

Refinancing ABS achieves low coupon

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The senior tranche notes issued by Castlake Aircraft Structured Trust 2017-1R (CLAS 2017-1R) priced at a 2.74% coupon on 23 July. This represented a 2.757% yield.

Guidance was for around 250 basis points (bps), according to early data, and the spread was MS+230 bps. The tranche was sold at a 99.9907 issue price.

Goldman Sachs is the lead structuring agent in the transaction and left lead bookrunner.

Citigroup, Credit Suisse and Deutsche Bank are the joint lead bookrunners in the transaction.

The \$315 million senior loan tranche has an initial loan-to-adjusted base value (LTV) of 60.6% and amortises over 11 years in a straight-line schedule for the narrowbody aircraft and over 10 years for the widebodies.

The \$75 million B notes, which have a 75.1% initial LTV and have a similar amortisation profile as the senior notes, priced at a 3.92% coupon.

The \$60 million C notes priced at a 6.5% coupon. The tranche has a 86.6% initial LTV and a seven-year amortisation profile for the first year and amortises over a five-year straight-line schedule.

In CLAS 2017-1R, CLSec Holdings 14S DAC and CLSec Holdings 15S are issuing the notes. Sun Life Assurance of Canada is the liquidity facility provider while UMB Bank acts as trustee. Milbank is acting as legal counsel for the issuers. The portfolio will be serviced by Castlake and Castlake Aviation Holdings (Ireland).

The initial weighted average age is approximately 16.4 years and the weighted average lease term is approximately 3.8 years.

The offering is expected to close on 5 August 2021, subject to the satisfaction of customary closing conditions.

ABS low coupons

In late May, SLAM 2021-1, the ABS transaction launched by sponsor Sky Leasing and its affiliates, priced at a 2.43% coupon on the senior tranche. Guidance was MS+160-170 bps. The tranche achieved a 2.447% yield.

The transaction represented the lowest-ever coupon across all aircraft ABS deals. The pool of aircraft has a weighted average age of 1.6 years, representing the youngest weighted average age for an aviation ABS transaction. The weighted average remaining term of the initial leases was approximately 11.1 years.

In June, funds managed by affiliates of Apollo Global Management and Merx Aviation priced the \$417.65 million class A notes with an interest rate of 2.521% for MAPS 2021-1 Trust.

That portfolio features 18 narrowbody aircraft and two freighters, with a weighted average age of 5.8 years overall and 4.3 years excluding freighters, and weighted average lease term of 8.4 years.

Earlier this month Blackbird Capital II, the joint venture established by Air Lease and Napier Park Global Capital, closed a \$745 million fixed-rate notes offering, backed by 18 aircraft.

The deal comprised \$630 million of 2.443% series A fixed-rate notes and \$115 million of 3.446% series B fixed-rate notes. The fleet comprises a mix of narrowbody and widebody aircraft that, as of 31 May, had an average age of 2.9 years, representing the second-youngest weighted average age for an aviation ABS transaction.

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