



**Finance Solutions for Marine Equipment**



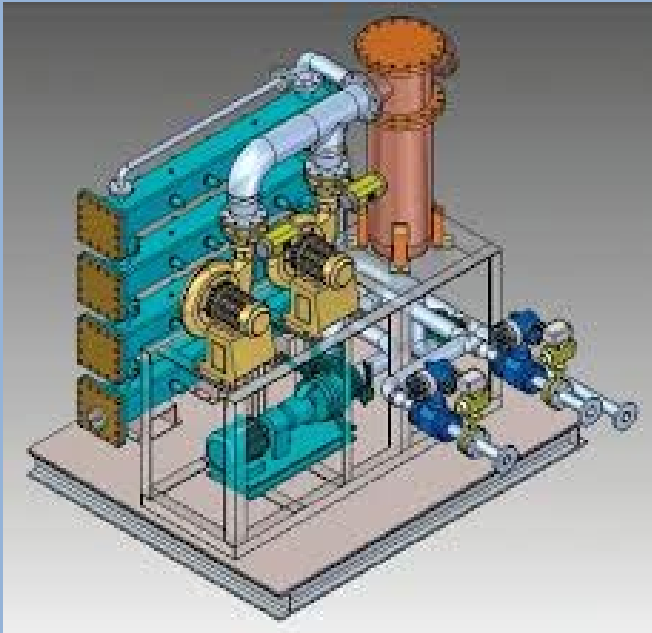
A hand in a dark suit sleeve holds a white rectangular sign with a thin black border. The sign has the word 'LEASING' in bold, dark blue, sans-serif capital letters. The background is a blurred image of a person in a suit and tie, with a teal and blue color scheme.

**LEASING**

**BUSINESS**



# Leasing BWMS – Key Considerations



- Purchase order made between ship owner and OEM
- Provides for a lessor to pay for the BWMS and take title
- Warranties and product performance issues remain between the ship owner and OEM
- Lessor pays OEM for the BWMS on delivery and acceptance by the ship owner : **100% financing** of equipment cost, excluding survey and installation expense
- Lessor provides BWMS to the ship owner for use under (typically) a 3 year lease. Payment of monthly lease rents and compliance with maintenance, insurance and other lease terms convey the right of “quiet enjoyment” to the ship owner.
- Leasing provides the lessor with better rights and remedies in the event of non-payment. Owning the BWMS is only relevant whilst a balance of lease rents are due; after this point we no longer need to own the equipment
- At the end of the primary lease term, ship owner can either (a) proceed to a further 3 year secondary period at a substantially reduced monthly cost, or (b) request a purchase option price at which will allow the ship owner to take title in the BWMS itself
- It is expected that the ship owner will take title in the BWMS either under a purchase option at 3 years, or for a nominal sum after 6 years (at which point the lessor considers the depreciable value to be nil)
- As such, the lessor is only the legal owner of the BWMS for the limited duration of the lease; the ship owner can be considered the equitable owner throughout
- WAM can provide a detailed quote for primary and secondary rent profiles on request

# Comparative Costs

BWMS Cost = €300,000

## (1) WAM Lease

Weighted Cost: 6.63% pa



## (2) WAM Lease

Weighted Cost: 5.30% pa



BWMS Cost = €300,000

## (1) Ship Owner Self Funding (Debt)

Weighted Cost: 7% pa

(Assuming unsecured junior cost of debt = 7% pa)

## (2) Ship Owner Self Funding (Debt 80%, Cash Equity 20%)

Weighted Cost: 8.33% pa

(Assuming equity hurdle rate 15% pa)

### Key Factor:

If ship owner uses debt and/or equity (cash) it is using scarce resource to acquire an asset that will always deliver **ZERO** return, By using a WAM lease to finance BWMS purchases, debt and/or equity that would otherwise have been allocated to a non-productive investment are released to projects that DO make an economic return.

The comparative cost of a WAM lease is, therefore, more efficient than a self-funded alternative. This is because (a) WAM finances 100% of the BWMS cost and (b) the use leasing eliminates the “**opportunity cost**” of self-funding.





**Our finance solutions are a partnership  
between the customer, manufacturer  
and WAM**

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