



CIC, BOEING, AMONG 11 CORNERSTONE INVESTORS IN BOC AVIATION IPO: IFR

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BOC Aviation Ltd has secured 11 cornerstone investors for its \$1.1 billion Hong Kong initial public offering (IPO), tapping China Investment Corp (CIC) and Boeing Co (BA.N) as it launched on Monday the largest listing by an aircraft lessor in at least five years.

Sovereign wealth fund CIC [CIC.UL] and China's state-backed Silk Road Fund will invest \$100 million each and compatriot CDB International has committed \$60 million, showed a term sheet seen by Reuters.

Singapore-based BOC Aviation [IPO-BOCA.HK], a subsidiary of Bank of China Ltd (BOC) (601988.SS), is betting on booming demand for air transportation in the world's second-largest economy. The lessor - the world's fifth-largest by fleet size and fourth-largest by fleet value, according to its IPO prospectus - is selling shares to raise funds for more new aircraft.

U.S. planemaker Boeing forecasts Chinese demand of 6,330 new airplanes over the next 20 years with a total value at nearly \$1 trillion, making China one of the biggest markets for the aircraft manufacturing industry.

BOC, China's fourth-biggest lender by assets, is selling new shares in BOC Aviation at a fixed price of HK\$42.00 each. It said last week the IPO would value its aviation leasing unit at about

\$3.8 billion..

The offering would be the biggest for an aircraft lessor since Air Lease Corp (AL.N) raised \$801 million in a 2011 IPO, Thomson Reuters data showed.

China Life Insurance Co Ltd (601628.SS) and Chinese private equity firm Hony Capital have each committed \$50 million, while Boeing, the world's largest planemaker, has agreed to invest \$30 million.

"China is an important and growing market for our business," said Boeing spokesman Chris Villiers in Seattle, confirming the investment in BOC Aviation.

The IPO comes as Asian lessors raise funds to challenge Western rivals in the nearly \$217 billion global industry, with huge orders or acquisitions to service the world's fastest-growing aviation market.

Rival CDB Leasing, owned by state-controlled China Development Bank Corp [CHDB.UL], plans to raise \$1 billion in an IPO set for the second quarter of this year, people familiar with the matter previously told Reuters..

Cornerstone investors have taken up 52 percent of BOC Aviation's base offering and have agreed to hold on to their shares for six months. The shares are set to start trading on June 1.

BOC Aviation declined to comment on the cornerstone investors. Hony Capital did not immediately respond to a request for comment. CIC, China Life, Silk Road and CDB International could not be immediately reached for comment.

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