

Avolon explores the relevance and importance of aircraft appraisers and valuers to the aviation industry

Changes are required within the appraiser community to keep pace with market activity

Dublin | February 18, 2016: Avolon, the international aircraft leasing company, today publishes a Discussion Paper, *Values and Valuers*, which explores the business of aircraft appraisal and valuation in the aviation industry. The Paper, which is the latest in a series of Discussion Papers published by Avolon, offers guidelines on what to look for when making the key appraiser selection and explores the role of appraisers from a broader industry perspective, identifying areas where change is required to meet the future needs of the industry.

Amongst the major conclusions reached in this Paper are:

- Automated on-line valuation products provide a cost-effective and speedy service for a range of applications, but their generic nature can mask significant value variances by excluding critical information
- A Desktop Appraisal will often provide a more detailed and accurate valuation than an on-line service and provides an opportunity for dialogue between appraiser and client which helps ensure that the resulting analysis is fit for purpose
- The wide range of value opinions provided by appraisers, even for the most liquid aircraft, requires their customers to be conversant with the different methodologies and assumptions that are offered
- In order to merit serious consideration as value providers, appraisers must conform to the ISTAT definitions and code of conduct for all of the relevant constituents of the range of appraisals and valuation services that they provide.
- Changes are required in the appraiser community to keep pace with current levels of market activity, and also to meet the standards of rigour, consistency and transparency that will be demanded by new investors seeking to enter the sector as aircraft complete the transition from alternative to mainstream investment class.
- Key areas of focus for appraisers going forward include: demonstrating track record of forecasting accuracy in a verifiable way, increased diligence related to current values, moving to cutting edge IP, becoming thought leaders in the industry, expanding ISTAT accreditation, and greater collaboration between customers and appraisers.

Dick Forsberg, Avolon's Head of Strategy commented:

"This paper represents the latest issue in our analysis of key issues impacting the aviation industry. Exploring the impact of industry trends, such as appraisals and valuation, is central to strategic decision making at Avolon. We have assessed one of the industry's most topical issues given the significant influence the appraiser community wields within the industry. We hope that the Paper will be helpful to financiers, investors and lessors when choosing an appraiser, provide insight into the future of the appraisal process and act as a catalyst for change."

The full Discussion Paper can be downloaded from the *Our Thoughts* section of the Avolon site at: <http://avolon.aero/our-thoughts/>

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About Avolon

Headquartered in Ireland, with offices in the United States, Dubai, Singapore, Hong Kong and Shanghai, Avolon provides aircraft leasing and lease management services. Avolon is a wholly-owned, indirect subsidiary of Bohai Leasing, a Chinese public company listed on the Shenzhen Stock Exchange. As of December 31, 2015, Avolon's owned, managed and committed fleet, together with the Hong Kong Aviation Capital fleet, comprised 418 aircraft with an average owned aircraft age of 3.2 years. Together, Avolon, Bohai Leasing and HNA Group is the world's fourth largest aircraft leasing business by asset value. See www.avolon.aero

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