

## CONSULTANCY SOLUTIONS

### Maintenance reserve provisioning and assessment

#### Collecting for a Rainy Day

**An aircraft's residual value at the end of a lease is just as important as the original purchase price and the lease rate being charged.**

As the residual value is highly dependent on maintenance condition, it is critical for lessors to collect maintenance reserves for every hour and cycle flown, or for every calendar month in order to have sufficient funds to perform essential maintenance in the event of lessee default. This enables them to remarket the aircraft quicker.



#### How Ascend can help your business

Practically all modern-day leases contain clauses with either maintenance reserves or lease-end compensation. Very often, financiers are not up to date with the latest maintenance costs or technical aspects of the aircraft's operation.

Ascend can help and advise by reviewing lease agreements in detail and examining the aircraft's operating profile in order to determine whether the reserves stipulated in the agreement are sufficient or not. If not, we can recommend a more appropriate reserve/compensation rate using our internal maintenance cost and engine performance database, which is always up to date with the latest figures.

Furthermore, if a lease agreement is still not in place, Ascend can provide recommended maintenance reserve rates depending on the operator's flight profile.



#### Ascend: professional advisory services

- **Verification of existing maintenance reserves and their escalation rates**
- **Verification of lease-end compensation and return conditions**
- **Recommendation of appropriate maintenance reserves and lease-end financial compensation**
- **Provision of tables to show variation in engine reserve rates depending on hour to cycle ratio and operating environment**

Whoever the lessee may be, Ascend can provide the right technical expertise to ensure that your lease agreement is watertight.