

Deals of the Year 2011

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Hard work goes a long way, but sometimes it just comes down to timing. Getting a deal done at the right time could not have been more important in 2011.

During the second half of the year, as the European debt crisis worsened, those who closed financing or locked-in terms in the first half of 2011 should be celebrating.

As the summer began the price of European export credit loans - still ubiquitous - started to increase significantly; the capital markets continued to be volatile during the third and fourth quarters, despite a few issuers taking advantage of open windows that quickly shut and traditional banks closed their books or dramatically reduced the liquidity available for aviation. In addition to timing, innovation, execution and size have been themes in 2011.

The 2010 Deal of the Year awards recognized several aircraft leasing companies for big or innovative transactions. The trend continued in 2011, as lessors continued to grow and increased their ownership of the global fleet both with direct purchases from the manufacturers and through sale/leasebacks with airlines.

While airlines and lessors are looking to diversify funding, the debt capital markets have not provided the proliferation of deals hoped for. But Emirates' ability to raise \$1 billion-worth of unsecured money in the Reg S market without a rating suggests that investor appetite exists.

The equity markets were a success for newly established lessors in 2011, as they grow their portfolios. Two deals are being recognized with awards: Air Lease Corporation's initial public offering and Avolon's equity raise with Singaporean sovereign wealth fund, GIC. Both transactions demonstrate investor confidence in the aircraft-leasing model.

Gecas's ability to issue the first ABS deal in three years, with its \$290 million engine securitization, shows that the debt capital markets are open to lessors, while Awas's successful repricing of its term loan demonstrates that there is appetite for secured paper.

Large deals that access deep pools of capital are usually rewarded because of their significance to the industry as a whole. For instance, Gecas's reopening of the ABS market is important for further issuances.

But, while a shift to the capital markets is starting to be universally accepted as a necessity, the critical relevance and necessity of a committed bank market cannot be discounted. International Lease Finance Corporation's \$1.5 billion secured bank facility shows commitment both from traditional aviation banks and new lenders. The strength of relationships cannot be discounted.

DVB Bank found a solution to provide a loan to Norwegian Air Shuttle for predelivery payments, despite the bank's increasing cost of funds and the risks associated with an unsecured deal. Similarly, Natixis helped Tam to access the Japanese operating lease market to diversify its sources of capital. This was the first Brazilian aviation credit to access this market for eight years.

Relationships go far in this business. Jackson Square Aviation proved this when it stuck by Japan Airlines after the natural and nuclear disasters that struck the country in March. The lessor committed to delivering two aircraft required by the airline as part of its restructuring during a tumultuous time for the airline and the country.

NB: Readers might notice the omission of one prestigious category - Most Innovative Deal of the Year. It was an editorial decision to withhold awarding any one single transaction for its innovation this year as no deals fit the category. As the export credit becomes more expensive and the bank market shrinks, the industry will have to originate new structures in order to cope with increasing capital requirements as the volume of aircraft deliveries rise. *Airfinance Journal* looks forward to having several deals to select from next year to reinstate this category.

Sophie Segal

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Airfinance Journal

The winners

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[Editor's Deal of the Year 2011](#)

[Africa Deal of the Year 2011](#)

[Asia Deal of the Year 2011](#)

[Joint Asia/Pacific Deal of the Year 2011](#)

[Joint Asia/Pacific Deal of the Year 2011](#)

[Europe Deal of the Year 2011](#)

[Latin America Deal of the Year 2011](#)

[Middle East Deal of the Year 2011](#)

[North America Deal of the Year 2011](#)

[Engine Deal of the Year 2011](#)

[Regional Jet Deal of the Year 2011](#)

[Capital Markets Deal of the Year 2011](#)

[Commercial Loan Deal of the Year 2011](#)

[Equity Deal of the Year 2011](#)

[Export Credit Deal of the Year 2011](#)

[PDP Deal of the Year 2011](#)

[Sale/leaseback Deal of the Year 2011](#)

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