



**BYC Guide to Selected Hanse Yachts
Operational and Financial Models**

DRAFT FOR DISCUSSION

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This model has been developed to provide insights into the potential financial performance of selected Hanse Yachts placed into charter in the BYC Partnership Program.

As with any financial model, the projections are based on various assumptions. Some assumptions can be specified with high confidence, while others can only be estimated based on past experience and knowledge of probable market conditions. The actual financial performance of any yacht placed in charter will necessarily differ from the model.

The single most important variable that determines a yacht's financial performance is the number of days or weeks of bookings during a year, and when these bookings occur. To help evaluate the impact of different levels of utilization, the model includes three scenarios:

- Low Utilization: assumes 20 weeks on charter during the year
- Moderate Utilization: assume 25 weeks on charter during the year
- High Utilization: assumes 30 weeks on charter during the year. This is our operational target

The worksheets that follow include:

- 2-6. Financial projections for five Hanse yachts
- Appendix A: The operational assumptions that drive the calculation of charter revenue
- Appendix B: a detailed explanation of the baseline assumptions for BYC's "Partnership Program", and how these compare with competitors

Based on your review of this model, we would be happy to explore alternative scenarios and assumptions in order to help you optimize your decision process.

Hanse 388

YACHT AND TRANSACTION-SPECIFIC INFORMATION AND ASSUMPTIONS							
The following information and assumptions deal with the yacht, the transaction, and financing.							
Designation	Hanse 388						
Manufacturer	Hanse	Hull Type	Monohull				
Model	388	Model Year	2018	Manufacturer Warranty Expiry	2021		
Size in feet	38	Cabins	3	Heads	2		
Purchase price	\$245,518	As per email					
Charter program	Max ROI						
Down payment %	25%	Assumed percentage down payment					
Down payment amount	\$61,380						
Amount financed	\$184,139	For purposes of this model, it is assumed that the financing requires principal payments of \$3,000 per month plus interest at 5% annually. The actual payments required will depend the terms of the financing, the amortization period, and the interest rate,					
Year	0	1	2	3	4	5	6 (half year)
- % value of purchase price for insurance purposes	100	82.5	72.5	64	56	50	50
- \$ value for insurance purposes / resale	\$245,518	\$202,552	\$178,001	\$157,132	\$137,490	\$122,759	\$122,759
Principal payments		\$36000	\$36000	\$36000	\$36000	\$36000	\$18000
Remaining balance		\$148139	\$112139	\$76139	\$40139	\$4139	-\$13862
Interest rate	5%						
Annual financing cost		\$9,207	\$7,407	\$5,607	\$3,807	\$2,007	\$103
Charter Rates	Per week	Per day					
- High season	\$4,695	\$671	These rates may be subject to change based on market conditions, but are assumed to be reasonably accurate up to 2023. Rates tend to decline after 5 years from the date of manufacture				
- Mid season	\$3,595	\$514					
- Low season	\$2,495	\$356					
- Premium	\$5,995	\$856					

ANNUAL CHARTER REVENUE SCENARIOS				
This table shows annual charter revenues based on the Charter Utilization Scenarios shown in section 3 of the model. While our operational target will be to meet or exceed the High Utilization Scenario, it is important for prospective owners to be able to evaluate the implications if actual bookings are less than the target, including the implications of owner use that cuts into potential charter revenues.				
Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
- High season	\$51,645	\$61,035	\$70,425	Northern hemisphere winter
- Mid season	\$25,165	\$32,355	\$32,355	Northern hemisphere spring / fall
- Low season	\$2,495	\$4,990	\$9,980	Northern hemisphere summer
- Premium	\$5,995	\$5,995	\$11,990	Demand over Christmas / New Year enables premium pricing
- Total	\$85,300	\$104,375	\$124,750	

MAX ROI BYC CHARTER PROGRAM SUMMARY

3 YEARS

This table summarizes the results of the 3 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 3 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$82,594	\$110,739	\$141,249	This is the net charter income to owners over 3 years before financing and tax.
Financing Expense	\$22,221	\$22,221	\$22,221	This is the interest expense on financing over 3 years
Net Cash Income to Owner	\$60,373	\$88,518	\$119,029	This is the net cash income to owners available to fund principal payments or other purposes
Resale value	\$157,132	\$157,132	\$157,132	This is the estimated resale value of the yacht after 3 years
Total Cash Return	\$217,505	\$245,649	\$276,160	This is the total cash return to owners
Loan Repayment	\$184,139	\$184,139	\$184,139	This is repayment of the amount financed on purchase
Net Cash Return	\$33,366	\$61,511	\$92,022	This is the net cash return to owners
Amount invested	\$61,380	\$61,380	\$61,380	For ROI calculation purposes, this is the amount invested by the owner
3 Year ROI (pre-tax)	54.36%	100.21%	149.92%	This is the cumulative ROI percentage return over 3 years
Average annual ROI (pre-tax)	18.12%	33.40%	49.97%	This is the average annual percentage return over 3 years

5 YEARS

This table summarizes the results of the 5 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 5 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$145,378	\$194,177	\$247,049	This is the net charter income to owners over 5 years before financing and tax.
Financing expense	\$28,035	\$28,035	\$28,035	This is the interest expense on financing over 5 years
Net Cash Income to Owner	\$117,343	\$166,143	\$219,014	This is the net cash income to owners available to fund principal payments or other purposes
Resale Value	\$122,759	\$122,759	\$122,759	This is the estimated resale value of the yacht after 5 years
Total Cash Return to Owner	\$240,102	\$288,902	\$341,773	This is the total cash return to owners
Loan Repayment	\$184,139	\$184,139	\$184,139	This is repayment of the amount financed on purchase
Net Cash Return to Owner	\$55,964	\$104,763	\$157,635	This is the net cash return to owners
Amount invested	\$61,380	\$61,380	\$61,380	For ROI calculation purposes, this is the amount invested by the owner
5 Year ROI (pre-tax)	91.18%	170.68%	256.82%	This is the cumulative ROI percentage return over 5 years
Average annual ROI (pre-tax)	18.24%	34.14%	51.36%	This is the average annual percentage return over 5 years

ACQUISITION SUBSIDY BYC CHARTER PROGRAM SUMMARY

3.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 3.5 years, beginning in the fall of 2018 and concluding in the spring of 2022. This timing allows for four seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$97,088	\$130,146	\$165,980	This is the net charter income to owners over 3.5 years before financing and tax.
Financing Expense	\$24,124	\$24,124	\$24,124	This is the interest expense on financing over 3.5 years
Net Cash Income to Owner	\$72,964	\$106,022	\$141,855	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$126,000	\$126,000	\$126,000	This is the amount of principal payments against the loan over 3.5 years
Net Cash Return applied against loan balance	-\$53,036	-\$19,978	\$15,855	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$58,139	\$58,139	\$58,139	This is the estimated loan amount remaining at the conclusion of 3.5 years
Cash surplus (net loan remaining)	-\$111,175	-\$78,117	-\$42,283	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. This is the amount that would need to be refinanced at the conclusion of the 3.5 year charter period. In the Medium and High Utilization scenarios, there are sufficient funds to pay the loan out completely leaving a small cash surplus to the owners.

5.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 5.5 years, beginning in the fall of 2018 and concluding in the spring of 2024. This timing allows for six seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$162,276	\$216,489	\$275,219	This is the net charter income to owners over 5.5 years before financing and tax.
Financing Expense	\$28,138	\$28,138	\$28,138	This is the interest expense on financing over 5.5 years
Net Cash Income to Owner	\$134,138	\$188,351	\$247,081	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$198,000	\$198,000	\$198,000	This is the amount of principal payments against the loan over 5.5 years
Net Cash Return applied against loan balance	-\$63,862	-\$9,649	\$49,081	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	-\$13,862	-\$13,862	-\$13,862	This is the estimated loan amount remaining at the conclusion of 5.5 years
Cash surplus (net loan remaining)	-\$50,001	\$4,213	\$62,942	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. In the Low Utilization scenario, there is still a modest amount owing that would need to be refinanced at the conclusion of the 5.5 year charter period. In all scenarios, there are sufficient funds to pay the loan out completely leaving a significant cash surplus to the owners.

5 YEAR REVENUE TO OWNER: DETAILED CALCULATIONS

This table provides a detailed 5-year analysis of revenue and expenses for the Low Utilization Scenario. In this scenario, total operational expenses account for just under 43% of revenue. Net Charter Income to Owner is approximately 34% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

LOW UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$85,300	\$85,300	\$85,300	\$85,300	\$85,300	\$426,500	100.0%
Operational Expenses							
Booking commissions	\$8,530	\$8,530	\$8,530	\$8,530	\$8,530		
Charter Management Fees	\$9,120	\$9,120	\$9,120	\$9,120	\$9,120		
Turnaround Services	\$12,518	\$12,518	\$12,518	\$12,518	\$12,518		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$4,265	\$4,265			-\$6,398		
Insurance	\$5,892	\$4,861	\$4,272	\$3,771	\$3,300		
Annual haul-out	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$48,275	\$47,244	\$42,390	\$43,889	\$37,020	\$218,817	51.3%
Net Charter Income after Operational Expenses	\$37,025	\$38,056	\$42,910	\$41,411	\$48,280	\$207,683	48.7%
BYC Risk and Profit Sharing	\$11,107	\$11,417	\$12,873	\$12,423	\$14,484	\$62,305	14.6%
Net Charter Income to Owner (before financing and tax)	\$25,917	\$26,639	\$30,037	\$28,988	\$33,796	\$145,378	34.1%
3 / 5 year totals			\$82,594			\$145,378	34.1%

This table provides a detailed 5-year analysis of revenue and expenses for the Medium Utilization Scenario. In this scenario, total operational expenses account for just under 36% of revenue. Net Charter Income to Owner is approximately 37% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

MEDIUM UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$104,375	\$104,375	\$104,375	\$104,375	\$104,375	\$521,875	100.0%
Operational Expenses							
Booking commissions	\$10,438	\$10,438	\$10,438	\$10,438	\$10,438		
Charter Management Fees	\$9,120	\$9,120	\$9,120	\$9,120	\$9,120		
Turnaround Services	\$15,647	\$15,647	\$15,647	\$15,647	\$15,647		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$5,219	\$5,219			-\$7,828		
Insurance	\$5,892	\$4,861	\$4,272	\$3,771	\$3,300		
Annual haul-out	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$54,266	\$53,235	\$47,427	\$48,926	\$40,626	\$244,479	46.8%
Net Charter Income after Operational Expenses	\$50,109	\$51,140	\$56,948	\$55,449	\$63,749	\$277,396	53.2%
BYC Risk and Profit Sharing	\$15,033	\$15,342	\$17,085	\$16,635	\$19,125	\$83,219	15.9%
Net Charter Income to Owner (before financing and tax)	\$35,076	\$35,798	\$39,864	\$38,814	\$44,624	\$194,177	37.2%
3 /5 year totals			\$110,739			\$194,177	37.2%

This table provides a detailed 5-year analysis of revenue and expenses for the High Utilization Scenario, which is the operational target. In this scenario, total operational expenses account for just under 30% of revenue. Net Charter Income to Owner is approximately 40% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

TARGET HIGH UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$124,750	\$124,750	\$124,750	\$124,750	\$124,750	\$623,750	100.0%
Operational Expenses							
Booking commissions	\$12,475	\$12,475	\$12,475	\$12,475	\$12,475		
Charter Management Fees	\$9,120	\$9,120	\$9,120	\$9,120	\$9,120		
Turnaround Services	\$18,776	\$18,776	\$18,776	\$18,776	\$18,776		
Routine Maintenance		\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$6,238	\$6,238			-\$9,356		
Insurance	\$5,892	\$4,861	\$4,272	\$3,771	\$3,300		
Annual haul-out	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$60,451	\$59,420	\$52,593	\$54,093	\$44,265	\$270,823	43.4%
Net Charter Income after Operational Expenses	\$64,299	\$65,330	\$72,157	\$70,657	\$80,485	\$352,927	56.6%
BYC Risk and Profit Sharing	\$19,290	\$19,599	\$21,647	\$21,197	\$24,146	\$105,878	17.0%
Net Charter Income to Owner (before financing and tax)	\$45,009	\$45,731	\$50,510	\$49,460	\$56,340	\$247,049	39.6%
3 / 5 year totals			\$141,249			\$247,049	39.6%

Hanse 418

YACHT AND TRANSACTION-SPECIFIC INFORMATION AND ASSUMPTIONS							
The following information and assumptions deal with the yacht, the transaction, and financing.							
Designation	Hanse 418						
Manufacturer	Hanse	Hull Type	Monohull				
Model	418	Model Year	2018	Manufacturer Warranty Expiry	2021		
Size in feet	41	Cabins	3	Heads	2		
Purchase price	\$322,437	As per email					
Charter program	Max ROI						
Down payment %	25%	Assumed percentage down payment					
Down payment amount	\$80,609						
Amount financed	\$241,828	For purposes of this model, it is assumed that the financing requires principal payments of \$3,000 per month plus interest at 5% annually. The actual payments required will depend the terms of the financing, the amortization period, and the interest rate,					
Year	0	1	2	3	4	5	6 (half year)
- % value of purchase price for insurance purposes	100	82.5	72.5	64	56	50	50
- \$ value for insurance purposes / resale	\$322,437	\$266,011	\$233,767	\$206,360	\$180,565	\$161,219	\$161,219
Principal payments		\$36000	\$36000	\$36000	\$36000	\$36000	\$18000
Remaining balance		\$205828	\$169828	\$133828	\$97828	\$61828	\$43828
Interest rate	5%						
Annual financing cost		\$12,091	\$10,291	\$8,491	\$6,691	\$4,891	\$1,546
Charter Rates							
	Per week	Per day					
- High season	\$5,495	\$785	These rates may be subject to change based on market conditions, but are assumed to be reasonably accurate up to 2023. Rates tend to decline after 5 years from the date of manufacture				
- Mid season	\$4,495	\$642					
- Low season	\$3,495	\$499					
- Premium	\$6,495	\$928					

ANNUAL CHARTER REVENUE SCENARIOS				
This table shows annual charter revenues based on the Charter Utilization Scenarios shown in section 3 of the model. While our operational target will be to meet or exceed the High Utilization Scenario, it is important for prospective owners to be able to evaluate the implications if actual bookings are less than the target, including the implications of owner use that cuts into potential charter revenues.				
Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
- High season	\$60,445	\$71,435	\$82,425	Northern hemisphere winter
- Mid season	\$31,465	\$40,455	\$40,455	Northern hemisphere spring / fall
- Low season	\$3,495	\$6,990	\$13,980	Northern hemisphere summer
- Premium	\$6,495	\$6,495	\$12,990	Demand over Christmas / New Year enables premium pricing
- Total	\$101,900	\$125,375	\$149,850	

MAX ROI BYC CHARTER PROGRAM SUMMARY

3 YEARS

This table summarizes the results of the 3 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 3 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$104,978	\$140,612	\$178,066	This is the net charter income to owners over 3 years before financing and tax.
Financing Expense	\$30,874	\$30,874	\$30,874	This is the interest expense on financing over 3 years
Net Cash Income to Owner	\$74,104	\$109,738	\$147,192	This is the net cash income to owners available to fund principal payments or other purposes
Resale value	\$206,360	\$206,360	\$206,360	This is the estimated resale value of the yacht after 3 years
Total Cash Return	\$280,464	\$316,098	\$353,552	This is the total cash return to owners
Loan Repayment	\$241,828	\$241,828	\$241,828	This is repayment of the amount financed on purchase
Net Cash Return	\$38,636	\$74,270	\$111,724	This is the net cash return to owners
Amount invested	\$80,609	\$80,609	\$80,609	For ROI calculation purposes, this is the amount invested by the owner
3 Year ROI (pre-tax)	47.93%	92.14%	138.60%	This is the cumulative ROI percentage return over 3 years
Average annual ROI (pre-tax)	15.98%	30.71%	46.20%	This is the average annual percentage return over 3 years

5 YEARS

This table summarizes the results of the 5 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 5 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$184,978	\$246,695	\$311,546	This is the net charter income to owners over 5 years before financing and tax.
Financing expense	\$42,457	\$42,457	\$42,457	This is the interest expense on financing over 5 years
Net Cash Income to Owner	\$142,521	\$204,238	\$269,089	This is the net cash income to owners available to fund principal payments or other purposes
Resale Value	\$161,219	\$161,219	\$161,219	This is the estimated resale value of the yacht after 5 years
Total Cash Return to Owner	\$303,739	\$365,457	\$430,307	This is the total cash return to owners
Loan Repayment	\$241,828	\$241,828	\$241,828	This is repayment of the amount financed on purchase
Net Cash Return to Owner	\$61,911	\$123,629	\$188,480	This is the net cash return to owners
Amount invested	\$80,609	\$80,609	\$80,609	For ROI calculation purposes, this is the amount invested by the owner
5 Year ROI (pre-tax)	76.80%	153.37%	233.82%	This is the cumulative ROI percentage return over 5 years
Average annual ROI (pre-tax)	15.36%	30.67%	46.76%	This is the average annual percentage return over 5 years

ACQUISITION SUBSIDY BYC CHARTER PROGRAM SUMMARY

3.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 3.5 years, beginning in the fall of 2018 and concluding in the spring of 2022. This timing allows for four seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$123,532	\$165,379	\$209,361	This is the net charter income to owners over 3.5 years before financing and tax.
Financing Expense	\$34,220	\$34,220	\$34,220	This is the interest expense on financing over 3.5 years
Net Cash Income to Owner	\$89,313	\$131,159	\$175,141	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$126,000	\$126,000	\$126,000	This is the amount of principal payments against the loan over 3.5 years
Net Cash Return applied against loan balance	-\$36,687	\$5,159	\$49,141	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$115,828	\$115,828	\$115,828	This is the estimated loan amount remaining at the conclusion of 3.5 years
Cash surplus (net loan remaining)	-\$152,515	-\$110,668	-\$66,687	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. This is the amount that would need to be refinanced at the conclusion of the 3.5 year charter period. In the Medium and High Utilization scenarios, there are sufficient funds to pay the loan out completely leaving a small cash surplus to the owners.

5.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 5.5 years, beginning in the fall of 2018 and concluding in the spring of 2024. This timing allows for six seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$206,423	\$274,970	\$346,991	This is the net charter income to owners over 5.5 years before financing and tax.
Financing Expense	\$44,003	\$44,003	\$44,003	This is the interest expense on financing over 5.5 years
Net Cash Income to Owner	\$162,421	\$230,967	\$302,988	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$198,000	\$198,000	\$198,000	This is the amount of principal payments against the loan over 5.5 years
Net Cash Return applied against loan balance	-\$35,579	\$32,967	\$104,988	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$43,828	\$43,828	\$43,828	This is the estimated loan amount remaining at the conclusion of 5.5 years
Cash surplus (net loan remaining)	-\$79,407	-\$10,860	\$61,160	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. In the Low Utilization scenario, there is still a modest amount owing that would need to be refinanced at the conclusion of the 5.5 year charter period. In all scenarios, there are sufficient funds to pay the loan out completely leaving a significant cash surplus to the owners.

5 YEAR REVENUE TO OWNER: DETAILED CALCULATIONS

This table provides a detailed 5-year analysis of revenue and expenses for the Low Utilization Scenario. In this scenario, total operational expenses account for just under 43% of revenue. Net Charter Income to Owner is approximately 36% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

LOW UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$101,900	\$101,900	\$101,900	\$101,900	\$101,900	\$509,500	100.0%
Operational Expenses							
Booking commissions	\$10,190	\$10,190	\$10,190	\$10,190	\$10,190		
Charter Management Fees	\$9,840	\$9,840	\$9,840	\$9,840	\$9,840		
Turnaround Services	\$13,506	\$13,506	\$13,506	\$13,506	\$13,506		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$5,095	\$5,095			-\$7,643		
Insurance	\$7,738	\$6,384	\$5,610	\$4,953	\$4,334		
Annual haul-out	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$54,769	\$53,415	\$47,546	\$48,889	\$40,627	\$245,246	48.1%
Net Charter Income after Operational Expenses	\$47,131	\$48,485	\$54,354	\$53,011	\$61,273	\$264,254	51.9%
BYC Risk and Profit Sharing	\$14,139	\$14,545	\$16,306	\$15,903	\$18,382	\$79,276	15.6%
Net Charter Income to Owner (before financing and tax)	\$32,991	\$33,939	\$38,048	\$37,108	\$42,891	\$184,978	36.3%
3 / 5 year totals			\$104,978			\$184,978	36.3%

This table provides a detailed 5-year analysis of revenue and expenses for the Medium Utilization Scenario. In this scenario, total operational expenses account for just under 36% of revenue. Net Charter Income to Owner is approximately 39% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

MEDIUM UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$125,375	\$125,375	\$125,375	\$125,375	\$125,375	\$626,875	100.0%
Operational Expenses							
Booking commissions	\$12,538	\$12,538	\$12,538	\$12,538	\$12,538		
Charter Management Fees	\$9,840	\$9,840	\$9,840	\$9,840	\$9,840		
Turnaround Services	\$16,882	\$16,882	\$16,882	\$16,882	\$16,882		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$6,269	\$6,269			-\$9,403		
Insurance	\$7,738	\$6,384	\$5,610	\$4,953	\$4,334		
Annual haul-out	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$61,667	\$60,313	\$53,270	\$54,612	\$44,590	\$274,453	43.8%
Net Charter Income after Operational Expenses	\$63,708	\$65,062	\$72,105	\$70,763	\$80,785	\$352,422	56.2%
BYC Risk and Profit Sharing	\$19,112	\$19,519	\$21,631	\$21,229	\$24,235	\$105,727	16.9%
Net Charter Income to Owner (before financing and tax)	\$44,596	\$45,544	\$50,473	\$49,534	\$56,549	\$246,695	39.4%
3 /5 year totals			\$140,612			\$246,695	39.4%

This table provides a detailed 5-year analysis of revenue and expenses for the High Utilization Scenario, which is the operational target. In this scenario, total operational expenses account for just under 30% of revenue. Net Charter Income to Owner is approximately 42% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

TARGET HIGH UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$149,850	\$149,850	\$149,850	\$149,850	\$149,850	\$749,250	100.0%
Operational Expenses							
Booking commissions	\$14,985	\$14,985	\$14,985	\$14,985	\$14,985		
Charter Management Fees	\$9,840	\$9,840	\$9,840	\$9,840	\$9,840		
Turnaround Services	\$20,259	\$20,259	\$20,259	\$20,259	\$20,259		
Routine Maintenance		\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$7,493	\$7,493			-\$11,239		
Insurance	\$7,738	\$6,384	\$5,610	\$4,953	\$4,334		
Annual haul-out	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$68,715	\$67,361	\$59,094	\$60,436	\$48,579	\$304,185	40.6%
Net Charter Income after Operational Expenses	\$81,135	\$82,489	\$90,756	\$89,414	\$101,271	\$445,065	59.4%
BYC Risk and Profit Sharing	\$24,341	\$24,747	\$27,227	\$26,824	\$30,381	\$133,520	17.8%
Net Charter Income to Owner (before financing and tax)	\$56,795	\$57,743	\$63,529	\$62,589	\$70,890	\$311,546	41.6%
3 / 5 year totals			\$178,066			\$311,546	41.6%

Hanse 458

YACHT AND TRANSACTION-SPECIFIC INFORMATION AND ASSUMPTIONS							
The following information and assumptions deal with the yacht, the transaction, and financing.							
Designation	Hanse 458						
Manufacturer	Hanse	Hull Type	Monohull				
Model	458	Model Year	2018	Manufacturer Warranty Expiry	2021		
Size in feet	46	Cabins	4	Heads	2		
Purchase price	\$381,000	As per email					
Charter program	Max ROI						
Down payment %	25%	Assumed percentage down payment					
Down payment amount	\$95,250						
Amount financed	\$285,750	For purposes of this model, it is assumed that the financing requires principal payments of \$3,000 per month plus interest at 5% annually. The actual payments required will depend the terms of the financing, the amortization period, and the interest rate,					
Year	0	1	2	3	4	5	6 (half year)
- % value of purchase price for insurance purposes	100	82.5	72.5	64	56	50	50
- \$ value for insurance purposes / resale	\$381,000	\$314,325	\$276,225	\$243,840	\$213,360	\$190,500	\$190,500
Principal payments		\$36000	\$36000	\$36000	\$36000	\$36000	\$18000
Remaining balance		\$249750	\$213750	\$177750	\$141750	\$105750	\$87750
Interest rate	5%						
Annual financing cost		\$14,288	\$12,488	\$10,688	\$8,888	\$7,088	\$2,644
Charter Rates							
	Per week	Per day					
- High season	\$6,436	\$919	These rates may be subject to change based on market conditions, but are assumed to be reasonably accurate up to 2023. Rates tend to decline after 5 years from the date of manufacture				
- Mid season	\$5,266	\$752					
- Low season	\$3,949	\$564					
- Premium	\$7,898	\$1,128					

ANNUAL CHARTER REVENUE SCENARIOS				
This table shows annual charter revenues based on the Charter Utilization Scenarios shown in section 3 of the model. While our operational target will be to meet or exceed the High Utilization Scenario, it is important for prospective owners to be able to evaluate the implications if actual bookings are less than the target, including the implications of owner use that cuts into potential charter revenues.				
Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
- High season	\$70,796	\$83,668	\$96,540	Northern hemisphere winter
- Mid season	\$36,862	\$47,394	\$47,394	Northern hemisphere spring / fall
- Low season	\$3,949	\$7,898	\$15,796	Northern hemisphere summer
- Premium	\$7,898	\$7,898	\$15,796	Demand over Christmas / New Year enables premium pricing
- Total	\$119,505	\$146,858	\$175,526	

MAX ROI BYC CHARTER PROGRAM SUMMARY

3 YEARS

This table summarizes the results of the 3 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 3 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$126,957	\$168,784	\$213,005	This is the net charter income to owners over 3 years before financing and tax.
Financing Expense	\$37,463	\$37,463	\$37,463	This is the interest expense on financing over 3 years
Net Cash Income to Owner	\$89,494	\$131,322	\$175,542	This is the net cash income to owners available to fund principal payments or other purposes
Resale value	\$243,840	\$243,840	\$243,840	This is the estimated resale value of the yacht after 3 years
Total Cash Return	\$333,334	\$375,162	\$419,382	This is the total cash return to owners
Loan Repayment	\$285,750	\$285,750	\$285,750	This is repayment of the amount financed on purchase
Net Cash Return	\$47,584	\$89,412	\$133,632	This is the net cash return to owners
Amount invested	\$95,250	\$95,250	\$95,250	For ROI calculation purposes, this is the amount invested by the owner
3 Year ROI (pre-tax)	49.96%	93.87%	140.30%	This is the cumulative ROI percentage return over 3 years
Average annual ROI (pre-tax)	16.65%	31.29%	46.77%	This is the average annual percentage return over 3 years

5 YEARS

This table summarizes the results of the 5 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 5 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$223,846	\$296,271	\$372,814	This is the net charter income to owners over 5 years before financing and tax.
Financing expense	\$53,438	\$53,438	\$53,438	This is the interest expense on financing over 5 years
Net Cash Income to Owner	\$170,409	\$242,833	\$319,377	This is the net cash income to owners available to fund principal payments or other purposes
Resale Value	\$190,500	\$190,500	\$190,500	This is the estimated resale value of the yacht after 5 years
Total Cash Return to Owner	\$360,909	\$433,333	\$509,877	This is the total cash return to owners
Loan Repayment	\$285,750	\$285,750	\$285,750	This is repayment of the amount financed on purchase
Net Cash Return to Owner	\$75,159	\$147,583	\$224,127	This is the net cash return to owners
Amount invested	\$95,250	\$95,250	\$95,250	For ROI calculation purposes, this is the amount invested by the owner
5 Year ROI (pre-tax)	78.91%	154.94%	235.30%	This is the cumulative ROI percentage return over 5 years
Average annual ROI (pre-tax)	15.78%	30.99%	47.06%	This is the average annual percentage return over 5 years

ACQUISITION SUBSIDY BYC CHARTER PROGRAM SUMMARY

3.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 3.5 years, beginning in the fall of 2018 and concluding in the spring of 2022. This timing allows for four seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$149,483	\$198,600	\$250,525	This is the net charter income to owners over 3.5 years before financing and tax.
Financing Expense	\$41,906	\$41,906	\$41,906	This is the interest expense on financing over 3.5 years
Net Cash Income to Owner	\$107,576	\$156,694	\$208,619	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$126,000	\$126,000	\$126,000	This is the amount of principal payments against the loan over 3.5 years
Net Cash Return applied against loan balance	-\$18,424	\$30,694	\$82,619	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$159,750	\$159,750	\$159,750	This is the estimated loan amount remaining at the conclusion of 3.5 years
Cash surplus (net loan remaining)	-\$178,174	-\$129,056	-\$77,131	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. This is the amount that would need to be refinanced at the conclusion of the 3.5 year charter period. In the Medium and High Utilization scenarios, there are sufficient funds to pay the loan out completely leaving a small cash surplus to the owners.

5.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 5.5 years, beginning in the fall of 2018 and concluding in the spring of 2024. This timing allows for six seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$249,765	\$330,198	\$415,198	This is the net charter income to owners over 5.5 years before financing and tax.
Financing Expense	\$56,081	\$56,081	\$56,081	This is the interest expense on financing over 5.5 years
Net Cash Income to Owner	\$193,684	\$274,116	\$359,117	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$198,000	\$198,000	\$198,000	This is the amount of principal payments against the loan over 5.5 years
Net Cash Return applied against loan balance	-\$4,316	\$76,116	\$161,117	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$87,750	\$87,750	\$87,750	This is the estimated loan amount remaining at the conclusion of 5.5 years
Cash surplus (net loan remaining)	-\$92,066	-\$11,634	\$73,367	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. In the Low Utilization scenario, there is still a modest amount owing that would need to be refinanced at the conclusion of the 5.5 year charter period. In all scenarios, there are sufficient funds to pay the loan out completely leaving a significant cash surplus to the owners.

5 YEAR REVENUE TO OWNER: DETAILED CALCULATIONS

This table provides a detailed 5-year analysis of revenue and expenses for the Low Utilization Scenario. In this scenario, total operational expenses account for just under 43% of revenue. Net Charter Income to Owner is approximately 35% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

LOW UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$119,505	\$119,505	\$119,505	\$119,505	\$119,505	\$597,525	100.0%
Operational Expenses							
Booking commissions	\$11,951	\$11,951	\$11,951	\$11,951	\$11,951		
Charter Management Fees	\$11,040	\$11,040	\$11,040	\$11,040	\$11,040		
Turnaround Services	\$15,153	\$15,153	\$15,153	\$15,153	\$15,153		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$5,975	\$5,975			-\$8,963		
Insurance	\$9,144	\$7,544	\$6,629	\$5,852	\$5,121		
Annual haul-out	\$6,900	\$6,900	\$6,900	\$6,900	\$6,900		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$62,413	\$60,812	\$53,923	\$55,146	\$45,451	\$277,745	46.5%
Net Charter Income after Operational Expenses	\$57,092	\$58,693	\$65,582	\$64,359	\$74,054	\$319,780	53.5%
BYC Risk and Profit Sharing	\$17,128	\$17,608	\$19,675	\$19,308	\$22,216	\$95,934	16.1%
Net Charter Income to Owner (before financing and tax)	\$39,965	\$41,085	\$45,908	\$45,052	\$51,838	\$223,846	37.5%
3 / 5 year totals			\$126,957			\$223,846	37.5%

This table provides a detailed 5-year analysis of revenue and expenses for the Medium Utilization Scenario. In this scenario, total operational expenses account for just under 36% of revenue. Net Charter Income to Owner is approximately 38% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

MEDIUM UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$146,858	\$146,858	\$146,858	\$146,858	\$146,858	\$734,290	100.0%
Operational Expenses							
Booking commissions	\$14,686	\$14,686	\$14,686	\$14,686	\$14,686		
Charter Management Fees	\$11,040	\$11,040	\$11,040	\$11,040	\$11,040		
Turnaround Services	\$18,941	\$18,941	\$18,941	\$18,941	\$18,941		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$7,343	\$7,343			-\$11,014		
Insurance	\$9,144	\$7,544	\$6,629	\$5,852	\$5,121		
Annual haul-out	\$6,900	\$6,900	\$6,900	\$6,900	\$6,900		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$70,304	\$68,704	\$60,446	\$61,669	\$49,923	\$311,046	42.4%
Net Charter Income after Operational Expenses	\$76,554	\$78,154	\$86,412	\$85,189	\$96,935	\$423,244	57.6%
BYC Risk and Profit Sharing	\$22,966	\$23,446	\$25,923	\$25,557	\$29,080	\$126,973	17.3%
Net Charter Income to Owner (before financing and tax)	\$53,588	\$54,708	\$60,488	\$59,632	\$67,854	\$296,271	40.3%
3 /5 year totals			\$168,784			\$296,271	40.3%

This table provides a detailed 5-year analysis of revenue and expenses for the High Utilization Scenario, which is the operational target. In this scenario, total operational expenses account for just under 30% of revenue. Net Charter Income to Owner is approximately 40% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

TARGET HIGH UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$175,526	\$175,526	\$175,526	\$175,526	\$175,526	\$877,630	100.0%
Operational Expenses							
Booking commissions	\$17,553	\$17,553	\$17,553	\$17,553	\$17,553		
Charter Management Fees	\$11,040	\$11,040	\$11,040	\$11,040	\$11,040		
Turnaround Services	\$22,729	\$22,729	\$22,729	\$22,729	\$22,729		
Routine Maintenance		\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$8,776	\$8,776			-\$13,164		
Insurance	\$9,144	\$7,544	\$6,629	\$5,852	\$5,121		
Annual haul-out	\$6,900	\$6,900	\$6,900	\$6,900	\$6,900		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$78,392	\$76,792	\$67,101	\$68,324	\$54,428	\$345,038	39.3%
Net Charter Income after Operational Expenses	\$97,134	\$98,734	\$108,425	\$107,202	\$121,098	\$532,592	60.7%
BYC Risk and Profit Sharing	\$29,140	\$29,620	\$32,527	\$32,161	\$36,329	\$159,778	18.2%
Net Charter Income to Owner (before financing and tax)	\$67,994	\$69,114	\$75,897	\$75,041	\$84,768	\$372,814	42.5%
3 / 5 year totals			\$213,005			\$372,814	42.5%

Hanse 508

YACHT AND TRANSACTION-SPECIFIC INFORMATION AND ASSUMPTIONS							
The following information and assumptions deal with the yacht, the transaction, and financing.							
Designation	Hanse 508						
Manufacturer	Hanse	Hull Type	Monohull				
Model	508	Model Year	2018	Manufacturer Warranty Expiry	2021		
Size in feet	51	Cabins	4	Heads	4		
Purchase price	\$557,000	As per email					
Charter program	Max ROI						
Down payment %	25%	Assumed percentage down payment					
Down payment amount	\$139,250						
Amount financed	\$417,750	For purposes of this model, it is assumed that the financing requires principal payments of \$3,000 per month plus interest at 5% annually. The actual payments required will depend the terms of the financing, the amortization period, and the interest rate,					
Year	0	1	2	3	4	5	6 (half year)
- % value of purchase price for insurance purposes	100	82.5	72.5	64	56	50	50
- \$ value for insurance purposes / resale	\$557,000	\$459,525	\$403,825	\$356,480	\$311,920	\$278,500	\$278,500
Principal payments		\$36000	\$36000	\$36000	\$36000	\$36000	\$18000
Remaining balance		\$381750	\$345750	\$309750	\$273750	\$237750	\$219750
Interest rate	5%						
Annual financing cost		\$20,888	\$19,088	\$17,288	\$15,488	\$13,688	\$5,944
Charter Rates							
	Per week	Per day					
- High season	\$9,079	\$1,297	These rates may be subject to change based on market conditions, but are assumed to be reasonably accurate up to 2023. Rates tend to decline after 5 years from the date of manufacture				
- Mid season	\$7,429	\$1,061					
- Low season	\$5,572	\$796					
- Premium	\$11,143	\$1,592					

ANNUAL CHARTER REVENUE SCENARIOS				
This table shows annual charter revenues based on the Charter Utilization Scenarios shown in section 3 of the model. While our operational target will be to meet or exceed the High Utilization Scenario, it is important for prospective owners to be able to evaluate the implications if actual bookings are less than the target, including the implications of owner use that cuts into potential charter revenues.				
Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
- High season	\$99,869	\$118,027	\$136,185	Northern hemisphere winter
- Mid season	\$52,003	\$66,861	\$66,861	Northern hemisphere spring / fall
- Low season	\$5,572	\$11,144	\$22,288	Northern hemisphere summer
- Premium	\$11,143	\$11,143	\$22,286	Demand over Christmas / New Year enables premium pricing
- Total	\$168,587	\$207,175	\$247,620	

MAX ROI BYC CHARTER PROGRAM SUMMARY

3 YEARS

This table summarizes the results of the 3 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 3 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$201,192	\$262,603	\$327,393	This is the net charter income to owners over 3 years before financing and tax.
Financing Expense	\$57,263	\$57,263	\$57,263	This is the interest expense on financing over 3 years
Net Cash Income to Owner	\$143,930	\$205,340	\$270,130	This is the net cash income to owners available to fund principal payments or other purposes
Resale value	\$356,480	\$356,480	\$356,480	This is the estimated resale value of the yacht after 3 years
Total Cash Return	\$500,410	\$561,820	\$626,610	This is the total cash return to owners
Loan Repayment	\$417,750	\$417,750	\$417,750	This is repayment of the amount financed on purchase
Net Cash Return	\$82,660	\$144,070	\$208,860	This is the net cash return to owners
Amount invested	\$139,250	\$139,250	\$139,250	For ROI calculation purposes, this is the amount invested by the owner
3 Year ROI (pre-tax)	59.36%	103.46%	149.99%	This is the cumulative ROI percentage return over 3 years
Average annual ROI (pre-tax)	19.79%	34.49%	50.00%	This is the average annual percentage return over 3 years

5 YEARS

This table summarizes the results of the 5 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 5 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$353,918	\$460,095	\$572,089	This is the net charter income to owners over 5 years before financing and tax.
Financing expense	\$86,438	\$86,438	\$86,438	This is the interest expense on financing over 5 years
Net Cash Income to Owner	\$267,480	\$373,657	\$485,651	This is the net cash income to owners available to fund principal payments or other purposes
Resale Value	\$278,500	\$278,500	\$278,500	This is the estimated resale value of the yacht after 5 years
Total Cash Return to Owner	\$545,980	\$652,157	\$764,151	This is the total cash return to owners
Loan Repayment	\$417,750	\$417,750	\$417,750	This is repayment of the amount financed on purchase
Net Cash Return to Owner	\$128,230	\$234,407	\$346,401	This is the net cash return to owners
Amount invested	\$139,250	\$139,250	\$139,250	For ROI calculation purposes, this is the amount invested by the owner
5 Year ROI (pre-tax)	92.09%	168.34%	248.76%	This is the cumulative ROI percentage return over 5 years
Average annual ROI (pre-tax)	18.42%	33.67%	49.75%	This is the average annual percentage return over 5 years

ACQUISITION SUBSIDY BYC CHARTER PROGRAM SUMMARY

3.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 3.5 years, beginning in the fall of 2018 and concluding in the spring of 2022. This timing allows for four seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$236,974	\$309,069	\$385,129	This is the net charter income to owners over 3.5 years before financing and tax.
Financing Expense	\$65,006	\$65,006	\$65,006	This is the interest expense on financing over 3.5 years
Net Cash Income to Owner	\$171,968	\$244,063	\$320,123	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$126,000	\$126,000	\$126,000	This is the amount of principal payments against the loan over 3.5 years
Net Cash Return applied against loan balance	\$45,968	\$118,063	\$194,123	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$291,750	\$291,750	\$291,750	This is the estimated loan amount remaining at the conclusion of 3.5 years
Cash surplus (net loan remaining)	-\$245,782	-\$173,687	-\$97,627	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. This is the amount that would need to be refinanced at the conclusion of the 3.5 year charter period. In the Medium and High Utilization scenarios, there are sufficient funds to pay the loan out completely leaving a small cash surplus to the owners.

5.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 5.5 years, beginning in the fall of 2018 and concluding in the spring of 2024. This timing allows for six seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$394,499	\$512,374	\$636,700	This is the net charter income to owners over 5.5 years before financing and tax.
Financing Expense	\$92,381	\$92,381	\$92,381	This is the interest expense on financing over 5.5 years
Net Cash Income to Owner	\$302,118	\$419,993	\$544,319	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$198,000	\$198,000	\$198,000	This is the amount of principal payments against the loan over 5.5 years
Net Cash Return applied against loan balance	\$104,118	\$221,993	\$346,319	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$219,750	\$219,750	\$219,750	This is the estimated loan amount remaining at the conclusion of 5.5 years
Cash surplus (net loan remaining)	-\$115,632	\$2,243	\$126,569	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. In the Low Utilization scenario, there is still a modest amount owing that would need to be refinanced at the conclusion of the 5.5 year charter period. In all scenarios, there are sufficient funds to pay the loan out completely leaving a significant cash surplus to the owners.

5 YEAR REVENUE TO OWNER: DETAILED CALCULATIONS

This table provides a detailed 5-year analysis of revenue and expenses for the Low Utilization Scenario. In this scenario, total operational expenses account for just under 43% of revenue. Net Charter Income to Owner is approximately 40% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

LOW UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$168,587	\$168,587	\$168,587	\$168,587	\$168,587	\$842,935	100.0%
Operational Expenses							
Booking commissions	\$16,859	\$16,859	\$16,859	\$16,859	\$16,859		
Charter Management Fees	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240		
Turnaround Services	\$16,800	\$16,800	\$16,800	\$16,800	\$16,800		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$8,429	\$8,429			-\$12,644		
Insurance	\$13,368	\$11,029	\$9,692	\$8,556	\$7,486		
Annual haul-out	\$7,650	\$7,650	\$7,650	\$7,650	\$7,650		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$77,596	\$75,257	\$65,491	\$66,354	\$52,641	\$337,338	40.0%
Net Charter Income after Operational Expenses	\$90,991	\$93,330	\$103,097	\$102,233	\$115,946	\$505,597	60.0%
BYC Risk and Profit Sharing	\$27,297	\$27,999	\$30,929	\$30,670	\$34,784	\$151,679	18.0%
Net Charter Income to Owner (before financing and tax)	\$63,694	\$65,331	\$72,168	\$71,563	\$81,162	\$353,918	42.0%
3 / 5 year totals			\$201,192			\$353,918	42.0%

This table provides a detailed 5-year analysis of revenue and expenses for the Medium Utilization Scenario. In this scenario, total operational expenses account for just under 36% of revenue. Net Charter Income to Owner is approximately 43% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

MEDIUM UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$207,175	\$207,175	\$207,175	\$207,175	\$207,175	\$1,035,875	100.0%
Operational Expenses							
Booking commissions	\$20,718	\$20,718	\$20,718	\$20,718	\$20,718		
Charter Management Fees	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240		
Turnaround Services	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$10,359	\$10,359			-\$15,538		
Insurance	\$13,368	\$11,029	\$9,692	\$8,556	\$7,486		
Annual haul-out	\$7,650	\$7,650	\$7,650	\$7,650	\$7,650		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$87,584	\$85,245	\$73,549	\$74,413	\$57,805	\$378,597	36.5%
Net Charter Income after Operational Expenses	\$119,591	\$121,930	\$133,626	\$132,762	\$149,370	\$657,278	63.5%
BYC Risk and Profit Sharing	\$35,877	\$36,579	\$40,088	\$39,829	\$44,811	\$197,183	19.0%
Net Charter Income to Owner (before financing and tax)	\$83,714	\$85,351	\$93,538	\$92,933	\$104,559	\$460,095	44.4%
3 /5 year totals			\$262,603			\$460,095	44.4%

This table provides a detailed 5-year analysis of revenue and expenses for the High Utilization Scenario, which is the operational target. In this scenario, total operational expenses account for just under 30% of revenue. Net Charter Income to Owner is approximately 45% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

TARGET HIGH UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$247,620	\$247,620	\$247,620	\$247,620	\$247,620	\$1,238,100	100.0%
Operational Expenses							
Booking commissions	\$24,762	\$24,762	\$24,762	\$24,762	\$24,762		
Charter Management Fees	\$12,240	\$12,240	\$12,240	\$12,240	\$12,240		
Turnaround Services	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200		
Routine Maintenance		\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$12,381	\$12,381			-\$18,572		
Insurance	\$13,368	\$11,029	\$9,692	\$8,556	\$7,486		
Annual haul-out	\$7,650	\$7,650	\$7,650	\$7,650	\$7,650		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$97,851	\$95,512	\$81,794	\$82,658	\$63,017	\$420,831	34.0%
Net Charter Income after Operational Expenses	\$149,769	\$152,108	\$165,826	\$164,962	\$184,603	\$817,270	66.0%
BYC Risk and Profit Sharing	\$44,931	\$45,633	\$49,748	\$49,489	\$55,381	\$245,181	19.8%
Net Charter Income to Owner (before financing and tax)	\$104,838	\$106,476	\$116,078	\$115,474	\$129,222	\$572,089	46.2%
3 / 5 year totals			\$327,393			\$572,089	46.2%

Hanse 548 2018

YACHT AND TRANSACTION-SPECIFIC INFORMATION AND ASSUMPTIONS							
The following information and assumptions deal with the yacht, the transaction, and financing.							
Designation	Hanse 548						
Manufacturer	Hanse	Hull Type	Monohull				
Model	548	Model Year	2018	Manufacturer Warranty Expiry	2021		
Size in feet	53	Cabins	4	Heads	4		
Purchase price	\$662,146	As per email					
Charter program	Max ROI						
Down payment %	25%	Assumed percentage down payment					
Down payment amount	\$165,537						
Amount financed	\$496,610	For purposes of this model, it is assumed that the financing requires principal payments of \$3,000 per month plus interest at 5% annually. The actual payments required will depend the terms of the financing, the amortization period, and the interest rate,					
Year	0	1	2	3	4	5	6 (half year)
- % value of purchase price for insurance purposes	100	82.5	72.5	64	56	50	50
- \$ value for insurance purposes / resale	\$662,146	\$546,270	\$480,056	\$423,773	\$370,802	\$331,073	\$331,073
Principal payments		\$36000	\$36000	\$36000	\$36000	\$36000	\$18000
Remaining balance		\$460610	\$424610	\$388610	\$352610	\$316610	\$298610
Interest rate	5%						
Annual financing cost		\$24,830	\$23,030	\$21,230	\$19,430	\$17,630	\$7,915
Charter Rates	Per week	Per day					
- High season	\$9,995	\$1,428	These rates may be subject to change based on market conditions, but are assumed to be reasonably accurate up to 2023. Rates tend to decline after 5 years from the date of manufacture				
- Mid season	\$8,890	\$1,270					
- Low season	\$5,500	\$786					
- Premium	\$13,995	\$1,999					

ANNUAL CHARTER REVENUE SCENARIOS				
This table shows annual charter revenues based on the Charter Utilization Scenarios shown in section 3 of the model. While our operational target will be to meet or exceed the High Utilization Scenario, it is important for prospective owners to be able to evaluate the implications if actual bookings are less than the target, including the implications of owner use that cuts into potential charter revenues.				
Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
- High season	\$109,945	\$129,935	\$149,925	Northern hemisphere winter
- Mid season	\$62,230	\$80,010	\$80,010	Northern hemisphere spring / fall
- Low season	\$5,500	\$11,000	\$22,000	Northern hemisphere summer
- Premium	\$13,995	\$13,995	\$27,990	Demand over Christmas / New Year enables premium pricing
- Total	\$191,670	\$234,940	\$279,925	

MAX ROI BYC CHARTER PROGRAM SUMMARY

3 YEARS

This table summarizes the results of the 3 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 3 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$235,678	\$305,263	\$377,970	This is the net charter income to owners over 3 years before financing and tax.
Financing Expense	\$69,091	\$69,091	\$69,091	This is the interest expense on financing over 3 years
Net Cash Income to Owner	\$166,586	\$236,172	\$308,878	This is the net cash income to owners available to fund principal payments or other purposes
Resale value	\$423,773	\$423,773	\$423,773	This is the estimated resale value of the yacht after 3 years
Total Cash Return	\$590,360	\$659,945	\$732,652	This is the total cash return to owners
Loan Repayment	\$496,610	\$496,610	\$496,610	This is repayment of the amount financed on purchase
Net Cash Return	\$93,750	\$163,336	\$236,042	This is the net cash return to owners
Amount invested	\$165,537	\$165,537	\$165,537	For ROI calculation purposes, this is the amount invested by the owner
3 Year ROI (pre-tax)	56.63%	98.67%	142.59%	This is the cumulative ROI percentage return over 3 years
Average annual ROI (pre-tax)	18.88%	32.89%	47.53%	This is the average annual percentage return over 3 years

5 YEARS

This table summarizes the results of the 5 Year Max ROI program that is designed to deliver the highest return on investment to the owner over 5 years. Somewhat higher returns will be available if the yacht is left in charter for an additional six months at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$414,565	\$534,832	\$660,471	This is the net charter income to owners over 5 years before financing and tax.
Financing expense	\$106,152	\$106,152	\$106,152	This is the interest expense on financing over 5 years
Net Cash Income to Owner	\$308,413	\$428,680	\$554,319	This is the net cash income to owners available to fund principal payments or other purposes
Resale Value	\$331,073	\$331,073	\$331,073	This is the estimated resale value of the yacht after 5 years
Total Cash Return to Owner	\$639,486	\$759,753	\$885,392	This is the total cash return to owners
Loan Repayment	\$496,610	\$496,610	\$496,610	This is repayment of the amount financed on purchase
Net Cash Return to Owner	\$142,876	\$263,143	\$388,782	This is the net cash return to owners
Amount invested	\$165,537	\$165,537	\$165,537	For ROI calculation purposes, this is the amount invested by the owner
5 Year ROI (pre-tax)	86.31%	158.96%	234.86%	This is the cumulative ROI percentage return over 5 years
Average annual ROI (pre-tax)	17.26%	31.79%	46.97%	This is the average annual percentage return over 5 years

ACQUISITION SUBSIDY BYC CHARTER PROGRAM SUMMARY

3.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 3.5 years, beginning in the fall of 2018 and concluding in the spring of 2022. This timing allows for four seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$277,661	\$359,349	\$444,699	This is the net charter income to owners over 3.5 years before financing and tax.
Financing Expense	\$78,807	\$78,807	\$78,807	This is the interest expense on financing over 3.5 years
Net Cash Income to Owner	\$198,855	\$280,543	\$365,892	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$126,000	\$126,000	\$126,000	This is the amount of principal payments against the loan over 3.5 years
Net Cash Return applied against loan balance	\$72,855	\$154,543	\$239,892	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$370,610	\$370,610	\$370,610	This is the estimated loan amount remaining at the conclusion of 3.5 years
Cash surplus (net loan remaining)	-\$297,755	-\$216,067	-\$130,717	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. This is the amount that would need to be refinanced at the conclusion of the 3.5 year charter period. In the Medium and High Utilization scenarios, there are sufficient funds to pay the loan out completely leaving a small cash surplus to the owners.

5.5 YEARS

This table summarizes the results of placing the yacht in the Acquisition Subsidy Program for 5.5 years, beginning in the fall of 2018 and concluding in the spring of 2024. This timing allows for six seasons at high-season rates.

Utilization Scenario	Low Utilization (20 weeks)	Medium Utilization (25 weeks)	Target High Utilization (30 weeks)	
Net Charter Income to Owner	\$462,025	\$595,530	\$734,993	This is the net charter income to owners over 5.5 years before financing and tax.
Financing Expense	\$114,068	\$114,068	\$114,068	This is the interest expense on financing over 5.5 years
Net Cash Income to Owner	\$347,958	\$481,463	\$620,925	This is the net cash income to owners available to fund principal payments or other purposes
Loan Repayment	\$198,000	\$198,000	\$198,000	This is the amount of principal payments against the loan over 5.5 years
Net Cash Return applied against loan balance	\$149,958	\$283,463	\$422,925	This is the net cash income to owners after applying the principal repayments. Note that even the low utilization scenario provides more than sufficient cash to finance the principal payments
Remaining loan balance	\$298,610	\$298,610	\$298,610	This is the estimated loan amount remaining at the conclusion of 5.5 years
Cash surplus (net loan remaining)	-\$148,652	-\$15,147	\$124,316	This line shows the remaining loan balance or cash surplus assuming that the net cash return amount is applied to reduce the amount owing. In the Low Utilization scenario, there is still a modest amount owing that would need to be refinanced at the conclusion of the 5.5 year charter period. In all scenarios, there are sufficient funds to pay the loan out completely leaving a significant cash surplus to the owners.

5 YEAR REVENUE TO OWNER: DETAILED CALCULATIONS

This table provides a detailed 5-year analysis of revenue and expenses for the Low Utilization Scenario. In this scenario, total operational expenses account for just under 43% of revenue. Net Charter Income to Owner is approximately 45% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

LOW UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$191,670	\$191,670	\$191,670	\$191,670	\$191,670	\$958,350	100.0%
Operational Expenses							
Booking commissions	\$19,167	\$19,167	\$19,167	\$19,167	\$19,167		
Charter Management Fees	\$12,720	\$12,720	\$12,720	\$12,720	\$12,720		
Turnaround Services	\$17,459	\$17,459	\$17,459	\$17,459	\$17,459		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$9,584	\$9,584			-\$14,375		
Insurance	\$15,892	\$13,110	\$11,521	\$10,171	\$8,899		
Annual haul-out	\$7,950	\$7,950	\$7,950	\$7,950	\$7,950		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$85,021	\$82,240	\$71,067	\$71,716	\$56,070	\$366,114	38.2%
Net Charter Income after Operational Expenses	\$106,649	\$109,430	\$120,603	\$119,954	\$135,600	\$592,236	61.8%
BYC Risk and Profit Sharing	\$31,995	\$32,829	\$36,181	\$35,986	\$40,680	\$177,671	18.5%
Net Charter Income to Owner (before financing and tax)	\$74,654	\$76,601	\$84,422	\$83,968	\$94,920	\$414,565	43.3%
3 / 5 year totals			\$235,678			\$414,565	43.3%

This table provides a detailed 5-year analysis of revenue and expenses for the Medium Utilization Scenario. In this scenario, total operational expenses account for just under 36% of revenue. Net Charter Income to Owner is approximately 47% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

MEDIUM UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$234,940	\$234,940	\$234,940	\$234,940	\$234,940	\$1,174,700	100.0%
Operational Expenses							
Booking commissions	\$23,494	\$23,494	\$23,494	\$23,494	\$23,494		
Charter Management Fees	\$12,720	\$12,720	\$12,720	\$12,720	\$12,720		
Turnaround Services	\$21,824	\$21,824	\$21,824	\$21,824	\$21,824		
Routine Maintenance	\$0	\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$11,747	\$11,747			-\$17,621		
Insurance	\$15,892	\$13,110	\$11,521	\$10,171	\$8,899		
Annual haul-out	\$7,950	\$7,950	\$7,950	\$7,950	\$7,950		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$95,876	\$93,095	\$79,759	\$80,408	\$61,516	\$410,654	35.0%
Net Charter Income after Operational Expenses	\$139,064	\$141,845	\$155,181	\$154,532	\$173,424	\$764,046	65.0%
BYC Risk and Profit Sharing	\$41,719	\$42,553	\$46,554	\$46,360	\$52,027	\$229,214	19.5%
Net Charter Income to Owner (before financing and tax)	\$97,345	\$99,291	\$108,627	\$108,172	\$121,397	\$534,832	45.5%
3 /5 year totals			\$305,263			\$534,832	45.5%

This table provides a detailed 5-year analysis of revenue and expenses for the High Utilization Scenario, which is the operational target. In this scenario, total operational expenses account for just under 30% of revenue. Net Charter Income to Owner is approximately 48% after allowing for BYC Risk and Profit Sharing. This arrangement remits a significantly higher percentage of total charter revenue to owners than local and global competitors for comparable scenarios.

TARGET HIGH UTILIZATION SCENARIO	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% of Revenue
Charter Revenue	\$279,925	\$279,925	\$279,925	\$279,925	\$279,925	\$1,399,625	100.0%
Operational Expenses							
Booking commissions	\$27,993	\$27,993	\$27,993	\$27,993	\$27,993		
Charter Management Fees	\$12,720	\$12,720	\$12,720	\$12,720	\$12,720		
Turnaround Services	\$26,188	\$26,188	\$26,188	\$26,188	\$26,188		
Routine Maintenance		\$0	\$0	\$2,000	\$2,000		
Repair Contingency Fund	\$13,996	\$13,996			-\$20,994		
Insurance	\$15,892	\$13,110	\$11,521	\$10,171	\$8,899		
Annual haul-out	\$7,950	\$7,950	\$7,950	\$7,950	\$7,950		
Charter license	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		
Safety compliance costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250		
Total operational expenses	\$106,988	\$104,207	\$88,622	\$89,271	\$67,006	\$456,095	32.6%
Net Charter Income after Operational Expenses	\$172,937	\$175,718	\$191,303	\$190,654	\$212,919	\$943,530	67.4%
BYC Risk and Profit Sharing	\$51,881	\$52,715	\$57,391	\$57,196	\$63,876	\$283,059	20.2%
Net Charter Income to Owner (before financing and tax)	\$121,056	\$123,002	\$133,912	\$133,458	\$149,044	\$660,471	47.2%
3 / 5 year totals			\$377,970			\$660,471	47.2%

Hanse Comparison Highlights

	Hanse 388	Hanse 418	Hanse 458	Hanse 508	Hanse 548
Length	38	41	46	51	53
Layout	3 cabins, 2 heads	3 cabins, 2 heads	4 cabins, 2 heads	4 cabins, 4 heads	5 cabins, 5 heads
Estimated Purchase Price	\$245,518	\$322,437	\$381,000	\$557,000	\$662,146
Estimated charter rate - High Season	\$4,695	\$5,495	\$6,436	\$9,079	\$9,995
Estimated charter rate - Mid Season	\$3,595	\$4,495	\$5,266	\$7,429	\$8,890
Estimated charter rate - Low Season	\$2,495	\$3,495	\$3,949	\$5,572	\$5,500
Estimated charter rate - Premium Season	\$5,995	\$6,495	\$7,898	\$11,143	\$13,995
Target Max Utilization Average Annual ROI - 3 years	49.97%	46.20%	46.77%	50.00%	47.53%
Target Max Utilization Average Annual ROI - 5 years	51.36%	46.76%	47.06%	49.75%	46.97%
Owner Net Income as % of total revenue: Low Utilization	34.1%	36.3%	37.5%	42.0%	43.3%
Owner Net Income as % of total revenue: Low Utilization	37.2%	39.4%	40.3%	44.4%	45.5%
Owner Net Income as % of total revenue: High Utilization	39.6%	41.6%	42.5%	46.2%	47.2%

Charter Operational Assumptions

This table breaks out the detailed assumptions on charter utilization for throughout the year, for three utilization scenarios. These details are used in the calculation of charter revenues. In addition, these scenarios estimate the number of “turnarounds” that occur throughout the year, which is one of the operational expense categories relevant to owners.

Charter Utilization Scenarios

Month	Season	Low Utilization: Weeks	Low Utilization: Days	Medium Utilization: Weeks	Medium Utilization: Days	Target High Utilization: Weeks	Target High Utilization: Days
Jan	High	2	14	3	21	3	21
Feb	High	3	21	3	21	3	21
Mar	High	3	21	3	21	4	28
Apr	High	2	14	3	21	4	28
May	Mid	1	7	2	14	2	14
June	Mid	2	14	3	21	3	21
July	Mid	2	14	2	14	2	14
Aug	Low	1	7	2	14	2	14
Sept	Low	0	0	0	0	1	7
Oct	Low	0	0	0	0	1	7
Nov	Mid	2	14	2	14	2	14
Dec: Regular	High	1	7	1	7	1	7
Dec: Premium	Premium	1	7	1	7	2	14
Totals		20	140	25	175	30	210
Days at High-Season rates			77		91		105
Days at Mid-season rates			49		63		63
Days at Low-season rates			7		14		28
Days at Premium rates			7		7		14
Totals			140		175		210
Average number of days / charter	8.5						
Estimated turnarounds			16		21		25
Days not on charter (available for owner use)			225		190		155

BYC Partnership Management Program: Baseline Assumptions

This section describes various aspects of BYC's "Partnership Plan" designed for yachts up to 5 years from year of manufacture, with highlights on the implications for owners and brief commentary on how BYC's plan compares to those of global and local competitors.

Item	Yachts < 5 yrs	Party	Comments	Competitive comparisons
Charter Revenue per week	Specific to each yacht	NA	For a new yacht, the charter fee will normally be constant for the first 5 years. Actual revenue earned will of course depend on bookings. For illustrative purposes, we model three booking scenarios: - Low Utilization: 20 weeks under charter - Medium Utilization: 25 weeks under charter - High Utilization: 30 weeks under charter. This is our operational target	Charter fees for your yacht will be competitive with similar boats active in the same market. Most charter companies that provide revenue models use 20, 25, and 30 weeks for comparison purposes
Seasonal rates	Specific to each yacht	NA	Charter rates vary by time of year as follows: - High season: during the Northern Hemisphere winter - Mid-season: Northern Hemisphere spring and fall - Low season: Northern Hemisphere summer - Premium: Christmas / New Years	Most charter companies have high, mid, and low season rates. Many do not collect premium rates
Owner usage	Flexible and unlimited, with no turnaround fees for up to 3 periods of owner use annually	NA	BYC places no restriction on the number of weeks you can use your own yacht. This enables you as owner to set your own priorities, as obviously when you are using the yacht, it is not earning revenue. When you use your own yacht, you are responsible for consumables (diesel, gasoline, propane, water, oil, ice, etc.). BYC believes that you should not be penalized for using your own yacht so for yachts < 5yrs we absorb the other costs of preparing your boat for return to charter service up to 3 times per year. This does not apply for yachts > 5 yrs given additional effort required. For purposes of the model, we assume that owner use is scheduled during periods when the yacht is not booked on charter.	Many charter companies impose a contractual limit on the number of weeks of owner use during the year. In addition, many competitors charge a normal turnaround fee whenever the boat is returned from owner use to normal charter service
Booking commissions: % of charter revenue	10%	Third party agent and BYC	This fee covers referral fees provided to third party agents and brokers referring charter guests to Barefoot. In cases of direct bookings, it offsets some of the costs of marketing and maintaining the BYC booking website. This fee is waived in cases where a yacht owner refers friends, family and acquaintances.	This arrangement is comparable to most other charter companies
Charter Revenue Commission to BYC: % of charter revenue	0%	NA	BYC's approach is that we partner with our owners to maximize their profits and return on investment. When you make money, we make money. As a result, as described further below, BYC's Risk and Profit Sharing allowance is calculated based on net revenue after all operational owner expenses	By contrast, most charter companies collect a commission on top-line charter revenue ranging up to 40%.

Charter Management fee: per foot, per month	\$20.00	BYC	<p>BYC's assesses a monthly fee to reflect the costs of managing all aspects of your yacht's participation in the BYC partnership program. This includes:</p> <ul style="list-style-type: none"> - promoting your yacht on the BYC website - communicating with prospective charter customers - mooring fees and yachtwatch services when the boat is at the charter base in St.Vincent - regular inspections to ensure that your yacht remains in top condition, ensuring maximum resale value of the long-run - providing comprehensive monthly reports on bookings, revenue, net profits, and routine and non-routine maintenance services performed <p>The Charter management fee will increase annually at the rate of inflation in SVG, but we assume this is negligible for modelling purposes</p>	Virtually all charter companies assess a management fee. Some calculate it as a percentage of revenue, others as a flat rate based on the size of the boat. BYC's charter management fee is set at a competitive rate based on the size of your yacht, but BYC's fee includes services that many competitor charge on top of the management fee, such as the cost of dockage / mooring, and boatwatch services
Dockage / Mooring: per foot/ per month	\$0.00	NA	Included in Charter Management fee. This ensures that BYC has an incentive to minimize the time your yacht is sitting on a mooring at the base, rather than being out on charter earning revenue.	Many competitors charge owners separate dockage / mooring fees ranging from \$15/ft/month to \$35/ft/month, which means that the charter company makes money even when the boat is not on charter. In many cases, these fees are collected even when the boat is on charter and not at the base
Yachtwatch services: per month	\$0.00	NA	<p>Yachtwatch services typically include:</p> <ul style="list-style-type: none"> - daily checks to ensure yacht is securely moored - daily checks to ensure yacht is locked and secure - regular checks of batteries, bilges, hatches, etc. <p>At BYC these services are included in the Charter Management fee. This again provides an incentive to BYC to minimize the time that the yacht remains at the base</p>	Many competitors charge owners a separate fee for boatwatch services carried out when the boat is at the base. This is another way some charter companies make money from owners even when the boat is not earning charter revenue
Turnaround services: cat, per foot, per turnaround	\$20.00	BYC	Turnaround services cover the costs of ensuring the yacht is ready for the next charter after it returns from the previous charter, and providing pre-departure and mid-charter support to charter guests.	Virtually all charter companies assess a turnaround cost in the range of \$400-\$1000 or more per turnaround.

Turnaround services: monohull, per foot, per turnaround	\$15.00	BYC	<p>At BYC, turnaround services include:</p> <ul style="list-style-type: none"> - moving the yacht to and from the BYC dock for service - thorough cleaning inside and out - laundering linens and towels - comprehensive inspection and testing of all systems and the yacht's inventory - routine maintenance services such as periodic oil changes, filter changes, impeller replacement, and similar proactive maintenance during the period that the yacht is covered by the manufacturer's warranty - stocking the boat with initial supply of consumables such as fuel, outboard gasoline, propane, water, ice, paper products, and cleaning supplies - equipping charter guests with PFDs, navigation equipment, snorkelling gear, boat phone, dinghy cables and locks, and other safety equipment - providing a comprehensive chart briefing - providing a comprehensive hands-on tour of the yacht and briefing on all systems - assisting charter guests to embark gear and provisions on board - escorting the boat off the dock and helping with the initial sail set if desired - mid-charter support services, including chaseboat if required - meeting the boat at the conclusion of the charter, escorting the boat to the dock, and helping guests disembark <p>The Turnaround Service fee will increase annually at the rate of inflation in SVG, but we assume this is negligible for modelling purposes</p>	<p>BYC's turnaround services cost falls roughly in the middle of the range. However, many charter companies charge separately for services that BYC includes in the Turnaround service fee. Examples of charter expense that many charter companies assess on top of the turnaround fee include:</p> <ul style="list-style-type: none"> - laundry services - utilities such as electricity at the dock - outboard gasoline - initial supply of fresh water - routine maintenance services - yacht movement services - chaseboat services - other charter guest support services
Extra charter service fees, per turnaround	\$0.00	NA	Included in Turnaround Service fees	As noted above, many charter companies charge owners various charter expenses on top of the turnaround fees
Routine proactives maintenance services: while yacht is covered by manufacturer warranty	\$0.00	NA	<p>During the initial years of the yacht's service life while it is covered by the manufacturer's warranty (normally 3 years), BYC does not assess separate fees for routine proactive services such as oil changes, filter changes, impeller replacement, and similar proactive maintenance services. After expiry of the manufacturer's warranty, the owner becomes responsible for these services which BYC charges for on a time and materials basis. For modelling purposes, we estimate \$500 annually for routine maintenance in years 4 and 5</p>	Many charter companies charge for routine maintenance even when the manufacturer's warranty remains in force
After manufacturer warranty expires, per year (estimate)	\$2,000	BYC and third parties	This is the estimated annual cost for routine proactive maintenance services after expiry of the manufacturer's warranty. Actual required services will be invoiced on a time and materials basis.	

Non-routine repair and maintenance services: annual assessments during first 5 years	\$0.00	NA	<p>Non-routine maintenance includes procedures that are required to cover minor repairs not covered by a manufacturer's warranty or insurance, and replacements of gear and equipment. Within the first five years of service, our experience indicates that:</p> <ul style="list-style-type: none"> - many minor repairs arising from charter service would be covered by the charterer's damage deposit - major repairs are normally covered by the manufacturer's warranty or insurance - there is rarely a need to replace sails, standing and running rigging, or other systems in this initial 5-year period <p>However, our experience indicates that there is a possibility that repairs will be necessary arising in situations where it exceeds the charter damage deposit but is less than the insurance deductible. As a result, we provide a mechanism for handling such costs through the Repair Contingency Fund described below</p>	Many charter companies include annual assessments for non-routine maintenance in their management agreements
Repair Contingency Fund	5%	Held on account for owner, paid as required to third parties or BYC	Yachts in charter inevitably face the risk of unplanned repair expenses arising from incidents that are not serious enough to warrant an insurance claim, but do require that repairs be undertaken to protect the value of the yacht and to maintain its ability to command top charter rates. BYC's approach enables the owner to build up a contingency fund in the first two years at 5% of charter revenue each year. With full consultation with the owner, these funds would be used as required to offset unanticipated repair or maintenance costs. Any remaining balance will be refunded to the owner at the conclusion of the yacht management contract	To our knowledge, this approach is unique to Barefoot and helps cushion owners against unanticipated repair costs. The assumed refund to owners when the yacht is taken out of charter or sold provides funds that the owner could use to update or relocate the yacht at that time.
Repair Contingency Refund %	75%	Owner	For purposes of the model, we assume that over the charter management period, 25% of the contingency fund will be expended on unanticipated repairs, leaving 75% to be refunded to the owners when yacht is taken out of charter or sold.	
Annual haulout:	Specific to each yacht, based on size	Third parties and BYC	Each yacht requires an annual haul-out to inspect the bottom and all underwater fittings, and carry out annual service procedures on bottom paint, through-hulls, seacocks, propulsion systems, standing and running rigging, pumps, and other systems. BYC assesses owners the actual cost of haulout and the cost of annual inspection and service procedures on a time and materials basis. For modelling purposes, we use a formula based on \$150/ft for catamarans and \$100/ft for monohulls	Many charter companies collect a mark-up on haulout costs. BYC assesses owners the actual cost of the haulout (which is performed by a 3rd party), and invoices for services performed on a time and materials basis.
Haulout estimate for catamaran, annual per foot	\$150.00			
Haulout estimate for monohull, annual per foot	\$100.00			
Insurance: percentage of hull value, annual	2.4%	Third party insurance company or agent / broker	Through its network of marine industry contacts, BYC assists owners to obtain appropriate insurance coverage. In general, owners pay insurance premiums directly to the insurance company or broker. For modelling purposes, we assume a standard industry annual rate of 2.4% of yacht value	Comparable with most charter companies

Charter license: annual fee collected by SVG government	\$1,000	SVG government	The SVG government assesses an annual charter licence fee of \$1000. This fee is passed through to owners	Comparable with most charter companies
Annual safety compliance costs	\$1,250	Third parties	Yacht in charter in SVG and elsewhere are subject to various safety-related compliance requirements such as providing PFDs and harnesses, keeping flares up to date, annual inspection and certification of fire extinguishers and other compliance requirements. For modelling purposes, annual costs are estimated at \$1250 per yacht.	
Risk and Profit-sharing allowance retained by BYC, calculated based on net revenue after all operational owner expenses	30%	BYC	Under BYC's partnership program, BYC remits 70% of net profits from charter operations to the owner, and retains 30%. BYC's share of profits compensates BYC for its investment in maintaining the base, marketing and advertising SVG and Barefoot as an attractive charter destination, senior management services, and all other charter support services not specifically referred to above. By calculating its compensation based on the bottom line rather than the top line, BYC shares risk and profits with its partner yacht owners, and aligns itself with the interests of those owners.	Most charter companies take a comparable percentage off the top line, rather than the bottom line. They make money regardless of whether their owners realize a net profit. By contrast, BYC's partnership approach ensures that its interests are aligned with those of the owners that entrust BYC with management of their yachts