PRIME MOVE PTE. LTD.

Indonesian Offshore Transshipment Asset Valuation

INDOTRANS INDEX

OFFSHORE TRANSSHIPMENT ASSET VALUE

ASSET VALUE METHODOLOGY

How ITI Asset Value estimates are derived

DOCUMENT	ITI Asset Value Methodology
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ABOUT THIS DOCUMENT

This document describes, at the level of approach and logic, how ITI Asset Value estimates are constructed, so that subscribers and market participants can understand how values are formed. Specific calibration parameters are proprietary and are governed under the change control described in Section 7.

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1. Introduction

ITI Asset Value is a rules-based valuation of the floating transfer assets that serve offshore transshipment in the Indonesian dry commodity trade. It covers two asset classes:

- FLF, Floating Loading Facility, facility-class transfer units
- FC, Floating Crane, crane-class transfer units

It is published in two forms: fleet statistics, released weekly at aggregate level only, and estimates for individual units, available to subscribers through Estimate an Asset and the Value Tracker.

1.1 The method is the engine

Asset Value is produced by the same deterministic engine that produces the ITI benchmark. A value is the output of a fixed set of rules applied to defined inputs. There is no editorial valuation and no discretionary override, the same inputs always reproduce the same value, and every value is traceable to its inputs and rules.

One valuation function serves every use. The fleet statistics, Estimate an Asset and the Value Tracker apply the same function, so a unit receives the same value wherever it is valued.

1.2 What this document covers

This document is the framework for ITI Asset Value. It explains the inputs, the valuation logic and the fleet statistics derived from it. It describes approach and logic rather than calibration. The required return, cost references, depreciation profile and other parameters that would allow values to be replicated are proprietary and are change-controlled under Section 7.

DESIGN COMMITMENTS

Asset Value rests on the same commitments as the ITI benchmark: determinism in calculation, transparency of approach, an auditable process, and governed methodology change. Its estimates are modelled outputs. They are not appraisals, surveys or market prices, and no unit is inspected. Section 11 sets out the current stage of the product candidly.

2. Scope and Quotation

Asset Value estimates what a transfer unit is worth on the earnings it can generate in Indonesian offshore transshipment, and compares that value with the depreciated cost of replacing the unit.

Attribute	Definition
Market	Offshore dry commodity transshipment, Indonesian anchorages
Asset classes	FLF (Floating Loading Facility) and FC (Floating Crane)
Unit	US dollars (USD) per unit
Valuation date	The latest published ITI engine week
Basis	Normalised market: three-year average rates and utilisation
Publication	Fleet statistics weekly, aggregate only; tracked assets revalued monthly, private to the subscriber

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2.1 What an estimate shows

Each estimate from Estimate an Asset returns the following results:

Result	Meaning
Estimated value	The value of the unit on the normalised market basis. The headline figure
Range	The estimated value at lower and higher utilisation
Value vs. depreciated replacement cost	Estimated value divided by depreciated replacement cost
Current market value (last 13 weeks)	The same calculation on the last 13 weeks of rates and utilisation
Earnings, per year	Revenue at the ITI rate less the unit's running costs including fuel, before head office overhead, financing, depreciation and tax
Utilisation used	The national average, or the utilisation entered by the user
Remaining technical life	The years the unit can keep working before its cranes reach their design envelope, within the hull's life
Crane hours used, of design envelope	Crane running hours used to date, as a share of the cranes' design life
Depreciated replacement cost	The cost of building an equivalent unit today, reduced for age
Delivery premium	The earnings a buyer captures by acquiring a working unit instead of waiting for a newbuild
Re-crane flag	Whether the unit's cranes are at or past their design envelope

The estimated value is a through-the-cycle reference. The current market value applies the same calculation to the last 13 weeks, to show where the current market sits. The range reflects lower and higher employment of the unit and is not a confidence interval.

3. Inputs

Each valuation combines what the user states about the unit with market inputs maintained by ITI:

- **Vessel class.** FC or FLF.
- **Build tier.** Tier 1, Premium: heavy-duty cranes and a higher build standard. Tier 2, Standard: cranes rated for standard duty and a conventional build standard.
- **Year built and gross loading rate.** The year of delivery and the rated loading rate in tonnes per day.
- **Effective annual capacity, optional.** Left blank, it is derived from the loading rate and the unit's age.
- **Utilisation basis.** The national average, or the user's own figure.
- **Market rates.** The published ITI FLF and FC benchmark values for the class.
- **National utilisation.** From the ITI engine: observed offshore demand against effective fleet capacity.
- **Operating cost references.** Running costs by asset class and calendar year, including fuel valued at the average published Indonesian industrial diesel price for the current fuel specification.
- **Newbuild costs.** Build costs by asset class and build tier, from shipyard and equipment manufacturer pricing and technical adviser estimates.
- **Fleet register.** The vessel-level register maintained for the ITI benchmark, used for the fleet statistics.

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3.1 Observed data and market participation

Market rates and utilisation come from the ITI engine and inherit its observed data base: loading volume and fleet status measured from terrestrial and satellite AIS, and a vessel-level register cross-checked against operator disclosures and classification records.

Operating cost references are calibrated to information from operators active in the market, and newbuild costs to yard and manufacturer pricing and technical adviser estimates. Each contribution is one input among several: no single contribution sets a parameter, and no contributed figure is published.

Where an input pauses, a defined fallback applies. Fuel, for example, is held at its last available published basis until new prices are published.

4. How a Value Is Derived

A unit is valued on the earnings it can deliver over its remaining technical life, discounted to today, plus a delivery premium, less the cost of new cranes where they are due. The steps are described below in conceptual terms; the calibration values are proprietary.

4.1 Earnings

- **Age.** Measured to the valuation date, so that it moves a little every month rather than once a year.
- **Effective annual capacity.** Gross loading rate multiplied by the working days typical for the unit's age and an efficiency factor, unless the user states it. Working days decline with age, derived from the age profile used for the ITI benchmark.
- **Earnings, per year.** Tonnes loaded, effective annual capacity multiplied by utilisation, at the three-year average ITI rate for the class, less the running costs of the class at that level of activity, including fuel. Earnings are stated before head office overhead, financing, depreciation and tax, and are held at this level for the remaining technical life.

4.2 Remaining technical life

The design envelope is the design working life of a unit's cranes, measured in running hours. Crane hours used are estimated from the typical working pattern for the unit's age. From the valuation date, hours are consumed at the pace implied by the utilisation used. Remaining technical life is the lower of the cranes' remaining hours, expressed in years, and the hull's remaining years.

4.3 From earnings to value

- **Present value.** Earnings over the remaining technical life are discounted at a buyer's required return, set with reference to observed transaction evidence.
- **Delivery premium.** The earnings over the typical build time of a new unit, discounted, are added: a working unit saves a buyer that wait.
- **Re-crane.** A unit whose cranes are at or past their design envelope carries the re-crane flag and is charged the cost of new cranes, after which its crane hours restart, still limited by the hull.
- **Limits.** Value never falls below a salvage floor and never exceeds the newbuild cost plus the delivery premium.

4.4 Range and current market value

The range repeats the calculation at a fixed band of utilisation below and above the one used. The current market value (last 13 weeks) repeats it on the last 13 weeks of rates and utilisation; where the user states a utilisation, only the rate changes.

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4.5 Depreciated replacement cost and newbuild parity

Depreciated replacement cost is cost-based and ignores rates and utilisation. It is the newbuild cost for the class and build tier, scaled to the unit's loading rate and reduced for age, never below the salvage floor. Dividing the estimated value by the depreciated replacement cost shows whether the unit earns more than its cost alone would justify.

The Newbuild Parity Index divides the ready value of a new reference unit by its build cost in the same year. Below 100%, a new unit is worth less on delivery than it costs to build. Parity for the current year is calculated year to date.

> **DETERMINISM**
> Once the inputs are set, the value follows mechanically. The engine applies no discretionary override and does not smooth values beyond the normalised market basis. Because the fleet statistics, Estimate an Asset and the Value Tracker apply the same function, identical inputs always produce identical values.

4.6 Fleet statistics

The fleet statistics aggregate the valuation of every active unit in the fleet register. No value for an individual unit is published.

Statistic	Definition
Newbuild Parity Index	Ready value of a new reference unit divided by its build cost, FC and FLF, year to date
Fleet Value vs Replacement Cost	National fleet value divided by its depreciated replacement cost
Implied Fleet Yield	Aggregate earnings divided by aggregate fleet value
Value per Tonne of Effective Capacity	Aggregate fleet value divided by aggregate effective capacity
Capital at Risk	Units at or past their crane design envelope, and the re-crane capex required
Replacement Demand	Units that will be 20 years old or more within five years, and their replacement cost at current build prices

Each statistic is compared with the same week one year earlier. Ratios and values are compared in per cent, and unit counts as a count. The Newbuild Parity Index compares the year to date with the same weeks of the prior year. Each week's statistics reflect the units active in the register in that period, so fleet entries and exits move them as well as market conditions.

5. Use of Judgement

The valuation involves no judgement. The only point at which judgement can enter is the validation of inputs: deciding whether an operator cost observation or a newbuild price reflects the market or is an error. The test is narrow and rule-guided, and any exclusion is recorded in the production model with its reason. No expert judgement is used to set or adjust a published value.

6. Quality and Integrity

Asset Value is designed so that integrity follows from the process rather than from after-the-fact review. The principal safeguards are:

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- **Input validation.** Cost and price observations are checked against expected ranges and prior values. Aberrant points are flagged, and any excluded input is recorded with the reason for exclusion.
- **Reproducibility.** Because the engine is deterministic, any value can be reproduced exactly from its inputs and the parameter version in force.
- **Defined fallbacks.** Where an input is temporarily unavailable, a defined rule is applied, such as holding fuel at its last available published basis, rather than a discretionary estimate.
- **Consistency with the benchmark.** Market rates, utilisation and the fleet register are the same data the ITI benchmark uses, so Asset Value and the benchmark always describe the same market.
- **Traceability.** Inputs and parameter versions are retained in the production model, which is sufficient to reconstruct any published statistic exactly.

7. Governance and Changes to Methodology

The methodology is versioned and change-controlled. The valuation logic, the statistics and the calibration parameters are documented and are not altered except through controlled revision.

ITI distinguishes routine recalibration from material change. Routine recalibration is part of normal operation and includes the annual review of operating cost references and newbuild costs before 1 January, recalibration of the buyer's required return as confirmed sale prices accumulate, and refreshes of the fleet register as the fleet changes. A material change, one that would meaningfully alter how values are produced, is published as a new version of this document, with reasonable advance notice to subscribers and a stated rationale.

Oversight of the methodology and its application currently rests with the ITI methodology owner at Prime Move Pte. Ltd. As ITI grows, governance will be formalised in proportion to the product.

8. Corrections and History

Fleet statistics are published as weekly snapshots and stored as a weekly history; the values of tracked assets are stored monthly. Stored history is not revised to reflect information that arrives later, a subsequent movement in an input, or a recalibration of parameters.

A correction is issued only where a published statistic did not follow from the methodology in force at the time it was produced, and is confined to the four publication weeks following the original release. Where a correction is issued, it is announced to subscribers with its reason, and both the original and the corrected value are retained on the record together with the date each was in force.

9. Continuity and Cessation

Asset Value is intended to be a continuous weekly series. If its coverage were ever to be materially changed or discontinued, subscribers would be given reasonable advance notice and an explanation. Continuity of publication and of the methodology of record is a standing objective.

10. Independence, Confidentiality and Data

Prime Move Pte. Ltd. publishes Asset Value as part of an independent benchmark and does not trade transfer units for its own account on the basis of its estimates. Real and perceived conflicts of interest are managed so that the integrity of published values is preserved.

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Individual estimates and tracked assets are private to the subscriber's account. They are never published, aggregated or linked to the fleet register, and no value for an individual unit in the register is published. Information shared in confidence by operators is used only to calibrate cost references and is never republished in a form that identifies its source. ITI applies sound, current data-handling practices, consistent with applicable data protection requirements in Singapore.

11. Current Stage and Limitations

Asset Value is an early-stage product, and this document describes it as such:

- The buyer's required return rests on limited transaction evidence and will be recalibrated as confirmed sale prices accumulate.
- An estimate reflects a typical unit of the stated class, tier, size and age. Crane hours used follow the typical working pattern for the unit's age, a delivery date within the build year is assumed, and the original cranes are assumed, in the standard configuration for the class.
- Earnings are at the published market rate, not under a specific contract, and are held with effective annual capacity at the current normalised level for the remaining technical life. The delivery premium is applied in all market conditions.
- For a unit whose cranes have not reached their design envelope, earnings are valued to the end of the remaining technical life; the option to re-crane later and continue working is not included.
- No physical inspection or review of class records is made, and condition is not reflected.
- Asset Value is not a regulated or externally audited valuation. It is not a forecast, an appraisal or a market price, and does not constitute trading, investment, financial or legal advice. Users remain responsible for their own decisions.

These limitations do not weaken the core commitment of the product. Every value is deterministic, rule-based and reproducible, and is derived from the same observed market data as the ITI benchmark.

12. Contact and Feedback

ITI welcomes questions, corrections and feedback on this methodology from subscribers and market participants. Enquiries may be directed to Prime Move Pte. Ltd. at support@indotrans-index.com. Comments on the methodology, including on proposed changes when they are published, are actively encouraged and help the product mature.

Glossary

Term	Meaning
Asset Value	The ITI valuation of floating transfer units described in this document
FLF (Floating Loading Facility)	Facility-class offshore transshipment asset
FC (Floating Crane)	Crane-class offshore transshipment asset
Estimate an Asset	The calculator that values an individual unit for a subscriber
Value Tracker	The subscriber tool that revalues saved units each month
Design envelope	The design working life of a unit's cranes, measured in running hours
Salvage floor	The lower limit of value, set as a fixed share of newbuild cost to represent the hull and machinery as material

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Term	Meaning
Newbuild cost	The cost of a new unit of the same class, build tier and size
Effective annual capacity	The tonnes a unit can realistically load in a year, after weather, maintenance and downtime
Utilisation	The share of effective annual capacity actually loaded
Build tier	Tier 1, Premium: heavy-duty cranes and a higher build standard. Tier 2, Standard: cranes rated for standard duty
AIS	Automatic Identification System, the vessel-tracking data, received terrestrially and by satellite, used by the ITI engine

The results of an estimate are defined in Section 2.1 and the fleet statistics in Section 4.6.

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