

Aircraft Leasing

ICAO Regional Air Transport Conference

Montego Bay, Jamaica
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Mexico

Aircraft Leasing

Mexico's Overview

79 Airlines operating in Mexico.

23 European

22 US

14 Latin American

12 Mexican

4 Canadian

4 Asian

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Mexico's Overview

Passengers

In 2013 - 60 million passengers transported by air.
Increase of 8.8% vs. 2012.

Average increase of 5% annual rate since 2009.

Operations

In 2013 – 658K operations, representing an increase in 3.9%
vs. 2012.

Average increase of 1% annual rate since 2009.

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Mexico's Fleet

Mexico's Fleet 2Q 2014		
Company	Average age	Aircrafts
Aeromexico	9.8	62
Aeromexico Connect	9.0	58
Interjet	6.0	49
Volaris	5.7	46
Vivaaerobus	20.6	22
Aeromar	16.0	19
Magnicharters	28.3	13
Aereo Calafia	10.6	8
Aerounión	30.0	6
Estafeta	23.7	6
Mas Air	9.5	4
TAR	12.3	3
Total		296

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Mexico's Fleet

- Mexican fleet is considerably smaller than the US fleet.

Fleet	US	Mexico
Passengers	4,783	280
Cargo	3,000	16
Total	7,783	296

Aircraft Leasing Perspective

We expect an increase in the number of leasing transactions

- Market growth / Market demand (*e.g.* Wi-Fi)
- Bilateral Aviation Services Agreement (BASA) MX-US
- Statement by the Mexican Authority:

“More connectivity at a lower cost”

Aviation Law Congress ITAM, August 28, 2014.

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Aircraft Leasing Perspective

We expect an increase in the number of leasing transactions

- Renewal of fleet by airlines
- Airlines economic models 50%-50%
- Infrastructure (New Mexico City International Airport)

Aeromexico: 27 transactions in 2014 (16 leasing, 11 sale / purchase).

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Cape Town Convention

Mexico is the only contracting state that chose to apply the less creditor-friendly Alternative B of the Convention.

- Less competitive.
- Creditors prefer other jurisdictions.
- More costs for Mexican debtors considering repossession risks.
- Creditors prefer to register aircrafts in other jurisdictions (Alternative A).
- Financial Cost (+5%-8%)

Quick notes on Alternative A and B:

- The legal rights and protections available to debtors and creditors in insolvency proceedings.
- Contracting states have the option, by way of declaration, to specify whether one of two creditor rights regimes (Alternative A or B) will be applicable in their jurisdiction.
- All contracting states except for Mexico, have selected Alternative A, the so-called "hard" version. Under this alternative, the insolvency administrator or debtor must deliver possession of the aircraft object to the creditor or cure all defaults by the end of a specified waiting period or any earlier date on which the creditor would otherwise be entitled to possession under applicable law.
- Alternative B, the "soft" or discretion-based version, upon a request by the creditor, the debtor must surrender the object or it can simply give notice that it will cure all defaults and perform all obligations. If it fails to do either, then the creditor must provide evidence of its claims to the applicable court which then may (but is not required to) permit the creditor to take possession of the aircraft object at issue.

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Mexican Registry vs. International Registry

Mexico stated that for the registration of certificates of aircrafts or helicopters of Mexico or of aircraft that are considered as civil aircraft of Mexico, the Mexican Aeronautic Registry shall be the entry point to the International Aeronautic Registry.

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Mexican Registry vs. International Registry

The effects/intention of the Mexican declaration:

- a) Control of registrations.
- b) Duplicity of procedures and efficiency problems.
- c) Limitation of the scope of the Convention and remedies.
- d) Inapplicability of some of the provisions of the Convention.

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