

## **Anexo I. Registro del Título del Trabajo Fin de Grado (TFG)**

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**Programa:** GITI – ADE.

**Grupo:** 2ºA.

**Fecha:** 19/07/2024

**Director Asignado:** Lamo Cárcamo, Javier.

**Título provisional del TFG:**

**STRUCTURED FINANCE: ASSET-BASED FINANCING VIA TAX  
LEASE IN THE AVIATION INDUSTRY**

**ADJUNTAR PROPUESTA (máximo 2 páginas: objetivo, bibliografía, metodología e índice preliminares)**

**Firma del estudiante:**

**Fecha:** 19/07/2024

# Structured Finance: Asset-Based Financing in the Aviation Industry.

## 1. Objectives

### 1. Gain a Comprehensive Understanding of Asset Finance and Financial Modeling:

- Focus particularly on the complex aspects related to projections and financial models, aiming to master the creation of precise and flexible models that can accommodate various scenarios and changes in key assumptions.
- Utilize this understanding to build a robust financial model applicable to the financing of commercial aircraft, ensuring it is both practical and theoretically sound.

### 2. Understand Risks and Variables in Aircraft Financing:

- Identify and analyze the diverse risks associated with asset finance in the aviation industry, including financial, operational, and market risks.
- Study the key variables that influence the success and viability of aircraft financing, such as funding sources, revenue streams, and cost management.
- Use this knowledge to develop strategies for risk mitigation.

### 3. Integrate Finance with Legal and Tax Aspects:

- Explore the intersections between finance and legal/tax considerations in the context of **capital lease** or **tax lease** structures for aircraft financing, particularly through the use of a **Special Purpose Vehicle (SPV)** to maximize tax benefits.

### 4. Prepare for a Career in the Sector:

- Acquire a level of expertise in **structured finance** that will be directly applicable to a future career in this field.

## 2. Index

### 1. Introduction

- Objectives
- Scope of the Study

### 2. Theoretical Framework: Structured Finance

- Definition, History and Principles of Structured Finance.
- Key Participants in Structured Finance.
- Differences Between Structured Finance and Corporate Funding.
- Advantages of Structured Finance.

### 3. Asset Finance

- Overview of Asset Finance.

- Asset Finance in Aircraft Funding.
  - Analysis of the factors that influence aircraft valuation, including age, type, and market demand.
  - Financing Structures.
- Capital Lease and Tax Lease Structures.
- Case Study Analysis and Selection Criteria.

#### **4. Financial Modeling for Asset Financing**

- Inputs and Assumptions:
  - Time Variables.
  - Aircraft Acquisition.
  - Funding Sources and Structures.
- Leasing Structure.
- Debt and Depreciation Consolidation:
  - Tax Implications.
- Risk Analysis:
  - Identification of Key Risks and Mitigation Strategies.
- Sensitivity Analysis and Projections:
  - Scenario Planning and Sensitivity Testing.
  - Impact of Variable Changes on Financial Outcomes.

#### **5. Conclusion**

- Summary of Findings.

#### **6. References**

### **3. Methodology**

The theoretical framework for this study will be developed using various sources from the internet, supplemented by the book *Structured Finance: Leveraged Buyouts, Project Finance, Asset Finance and Asset Securitization*. (Larreur, 2021). This literature will provide a comprehensive understanding of the principles, history, and key components of structured finance and project finance. For the financial modeling section, which is the most complex part of the study, the research will draw from existing studies on financial models for project finance. Additionally, the book *Corporate and Project Finance Modeling: Theory and Practice* (Bodmer, 2014) will be used to guide the creation of a detailed and accurate financial model. This approach ensures that the model is robust, reflecting real-world scenarios and incorporating best practices from industry experts.