



Commodities International  
Shipping and Survey



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## VESSEL MARKET PRICE VALUATION

based on the General Condition Report from September 29, 2024

Job №/ Ref №: SGD01378

### DISCLAIMER

The content of this document and all attached materials in General Condition Report from September 29, 2024, including but not limited to, designs, specifications, technical data, plans, diagrams, photos, or any similar material provided by **CISS GROUP North America LTD.** shall be treated as confidential, even if not explicitly marked as such, and shall not be disclosed to any person or entity unless authorized in accordance with this provision and the terms herein.

The report is based on a superficial inspection carried out with the intent of providing a general opinion of the "Surveyor." This survey report records information and findings made during the inspection of external decks, engine room space, and side areas examined. The client's acceptance and use of this report confirm the client's understanding that the report was prepared based on information deemed truthful following reasonable investigation and inquiry, but not guaranteed. The information was obtained and relied upon for accuracy without further verification. Acceptance and use of this report confirm the client's understanding that no determination of stability or structural strength was made, nor any opinion expressed on the same.

This report is issued for the use of **Hodder Tugboats CO. LTD.**, its agents, financial institutions and insurers.

At the request of the management of **Hodder Tugboats CO. LTD.**, a representative of **CISS GROUP North America LTD.** – Director, Dmytro FILIPCHYK conducted an inspection of the tug «**HODDER YARDER**», primarily for the purpose of assessing its current estimated market value. A corresponding report has been prepared and delivered to the management of Hodder Tugboats CO. LTD.

The valuation of the «**HODDER YARDER**» tug, owned by Hodder Tugboats CO. LTD., was conducted using the traditional market value calculation method based on international practices employed by leading marine survey companies. These adhere to IMO standards and incorporate modern valuation techniques and analytics of the residual and commercial market value of both the tug as a whole and its primary components, equipment, and systems. This experience involves a multi-stage approach considering physical, technical, and economic depreciation factors.

As part of our evaluation, we also examined current prices for similar vessels in operation. We analyzed data on comparable vessels of similar age, type, and class, available from local brokers as well as brokers on the East and West Coasts of Canada. We conducted online research on comparable vessels offered for sale in the North American market overall.





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In addition to this information, we considered the cost of recent upgrades conducted on the tug **HODDER YARDER**, as reported by Hodder Tugboats CO. LTD., all costs in Canadian dollars provided by Lynne MORES from the accounting department.

We note that all upgrades were carried out to a high standard using quality equipment and materials, as confirmed by the inspection and photographic report.

The valuation shown below is calculated based on the groups of components that constitute the vessel. We assess the value of each group of components based on today's replacement cost at a Canadian shipyard.

We then evaluate the residual value of this group of components based on the remaining service life of each group. Significant reconstruction of part of this group with newer models increases the corresponding part of the overall residual value of this group of components.

It should be noted that certain features of the vessel may not meet current regulations. An example might be the main engines, which may not meet IMO CO<sub>2</sub> and SO<sub>2</sub> emissions standards but are accepted in their previously installed form.

Increased costs for upgrading the vessel to meet today's assembly requirements are not included in the valuation.

The component group categories for the vessel in question include:

- **Design:** Includes all costs for design, approval, and inspection for local assembly. No value is assigned to designs that would require substantial revisions due to new technology or regulations.
- **Hull:** Includes the hull, superstructure, all permanently attached steel structures, foundations, fendering, tanks, and fixed piping systems.
- **Deck Equipment:** Includes anchor windlasses, towing winch, towing lines, steel wire, nylon ropes, fendering, mooring equipment, and safety lines and equipment.
- **Engine Room:** Includes the main engines, gearboxes, shafts, propeller, rudders, and steering system, as well as controls and all related elements.
- **System Equipment:** Includes all systems and mechanisms for the operation of the vessel in its mission. These elements include power generation and distribution, lighting, fuel management, controls, alarms, pumps, and hydraulics. This also includes the vessel's interior outfitting and all systems necessary for crew comfort and support.
- **Electronics:** Includes all communication and navigation electronic devices. As these are upgraded based on maintenance costs, residual value is considered at half of their service life and displayed as 50% of replacement and for some details 75-80%.

**Physical Wear and Tear:** Reflects wear on the hull, superstructure, engine, and other physical components such as navigation systems. We considered the vessel's potential remaining lifespan, calculating depreciation based on vessel age, design life, and maintenance condition.





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**Technical Obsolescence:** Measures the extent to which vessel technologies are outdated compared to newer models. This form of obsolescence can be curable if modernization is financially viable.

**Economic Depreciation:** External market factors, such as demand for tug services, regulations (e.g., environmental standards), and industry conditions (e.g., raw material demand)

affect the valuation. Even well-maintained vessels can lose value if the market is saturated or if the tug type is no longer in high demand. However, although our valuation does not include any business value, the vessel's market value is certainly dependent on its revenue-generating potential.

Since the retrofit has significantly modernized the vessel, its income-generating potential in the local towing market has also increased significantly, making the vessel more desirable in the local market.

**Replacement Cost:**

Appraisers often determine the current replacement cost of a similar, recently built tug and adjust it for depreciation. In doing so, they consider not only the physical aspects but also the operational performance and efficiency of modern tugs. For a tug built in 1964, brokers and appraisers may also take into account the potential salvage value and the vessel's overall condition. The valuation may be further influenced by the tug's service history, reputation in the industry, and location.

From a legal standpoint, the valuation may be affected by compliance with international safety and operational standards. The estimated value does not account for the vessel's current maintenance or restoration status, nor its regulatory certification.

**Appraisal Considerations:**

The appraised vessel is assessed as if its machinery is midway through its service life between major overhauls, and its certificates, dry-dockings, etc., are at mid-intervals. The running time of the main engine after the last overhaul is 986 hours.

**Valuation Approach:**

The market value is defined as the price agreed upon between a seller who is willing but not obligated or forced to sell, and a buyer who is ready, willing, and able to purchase but not under immediate necessity, with both parties fully informed about the vessel.

This approach assumes that the tug's condition reflects standard operational status and compliance but without consideration of any urgent repairs or modifications required for certifications.

**Final Statement and Signature:**

This report is provided confidentially for the exclusive use of Hodder Tugboats CO. LTD., without prejudice to the rights and/or interests of other involved parties, and may not be used for any other purpose, nor relied upon by any other person.





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The acceptance and use of this report by the client confirms that the client understands the report is based on information believed to be true following reasonable investigation and inquiry, but it is not guaranteed to be so.

Unless otherwise stated by our representative – company Director Dmytro FILIPCHYK (who performed the inspection), the issuance of our condition report is based on

(a) external conditions observed by our representative on mechanisms or spaces that are typically closed, and

(b) on information provided to our representative. Should misleading or erroneous information be provided, our condition report will be considered withdrawn.

As far as can be determined from a general inspection of this vessel, it is the opinion of the undersigned, as noted below, that the vessel is in satisfactory condition. This inspection was carried out without disassembly, opening of normally concealed areas, watertight integrity tests, or testing of machinery. Moreover, no determination has been made as to undamaged or damaged stability, or internal structural integrity.

Our surveyor did not conduct any sea trials, and we do not have information regarding the vessel's performance while underway. Additionally, no diagnostics were carried out on the main engine, its systems, or associated machinery. Other critical components, such as the propeller and steering system, were also not tested.

This document does not constitute a seaworthiness certificate but serves as an opinion, given without prejudice, that provided the recommendations contained herein are adhered to, the intended voyage and/or transportation does not pose any special hazards beyond those typically accepted by insurers.

This inspection was carried out, and the Report is submitted without prejudice.





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#### DEVICES AND EQUIPMENT ON BOARD

Nº	Equipment Name	Number of pieces	Min Price per unit (CAD)	Average unit price (CAD)	Max Price per unit (CAD)	Min Price (CAD)	Average (CAD)	Max Price (CAD)	For price validation, including accounting	Depreciation and amortization	Real price valuation
<b>Design and hull construction</b>											
1	Vessel design, project of all systems	1	50 000	75 000	100 000	50 000	75 000	100 000	75 000	80%	60 000
2	Cost of hull construction	1	400 000	600 000	800 000	400 000	600 000	800 000	600 000	30%	180 000
3	Propeller shaft	1	2 000	6 000	10 000	2 000	6 000	10 000	6 000	80%	4 800
4	Fixed Pitch Propeller (FPP)	1	3 000	9 000	15 000	3 000	9 000	15 000	9 000	70%	6 300
<b>Total for Main Deck:</b>			<b>455 000</b>	<b>690 000</b>	<b>925 000</b>	<b>455 000</b>	<b>690 000</b>	<b>925 000</b>	<b>690 000</b>		<b>251 100</b>
<b>Devices and equipment of Main Deck</b>											
1	AJR Marine Windows (small)	3	500	1 000	1 500	1 500	3 000	4 500	3 000	90%	2 700
2	AJR Marine Windows (large, side open)	2	1 000	1 500	2 000	2 000	3 000	4 000	3 000	90%	2 700
3	Mooring and towing bollards	4	1 000	1 750	2 500	4 000	7 000	10 000	7 000	60%	4 200
4	Marine-grade aluminum door, AJR Marine window	1	1 500	2 250	3 000	1 500	2 250	3 000	2 250	90%	2 025
5	Mooring lines (6x25m)	150	25	38	50	3 750	5 625	7 500	5 625	70%	3 938
6	Anchor	1	400	700	1 000	400	700	1 000	700	50%	350
7	Anchor chain (galvanized steel)	30	15	25	35	450	750	1 050	750	50%	375
8	Anchor windlasses (manual)	1	500	1 000	1 500	500	1 000	1 500	1 000	50%	500
9	Anchor windlasses (electric)	0	1 500	2 750	4 000	0	0	0	0		0
11	Towline/steel wire (per meter), 2x20m, 2x50m	140	10	13	15	1 400	1 750	2 100	1 750	65%	1 138
12	Fendering	24	200	350	500	4 800	8 400	12 000	8 400	50%	4 200
<b>Total for Main Deck:</b>			<b>6 650</b>	<b>11 375</b>	<b>16 100</b>	<b>20 300</b>	<b>33 475</b>	<b>46 650</b>	<b>33 475</b>		<b>22 125</b>
<b>Radio and Navigation</b>											
1	VHF marine radio ICOM, IC-M424G	2	400	500	600	800	1 000	1 200	1 000	80%	800
2	Ritchie magnetic compass	1	150	225	300	150	225	300	300	90%	270
4	Ocean Signal EPIRB1 Pro	1	710	805	900	710	805	900	805	85%	684
5	The Hella Marine NavILED PRO Masthead Navigation Lamp	1	275	275	275	275	275	275	275	80%	220
6	ICOM CommandMic IV	1	295	323	350	295	323	350	323	65%	210
7	Naviled PRO 2LT 959 900 (navigation lights ) Price for a set of two pieces	1	400	500	600	400	500	600	500	90%	450
8	Furuno NavNet VX2	1	2 500	3 250	4 000	2 500	3 250	4 000	3 250	75%	2 438
9	Furuno GP-33 GPS Receiver	1	900	1 050	1 200	900	1 050	1 200	1 050	75%	788
<b>Total for Radio and Navigation:</b>			<b>5 630</b>	<b>6 928</b>	<b>8 225</b>	<b>6 030</b>	<b>7 428</b>	<b>8 825</b>	<b>7 503</b>		<b>5 859</b>
<b>Devices and equipment of Engine Room</b>											
1	Radiator for a Detroit Diesel engine	1	500	1 000	1 500	500	1 000	1 500	1 500	50%	750
2	Marine alternator or generator	1	500	1 000	1 500	500	1 000	1 500	1 500	50%	750
3	Turbocharger for Detroit Diesel new used	1	2 000	3 500	5 000	2 000	3 500	5 000	3 000	50%	1 500
4	Hydraulic filter	1	150	225	300	150	225	300	225	80%	180
5	Hydraulic pump	1	1 000	2 000	3 000	1 000	2 000	3 000	6 256	70%	4 379
6	Hydraulic system Kit	1	5 000	6 500	8 000	5 000	6 500	8 000	6 500	80%	5 200
7	Pipelines	48	15	33	50	720	1 560	2 400	1 560	50%	780
8	Samlex Power Inverter	1	400	500	600	400	500	600	600	90%	540
9	ProMariner ProNautic 12-40P Battery Charger	1	500	650	800	500	650	800	800	90%	720
10	Fuel water separator	1	150	325	500	150	325	500	500	60%	300
11	Hydraulic fluid reservoir and control system on a tugboat	1	2 000	6 000	10 000	2 000	6 000	10 000	6 000	70%	4 200
12	Battery packs and switches	1	200	600	1 000	200	600	1 000	1 000	75%	750
13	Switches by Blue Sea Systems	21	50	50	50	1 050	1 050	1 050	1 050	75%	788
14	2 battery switches	1	100	200	300	100	200	300	300	75%	225
15	Starter solenoid for Detroit Diesel engines	1	100	250	400	100	250	400	400	50%	200
16	Marine engine 350 BHP new used	1	35 000	45 000	55 000	35 000	45 000	55 000			0
17	Marine engine 480BHP new used	1	15 000	22 500	30 000	15 000	22 500	30 000	62 500	50%	31 250
18	Shell Rotella T1 SAE 40	1	25	33	40	25	33	40	40	100%	40
19	Marine Toilet	1	150	225	300	150	225	300	300	50%	150
20	Fire Extinguishers	1	50	100	150	50	100	150	150	85%	128
21	Main Engine V-type exhaust gas pipe	1							36 429	75%	27 322
22	Main Engine exhaust gas muffler	1							16 465	75%	12 349
23	Heat resistant, heatshield blanket	1							2 318	75%	1 739
24	Electrical wires Vertex Marine, meters	800	4	5	6	2 800	3 800	4 800	4 800	65%	3 120
25	Fresh water storage tank and water pump	1	450	650	850	450	650	850	650	50%	325
<b>Total for Engine Room:</b>			<b>139 844</b>	<b>191 095</b>	<b>242 346</b>	<b>144 345</b>	<b>197 418</b>	<b>250 490</b>	<b>154 843</b>		<b>97 683</b>
<b>Devices and equipment of Bridge</b>											
1	"Newport" stove by Dickinson, diesel Heater, superstructure	1	1 090	1 301	1 512	1 090	1 301	1 512	2 848	80%	2 278
2	Blue Sea Systems 12V DC Distribution Panel	1	300	400	500	300	400	500	400	75%	300
3	System Monitor (Aqualarm or similar)	1	200	300	400	200	300	400	300	75%	225
4	Bilge Pump Switches	1	50	100	150	50	100	150	100	75%	75
5	Oil pressure gauge (Green Line, 0-100 PSI)	1	40	50	60	40	50	60	50	75%	38
6	Fuel pressure gauge (Green Line, 0-300 PSI)	1	40	50	60	40	50	60	50	75%	38
7	Water temperature sensor (0-250°F)	1	35	43	50	35	43	50	50	75%	38
8	Tachometer (Stewart-Warner)	1	150	200	250	150	200	250	621	75%	466
9	Engine hour meter	1	30	40	50	30	40	50	50	75%	38
10	Battery voltmeter	1	25	33	40	25	33	40	40	75%	30
11	Steering Wheel and Helm	1	1 000	1 250	1 500	1 000	1 250	1 500	1 250	60%	750
12	ICOM IC-M424G VHF Marine Radio	1	400	500	600	400	500	600	600	70%	420
13	Captain Chairs	1	400	700	1 000	400	700	1 000	700	50%	350

This certificate is issued to any job or services carried out within the GENERAL TERMS AND CONDITION OF BUSINESS printed overleaf. This certificate is not intended to relieve the parties of any relevant sales contract from their contractual obligations. The Company's responsibility under this Certificate is limited to proven negligence and will in no case be more than ten times the amount of the fees.





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14	Pilot Chair	1	250	325	400	250	325	400	325	50%	163
15	Mustang Survival Life Jackets (SOLAS Certified)	2	150	200	250	300	400	500	400	75%	300
16	Fire Extinguishers	1	50	100	150	50	100	150	150	75%	113
17	Badger Fire Extinguisher	1	50	75	100	50	75	100	100	75%	75
18	Furniture (table and drawers below the sink)	1	500	600	700	500	600	700	700	65%	455
19	Sink (small boat sink with faucet)	1	150	200	250	150	200	250	250	65%	163
20	Microwave (Comfee brand)	1	100	125	150	100	125	150	200	70%	140
21	Refrigerator (small compact boat fridge)	1	300	400	500	300	400	500	500	70%	350
Total for Bridge:			5 310	6 991	8 672	5 460	7 191	8 922	9 684		6 802
Devices and equipment of Flybridge and House Top											
1	Large spotlight in the center, LED floodlight	1	944	944	944	944	944	944	944	75%	708
2	Smaller side spotlights, Floodlights	1	70	185	300	70	185	300	300	75%	225
3	Golight Stryker LED Searchlight	1	891	891	891	891	891	891	2 628	75%	1 971
4	GoLight Halogen Remote Control Searchlight	1	394	394	394	394	394	394	1 935	75%	1 451
5	Aqua Signal Series 80 Spotlight	1	271	271	271	271	271	271	271	75%	203
6	COWL VENTILATOR, stainless steel ventilation deflector	1	400	560	720	400	560	720	560	90%	504
7	Hydraulic hoses (length 2-3 meters), 7.99 CAD /PFT	3	50	55	60	150	165	180	180	60%	108
9	Lifebuoy and Light (SOLAS approved)	2	150	225	300	300	450	600	450	75%	338
10	MARINCO Marine Horns	2	200	300	400	400	600	800	600	75%	450
11	Furuno GPS Antenna Unit (GPA-017) New Used	1	300	450	600	300	450	600	600	75%	450
12	Survitec Zodiac Lifteraft (6-person):	1	150	225	300	150	225	300	300		0
13	Hydraulic cylinder Lyon 2500	1	2 500	3 750	5 000	2 500	3 750	5 000	5 000	75%	3 750
16	Furuno Radar Antenna Unit (RSB-127-120)	1	2 000	3 000	4 000	2 000	3 000	4 000	3 000	80%	2 400
17	Electrical junction box	1	3 500	4 250	5 000	3 500	4 250	5 000	3 666	75%	2 750
18	Terminal blocks (2 rows)	1	150	225	300	150	225	300	225	75%	169
19	Cable glands for cables	1	50	75	100	50	75	100	100	75%	75
20	Jog lever, rudder indicator	10	5	10	15	50	100	150	100	75%	75
Total for Flybridge and House Top:			12 025	15 810	19 595	12 520	16 535	20 550	24 091		18 452
TOTAL:			169 458	232 198	294 938	188 655	262 046	335 437	229 595		402 021





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## FINAL CONCLUSION

Based on our comprehensive assessment and analysis of the vessel's current condition, we believe the calculated valuation of **CAD 402,021** may be overly optimistic when compared to prevailing market conditions. Several factors suggest that a more realistic market value range would be between **CAD 320,000 and 345,000**. This conclusion is drawn from the following considerations:

1. **Vessel Age:** The tug's age significantly affects its attractiveness as a long-term investment. As vessels age, they naturally require more intensive maintenance and become less appealing to buyers seeking reliable, cost-efficient options with longer service lifespans.
2. **Surface Rust and Appearance:** The presence of rust on the vessel's exterior directly impacts its marketability and perceived value. Addressing these cosmetic and structural issues by removing rust and repainting will be necessary to maintain the vessel's integrity and appearance, but these costs are likely to be factored into a buyer's offer, driving down the sale price.
3. **Engine Room and Bilge Condition:** The condition of the engine room, including wooden surfaces and bilges, indicates a need for refurbishment and painting of surfaces to ensure a cleaner and more resilient environment for machinery. Buyers will see this as an additional cost, potentially reducing their willingness to meet the higher valuation.
4. **Hull Integrity and Corrosion Concerns:** Corrosion near the shaft and the need for detailed inspections of the hull's thickness and the need for non-destructive test of weld seams highlight potential structural vulnerabilities. Any buyer will consider these issues a priority for maintenance, influencing their perception of the vessel's reliability and durability, and thus, its value.
5. **Uncertainty in Performance and Lack of Sea Trials:** Without data from sea trials or diagnostics on critical systems like the main engine, steering, and propeller, there remains uncertainty about the vessel's operational capabilities. This unknown factor significantly influences market pricing, as buyers tend to be cautious when performance data is not readily available.
6. **Technical Obsolescence:** Despite the vessel's upgrades, the main engine and other systems may not align with the latest technological standards or emission regulations. This obsolescence implies potential future expenses for modernization or replacements, further lowering the vessel's value.
7. **Depreciation and Amortization in Initial Valuation:** It is important to note that the calculated cost of the initial valuation of CAD 402,021 included depreciation and amortization, reflecting the current condition of the vessel rather than the cost of replacing it with new parts. This figure represents the vessel's adjusted book value, which may not directly correlate with its market replacement cost, further justifying a downward adjustment in the sale price.
8. **Market Conditions and Economic Depreciation:** The demand for older tugboats remains relatively low on the market. This saturation creates downward pressure on pricing, making it difficult to achieve the initially calculated value in the current competitive environment.





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9. **Regulatory Compliance Challenges:** Given the tightening restrictions on emissions and environmental impact, the older engine on this vessel does not comply with modern standards, significantly affecting its market value. This non-compliance may necessitate costly upgrades, which prospective buyers are likely to factor into their purchasing decisions.
10. **Limited Revenue-Generating Potential in a Changing Market:** Although the vessel has been retrofitted to enhance its income potential in local markets, the evolving landscape of maritime regulations and technology could limit its long-term profitability. Buyers will weigh this potential risk against the vessel's current price.
11. **Uninspected Underwater Hull Condition:** The lack of inspection of the underwater hull introduces an element of risk regarding hidden damages or issues that could affect the vessel's seaworthiness. This omission creates uncertainty that typically leads to more conservative market valuations.
12. **Increased Buyer Caution:** In today's market, buyers of marine assets tend to be more cautious and risk-averse, preferring vessels that offer clear compliance with modern standards and minimal need for immediate repairs. This trend puts older, non-compliant vessels at a disadvantage in pricing negotiations.

**Final Conclusion:** The culmination of these technical, regulatory, and market-related factors leads us to a well-supported conclusion that the vessel's realistic market value is more accurately positioned within the range of **CAD 320,000 to 345,000**. This range reflects not only the vessel's physical and operational condition but also aligns with current industry trends, buyer expectations, and the evolving standards of environmental and technical compliance.

While the initial valuation of **CAD 402,021** takes into account depreciation and amortization, as well as retrofitting efforts, it does not directly represent the cost of replacing the vessel with new parts. Given the practical realities of the market, the adjusted valuation reflects a more attainable price range that considers the vessel's current state, operational efficiency, and compliance readiness."

04-th Okt., 2024

Director, Dmytro FILIPCHYK

