

STRAIGHT TALK ABOUT NAVIGATING A PRIVATE JET ACQUISITION OR SALE

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*Founded in 1956
as an aircraft
brokerage
organization.*



EDITOR'S NOTE

The purchase or sale of a business aircraft can be a complex undertaking requiring expertise to ensure a maximum return on investment. When purchasing an aircraft, you'll need to analyze many factors to determine which make and model is best suited for your budget and mission. Purchasers and sellers alike need a clear picture of model-specific market variables. This involves extensive research of on- and off-market options, the technical and ownership history of available aircraft, and many other variables impacting the value proposition of each serial number under consideration. Once an agreement is struck, you'll need to manage the complexities of the pre-purchase evaluation, validate and resolve technical discrepancies, and handle the legal, tax and closing logistics of the transaction. Throughout the process, you must expertly deal with the myriad of one-offs, hurdles and challenges unique to every transaction. Having someone you trust to represent your interests and mitigate risks is a must.

Duncan Aviation was founded as an aircraft brokerage organization and has been helping clients with the sale and acquisition of business jet and turboprop aircraft assets since 1956. The Aircraft Sales & Acquisitions Team compiled some of their expertise to prepare this Straight Talk book, which explores important considerations when navigating the pre-owned aircraft marketplace.

Duncan Aviation Aircraft Sales & Acquisitions Team

BUYING OR SELLING A BUSINESS AIRCRAFT

Airplanes are complex machines.

The unique nature of aircraft as long-range mobile assets, the FAA and IRS regulations that govern their safe use and operation, the global marketplace within which they operate, and the tremendous business and lifestyle benefits they offer present inherent and multifaceted complexities to their ownership and/or transfer of ownership. The list below details a few aspects of an aircraft asset that are analyzed to varying degrees in every business jet transaction:



- Airframe, Engine, Landing Gear Maintenance Status and Schedules
- Avionics Mandates and Obsolescence
- Logbooks and Technical History
- Life-Limited Parts, Airworthiness Directives and Service Bulletins
- Paint/Interior Condition
- Registration and STC Compliance (FAA, EASA, etc.)
- Pedigree
- Market Value
- Accounting/Legal/Tax Considerations
- Ownership Entity/Operating Structure
- Management Companies
- Flight Crews/Flight Department Staffing
- Operating Requirements/Costs/Budgets

Beyond the physical appearance of every business aircraft is an ensemble of industry participants specializing in the individual complexities of the asset and when that asset changes ownership, whether it be through the lens of an acquisition or a sale, a professional aircraft sales representative acts as the conductor, orchestrating each facet of complexity into a harmonious transaction.

It's not always what you know, it's who you know.

Leading aircraft acquisition and sales organizations are typically well-known in the industry. They have sales executives who facilitate and nurture relationships, and build extensive networks of aircraft owners, operators, tax, accounting, and legal advisors, and other brokers. Each company's network is carefully crafted with the goal of connecting buyers and sellers and gaining access to off-market aircraft opportunities and "inside" information that is not readily available or easily accessible to the public.



In any high-value transaction, immediate access to high-quality intelligence is key to optimizing returns and achieving a successful result. While keeping privacy paramount, transactional integrity and transparency are vital and capitalizing on expertise and connections helps with turning real-time data into actionable intelligence.

The details are in the data.

The preowned business jet market is fueled by data and there are scores of market intelligence resources dedicated to tracking, analyzing, and helping buyers and sellers to make informed decisions based on the ever-changing market conditions. Extensive resources are needed to examine and collate the massive amounts of available data and more importantly, translate that data into a simple story that effectively guides decision-making.

An entire subset of Market Researchers exists in the preowned business jet sector. A wide-reaching global network of analysts work strategically (often with each other) to acquire information and navigate the various market intelligence tools to efficiently and effectively support teams of sales executives and their clientele. They provide market overviews and “deep dive” analysis on individual market segments with the sole purpose of identifying key factors influencing trends and values. Depending on the sales organization they are affiliated with, Market Researchers may also have access to proprietary operational cost trends and maintenance projections based off actual historical data. This provides the added value of compiling statistics that paint a clear picture not only of the value of a business jet at a certain point in time, but also the true cost of aircraft ownership and operation over an extended period of time.

Understanding your unique preferences and objectives in the marketplace helps to ensure your goals are met. Knowing where the market has



been and the direction it is headed is key to transacting the best aircraft at the optimal price point. It should be a priority to spot and understand trends that have the potential to impact on a particular market segment. Thorough Market Research saves time, ensures focused consideration, informed decision-making, and maximized returns.

Take the COVID pandemic, for example. Many first-time buyers purchased an aircraft as an answer to the societal chaos and travel challenges that the pandemic created, not fully understanding that the purchase price of a private jet can be the least costly and least complex aspect of aircraft ownership. The reality of operational and maintenance costs and requirements of aircraft ownership quickly forced several new owners to sell aircraft that had been purchased at the peak of the market (because of low supply and high demand in the marketplace). An expert transaction consultant harnesses multilevel market research with ownership and operating cost datapoints to provide realistic budget projections to prepare you for your future as an aircraft owner. The benefits of aircraft ownership can change your life and your business opportunities, provided your team of advisors helps you to select an aircraft that will fit your mission requirements AND your budget over your projected ownership lifecycle.

The proof is in the purchase agreement.

The cost of hiring a professional aircraft transaction specialist is typically outweighed by the savings they generate by helping you make strategic decisions and manage risk. Their negotiation skills, industry relationships, insights, and ability to identify optimal choices based on actionable data and experience can lead to monetary advantage, time-saving efficiencies, stress avoidance, and consensus between buyer and seller.

Every transaction is unique to the point where value can be perceived and assigned in several different ways; depending on the priorities of either buyer or seller. The proof of a thoroughly canvassed aircraft value can be evidenced by the purchase agreement. A professional sales representative cannot provide legal advice. But they can be a resource to a legal team (should you choose to engage one) to add context or professional opinion for points of negotiation in the purchase agreement.

Imagine an aircraft is being offered for sale at price point X, but upon completion of a thorough logbook review and spec analysis, the current price point does not take into consideration an impending major maintenance event with significant downtime. Or perhaps the pre-purchase evaluation identified costly discrepancies, obsolete avionics, or the need to comply with future avionics mandates for the aircraft to operate without restrictions. What value do you give to these factors and how is that negotiated in the purchase agreement to get to price point Y? What costs will the seller take on, and what costs will the buyer accept?

If the purchaser agrees to accept the aircraft following the pre-purchase evaluation, correction of identified discrepancies and return to service of the aircraft, the next phase of the transaction proceeds. As the parties prepare to close, additional factors must be addressed with a high level of attention to detail. What are the ramifications of having to move the aircraft to a flyaway state or a tax-friendly state? Does the buyer want to perform any follow-on work to the aircraft? Where and when can the desired work be accomplished? If any work has been deferred with a hold-back in escrow, how will the holdback be released following conclusion of necessary repairs?

An expert sales representative assists with identifying and navigating these points of negotiation in the best interest of their client, which can result in savings or cost benefits that well exceed the price of their fee.

WE'RE READY TO HELP

When your strategic goals involve the acquisition or disposition of an aircraft, Duncan Aviation's dedicated Aircraft Sales & Acquisitions team can help you streamline the process, manage risk, and maximize your return on investment.

Our team provides comprehensive consulting services, including:

- In-depth analysis of aircraft market trends
- Fleet planning, mission profile and performance analysis
- Review of aircraft cabin configuration and passenger amenities
- Operation cost analysis and maintenance budget projections including proprietary intelligence
- Transaction structure and review of transaction agreements
- Referrals for leading aviation specific experts
 - > Legal and regulatory advice
 - > Aircraft financing and leasing
 - > Insurance considerations
 - > Tax structure and risk management
 - > Aircraft registration and ownership structure
- Import/Export/Compliance/KYC Requirements
- Management of pre-purchase evaluation
 - > Scope: Limited or Extensive
 - > Consultation with airframe/engine/avionics technical experts
 - > Scheduling of workscope
 - > Review of aircraft records including Airworthiness Directives and Service Bulletins
 - > Confirmation of aircraft specifications
 - > Review of maintenance status reports and analysis of upcoming maintenance due
 - > Analysis of discrepancies identified during evaluation
 - > Coordination of test flight/ acceptance flight
- Organization of closing
 - > Ferry to closing location
 - > Organization of closing parties and details
- Post-closing customization of aircraft (custom tail number, paint scheme, interior/equipment updates)
- Pre-market evaluation of aircraft in preparation for listing aircraft for sale
- Support of award-winning marketing team to develop project specific marketing materials and maximize message reach
- Access to extensive global network of resources to locate off-market aircraft opportunities or key market intelligence



WHY CHOOSE THE DUNCAN AVIATION TEAM?

Duncan Aviation has completed more than 3,500 aircraft sales/acquisition transactions. Our network of more than 3,000 aviation experts provides a wide range of services for more than 9,000 business aircraft every year. In the last 36 months, Duncan Aviation has conducted business with 92% of the Fortune 100 companies that own business aircraft, along with countless small and medium-sized flight departments and individual aircraft owners. Each client is unique, and we take pride in tailoring our services to meet their specific needs. In 2023 alone, enterprise wide, our teams helped support clients and aircraft based in 86 countries/territories.

Our team has comprehensive resources at our fingertips, and we stand ready to address even the most complex challenge. In addition to decades of experience transacting aircraft, Duncan Aviation's Maintenance, Repair and Overhaul (MRO) support network provides our clientele with the unique competitive advantage of direct access to technical and operational support resources. Our complete service offerings extend across airframe, engine/APU, avionics, accessories, interior, paint, engineering, components, parts, and flight operations at our full-service facilities. Additional support is offered through our Satellite and Rapid Response Team network. Our team of domestic and international transaction experts benefits from proprietary data, which provides supporting data and analytics about aircraft operation and ownership costs, meticulously collected and curated by our expert market research team and backed by nearly 70 years of hands-on experience.

As an IADA Accredited Dealer and founding member, we have a reputation for honesty and transparency. We adhere to the highest

ethical standards in our dealings and are committed to providing a superior level of service, knowledge, and value to our customers.

If you have any questions about preowned business jet or turboprop markets, would like to discuss a potential transaction, or wish to learn more about the services we offer, call us and ask for Aircraft Sales & Acquisitions at +1 402.475.2611. You can also visit us at [DuncanAviation.aero/AircraftSales](https://www.DuncanAviation.aero/AircraftSales) or email us at AircraftSales@DuncanAviation.com.



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