

THE FINANCE DUBLIN DEALS OF THE YEAR AWARDS 2020

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SMBC Aviation Capital's GAEL aviation equity fund offered an innovative route into aircraft investment for institutions

SMBC Aviation Capital's GAEL Fund enabled investors to acquire a portfolio of aircraft, on lease to a diverse group of international airlines, from SMBC Aviation Capital, who remain as aircraft servicer.

The *Finance Dublin* aviation finance Innovative Financing Deal of the Year is SMBC Aviation Capital's GAEL aviation equity fund. GAEL is a closed-end fund that has raised equity capital from 17 Japanese institutional investors, offering the investors a bespoke opportunity to enter into the aircraft leasing market. Bank funding was also raised by the fund as part of the transaction which is SMBC Aviation Capital's first aviation equity fund for Japanese institutional investors.

The deal, which closed in June 2019, saw GAEL acquire a portfolio of aircraft, on lease to a diverse group of international airlines, from SMBC Aviation Capital, who remain as aircraft servicer. The aircraft are subject to debt (secured over the aircraft) pursuant to a syndicated loan with an internationally recognised financial institution as lead bank.

The fund represents one of SMBC Aviation Capital's most innovative trading transactions to date and was fully-subscribed after a very short marketing period demonstrating the appetite for the aircraft identified and for investment into the aircraft leasing space from institutional investors in Japan.

Financial Services - Aviation Finance Innovative Financing

Winner: SMBC Aviation – GAEL Aviation Equity Fund

Value: €338.2 million

Date: June 2019

Advisers on the deal included Maples and Calder LLP, the Maples Group's law firm, (Irish and Cayman counsel to SMBC Aviation); McCann FitzGerald; Walkers; Clifford Chance (transaction counsel to SMBC Aviation Capital); Millbank (debt counsel to BNP Paribas and lending syndicate) and SMBC Bank (Tokyo). Billy Quinlan, Head of Global Banking, BNP Paribas, said that as a leading advisor and financing partner to the aviation industry globally his bank 'is very proud to have supported SMBC Aviation in the structuring and funding of the GAEL Aviation Equity Fund.'

Donna Ager, head of the European Aviation team at Maples and Calder LLP,



Donna Ager, head of the European Aviation team at Maples and Calder LLP, the Maples Group's law firm: 'The GAEL aviation equity fund and aircraft leasing platform is innovative not only for the fact that, unlike previous aviation funds, it had a pre-determined aircraft portfolio and was established as a closed fund but also because it represented an entirely new means of capitalising assets for a traditional aircraft operating lessor.'

the Maples Group's law firm, commented: 'The GAEL aviation equity fund and aircraft leasing platform is innovative not only for the fact that, unlike previous aviation funds, it had a pre-determined aircraft portfolio and was established as a closed fund but also because it represented an entirely new means of capitalising assets for a traditional aircraft operating lessor. The deal was structured through a Cayman established corporate fund, involving a general and limited partner backed by Japanese investors, which invested into the aircraft assets via a Cayman Islands incorporated / Irish tax resident investment company, with an Irish incorporated entity established to hold title to the aircraft and lease them to the operators in the usual way. The investment company also secured debt from the traditional bank market which was secured with a standard collateral package.

'This transaction not only demonstrates the Maples Group's expertise in the investment funds and aviation sectors, but also the unique nature of our service offering which enables the Group to support clients in multiple jurisdictions across a diverse set of services, extending from legal services to entity and fund establishment and



David McGovern, Lead Partner on the deal at Walkers, said: 'The transaction was noteworthy in that it marked the involvement of our client lender with SMBC Aviation Capital's inaugural aviation equity fund providing Japanese institutional investors that had not previously invested in aviation an entry point into the aircraft leasing market.'

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administration.’ she added.

David McGovern, Lead Partner on the deal at Walkers, said: ‘The transaction was noteworthy in that it marked the involvement of our client lender with SMBC Aviation Capital’s inaugural aviation equity fund providing Japanese institutional investors that had not previously invested in aviation an entry point into the aircraft leasing market’. ‘Walkers was delighted to advise our client on the Irish and Cayman aspects of

the deal which yet again demonstrated our ability to bring transactions of this complexity to financial close and the confidence the market places in our market leading multi-jurisdictional offering providing us with a distinct competitive advantage over other Irish domestic firms. Owing to the sophistication and experience of SMBC as arranger, the fund was fully deployed within a relatively short space of time. Walkers ability to provide effective,

timely, multi-jurisdictional solutions and advice greatly assisted our client in bringing this innovative eight aircraft transaction to financial close,’ he added. Also working on the deal were Killian McSharry, Michael Caulfield and Keith Hyland from Walkers’ Ireland office and Sarah Humpleby and Richard Williams from the Cayman office.

McCann FitzGerald’s Georgina O’Riordan acted for SMBC Aviation Capital.

New platform aims to make major impact on Government's social housing target

Social housing platform Redi Resi secured senior and mezzanine financing to develop its strategy which sees it acquire properties for development that it will in turn lease to local authorities approved housing bodies.

The Loans & Financing Social Housing Deal of the Year is the financing of RediResi's social housing platform. Senior and mezzanine facilities were made available for the establishment and ongoing financing of RediResi's platform which is expected to meet 20% of the Irish Government's national delivery target in 2020 for leasing.

The EUR91 million deal saw senior funding arranged by NatWest Markets Plc and mezzanine/preferred equity funding arranged by Alvarium RE Limited for the project. The committed facilities are available for RediResi to draw down as opportunities arise for it to acquire properties for development in circumstances where RediResi has entered into, or will enter into, leases of those properties with local authorities or with approved housing bodies.

The facilities are made available to holding companies in the group structure with propcos being established, as subsidiaries of the borrowers, to hold individual properties as part of the scheme.

Loans & Financing Social Housing

Winner: RediResi Imez Limited and RediResi Isen Limited

Value: €91 million

Date: October 2019

RediResi had in the 18 months prior to the completion of the transaction (in October 2019) engaged with the Department of Housing, the Housing Agency, various local authorities and tier 3 Approved Housing Bodies in order to tailor the facility to allow the deployment of funds to meet the standards of the bodies involved in the delivery of 'long term social housing solutions' to the key stakeholders.

The supply of social housing is a significant priority for the Irish Government and this transaction complements the proposals in the 'Rebuilding Ireland Action Plan' with RediResi expected to meet 20% of the Irish Government's national delivery target in 2020 for leasing.

Advisers on the deal include: Maples and Calder (lead counsel to RediResi);



Sarah Francis, Finance Partner at Maples and Calder LLP, the Maples Group's law firm in Dublin: 'The supply of social housing is a significant priority for the Irish Government and this transaction complements the proposals in the Rebuilding Ireland Action Plan'.

A&L Goodbody (counsel to NatWest); Dentons (English counsel to Alvarium) and McCann Fitzgerald (Irish Counsel to Alvarium RE). Natwest Markets Plc arranged the senior funding and Alvarium RE Limited arranged the mezzanine facilities.

Other advisers include: DWF (Dublin) and McCann Fitzgerald (Philip Murphy acted for Alvarium as mezzanine funder).

The initial drawdown released funds to purchase units for social housing in two separate developments. Mayeston Hall and Round Garden. DWF acted in the purchase of the units at Mayeston Hall. Maples acted on the banking side and in the purchase of the units at Round Garden.

'We are really pleased to have acted for RediResi in the acquisition of a significant number of residential units for social housing as part of its expansion of its UK rented residential real estate platform into Ireland. The transaction, involving senior debt from NatWest Markets and mezzanine finance from London based investment house Alvarium, was a significant step in RediResi's plan to be a leading provider of social housing accommodation in Ireland over the next two years as part of the Department of Housing, Planning and Local Governments enhanced long term social housing leasing scheme. The



Michael Neary Partner DWF (Dublin): 'The transaction was multifaceted, involving satisfying pre-drawdown banking requirements, acquisitions of the properties, and completion of enhanced leasing documentation with the local authority'.

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leasing documentation with the local authority." said Michael Neary Partner at DWF (Dublin).

Sarah Francis, Finance Partner at Maples and Calder LLP, the Maples Group's law firm in Dublin said: 'We are delighted to have advised RediResi on this significant transaction which involved support from our Banking, Corporate, Real Estate and Tax teams. The supply of social housing is a significant priority for the Irish Government and this transaction

complements the proposals in the Rebuilding Ireland Action Plan with RediResi aiming to meet 20% of the Irish Government's national delivery target in 2020 for leasing.'

Alistair Aitken of NatWest Markets said 'NatWest Markets was delighted to provide senior debt finance to support RediResi on this highly innovative transaction and to help fund the delivery of additional social housing as part of the Government's Rebuilding Ireland strategy. Successful delivery of the

strategy will create real social impact.'

Susan Geddes, Managing Director, Structured Finance, Alvarium Investments RE Limited said 'Alvarium is proud to have been involved in such an innovative transaction to help to provide a solution to the social housing need in Ireland. It proves that alternative funding providers such as ourselves can provide an entrepreneurial approach to finding financing solutions in emerging sectors, this time in conjunction with a more traditional funding partner'
