

IAFC sues SAUDIA over lease defaults

Dominic Lalk

28/10/2020

Documents filed in the High Court of London allege that state-controlled Saudi Arabian Airlines (Saudia) has stopped paying lease rentals for 50 aircraft contracted on operating lease terms from a UAE-based lessor.

The plaintiff – Alif Segregated Portfolio, which is an IAFC company – is seeking \$460 million from Saudia . This covers missed rental payments, maintenance costs and other compensation. It is further being alleged that Saudia performed “unauthorized and undeclared engine and parts swaps” on some aircraft.

The 50 aircraft leases in question cover 20 Airbus A330-300 aircraft delivered new to Saudia in 2016 and 2017, as well as 30 new A320 aircraft delivered between 2016 and 2018 to the Saudi flag carrier.

The A330-300s are on 15-year lease terms, Fleet Tracker data shows, while the A320s have been commissioned for 12-year terms.

The 50-aircraft deal was first announced at the 2015 Paris air show as the largest Islamic aviation financing deal at the time.

Saudia, in a statement to Reuters, said it would stand by its contractual commitments and was also prepared to defend itself against inaccurate claims.

“We are currently in discussions with the lessor to resolve contractual differences, and we believe that common sense will prevail in the end,” the carrier was quoted as saying.

Thank you for printing this article from Airfinance Global, your essential intelligence resource for aviation finance. If you have been given this article by a subscriber, you can contact us through email at accountmanager@airfinanceglobal.com or call us on +44 (0)20 7779 8015 to discuss our subscription options.