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GROWING DEMAND FOR OPERATING LEASES FOR BUSINESS JETS

October 11, 2017, Boca Raton, FL. The coming year could see a significant increase in the number of business aircraft acquired on operating leases as clients take advantage of very attractive rates. A study among business aviation professionals commissioned by Global Jet Capital, a global leader in financial solutions for corporate aircraft, has revealed that almost half of those surveyed expect to see growing demand for operating leases in corporate aircraft transactions over the next twelve months¹.

The rates on operating leases are now so competitive that in research carried out for Global Jet Capital, 46% of business aviation professionals expect to see an increase in their use for private jet purchases over the next 12 months, with one in twelve (8%) expecting this increase to be “dramatic”. Only 13% think the percentage of transactions involving leases will fall over the same timeframe.

As well as low rates, falling prices on pre-owned corporate aircraft is also making operating leases more attractive as buyers look to offset this risk and not buy entirely with cash. 43% of those interviewed expect this issue to lead to a growing demand for operating leases when buying corporate aircraft.

Across the industry, one in six (17 per cent) of private aircraft transactions over the last twelve months have involved an operating lease. 13% of business aviation professionals said that over 30% of their aircraft transactions over the last twelve months involved an operating lease. Over 29% said all the sales or purchases they carried out in the last year were still entirely funded by cash but they expect more transactions to involve leases.

Dave Labrozzi, chief operating officer at Global Jet Capital, said: “This research supports the trend we are seeing in activity uptick. There is a growing appreciation and



understanding by clients of the benefits of an operating lease, especially as it relates to the potential risks associated with aircraft residual values. In markets where aircraft valuations are continuing to move, an operating lease is a way to guarantee certainty, while still accruing most of the advantages of full ownership.

“This is an area where lenders who are not traditional banks have an advantage. Specialist lenders such as ourselves are keen to have a partnership with a client throughout the life of the financing, rather than seeing our role end once the check has been signed. Our unique mix of industry and financial expertise allows us to support the client in managing their asset throughout their lease period, and beyond, to ensure they get the best value from their aircraft.”

In an operating lease the private aircraft (new or pre-owned) is purchased by a third-party financial institution (the lessor) and then leased to the operator (the lessee) for a stated term and rent. The lease is documented as a contract between lessor and lessee with both parties having certain obligations to each other, primarily regarding the operation and care of the aircraft. Title to the aircraft resides with the lessor, and the lessee enjoys the use of the aircraft as if it were their own.

Global Jet Capital is capitalized by three global investment firms – GSO Capital Partners, a Blackstone company in partnership with Franklin Square Capital Partners*; The Carlyle Group; and AE Industrial Partners. In January 2016, Global Jet Capital completed the purchase of GE’s corporate aircraft lease and loan book in the Americas.

Global Jet Capital currently has approximately \$2.5 billion in assets under management.

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Notes to editors

1 – Research conducted by Global Jet Capital and Corporate Jet Investor amongst a panel of 144 business aviation professionals between 21st and 26th September 2017.

Global Jet Capital

With approximately \$2.5 billion in assets under management, Global Jet Capital provides financing solutions for the private aircraft market. The company is capitalized by world-class



private investors with expertise in the global aviation industry: GSO Capital Partners, a Blackstone company, in partnership with FS Investments, The Carlyle Group and AE Industrial Partners. The Global Jet Capital management team has served the private aircraft industry for a combined 200-plus years and has completed over 3,500 aircraft transactions. The company has the expertise, financial strength, industry relationships and infrastructure necessary to offer a variety of flexible financing solutions at the speed the market requires.

www.globaljetcapital.com

GSO Capital Partners and FS Investments

GSO Capital Partners, with approximately \$89 billion in assets under management, is the credit platform of The Blackstone Group, a leading global institutional alternative asset manager, with assets under management of over \$360 billion*. FS Investments, formerly Franklin Square Capital Partners, is a leading asset manager that designs alternative investments, including six funds sub-advised by GSO or its affiliates representing over \$18 billion in assets under management as of June 30, 2016. www.blackstone.com/gso

* As of September 30, 2016

The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$176 billion of assets under management across 128 funds and 170 fund of funds vehicles as of June 30, 2016. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,650 people in 35 offices across six continents.

www.carlyle.com

AE Industrial Partners

AE Industrial Partners is a private equity investment company founded in 1998, by David Rowe and his late father, aviation pioneer Brian Rowe, to make direct investments in aerospace, power generation and specialty industrial companies. Today AE Industrial is led by 11 partners with each having an average of over 30 years of relevant operating and direct investment experience. AE Industrial is focused on investing in precision component manufacturing, distribution, MRO (maintenance, repair and overhaul) and industrial service-based businesses that are strategically important to their market places. AE Industrial has invested in over 30 companies including: Aviall, Dynamic Precision Group, Grand Prairie Accessory Services,



Moeller Aerospace, Landmark Aviation, Kellstrom Materials and Belcan Corporation.
www.aeroequity.com