

Pacoship

User Manual

ABOUT THE LICENSE

To download the Pacoship **installation file**:

Click the **DOWNLOAD FREE TRIAL** button on the website www.pacomarine.com or the **install** link in the confirmation e-mail you received when you purchased the commercial version of Pacoship. (**BUY PACOSHIP** button on the www.pacomarine.com website).

If your web browser is set to allow you to choose a particular directory, you may choose Desktop. If not you will find the downloaded installation file in the file directory **Downloads**.

Click on the icon for the installation file and follow the instructions as the file opens and the program Pacoship is installed. When the installation is completed, **click** on the **icon**



The Pacoship program will open.

When you first open Pacoship, you will be asked to input a license key to activate the program. The license key has been sent to the e-mail address you gave to download the program. Once you have activated the Pacoship application with your license key, you are ready to start using Pacoship.

(Once you have installed Pacoship, you may delete the installation file if you want to.)

The Free Trial License is valid for 14 days after the first installation. The purchased license is valid for 12 months. Towards the end of the license period, a message will appear asking if you want to renew your license.

With the purchased license you are entitled to free user support and any updates during your purchased license period.

WHAT THE PACOSHIP APPLICATION DOES

Based on selected **Project Type** and **INPUT** for **Ship, Employment, Opex, and Financing**, the Pacoship application calculates the **Net Present Value (NPV)** of the **Project Cash Flow** and the **NVP** and **Internal Rate of Return (IRR)** of the **Cash Flow to Equity Invested** and generates the following **REPORTS**:

Deal Summary	CHART 1: Opening Cash Balance
Input Summary	CHART 2: Net Cash Flow
Sensitivity of NPV of Project Cash Flow	CHART 3: Closing Cash Balance
Sensitivity of Equity Cash Flow	CHART 4: Ship Opex
Monthly Cash Flow	CHART 5: Debt Service
Quarterly Cash Flow	CHART 6: Debt Service Ratios
Semi-Annual (Half Yearly) Cash Flow	CHART 7: LTV – Required Ship Value
Annual (Yearly) Cash Flow	CHART 8: Project Cash Flow
	CHART 9: Equity Cash Flow

You may select Chart periods to be Monthly, Quarterly, Semi-Annual or Annual

Report elements can be selected from a menu and be included in a Report that with the click of a button can be:

- Previewed and Printed.
- Saved as a **PDF** file that can be printed and/or e-mailed.
- Charts can be copied to a **Powerpoint** presentation.
- Project data saved in **XML files** can be e-mailed to other users of the Pacoship application so they can do their own analysis and create their own reports.

A summary of the results presented in the reports can also be viewed in the **DASHBOARD**

GETTING STARTED:

Click on the Pacoship icon on your desktop. The Pacoship application will open an Excel workbook with a PACOSHIP Tab with a customs Ribbon. On the PACOSHIP Tab on the Ribbon you will find buttons for the various actions you want to make use of. The best way to familiarise yourself with the application is to move around and test the different features.

When opening Pacoship, the workbook will display the **Summary** section on the DASHBOARD. A project is already preloaded.

MOVING AROUND

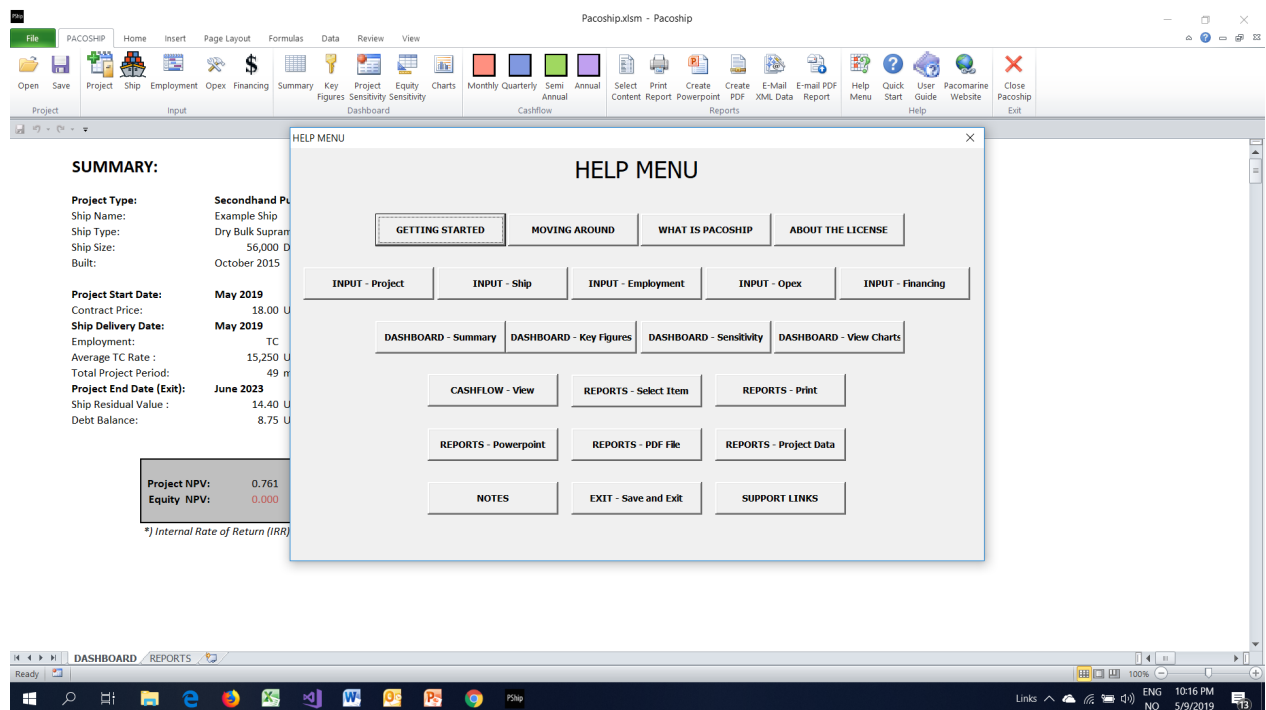
The Pacoship Application has six main sections: **PROJECT**, **INPUT**, **DASHBOARD CASHFLOW**, **REPORTS**, **HELP** and **EXIT**. Each section is accessed by clicking its respective name listed on the PACOSHIP tab on the Excel Ribbon. You can also use some **Key Strokes** to move around:

Go to **DASHBOARD**: Ctrl + Shift + D

Go to **REPORTS**: Ctrl + Shift + R

HELP

To access the HELP MENU, click on the HELP button to the right on the Ribbon. To read a Help Topic, click on the button with the name of the Help Topic you want to view.



You will also find helpful information on various topics on the www.pacomarine.com website under the tab KNOWLEDGE and, you will also be able to chat live with a support person. On the website, you will also find a USER FORUM and a BLOG.

You are always welcome to e-mail us for help : support@pacomarine.com

Your questions help us to improve our software application and user manuals to meet your needs better.

INPUT

The **INPUT** section is divided into 5 subsections: **Project**, **Ship**, **Employment**, **Opex** and **Financing**. To go to any of these 5 subsections, click on the button with the corresponding name in the Input section on the PACOSHIP Ribbon bar.

INPUT – Project

To open a **saved project** or **start a new project** go to the **Project** section. When starting a new project select one of the two project types: *Newbuilding* or *Secondhand Purchase*.

When you start the program Pacoship, a sample project has been preloaded, and all you have to do is to alter the inputs to what you want for your new project and save it as a project giving it a new name.

The screenshot displays the PACOSHIP software interface. The main window shows a 'SUMMARY' section with project details and a 'PROJECT' dialog box overlaid on top.

SUMMARY:

Project Type:	Secondhand Purchase
Ship Name:	Example Ship
Ship Type:	Dry Bulk Supramax
Ship Size:	56,000 DWT
Built:	October 2015
Project Start Date:	May 2019
Contract Price:	18.00 USD million
Ship Delivery Date:	May 2019
Employment:	TC 48
Average TC Rate :	15,250 USD per day (
Total Project Period:	49 months
Project End Date (Exit):	June 2023
Ship Residual Value :	14.40 USD million
Debt Balance:	8.75 USD million

Project NPV: 0.761 US
Equity NPV: 0.000 US

*) Internal Rate of Return (IRR) is the discou

PROJECT

Project Name	Startup Example
Owner	Bergen Shipping Investments
Prepared by	Lars Patterson
E-mail	lars.patterson@ipacomarine.com
Version	Presentation to Investors
Project Type	Secondhand Purchase

CANCEL OK

In the Project section you enter the following project details:

Project Name:	This is the name you give your project to uniquely identify it when saving and retrieving the saved project.
Company:	This is the name of owner of the ship after purchase. If no name has been decided for the owning company you can input “To be nominated by....” Or just TBN.
Prepared by:	You choose a name to refer to.
E-mail:	Contact E-mail for person you wish to refer to.
Version:	A name or version number you enter to help you manage different versions of the project. For example: Presentation to John V.1.
Project Type:	You select either <i>Newbuilding</i> or <i>Second Hand Purchase</i> from the drop down list.

SAVE PROJECT:	<p>The input data for each project are saved in a XML file separate from the Pacoship application. When you first open the Pacoship application, it will create the folder Pacoship/... where all the projects you save will be stored as XML data files. Each time you open the Pacoship application the program will check that the folder exists, and if it does not, it will create the folder.</p> <p>The application comes with a set of input data entered. When you first open the Pacoship application, it is recommended that you save these project input data for future reference.</p> <p>To save your project, just click on the SAVE PROJECT button. The name of the project you are working on will automatically appear in an input message box. If you want to save the project with that project name, just click OK. If you want to save the project with a different project name, enter the new name and click OK.</p>
OPEN PROJECT:	When you click the OPEN PROJECT button, a folder with a list of saved projects will appear. Double-click on the project you want to open and all the project data for the selected project will be imported to and appear in Pacoship where you can view the chosen project, change inputs and generate reports. If you have changed project input and want to keep the project input data from the project you just opened, just save the project under a new name.

Only projects that have been saved can be opened, so it is important to SAVE PROJECTS that you want to have access to in the future.

INPUT – Ship:

In the Input – Ship section you enter inputs that describes the ship and details of payment schedule for purchase of the ship.

The payment schedule will vary with the project type. For a **secondhand purchase** a deposit is paid on signing of contract (MOA), with the balance being paid on delivery of the ship from the previous owner. For a newbuilding a deposit is paid on signing of contract, with agreed stage payments being made at various stages of the building of the ship, with the balance being paid on delivery of the ship from the shipyard.

The screenshot shows the 'SHIP - Secondhand Purchase' dialog box in the Pacoship application. The 'SUMMARY' tab is active, displaying a list of project details on the left and a form for ship details on the right. The form includes fields for Ship Name, Ship Type, Size, Built Year and Month, Contract Year and Month, Contract Price, Shipyard, Country of built, Lightweight Tons, Net Registered Tons, Scrap Price per LWT, Estimated Scrap Value, Age at Purchase, Residual Value (Ship Sale Price), Brokers Sale Commission, Other Ship Sale Costs, Time from Delivery to Ship Sale, Project End Date, Ship Age at end of Project Period, Max Economic Life from Newbuild, and Remaining Economic Life of Ship. A 'Calculate Required Residual Value' button is present, along with 'VIEW PAYMENT SCHEDULE SECONDHAND PURCHASE', 'CANCEL', and 'OK' buttons.

In the **INPUT - Ship** section you enter the following ship details:

Ship Name:	Enter ship name.
Ship Type:	Enter ship type, such as Dry Bulk Panamax, Suezmax Tanker, Medium Range (MR) Products Tanker etc.
Size:	Select Size Measure from drop-down menu and enter size.
Built:	This is the Year and Month when the ship was delivered as new from the shipyard. Only displayed as required input for secondhand purchase . Select Year and Month from the drop down lists.
Contract Date (MOA signed):	This is the Year and Month when the newbuilding contract or contract for secondhand purchase is signed. Select Year and Month from the drop down lists.

Contract Price:	The amount (in US\$ million) to be paid under the terms of the Newbuilding Contract or Contract for Secondhand Purchase (MOA).
Lightweight Tons LWT:	Measures the actual weight of the ship with no fuel, passengers, cargo and the like on board. LWT multiplied with Scrap Price per LWT = Estimated Scrap Value.
Net Registered Tons:	Is a ship's cargo volume capacity. One Register Ton equals a volume of 100 cubic feet (2.83 m3).
Scrap Price per LWT:	Price paid for scrap steel.
Residual Value:	(Ship Sale Price). Enter estimated amount in US\$ million or click the button Calculate Required Residual Value to achieve Required Equity Return . Required Equity Return is entered as input in the Summary section of the DASHBOARD.
Brokers Sale Commission:	Percentage (%) of Ship Sale Price to be paid to brokers. (Sale & Purchase broker(s)).
Other Ship Sale Costs:	Costs directly related to the sale of the ship, such as legal costs, if any.

PAYMENT SCHEDULE – Newbuilding or Secondhand Purchase

The payment schedule displayed is dependent on what project type you have selected in the Project section (*Newbuilding* or *Secondhand Purchase*):

Newbuilding:	Secondhand Purchase:
Pre-contract	Pre-contract
Payable on Signing of Contract	Payable on Signing of Contract
Payable on Steel Cutting	
Payable on Keel Laying	
Payable on Launching	
Payable on Delivery	Payable on Delivery

Payment Schedule for Newbuilding Project:

Pacoship.xlsm - Pacoship

SHIP - Payment Schedule Newbuilding

SUMMARY

Project Type: Pre-Contract/Pre-purchase survey May-2019 50

Ship Name:

Ship Type:

Ship Size:

Built:

Project Start Date:

Contract Price:

Ship Delivery Date:

Employment:

Average TC Rate:

Total Project Price:

Project End Date:

Ship Residual Value:

Debt Balance:

Date	Month #	Percentage of Contract Price	Contract Price Amount USD '000	Owners Supplies and Extras USD '000	Owners Supervision USD '000	SUM TOTAL USD '000
Payable on Signing of Contract	May-2019	1 10 %	1,800		0	2,100
Payable on Steel Cutting	Dec-1899	0 0 %		0	0	
Payable on Keel Laying	Dec-1899	0 0 %		0	0	
Payable on Launching	Dec-1899	0 0 %		0	0	
Payable on Delivery	May-2019	1 90 %	16,200	105	0	16,305
Takeover Costs	May-2019					150
SUM DELIVERED COST		100 %	18,000	105		18,305

CANCEL OK

DASHBOARD REPORTS

Ready

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Payment Schedule for Secondhand Purchase:

Pacoship.xlsm - Pacoship

SHIP - Payment Schedule Secondhand Ship Purchase

SUMMARY

Project Type: Pre-Contract/Pre-purchase survey May-2019 50

Ship Name:

Ship Type:

Ship Size:

Built:

Project Start Date:

Contract Price:

Ship Delivery Date:

Employment:

Average TC Rate:

Total Project Price:

Project End Date:

Ship Residual Value:

Debt Balance:

Date	Month #	Percentage of Contract Price	Contract Price Amount USD '000	Owners Supplies and Extras USD '000	Owners Supervision USD '000	SUM TOTAL USD '000
Payable on Signing of Contract	May-2019	1 10 %	1,800		0	2,100
Payable on Delivery	May-2019	1 90 %	16,200	105	0	16,305
Takeover Costs	May-2019					150
SUM DELIVERED COST		100 %	18,000	105		18,305

CANCEL OK

DASHBOARD REPORTS

Ready

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Month # :	A number (Integer) that identifies the number of months after Contract Date when a payment is made. The month when the contract is signed (Starting Month) is always Month 0.
Percentage of Contract Price:	The % of the Contract Price that is paid in each of the scheduled contract payments. It always adds up to 100% of Contract Price, so the last payment (Payable on Delivery) is calculated as the percentage that gives a sum total of 100%.
Owners Supplies or Extras:	The amount(s) in US\$ '000 payable for equipment to the ship that is not included in the contract price. May also include the payment for bunkers on board when taking over the (secondhand) ship from a previous owner.
Owners Supervision:	For newbuilding projects only. The amount in US\$ '000 payable for supervision of the newbuilding during each of the periods between stage payments.
Takeover Costs:	Amounts in US\$ payable for the sum of costs like transporting the crew to take over the ship, registration fees etc.

INPUT – Employment:

[illegible]

In the **Employment** section you enter inputs to calculate the net charter rate per day for each charter period by entering the following inputs:

Employment Months:	<p>Enter a number (Integer) for the number of months the ship is employed during each charter period.</p> <p>Maximum number of months in a Project is 360 months (30 years).</p> <p>Maximum number of Employment Months is calculated as:</p> <p>360 Project Months Less Delivery Month = Max. Employment Months</p> <p>Example:</p> <table><tr><td></td><td>Max Project Months:</td><td>360 months</td></tr><tr><td>-</td><td>Delivery Month:</td><td>5</td></tr><tr><td>=</td><td>Max Employment Months:</td><td>355 months</td></tr></table> <p>A validation message will appear if you exceed the maximum number of months.</p> <p>The model assumes that the ship enters employment on the day it is delivered to the owner.</p> <p>If the Employment Period exceeds the Loan Period, then a message is displayed. If there is a loan balance that cannot be repaid in full without selling the ship, the required refinancing amount is displayed.</p>		Max Project Months:	360 months	-	Delivery Month:	5	=	Max Employment Months:	355 months
	Max Project Months:	360 months								
-	Delivery Month:	5								
=	Max Employment Months:	355 months								

Employment Type:	Select from dropdown list: TC (Timecharter), TCE (Timecharter Equivalent of Spot Earnings) or BB (Bareboat).
Daily Rate Gross:	Enter the rate in US\$ per day.
Charter Commissions:	Total % (percentage) of Gross Charter Income payable to broker(s).

INPUT – Opex (Operating Expense):

The screenshot shows the PACOSHIP software interface with the OPEX input window open. The window contains the following fields and values:

- Opex per Day (ex DD/SS): 5,250 USD per day
- Escalation of Opex: 3.00 % p.a. Escalated every 12 months
- Ordinary Off-hire: 8 days per year
- General & Admin: 500 USD per day
- Escalation of General & Admin: 3.00 % p.a. Escalated every 12 months
- Expenses after Ship Sale *): 100 USD '000

A note at the bottom of the window states: **) Includes repatriation of crew, legal costs, run off of management fees, etc.*

At the bottom of the window, there is a button labeled "VIEW DRYDOCKING SCHEDULE" and two buttons labeled "CANCEL" and "OK".

In the **Opex** section you enter inputs to calculate the **Ship Operating Cash Flow** as well as **Administrative & General Expense** by entering the following inputs:

Opex per Day:	<p>Ship Operating Expense per day excluding Drydocking (DD) and Special Survey (SS). Opex primarily consists of crew wages, insurance premiums, ship management fee, lubricants, spare parts and repair and maintenance costs.</p> <p>When a ship is chartered out on Bareboat Charter (BB), the charterer, not the ship owner is responsible for opex.</p>
Escalation of Opex:	The percentage (%) increase in Ship Operating Expense every 12 months.
General & Admin:	The amount of General & Administrative costs allocated to the ship.
Escalation of General & Admin:	The percentage (%) increase in General & Administrative costs every 12 months.

Expenses after Ship Sale:	Expenses that continue after the sale of the ship, such as run-off of management fee as per management agreement and repatriation of the crew.
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SHIP DRYDOCKING CYCLE FROM DELIVERY AS NEWBUILDING

The drydocking cycle assumes that the ship will have its last drydocking at age 30 years.

Estimated Cost:	The amount estimated to be spent on each drydocking (DD/SS) within the project period.
Estimated Off-Hire:	The number of days required for the ship to be off-hire in order to carry out the drydocking (DD/SS).

#	Date	Ship Age (Years)	Estimated Cost (USD '000)	Estimated Off-hire (Days)	Days to DD/SS	DD/SS Provision
0	Oct-2015	New				
1	Apr-2018	2.5	300	3		
2	Oct-2020	5.0	350	5	488	717
3	Apr-2023	7.5	400	6	912	439
4	Oct-2025	10.0	450	7	914	492
5	Apr-2028	12.5	525	7	913	575
6	Oct-2030	15.0	600	7	913	657
7	Apr-2033	17.5	675	8	913	739
8	Oct-2035	20.0	750	8	913	821
9	Apr-2038	22.5	850	9	913	931
10	Oct-2040	25.0	950	10	914	1,039
11	Apr-2043	27.5	1000	11	912	1,096
12	Oct-2045	30.0	1150	12	914	1,258

INPUT – Financing:

In the **Financing** section you enter inputs to calculate **Debt Service** (Loan Repayments and Interest Payments) as well as related **key figures** and **ratios** by entering the following inputs:

GENERAL:

USD LIBOR:	The US Dollar London Interbank Offered Rate (LIBOR) which serves as a base rate for loans. The 3 month US Dollar (USD) rate is most commonly used as a base rate for shipping loans.
Interest Earned on Cash:	The interest rate earned on cash deposits.
Working Capital Investment:	The cash amount invested to make sure the project has sufficient working capital.
Dividends:	The percentage (%) of equity invested paid out as dividend to investors provided the payment of dividend would not result in a breach of the Minimum Cash Balance covenant.

The screenshot shows the 'FINANCING' dialog box in the 'Pacoship.xlsm' application. The 'General' tab is selected, and the 'Loan 1' sub-tab is active. The dialog box contains the following input fields:

- USD LIBOR: 1.25 % p.a.
- Interest Rate Earned on Cash Balances: 0.75 % p.a.
- Dividends as % of Equity Invested: 8.00 % p.a.
- Working Capital Investment (Cash): 1 USD Million

A sub-dialog box titled 'Days for Calculating Working Capital Requirement:' is also visible, showing inputs for Opex Paid Days and Hire Received for Timecharter (TC), Timecharter Equivalent (TCE), and Bareboat (BB).

	Opex Paid Days	Hire Received
Timecharter (TC)	30	15
Timecharter Equivalent (TCE)	30	-15
Bareboat (BB)	0	30

The dialog box has 'CANCEL' and 'OK' buttons at the bottom right.

LOAN INPUT:

Lender:	Name of the bank or other financial institution providing the debt finance.
Borrower:	Name of the borrower on record.
Contract Price:	<i>The amount in US\$ million as per Newbuilding Contract or Ship Purchase Contract.</i>
Loan Amount:	An amount in US\$ million. You can either enter the Loan Amount in the input cell and the Loan % will be calculated, or you can enter the Loan % in the input cell below, and the Loan Amount will be calculated.
Loan %:	A percentage (%) of the Contract Price. You can either enter the Loan % directly in the input cell and the Loan Amount will be calculated, or you can input the Loan Amount in the input cell above, and the Loan % will be calculated.
Balloon:	The amount of the loan that is not amortised during the loan period, but is paid at the end of the loan, with final repayment.
Loan Drawdown Date:	<i>This is the same date as the Ship Delivery Date.</i>
Number of Instalments:	Enter number of instalments. The maximum number of quarterly instalments is 80. The maximum number of semi-annual (half yearly) instalments is 40. (Both give a maximum of 20 years).
Frequency:	Select Loan Repayment frequency by choosing Quarterly or Semi-Annual from drop down list.
Loan Term:	The number of years from first drawdown to final repayment. This is a calculated number.
Loan Type:	Select Loan Type by choosing either Serial Loan (Equal Instalments) or Annuity Loan from drop down list.
Loan Margin:	Loan Margin is the difference between the USD LIBOR and the interest rate charged for a particular loan. The margin is a fixed percentage point agreed between lender and borrower and added to the LIBOR rate to compute the interest rate.
Arrangement Fee:	A fee charged by the lender for setting up the loan. It is calculated as percentage (%) of the loan amount.
Day Count Convention:	<p><i>Day Count Convention determines how interest accrues over time. Shipping Loans normally use the Actual/360 Day Count Convention. Each month is treated normally and the year is assumed to be 360 days.</i></p> <p><i>For example, in a period from February 1, 2005 to April 1, 2005, the Factor is 59 days divided by 360 days.</i></p>

LOAN1 COVENANTS:

Loan To Value (LTV):	The ratio of the value of the ship divided by the amount of the loan outstanding. (It is in reality a Value To Loan Ratio)
Loan as % of Ship Value:	The Loan divided by the value of the ship, expressed as a percentage.
Minimum Cash Balance:	The minimum amount of cash the borrower is required to keep.

DEBT SCHEDULE TABLE:

It is possible to view the following in the Debt Schedule Table (Select the one you want to view from the Drop Down List):

DEBT FINANCING LOAN 1	Opening Loan Balance
	Closing Loan Balance
	Total Loan Payments (Debt Service)
	Debt Service per Day (BB Equivalent)
	Interest Payments
	Interest Payments per Day
	Required TCE to pay interest only
	Required Ship Value to meet LTV requirement
	Trade Out Rate to Scrap Value
	Trade Out Rate to Zero
	Ratio of EBITDA divided by Debt Service
	Ratio of EBITDA divided by Interest Payments

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File PACOSHIP Home Insert Page Layout Formulas Data Review View

Open Save Project Ship

FINANCING

General Loan 1

Lender: DnB

Borrower: International Ship Investm.

Contract Price: 18 USD Million

Loan as % of Contract Price: 70 %

Loan: 12.6 USD Million

Balloon: 2 USD Million

Loan Drawdown: May-2019

Number of Instalments: 44 Quarterly

Loan Term: 11 Years

Loan Type: Serial

Loan Margin: 1.50 % Plus LIBOR = 2.75 %

Arrangement Fee: 2.00 %

Day Count Convention: Actual 360

Covenants:

Loan as % of Ship Value: 80 %

Loan To Value (LTV): 125 Ratio

Minimum Cash Balance: 1 USD Million

Scheduled Final Loan Repayment: May-2030

Opening Loan Balance Loan 1 USD '000

	Q1	Q2	Q3	Q4
Year 1	12,600	12,359	12,118	11,877
Year 2	11,636	11,395	11,155	10,914
Year 3	10,673	10,432	10,191	9,950
Year 4	9,709	9,468	9,227	8,986
Year 5	8,745	8,505	8,264	8,023
Year 6	7,782	7,541	7,300	7,059
Year 7	6,818	6,577	6,336	6,095
Year 8	5,855	5,614	5,373	5,132
Year 9	4,891	4,650	4,409	4,168
Year 10	3,927	3,686	3,445	3,205
Year 11	2,964	2,723	2,482	2,241
Year 12				
Year 13				
Year 14				
Year 15				
Year 16				
Year 17				
Year 18				
Year 19				
Year 20				

Definition:

CANCEL OK

DASHBOARD REPORTS

Ready

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DASHBOARD

The DASHBOARD section is divided into four sub-sections: **Summary**, **Key Figures**, **Charts** and **Sensitivity**. To go to any of these four sub-sections click on the button with the name of the sub-section on the sub-menu bar on the DASHBOARD top menu.

DASHBOARD - Summary:

It shows information about Ship, the Project type and duration of the project (Start Month and End Month). Residual Value (Ship Sale Price), Capital structure and Net Present Value (NPV) of Project Cash Flow and Cash Flow. This is where you specify required return on Equity and by the click of a button calculate the Internal Rate of Return (IRR) of Cash Flow to Equity.

The screenshot displays the 'Pacoship.xlsm - Pacoship' Excel application. The ribbon includes tabs for File, PACOSHIP, Home, Insert, Page Layout, Formulas, Data, Review, and View. The 'PACOSHIP' tab is active, showing sub-tabs: Project, Ship, Employment, Opex, Financing, Summary, Key Figures, Project Sensitivity, Equity Sensitivity, Charts, Monthly, Quarterly, Semi Annual, Annual, Select Content, Print Report, Create Powerpoint, Create PDF, E-Mail XML Data, E-Mail PDF Report, Help Menu, Quick Start, User Guide, Pacoship Website, and Close Pacoship Exit.

SUMMARY:

Project Type: Newbuilding
Ship Name: Example Ship
Ship Type: Dry Bulk Supramax
Ship Size: 56,000 DWT
Built: May 2019

Project Start Date: May 2019
Contract Price: 18.00 USD million

Ship Delivery Date: May 2019
Employment: TC 48 months
Average TC Rate : 15,250 USD per day (Gross)
Total Project Period: 49 months

Project End Date (Exit): June 2023
Ship Residual Value : 14.40 USD million
Debt Balance: 8.75 USD million

Weighted Average Cost of Capital (WACC)

	Amount USD million	Share	% Cost	Weighted % Cost
Equity Invested	6.957	35.6%	17.92%	6.38%
Debt Financing	12.600	64.4%	2.75%	1.77%
Project Investment	19.557	100.0%		
WACC				8.15%

Equity Invested 6.957 USD million
Dividends Received 2.180 USD million
Equity Returned on Ship Sale 11.044 USD million
Sum Equity Returned 13.223 USD million
Returned / Invested 1.90 Ratio
Holding Period 4.00 Years

Project NPV: 1.318 USD million with discount rate: 8.15% WACC
Equity NPV: 0.346 USD million with discount rate: 17.92% Target return on equity *)

*) Internal Rate of Return (IRR) is the discount rate that gives Equity NPV = 0

Calculate Equity IRR

DASHBOARD - Key Figures:

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File PACOSHIP Home Insert Page Layout Formulas Data Review View

Open Save Project Ship Employment Opex Financing Summary Key Figures Sensitivity Sensitivity Charts Monthly Quarterly Semi Annual Select Content Print Report Create PDF Create XML E-Mail E-mail PDF Report Help Menu Quick Start User Guide Pacoship Website Close Pacoship Exit

Project Input

KEY FIGURES:

Percentage Ratio

#	Start Year	1 May	2 Jun	3 Jul	4 Aug	5 Sep	6 Oct	7 Nov	8 Dec	9 Jan	10 Feb	11 Mar	12 Apr	Average Year
1	2019	17.6%	17.0%	17.6%	17.6%	17.0%	17.6%	17.0%	17.6%	17.6%	16.4%	17.6%	17.0%	17.3%
2	2020	17.8%	16.9%	17.4%	17.4%	16.9%	17.4%	16.9%	17.4%	17.4%	15.7%	17.4%	16.9%	17.1%
3	2021	17.6%	17.0%	17.3%	17.3%	16.7%	17.3%	17.3%	17.3%	17.3%	15.6%	17.3%	16.7%	14.2%
4	2022	17.4%	16.9%	17.4%	17.1%	16.5%	17.1%	16.5%	17.1%	17.1%	15.4%	17.1%	16.5%	16.8%
5	2023	(12.8%)												(1.1%)

DASHBOARD REPORTS

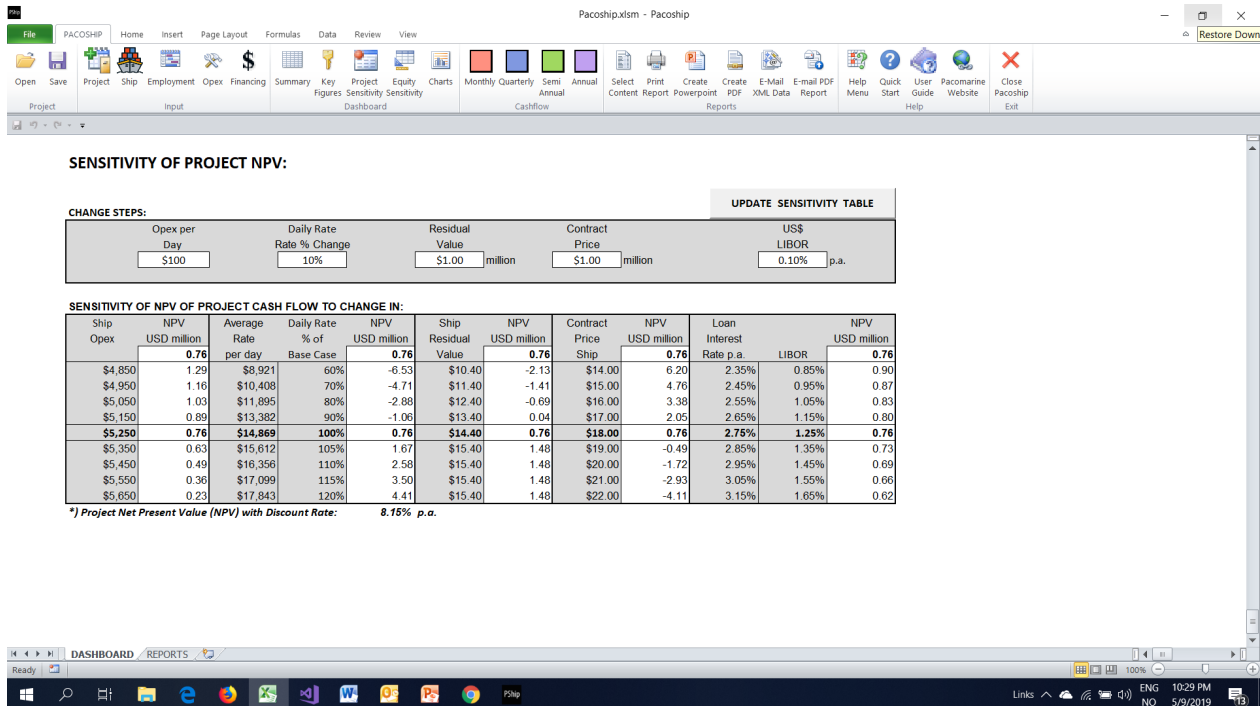
Ready

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You can view month by month key figures selected from a drop down menu. This includes:

KEY FIGURES	Select =>
	<ul style="list-style-type: none"> Opening Cash Balance SPV Cash Flow Closing Loan Balance Project Cash Flow Equity Cash Flow Charter Rate (Gross) Charter Rate (Net) Net Charter Income Ship Operating Cash Flow EBITDA EBITDA Cash Yield Opex per Day Ex DD Provision Drydocking Expense Opening Cash Balance as % of DD Expense Opex per Day including DD Provision Ship Age Ship Administration Costs Ship Administration Costs per Day Off-Hire Days B/E Rate for Debt Service (Ex. DD Provision) B/E Rate for Debt Service (Incl. DD Provision)

DASHBOARD - Sensitivity:



Shows how the Net Present Value (NPV) of Project Cash Flow and Cash Flow to Equity changes with changes to:

Opex per Day

Daily Rate

Residual Value (Ship Sale Price)

US\$ LIBOR

You can change the sensitivity steps by inputting the step changes you want to see the result of for each of the variables in the **STEP CHANGE** Table above the Sensitivity Tables.

To see the result of the changes you make to the Sensitivity Tables, click the button **UPDATE SENSITIVITY TABLES**.

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Open Save Project Ship Employment Opex Financing Summary Key Project Equity Charts Monthly Quarterly Semi Annual Select Print Create Create E-Mail E-mail PDF Help Quick User Pacoship Close

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SENSITIVITY OF RETURN ON EQUITY

CHANGE STEPS: UPDATE SENSITIVITY TABLE

Opex per Day	Daily Rate Rate % Change	Residual Value	Contract Price	US\$ LIBOR
\$100	5%	\$1.00 million	\$1.00 million	0.10% p.a.

SENSITIVITY OF NPV OF CASH FLOW TO EQUITY INVESTED TO CHANGE IN:

Ship Opex	NPV USD million	Average Rate per day	Daily Rate % of Base Case	NPV USD million	Ship Residual Value	NPV USD million	Contract Price Ship	NPV USD million	Loan Interest Rate p.a.	LIBOR	NPV USD million
\$4,850	0.32	\$11,895	80%	-2.22	\$10.40	-2.05	\$14.00	3.74	2.35%	0.85%	0.10
\$4,950	0.24	\$12,638	85%	-1.65	\$11.40	-1.54	\$15.00	2.81	2.45%	0.95%	0.07
\$5,050	0.16	\$13,382	90%	-1.10	\$12.40	-1.02	\$16.00	1.87	2.55%	1.05%	0.05
\$5,150	0.08	\$14,125	95%	-0.55	\$13.40	-0.51	\$17.00	0.94	2.65%	1.15%	0.02
\$5,250	0.00	\$14,869	100%	0.00	\$14.40	0.00	\$18.00	0.00	2.75%	1.25%	0.00
\$5,350	-0.08	\$15,612	105%	0.55	\$15.40	0.51	\$19.00	-0.94	2.85%	1.35%	-0.02
\$5,450	-0.16	\$16,356	110%	1.10	\$16.40	1.02	\$20.00	-1.87	2.95%	1.45%	-0.05
\$5,550	-0.24	\$17,099	115%	1.65	\$17.40	1.54	\$21.00	-2.81	3.05%	1.55%	-0.07
\$5,650	-0.32	\$17,843	120%	2.20	\$18.40	2.05	\$22.00	-3.74	3.15%	1.65%	-0.10

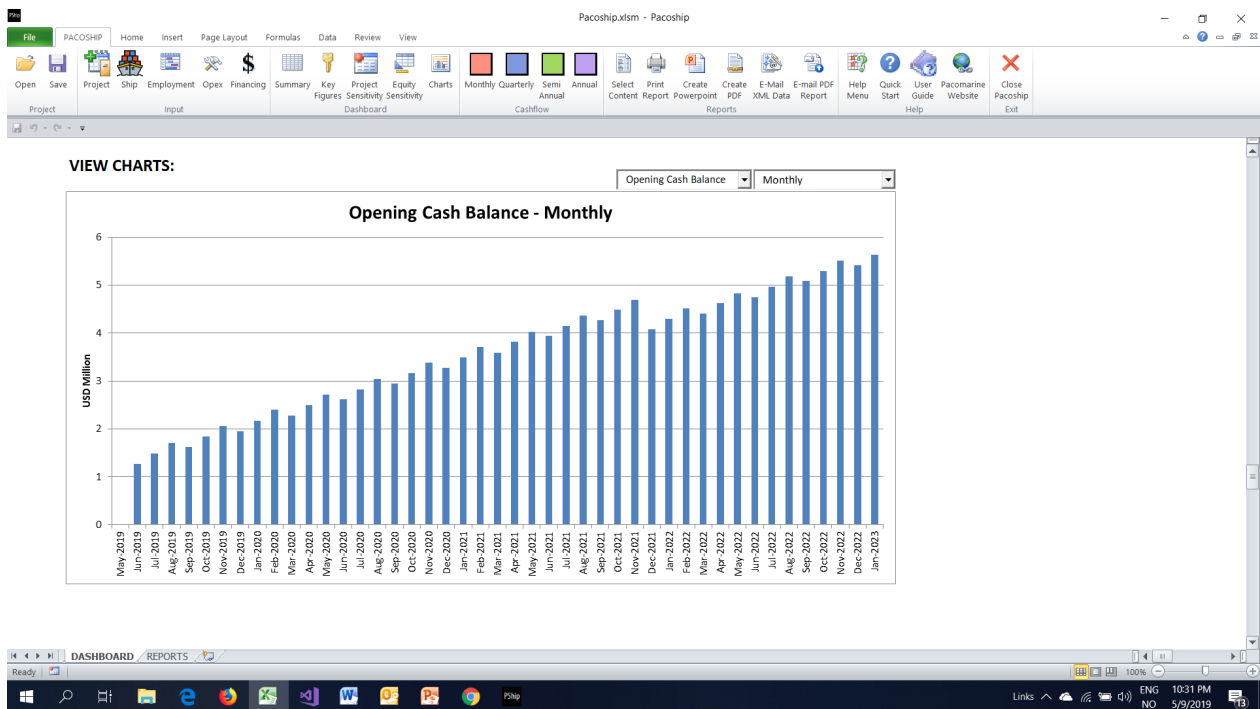
*) Equity Net Present Value (NPV) with Discount Rate: 17.92% p.a.

DASHBOARD REPORTS

Ready

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DASHBOARD - View Charts:



Select Chart Frequency from the Drop Down List and click the button with the name of the chart you want to view:

Chart Frequency:

Monthly
Quarterly
Semi-Annual
Annual

Chart Buttons:

Opening Cash Balance

Net Cash Flow

Closing Cash Balance

Ship Income & Opex

Debt Service

Debt Service Ratios

LTV-Ship Value

Project Cash Flow

Equity Cash Flow

CASHFLOW

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Employment

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Startup Example

Ship Name: Example Ship

MONTHLY CASH FLOW US\$ '000	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Start Date	1-May-19	1-Jun-19	1-Jul-19	1-Aug-19	1-Sep-19	1-Oct-19	1-Nov-19	1-Dec-19	1-Jan-20	1-Feb-20	1-Mar-20	1-Apr-20	1-May-20	1-Jun-20	1-Jul-20	1-Aug-20	1-Sep-20	1-Oct-20	1-Nov-20	1-Dec-20	1-Jan-21	1-Feb-21	1-Mar-21	
End Date	31-May-19	30-Jun-19	29-Jul-19	28-Aug-19	29-Sep-19	28-Oct-19	28-Nov-19	27-Dec-19	29-Jan-20	28-Feb-20	29-Mar-20	28-Apr-20	28-May-20	30-Jun-20	29-Jul-20	28-Aug-20	29-Sep-20	28-Oct-20	28-Nov-20	27-Dec-20	28-Jan-21	28-Feb-21	31-Mar-21	
Days in month	31	30	31	31	30	31	30	31	31	29	31	30	31	30	31	31	30	31	30	31	28	31	31	
Opening Cash Balance	-	1,268	1,482	1,705	1,628	1,842	2,065	1,951	2,174	2,397	2,277	2,500	2,716	2,614	2,827	3,048	2,946	3,159	3,380	3,271	3,493	3,714	3	
Ship Purchase:																								
Pre Contract / Pre-purchase survey	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contract Payments	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Takeover Costs	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owners Supplies	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
SHIP PURCHASE	10,305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Working Capital Investment (Cash)	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loan Arrangement Fee Loan 1	252	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Drawdown of Loan 1	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
REQUIRED EQUITY INVESTMENT	6,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charter Income	458	443	458	458	443	458	443	458	458	428	458	443	461	446	461	461	446	461	446	461	461	461	416	
Charter Commission	11	11	11	11	11	11	11	11	11	11	11	11	12	11	12	12	11	12	11	12	11	12	10	
Net Charter Income	446	432	446	446	432	446	432	446	446	416	446	432	449	435	449	449	435	449	435	449	449	449	406	
Opex	163	158	163	163	158	163	158	163	163	152	163	158	163	162	168	168	162	168	162	168	168	168	151	
Dredging Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ship Operating Cash Flow	284	274	284	284	274	284	274	284	284	265	284	274	287	273	282	282	273	282	273	282	282	282	254	
General & Admin	16	15	16	16	15	16	15	16	16	15	16	15	16	16	16	16	15	16	15	16	16	16	14	
OPERATING CASH FLOW (EBITDA)	268	259	268	268	259	268	259	268	268	250	268	253	271	257	266	266	257	266	257	266	266	266	240	
Interest Earned on Cash Balances	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends Paid	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	
Net Financial Items	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	
Loan Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Target Residual Value (Ship Sale Price)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Broker Sales Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Ship Sale Costs and Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
SHIP SALE (NET)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

MONTHLY

DASHBOARD

REPORTS

Ready

Links

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NO

5/9/2019

REPORTS

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File PACOSHIP Home Insert Page Layout Formulas Data Review View

Open Save Project Ship Employment Opex Financing Summary Key Figures Project Equity Charts Monthly Quarterly Semi Annual Select Print Create Create E-Mail E-mail PDF Help Quick User Pacoship Close

Project Input Cashflow Reports Help Website Exit

SELECT REPORT ITEMS: ☐ Select All

<input type="checkbox"/> Deal Summary	<input type="checkbox"/> CHART 1: Opening Cash Balance	Quarterly
<input type="checkbox"/> Input Summary	<input type="checkbox"/> CHART 2: Net Cash Flow	Quarterly
<input type="checkbox"/> Sensitivity NPV Project Cash Flow	<input type="checkbox"/> CHART 3: Closing Cash Balance	Quarterly
<input type="checkbox"/> Sensitivity NPV Equity Cash Flow	<input type="checkbox"/> CHART 4: Ship Opex	Quarterly
<input type="checkbox"/> Monthly Cash Flow	<input type="checkbox"/> CHART 5: Debt Service	Quarterly
<input type="checkbox"/> Quarterly Cash Flow	<input type="checkbox"/> CHART 6: Debt Service Ratios	Quarterly
<input type="checkbox"/> Semi-Annual Cash Flow	<input type="checkbox"/> CHART 7: LTV - Required Ship Value	Quarterly
<input type="checkbox"/> Annual Cash Flow	<input type="checkbox"/> CHART 8: Project Cash Flow	Quarterly
	<input type="checkbox"/> CHART 9: Equity Cash Flow	Quarterly

MONTHLY / DASHBOARD / REPORTS

Ready

Links ENG 10:32 PM NO 5/9/2019

The **REPORTS** section makes it possible to view detailed cash flows and generate reports that can be printed, e-mailed as **PDF** files or e-mailed as input data that can be imported by other users of Pacoship based on selected items from a menu.

By the click of a button, selected charts can be copied to a **Powerpoint** presentation.

To view the cash flow of the project on a monthly, quarterly, semi-annual or annual basis, click any of the named buttons under the **VIEW CASH FLOW** heading. Click the button **BACK TO REPORTS MENU** in the upper left corner of the Cash Flow Sheet to return to the REPORTS section.

[illegible]

REPORTS - Select Items:

Select the items you want to include in a report that can be printed or e-mailed as a PDF file by checking the tick box next to the item you want to include in the report. You can select the following items:

<u>SELECT REPORT ITEMS:</u>	
Deal Summary	Chart 1: Opening Cash Balance
Input Summary	Chart 2: Net Cash Flow
Sensitivity NPV Project Cash Flow	Chart 3: Closing Cash Flow
Sensitivity NPV Equity Cash Flow	Chart 4: Ship Opex
Monthly Cash Flow	Chart 5: Debt Service
Quarterly Cash Flow	Chart 6: Debt Service Ratios
Semi-Annual Cash Flow	Chart 7: LTV- Required Ship Value
Annual Cash Flow	Chart 8: Project Cash Flow
	Chart 9: Equity Cash Flow

For each chart you can select:

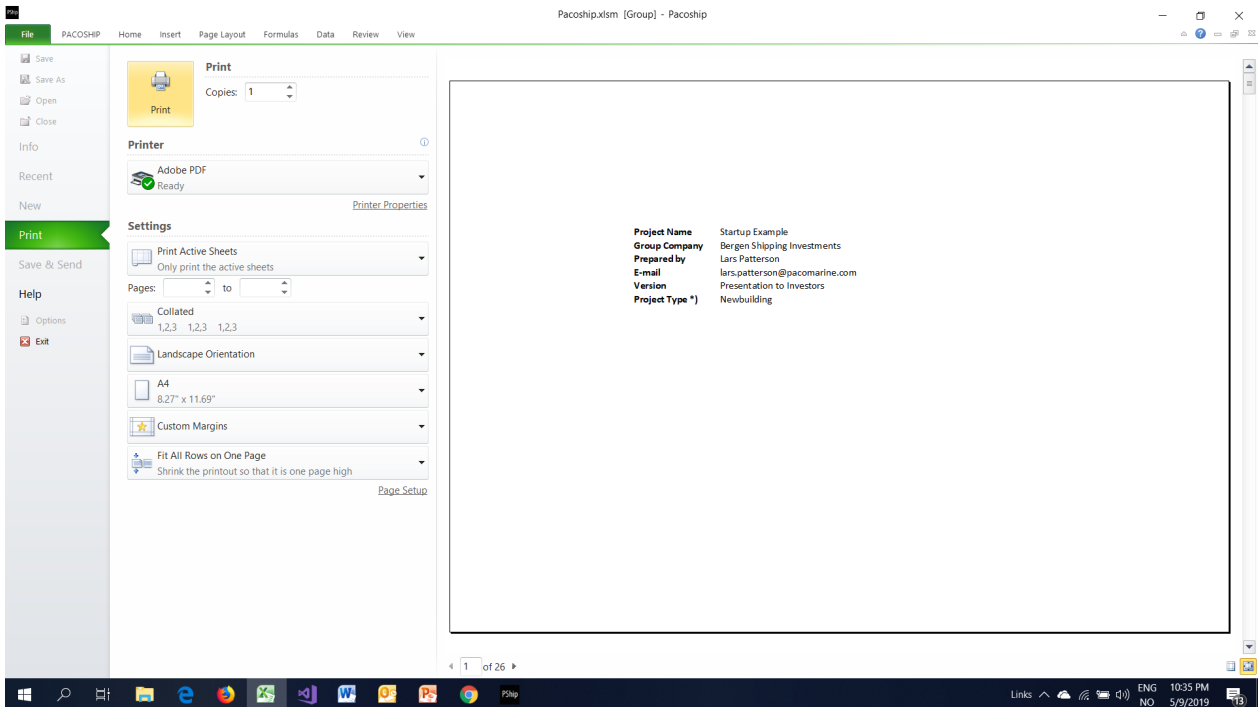
Monthly
Quarterly
Semi-Annual
Annual

from a drop down list next to each chart.

To clear the report selection, you can click the button **CLEAR REPORT SELECTION**. To save memory, the report selection is automatically cleared when you EXIT the Pacoship application.

REPORTS - Print Preview and Print

To print a report with the report items you have selected, click the button named **Print** or if you prefer, the button named **Print Preview**.



To return from the Print or Print Preview window in Microsoft Office to the print to the REPORTS section you can use the keystrokes **Esc then Ctrl+Shift+R**.

REPORTS - Powerpoint

Select the charts you want to include in your **Powerpoint** presentation. (Do not forget to select if you want the chart to be **Monthly**, **Quarterly**, *Semi-Annual* or **Annual**). Click the button **COPY SELECTED CHARTS TO POWERPOINT**. A new Powerpoint presentation with your selected charts included will open. (It may open as full screen or as a Powerpoint icon at the bottom of your screen, depending on your MS Office Settings).

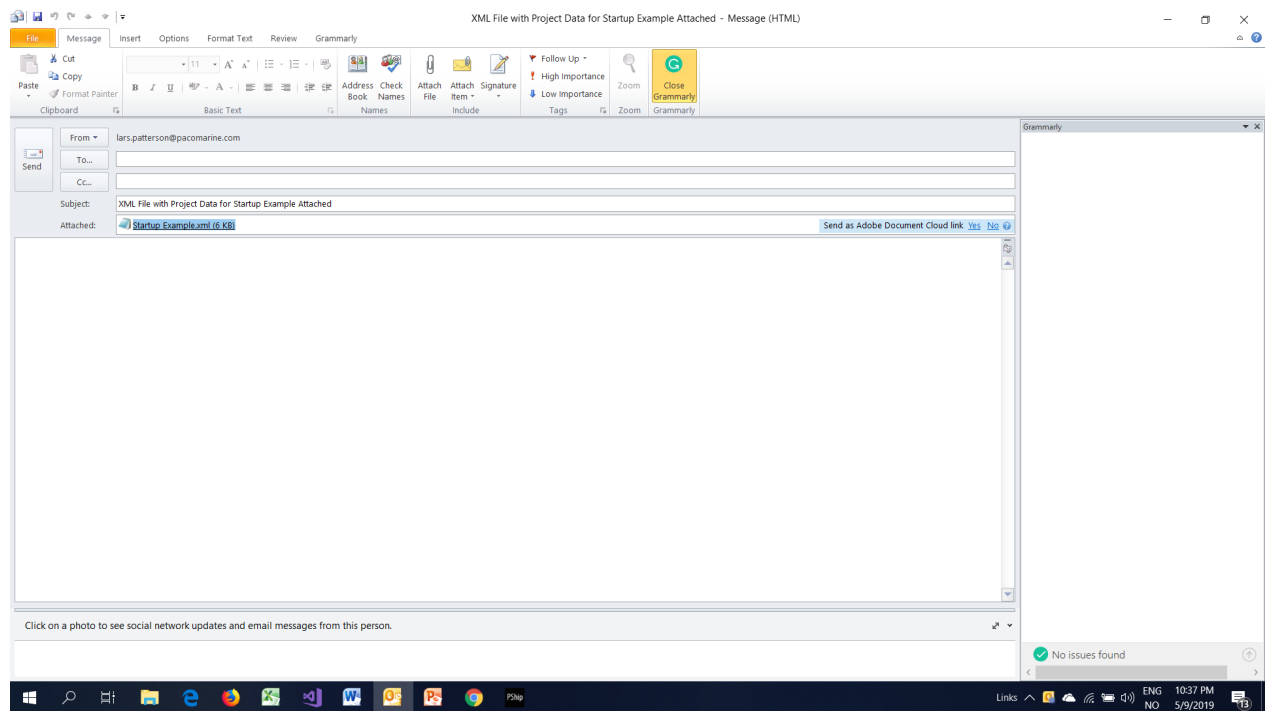
REPORTS - PDF File

To create a report in PDF format with the report items you have selected, click the button named **CREATE PDF DOCUMENT**.

If you want to create and e-mail a report as a PDF document without exiting Pacoship, click the button named **E-MAIL PDF REPORT**.

REPORTS - Project Data

All input variables in the Pacoship application are saved in a separate folder named \Pacoship. This folder is created when the Pacoship program is first installed on your computer. Each project saved has its own file with project data saved in data files using Extensible Markup Language (XML). This makes it possible to exchange files with input data for a project with other users of the Pacoship application.



To send the input data for a project to another user of Pacoship, just click the button **E-MAIL PROJECT DATA FILE**. Outlook will open with an e-mail where the project data file is attached. All you need is to add the e-mail address of the persons you want to send the data file to, and any comments you may want to make in the e-mail. Then click send as usual when using Microsoft Outlook.

The recipient of the e-mail with the data input file attached (the file will have the name you have given the project), can save the received file on his computer, in any chosen folder on his/her computer or on the desktop. Start the Pacoship program, and click **OPEN PROJECT** in the Project section of the INPUT sheet and open the folder where you saved the XML file he/she received in the e-mail. Click on the file and Pacoship will import the input data.

The recipient can then save the project in the /Pacoship folder by clicking the **SAVE PROJECT** button.

EXIT - Save and Exit:

To exit the program, click the EXIT button on the top menu. This will save the program with the input that has been entered. When the program is opened next time, you can continue from where you left.

Click the **SAVE** button on the top menu to save your project in an XML file. (You can also click the **SAVE PROJECT** button in the **INPUT – Project** section.)

NOTES:

Please note the following:

- For a secondhand purchase, the contract date has to be a date later than the built date.