



VREF Aircraft Value Reference & Appraisal Services
318 Half Day Road, Unit 313
Buffalo Grove, IL 60089

March 29, 2022

Attention: Mr. Mike Pinckney

AIRCRAFT DESKTOP APPRAISAL

As per your aircraft appraisal request, the undersigned has appraised **Bellanca Super Viking 17-30A, Serial Number 89-301001, and Registration Number N266BN**. The purpose of this aircraft appraisal report was to arrive at an opinion of the *Current Market Value* of **\$260,000 USD** of the **Bellanca Super Viking 17-30A** as of the effective date and in consideration of all data contained in our appraisal analysis.

This aircraft appraisal report should not intimate that there could not be any fluctuations of the values expressed in the future. The fee for this report is for our expressed opinion at the time of appraisal/inspection with no warranties or guarantees as to the outcome at any future date, if tested.

This study sets forth our findings and conclusions based upon an investigation of conditions affecting stated values and is subject to the Statement of Limiting Conditions and Definitions contained in this appraisal. Reviewing the Statement of Assumptions/Limiting Conditions and Terms & Definitions will assist in avoiding erroneous interpretation of this appraisal. Additionally, it is important to understand the Valuation Methodology. We have prepared this appraisal based on the information you or your representative provided. We do not warrant the accuracy of information provided to VREF Please review this document carefully to ensure that there are no omissions or misstatements of material data or information.

Data contained in this report is valid only on the date of the issuance of this report. VREF considers this appraisal null and void and expires 30 days after the date of this appraisal.

Thank you for the opportunity to be of service with this appraisal. If there are any questions regarding the method of appraisal or valuation concept, please do not hesitate to call upon me at any time.

Kenneth M. Dufour, **ASA, MAM, ATP, CFI**
Accredited Senior Appraiser
Machinery and Technical Specialties (Aircraft)
American Society of Appraisers
VRef Publishing CEO

Leo V. Heidemann, **ASA**
Accredited Senior Appraiser
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Jason Zilberbrand, **ASA, CAA, ISA AM, AOA AM, MRAeS**
VRef Publishing President
Accredited Senior Appraiser
Machinery and Technical Specialties (Aircraft)
American Society of Appraisers

Mike Pinckney/Bellanca Super Viking/Effective Date: March 29, 2022



**VREF Aircraft Value Reference & Appraisal Services
318 Half Day Road, Unit 313
Buffalo Grove, IL 60089**

USPAP COMPLIANT AIRCRAFT DESKTOP APPRAISAL REPORT *

BELLANCA SUPER VIKING 17-30A

**Serial Number: 89-301001
Registration Number: N266BN
1989 Certificate of Airworthiness**

PREPARED FOR

MIKE PINCKNEY

PREPARED BY

**VREF Aircraft Value Reference & Appraisal Services
318 Half Day Road, Unit 313
Buffalo Grove, IL 60089**

www.vrefonline.com

Effective Date: March 29, 2022



***Compliant Appraisal – Uniform Standards of Professional Appraisal Practice
(USPAP 2020-2022 Edition Effective until December 31, 2022)**



Effectivity Statement

The appraisal contained herein and the statement of values and limiting conditions are valid solely to the addressee only for a period of thirty (30) days following the date of this appraisal. After the expiration of thirty (30) days from the date hereof or should the aircraft be sold, transferred or otherwise disposed of to someone or some organization other than the addressee, this appraisal and the statement of value and limiting conditions set forth herein shall be null and void.

Proprietary Notice

This aircraft appraisal report is presented for the exclusive use of Mike Pinckney. It may be transmitted in any form to any other party without the prior written consent of VREF. Possession of this aircraft appraisal report or a copy thereof does not carry with it the right of publication. This aircraft appraisal report may be assigned to any third party and may be used for any purpose by any person(s) or entity other than Mike Pinckney as determined by the addressee.

Privacy Statement

VREF respects the privacy of our customers. We pledge to never release your personal, non-public information (i.e. name, address, telephone number, e-mail address or other information) to anyone who is not employed by VREF, except as permitted or required by the Gramm-Leach-Bliley Act (1999).

Data contained in this report is valid only on the date of the issuance of this report. VREF considers this appraisal null and void and expires 30 days after the date of this appraisal. Due to the dynamic trends in the aerospace industry, we strongly recommend that a valuation update be conducted every 30-40 days. After 45-60 days from the effective date, the appraisal should be updated and the user of this document can assume it to be in need of an appraisal update. VREF makes representation concerning the value of the subject aircraft. The customer or third party using this report as a part of their purchase decision process should recognize that this appraisal/valuation report is limited in scope and that discrepant conditions may exist in the aircraft which were not discovered or recorded during this appraisal/valuation. The customer authorizing this appraisal/inspection has covenanted not to sue, agreed to defend, indemnify and hold VREF harmless from and against all claims asserted by the customer or any third party. VREF is also clear from all damages, losses, and expenses, including attorney fees, arising out of or resulting from this appraisal/valuation or the condition of the aircraft inspection. This is regardless of whether or not resulting in whole or in part of any negligence of VREF.



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- Documentation (on file at VREF)

ATTACHMENTS

- American Society of Appraisers Ethics
- Uniform Standards of Professional Appraisal Practice Overview
- Curriculum Vitae (Kenneth M. Dufour, ASA, MAM, ATP, CFI, Leo V. Heidemann, ASA and Jason Zilberbrand, ASA, CAA, ISA AM, AOA AM, MRAeS)



EXECUTIVE SUMMARY

Bellanca Super Viking 17-30A

Intended Use/Intender User:

The values reported within this report are intended to be utilized for financing and/or leasing transactions for the sole use and benefit of **Mike Pinckney** for determining the *Current Market Value* via a Uniform Standards of Professional Appraisal Practice (USPAP) Compliant “Desktop Appraisal” on **Bellanca Super Viking 17-30A, Serial Number 89-301001, Registration Number N266BN** (1989 Certificate of Airworthiness) and may be assigned to any third party without the prior written consent of VREF.

Appraisal Services Request:

Mr. Mike Pinckney, mmp27@cox.net, requested this aircraft appraisal assignment on March 22, 2022.

Scope of Work: (Valuation Assignment)

For this valuation assignment, a narrative, *Appraisal Report* has been prepared outlining the appraisal techniques and procedures utilized in valuating the subject aircraft for certain values as requested above.

This Appraisal Report includes:

- Identification of the specific aircraft to be appraised and the effective date of the valuation.
- A description and specifications of the aircraft to be appraised including all of the pertinent information that is available such as the model, date of manufacture and current aircraft maintenance condition.
- A discussion of the appraisal techniques considered and used in the development of the values, which include past/recent sales, and current market offerings and current market conditions, which are deemed appropriate.
- The appraiser analyzes gathered facts to arrive at an “informed opinion of value,” that a knowledgeable, logical interpretation of the evidence leads to a “defensible value conclusion.”

Appraisal Conclusions: Effective Date of Appraisal: March 29, 2022

Current Market Value

After review of the specifications of **Bellanca Super Viking 17-30A, Serial Number 89-301001, and Registration Number N266BN** in conjunction with a study of the current and historical market for **Bellanca Super Viking 17-30A** aircraft, and consideration of its “highest and best use,” VREF places the subject aircraft at a **Current Market Value: of: \$260,000 USD**



EXECUTIVE SUMMARY

Bellanca Super Viking 17-30A

The above value indicates constant 2022 dollars with no inflation factors. Values are rounded to the nearest significant digit and subject to the descriptions, assumptions, parameters, limiting conditions, standards and methodologies as contained in this Appraisal Report.

The following definition of CURRENT MARKET VALUE was utilized for this appraisal to include the MARKET VALUE assumption and is sanctioned by The Appraisal Foundation and the American Society of Appraisers as: The most probable monetary amount which a property (aircraft) should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the monetary amount is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) neither party under compulsion to buy or sell (2) both parties are informed or advised, and each acting in what they consider their own best interests; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; (5) the value represents the normal consideration for the property (aircraft) sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Value* is the amount, relative worth, utility, or importance of an item (not necessarily equal to price or cost). **Price*** is the amount a particular purchaser agrees to pay and a particular seller agrees to accept under the circumstances surrounding their transaction. Price may not necessarily be equal to value.

**Definitions from "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets" Second Edition, American Society of Appraisers.*

Useful Life is the period of time over which property may reasonably be expected to perform the function for which it was designed. VREF projected **Useful Life** for the subject aircraft is approximately 50+ years from the date of manufacture if the aircraft is operated in accordance with the aircraft's approved maintenance and overhaul recommendations, complying with the applicable bulletins recommended by the aircraft's manufacturer and using only parts and processes acceptable to the aircraft's manufacturer.

Resale Pricing Adjustments

Resale pricing adjustments are based on actual sales transactions and current market conditions such as overall trends in asking prices, increase or decrease in supply, demand, and sales volume. We obtain sales pricing data from owners and operators, lenders and lessors, brokers and equipment manufacturers worldwide.



EXECUTIVE SUMMARY

Bellanca Super Viking 17-30A

VREF monitors several indicators in the used general aviation market, including inventory levels, pricing levels and days on market. The general aviation market is cyclical in nature, largely driven by the general, domestic and world economic environment.

Actual aircraft condition, time, and history are far more important than age. Values can vary widely based on maintenance and modification status. Maintenance history and refurbishment restoration quality can vary values from a low to high extremes. Actual values must be determined by actual appraisals.

This appraisal/valuation was developed as a service for Mike Pinckney to assist in arriving at the Current Market Value of the subject Bellanca Super Viking 17-30A. These values are intended as a guide developed by American Society of Appraisers accredited appraiser and are not to be considered to reflect all unforeseen market variances.

It is generally accepted that a correlation exists between the strength of the resale market and the time it takes to sell an aircraft. While most will agree that this is true, the "time on market" is also partially a function of price. Still, in a "normal market," it usually takes approximately six to eight months to effectively market a properly priced, well-equipped and maintained aircraft.

VREF's appraisal of this **Bellanca Super Viking 17-30A** indicates that our conclusions are consistent with the data we reviewed. **Mike Pinckney** provided this data.

All outstanding airframe/engine discrepancies, if any, have been or will be resolved. The aircraft will be returned to service in an airworthy condition upon completion of any and all required maintenance.

This appraisal sets forth our findings and professional conclusions based upon an investigation of conditions affecting Current Market Value and is subject to the Statement of Assumptions/Limiting

Conditions, Valuation Methodology Terms & Definitions, which will assist in avoiding erroneous interpretation of this appraisal. Additionally, it is important to understand the VREF Valuation Methodology used for this appraisal.

VREF has no control over asset depreciation. These factors could be one or more of the following;



EXECUTIVE SUMMARY

Bellanca Super Viking 17-30A

- Technical Obsolescence: Changes in the operational environment, which is attributable to technological alternatives or possible successors to the Aircraft.
- Functional Obsolescence: which is the loss in value owing due to increasing technical and operational difficulties in using the Aircraft.
- Economic obsolescence: which is the loss in value due to economic factors external to the Aircraft themselves?
- Physical Deterioration: which is the loss in value due to wear and tear.

Desktop Aircraft Appraisal Specific Considerations

This appraisal document was prepared with *Extraordinary Assumption Considerations*.

VREF has been requested to perform an appraisal based on the Desktop format. An actual aircraft inspection and audit was **not** performed. The specific aircraft specifications/equipment and aircraft physical condition used to develop the appraisal are based on data provided by the owner/operator.

For the purpose of this USPAP Compliant Restricted Use Desktop Appraisal, it is assumed that the condition of the subject aircraft:

- Is maintained to industry standards as recommended by the manufacturer.
- Has no significant previous damage.
- Equipped as an average aircraft in this category of corporate/air charter/Air Transport aircraft.
- The market place ultimately will establish the Market Value.
- Whenever the Extraordinary Assumptions change in any manner, this appraisal is void. VREF reserves the right to update and conduct a new appraisal.

The facts and data reported contained in this report are reported to VREF are true and correct. VREF Desktop Aircraft Appraisal is developed utilizing Extraordinary Assumptions, which presumes as fact otherwise uncertain unconfirmed information about the subject aircraft:

- Actual aircraft physical condition
- Actual interior condition
- Actual paint condition
- Actual current and historical maintenance records condition
- Actual maintenance status



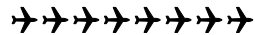
EXECUTIVE SUMMARY

Bellanca Super Viking 17-30A

Additional details may have not been presented to the appraiser for evaluation. There can be questions about the integrity of the provided data utilized in our valuation analysis.

Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *current ASA Appraisal Standards and Practices*.

This appraisal was conducted by Aviation Management Consulting, Inc. for VREF Aircraft Value Reference & Appraisal Services.





AIRCRAFT SPECIFICATIONS

Bellanca Super Viking 17-30A

The following are the specifications of the subject aircraft based on information provided to VREF.

DESCRIPTION OF SUBJECT AIRCRAFT: (As is – Where is: See Inspection and Other Considerations)

Serial Number: 89-301001

Registration Number: N266BN

1989 Certificate of Airworthiness

Times as of March 2022

Total Airframe Hours	1335
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Engine Manufacturer/Model	Continental IO-520K
Serial Number	Not Reported
Hours Since New	1335

INTERIOR: Four place leather interior, refurbished 2017

EXTERIOR: White with multi shades of gray accent stripes.

MAINTENANCE DOCUMENTATION: Reviewed available documentation

AVIONICS AND ADDITIONAL FEATURES FOR THIS AIRCRAFT: Avionics include, but are not limited to the following and subject to change;

3 Blade Propeller	Co-Pilot Brakes
Electric Trim Pilot Control Wheel	Ski Tube
Optional Factory Paint Scheme (Original)	Leather Interior
Tinted Glass	Long Range Fuel System
Shadin AMS Fuel Management System	Davtron Digital Timer
Intercom (New) PS Engineering PM 1000 11	Electronic Pressurized Cabin Door Seal
Push to Talk Pilot Control Wheel	Auto Pilot Disconnect - Pilot Control Wheel
King KMA 24 (TSO) Audio Panel	King KY 197A TSO Com
GPS-VOR Transfer Coupling Switch to HIS	King KX155 (TSO) Nav/Com
King KT76A Transponder (TSO)	King KR86 ADF
Argus 5000 Moving Map	Northstar M3 GPS Navigation System
Garmin GDL-82 ADS-B OUT with Garmin GA 35 GPS Antenna	

Mike Pinckney/Bellanca Super Viking/Effective Date: March 29, 2022



AIRCRAFT SPECIFICATIONS

Bellanca Super Viking 17-30A

King KI 209 Loc/Glidescope Receiver - Dual Glideslopes
King KNS-80 Integrated IFR Certified Navigation System RNAV-VOR-DME
- Glide Slope Coupled to KCS 55-A HSI with KI-525-A HSI Indicator

REPORTED AIRFRAME/ENGINE DAMAGE: Yes

MAINTENANCE AND OPERATIONAL NOTES:

Current annual inspection and A.D. compliant through 9/1/2022

AUTOMATIC DEPENDENT SURVEILLANCE-BROADCAST (ADS-B)

The Issue: ADS-B or Automatic Dependent Surveillance-Broadcast, is a cornerstone of NextGen air traffic modernization, and the FAA has mandated that aircraft operating in airspace that now requires a Mode C transponder must be equipped with ADS-B Out by January 1, 2020.

ADS-B Out transmits information about altitude, airspeed, and location derived through GPS from an equipped aircraft to ground stations and to other equipped aircraft in the vicinity. Air traffic controllers use the information to “see” participating aircraft in real time with the goal of improving traffic management.

ADS-B Out is Mandated, Not ADS-B In: Only ADS-B Out is mandated, and only within certain airspace. Starting January 1, 2020, you must be equipped with ADS-B Out to fly in the airspace where a Mode C transponder is required today. ADS-B Out greatly improves your visibility to other aircraft by broadcasting your aircraft’s position to other aircraft equipped with ADS-B In and to air traffic control (ATC). Go to www.faa.gov/nextgen/equipadsb/airspace to find the airspace where ADS-B will be required near you. For more information on the mandate, see 14 CDR section 91.225 at <http://go.usa.gov/x97sm>.

You can also integrate ADS-B Out with ADS-B in avionics and displays. ADS-B In equipage is not required by the mandate, but it’s a great addition to your situational awareness arsenal.

General Aircraft Information and Characteristics

Important Notice: The above information presents general characteristics of the aircraft configuration, specification and/or condition. VREF neither warrants nor in any way represents this to be a complete or accurate definition of or specification for the appraised aircraft.

Changes or modifications may be made to the aircraft at any time. It is expected that an interested party will conduct an independent physical inspection of the aircraft to ascertain its current configuration, specification and condition.

Mike Pinckney/Bellanca Super Viking/Effective Date: March 29, 2022



AIRCRAFT SPECIFICATIONS

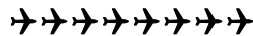
Bellanca Super Viking 17-30A

No warranty is made or implied as to the accuracy of the data shown herein, some or all of which was supplied by others. The data shown herein is Confidential Information and is proprietary information of the owner of the above aircraft.

FAA General aviation Information Publication

The FAA has produced a publication called *Plane Sense* that introduces aircraft owners and operators, or prospective aircraft owners and operators, to basic information about the requirements involved in acquiring, operating and maintaining a private aircraft.

This handbook is available free of charge for download in PDF format at https://www.faa.gov/regulations_policies/handbooks_manuals/aviation/media/aa-h-8083-19a.pdf





AIRCRAFT PHOTOGRAPHS



Mike Pinckney/Bellanca Super Viking/Effective Date: March 29, 2022



INSPECTIONS AND OTHER CONSIDERATIONS

Bellanca Super Viking 17-30A

VREF did **not** physically inspect the subject aircraft. The subject aircraft will be returned to or is in airworthy condition as reported by others to VREF.

VREF Inspection and Records Review (Normal Engagement)

We **do not** determine airworthiness (see below) or maintenance condition. The typical inspection and records review is for our appraisal/valuation process only. We **do not** investigate ownership or operator status. We **will not** assess prior damage or prolonged maintenance history on the subject aircraft or its components.

We are doing an **As Is-Where Is** analysis as of the effective date of the appraisal. We **do not** ascertain warranty status (existence, term, expiration or payment status) of the aircraft, engines, APU (if installed) or components. We **do not** verify enrollment of any Engine, APU or Airframe maintenance programs. **We evaluate only the current maintenance status, we do not project future or upcoming maintenance due items.**

The reader(s) of this appraisal document may contact Mr. Jason Zilberbrand (cell: 312-961-0934) for any additional explanations or clarifications.

Airworthy Condition: The term *airworthiness* is not defined under the U.S. Code of Federal Regulations or Federal Aviation Regulations (FAR's). Nevertheless, a clear understanding of its meaning is an essential tool for complying with the various FAR's incorporating the concept of airworthiness. The term represents the substance of two very fundamental safety regulations, FAR 43.15(a) and 91.7(a). The first states that persons performing required inspections do so to "determine whether the aircraft ... meets all applicable airworthiness requirements. "

The latter specifies, "No person may operate a civil aircraft unless it is in an airworthy condition."

From these two citations have come bodies of FAA and NTSB case law defining the term that can be summarized as follows: An aircraft is airworthy only if it is capable of a safe operation and conforms to its type certificate.

If the term *airworthy* were interpreted to mean only to be in a condition for safe flight, at times it would be unreasonably difficult to enforce the regulations.

In order to prove that a pilot operated an unairworthy aircraft or that a mechanic certified an unairworthy aircraft as airworthy, the FAA sometimes would be required to undertake an extensive test-flight program of an aircraft that did not conform to the applicable type certificate.



INSPECTIONS AND OTHER CONSIDERATIONS

Bellanca Super Viking 17-30A

Additionally, if *airworthy* meant only to be in a condition for safe flight, it would render the entire airworthiness certification procedures meaningless. That is, any modification to the original type design would be acceptable solely on the basis of a “safe to fly” evaluation. Conversely, if airworthy only meant for an aircraft to conform to its type certificate (design specifications); the concept of a continuing airworthiness program would be invalidated.

In practical terms this means that the aircraft must conform to the original FAA type-design specifications, as modified by supplemental type certificates; in other words, it should be the same configuration as it was the day it rolled off the production line. Additionally, alterations, maintenance, and preventative maintenance performed on the aircraft must have conformed to “methods, techniques, and practices prescribed in the current manufacturer’s maintenance manual or instructions for continued airworthiness prepared by its manufacturer, or other methods, techniques, and practices acceptable to the Administrator” (FAR 43.13 (a)). Source: General aviation Operations Inspector’s Handbook, FAA Order 34500.1, and Vol. 2, 180-46-47.

An Airworthiness Certificate is issued by a representative of the FAA after the aircraft has been inspected, is found to meet the requirements of the CFR’s and is in condition for safe operation. The certificate must be displayed in the aircraft so that it is legible to passengers or crew whenever the aircraft is operated. The Airworthiness Certificate is transferred with the aircraft, except when it is sold to a foreign purchaser. FAA Form 8100-2, Standard Airworthiness Certificate, is issued for aircraft type certificated in the normal, utility, acrobatic, commuter, and transport categories, or for manned free balloons. Therefore, this appraisal considers the date of the issuance of the Airworthiness Certificate to represent when the aircraft was manufactured (model year). The subject aircraft date of manufacture, i.e. model year date, should be verified from the aircraft’s actual records and originally issued Airworthiness Certificate.

FAA Form 8100-2 remains in effect as long as the aircraft receives the required maintenance and is properly registered in the United States. Flight safety relies, in part, on the condition of the aircraft which may be determined on inspection by mechanics, approved repair stations or manufacturers who meet specific requirements of 14 CFR Part 43. In summary, the FAA initially determines that your aircraft is in condition for safe operation and conforms to type design, then issues an Airworthiness Certificate. Source: Plane Sense (Information; US Department of Transportation (Flight Standards Service) FAA-H-8083-19 Reprinted 1942 www.faa.gov

If the appraised subject aircraft/aircraft is not in an airworthy condition, not capable of safe flight, VREF must conduct a new/separate appraisal analysis to address this non-airworthy condition and any value conclusions set forth herein are hereby null and void.

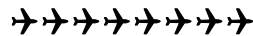


INSPECTIONS AND OTHER CONSIDERATIONS

Bellanca Super Viking 17-30A

This appraisal/valuation is not intended to be a pre-purchase or technical evaluation of the subject aircraft. However, we highly recommend all buyers perform a pre-purchase/technical evaluation prior to the acquisition of any aircraft/asset. We recommend the following items be audited and reviewed: aircraft specifications- description, equipment list, major repair and alteration status (FAA Form 337 if available).

This list should include, but may be limited to: component maintenance/modification records, supplemental type certificates, airframe/ engine service bulletin reports, airframe/engine airworthy directives, airframe/ engine service/maintenance/ overhaul records, actual airframe/engine logbook records, and computerized airframe/engine records. (However, not all items are always made available to VREF).





CURRENT MARKET VALUE STATEMENT/UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE CERTIFICATION

Based on the Enclosed Valuation, Our Appraised Current Market Value of This Bellanca Super Viking 17-30A, Serial Number 89-301001, and Registration Number N266BN is: **\$260,000 USD**

We certify that, to the best of knowledge and belief:

- The facts and data reported contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, unbiased professional analyses, opinions, and conclusions.
- The undersigned have **no** present or prospective interest in the aircraft property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- The undersigned **have not** performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The undersigned have **no** bias with respect to the aircraft that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was **not** contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is **not** contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the current *ASA Appraisal Standards and Practices*.
- Kenneth M. Dufour, **ASA, MAM, ATP, CFI** is an accredited senior appraiser of the American Society of Appraisers in the Machinery and Technical specialties (Aircraft). The society (ASA) has a mandatory education/recertification program for designation (senior and accredited members). I follow that program.
- Leo V. Heidemann, **ASA** is an accredited senior appraiser of the American Society of Appraisers in the Machinery and Technical specialties (Aircraft). The society (ASA) has a mandatory education/recertification program for designation (senior and accredited members). I follow that program.



CURRENT MARKET VALUE STATEMENT/UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE CERTIFICATION

- Jason Zilberbrand, **ASA, CAA, ISA AM, AOA AM, MRAeS** (117197) is an accredited senior appraiser of the American Society of Appraisers in the Machinery and Technical specialties (Aircraft). The society (ASA) has a mandatory education/recertification program for designation (senior and accredited members). I follow that program.
- The undersigned did **not** make a personal inspection of the aircraft that is the subject of this report.

The information herein has been prepared from many different sources and is believed to be correct. VREF does not warrant the accuracy of the source material.

Limitation of Liability: It is understood and agreed that in the event of any error or omission on the part of VREF any such liability is limited and may not in any event, exceed the amount paid to VREF for the services rendered. VREF reserves the right to recall all copies of this report to correct any omission or errors. This valuation is null and void and may not be relied upon for any purpose 30 days after the date of this appraisal. Further, VREF accepts no responsibility for usage of the form unless signed by an officer and appraiser of VREF.

Unless otherwise stated, the value given in this appraisal report represents the professional opinion of value as of this 29th day of March 2022

Kenneth M. Dufour, **ASA, MAM, ATP, CFI**
Accredited Senior Appraiser
Machinery and Technical Specialties (Aircraft)
American Society of Appraisers

Leo V. Heidemann, **ASA**
Accredited Senior Appraiser
Machinery and Technical Specialties (Aircraft)
American Society of Appraisers

VRef Publishing CEO

Jason Zilberbrand, **ASA, CAA, ISA AM, AOA AM, MRAeS**
VRef Publishing President
Accredited Senior Appraiser
Machinery and Technical Specialties (Aircraft)
American Society of Appraisers





VALUATION METHODOLOGY

Pursuant to the request of **Mike Pinckney, VREF Aircraft Value Reference & Appraisal Services** (VREF) is pleased to provide this **Aircraft Desktop Appraisal Report** for the (*aircraft*) listed in this report. This appraisal assumes that the subject aircraft has had maintenance performed as identified, has valid serviceability (airworthiness) documentation and is maintained by the operator (or a third party maintenance provider) under the regulatory supervision of the USA, DOT (Department of Transportation), FAA (Federal Aviation Administration) or a recognized, national regulatory authority. Values are stated in United States dollars, are rounded to the nearest significant digit and are subject to the descriptions, assumptions, parameters, limiting conditions, standards and methodologies as contained in this Appraisal Report. The purpose of the appraisal is to express an opinion of Current Market Value of the subject aircraft asset as of the effective date, to serve in the determination of asset value for purchase or sales considerations, with all values representing the retail marketplace, utilizing the appropriate approach to value for the assets highest and best use, for an in-service (in-use), airworthy and operational aircraft, on a per-each basis and does not reflect any other valuation criteria (see Valuation Methodology). The highest and best use for the subject is as an airworthy and operating corporate / executive / VIP configured aircraft which is in compliance with all United States civil aviation regulations.

The aircraft asset, which is the subject of this appraisal, **was not** physically inspected (audited) by VREF for physical existence, condition, conformity, specific characteristics, verification of installed equipment, or quality determination. Therefore, no monetary value adjustments relative to these factors were considered, except for those specifically assumed and delineated in this report. A **limited audit** of the associated historical records **was not** performed in support of the appraisal process; the documents supplied by the client were **not** verified as to accuracy or wholeness. The appraiser has outlined various assumptions; therefore, a thorough examination of the Statement of Assumptions/ Limiting Conditions is essential.

In this Aircraft Appraisal, VREF made **no** investigation as to the aircraft (property/asset) ownership, and has not taken into consideration any leased equipment, intangible items (operating Certificates, pending restrictions, STC's, or Power-by-the-Hour contracts, etc.), encumbrances (including but not limited to mechanics liens) which may be outstanding or consequences from taxation. Our work contains only general information pertinent to the determination of Current Market Value and the methodology utilized by VREF.



VALUATION METHODOLOGY

Details and descriptions of the subject aircraft are included in this report where known. As previously stated, this document is in the form of an aircraft Appraisal Report and value as of a specified date by utilizing analytical methods (an "aircraft" valuation). The extent of data collected by VREF meets or exceeds the standard industry level for this type of appraisal assignment.

Data was collected by personal interview, client/operator supplied information, trade literature, sales offerings, computerized databases, published aircraft manuals, general aircraft informational books, and price guides. The aforementioned data is retained by VREF as in-house library reference materials and file notes.

Based upon VREF aviation expertise, knowledge of the overall new and used aircraft marketplace, this specific model of aircraft and the use to which it has been used in various areas of the world, the factors affecting market value, and our familiarity with aircraft transactions in general, forms the basis of the opinion contained in this report. Values reflect the marketplace as of the date specified in this report and subsequent events may materially impact the stated values.

This report was prepared by VREF for the sole and exclusive use of its client **Mike Pinckney**. The material enclosed herein reflects the professional opinion of VREF pursuant to the information both supplied by the specific aircraft owner or operator and that which was available at the time of preparation.

VREF has relied upon oral and written information, data and documents, as provided to VREF, for all material facts. This analysis is intended to be merely advisory in nature. This report is not given for, or prepared, as an inducement to any financial transaction and any use or reliance on or decisions made, based upon the data presented is the responsibility of the user.

VREF accepts no responsibility for damages, if any, suffered by any party as a result of decisions made or actions taken based on this Aircraft Appraisal Report.

The analytical methodology utilized by VREF is based on the Current Market Value Approach to value. The *Current Market Value approach* is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost new for the subject must be adjusted for all forms of depreciation and obsolescence as of the date of the appraisal. For further clarification, the *cost approach* (current cost of replacement or reproduction new) is that approach which measures



VALUATION METHODOLOGY

value by determining the current cost of an asset and deducting for the various elements of depreciation, physical deterioration, and functional and economic obsolescence.

This approach has its theoretical basis in the Principle of Substitution, which states, “The value of a thing tends to be determined by the cost of acquiring an equally desirable substitute.”

This approach is normally utilized when a particular aircraft is either new (tending to minimize the error in estimating depreciation) or one, which is used for a special purpose (therefore not frequently exchanged in the market).

For this valuation, neither the *COST* nor *INCOME* approaches were examined in detail because it is the opinion of the analyst that by utilizing either of these two approaches, the outcome would result in an inaccurate value conclusion.

The *income approach (or investment value approach)*, in its simplest form, is the present worth of the future benefits (income) of ownership. It is not generally applied to individual aviation related assets since it is difficult, if not impossible, to identify individual income streams. This approach involved estimating some level of future income and converting that income to its present worth.

The *income approach* was determined to be deficient for this analysis because the subject aircraft is a single asset to which it would be subjective (if not Impossible) to determine a projection of income or a rate of return (commonly referred to as a capitalization rate). As a practical matter, many aircraft operations do not contribute to the generation of revenue (income) in a manner, which can be directly measured or attributed to a specific (single) aircraft.

Airframe, Engines, APU'S and Landing Gear Assemblies and then adjusting for the specific status of the subject aircraft. To estimate the value of a specific aircraft by utilizing the *market approach* to value, monetary value adjustments are calculated from the BASE

AIRCRAFT in relation to its identified characteristics, physical deterioration (condition), obsolescence considerations (technological, functional, and economic), and maintenance overhaul, inspection, and repair status.

The following standards and general parameters are utilized for the purpose of standardizing comparisons for the valuation process and are delineated as the BASE VALUE.



VALUATION METHODOLOGY

- (1) That the defined BASE AIRCRAFT is airworthy, as of the specified date of manufacture, operating weights, a stipulated configuration and is normalized to half-time remaining (when appropriate and when stated) for its airframe, engine(s), propeller(s), landing gear assemblies and auxiliary power unit (when installed) to the next major overhaul or scheduled shop visit. To state simply, the identified aircraft is at a midpoint between major inspections, maintenance (overhaul), restorations, and/or scheduled repairs.
- (2) It is being or will be operated within the guidelines of a recognized Airworthiness Authority (i.e. Federal Aviation Administration, Canadian Air Transportation Administration, Joint Aviation Authority, etc.) under an approved airline or airframe manufacturer's maintenance program, which is consistent with international standards of airworthiness.
- (3) All required Airworthiness Directives (A.D.), mandatory modifications and applicable Service Bulletins (S.B.) are compliant to standard industry levels.
- (4) It is immediately available for revenue airliner services, commuter/ regional, corporate/executive and or private usage/operation (unless otherwise noted).
- (5) The flight deck (cockpit) and passenger or cargo interiors are in a typical aircraft configuration for the specific type and model, with buyer/supplier-furnished equipment and options generally utilized and accepted in the industry.
- (6) That the aircraft includes (when and where applicable) one complete shipset of: (a) galley inserts i.e. containers, carts (trolleys), ovens, water boilers/coffee brewers, tray carriers, etc.; (b) baggage/cargo containers or pallets consistent with the airplanes capabilities; and (c) the associated historical records, manuals, drawings and other documentation which are normally transferred with an aircraft of this category are properly documented and readily retrievable. All items being in good commercial working order, free of damage or defects, void of significant corrosion and acceptable to the general aircraft market and buyer.
- (7) Adequate time has been made available to the seller or sales agent in order to maximize the sales price and conversely, sufficient time has been given to the buyer to inspect the aircraft (and records), analyze the transaction and to negotiate relevant terms.
- (8) That the entire sales process is accomplished strictly on a commercially reasonable fashion with the aircraft transacted on a one-by-one (or each) basis.
- (9) A willing and knowledgeable seller sells the aircraft to a willing and knowledgeable buyer totally void of duress, misrepresentations, or fraudulent acts, with the transaction consummated for cash with the known fact that financing is reasonably attainable for the subject aircraft from a commercial institution.

Additional elements that are sometimes considered for value adjustments in the evaluation process include but are not limited to: total airframe/engine times and cycles (one takeoff and landing), the ratio of total time to total cycles, engine enhancements, engine power-by-the-hour programs (MSP/EMS), maximum operating and or future weight increase eligibility, upgraded interior features and configuration options, increased fuel capacity, main deck cargo door, an APU installation



VALUATION METHODOLOGY

(if no standard equipment), and certain navigational and communication systems.

An airplane's physical condition, relative to standard industry levels for equivalent aircraft, affect market value and remarketing time-span, as does the quality of historical records, applicable documentation and the utilized record retention system. In the event greater valuation accuracy is important, the client should strongly consider engaging an appraiser and/or a qualified technician to perform a physical inspection of the aircraft, which may include: (a) equipment and system functional tests; (b) a test flight; (c) engine borescope inspections; and (d) engine performance runs. The client may want the appraiser to evaluate the historical restoration costs in detail with an FAA approved repair station and to perform an audit of the corresponding historical records for the judgmental determination of physical condition, record quality, specific maintenance status, configuration desirability and consequently to determine the monetary value adjustments that correspond to these various factors.

Deviations from the stated general parameters, assumptions and standards, as well as, the inclusion of creative (lease-to-purchase options) or long term financing by the seller, can have a positive effect on the sales price. Conversely, prices are negatively impacted when an aircraft has been out-of-service for prolonged periods, improperly stored (preserved), has parts and components removed or are time expired, has significant accident history, inoperable parts, records errors and/or omissions, not currently certified as airworthy, or sold in quantity, not-in-use or on a liquidated basis.

The valuation methodology for an aircraft differs from standard methods used in appraising other types of machinery and equipment.

First, the methods by which individual aircraft OEM, brokers, dealers, and financial institutes maintain reference values vary somewhat. Therefore, we have created a consistent reference evaluation for current and forecasted values.

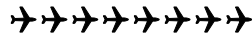
Second, standardization of adjustments for specific aircraft conditions: times, cycles, maintenance history, and actual physical condition likewise were developed.

The detailed information pertaining to each record includes, where available, the current or most recent OEM Price and secondary reference, Current Market Price. In most cases these reference prices are posted as replacements for whatever internal reference prices are maintained by the company. This exercise provides a level of consistency from one appraisal to the next.



VALUATION METHODOLOGY

Data contained in this report is valid only on the date of the issuance of this report. VREF considers this appraisal null and void and expires 30 days after the date of this appraisal. Due to the dynamic trends in the aerospace industry, we strongly recommend that a valuation update be conducted every 30-40 days. After 45-60 days from the effective date, the appraisal should be updated and the user of this document can assume it to be in need of an appraisal update. VREF Aircraft Value Reference & Appraisal Services makes representation concerning the value of the subject aircraft. The customer or third party using this report as a part of their purchase decision process should recognize that this appraisal/valuation report is limited in scope and that discrepant conditions may exist in the aircraft which were not discovered or recorded during this appraisal/valuation. The customer authorizing this appraisal/inspection has covenanted not to sue, agreed to defend, indemnify, and hold VREF harmless from and against all claims asserted by the customer or any third party. VREF is also clear from all damages, losses, and expenses, including attorney fees, arising out of or resulting from this appraisal/valuation or the condition of the aircraft inspection. This is regardless of whether or not resulting in whole or in part of any negligence of VREF.





STATEMENT OF ASSUMPTION/LIMITING CONDITIONS

These are extraordinary assumptions and limiting conditions utilized by VREF in this aircraft appraisal.

- (1) Ownership interest in the subject aircraft is not known and the appraiser renders no opinion as to legal fee or title. Prevailing liens, mortgage debt, leases, special assessments, or other encumbrances were disregarded and the aircraft was valued as if free and clear (unless otherwise specifically stated).
- (2) All estimates of value presented in this report are the appraiser's professional opinion.
- (3) This appraisal has not taken into consideration any consequences from taxation.
- (4) The subject aircraft is assumed to have/be: (a) airworthy to FAA, FAR's Part 91,121,135 regulations; (b) had accomplished all required maintenance performed since placed into service (including Airworthiness Directives) by and in accordance with an internationally approved maintenance program; (c) all required or OEM recommend Service Bulletins complied with (d) retained on a computerized maintenance planning system with no record deficiencies; (e) maintenance costs and specific airframe and engine status as identified; (f) upgraded avionics; (g) capable of being operated and flown on the effective date; (h) with exterior paint and interior cabin in reported "better than average" physical condition; and (i) all equipment in working order. If the aforementioned items (a) thru (h) are not in compliance, this would affect value.
- (5) The subject appraisal includes value adjustments for specific maintenance status and characteristics where applicable and as provided by the client/owner or operator. It is assumed that all associated historical records are in existence, well organized and retrievable to include: aircraft, engine(s) and APU logbooks, flight logbooks, Airworthiness Directives/Service Bulletins (with method of compliance), Life Limited part/Component documents, FAA Form 337's, 8130's and all other applicable regulatory documents required for certification and operation.
- (6) A limited record audit **was not** performed and the appraiser assumes that the complete record quality is adequate for certification and registration in a developed nation. Maintenance status and characteristics, which have been provided by the owner/operator, forms the basis for this report. VREF does not verify this data for accuracy.
- (7) Various adjustments to value may not have been made because the appraiser could not confirm or quantify valuation impact without the performance of an invasive physical inspection (inclusive of borescope, NDT and flight test) and/or a detailed historical record audit. In determining value adjustments for those cases where data was 89-301001 or known, VREF has made the assumption that the item is in **average operating condition**, in **average physical condition** (at least equal to standard industry levels) and is at **half-life overhaul status**. The limitations and assumptions as stated in this article may either increase or decrease the market value of the subject aircraft.



STATEMENT OF ASSUMPTION/LIMITING CONDITIONS

- (8) VREF reserves the right to reevaluate the subject aircraft if any of the above listed ASSUMPTIONS OR LIMITING CONDITIONS are materially modified. We reserve the right to make such adjustments to the estimate of value as herein reported as may be required by consideration of additional or more reliable information that may become available.
- (9) Warranty considerations on the subject aircraft, its engines, auxiliary power unit (APU) if installed or any components are not known and the appraiser renders no opinion of value. There is no known methodology within the aircraft appraisal industry to calculate any value adjustment for warranted items.

All facts and data set forth in this report are true and correct to the best of your appraiser's knowledge and belief.

The fee for this appraisal report is not contingent upon the values reported. There have not been any guarantees associated with this fee and no liability can be intimated or assumed in any manner.

As the addressee has purchased this report, we assume it is to be used by the addressee in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of the report nor through the fee paid to the appraiser.

The physical condition of the property described herein was based upon visual inspection by the appraiser/inspector if an audit was conducted. No responsibility is assumed for latent defects of any nature whatsoever, which may affect its value, nor for any expertise require disclosing such conditions.

No consideration has been given to any liens or encumbrances, which may be held against the aircraft appraised.

VREF did not contact the Original Equipment Manufacturer (OEM) to determine if the subject aircraft is on their approved list of aircraft they provide ongoing support and recognition. Assumptions are made that the subject aircraft is FAA approved and legal to operate (unless otherwise noted).

No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid. Neither the appraiser nor any officer or employ of VREF has any financial interest in the property appraised.



STATEMENT OF ASSUMPTION/LIMITING CONDITIONS

All opinions regarding the values are the appraiser's considered opinions based upon the facts and data set forth in this report.

This appraisal is based upon *Current Market Value* as defined in the "Valuation Methodology Terms & Definitions" Section of this report.

No additional values or appraisals have been made regarding such intangibles as patents, rights to manufacture, trademarks, goodwill, customer lists, etc.

A physical audit/inspection **was not** performed; thus the values are based upon data provided by the principal partners involved in this transaction.

This aircraft appraisal does not constitute a pre-purchase or technical evaluation. Power plant serial numbers will not be physically verified during our audit/inspection.

This appraiser reserves the right to recall all copies of this report to correct any omission or error.

The Current Market Value approach valuation concept used in this report is one chosen and recommended by VREF. The appraisal is purchased in order to allow an opinion of value under an assumed set of circumstances, as requested and mutually agreed upon by the client and VREF.

This valuation study has been made by VREF and will be kept confidential and shall not be disclosed to any third party unless any such disclosure is previously authorized in writing by VREF. It has been prepared by an experienced ASA accredited appraiser and is based on information, where possible, from manufacturers, sales comps, dealers, brokers, etc. The analysis and final conclusion is arrived at from many years of experience in the sale and appraisal of aircraft.

For all areas of this appraisal, the assigned values represent the amount a reputable and qualified ASA accredited appraiser, unaffected by personal interest, bias or prejudice, would recommend to a prospective purchaser as a proper price or cost within the value concept and in light of prevailing conditions.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.



STATEMENT OF ASSUMPTION/LIMITING CONDITIONS

This appraisal has been prepared in conformity with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice.

VREF Field Audit Conditions:

Only current maintenance, overhaul, repair and records/documentation for the subject aircraft/asset are reviewed. A limited review of the historical maintenance, overhaul, repair records/documentation for the subject aircraft/asset; is audited if that aircraft/asset has been in operation over five years from the date of the appraisal. Powerplant serial numbers will not be physically verified during our audit/inspection.

Aircraft/assets with maintenance overhaul, repair records/documentations recorded in any language other than English (the ICAO recognized aviation standard) will not be translated or reviewed by VREF. VREF will not reconstruct lost or destroyed records. However, if reconstruction is required, (it is not possible to determine reconstruction time), please allow 8-12 months. Additionally, a historical research on the complete FAA File on FAA Form 337's (major repair and alteration) will not be conducted unless specifically required by individual requesting the valuation.

If this research is requested, a 45-60 days' time frame allowance will be required for completion of valuation assignment.

Damage diminution is a very subjective concept in the aviation market. Even though most experts confirm its role in negotiating the purchase or sale of an aircraft, there is no specific technique or principles that can be applied in every case of diminution. This aircraft characteristic (damage) is one of the multitudes used during the negotiating process and is very hard to isolate its effects because every airplane has a different history and a different perception of worth. In transactions, the buyer will always be the final judge of the "value" of the aircraft including the diminution factor in his or her evaluation.

As the aircraft continues to mature over time, additional inspections, calendar time, hours, and landings will tend to lessen the overall impact of a damage incident.

VREF will conduct an extremely limited analysis/review of any damage in our valuation analysis. A complete detail evaluation may be required. This evaluation/technical assessment can take 30-60 days and will require additional cost.

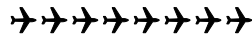


STATEMENT OF ASSUMPTION/LIMITING CONDITIONS

VREF and **Mike Pinckney** hereby agree, that in the event it becomes necessary for either party to institute legal proceedings with respect to any of the parties' obligations with regard to this matter, whether contractual or otherwise, the parties hereby agree to submit any such dispute in its entirety to binding arbitration, conducted by and under the rules and regulations of the American Arbitration Association, as their sole means of resolving the dispute between them, rather than institute any legal proceedings in any Federal District Court or any State Court in any State.

VREF and **Mike Pinckney** also agree that in the event of any litigation between the parties, each party hereby waives a trial by jury. The only exception being in the event one of the parties has filed a petition in bankruptcy, then and in that event, the sole forum shall be the Federal District Bankruptcy Court where the bankruptcy petition has been filed.

VREF and **Mike Pinckney** also agree that in the event of litigation including any arbitration between the parties (hereinafter "Litigation") the prevailing party in any such litigation shall be entitled to its costs and reasonable attorneys' fees from the non-prevailing party.





VALUATION METHODOLOGY TERMS & DEFINITIONS

Age/Life Analysis is an arithmetic process used to calculate a property expired life and/or remaining useful life.

Appraisal Date is the specific date to which the values contained within an appraisal apply.

Asset is property of all kinds, both tangible and intangible.

Assignment Elements is the specific information needed to identify the appraisal or appraisal review problem: client and any other intended users; intended use of the appraiser's opinions and conclusions; type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.

Average Life is the normally expected life of a property.

Average Remaining Life is the average remaining term of service for asset(s) under investigation, usually expressed in years.

Base Aircraft is the standard list of equipment and systems installed by the OEM including avionics, props, engines, landing gear, and floorplan.

Base Value is an open, unrestricted, stable market environment with a reasonable balance of supply and demand and assumes consideration of its "highest and best use".

Book Value is the capitalized cost of an asset less the depreciation taken for financial reporting.

Chronological Age is the number of years elapsed since an asset of property was originally built.

Cost Approach is one of the three recognized approaches used in appraisal analysis. This approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost new for the subject must be adjusted for all forms of depreciation and obsolescence as of the date of the appraisal.

Depreciation is another term that appraisers use in a different way than accountants and general public. The valuation concept of depreciation is different from the accounting concept of depreciation. Depreciation for valuation purposes may be thought of as the estimated decrease in value of an aircraft compared with a new aircraft.



VALUATION METHODOLOGY TERMS & DEFINITIONS

This value decrease may be caused by a combination of physical deterioration, functional obsolescence, and economic obsolescence, affected by aircraft utilization i.e. times/cycles, and actual physical condition.

Depreciation (Accounting) is the mathematical procedure for recovering the original cost of an asset in consistent installments over a specific period.

Depreciation (Accumulated) is an account in which depreciation provisions are recorded and totaled: the total depreciation accrued to a given date.

Depreciation (Appraisal) is the actual loss in value of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

Desktop Appraisal is an analysis of the subject aircraft that is predicated on client-supplied information. The appraiser does not physically survey the aircraft or equipment subject to the report. The desktop appraisal can be a complete or restricted report.

Economic Obsolescence is a form of depreciation or loss in value caused by unfavorable external conditions.

Economic Useful Life is the estimated period of time over which it is anticipated an asset may be profitably used for the purpose for which it was intended. This time span may be limited by changing factors of obsolescence and/or physical life.

Effective Age is the apparent age of an asset in comparison which a new asset of like kind. It is often calculated by deducting the Remaining Useful Life of an asset from the Normal Useful Life.

Effective Date is the date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value.

Estimated Remaining Life is the period over which an asset or groups of assets are estimated to remain in use (also known as *estimated remaining useful life*).

Fixed Assets are permanent properties synonymous with "capital assets," usually consisting of land, buildings, machinery, and equipment permanently employed in the rendering of a service or the production of a product.



VALUATION METHODOLOGY TERMS & DEFINITIONS

Forced Liquidation Value is the estimated gross amount expressed in terms of money that could be typically realized from a property advertised and conducted public sale, with the seller being compelled to sell, as of a specific date, with a sense of immediacy on an as-is/where-is basis, without regard to the relevant marketplace.

Functional Obsolescence is a form of depreciation in which the loss in value is due to factors inherent in the property itself and changes in design, materials, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, excess operating costs, etc.

Future Market Values (Prospective)

The most probable price in terms of cash, or other precisely revealed terms, for which the property would change hands under required and limiting conditions in an orderly manner, generally advertised, with reasonable time constraints, in an appropriate and relevant marketplace, with knowledge buyers on an as is, where is bases.

Historical Cost is the initial capitalized cost of an asset at the time it was first put into service.

Hypothetical Condition is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Income Approach is one of the three recognized approaches used in appraisal analysis. This approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income.

Insurable Value is the value of that portion of a property covered by insurance in accordance with the terms of the insurance policy or other agreement.

Insurable Value Depreciated is the insurance replacement cost less accrued depreciation considered for insurance purposes, as of a specific date and as defined in the insurance policy or other agreement.

Insurable Replacement Cost New is the replacement cost new as defined in the insurance policy less the cost new of the items specifically excluded in the policy, as of a specific date.

Market or Sales Comparison Approach is one of the three recognized approaches used in appraisal analysis; this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the "Comparison Sales Approach".



VALUATION METHODOLOGY TERMS & DEFINITIONS

The primary intent of the market approach is to determine the desirability of the assets through recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

Market Value is similar to Current Fair Market Value except that the provision for lack of compulsion to buy or sell is removed and the assumption of a sale within a specified time frame is added. The federally accepted definition of Market Value as stated in the Definition Section of *USPAP* is as follows: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest
3. A reasonable time is allowed for exposure in the open market
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Mid-Life is the halfway point and the amount of time left on an engine or powerplant indicating there is 50% (Fifty Percent) time remaining to an Overhaul.

Misleading is the intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions.

Net Orderly Liquidation Value The Net Orderly Liquidation Value (NOLV) as the estimated net amount after sales expenses (remaining brokerage fees, insurance, relocation expenses, maintenance costs (as required), appraisal costs, aircraft storage cost and custody, care and control fees to store and manage the aircraft.

Normal Useful Life is the life, usually in terms of years, that an asset will endure before it deteriorates to an unusable condition. It is derived from mortality data and the study of specific assets under actual operating conditions. (See Economic Life)



VALUATION METHODOLOGY TERMS & DEFINITIONS

Orderly Liquidation Value is the estimated gross amount expressed in terms of money, which could be typically realized from a sale, as of a specific date, given a reasonable period of time to find a purchaser(s), with the seller being compelled to sell on an as-is/where-is basis, in an appropriate and relevant marketplace with knowledgeable buyers.

Original Cost is the initial capitalized cost of the asset in hands of its present owner.

Overhaul is a major maintenance event and is the complete disassembly of an engine, evaluation, repairs as necessary, reassembly, testing, and approval for return to service within the fits and limits specified by the manufacturer's **overhaul** data.

Physical Deterioration is a form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

Price is the amount or cost of an asset. (Not necessarily equal to value.)

Personal Inspection is the physical observation performed to assist in the identifying relevant property characteristics in a valuation service.

Personal Property Any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal," such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens.

Physical characteristics are the attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgment.

Prospective Value is the analysis of market trends to provide support for forecasted income and expense or sell-out opinions, absorption periods, capitalization rates and discount rates as of the effective date of the appraisal. Economic trends such as growth in population, employment and future competition is analyzed.

Reconciliation is the process by which the appraiser evaluates, chooses and selects from among alternative conclusions to reach a final value estimate.

Relevant Characteristics are the features that may affect a property's value or marketability such as legal, economic, or physical characteristics.



VALUATION METHODOLOGY TERMS & DEFINITIONS

Remaining Economic Life is the estimated period, usually expressed in terms of year, during which property will continue to contribute value.

Remaining Useful Life is the remaining physical life of the asset. It is calculated by deducting the effective age of the asset from the normal useful life.

Replacement Cost (New) is the current cost, new, or a similar new property having the nearest equivalent utility as the property being appraised.

Reproduction Cost (New) is the current cost of reproducing a new replica of a property with the same or closely similar materials.

Residual Value in connection with a tangible asset, it is the term, which refers to the value of an asset after expiration of its normal useful life.

Residual Value (Accounting) is the estimated net scrap, salvage, or trade-in value of a tangible asset at the estimated date of disposal; also called salvage value or disposal value.

Residual Value (Forecast) is the estimated Current Fair Market Value in exchange as of a future date with no consideration given to the effects of inflation or deflation measured from the appraisal date; assuming the aircraft is in good condition and will continue to be maintained in good operating condition with normal preventive maintenance; and assuming the market for used aircraft of the nature at the future date will not reflect unusual conditions of supply and demand.

Residual Value (Lease) is the value of the leased equipment at the conclusion of the lease term. To qualify the lease as a “true lease” for tax purposes, the estimated residual value of the leased equipment at the end of the lease term must equal at least 20 percent of the original cost of the equipment, without regard to inflation. (However, the lessor is not required to book any residual for financial accounting purposes.

Salvage Value is the estimated amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for use elsewhere.

Scrap Value is the estimated amount, expressed in terms of money, that could be realized for the property, as of a specific date, if it were sold for its material content not for a productive use.

Tangible Assets are any physical properties such as land, building, machinery and equipment.



VALUATION METHODOLOGY TERMS & DEFINITIONS

Useful Life is the period of time over which property may reasonably be expected to perform the function for which it was designed.

Value is the amount, relative worth, utility, or importance of an asset (not necessarily equal to price or cost).

PRICE vs. VALUE

What is Price?

Sometimes called cost, the term “*price*” refers to an amount of money asked or actually paid for an item. It may be more or less than the item’s value.

What is Value?

Value is the sum of money that, if paid at a particular time, would be the equivalent to the benefits that would accrue to the purchaser beginning at that time: to simplify what it is worth.

Value is a lump sum of money (a capital amount) that is being exchanged at a particular point in time for future benefits. Thus, value is dated. It is subjective in that it must be estimated.

Going Out into the Market Place:

VALUE: What is it worth?

Value= supply, demand, condition – Value can be thought of as the sum total of quality, physical condition, maintenance status/history, and age/component times/cycles.

The Replacement Cost Comparison Approach “Valuation Methodology”

USPAP (Uniform Standards of Professional Appraisal Practice) endorsed by ASA (American Society of Appraisers – Machinery & Technical Specialties – Aircraft:

VALUE: What is it worth?

Value= supply, demand, condition – Value can be thought of as the sum total of quality, physical condition, maintenance status/history, and age/component times/cycles.

OBSOLESCENCE FACTORS

- Technological Obsolescence is impairment of desirability arising from rapid change of technology and process
- Functional Obsolescence is loss in value due to functional capacity or efficiency issues.
- Economic Obsolescence is loss in value due to external influence.



VALUATION METHODOLOGY TERMS & DEFINITIONS

- Physical Deterioration is a form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements

Appraisal Method (Aircraft)

Certain commercial firms publish aircraft guides, or bluebooks, which contain opinions (a representative average value) on typical prices. These reference books are useful in many ways, but their opinions (a representative average value) on values are not based upon actual and identifiable sales. The most accurate bases for an aircraft market value are comparable sales offering, including aircraft serial number, the date of sale, specific status, the seller, the buyer, and the actual price paid.

The *VREF Aircraft Value Reference & Appraisal Services* is designed and developed as a service for the purchasers thereof to assist them in arriving at the fair market value of the aircraft listed herein, but is intended only as a guide and is not to be considered to reflect all factors involved in the appraisal process of any particular aircraft. All prices in the Digest are considered representative average.

The information herein is prepared from many sources, is edited, and believed to be correct. The publishers do not warrant the accuracy of the source material and assume no responsibility to any person or person in connection with the use of this guide. In case of error or omission, the liability of the company, if any, is limited and may not, in any event, exceed the amount paid for the service during the period covered by the guide in which the error or omission occurred.

Appraisal points relative to any aircraft require that it have original logs maintenance records, excellent paint and interior and minor insignificant damage history. In addition, an aircraft should be no more than six months out of an annual inspection and/or have recently completed a phase or progressive maintenance event, and be in compliance with all Airworthiness Directives and mandatory service bulletins. The engine times remaining should be of an acceptable and established limit, which is, generally speaking, mid-time on most aircraft, but could possibly vary from aircraft to aircraft. Special value consideration is extended to engines enrolled on industry accepted power by the hour programs such as PistonPower®.

