



Short Summary of the Business Project
«Building the new dry cargo river-sea vessels and further commercial service under Russian flag on domestic Import & Export trades»

1. Goals and Objectives of the Project.

The main objectives of the project are expanding the business and improving its quality, replenishment of property stock and increasing the company's capitalization, creating preconditions for further development.

For this purpose, we expect to solve such problems as replenishment of the fleet with ships having improved functional characteristics, application of creative solutions and "know-how", establishing the effective system of commercial exploitation.

2. Ship Concept for «Optimal Rus rivsea Carrier».

The concept developed by leading Dutch design company «Conoship International B.V.» on the design criteria developed by «Neva-Group».

3. Volume and structure of investments into ships under construction.

We suppose to have 3 sister ships to be built, with pre-agreed market value of shipbuilding contract being 25 mln. USD.

4. Marketing.

Assessment of the prospects of the project is based on the analysis of situation and the trends prevailing in the global economy, and the 2 major factors determining the efficiency of operation of merchant ships. These are availability and development prospects of the cargo basis in the corresponding segment of the market, and the availability of and prospects for development of the competitive shipping companies.

The main factors in assessing the market prospects of the project are as follows:

- Sanctions imposed by the US and the EU against Russia potentially lead to an increase in the volume of traditional exports of Russia: grain cargo, fertilizers, scrap metal;
- Presence of Russia's largest manufacturers and consumers of foreign trade products in the river routes of the European part of Russian Federation and in Siberia;
- River-sea fleet (under Russian flag) has average age of about 34 years;
- Significant lack of required tonnage today for traditional export-import cargoes;
- Transport costs for Russian exporters, using the direct delivery method by river-sea, about 15-20% cheaper than the standard method: "railroad – seaport unloading-storage-loading-sea freight."

5. Financial plan and forecast.

The regulatory base is formed in view of ships' exploitation for foreign trade goods carriages which are not limited in any way and need additional tonnage, statistics and traffic practices, technical characteristics of the new ships.

The financial plan and forecast made on the basis thereof are formed according to the established standards and the most stringent conditions of the project implementation, taking into account the seasonal factors.

The final financial performance of ships and the fleet as a whole (incomes, variable and fixed costs, net freight and net profit, time-charter equivalent, net income) represent complete overview of the potential business itself and its ability to provide for unconditional fulfillment of obligations relating to credit resources, and to build up the relevant reserves.

We have assumed that the investor is funding 100% of the cost of construction of ships on the basis of the leasing contract (bareboat charter) and transmits the management of the ships to operator - "Neva Group". The project is implemented for 9 years and ends with the sale of vessels. Investor's income consists of the following components:

- Quarterly fixed payments;
- Share in the profits of the operator;
- An agreed amount from the sale of ships at the end of the project.

7. Resume.

1. «Neva-Group» carries out its activity in the shipping business in the field of freight and agency services. Factor of professionalism is the key to success of the company.
2. The company's disadvantage is its low capitalization and limited opportunities to attract funding through the standard procedures – crediting secured by property (7 units of river-sea vessels, sister ships the project R-168 with a total residual cost approximately 2.5 mln. USD).
3. Accounting statements the company-operator fully complies with all requirements of the legislation of the Russian Federation.
4. Complex project has minimal risks for repayment of the invested funds due to the fact that:

- Objectively, the demand for tonnage of river-sea class in Russia is currently actual;
- Built much less new ships than decommissioned due to age.
- Almost all the major centers of Russia (cities with population over 1 million), manufacturing exported goods and consuming imported goods, stand on rivers;
- In the forthcoming years we expect revived growth of the Russian economy under the new market conditions;
- The maximal effect on the ratio of demand for the tonnage to proposal thereof falls to the years 2017-2022, which makes the project more effective if ships are received in the years 2016-2017.

If you have an interest in investing in project, please contact with Arkadiy Bykovskiy.



baa@neva-group.ru



+7 921 962 40 12



baa0312