



# AGW INVESTMENT FUND RAIF VCIC PLC

ALTERNATIVE FOR SHIP FINANCING



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# TRADITIONAL SHIP FINANCE *VS* ALTERNATIVE INVESTMENT FUNDS

## THE SHIPPING CYCLE



a key economic variable in explaining how shipping companies and freight charges respond to S&D relations

## THE LACKLUSTRE GLOBAL ECONOMY



the operating rates in shipping are relatively low with the impact on asset prices

## ASSET PRICES ARE INFLUENCED BY OTHER FACTORS



availability of cheap capital



## Traditionally, the main sources of capital in the shipping industry are:



Bank debt/shipping finance



Paid-in equity from families and HNWI



Public equity/debt (IPO)

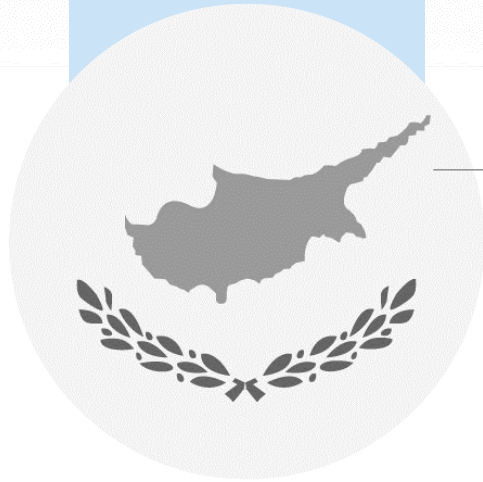
Nowadays, the availability of capital from the traditional sources is relatively low.

Ship owners and operators have started exploring alternative financing options



## INVESTMENT FUNDS

# CYPRUS GEOPOLITICAL LANDSCAPE



- Cyprus has always followed the best practice in the shipping industry
- Benefits of the local tonnage tax regime.
- More than 2000 vessels operating under the Cyprus flag

## From an investor's perspective:

- AGW Fund & Subsidiaries: Cost-effective operational structure
- Favourable tax regime: Dividends distribution & Proceeds from sale
- Eligible for the Cyprus citizenship by investment program



# INVESTOR'S PROFILE & INVESTMENT HORIZON:

- ✓ Subscription through private placement
- ✓ Well-informed & Professional investors only
- ✓ Medium risk appetite
- ✓ Medium to long term investment horizon
- ✓ Contribution in kind possible

# CYPRUS CITIZENSHIP PROGRAMME: Recent Changes

## SUSTAINED BY:

- the Council of Ministers' Decision dated 13.09.2016 and
- the subsequent Council of Ministers' Decisions of 01.2018, 05.2018 and 02.2019

## CRITERIA FOR NATURALISATION TO OBTAIN A CYPRIOT CITIZENSHIP:

- Minimum investment of EUR 2 mln
- Hold for 5 years from the date of naturalization
- Residential property for living of EUR 500'000 excl. VAT

## ADDITIONAL REQUIREMENTS FOR CYPRUS CITIZENSHIP:

- Schengen Visa prior to submitting a citizenship application
- Contribution of EUR 75'000 to the Cyprus Land Development Corporation
- Contribution of EUR 75'000 to the Research Promotion Foundation





# INVESTMENT ACTIVITIES



## PROVIDING AND MANAGING DEBT FINANCING TO SHIPOWNERS

- Shipping credit from traditional sources has become less available
- Ship owners are looking for alternative credit sources



## PORTFOLIO MANAGEMENT

- Assets: Merchant ships operated by well-established ship managers
- Market segments: Liquid sale and purchase of vessels & Chartering activity
- Investment objective: Satisfies the criteria for naturalization of non-Cypriot investors
- Currency: USD
- NAV calculation: Semi-annually

## WHEN IDENTIFYING VESSELS FOR ACQUISITION OR SALE, A NUMBER OF FACTORS ARE TAKEN UNDER CONSIDERATION:

- The S&D levels and prevailing market conditions
- The potential chartering activity of a vessel
- The cash-flows to cover the operating costs and generate income for the Investors



# DIVIDEND POLICY & TARGET RETURNS



ANNUAL DIVIDEND PAYMENTS,  
SUBJECT TO LIQUIDITY AND  
PROFITABILITY



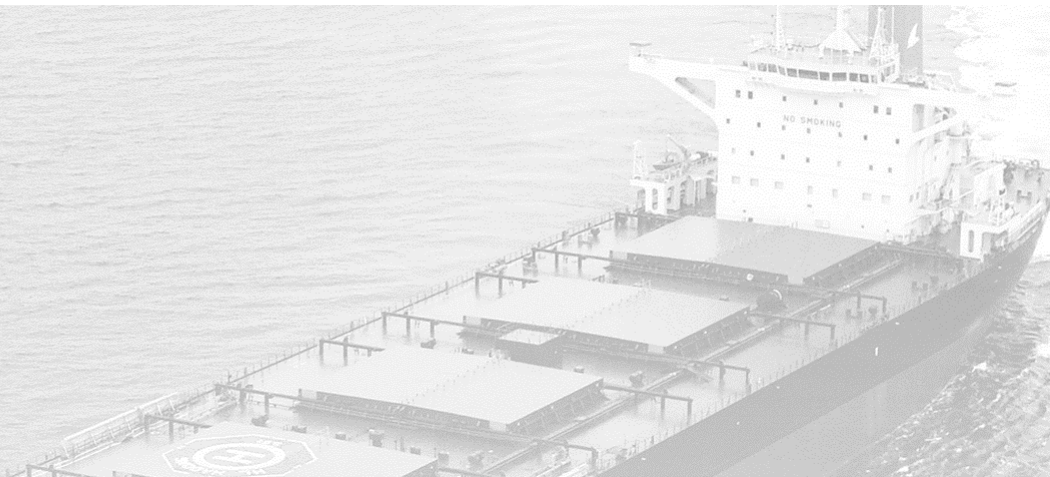
TARGETED DIVIDEND YIELD  
DURING THE FIRST 12 MONTH  
AFTER CLOSING IOP OF 5%



LONG TERM DIVIDEND GROWTH  
WITH TARGET IRR OF 8% PER  
ANNUM ON NAV BASIS



NAV CALCULATION:  
SEMI-ANNUAL



# AGW: COST-EFFECTIVE CORPORATE STRUCTURE

AGW Investment Fund RAIF VCIC PLC is registered with the CySEC as a Registered Alternative Investment Fund (RAIF).

The Fund is structured as an Umbrella Scheme.

Cost-effective corporate solution is achieved thanks to:



Favorable tax regime in both investment fund and shipping industries



The support of our partners



# AGW: Cost-Effective Corporate Structure

## Fund Administration

PwC Fund Services, Cyprus

- *Member of PwC global professional network services*
- *Recognised Accounting, Auditing, Tax and Business advisers*

## Fund Management

Byron Capital Partners, Cyprus

- *Licensed and regulated by CySEC, No AIFM13/56/2013*
- *Funds Managed in Cyprus, Ireland and Luxembourg*
- *Multi-year track record managing institutional capital, DD material available on request*
- *Included in the 2018 World Finance 100*

## Depository Services

EFG BANK (LUXEMBOURG) S.A. – Cyprus Branch

- *Private banking and asset management services*
- *Long term credit rating of A1 and A by Moody's and Fitch respectively*

## Legal Advisor

L.G. Zambartas LLC, Cyprus

- *Shipping and corporate law*
- *Governed by the Law Society of England and Wales*
- *Member of Cyprus Bar Association*



# AGW Office



Victory House | Limassol 3030  
205, Archbishop Makarios Ave

**[www.agw.fund](http://www.agw.fund)**  
**[capital@agw.fund](mailto:capital@agw.fund)**

AGW investment fund RAIF VCIC PLC HAS NOT RECEIVED AUTHORISATION BY THE CYPRUS SECURITIES AND EXCHANGE COMMISSION. The registration of this registered alternative investment fund with the cyprus securities and exchange commission and its admission to the cyprus securities and exchange commission's register of registered alternative investment funds is not equivalent to a decision for authorisation by the cyprus securities and exchange commission.

The company is exclusively addressed to professional and well-informed investors. Protection measures for retail investors do not apply.

Investment in a compartment of the company involves special risks, and subscription to investment shares should be considered only by persons who can bear the economic risk of their investment for an indefinite period and who can afford a total loss of their investment.

The value of investment shares may either increase or decrease, and investors may not recover the amount invested. Consequently, there is a potential risk of the loss of the entire amount of the value of an investor's investment in the company.

The information contained herein (including any expression of opinion or forecast) has been obtained from, or is based on, sources believed to be reliable and is provided without obligation on the part of the company on the understanding that any person who acts upon it or changes his or his investment position in reliance on it does so entirely at his or her own risk. All information contained herein may be changed or amended without prior notice.



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