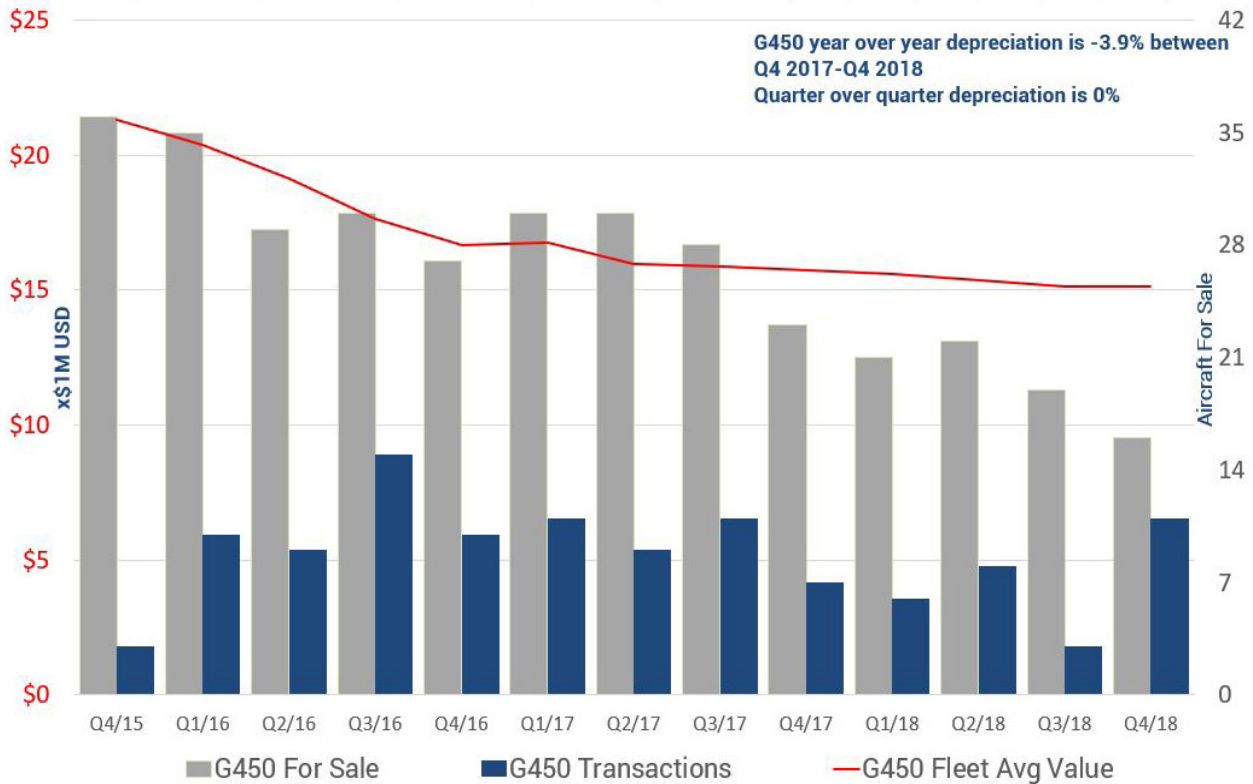
Gulfstream G450

Current Supply of G450's in the market: **16**

In production 354	Available For Sale 24 MO High 30 - Q2 2017	Advertised Price Reductions 2	Avg Sale Price Q4 2018 \$12.5M US
Deals Pending 1	Available For Sale 24 MO Low 16 - Q4 2018	Avg Price Reduction 10.1%	Q4 2018 Sale Price Range \$10M - \$13M USD
Net For Sale 15	Transactions Q4 2018 11	Current G450 Ask Price Range \$8.9M - \$23M USD	Average Days On Market 280
% Of Fleet For Sale 3.9%	Transactions Same period 2017 7	Current G450 Avg. Ask Price \$16.4M USD	% on Engine Programs 70%

Gulfstream G450 Value/Transaction History

As of January 3, 2019



G450 Market Summary

G450 sale activity picked up sharply in Q4 2018 with 11 transactions. Current supply represents less than 4% of the fleet of 354 aircraft built between 2004 and 2018. Supply has remained fairly stable over the last year with approximately 20 aircraft for sale. We are currently in a 24 month low of inventory, but buyers are wary that deliveries of new G500's could add supply to the pre-owned G450 market in 2019, which could depress values.

Q4 sale prices ranged from \$10M to \$13M, and average sale price was \$12.5M. Buyers are actively looking for G450's in the \$10M and below range, and finding few options to choose from.

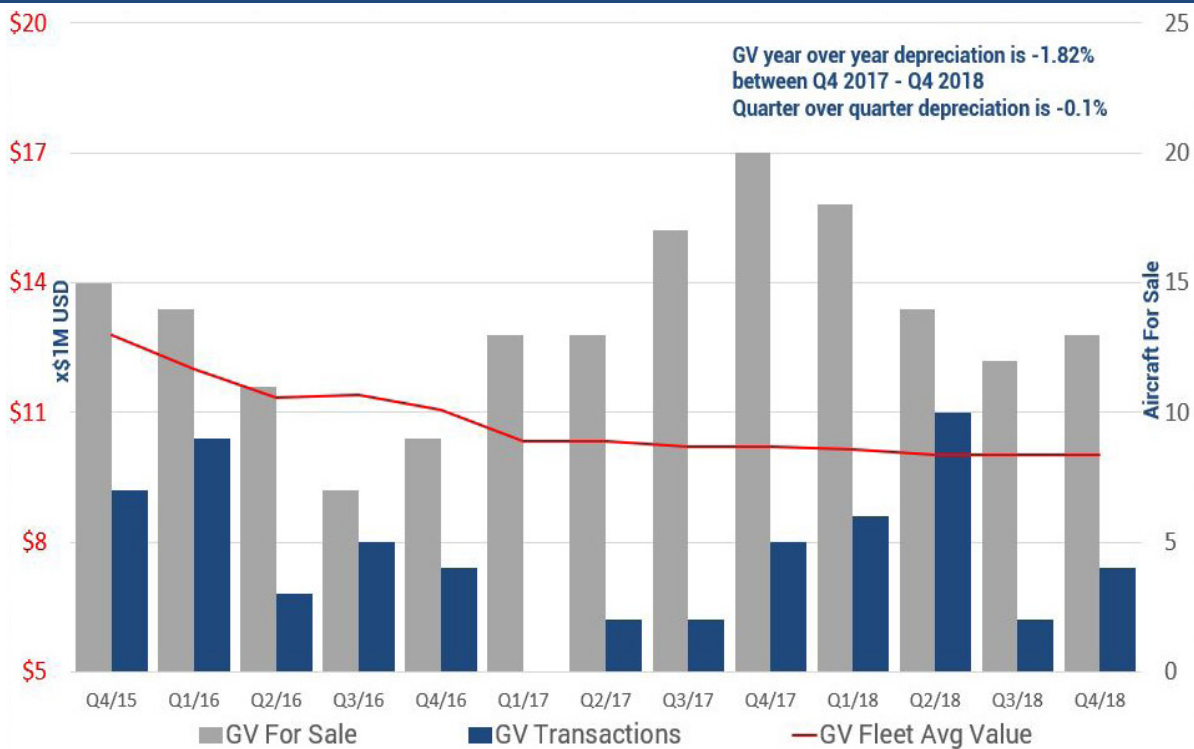
Average days on market for the G450 have remained stable around 260 days. We expect this number to increase slightly in the coming months, as nearly half of the current inventory is based outside the US where demand is softer.



In Service 191	Available For Sale 24 MO High 20 - Q4 2017	Advertised Price Reductions 2-/-1+	Avg Sale Price Q4 2018 \$10.75M USD
Deals Pending 1	Available For Sale 24 MO Low 12 - Q3 2018	Avg Price Reduction 4%-/5%+	GV Average Days on Market 294
Net For Sale 12	Transactions Q4 2018 4	Current GV Ask Price Range \$5.99M - \$12.25M USD	% with Fwd Galley 57.1%
% Of Fleet For Sale 6.8%	Transactions Same period 2017 5	Current GV Avg. Ask Price \$9.12M USD	% with Engine Program 84%

Gulfstream GV Value/Transaction History

As of January 3, 2019



GV Market Summary

There are 13 GV's advertised on the market representing 6.8% of the entire fleet of 191 aircraft built between 1995 and 2002. This is much lower than the industry average of 9% but considerably higher than the G450 or G550.

The reason the GV market has been so active is the lack of older G550's for sale in the sub \$20M range, and for only a few million dollars more than a IV-SP of similar vintage, the GV offers a ton of value. Supply of aircraft continues to decline.

Ask prices currently range between \$5.99M for a high time 1997 model on an engine program to \$12.25M for a 2003 model with Rolls-Royce Corporate Care, no damage history and exceptionally clean records. The sweet spot for the GV market appears to be in the \$10-12M range for aircraft on engine programs with Plane Deck or at least the FANS/CPDLC and ADS-B Out requirements, which can be very costly.

The average GV Book value remained flat again this past quarter, as it generally has since Q1 2017. The GV market over the past 6 months has shown only a slight decline of 3% in Average Asking Price, but a significant decrease of 35% in the number of aircraft for sale. While prices have stabilized on the GV's dwindling inventory, we have seen an increase in the time it takes to sell an aircraft. Since the start of 2018, the GV market has increased from 200 days to 294 average days on market.

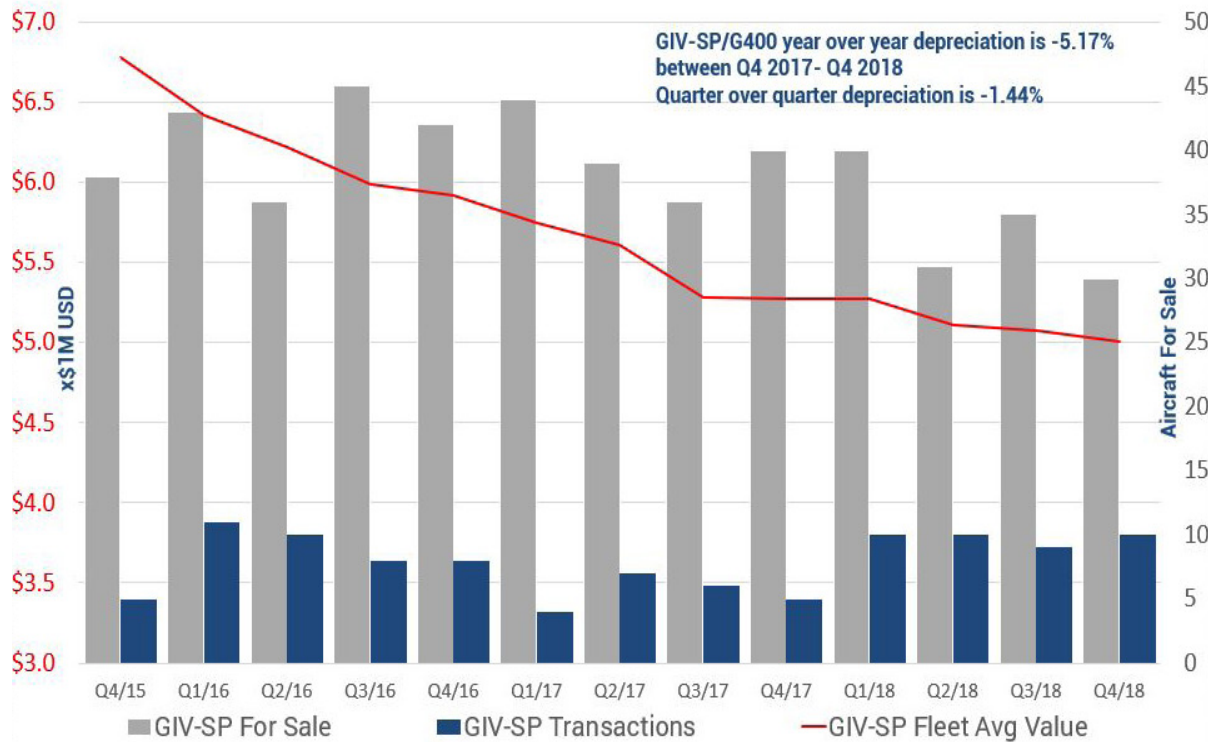


Gulfstream IV-SP

Current Supply of GIV-SP's in the market: **30**

In production 338 Incl. G300/G400	Available For Sale 24 MO High 44 - Q1 2017	Advertised Price Changes 12-/1+	Avg Sale Price Q4 2018 \$3.5M USD
Deals Pending 1	Available For Sale 24 MO Low 31 - Q2 2018	Average Price Reduction 8.4%-/ 4%+	Q4 2018 Sale Price Range \$2M - \$5M USD
Net For Sale 29	Transactions Q4 2018 10	Current GIV-SP Ask Price Range \$1.99M - \$6.95M USD	Average Days On Market 384
% Of Fleet For Sale 10.6%	Transactions Q4 2017 5	Current GIV-SP Avg. Ask Price \$4.47M USD	% Enrolled on Engine Program 43%

Gulfstream GIV-SP Value/Transaction History As of January 3, 2019



GIV-SP Market Summary

There are 30 pre-owned GIV-SP, G400 and G300 aircraft listed on the market with 1 deal pending. The remaining 29 listings represent 8% of the overall fleet of 338 airplanes. 3 aircraft are currently advertised as 'lease only'.

The current supply of 30 aircraft is the lowest number seen since Q3 2015 when 25 G-IVSP's were available for sale. Inventory levels since then have travelled up and down, cresting at a high of 45 in Q3 2016. 2018 transactions remain steady at or around 10 per quarter. Values have shown minor decreases since Q3 2017, in contrast to the sharp dip in the two years prior.

Published ask prices currently range from \$1.99M for a 14,685 hour 1993 model on engine and APU programs to \$6.95M for a 2003 model with 3,800 hrs and recent avionics upgrades including ADS-B Out and FMS 6.1.

Q4 YOY depreciation was 5.17%, while QOQ depreciation dropped 1.44%.



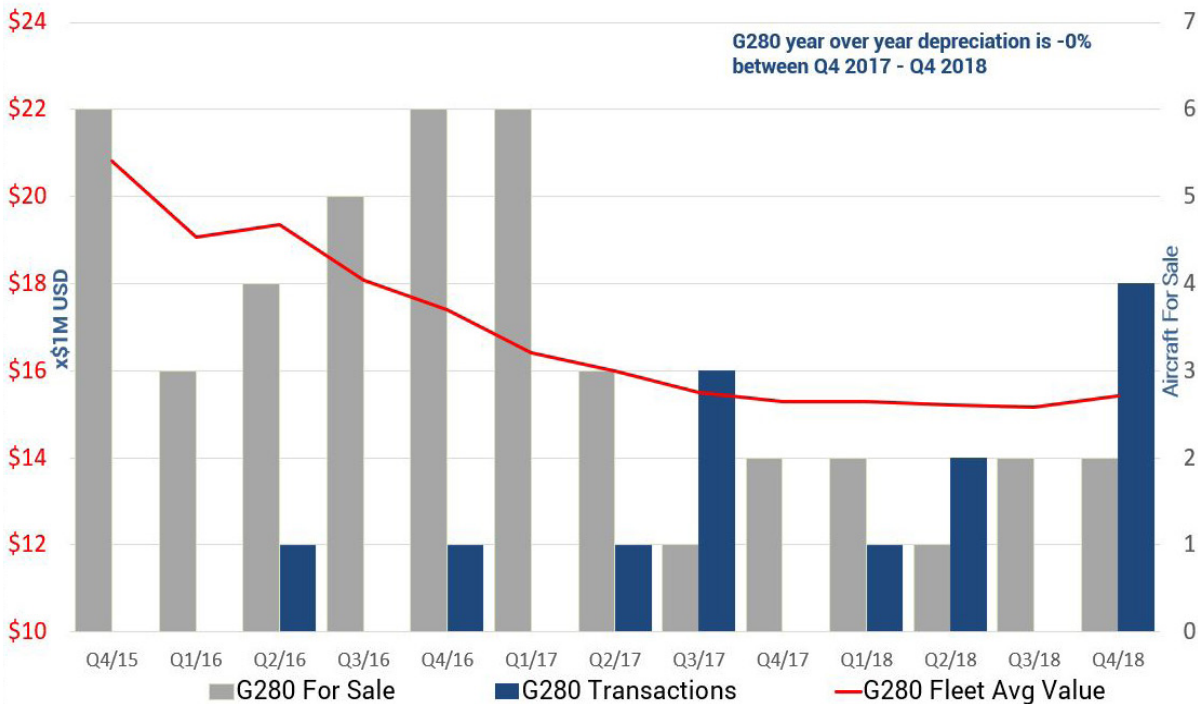
Gulfstream G280

Current Supply of G280's in the market: **2**

In production 154	Available For Sale 24 MO High 6 - Q1 2017	Number of Price Reductions 1	N-Registered on Market 2/2
Deals Pending 0	Available For Sale 24 MO Low 1 - Q2 2018	Average Price Reduction -4.2%	#Enrolled on Engine Program 2/2
Net For Sale 2	Transactions YTD 7	Current G280 Ask Price Range \$16.75M - \$16.9M USD	# Based in US 2/2
% Of Fleet For Sale 1.2%	Transactions Same period 2017 5	Current G280 Avg. Ask Price \$16.82M USD	Average Days On Market 46

Gulfstream G280 Value/Transaction History

As of January 3, 2019



G280 Market Summary

Availability for pre-owned G280s remains extremely limited, with only two currently available. When an airplane does become available, it typically sells within 46 days, half of the average time of 91 days we saw 9 months ago.

Inventory levels remain low at 1 to 2 aircraft advertised for sale over the past 15 months. Q4 saw a total of 4 sales. This is the highest number of transactions seen since before 2014. It is a welcome sign coming after the dry spell when there were no transactions in the G280 market from Q1 2014 through Q1 2016. Due to the dwindling supply, these figures will likely decrease.

Current Ask Prices for the G280 range from \$16.75M for a 2015 model with engines and APU on MSP Gold to \$16.9M for an aircraft of the same model year but 10 serial numbers newer. Both aircraft are U.S.-based and registered, with roughly 1,000 hours each. Average Ask Price is \$16.82M.



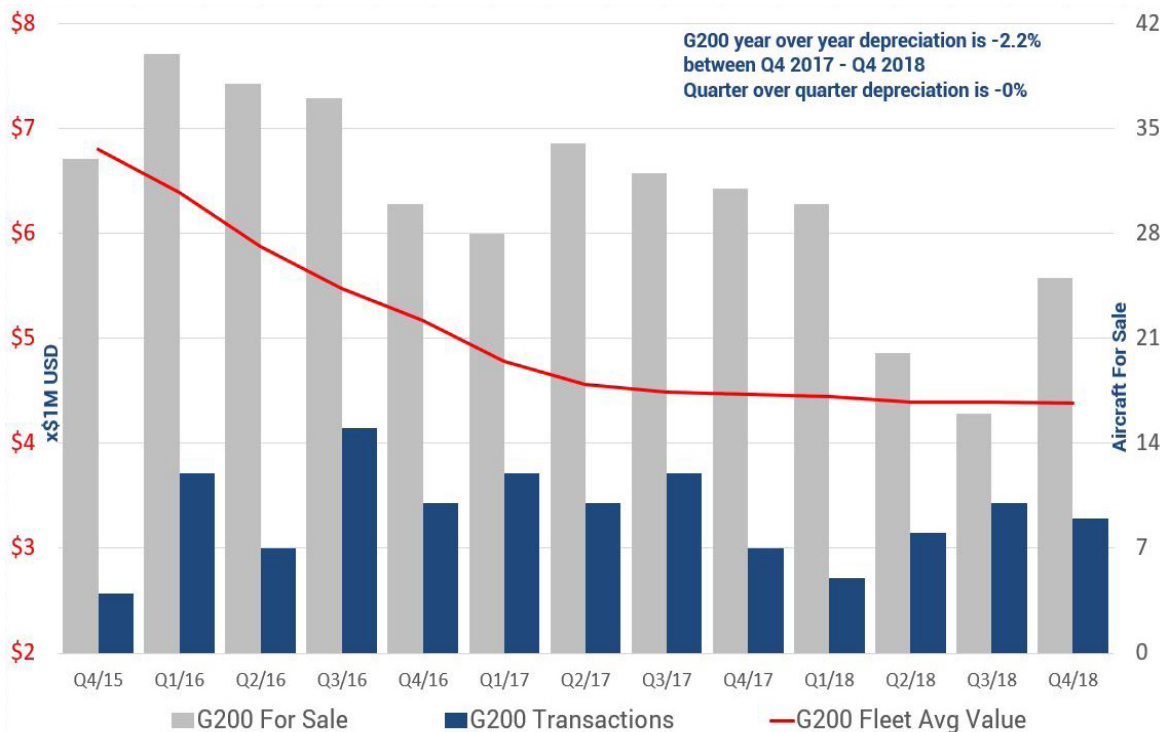
Gulfstream G200

Current Supply of G200's in the market: **25**

Active Fleet 244	Available For Sale 24 MO High 34 - Q2 2017	Number of Price Reductions 3	Avg Sale Price Q4 2018 \$5.22M USD
Deals Pending 4	Available For Sale 24 MO Low 16 - Q3 2018	Average Price Reduction -4.8%	For Sale w/Engine Program 100% (25 of 25)
Net For Sale 21	Transactions YTD 36	Current G200 Ask Price Range \$2.3M - \$6.49M USD	For Sale w/Hi Speed Data 44% (11 of 25)
% Of Fleet For Sale 8.6%	Transactions Same period 2017 42	Current G200 Avg. Ask Price \$4.5M USD	Average Days On Market 187

Gulfstream G200 Value/Transaction History

As of January 3, 2019



G200 Market Summary

There are 25 pre-owned G200's on the market with 4 deals pending. Net supply is 21 aircraft, representing 8.6% of the entire active fleet of 244.

Supply of G200's rose in Q4 2018 after steady declines over the previous two quarters. We saw approximately 17% less inventory in Q4 than 18 months prior. With increasing inventory, we should see an uptick in sales, but it may be gradual and with some up and down movement to the statistics.

The number of G200 transactions this quarter - 9 - is the second highest since the start of 2018.

G200 ask prices currently range from \$2.3M to \$6.49M, bringing the average to \$4.51M. We have not seen average values break the \$4.5M level since Q2 2017. QOQ depreciation remains flat at 0%, while YOY depreciation dropped 2.2%.



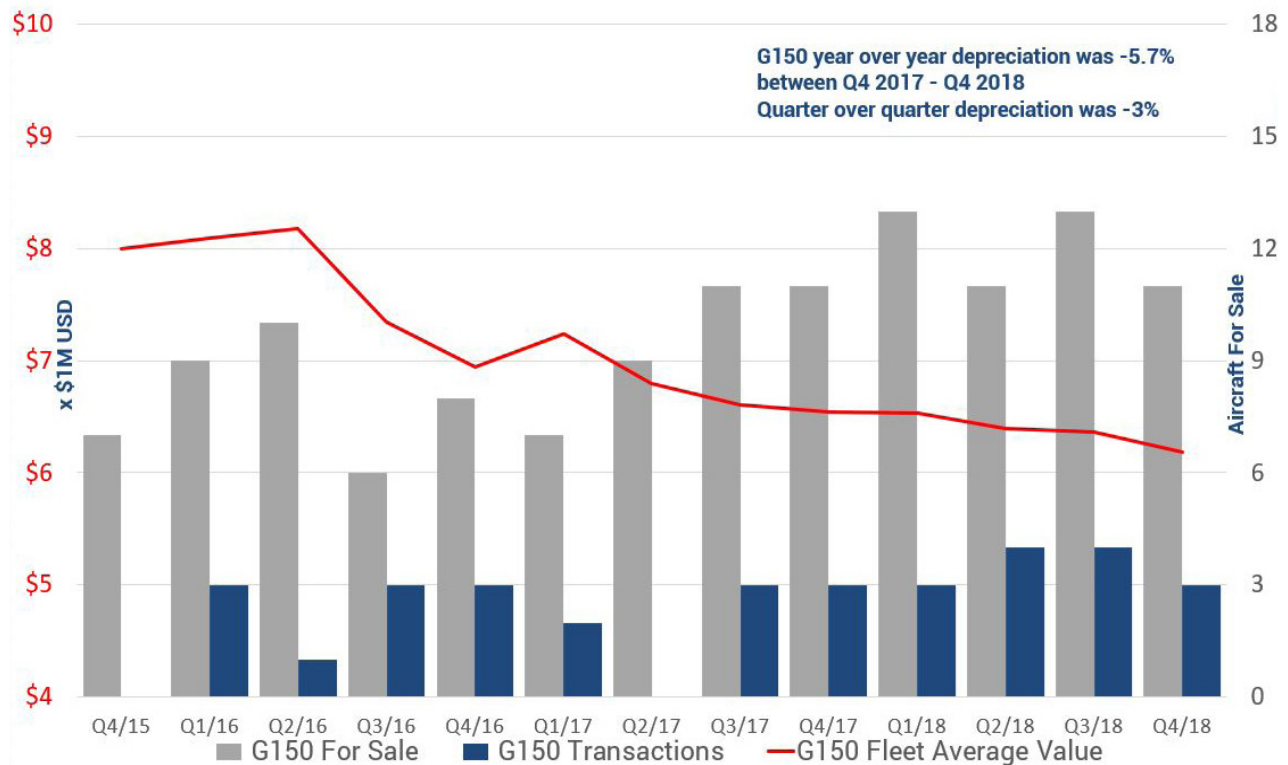
Gulfstream G150

Current Supply of G150s in the market: **11**

Active Fleet 125	Available For Sale 24 MO High 13 - Q3 2018	Number of Price Reductions 3	For Sale w/ High Speed Data 45% (5 of 11)
Deals Pending 1	Available For Sale 24 MO Low 7 in Q1 2017	Average Price Reduction -7.33%	For Sale w/ Engine Program 82% (9 of 11)
Net For Sale 10	Transactions YTD 14	Current Ask Price Range \$3.8M to \$5.8M USD	Average Days On Market 277
% Of Fleet For Sale 8%	Transactions Same Period 2017 8	Average Ask Price \$4.8M USD	For Sale w/ U.S. Registration 73% (8 of 11)

Gulfstream G150 Value/Transaction History

As of January 3, 2019



G150 Market Summary

There are currently 11 G150's advertised for sale with 1 deal pending.

Net supply is 10 airplanes for sale.

Ask prices currently range between \$3.8M for a 2008 aircraft with engines on MSP Gold and APU on MSP, and \$5.8M for a 2010 model with engines and APU on MSP based in Poland, for an average of \$4.8M.

Current inventory advertised is 11 aircraft. Levels have not dropped below this number since Q2 2017. Values have declined to the low-\$6M's after holding steady in the mid-\$6M's since Q3 2017. Q4 saw three G150 transactions, continuing the 3-4 average sales per quarter since Q3 2017.

YOY depreciation at -5.7%, and QOQ depreciation at -3%, mirror this slight decrease in the G150 market.

Sold



1999 Gulfstream GIV-SP
SN: 1370

Sold



2005 Lear 60SE
SN: 60-290

Sold



2001 Astra SPX
SN: 134

Acquired



2001 Gulfstream G150
SN: 270

Acquired



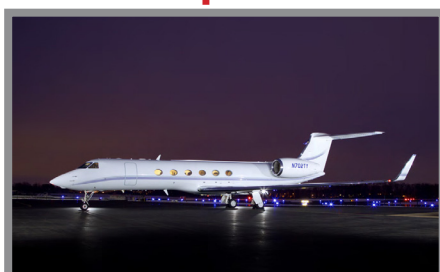
2008 Bombardier CL605
SN: 5708

Sold



2001 Falcon 2000
SN: 152

Acquired



2001 Gulfstream GV
SN: 621

Acquired



2004 Gulfstream G400
SN: 1522

Sold



2011 Gulfstream G500
SN: 5330

Sold



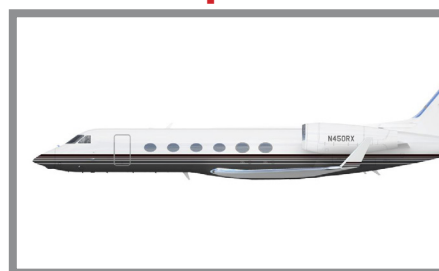
2007 Gulfstream G500
SN: 5158

Sold



1999 Gulfstream IV-SP
SN: 1376

Acquired



2011 Gulfstream G450
SN: 4218

Currently Available



1999 Gulfstream V
SN: 567



1999 Citation X
SN: 750-0082



1997 Airbus Helicopter
SN: AS355N



2009 Gulfstream G550
SN: 5238



Gulfstream G550
2012 or Newer

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