

## Global Jet Capital on why it's the right time to launch a large cabin business jet lessor

*Global Jet Capital, a new company providing leasing and lending solutions for large cabin, long range business jets, launched in the past month. We spoke exclusively to Claude Franco and Robert Gates who are both senior managing directors of Global Jet Capital about the new company's plans, their views on large cabin business jets as an asset class and the potential for Global Jet Capital.*

Global Jet Capital is backed by three investment firms - GSO Capital Partners, a Blackstone company in partnership with Franklin Square Capital Partners, The Carlyle Group and aviation sector specialist AE Industrial Partners with the financial capacity to fund more than \$2 billion in aircraft financing for individual, corporate and government use globally.

*Aviation Finance* spoke to Claude Franco and Robert Gates who are both senior managing directors at Global Jet Capital about the opportunities that exist in their segment of the aviation finance business.

### **Do you believe large-cabin business jets are the best asset class in the business jet sector at present?**

Yes. The world's top companies and ultra-high net worth individuals continue to drive strong demand for long-range, large-cabin aircraft. Order backlogs at the OEMs are longest in the large-cabin asset class, which puts upward pressure on resale values of pre-owned aircraft.

There are far more pre-owned aircraft for sale in the small-cabin aircraft class. While a smaller percentage of the total fleet is for sale, the larger number of aircraft and the protracted absorption rate means that buyers have many more choices, and as a result this is holding back the improvement in resale values in these classes. Based upon historic trends, large-cabin aircraft will continue to represent the best overall product sector on which Global Jet Capital should focus its attention.

### **How do business jet cycles differ from commercial aircraft?**

Business jet cycles, like commercial aviation, are driven by the economic condition of the buyers' domestic economies, as well as global economic conditions. However, the business aircraft market is more responsive to these economic conditions than commercial aviation as the lower production rates inherent in this sector are more easily adjusted. Additionally, business jets are used as an economic tool by owners/operators primarily focused on productivity; companies and high net worth individuals turn to business aircraft to fill their demanding transportation requirements. Thus, business aircraft cycles will always have a shorter duration than commercial aircraft.

### **Which markets offer most demand potential for your aircraft?**

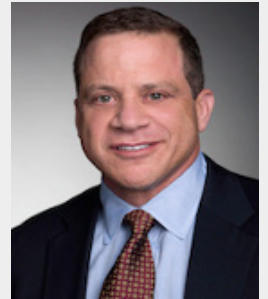
The markets outside of the U.S. presently offer the greatest opportunity for Global Jet Capital, but we are focused on all locations. Asia is seeing significant growth in demand for business aircraft. Eastern Europe and the Middle East are also proving to be active regions for us in the current market.

### **How do business jets perform at their mid to end of lives financially?**

Business aircraft consistently outperform commercial aircraft in resale value over the life of the asset. The lower annual usage of a business jet means that the maximum airframe life is rarely encountered, which ensures these assets have market value well into two, even three decades, of service. As the aircraft ages, the lower resale price makes it an attractive opportunity for another buyer based on a cost/benefit analysis. As an example, we still have 40-year-old aircraft operating today that have a higher resale value in absolute dollars than the original aircraft price, where most 40-year-old commercial aircraft have been retired.

### **Would GJC consider an IPO at a future date?**

We will consider our capital needs as we grow and decide what is best at that time.



Claude Franco



Robert Gates