

Example One

Prepared by Lars Patterson

Project Name:	Example One
Group Company:	London Shipping Investments
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Version:	Presentation to Board of Directors
Project Type:	Secondhand Purchase

SUMMARY:

Project Type: **Secondhand Purchase**

Ship Name:	London Trader
Ship Type:	Dry Bulk Supramax
Ship Size:	64,000 DWT
Built:	August 2019

Project Start Date: **July 2022**

Contract Price:	24.00 USD million
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Ship Delivery Date: **July 2022**

Employment:	36 months
Average Daily Rate :	22,100 USD per day
Total Project Period:	37 months

Project End Date (Exit): **August 2025**

Ship Residual Value :	17.50 USD million
Debt Balance:	11.52 USD million

Weighted Average Cost of Capital (WACC)

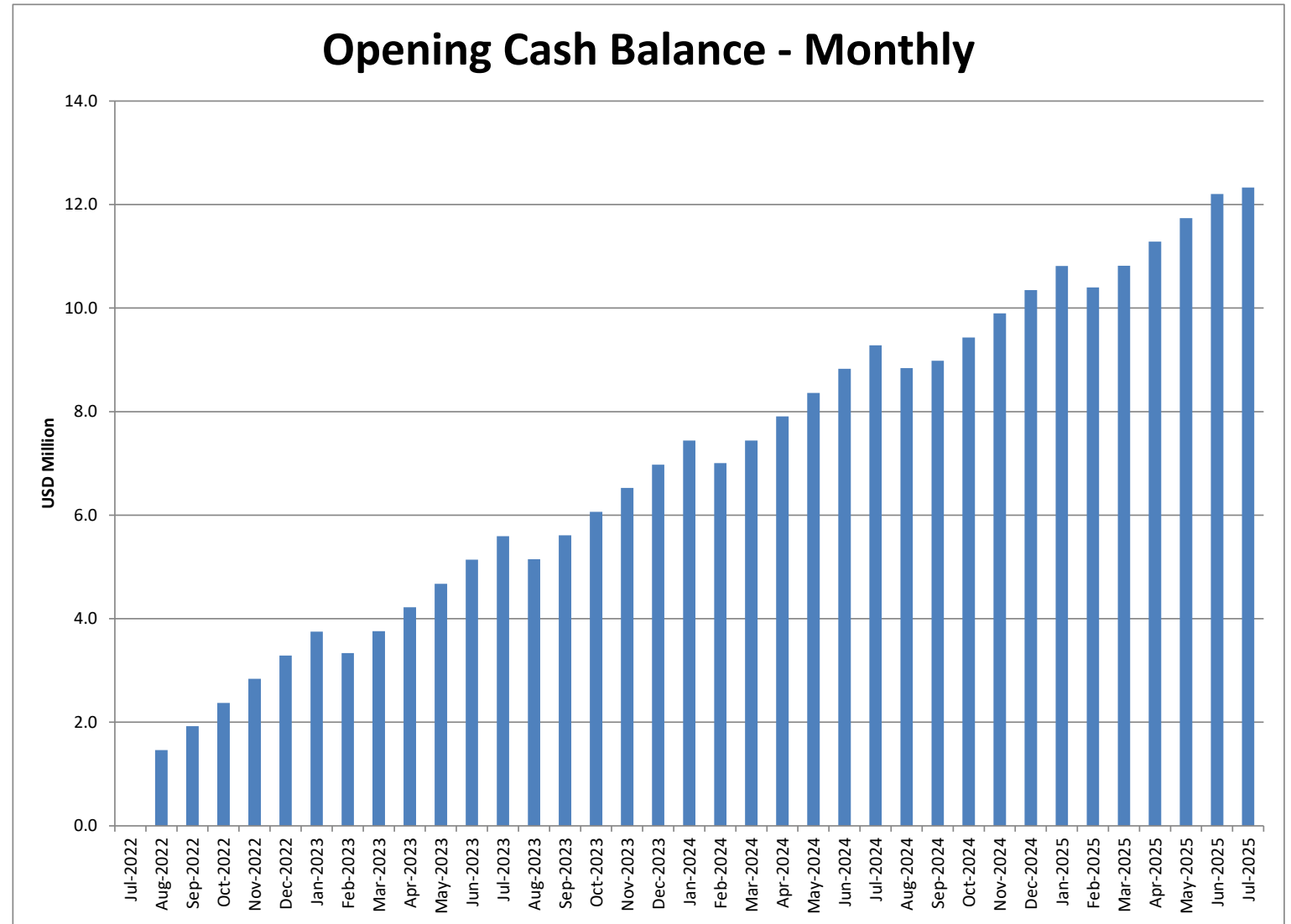
	Amount USD million	Share	% Cost	Weighted %
Equity Invested	9.866	38.7%	20.30%	7.86%
Debt Financing	15.600	61.3%	3.00%	1.84%
Project Investment	25.466	100.0%		
WACC				9.70%

Equity Invested	9.866	USD million
Dividends Received	-	USD million
Equity Returned on Ship	17.185	USD million
Sum Equity Returned	17.185	USD million
Returned / Invested	1.74	Ratio
Holding Period	3.00	Years

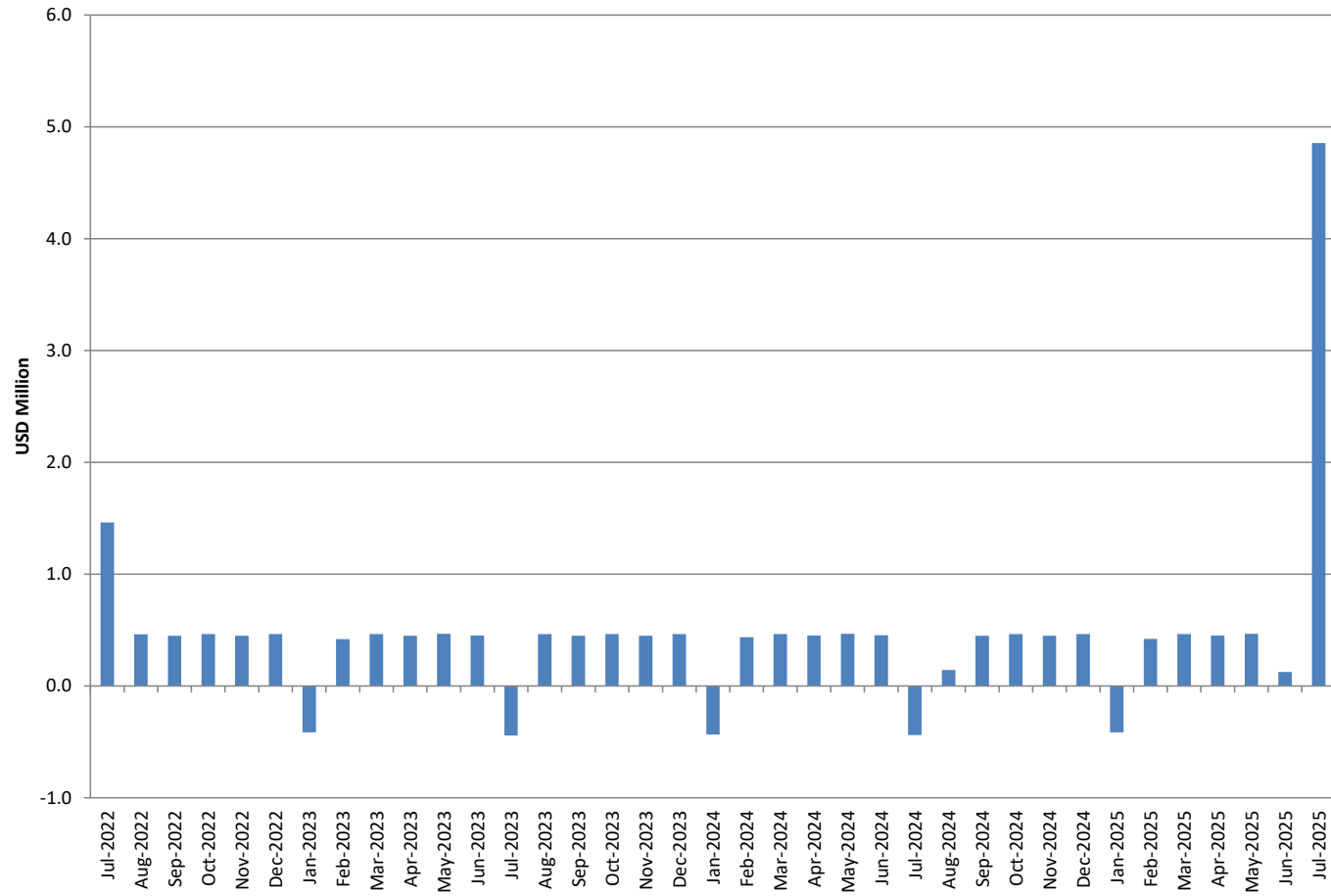
Project NPV:	0.000 USD million	with discount rate:	13.48%	Return on Project Cash Flow
Equity NPV:	0.000 USD million	with discount rate:	20.30%	Target return on cash flow to equity *)

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

This deal generates sufficient cash to pay dividends if desired

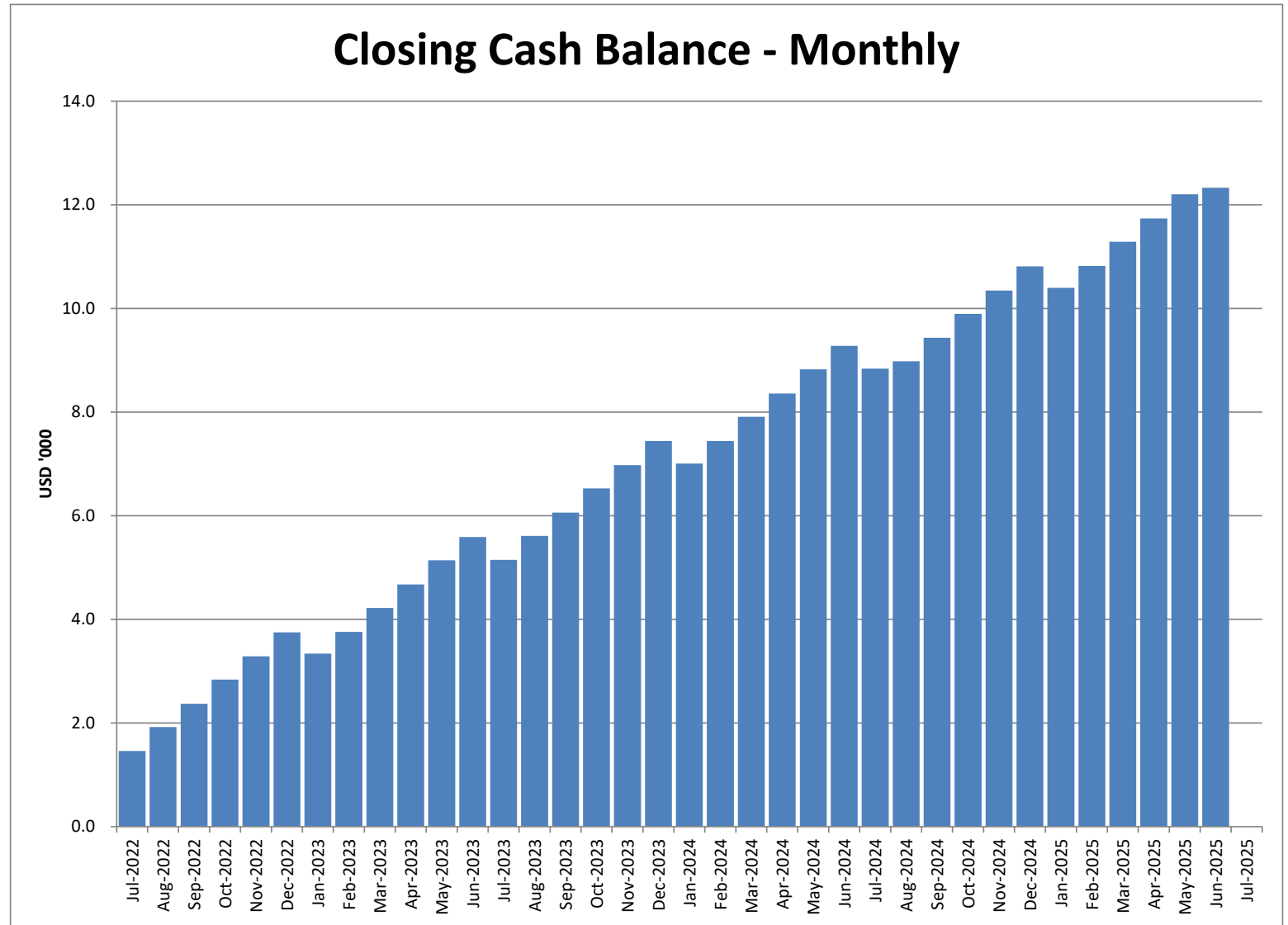


Net Cash Flow - Monthly

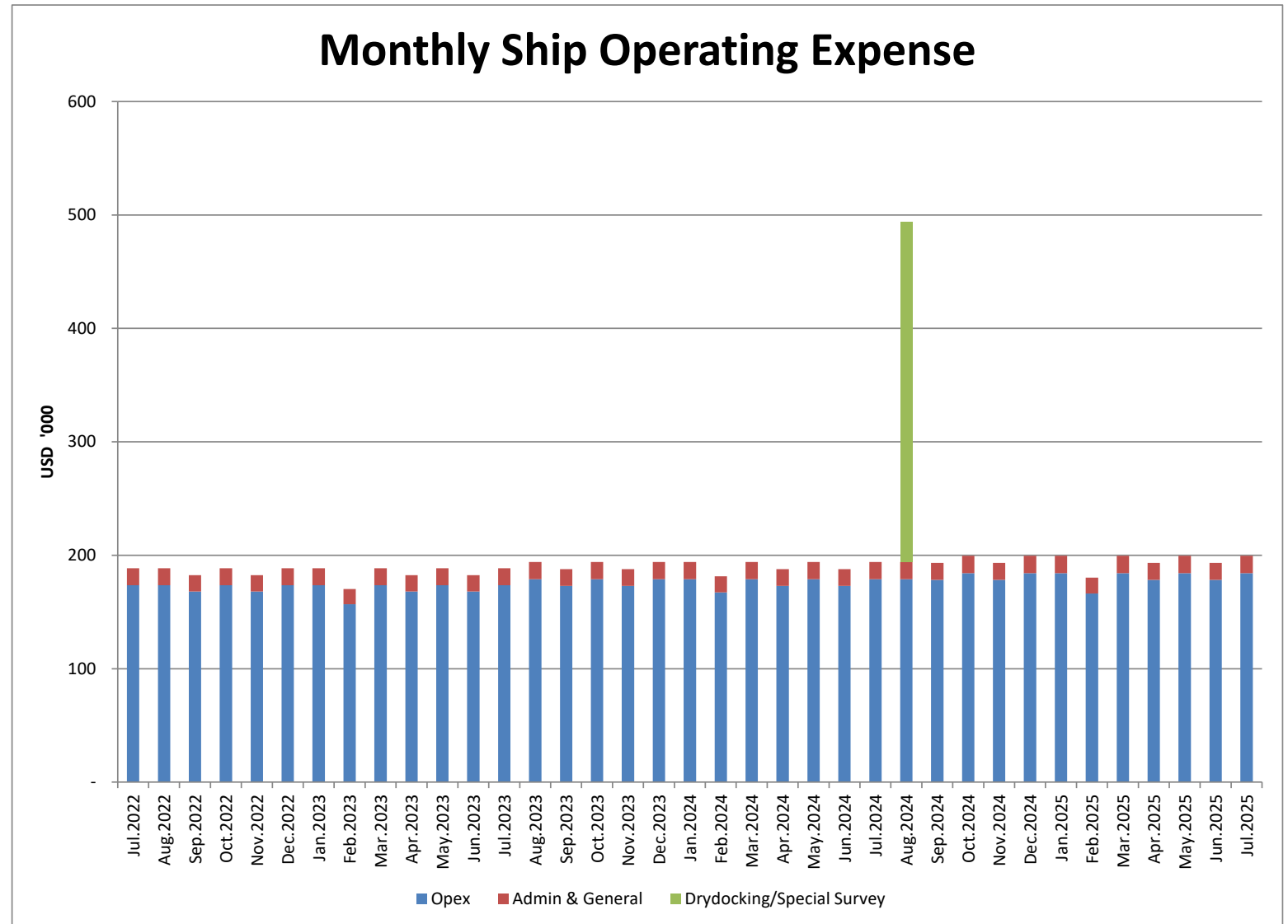


Some months have negative Net Cash Flow. Important to have sufficient cash buffer.

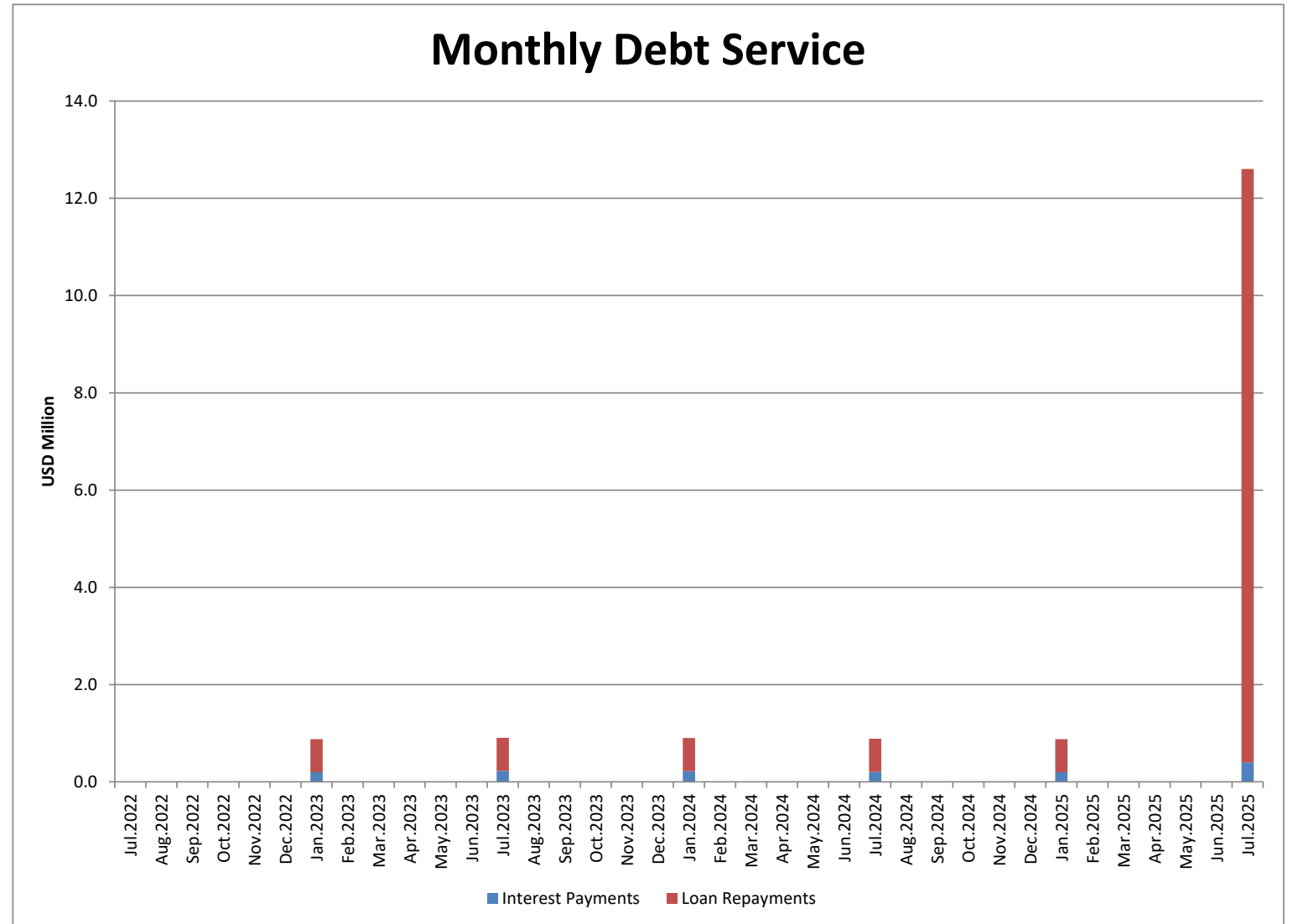
Build up of cash that can be used for prepayment of loans or payment of dividend to shareholders.



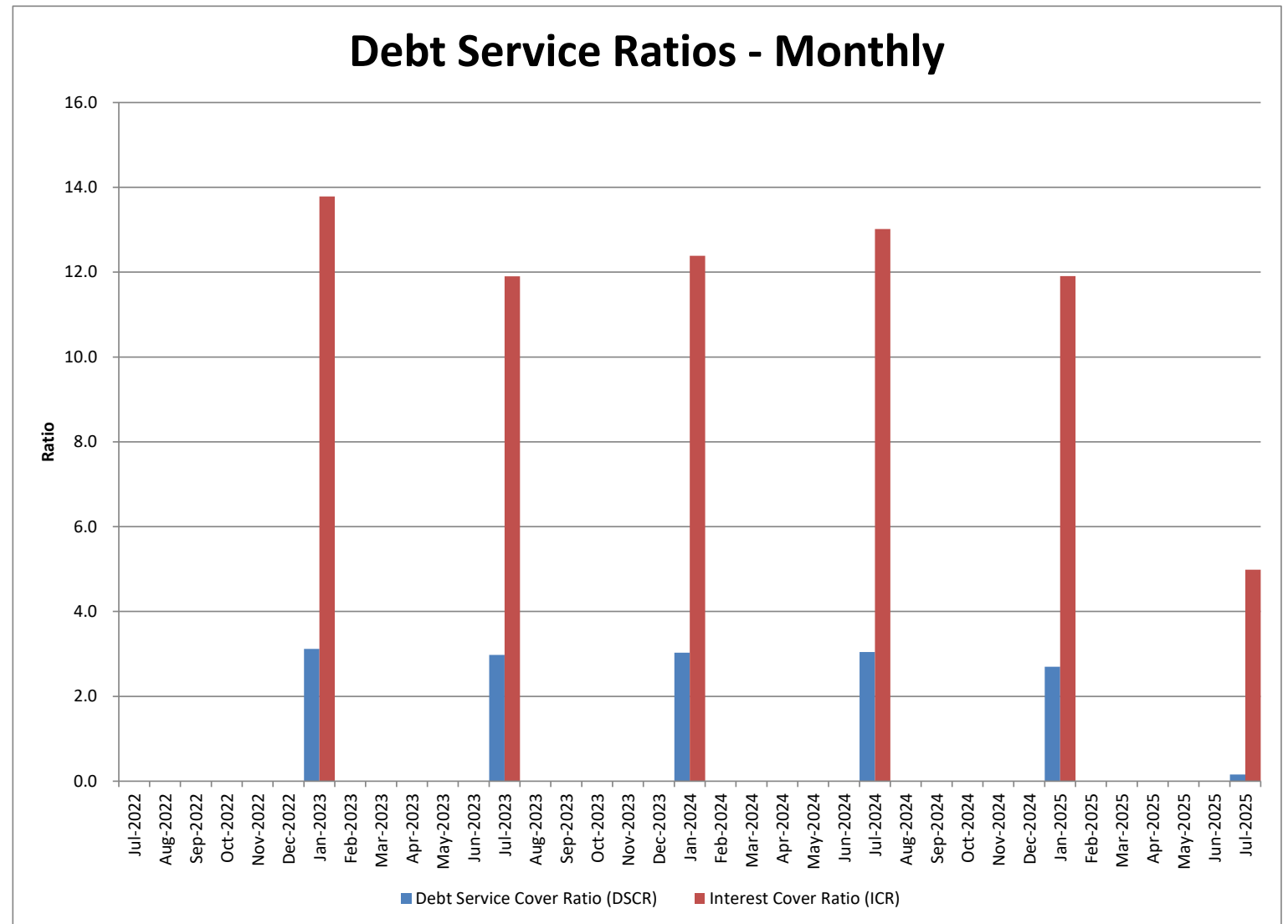
Docking in August 2024 is the 1st Special Survey.



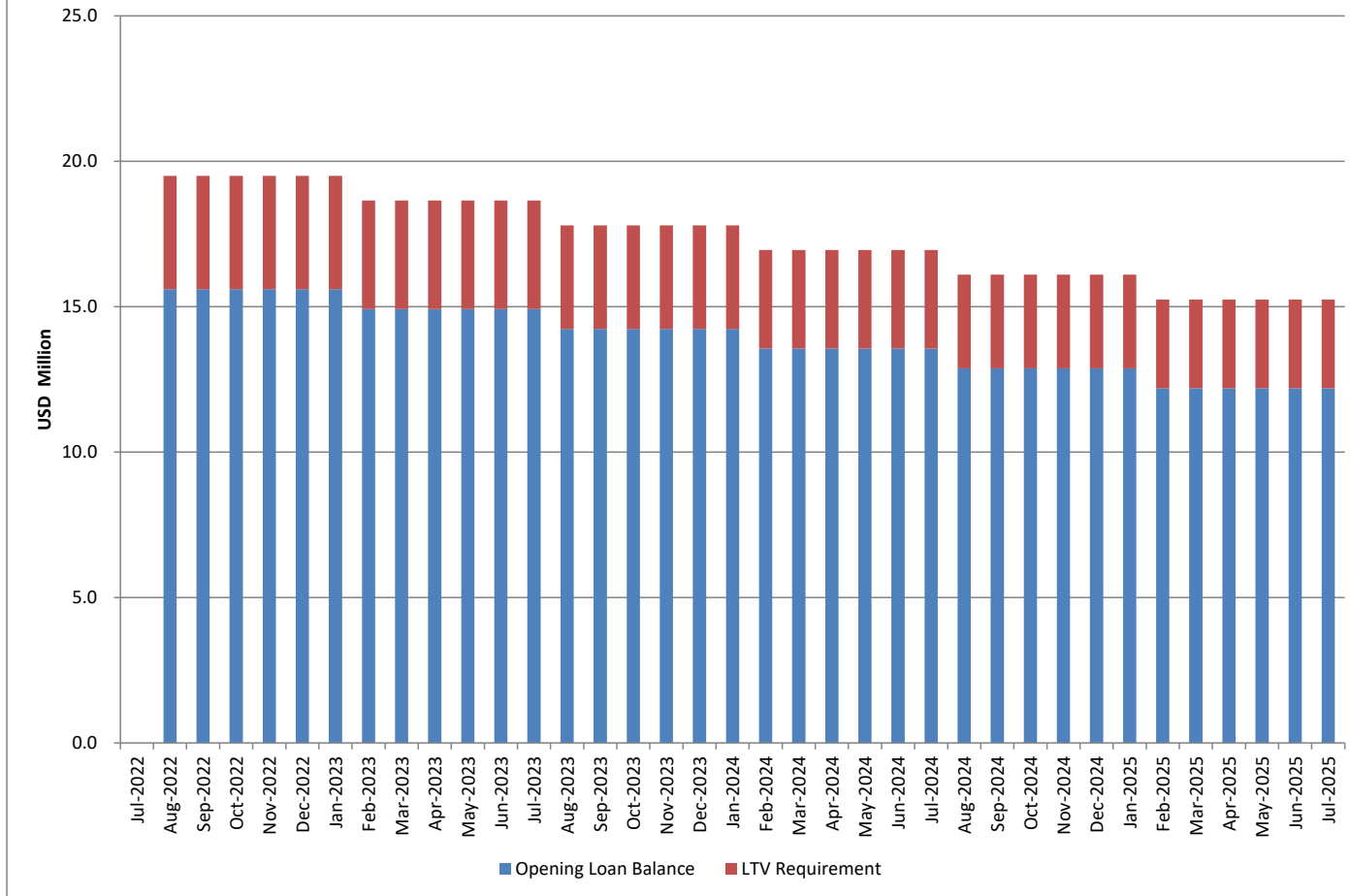
Ship mortgage loan of USD 15.6 million is 65% of ship purchase price. Loan profile is 10 years with a balloon of USD 2 million.



Debt Service Ratios (DSR) and Interest Cover Ratios (ICR) are well within banking requirements

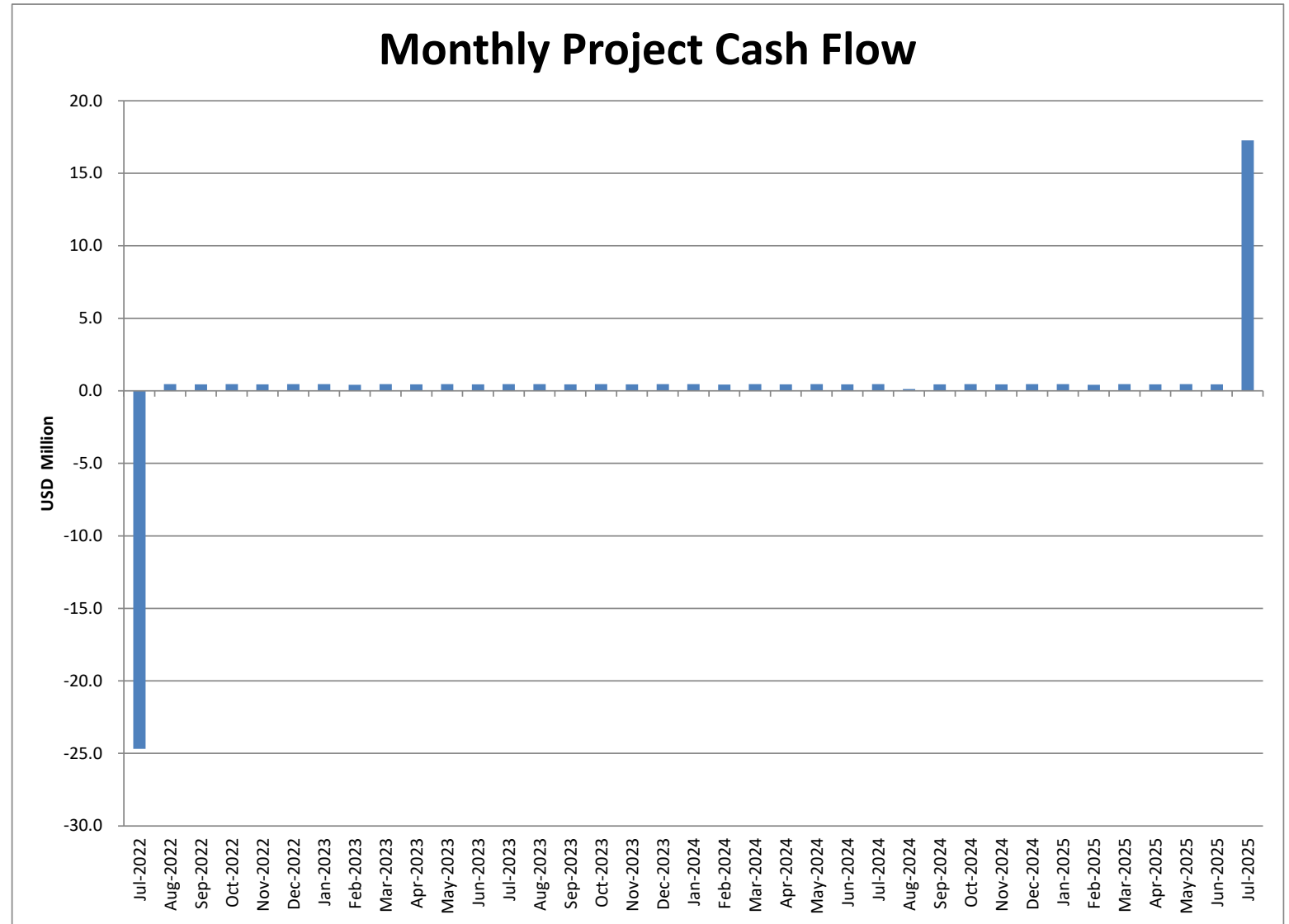


LTV Ship Value - Monthly



Loan to value covenants requires the ship to always be valued at no less than 80% of charterfree market value. That gives at Loan To Value (LTV) of 125.

Cash flow
before Debt
Service is
always positive.



For this deal we are not planning to pay dividend. Surplus funds will be used to build up a good cash buffer and to prepay debt. prepay debt

