FCC-Guaranteed Charter Maritime Asset Participation

Financial Analysis Model with Charterer · JAPANESS BUILT HANDY MAX 2016

This investment opportunity provides qualified investors with structured participation in the acquisition and operation of a commercially employed bulk carrier vessel through a leveraged maritime finance model supported by a 5-year Time-Charter guaranteed by First-Class Commodity Company (FCC).

The structure is specifically designed to reduce traditional spot-market shipping exposure through the use of:

- Fixed long-term charter employment;
- Pre-agreed daily charter rates;
- Structured marine financing;
- Known operational revenue assumptions;
- A predefined financing payment profile;
- Professionally managed maritime asset operations.

The investment model combines investor equity participation, secured marine financing, operational charter income, scheduled financing payments, and realization of residual vessel market value. Its objective is to generate investor returns through operational vessel performance while utilizing financial leverage to maximize equity efficiency within a dedicated Special Purpose Vehicle (SPV) ownership structure.

Investment Highlights

- **Defined equity commitment, leveraged exposure.** A $5,000,000.00 equity contribution provides leveraged exposure to an $18,500,000.00 maritime asset, with structured financing covering approximately 72.97% of the acquisition value.
- **Self-supporting base-case operation.** Charter income is structured to cover vessel operating expenses and annual BB financing/debt-service payments of $1,752,000.00, with any annual surplus retained in the SPV and carried forward under the model.
- **Guaranteed charter employment.** The vessel is time-chartered to FCC for the full 5-year tenor at pre-agreed net daily rates. FCC may not cancel the charter except upon payment of contractual damages to the Owner, removing spot-market cancellation risk for the duration of the charter; an option to extend the charter (and the underlying financing) for up to a further 2 years may also be available, subject to negotiation.
- **Dual return drivers.** Returns are generated both from recurring operational surplus and from realization of the vessel's residual market value at exit.
- **Defined exit.** A planned Year-5 sale provides a clear realization point for investor capital.

Transaction Structure

The financing structure modeled is a back-to-back bareboat-and-time-charter package arranged through First-Class Commodity Company (FCC), combining vessel financing with charter employment in a single integrated structure:

- Financing Bank → Head Bareboat Charter (HBBC) → FCC;
- FCC → Sub-Bareboat Charter (SBBC) → Owner / SPV;
- Owner / SPV → 5-Year Time Charter (TC) → FCC.

FCC arranges the underlying Bank financing and secures it with its own corporate guarantee under the HBBC; this financing obligation, together with the purchase obligation at maturity (the balloon), is passed through to the

Owner under the SBBC. In return, FCC time-charters the vessel from the Owner under the TC leg, generating the charter revenue modelled throughout this analysis.

The Asset and the Structure

The investment concerns the acquisition of JAPANESS BUILT HANDY MAX 2016 at a purchase price of $18,500,000.00. The acquisition is funded through structured marine financing covering approximately 72.97% of the asset value ($13,500,000.00), with the investor contributing $5,000,000.00 in equity held within the SPV ownership structure.

This arrangement provides the investor with leveraged exposure to a maritime asset of substantially higher value while committing a defined and limited amount of capital, maximizing equity efficiency through controlled financial leverage.

Revenue and Operational Profile

The vessel is time-chartered to FCC at pre-agreed net daily rates of $12,500.00 to $14,000.00 per day (with Year 3 contracted at the stronger level of $14,000.00), over 355 income-earning days per annum, for the full 5-year tenor of the structure. The charter is guaranteed by FCC and may not be cancelled except upon payment of contractual damages to the Owner; an option to extend the charter for up to a further 2 years beyond the initial tenor may also be available, subject to negotiation.

Charter revenue is structured to cover both operating expenses (approximately $5,750.00 per day, escalating 3% per annum) and the annual BB financing/debt-service payment of $1,752,000.00. Under the base-case figures shown, annual net cash balances are retained in the SPV and carried forward to the Year-5 exit.

Application of Charter Income

Charter income generated by the vessel is applied toward:

- Vessel operating expenses;
- Financing and debt-service obligations;
- Insurance;
- Management costs;
- Operational reserves.

SPV Ownership Structure

Each project is executed through a dedicated Special Purpose Vehicle (SPV) representing the Owner side of the transaction described above. The SPV is modeled to participate under the Sub-Bareboat Charter (SBBC) and Time-Charter (TC) arrangements with FCC; the Head Bareboat Charter (HBBC) financing relationship itself runs between the Financing Bank and FCC, with the corresponding balloon purchase obligation passed through to the SPV at maturity via the SBBC.

The SPV structure is intended to provide:

- Asset segregation;
- Operational transparency;
- Structured investor participation;
- Efficient maritime asset administration.

Financing and Balloon Repayment Structure

The financing structure follows a predefined payment profile, with an annual BB financing/debt-service payment of $1,752,000.00 serviced from charter income, and includes a final balloon repayment obligation at maturity.

Balloon obligation: $7,000,000.00.

The balloon repayment is not intended to rely solely on operational cash flow. In the base-case model it is settled from the proceeds of the Year-5 vessel sale (estimated at approximately $13,577,224.41), and may otherwise be addressed through a combination of:

- Vessel sale proceeds;
- Residual vessel value;
- Refinancing;
- Accumulated surplus reserves;
- Continuation of vessel operations.

Return Generation

The model generates returns through two complementary sources. During the operating period, the charter assumptions are intended to produce annual net cash balances after BB financing/debt-service payments. At the end of Year 5, residual vessel market value is realized through the sale of the asset at its estimated depreciated value of approximately $13,577,224.41 (based on a 6% per annum depreciation assumption), at which point the remaining balloon obligation of $7,000,000.00 is settled and a 25% asset-upside share (approximately $394,306.10) of the sale proceeds in excess of the balloon and the investor's original equity contribution of $5,000,000.00 is allocated to the charterer in alignment with contractual terms.

Projected Returns

Equity contribution	$5,000,000.00
Investment horizon	5 years
Final investor value	$8,550,369.53
Return on Equity (ROE), total over term	71.01%
Annualized return (IRR, realized at exit)	11.33%
Average annual return (simple, ROE ÷ 5 years)	≈ 14.20%

Over the five-year horizon, the investment is projected to generate a final net investor position of approximately $8,550,369.53. The average annual figure shown is a simple average (total ROE divided by five years); the annualized return (IRR) of 11.33% reflects the compound return assuming the cumulative position is realized at the Year-5 exit and is the more appropriate measure of time-weighted performance.

Exit Strategy

The base-case model assumes realization of the investment through the sale of the vessel at the end of Year 5. At maturity, or during the investment period, the investor may alternatively elect to:

- Continue vessel operations;
- Sell the vessel;
- Refinance the financing structure;
- Extend charter employment;
- Transfer participation interests in the SPV.

In the event of a vessel sale, proceeds are applied in the following order: outstanding financing obligations are settled first, operational liabilities are cleared, and remaining net proceeds are distributed according to the SPV ownership structure.

Key Assumptions and Risk Considerations

With the Time-Charter guaranteed by FCC for the full 5-year tenor (cancellable only upon payment of contractual damages to the Owner), the projected return is principally a function of the realized resale value of the vessel in Year 5, which depends on prevailing second-hand vessel values at the point of sale and on the underlying depreciation assumption — this is the single largest driver of variance in the model's outcome. Beyond resale value, residual risks include: FCC counterparty/credit risk (the charter guarantee is only as strong as FCC's own ability to pay); operating cost escalation beyond the assumed 3% per annum, which would reduce annual carried-forward balances; and liquidity risk, as investor capital is committed for the full 5-year term with no interim cash distributions modeled, and access to liquidity before Year 5 would depend on a transfer of SPV participation interests, for which no established secondary market is assumed.

Important Notice / Disclaimer

This document is provided strictly for informational and discussion purposes only and does not constitute a public offering, financial advice, investment advice, a guarantee of returns, or a legally binding commitment.

All financial projections, vessel values, charter assumptions, financing structures, operational assumptions, and projected returns are indicative only and remain subject to due diligence, financing approval, vessel inspection, charter-party agreements, legal review, regulatory compliance, market conditions, and execution of definitive agreements.

Investment in maritime assets involves operational, commercial, financing, and market risks, including fluctuations in freight markets, financing conditions, operational performance, and vessel market values. Past or projected performance does not guarantee future results.

OWN CAPITAL	FINAL INVESTOR VALUE	ROE	IRR (ANNUALIZED)	AVG ANNUAL ROE (SIMPLE)
$5,000,000.00	$8,550,369.53	71.01%	11.33%	14.20%

RESULTS PER YEAR

ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
T/C Rate / Day	$12,500.00	$12,500.00	$14,000.00	$12,500.00	$12,500.00
Annual Revenue	$4,437,500.00	$4,437,500.00	$4,970,000.00	$4,437,500.00	$4,437,500.00
OPEX / Year	$2,098,750.00	$2,161,712.50	$2,226,563.88	$2,293,360.79	$2,362,161.61
Net Revenue	$2,338,750.00	$2,275,787.50	$2,743,436.13	$2,144,139.21	$2,075,338.39
Annual BB Financing Payment	$1,752,000.00	$1,752,000.00	$1,752,000.00	$1,752,000.00	$1,752,000.00
One-off Fees	$450,000.00	–	–	–	–
Balloon	–	–	–	–	$7,000,000.00
Total Financing & Transaction Outflows	$2,202,000.00	$1,752,000.00	$1,752,000.00	$1,752,000.00	$8,752,000.00
Estimated Vessel Value	$17,390,000.00	$16,346,600.00	$15,365,804.00	$14,443,855.76	$13,577,224.41
Sale Value	–	–	–	–	$13,577,224.41
Asset Upside to Charterer	–	–	–	–	$394,306.10
Surplus Carried Fwd	$0.00	$136,750.00	$660,537.50	$1,651,973.63	$2,044,112.83
Cumulative Net Investor Position	$136,750.00	$660,537.50	$1,651,973.63	$2,044,112.83	$8,550,369.53

SUMMARY

Project	JAPANESS BUILT HANDY MAX 2016
One-off Fees (Y1)	$450,000.00
Total Net Revenue	$11,577,451.22
Total Financing & Transaction Outflows	$16,210,000.00
Final Investor Value	$8,550,369.53
ROE	71.01%

LOAN / EQUITY

Vessel Price	$18,500,000.00
Loan Amount	$13,500,000.00
Loan %	72.97%

Own Equity %	27.03%
Own Capital	$5,000,000.00
Balloon	$7,000,000.00

ONE-OFF YEAR-1 FEES: **$450,000.00** (LEGAL FEES, UPFRONT CASH TO BANK, OTHER FEES)