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Singapore firm Avation buys plane with 20m euro green loan

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Avation said the ATR 72-600 turboprop aircraft (pictured), leased to Braathens Regional Airways, emits 40 per cent less carbon dioxide than a comparable regional jet. PHOTO: AVATION

AIRCRAFT leasing company Avation has taken out a green loan from Deutsche Bank to finance its purchase of an ATR 72-600 plane.

The 10-year loan has a principal of about 20 million euros (S\$30.2 million), Avation executive chairman Jeff Chatfield told *The Business Times* (BT) on Thursday.

The Singapore-headquartered, London-listed firm owns and manages a fleet of commercial passenger aircraft which it leases to airlines around the world.

Avation has delivered the green-financed plane to Swedish airline Braathens Regional Airways (BRA), and is leasing it for a lump sum price of 25 million euros, Mr Chatfield told BT.

The plane is the first to be delivered, in a series of five new ATR 72-600 turboprop aircraft ordered by the airline. When the order is completed in early 2020, BRA will operate an entirely ATR fleet comprised of 15 such aircraft.

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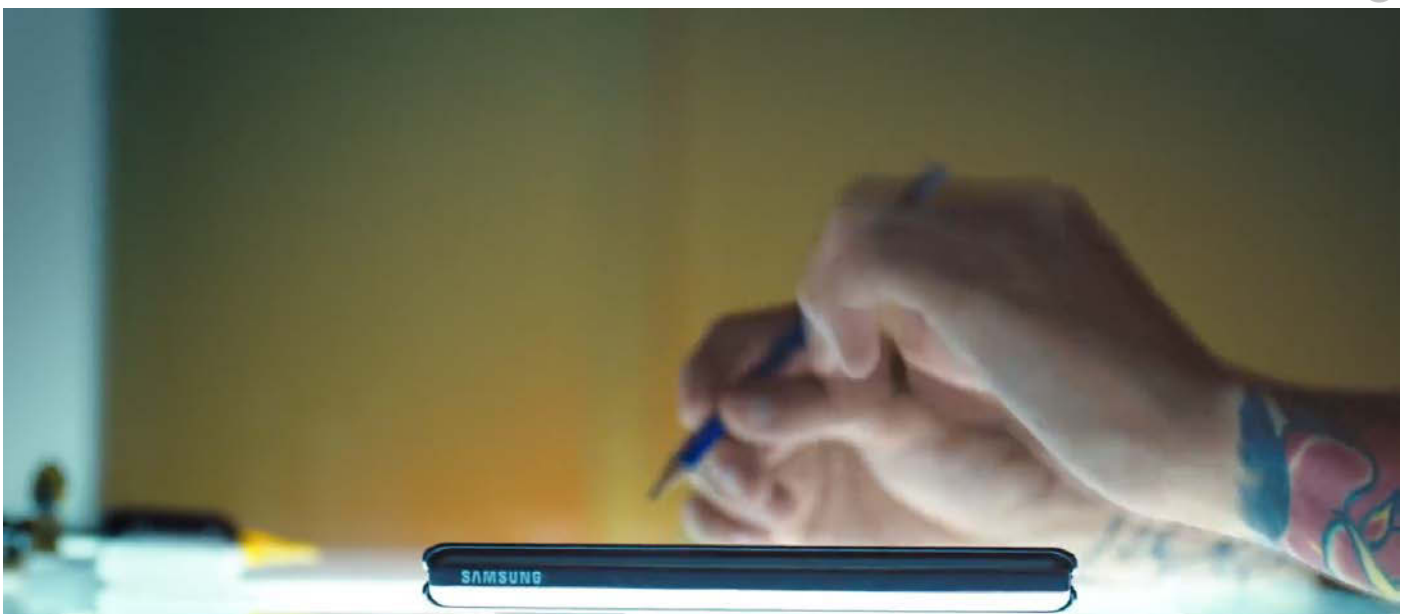
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The ATR turboprop aircraft emits 40 per cent less carbon dioxide than a comparable regional jet, largely due to its latest-generation turboprop engines, said Avation. Turboprops are more efficient than jets on short sectors because they accelerate air using less power, and thus use less fuel.

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Avation bought the five planes from French aircraft manufacturer ATR. Replacing ageing regional jets with the new aircraft is aligned with the Loan Market Association's 2018 guidelines for green loan principles, opined Vigeo Eiris, which provides ESG (environmental, social and governance) research and services.

Vigeo Eiris added that it expresses a "reasonable assurance" - its highest level of assurance - on Avation's commitments and the green loan's contribution to sustainability.

More than half of Avation's total fleet of 48 aircraft are fuel-efficient and lower-carbon planes, including its 26 ATR 72 aircraft.

"As a lessor, it is essential for us to progress our fleet into new technology low carbon emission aircraft such as the ATR 72-600 which maintain their value over a long period," said Mr Chatfield.

Avation expects financing costs to improve as a result of green finance initiatives as the market develops, he added.

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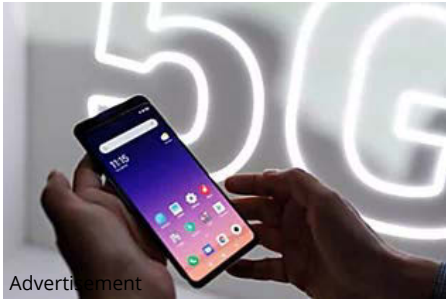


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