

TWO CHINESE SUITORS EXPLORING TAKEOVER OF JET LESSOR AWAS

News / Finance



AWAS Aviation Capital Ltd., the lessor being sold by buyout firm Terra Firma Capital Partners, has drawn interest from two Chinese suitors in an auction that could fetch more than US\$5 billion, people familiar with the matter said.

ICBC Financial Leasing Co. and Aviation Industry Corp. of China are exploring a takeover of Dublin-based AWAS, said the people, who asked not to be identified because the discussions are private. Terra Firma, which owns 75 percent of AWAS, is working with Deutsche Bank AG and Goldman Sachs Group Inc. on the process, said the people.

Purchasing **AWAS** would help a Chinese buyer take advantage of a local air-travel market projected to top the U.S. as the world's largest. AWAS also is a tempting target for Chinese companies because it would be a way to invest outside of the country as the yuan weakens, one of the people said.

AWAS has more than 250 commercial planes under its portfolio, with more than 100 airline customers in 49 countries, according to its website. ICBC Financial Leasing is China's biggest aircraft lessor, while the finance unit of state-owned AVIC said in 2011 it was interested in acquiring foreign leasing companies to expand.

ICBC Financial Leasing didn't immediately respond to calls and an email seeking comment, while AVIC spokesmen couldn't be reached on their mobile phones. Representatives of Terra Firma didn't respond to e-mailed messages, while Deutsche Bank and Goldman Sachs declined to comment. Canada Pension Plan Investment Board, which owns the other 25 percent of AWAS, also declined to comment.

This month, China's Bohai Leasing Co. agreed to buy Dublin-based lessor Avolon Holdings Ltd. at an enterprise value of US\$7.6 billion.

Terra Firma said in March that it would explore opportunities to exit its AWAS investment in the coming years, after Macquarie Group Ltd. agreed to buy a portfolio of 90 aircraft from AWAS for US\$4 billion.

ICBC Financial Leasing is owned by Industrial & Commercial Bank of China Ltd., the largest lender in the country.

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