

# Aviation Advisory

Innovation delivered



# Introduction

At Grant Thornton, we understand that the key to a successful offering to the aviation sector is the ability to provide cross-functional specialist services through an integrated team. Our aviation team consists of experienced aviation professionals, from industry as well as practice, who can provide you with specialised and tailor-made services.

## What sets Grant Thornton apart

You will see from our credentials that we are working on core issues with our clients, from lease management on behalf of third parties, pricing deals on behalf of third parties, building deal appraisal/valuation models for established leasing companies to the completion of detailed contractual reviews across the entire fleet for top 10 leasing companies.

As a result of over-delivering for our clients, we become the provider of choice and consequently have multiple engagements with our clients.

We have also expanded our technical expertise to include borescope witnessing as well as re-delivery and pre-delivery inspections.

In addition, we also provide support through Transaction Execution, Company Secretarial and Paralegal services.



## Our integrated range of services include:

## Grant Thornton: The Right Choice

- 1 Dedicated aviation advisory team**  
Our team works exclusively within the aviation industry. We are familiar with the systems, processes and structures.
- 2 Technical expertise**  
We bring best-in-class expertise across modelling, lease management, financial accounting and transaction execution as well as technical services completed by certified engineers.
- 3 Industry experience**  
Our senior management team consists of senior professionals from audit, transaction services, system implementation and industry backgrounds, we have over 50 years of collective experience.
- 4 Data migration/system integration**  
We have significant experience in assisting clients in system integration and data migrations. As accountants with granular experience of Contracts Management Systems (CMS) such as AerData CMS, Leaseworks, Leasepoint, Sysco, Proprietary, we are able to bridge the gap between the General Ledger (SUN, SAP, NAV) and CMSs. We have proven methodology and experience in cleansing large data sets, data mapping, data validation and User Acceptance Testing.



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## Lease Management

We manage over 300 manufacturer's serial numbers (MSNs) using a process oriented delivery model. We believe continuity of service is achieved by having strong, comprehensive processes in place with a hierarchy of roles through which lease managers can progress.

As a team of accountants with comprehensive experience in CMS, we have been effective in integrating the day-to-day operational activities completed within CMS with the associated financial activity in the General Ledgers. We use our experience as internal auditors to ensure work is carried out in a controlled environment. Our processes have embedded controls resulting in a high degree of assurance. For any given portfolio, we complete operating effectiveness testing periodically to proactively identify any issues through a process of recalculation or tying data back to source systems.

**We have augmented the above with technical Maintenance Repair and Operations (MRO) expertise to ensure all technical aspects of lease management are best-in-class.**

Core elements to the offering:



### Business-As-Usual

BAU events and reporting requirements managed through CMS system, including utilisation, invoicing, rate escalation and ownership of lease summaries.



### Data Management

Management of data on an ongoing basis and controls in place to ensure data remains accurate at all times.



### Alerts Management

Management of Alerts on CMS, ensuring accurate set-up and timely responses.



### Deal Negotiation

Caters for changing terms and conditions at deal origination/negotiation.

## Financial Modelling/Deal Appraisal

We use a best practice, standardised approach for our model build and review engagements. Our deliverables are robust, well-structured and easily understood.

Our team has the technical expertise and industry experience to provide transparency on maintenance-related cash flow forecasts, liquidity forecasting models, calculation of intangibles, lease, buy or hold analysis, transfer-pricing models, fleet analysis, optimum fleet deployment analysis and securitisations.

Where a business must maintain a model on an ongoing basis, we work with the business to embed the processes required to run and maintain the model as part of business-as-usual activity. We avoid key employee dependency by ensuring our clients have clear and comprehensive documentation around model-run procedures and governance, including roles, responsibilities and change management.

### Portfolio management platform

After developing best-in-class IP relating to the pricing of aircraft and associated contractual rights and obligations, the development of enterprise software solutions that enable our clients to manage their fleet without relying on Excel spreadsheets was the next step. The solution allows clients to run generic and tailored scenarios across their portfolio in order to determine future contracted and uncontracted cashflows as well as determine optimum divestment scenarios to maximise shareholder value.

We are capable of delivering solutions in Oracle and MS Dynamics- all of which have clear, straight-forward versioning and drill-down functionality. The system functionality caters for all contractual, technical and commercial considerations and supports.

### Key attributes of our aviation advisory modelling expertise include:

- understanding of opaque areas such as maintenance reserves, reimbursements and redelivery;
- knowledge of CMS that enables us to build models to fully utilise CMS inputs and outputs;
- familiarity with contract documents and technical documents that allows us to understand the materiality and robustness of source information; and
- experience in planning, developing and implementing models for large aircraft leasing companies and airlines.





# Transaction Services

We assist on a broad range of investments including trading transactions, portfolio sales and asset-backed securitisations (ABS).

## ABS transactions

- underwriting model assurance (independent recalculation);
- offering memorandum assurance;
- independent ABS maintenance cashflow; and
- stress testing of cashflows.

## Trade sales/purchase:

- pricing/deal appraisal including detailed fly-forward analysis of lease encumbered assets;
- stress testing of cashflows; and
- lessee credit reports and industry analysis.

## Due diligence

- sell-side due diligence in advance of tender process to ensure maintenance reserve balances are correct and material contractual items are reflected in tender documents; and
- buy-side due diligence during tender process to ensure maintenance reserve balances are correct and material contractual items are reflected in tender documents.



1

### Operational milestones

Deal appraisal models, maintenance forecasting, budget/five year plan, maintenance cost, accruals forecasting and lease/buy analysis

2

### Day-to-day activities

Cashflow modelling, liquidity forecasting and portfolio statistics

3

### Management reporting

Management accounts, board packs and presentation

4

### Transaction services

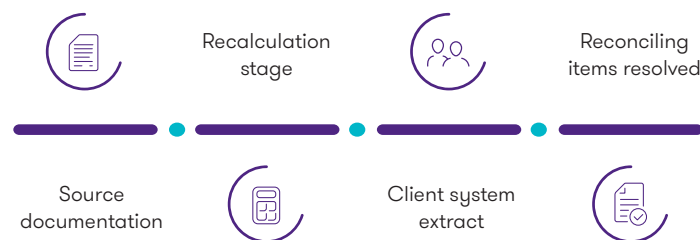
Third-party deal appraisal, underwriting model assurance and ABS maintenance forecasting

# Data Quality Review

Our team have reviewed over 1,000 lease contracts and associated operational data. We use our experience and expertise to provide assurance over the data in your CMS and reduce exposure in divestment and default scenarios.

Our CMS subject matter experts are familiar with contract documents, technical documents and AerData's CMS, AMT Sybex's Leasepoint, Leaseworks, Sysco and proprietary systems. We work with our clients to complete due diligence pre or post deal or as part of a data migration. We also assist in update and data entry as part of business-as-usual activity.

## Methodology:



## Anticipated outcomes and findings:

- assurance over data quality to prevent issues arising during asset sales processes which may impact price negotiations;
- buy-side due diligence to identify exceptions and material items that will impact agreed purchase price of lease encumbered assets;
- assurance over completeness of data to enable the business to rely on lease summaries with all exceptional and material items identified and described in the 'remarks' section of the summary in a consistent format;
- inclusion of alerts for all key events/ milestones such as insurance renewal and rate escalations;
- assurance over maintenance reserve fund values and associated rates;
- identification of underbilling of maintenance reserves; and
- best-practice methodology for contracts management function from initial entry of data capture sheet to due diligence prior to asset disposal.



# Internal/Operational/Technical Audit

At Grant Thornton, our primary objective is to ensure that our reviews are value adding.

We provide a holistic approach to our audit offering, augmenting internal audit over financial controls with operational audit and technical audit.

- Internal audit: Control over financial reporting
- Operational audit: Control over operations for the purposes of risk control and accreditation from global rating agencies to enhance financing options and attract investors to the platform
- Technical quality audits: We have augmented our offering by bringing expertise from the MRO industry to assist in back-to-birth audits, on-site inspections (e.g. borescope witnessing) and shop visit management assurance services.

## Engine re-delivery/pre-delivery inspection (LRU/ QEC inventory)

- back-to-birth matching of serial numbers on the engines.

## Borescope witnessing assurance

- witnessing that the borescope took place.

## Shop visit management assurance services

- providing assurance that unnecessary unserviceable designations were avoided by challenging any unserviceable designations.

Our team is unique in its ability to offer audit services across finance, operations and technical areas of the business. We collaborate with you to provide the board, audit committee, steering committees and finance and technical function with best-in-class independent assurance. This combination of independence and collaboration with you and the business process/control owners facilitates value-added risk assurance, focusing on control effectiveness and operational efficiency.



# Data Migration/System Integration

We have been heavily involved in some of the largest post-merger system integrations and data migrations within the industry.

We have led workstreams across all data centric functions including contracts management and finance (accounts receivable, revenue, cash & billing). We are experienced in designing and running large data validation processes from data input to postings on General Ledger. We understand underlying data and use our modelling expertise to automate the process where possible.

Engagements are undertaken within a controlled environment where change is defined, agreed and implemented following our change and project management methodologies, ensuring we deliver what our clients ask for.

## System selection & procurement

We have experience in selecting and implementing procurement process to maximise value for our clients. We are familiar with all options available for CMS and General Ledgers and the degrees of integration between these core systems as well as the Treasury Management System.

Our approach is to provide a process that is broad enough to ensure that we elicit all technically feasible and economically viable solutions from potential candidates and, once selected, we price all core requirements during the most competitive part of the process, i.e. when all viable candidates are in contention.



We have experience of working with the majority of General Ledger software (SAP, SUN, NAV) and supporting integration between the CMS and the General Ledger.

## Transaction Execution, Compliance & Paralegal

Grant Thornton aviation advisory are experienced in providing assistance in the following areas:

- maintenance of statutory registers, minute books and other corporate records;
- CRO filings as required and e-filing through various CoSec software;
- transaction-related corporate approvals and document execution;
- management of quarterly and ad-hoc board meetings processes - setting agendas, collating board packs, scheduling/attending meetings and minute taking;
- drafting of transactional agreements related to all aircraft leasing and sales including sale and lease contracts, lease restructuring agreements, lease novations and assignments, etc.; and
- incorporation and dissolution of companies in Ireland and the UK.



## ESG – A Purpose-driven Approach

At Grant Thornton, we provide a purpose driven approach to ESG in the following areas:

### 1. Financial reporting

Our team of experts can assist in meeting European Financial Reporting Advisory Group (EFRAG) standards through our deep sectoral knowledge.

### 2. Investor reporting

Investors are taking a growing interest in the environmental, social and governance (ESG) performance of the companies in which they invest. While the growth of responsible investing has driven focus on ESG matters, mainstream investors are also now assessing the ESG impact of and on companies, and how this interacts with long-term shareholder value. Our sustainable markets team partner with clients on ESG investor engagement and reporting, facilitating the management of the often very different demands and expectations of investors on ESG matters.

### 3. Climate risk

Climate change poses one of the most pervasive risks to our planet, our economy and the stability of the global financial system. Its effects are already evident, impacting the risk landscape and challenging traditional thinking about risk management. We provide full support in the end-to-end integration of climate- and sustainability-related risk within organisations. Our sustainable markets team can assist in the development of frameworks for the management of these risks and provide guidance on the identification of risks and opportunities, ensuring our clients have the right tools and information to operate in a resilient and sustainable manner.

### 4. Sustainable finance

Sustainable finance has a key role to play in the world's transition to net zero. Our sustainable markets team has deep sustainable finance expertise with direct experience of working in the capital markets, across a variety of sustainable finance instruments. We work with our clients to develop robust and credible sustainable finance solutions enabling them to raise debt, diversify their investor base and direct capital toward sustainable objectives.



# Transformational Change

Our process improvement knowledge of best practice within the aviation industry enables us to challenge the business on existing processes and offer alternatives.

Change is defined, agreed and implemented following our change and project management methodologies, ensuring we deliver what our clients ask for.

## Design and implementation of leasing platforms

For new entrants or lessors looking to scale-up, we provide industry leading knowledge on target operating models, key processes and supporting technology.

Our benchmarking capabilities ensure that we understand where clients rank with the competition.

## Design and implementation of pricing processes

As the market becomes increasingly competitive, lessors need greater transparency over their pricing processes to ensure lease rates are competitive and meet target returns.

## Process improvement

Organisations are composed of people, processes and technology. The alignment of these variables and the way in which they interact with each other separate success from failure.

Process improvement involves:

- specific and granular experience of managing system intergration between the CMS and the general ledger;
- good understanding of the issues that are encountered and best practice methodology to identify and address reconciling items;
- challenging pre-existing assumptions;
- implementing bottom up approaches to re-imagine structures;
- placing efficiencies at the forefront of operations;
- eliminating variance through standardisation;
- optimising people and technology inputs; and
- advising on outsourcing of financial operations and the implementation of shared services.

We have experience of working with the majority of general ledger software (SAP, SUN, NAV) and supporting integration between the CMS and the general ledger.

# Assurance

## Internal audit

Grant Thornton provides internal audit services on an outsourced and co-sourced basis. As part of both offerings, Grant Thornton typically provides internal audit and risk specialists in addition to subject matter experts across various areas including aviation, IT and anti-money laundering.

- Co-sourced internal audit: Grant Thornton professionals work alongside the existing internal audit function to complete internal audit activity. All work is completed in line with the clients internal audit methodology.
- Outsourced internal audit: This offering entails Grant Thornton performing all internal audit activities, including the risk assessment and audit planning process and execution of the plan. We also offer Pre-Approval Controlled functions (PCF) services including the Head of Internal Audit (PCF-13).

## Sarbanes-Oxley Act (SOX) testing

Grant Thornton provides extensive internal control advisory and testing services including Sarbanes-Oxley compliance services to a wide range of organisations and industries. As part of this service offering we provide advice on SOX controls, governance and compliance through:

- review of end-to-end process documentation;
- identification of risks and controls;
- controls design and operational effectiveness testing; and
- remediating internal control deficiencies.





# Credentials

We have summarised our core qualifications in the following section in order to demonstrate our knowledge/experience of delivering our service line offerings across the aviation industry.



# Credentials - Lease Management, Data Quality Review



## Aviation Advisory Castlelake

We manage over 300 MSN using a process oriented delivery model. We believe continuity of service is achieved by having strong, comprehensive processes in place with a hierarchy of roles through which lease managers can progress.



## Aviation Advisory Dubai Aerospace Enterprise (DAE)

Grant Thornton completed a review of the DAE contract and operational data, including the recalculation of the maintenance reserve fund balances.



## Aviation Advisory Avolon

Grant Thornton provided data quality review services in the integration of the acquired CIT portfolio of aircraft.



## Aviation Advisory Skyworks

Grant Thornton was responsible for heading up the finance function of the Skyworks Dublin entity.



## Aviation Advisory AMCK

Grant Thornton was responsible for running the AMCK finance and contract management departments during the ordinary wind down of its operations.



## Aviation Advisory Aergo Capital

Grant Thornton completed a review of Aero contract and operational data, including the recalculation of the maintenance reserve fund balances.



## Aviation Advisory Aercap

Grant Thornton was tasked with working on the operations team responsible for ensuring the billing and collection process. Additionally, Grant Thornton was responsible for assisting with department and customer queries and management from a billing perspective.



## Aviation Advisory AMCK

Grant Thornton completed a data quality review of information contained within the client's contract management system. The review ensured consistent data capture across all leases, robust lease summaries that could be relied upon as part of sale processes and set-up of notifications for key milestones. The review also included a recalculation of the maintenance reserve fund balances.



## Aviation Advisory Orix

Grant Thornton completed a data quality review consisting of two main elements – review of critical fields against source documentation and review of milestones to ensure notification period, priority and date were consistent with applicable standard.



## Aviation Advisory Goshawk

Grant Thornton provided assistance to the managed assets team to support servicer and asset manager reporting to ABS note holders and investors. Grant Thornton provided modelling expertise to assist in financial planning and analysis.



# Credentials - Financial Modelling, Deal Appraisal, Transaction Services



## Aviation Advisory CDB

Grant Thornton built a model to automate statutory financial reporting for more than 160 entities. The model automatically produced financial statements, reports, notes and disclosures using centralised databases such as fixed-asset schedules, loan reporting and tangible and intangible asset reporting. The model enabled the client to select the required entity in order to produce the statutory accounts.

## FPG Amentum

### Aviation Advisory FPG Amentum

Grant Thornton built a cashflow-based financial model to forecast future debt prepayment capacity and aircraft residual values to assist in an aircraft portfolio divestment decision-making.



### Aviation Advisory Stobart Air

Grant Thornton prepared a business plan and provided transaction advisory services to Stobart and its franchise and leasing operations to facilitate strategic and disposal decision making.



### Aviation Advisory Atlantic Aviation

Grant Thornton completed a deal appraisal of a lease encumbered aircraft. The appraisal considered all contractual cashflows and multiple scenarios for future uncontracted cashflows. The deal appraisal included forecasting of maintenance cashflows and maintenance adjusted residual values as well as all debt, equity and refinancing scenarios.



### Aviation Advisory Aergen

Grant Thornton built a financial master budget model for the purposes of forecasting out future status of the group in light of planned portfolio expansion.



### Aviation Advisory Norwegian Air International

Grant Thornton completed a review of the transfer pricing model used to determine the lease rates charged by the captive leasing company Arctic Aviation Assets.



### Aviation Advisory Aergo Capital

Grant Thornton developed a comprehensive aircraft maintenance events and reserves forecasting model for the purposes of deal assessment and strategic investment decisions.



### Aviation Advisory Aer Lingus

Grant Thornton built a model to enable Aer Lingus to make accurate provisions for major component shop visits and end-of-lease compensation, which reflected changes in utilisation, maintenance status and, for leased aircraft, changes in contractual arrangements with lessors.



### Aviation Advisory Elix

Grant Thornton built a financial master budget model for the purposes of streamlining budget planning, comparing actuals versus budget and forecasting at the individual entity level and the consolidated level. The model related to all 30 entities across the group.



### Aviation Advisory Elix

Grant Thornton built a financial master budget model for the purposes of forecasting out future status of the group in light of planned portfolio expansion.



### Aviation Advisory Aercap

By leveraging the financial modelling skills, Grant Thornton provided portfolio wide data analytics services on contracts and operational data (including maintenance reserve rates) to assist their internal audit function.

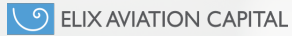


### Aviation Advisory Dubai Aerospace Enterprise (DAE)

Grant Thornton completed a review and restructure of the DAE pricing model in order to provide increased automation and improved transparency.



# Credentials - Internal, Operational, Technical Audit



## Aviation Advisory Elix

Grant Thornton provided assistance to the finance team to produce management accounts and assist in financial reporting, including consolidation under both IFRS and US GAAP.



## Aviation Advisory Orix

Aviation Advisory Orix  
Grant Thornton completed the design of business process control and entity level controls for a number of key processes. Grant Thornton subsequently were appointed for ongoing SOx Operating Effectiveness testing from 2018.



## Aviation Advisory Avolon

Grant Thornton completed a review of the CIT controls environment to identify and remedy gaps within the Avolon controls environment.



## Aviation Advisory Goshawk

Grant Thornton provided support to the finance team to produce consolidated management accounts and assisted in subsidiary financial reporting under IFRS.



## Aviation Advisory Aer Lingus

Grant Thornton provided business partnering assistance to complete cost-benefit analysis to support decisions across the business. Analysis included comparisons of full life costs for the different engine types available for new aircraft.



## Aviation Advisory Aer Lingus

Grant Thornton provided assistance to the finance team to assist in financial reporting, including consolidation under IFRS.



## Aviation Advisory Aercap

Grant Thornton worked across various finance functions with tasks including but not limited to the following:

- preparation of files for SOx review purposes;
- assisting in the preparation of financial services;
- preparation of detailed disclosures to the financial services;
- assisting in the asset impairment calculation;
- review and correction of lease revenue booked;
- bank and SD Reconciliations;
- account Receivable day to day functions; and
- liaising with external auditors.



## Aviation Advisory Aercap

Grant Thornton assisted in the overall system development and process improvement across the operations and contract management function. This involved a detailed gap analysis, process recommendations and putting an action plan in place to address identified deficiencies to optimize business operations



# Credentials - Data Migration, System Integration Transaction Execution, Compliance & Paralegal



## Aviation Advisory Orix

Grant Thornton completed a number of process improvement projects, including integration between ICMS/SUN/TMS and harmonisation of data across the systems, GDPR preparation and S&P annual controls submission.



## Aviation Advisory Aercap

Grant Thornton managed the data migration of over 1000 leases from an AR and revenue perspective. This involved the development of the testing methodology across the subsidiary teams, including:

- revenue;
- deferrals;
- security deposits; and
- cash and billing.



## Aviation Advisory Aercap

The Grant Thornton team successfully assisted in the largest data migration project the industry has encountered.



## Aviation Advisory Chorus

Grant Thornton assisted with the integration of the contracts management system with the General Ledger to automate posting for rent, maintenance and depreciation.



## Aviation Advisory Aercap

Grant Thornton provided Transaction Execution, Compliance and Paralegal Assistance in the following areas:

- Maintenance of statutory registers, minute books, corporate records and CRO/E-filing.
- Transaction related corporate approvals, document execution and drafting of transactional agreements.
- Management of board meetings processes.
- Setting agendas, collating board packs, scheduling/attending meetings and minute taking.
- Incorporation/dissolution processes.



## Aviation Advisory Dubai Aerospace Enterprise (DAE)

Grant Thornton assisted in creating a unique component code to implement a combined data set that allowed multiple systems to have harmonised identifiers.

# Experts in Aviation

At Grant Thornton, we have been immersed in the aviation industry throughout a relatively recent period of unparalleled growth. Our aviation team consists of experienced professionals across aviation advisory, aviation tax and aviation audit service lines. The Grant Thornton aviation team are uniquely positioned to assist clients on all aspects relating to their business-as-usual activity, enabling them to optimise their operations within a controlled environment.

Key management contacts for our dedicated aviation advisory team include:



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# What sets Grant Thornton apart

Grant Thornton is a leading adviser to the aviation industry and we work with a broad range of clients who are leaders in their field. We have 35 people on our team who work alongside some of the biggest names in the industry and can share their in-depth knowledge and expertise to bring value to you.

Grant Thornton is at the forefront, advising you on issues facing the industry.



11 of the Top 15 Global Lessors are clients



Asset management for over 300 MSN



Established in 2016



Over 12% of world's commercial leased aircraft. Detailed review completed of contract and operational data



Team of over 35 dedicated aviation advisory professional



Engineers certified in airframe and powerplant maintenance/inspection

# Our Team

