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Aviation compares well with other asset classes

David Andrews, managing partner, Hudson Structured Capital Management; **Damon D'Agostino**, CEO, Zephyrus Aviation Capital; **Gary Fitzgerald**, CEO, Stratos; **Drew Fine**, partner at Milbank, Tweed, Hadley and McCloy

Aviation "generally" stacks up "really well" against other asset classes, believes Drew Fine, a partner at Milbank, Tweed, Hadley and McCloy.

"I sometimes make the analogy that if you buy real estate in Dublin there's nothing you can do about it. With aircraft, you simply repossess the aircraft and place it somewhere else. The rosy view is that it's a great asset class," said Fine.

Asset managers agree: "Aircraft are customised assets but they're easily re-customised. I feel that liquidity of aircraft is superior to other asset classes," said the president and chief executive officer (CEO) of Zephyrus Aviation Capital, Damon D'Agostino.

"Investors like hard assets and an aircraft is the perfect hard asset," said the managing partner at Hudson Structured Capital Management, David Andrews.

Over the past two years, tax-based investors have demonstrated a growing appetite for aviation assets compared with other asset classes. Tax-based investments including Japanese operating leases (JOLs) will continue to attract interest.

"We're active in the JOL market, we've placed $360 million in JOLs in 2018. Aircraft are by far the most attractive asset in the Japanese market. From a tax perspective, you need a recognised asset and a long-term, stable and fairly liquid market in terms of lessees. Ships and real estate don't meet these criteria," said Stratos CEO Gary Fitzgerald.

"Tax-based investment will be heavy in 2019. But it's a question of supply. Are there enough aircraft to satisfy that market?", asks Fitzgerald.

For a JOL, a special purpose vehicle (SPV) is established with 100% ownership by a Japanese entity. Between 20% and 30% of the SPV's equity is provided by Japanese equity investors, with the remainder coming from banks.

"Looking at the demographics of Japan, there's a huge population at retirement age. They hold privately held SMEs. Buying hard assets gets you out of very hard penalising tax restrictions," says Fitzgerald. "Eighty per cent of all tax-based investments are in aircraft, which are by far the best investment for tax investors," he adds.

In addition to tax-based investments, Zephyrus' D'Agostino sees big potential in the mid-to-late-life market. "There's a misconception that older aircraft are riskier but a lot of people are forgetting that you're talking about an aircraft that's already been through most of its depreciation," he notes, adding that older aircraft are valuable sources of spare parts and have a high potential for cargo conversions.

Ageing aircraft are not without challenges, however. "You really have to understand the metal. And you have to have a higher degree of asset expertise as you go further down the life cycle," says D'Agostino.

Margins at **cyclical low**

Margins in the aircraft financing industry are at a "cyclical low", according to the chief executive officer of GECAS, the largest lessor in the world by number of aircraft.

Alec Burger said: "What you've seen over several years is a compression in margins, purely driven by the weight of capital that's continuing to attract to the sector. To me, the compression is entirely logical given the stability of the sector.

"The leasing sector has been surprisingly stable and resilient given the long leases. People have finally woken up to that, invested in the sector and that's impacted margins. I think we've reached a cyclical low in terms of where margins are in the industry."

Burger was optimistic about new business opportunities for GECAS in 2019, saying that "the Asia growth story is still robust" and there are also opportunities with legacy carriers for GECAS".

"We turned the corner into 2019 with what I would call an ambitious strategy overall in terms of new business in 2019."

After closing the STARR ABS in June 2018, Burger sees the market being here to stay.

"There is investor appetite to move into this sector, and I think that the STARR deal is just an example of finding other avenues to tap a strong desirable asset. That's going to maintain," he said.

Alec Burger, chief executive officer, GECAS

GECAS buyers face hefty debt raising

Any sale of GECAS will pose significant equity and debt financing challenges for the buyer, according to Mark Streeter, JP Morgan managing director airline aircraft credit research.

"If someone writes a $40 billion cheque today that would simplify the GE story. That is something the market has been calling for," he said.

"If they can get the book value for GECAS and someone can bring the financing for the acquisition, I believe this is a transaction that would happen. But those are two very big 'ifs' - that's what the focus is on."

Streeter says if an entity buys the lessor, very little of GECAS's debt is set to travel because the capital has been raised to fund the business.

"By comparison, if an entity buys AerCap today the $16 billion outstanding bonds could travel with the purchase. That is not the case with GECAS. You need fresh capital to be raised for that acquisition.

"Not only do you have to write an equity cheque but you also have to raise the debt. And if you capitalise GECAS at a leverage ratio consistent with its peers you are talking north of $20 billion of debt in addition to the equity to be raised. That is the issue with GECAS."

Streeter says the helicopter business needs to be ripped down to some degree. "You also have the PK Airfinance and the engine businesses. It is a book value of $40 billion but the question mark is what is the market value of those assets."

He does not think that any public lessors will bid for GECAS.

"Some lessors like Air Lease and AerCap already have their own orderbooks. Would it make more sense to a DAE who does not have a big orderbook?", he asks.

Street also ponders a private equity acquisition.

"Could private equity step in and buy GECAS? And then down the road their exit strategy might be to list it. I could see this happening."

He adds that any cleaving from GE will not significantly harm the lessor from a synergy perspective.

"For regional jets traditionally there has been a strong link with GECAS where they had their engines on those programmes, but that's not necessarily part of the growth at GECAS anymore. If someone is buying GECAS because they want to focus on larger commercial jets rather than regional jet market, I don't really think they get much synergy between the engine manufacturing business and the aircraft leasing business."

Investors, beware of **warning signs**

Investor confidence in aviation assets has been declining over the past few months. Lessor-owned and managed aircraft are sitting on the ground longer, prompting some in the industry to speak of early warning signs.

"Many people are calling it a downturn, but it really hasn't happened yet. People are still making a lot of money. Still, you should think about investing differently, who you're aligning with," says president and chief executive officer (CEO) of Zephyrus Aviation Capital, Damon D'Agostino.

"If you're a smart investor, just because you have weakness in Europe or Asia, this generally doesn't mean you have weakness across the board. So you need to diversify regionally," D'Agostino adds.

Other industry shapers and leaders concur that investors would be ill-advised to shed or delay aviation investments.

"Now is as a good a time as any. I will admit it looks a little frothy. My instinct is to keep to more solid credits. There are warning signs there. I wouldn't jump in all guns blazing, but that isn't to say I wouldn't go in investing in the right aircraft," said David Andrews, managing partner at Hudson Structured Capital Management.

There are other forms of investment in aviation that could provide respite in a cooling aircraft asset market. "We should be looking for peripheral ways, not investing in metal, but investing in new airlines that change things, or corporate jets. There are asset-light models," said Stratos CEO Gary Fitzgerald.

Fitzgerald argues that capital flowing into aircraft assets has degraded it as an asset class in recent years. However, he does not predict a catastrophic crash comparable to what occurred with the shipping industry.

"There was a tremendous oversupply in shipping and government subsidising. We don't have that situation in aviation. Airbus and Boeing might overestimate their order books and China is pushing back as well. Rates are down as a result. Could we have a correction? Absolutely. But will it be like what we've seen happening to the shipping industry? No."

DAE Capital considers GECAS purchase

DAE Capital would be interested in trying to bid for GECAS if the leasing outfit is put up for sale, the Dubai-based company's chief executive officer (CEO) tells *Airfinance Journal*.

"If they do decide that GECAS isn't going to be part of GE going forward, I think that is such a phenomenal franchise, there will be an incredible level of interest in acquiring that franchise, even though the size of the acquisition is large by historical standards," says Firoz Tarapore in an interview.

GECAS is estimated to be worth $25 billion at book value. However, if GE decides to sell the aircraft lessor, the buyer will need to raise additional debt because of the funding structure of the company.

"But the quality of what you get for that is so phenomenal, I think there will be intense competition. It's fair to say that we would be part of that mix."

"We'd give it our best shot to see whether we would be successful in making something happen," he adds.

Tarapore adds that DAE has not yet made a bid for GECAS and he is speaking "from an outsider's perspective".

"Let's see what Larry decides to do and once that's firmed up, in our opinion, there will be incredible interest in that platform because it is the best that's out there."

Speaking on a panel on 23 January at the Dublin Airfinance Conference, Domnhal Slattery, the CEO of Avolon, the third largest lessor by number of aircraft, said that he thinks the decision on the future GECAS has already been made by the board of GE. Aengus Kelly, CEO of AerCap, said that it would be unlikely that "traditional private equity" would buy GECAS.

Harnessing the Power of Leasepoint to Support Rapid Expansion

Leasepoint is a powerful and flexible tool for enhancing an aircraft lessor's operations, offering robust features that can unlock untapped potential to enable your business to perform at the highest levels in the industry. However, to deploy Leasepoint in a way that effectively supports treasury, accounting, banking, and contract management activities, lessors need to engage a trusted technology partner who has the in-depth knowledge of the daily workings of an aircraft leasing platform and can deliver a tailored, customer-focused, and nimble approach to the system's optimisation.

With the increasing complexity of aircraft financings, the volume of payments and the rapid growth of corporate structures among a significant number of asset-owning leasing companies, Leasepoint has become one of the premier 'go-to' systems for facilitating day-to-day contracts and asset management operations.

A successful implementation of Leasepoint or the enhancement of an existing system requires a trusted technology partner who has the in-depth knowledge of the daily workings of an aircraft leasing platform and can deliver a tailored, customer-focused, and nimble approach to implementation.

Having done so for globally recognised lessors, Zeevo Group ("Zeevo") has in-depth experience in optimising Leasepoint and assisting companies in deploying a full suite of enhancements.

Zeevo director Angela Geremia explains: "Leasepoint, when set up to reach its full potential, is a powerful tool to automate business procedures, relieving administrative burdens and supporting your organisation's growth into a global top-tier aircraft leasing business."

Roadmap

Whether implementing Leasepoint for the first time or optimising an existing system, a roadmap is key to limiting disruption in operations and identifying dependencies between each dataset within the system.

In project planning there are eight essential building blocks to consider: security configuration; company data and bank information; asset and component information; lease contract setup; maintenance programmes; general ledger integration; technical specifications; and reporting.

Security Configuration

To protect the integrity of your Leasepoint data, it is important to control the users who can view, enter, revise, and approve it in the system.

There are many available security roles available for flexible configuration of appropriate user access rights.

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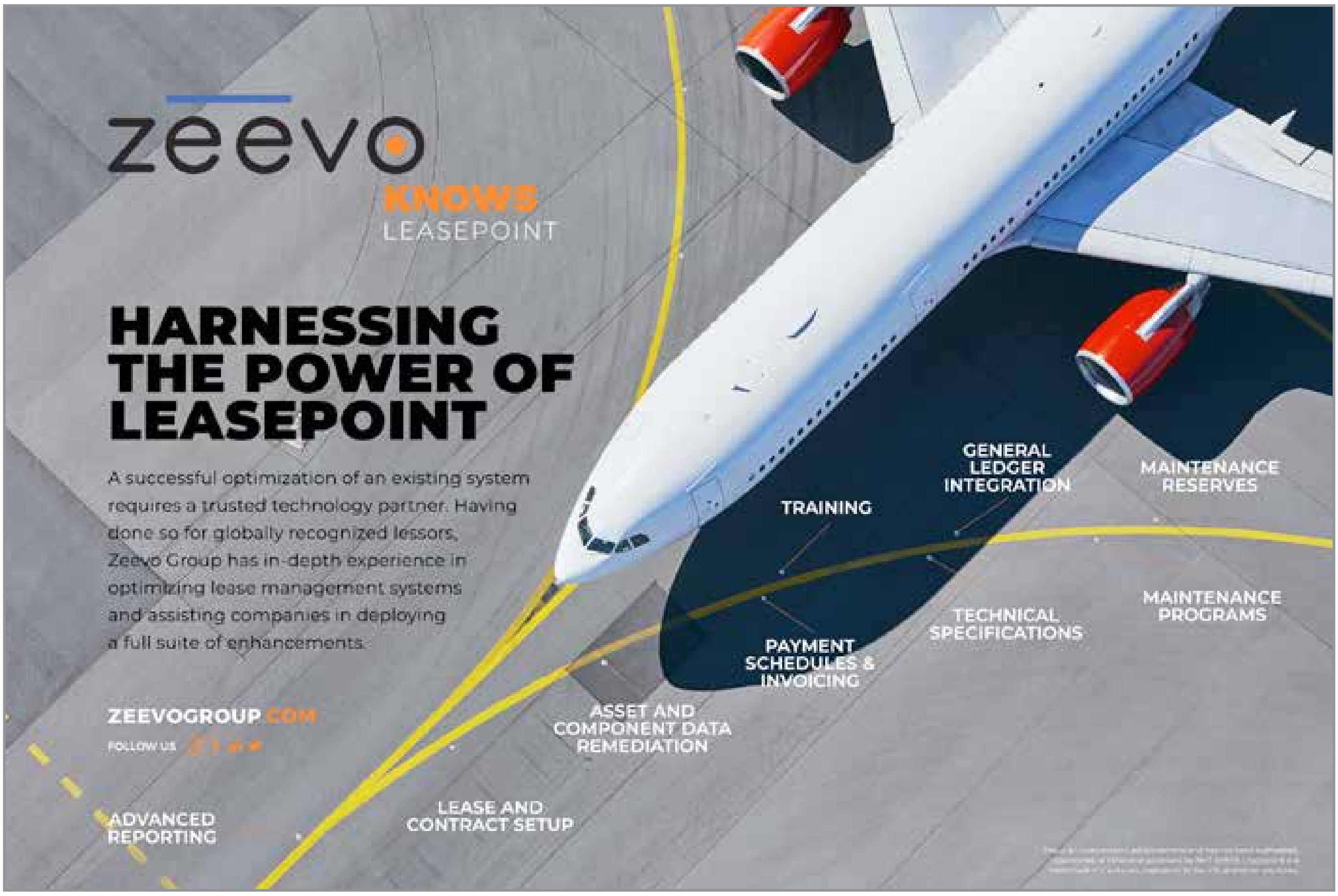

Developing regularly scheduled audits helps maintain your data quality over time. The Diary module and Review Profile feature sets support this quality control.

Company Data

To start, your Company Register should be up-to-date with your:

- Active internal lessor companies;
- Existing and potential lessees;
- Asset manufacturers;
- Part suppliers;
- Insurance companies and brokers; and
- Asset owner companies, including banks and other leasing companies.

These company details are used in multiple system features such as contract setup and invoicing that facilitate automated operations – minimizing the need for routine manual tasks and reducing administrative overheads.

Bank Details

Along with the company setup, updating your bank branch and account details further enables the system's automated feature set, such as invoicing based on payment schedules. Each payment schedule requires a defined corresponding payment bank account. The selected account is used to output any required wire details on an invoice and to record the bank account transaction when a customer makes a payment.

Asset and Component Information

Remediating your asset and component data can be done in parallel to the cleansing of company and bank account records. First, make sure to set up the required technical master data – i.e. the technical details of the major components that drive financial decisions and asset management.

At a minimum, ensure the following component variant types are captured correctly to encompass all variants for both your current fleet and future on-order aircraft, including airframe, engine, landing gear, and APU.

The granularity of technical master data to remediate should be dictated by your business requirements and available resources to track the data in the system on a forward basis. For example, you can track each life-limited part (LLP) for every engine or just the limiter.

Geremia says: "At the onset, do a cost-benefit analysis of available resources to track your data against the value that data brings to your business requirements."

Lease and Contract Setup

With the basic company, bank account, asset, and component data remediated, you can then tackle lease agreement data. In Leasepoint, the lease agreement structure encapsulates a parent contract summary and a child payment schedule for each applicable payment type, such as rent and maintenance reserves.

The contract summary details include, but are not limited to:

- Parties to the lease, e.g., the lessor company, lessee, and bank;
- Lease term details, e.g., term length;
- Lease option details, e.g., extension and early termination options;
- Scheduled events, e.g., mid-term audits, expiry dates; and
- Return conditions.

Payment Schedules

For each type of payment schedule, there is a corresponding child contract summary with its own unique parameters. Typical payment schedule contracts include operating lease payments, e.g., rent, security deposit payments, and maintenance reserve payments and funds.

Most types are supported by a payment schedule calculation engine, which should be relied upon over using an existing override feature. The system also allows additional linked fee or payment schedules to invoice any management fees.

Maintenance Reserve Payment Schedules

The scope of legacy maintenance reserves ("MR") transactions you want to capture dictates the requisite effort to set up MR payment schedules. For example, to arrive at the correct, current fund balance you can (a) re-create the entire MR transaction history or (b) only set an initial fund balance as of a specific point of time, configuring your charge and escalation parameters to calculate the amounts going forward.

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>
> **Angela Geremia**, director, Zeevo

Maintenance Programmes (Intervals and Costs)

Setting up maintenance programmes, e.g., engine performance restorations, airframe heavy checks, using the available interval and cost estimates enables:

- More robust shop visit and maintenance event tracking;
- Further evaluation analysis of assets;
- Maintenance forecasting; and
- Better insight when processing reserve claims.

Once set up, the system can be configured to automatically calculate the expected next event date and associated costs for each component.

General Ledger Information

Leasepoint can be configured as a complete sub-ledger and integrated with different general ledger solutions. To do so:

- Define your chart of accounts;
- Setup your general ledger profiles;
- Assign each profile to the applicable payment schedules; and
- Lastly, configure the journal export file for posting to your general ledger.

Technical Specifications

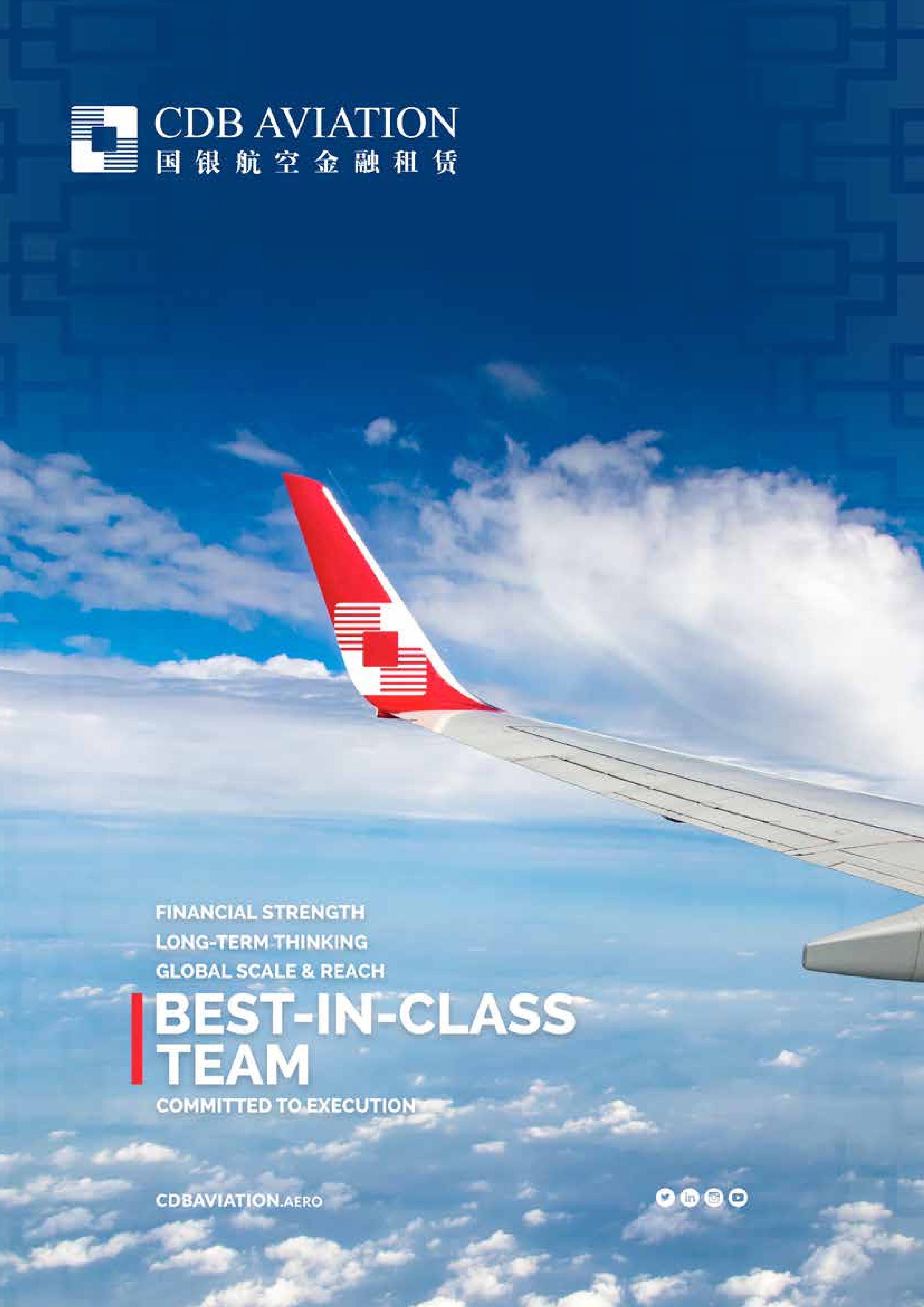
Multiple technical specifications can be created for an aircraft that your marketing department can use for remarketing purposes. Technical specifications in Leasepoint can be very detailed – covering everything from weights, fuel, and cabin configuration to avionics and modifications. Accordingly, define the essential data elements needed to remarket an aircraft up-front.

Reporting

Leasepoint has an extensive list of delivered reports. Performing a review of the available reports will help you determine any reporting gaps. Where gaps exist, Leasepoint can be complemented with more advanced third-party reporting and business intelligence technologies.

We Can Help

With our wide-ranging experience in the aviation industry coupled with Leasepoint expertise, Zeevo is ready to help your company. To learn about the full spectrum of Zeevo's technology, finance, operational improvement solutions, visit our new website: **zeevogroup.com**. Our team of industry experts are on standby to assist your leasing platform to define a project roadmap, implement or enhance the system, spearhead data remediation, and develop custom reporting solutions to get the most value out of your Leasepoint. So, when do you want to get started?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ALC expects brisk China business this year

The CEO of Air Lease (ALC), John Plueger, appears unconcerned by US-China trade tensions and is encouraged by ongoing demand from China.

"We have very few deliveries remaining in China, but we will surely make new China announcements and deals this year. We're included in RFPs. Everywhere we go in China we're being asked for more aircraft. There are political headwinds but it will be fine," Plueger said.

He thinks the sale and leaseback market is going to see a "levelling off or a bit of a capital outflow" in 2019.

"Nature will take its course," he says.

Despite recent volatility emerging in the capital markets, long-term rates "seem to have stabilized a little bit", he says.

"We will see airline bankruptcies this year," he adds, even though ALC has observed more discipline in the market. "There's a good picture for airline profitability and passenger growth," he says, pointing to recent IATA data predicting strong traffic growth this year.

ALC says debt capital markets are "friendlier" for the time being than equity capital markets, although both remain critically important. "You need very deep pools of capital to take advantage of opportunities. The key is to continue to have diversity and depth to capital market access," says the ALC chief.

A319 replacement cycle is coming

Mark Pearman-Wright, Airbus' head of leasing and investor marketing, sees a market for the slow-selling A319neo model.

He acknowledges slow sales although Airbus recorded 22 A319neo orders in 2018.

"Trading in the A319 market is hot and the replacement cycle for the A319 is coming. It has not peaked up yet," he says.

From an investor's perspective, Pearman-Wright says the operators' base is important. "Versatility is equally important. As an investor commonality and versatility of the A319neo it brings is something you have to look at," he adds.

"It also brings range and performance opportunities that none of other aircraft in the same market can compete with. It has a clear niche but the investor community has to look at what it does in that niche market because it is unlikely it will be surpassed."

"The A220-300 is cheaper. It has the same size as A319neo but does not have commonality and performance. When you invest in an A319 you know that the performance element will always be attractive."

The 737 Max 7 backlog is equally low and Southwest Airlines is more inclined in the Max 8 model. Boeing Capital president Tim Myers says investors look at the Max family when investing in a particular model.

"The Max is faster selling family we ever had. The -7 has certain features that an operator might want to use. Some customers may not have size and demand for passengers they need for the Max 8 from a profitability standpoint." "Not every customer is going to automatically upgauge," he adds.

KKR invests $1bn in new leasing platform

US private equity firm KKR is collaborating with, and investing in, Altavair AirFinance to establish an aircraft-leasing portfolio.

KKR will invest $1 billion from its credit and infrastructure funds in the venture, which will initially acquire six cargo aircraft on long-term lease to different airlines.

"Since our first investment in aircraft in 2015, we've recognised the increasing demand for both passenger and freighter aircraft," said Dan Pietrzak, member of KKR.

"Commercial aircraft are critical, long-lived assets that we've been interested in pursuing for several years," adds Brandon Freiman, member and head of North American infrastructure at KKR.

Altavair will be KKR's partner for aircraft leasing investments going forward and KKR will also acquire a 50% interest in Altavair as part of the long-term partnership.

KKR was advised by Simpson Thacher & Bartlett. Altavair was advised by Milbank.

KKR's $1 billion investment into Altavair AirFinance to establish a leasing portfolio will target a broad spectrum of assets, according the lessor's chief executive officer, Steve Rimmer.

"With the KKR investment, we're very much looking at the broader spectrum of investment opportunities," he told *Airfinance Journal*.

"I think we'll be in the single-aisle space, which is a space where we've had challenges meeting the pricing objectives of sellers or airlines or leasing companies.

"We'll be careful about that in the sectors where we haven't played extensively—which are very few sectors —but we have been in and out of sectors as the markets change. We recognise that going forward with this capital, we need to be consistent in all sectors of the market."

Rimmer stresses that with the leasing portfolio, Altavair will not "be commodity players" and instead will try and "create value" from the assets. One way he intends to do this is by taking assets with that are off-lease or on short-term lease and re-leasing them. Rimmer is also open to taking assets for cargo conversion as they approach end-of-life.

Although the new portfolio will look at acquiring engines, it is not a priority for Rimmer; however, he insists the company will still review arbitrage opportunities.

"There has been a move over the last decade towards some specialists in the engine leasing space who are hard to compete against if you are coming into the market and saying you are going to be an out-and-out engine lessor.

"We won't be afraid of looking across a group of airplanes, saying some airplanes are long-term hold, some airplanes are conversion candidates and some airplanes with an arbitrage because of the engine values. It's about understanding the asset and how to extract the intrinsic value of it and saying we wouldn't be afraid at looking at arbitraging aircraft versus engine."

Rimmer says that the platform has a "four-to-five-year investment horizon", but it does not limit it from spending up to $1 billion if he sees "the right deal".

The Altavair boss believes that 2019 may bring some attractive investment opportunities for aircraft lessors.

"Give me a billion dollars over last five years; I would scratch my head a lot of the time about how you would logically and judicially invest that. Because in our mind, the market hasn't demonstrated a lot of well-priced risk return deals over the last few years."

"If you look at 2018, we've got a number of things that are starting to suggest to us that 2019 and 2020 might show some good old opportunities for investing capital in the right risk-return segment."

The public markets have not been treating lessors kindly over the last few years and a private leasing platform investment structure "seems to be a better place to reside aircraft ownership", according to Rimmer.

He adds that he sees opportunities "if you've got the right capital, certainly the right liability side of your balance sheet" but adds that it is also critical to find the right investors for deals rather than simply finding investors to grow your enterprise.


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Avolon seeks $300m borrowing

Lessor Avolon has returned to the offshore syndication market for a $300 million loan.

Natixis and Sumitomo Mitsui Trust Bank are the initial mandated lead arrangers and bookrunners, and have fully underwritten the deal, according to a Hong Kong-based banker who received the invitation. The facility was launched into general syndication on 14 January.

The three-year unsecured loan pays 170 basis points (bps) over Libor.

Avolon Aerospace Funding 5 (Luxembourg), a wholly-owned indirect subsidiary of Avolon, is the borrower. The proceeds will be used for working capital and general corporate purposes.

Roadshows and bank meetings in various locations are held between 14-25 January. Banks have until 28 February to make their commitments.

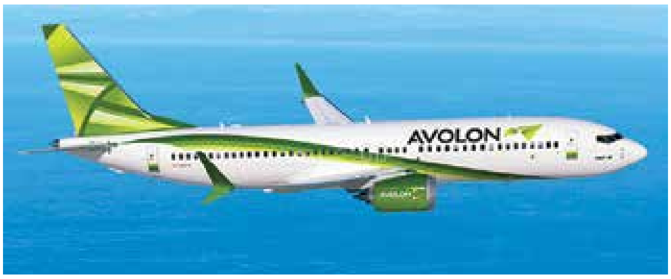
Avolon's last offshore facility was a $1.05 billion four-year raised from the US market last June. BNP Paribas, Barclays, JP Morgan and SunTrust Robinson Humphrey were the mandated lead arrangers and bookrunners, and brought in Apple Bank for Savings, Deutsche Bank and Natixis during syndication.

BoComm Leasing raises $1.5bn in busy bond market

China's Bank of Communications Financial Leasing (BoComm Leasing) achieved the upper end of its $1.5 billion target on 15 January, a feat achieved despite a bustling bond market in Asia, writes *Airfinance Journal* sister publication GlobalCapital.

The first leasing company from the region to announce a dollar bond this year, BoComm Leasing started sounding out investors for a $1 billion to $1.5 billion deal last week. Bookbuilding was announced on 15 January, when initial guidance was released for around 195 basis points (bps) over US Treasuries for a three-year fixed-rate bond, and in the 225bps area for a five-year bond.

In the end, the three-year tranche had a final book of $1.8 billion, including interest from the lead managers, from



> *The number of deals out there meant the market was touch and go.*
>
> **A banker**

84 accounts. Asia took 95% of the senior notes, and Europe, Middle East and Africa 5%. By investor type, banks were allocated 67%, fund managers and securities 29%, and insurance, corporates and private banks 4%.

The five-year saw an over $1.6 billion final book from 73 accounts, including lead manager interest. Almost all the bonds - 99% - were placed in Asia, leaving 1% to EMEA. Some 66% was sold to banks, 28% to fund managers and securities, 4% to insurance and sovereign wealth funds, and 2% to private banks.

"The strategy was to go for something that started at a lower spread," said a banker on the deal. "The guidance we went out with was a bit tighter than what we discussed on 17 January, and the issuer could've been happy with a small deal.

"But because of the strength of the book, we thought, 'why not try for a larger size?'. In the end, the size was at the higher end of the target, and we did that without compromising on the price. The market was expecting 30bps of new issue premium but we priced tighter."

BoComm Leasing's outstanding triple-tranche transaction from last January served as the main comparable, with its $300 million 3.5% 2021 bond spotted at a G-spread of 152bps, and its $950 million 3.75% 2023 at a G-spread of 183bps. Its $250 million 4% 2028 was quoted at a G-spread of 206bps.

BoComm Leasing's curve is wider than that of its peers, with ICBC Leasing's A2/-/A rated 3.125% November 2022 bond and BOC Aviation's -/A-/A- rated 3.5% January 2023 seen at 139bps and 135bps, respectively, on a G-spread basis.

In the end, BoComm Leasing's 2022 was priced at 172.5bps over US Treasuries, the tight end of final guidance of 175bps over plus or minus 2.5bps - or at 99.403 to yield 4.214%. The 2024 landed at a spread of 200bps, the same level as final guidance, or at 99.446 to yield 4.5%.

The leads managed to tighten more on the five-year, given the issuer's focus on printing a slightly larger three-year, according to bankers. "The company was keener to issue more in the three-year so they were trying to maintain the investors in that tranche," the banker on the trade said.

BoComm Leasing eventually took $800 million from the shorter-dated tranche, and $700 million from the longer portion.

But that flexibility on size created some challenges for the leads during bookbuilding.

"The number of deals out there meant the market was touch and go, so it was a bit challenging how we had to go back to investors to inform them of the issuer's intentions, and manage to keep them in the book," the banker added.

Both the 4% 2022 and the 4.375% 2024 were trading around 2bps tighter in the secondary market on Wednesday morning, according to a second banker.

Agricultural Bank of China Hong Kong branch, ANZ, Bank of Communications, BoComm International, BNP Paribas, China International Capital, HSBC, MUFG, Standard Chartered and SMBC Nikko were the bookrunners and lead managers.

The -/A-/A-rated transaction was issued under BoComm Leasing Management Hong Kong with a keepwell deed from BoComm Leasing. Proceeds are for general corporate purposes, including investments in the leasing business.

Air Lease prices five-year unsecured bond

Air Lease has priced $700 million aggregate principal amount worth of senior medium-term notes, according to a filing.

The notes mature on 1 February, 2024 and bear interest at a rate of 4.25% per annum, payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August, 2019. Air Lease intends to use the net proceeds of the offering for general corporate purposes, which may include, among other things, the purchase of commercial aircraft and the repayment of existing indebtedness.

BMO Capital Markets, J.P. Morgan Securities, Merrill Lynch, Pierce, Fenner & Smith Incorporated and SunTrust Robinson Humphrey, are acting as joint book-running managers for the offering of the notes. The sale of the notes is expected to close on 23 January 2019.

Top 50 **lessors' orderbooks**

Rank	Lessor	Total	Turboprop	Regional jet	Narrowbody	Widebody
1	GECAS	**415**	11	5	389	10
2	AerCap	**397**	-	50	301	46
3	Air Lease	**362**	-	-	274	88
4	Avolon	**309**	-	-	254	55
5	China Aircraft Leasing	**238**	-	30	208	-
6	SMBC Aviation Capital	**237**	-	-	236	1
7	CDB Leasing	**191**	-	-	183	8
8	BOC Aviation	**184**	-	-	169	15
9	Aviation Capital Group	**163**	-	-	159	4
10	ICBC Leasing	**133**	-	50	83	-
11	ALAFCO	**125**	-	-	117	8
12	Ilyushin Finance	**106**	2	30	73	1
13	AVIA Capital Services	**85**	-	-	85	-
14	VEB Leasing	**68**	-	7	61	-
15	Macquarie AirFinance	**60**	-	-	60	-
16	Jackson Square Aviation	**56**	-	-	54	2
17	Nordic Aviation Capital	**52**	35	17	-	-
18	China Construction Bank	**50**	-	-	50	-
18=	China Huarong Financial Leasing	**50**	-	20	30	-
20	Goshawk	**49**	-	-	47	2
21	ABC Financial Leasing	**45**	-	-	45	-
22	Everbright Financial Leasing	**33**	-	-	33	-
23	BOCOMM Leasing	**32**	-	-	32	-
24	Aircastle	**25**	-	25	-	-
25	Fly Leasing	**22**	-	-	22	-
26	Incline Aviation	**22**	-	-	22	-
27	Amedeo	**20**	-	-	-	20
27=	Lease Corporation International	**20**	-	3	17	-
27=	Comsys Aviation Leasing	**20**	-	20	-	-
30	State Transport Leasing	**19**	-	19	-	-
31	CITIC Group	**18**	-	-	18	-
32	Sberbank Leasing	**15**	-	-	15	-
33	Hong Kong Int. Av. Leasing	**10**	-	-	-	10
33=	Japan Investment Adviser	**10**	-	-	10	-
33=	CIB Leasing	**10**	-	10	-	-
33=	Aerolease Aviation	**10**	-	10	-	-
37	NBB Leasing	**7**	-	-	7	-
37=	DAE Capital	**7**	1	-	4	2
39	Willis Lease Finance	**6**	-	6	-	-
40	SPDB Financial Leasing	**5**	-	-	5	-
40=	Avia Capital Leasing	**5**	-	-	5	-
40=	IAFC	**5**	-	-	5	-
42	Minsheng Financial Leasing	**4**	-	4	-	-
42=	CMB Financial Leasing	**4**	-	-	4	-
42=	Avation	**4**	4	-	-	-
42=	CES International Financial Leasing	**4**	-	-	-	4
42=	GOAL	**4**	-	-	4	-
47	Falcon Aviation Services	**2**	-	-	2	-
47=	Accipiter	**2**	-	-	2	-
47=	Ping An	**2**	-	-	2	-
47=	Aerostar Leasing	**2**	2	-	-	-
47=	Global Aircraft Trading	**2**	-	-	2	-
	Total	**3,726**	**55**	**306**	**3,089**	**276**

Source: Lessors and *Airfinance Journal*'s Fleet Tracker as of 31 July 2018

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Thursday 24th January 2019, CCD, Dublin

Day two

8.00 Registration & Morning refreshments

8.55 Chairperson's opening remarks

09.00 Wizz Air reaches investment grade
Iain Wetherall, Chief Financial Officer, **Wizz Air**

09.30 Investing in the engine sector
Gael Meheust, President, **CFM**

09.50 Scope Clauses and the Impact on Bombardier & Mitsubishi: The Next 12 Months

- In December 2017 the Alaskan Scope Clause negotiations resulted in no changes, however, since then, we know that future negotiations are set with American, Delta & United in 2018/19.
- What is the future of the CRJ, E1725E2, MRJ90?
- Could Scope Clause renegotiations open up the North American market to the CRJ, as Bombardier has claimed?
- What's the long life for the E175-E1 plus?

David Tokoph, Chief Operating Officer, **MBA**
Eddie Jaisaree, Senior Vice President, Sales & Marketing, **Mitsubishi Aircraft Corporation**
Pierre Gagnon, Senior Director, Americas, **Bombardier**

10.30 Morning networking break & refreshments

10.50 What does the future of low-cost-long-haul look like?

- What is driving airlines towards this model and what impact do we see it having on incumbent legacy carriers?
- What headwinds have impacted carriers attempting to operate this model up to now?
- Which aircraft types have the right economics for this model to work?

Stephen Kavangh, Board Director former CEO, **Aer Lingus**
Daniel Roeska, Vice President & Senior Analyst, European Transportation, **Sanford C Bernstein**
David Wang, Deputy General Manager, **ICBC Financial Leasing Co. Ltd**

11.30 Factoring airline credit risk when taking bulk orders of new technology aircraft

- What level of credit risk is being taken on when untested airlines make bulk orders of new technology aircraft?
- What risk management strategies do OEM treasuries employ to mitigate chances of defaults?
- Is it sensible for unestablished airlines to be making bulk orders of new technology aircraft primarily for the purpose of pricing?

Virginia Fox, Chief Risk Officer, **GECAS**
Phil Seymour, ISTAT Senior Fellow Appraiser, Chief Executive Officer, **IBA**
Brian Rynott, Managing Director, **Alton Aviation Consultancy**
Arnaud Fiscel, Head of Transportation, **Bank of China**
Moderated by: **Catherine Duffy**, Chairman, Partner, Finance, **A&L Goodbody**

12.10 If a cycle downturn was here, what would it look like?
The matter of where we stand in the aviation industry cycle is a matter of constant debate; however often speculation reigns. Hear three experts cut through the noise; assess what the signs of a downturn would be if it were here, and analyse whether or not those signs are present today.
Vicky Pryce, Board Member, **Centre for Economics and Business Research**
Peter Morris, Chief Economist, **FlightAscend Consultancy**
Moderated by: **Vicente Alava Pons**, Managing Director, Regional Head of Aviation Finance EMEA, **DVB Bank**

12.40 The impact of next generation technology on the aircraft leasing industry
Teddy Murphy, Chief Executive Officer, **Miagen**
Kieran O'Brien, Partner – Head of Aviation Finance & Leasing Advisory, **KPMG**

13.00 Ruth Kelly: In conversation
Hear Ruth Kelly, Chief Executive Officer of Goshawk discuss which direction she feels the global aviation finance industry is travelling in, what Goshawk's strategy will be moving forward.
Ruth Kelly, Chief Executive Officer, **Goshawk**
Interviewed by: **Betsy Snyder**, Director, **S&P Global**

13.20 Networking lunch