



Portfolio IRR Tracking and Financial Reporting for a Multi-SPC Aircraft Investment Platform



A Privately Held Aircraft Investment Platform

CLIENT SUCCESS



ZEEVOGROUP.COM



THE CHALLENGE

A privately held aircraft investment platform managing a portfolio across multiple special-purpose companies lacked a consistent, repeatable process for calculating and tracking IRR at both the asset and portfolio levels.

Each SPC maintained its own detailed financial records – spanning aircraft leasing income, maintenance reserve collections, third-party debt service, management fees, and event-driven cash flows – but no structured methodology existed to convert those records into auditable, period-over-period IRR analyses.

The platform needed quarterly IRR reporting that could accommodate standard operating cash flows, financing activity, and irregular special events such as asset sales, end-of-lease compensation, and maintenance reserve claims, all while distinguishing true cash movements from non-cash accounting entries.

The absence of a documented process created reporting risk and limited the platform's ability to present fund performance with precision to its investor base.



THE APPROACH

- ▶ **Conducted an initial setup** for each SPC in the portfolio, recording purchase price, net investment, and applicable line-of-credit advances, repayments, and interest obligations as the founding cash flow series for each IRR model.
- ▶ **Established a signed cash flow convention** across all SPCs – inflows positive, outflows negative – and documented the classification logic distinguishing operating cash flows from financing activity and non-cash accounting entries such as depreciation and internal write-offs.
- ▶ **Designed a quarterly pull process** aligned to the detailed P&L and Balance Sheet for each period, sourcing rent collections and maintenance reserve receipts from undeposited funds balances and accrued management fees from the liability section of the Balance Sheet.
- ▶ **Developed SPC-level IRR analyses** incorporating five discrete cash flow categories: lease rent inflows, maintenance reserve collections, cash operating expenses, third-party debt service (draws and repayments), and net asset value sourced from the fixed asset schedule.



THE APPROACH, cont.

- ▶ **Built a parallel asset-sale module** to capture disposition proceeds as a point-in-time inflow and integrated it into the SPC-level analysis without disrupting the recurring quarterly structure.
- ▶ **Incorporated special-event handling protocols** covering end-of-lease compensation, insurance proceeds, and maintenance reserve claims and credits – each governed by explicit cash-receipt-confirmation requirements before inclusion.
- ▶ **Coordinated directly with client finance personnel each quarter to validate source financial statement data** prior to entry, reducing the risk of misclassified items propagating into the IRR series.
- ▶ **Documented the full process in a step-by-step reference guide**, enabling client personnel to understand the methodology, verify inputs, and support any third-party review of the calculations.



THE OUTCOME

- ▶ **Quarterly IRR Analysis**
Delivered quarterly IRR analyses at the SPC level for each asset in the portfolio, providing the platform with a consistent, period-over-period performance view from inception through the current reporting period.
- ▶ **Sale Analysis Template**
Produced a companion asset-level sale analysis template that enables the platform to model disposition scenarios and capture actual sale economics in real time.
- ▶ **Distinction Between Cash & Non-cash Items**
Established a structured distinction between cash and non-cash items in the IRR series, preventing depreciation and internal write-offs from distorting reported returns – an error class that had previously gone unaddressed.
- ▶ **Performance Metrics**
Enabled the platform to present fund-level performance metrics to its investor base with a traceable, documented methodology, reducing reliance on informal or ad hoc calculations.
- ▶ **Repeatable Quarterly Process**
Created a repeatable quarterly process with clear sourcing rules, reducing the time required to close each reporting cycle and minimizing the risk of period-over-period inconsistency.
- ▶ **Classification Questions**
Proactively identified classification questions in the underlying financial records during quarterly pulls, flagging entries for client review before they entered the IRR model and preventing downstream restatements.





ZEEVO'S VALUE-ADD.

- ▶ Zeevo Group (“Zeevo”) brought direct expertise in aircraft finance accounting structures – SPC-level income recognition, maintenance reserve mechanics, end-of-lease economics, and third-party debt treatment – that generalist finance support cannot replicate without a steep learning curve.
- ▶ The engagement required simultaneous fluency in aviation finance concepts and financial statement analysis; Zeevo’s team holds both, allowing it to evaluate source data with the judgment needed to distinguish a cash receipt from an accrual entry or an internal intercompany transfer.
- ▶ The process documentation Zeevo produced is client-agnostic and auditor-ready, designed to withstand investor scrutiny or third-party review without requiring Zeevo’s ongoing explanation – a standard Zeevo holds for all recurring financial deliverables.
- ▶ Zeevo’s delivery discipline – including source-validation checkpoints, cash-confirmation requirements for special events, and a signed convention applied uniformly across all SPCs – reflects the quality controls a fund-level investor audience expects and that informal internal processes rarely sustain.

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