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Insights

Valuation of Ships and Vessels

Methodologies and market dynamics in maritime asset valuation



Why Ship and Vessel Valuation Is Different and Why It Matters

The Nature of Ship and Vessel Assets

The Three Approaches Applied to Vessel Valuation

Valuation of a 7,500 DWT Bulk Carrier for Fleet Acquisition and Internal Planning

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Introduction

WHY SHIP AND VESSEL VALUATION IS DIFFERENT AND WHY IT MATTERS

Ships and vessels represent a distinct and technically demanding category within Plant & Machinery (P&M) valuation. Unlike fixed industrial plants, maritime assets are mobile, internationally traded, subject to rigorous class and flag-state regulation, and exposed to freight market cycles of exceptional volatility.

Under IFRS 13 and ASC 820, the fair valuation of vessels requires the same conceptual discipline as any other Property, Plant and Equipment (PP&E) class: a market-participant perspective, application of the most appropriate valuation approach, and rigorous adjustment for all forms of value diminution. In practice, however, the maritime asset class introduces several layers of complexity that are not present in conventional industrial plant: the central role of secondary market comparables, the interaction between technical condition (class surveys, special surveys, dry-dock cycles) and physical deterioration and the difficulty of applying the cost approach to assets whose replacement cost is a function of shipyard order books and newbuilding prices denominated in foreign currency.

Ships are among the most internationally traded and price-transparent tangible assets in the world. Yet their valuation under accounting standards remains among the least standardized and most judgment-intensive exercises in Plant and Machinery appraisal.

This document sets out the conceptual foundations of maritime asset valuation within a P&M framework, explains the principal methodologies applied in practice, identifies the key pitfalls specific to vessel valuation, and works through a detailed case study illustrating how these principles interact in a real-world scenario.



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Concept

THE NATURE OF SHIP AND VESSEL ASSETS

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What Makes Vessels Distinctive as P&M Assets

From a plant and machinery valuation standpoint, vessels share the essential characteristics of any productive tangible asset: they generate economic returns through their use, depreciate physically, and become obsolete. But several features distinguish them from a fixed industrial plant.

01

Mobility and international market

Vessels trade globally. Their value is set by an international market of willing buyers and sellers, providing a depth of comparable transactional evidence that is rarely available for a specialized onshore plant.

02

Classification and regulation

Every commercial vessel is subject to a classification society survey (Lloyd's Register, DNV, Bureau Veritas, and equivalents). Class status is not a secondary consideration; it is a threshold condition for the vessel's ability to trade, obtain insurance, and access ports. A vessel that is out of class has limited or no market value.

03

Survey cycles and dry-docking

Vessel condition is managed through mandatory survey cycles, typically on a five-year basis, with intermediate and annual surveys. The proximity of a vessel to its next special survey and the anticipated cost of passing that survey are primary determinants of its market value relative to peers.

04

Charter market exposure

Vessels earn revenue through charter arrangements such as time charter, voyage charter, or bareboat charter. The prevailing charter rate, the remaining duration of any existing charter, and the forward expectations for the relevant freight market all influence fair value.

05

Flag state and trading area

A vessel's flag state determines the regulatory framework under which it operates, the manning requirements, and the ports to which it has access. Flag restrictions can affect market value, particularly for vessels with trading certificates limited to specific regions.

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The Three Vessel Type Categories for Valuation Purposes

For valuation purposes, it is useful to categorize vessels by their market depth and asset specificity, as this drives the appropriate methodology:

Standard / Commoditized

Examples
Capesize / Panamax / Supramax bulk carriers, VLCC / Suezmax tankers, standard container vessels (Twenty-foot Equivalent Unit TEU -defined sizes)

Valuation Approach
Market approach primary; strong comparable sales evidence; newbuilding cost as ceiling

Semi-Specialized

Examples
LPG / LNG carriers, chemical tankers, RoPax ferries, offshore support vessels (OSVs)

Valuation Approach
Market approach with adjustments; cost approach as cross-check; charter rate income analysis

Highly Specialized

Examples
Drilling rigs, FPSOs, cable layers, heavy-lift crane vessels, dredgers, research vessels

Valuation Approach
Cost approach primary; income approach for operating assets; market data sparse and used as a range check

THE THREE APPROACHES APPLIED TO VESSEL VALUATION

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Vessel valuation under IFRS 13 and ASC 820 draws on the same three approaches as any other tangible asset class. The weighting given to each depends on the vessel type, data availability, and the purpose of the valuation. The market approach is dominant for standard commercial vessels; the cost and income approaches play a larger role for specialized and offshore assets.

Primary Method for Standard Vessels

The Market Approach — Comparable Sales Analysis

The market approach estimates value by reference to observed transaction prices for comparable vessels. It is the most empirically grounded methodology and, for standard vessel types with an active secondary market, the primary approach.

Key inputs and adjustments:

- Vessel age and build year relative to comparables
- Deadweight tonnage (DWT), TEU capacity, or other size metrics adjusted for size differences using the cost-capacity principle
- Flag state, classification society, and condition at survey
- Dry-dock status: position within the five-year survey cycle materially affects value
- Cargo system specifications (e.g., cargo tank coatings for chemical tankers, cargo gear for bulk carriers)
- Fuel efficiency and scrubber fitment (increasingly material post-IMO 2020)

Key limitation:

Market approach comparables reflect prevailing freight market sentiment at the time of sale. Transactions completed at different points in the freight cycle are not directly comparable without adjustment for market conditions, which is a critical distinction that is frequently overlooked.



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Primary Method for Specialized Assets

The Cost Approach — Depreciated Replacement Cost

The cost approach estimates the gross cost to construct or acquire a new equivalent vessel at current newbuilding prices, adjusted for physical deterioration, functional obsolescence, and economic obsolescence. For highly specialized vessels such as FPSOs, cable layers, and heavy-lift crane vessels, the cost approach is the primary methodology where secondary market data is sparse or absent.

Physical deterioration:

For vessels, physical deterioration is not simply a function of age. It is influenced by the survey cycle, the quality and frequency of dry-docking, the operational intensity of employment, and the maintenance standard of the owner. A well-maintained 15-year-old tanker in class, recently dry-docked and with trading certificates current, will exhibit materially lower deterioration than a same-age vessel deferred on maintenance and approaching special survey.

Functional obsolescence:

Vessel design evolves. Older vessels may be functionally inferior to modern equivalents in fuel efficiency, cargo handling systems, crew accommodation standards, or environmental compliance. The most significant source of functional obsolescence in the current market is fuel efficiency and emissions compliance. Vessels with high specific fuel oil consumption (SFOC) or without scrubber systems face a growing competitive disadvantage as environmental regulations tighten.

Economic obsolescence:

As with all PP&E, economic obsolescence is the adjustment for forces external to the asset, such as a freight market depression, fleet oversupply, trade-pattern disruption, or regulatory changes that reduce demand for the vessel type. Economic obsolescence is the most consequential and judgment-intensive adjustment in vessel cost-approach valuations.



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Cross-Check and Primary for Charter-Backed Assets

The Income Approach: Capitalized Earnings Analysis

The income approach values a vessel by reference to the future cash flows it is expected to generate from employment, discounted to present value at a rate reflecting the risk of those cash flows. It is most relevant where the vessel is subject to a long-term charter contract that provides visibility into earnings, or where the valuation requires an assessment of the asset's value to the employing business (as distinct from its market value to a third-party buyer).

Time-charter equivalent (TCE) rate:

The fundamental unit of vessel earnings is the time-charter equivalent rate, being the net daily revenue after voyage costs (fuel, port dues, canal tolls). The income approach to vessel valuation constructs a cash flow model around the vessel's expected TCE over its remaining useful life, accounting for survey costs, dry-dock cycles, and the residual (scrap) value at the end of life.

Discount rate derivation:

The appropriate discount rate for the vessel income approach analysis is derived from the WACC analysis of listed shipping companies in the relevant vessel segment, adjusted for the subject vessel's specific risk and the degree of charter coverage. Vessels on long-term time charters with investment-grade counterparties warrant a lower discount rate than open-market vessels exposed to spot freight volatility.

Key limitation:

Shipping freight rates are cyclical and notoriously difficult to forecast. Long-range income projections for open-market vessels are highly sensitive to assumed charter rate trajectories. The income approach for spot-market vessels should be used primarily as a cross-check on market approach conclusions rather than as a standalone primary method.

REAL-WORLD MARKET CONTEXT

Sale of the VLCC Advantage Virtue (2024) — A Documented Transaction in the Tanker S&P Market

In 2024, the VLCC Advantage Virtue (IMO 9379698; 2009-built; ~296,000 DWT) was reported to have been sold to Chinese buyers for USD 51 million through the second-hand sale-and-purchase market (Lloyd's List; broker reports). The sale took place in a market with tanker values at a 15-year high (Clarksons: tanker prices up ~98% since 2021), yet S&P activity was approximately 34% below 2022-23 levels, as elevated asset prices and softening freight rates discouraged buyers. The transaction provides a useful illustration of how the cost approach, market approach, and scrap-value floor converge in a standard commercial vessel valuation.

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Transaction Snapshot and Valuer's Methodology

For valuation purposes, it is useful to categorize vessels by their market depth and asset specificity, as this drives the appropriate methodology:

Transaction Snapshot

VESSEL Advantage Virtue	**IMO** 9379698	**CLASS** VLCC	**DWT** ~296,000
YEAR OF BUILD 2009	**AGE AT SALE** ~15 years	**SALE PRICE** USD 51 million	**BUYER** Chinese interests (reported)
PERIOD 2024	**SOURCES** Lloyd's List; broker S&P reports		

Five-Step Valuer's Reconstruction (USD million)

1 Gross Replacement Cost (GRC)
Newbuild VLCC contracts in 2024 reported at ~USD 136-140 million at Chinese yards. GRC benchmark: **~USD 138 million**

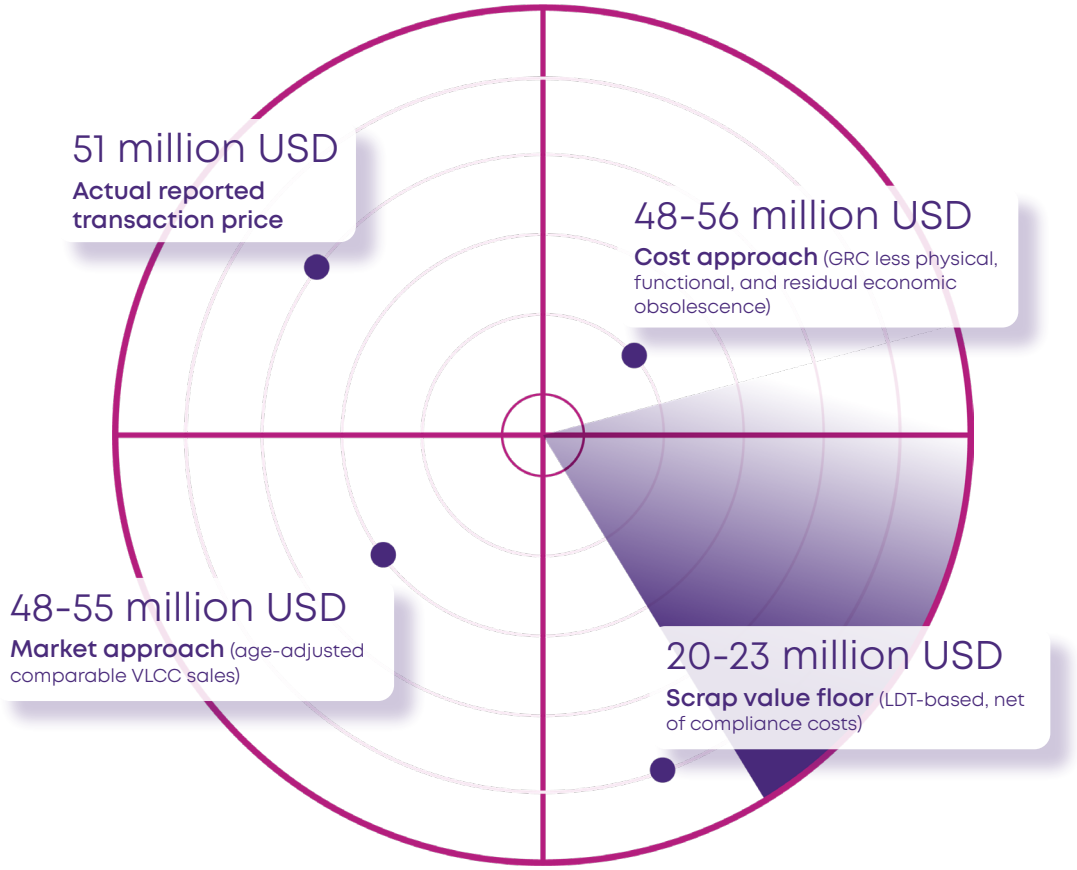
2 Physical Deterioration
At 15 years against a 25-year useful life, three special surveys completed/ approaching effective age depreciation of ~60% of GRC implies **post-deterioration value ~USD 55 million**

3 Functional Obsolescence
Higher SFOC vs. modern engines, likely no scrubber, CII rating in lower bands. Cost-to-cure plus capitalized operating differential: **~5–8% deduction**

4 Economic Obsolescence (market-derived)
Interpolated from observable VLCC anchors — Marjan (2002-built, sold for USD 33.5 million) and SM White Whale 1 and 2 (2019-built, sold at ~USD 116 million each). A 15-year-old VLCC falls in **USD 48–55 million**

5 Scrap Value Floor
Light Displacement Tonnage (LDT) 40,000–43,000 at 2024 demolition prices of ~USD 500–530/LDT, net of positioning and Hong Kong Convention (HKC) compliance: **USD 20–23 million floor — well below concluded value, confirming going-concern premium**

Triangulation and Reconciliation



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Relevance

This transaction illustrates four principles:

(i) the second-hand S&P market provides direct, observable market-participant pricing, which is the most empirically grounded input for standard commercial vessel classes;

(ii) the VLCC age-value curve is steep but well-defined (a 5-year-old vessel at ~USD 116 million, a 15-year-old at ~USD 51 million, a 22-year-old at ~USD 33.5 million), supporting reliable interpolation;

(iii) regulatory and specification factors — scrubber fitment, engine generation, and CII band are priced independently by the market and must enter the functional obsolescence calculation explicitly; and

(iv) the cost approach and market approach should converge for standard vessel classes — the Advantage Virtue sale demonstrates this convergence within a USD 3–4 million band, validating the underlying methodology. By way of comparison, the 5-year-old LR2 product tanker STI Lily was reported sold by Scorpio Group to Pertamina for USD 73.5 million in the same period, reinforcing that modern, fuel-efficient, regulatorily compliant tonnage commands a measurable premium over older units of comparable size.

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Case Study

VALUATION OF A 7,500 DWT BULK CARRIER FOR FLEET ACQUISITION AND INTERNAL PLANNING

Background

The engagement concerned the independent fair valuation of a 7,500 DWT general-purpose dry bulk carrier, undertaken in the context of a fleet expansion program by a shipping company that transports dry bulk commodities such as iron ore, coal, grain, and other general cargo across major global shipping routes. The vessel had been identified as a candidate acquisition, and an independent valuation was required to support investment committee decision-making on the acquisition price, preliminary discussions with financing institutions regarding asset-backed lending against the vessel, and benchmarking of the vendor's asking price against independently derived market evidence.

Vessel Profile and Technical Parameters

VESSEL TYPE
General Purpose Dry Bulk Carrier

DEADWEIGHT TONNAGE (DWT)
7,500 DWT

VESSEL CLASS
Handysize Bulk Carrier

CLASSIFICATION SOCIETY
Indian Register of Shipping (IRS)/ equivalent international class

CARGO CARRYING CAPACITY
Suitable for iron ore, coal, grain, steel products, and general dry bulk commodities

PROPULSION SYSTEM
Single diesel main engine; fixed pitch propeller

CARGO HANDLING
Self-geared with deck cranes for port-independent cargo operations

VALUATION PURPOSE
Internal planning, fleet acquisition decision-making, and preliminary financing discussions

VALUATION STANDARD
IFRS 13 Fair Value/ Market Value as per RICS Valuation Global Standards

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Methodology — Step-by-Step Valuation Approach

Step 1

Establishing the Gross Replacement Cost

The GRC of an equivalent new 7,500 DWT bulk carrier was established by reference to the current newbuild prices quoted for comparable vessels at shipyards in China (the dominant builder of Handysize bulk carriers in this size range); recent reported newbuild contracts for similar tonnage in the Clarksons and IHS Markit databases; and broker commentary on current shipbuilding market conditions. The newbuild cost for a comparable 7,500 DWT bulk carrier, inclusive of mandatory regulatory fitment and delivery charges, was established within a defined, market-supported range consistent with prevailing market conditions as of the valuation date.

Step 2

Physical Deterioration Assessment

Useful life estimates for the vessel were established consistent with international maritime standards and industry practice for the 7,500 DWT bulk carrier class. The vessel's effective age was assessed by reference to:

- Class survey records and the most recent statutory survey certificates
- Hull thickness measurement records, assessing corrosion against class allowances
- Main engine condition, including running hours, overhaul history, and cylinder liner condition
- Condition of auxiliary systems (generators, pumps, compressors, HVAC) and cargo handling equipment

The vessel was found to be in good operational condition for its chronological age, reflecting a consistent maintenance program and adherence to scheduled dry-docking intervals. The physical deterioration adjustment was derived from the effective age analysis, applied against the total estimated useful life, with a residual value representing the vessel's scrap value at the end of economic life.

Step 3

Functional Obsolescence Assessment

Functional obsolescence was assessed by comparing the vessel's technical specification against a current-specification 7,500 DWT newbuild. Key areas examined included fuel consumption efficiency relative to modern electronically controlled main engine benchmarks, and Ballast Water Treatment System (BWTS) installation status. The functional obsolescence adjustment was quantified and applied to the GRC to reflect the cost differential that a market-participant buyer would attribute to these specification gaps.

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Step 4

Economic Obsolescence and Market Evidence

Current market quotations for vessels of similar specification and tonnage were obtained directly from established, internationally active shipbrokers in the Handysize bulk carrier segment. A comprehensive comparable sales analysis was then undertaken, examining sale-and-purchase transactions in the 7,500 DWT bulk carrier segment over the preceding 4–6 months, cross-referencing broker data, market intelligence publications, and reported fixtures.

The comparable sales analysis served as the primary vehicle for calibrating the economic obsolescence adjustment, since second-hand market prices of comparable vessels reflect the market's assessment of current freight conditions, fleet utilization, and the broader supply-demand balance in the Handysize segment. The analysis required adjustments for differences in vessel age, class status, cargo-handling equipment specifications, and flag between the comparable transactions and the subject vessel.

Step 5

Triangulation and Concluded Value

The cost approach result — GRC adjusted for physical deterioration, functional obsolescence, and the market-derived economic obsolescence calibration was triangulated against the broker appraisal range obtained from market sources and the adjusted comparable sales data. Where these three inputs were broadly consistent, the concluded value was established within the range. Divergences were examined for underlying causes, such as timing differences, specification differences or unusual transaction circumstances, before the final agreed-upon value was established.

The scrap value floor was computed based on the vessel's LDT (sourced from class records) and prevailing demolition market prices, confirming that the concluded DRC remained materially above the recycling floor as expected for a vessel in good condition at this stage of its useful life.



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A Decision Framework

SIX PRINCIPLES FOR VESSEL VALUATION IN P&M PRACTICE

The 7,500 DWT bulk carrier engagement described in the preceding section is a self-contained illustration of how a credible plant and machinery valuation of a vessel is structured. Distilled from the work performed across asset identification, useful-life determination, market benchmarking, depreciation analysis, and triangulation against a scrap floor, the following six principles set out a decision framework that any valuer, lender, board, or counterparty can apply to a marine asset valuation regardless of segment or tonnage.

These principles do not replace professional judgment, defined scope, or applicable valuation standards. They distill the recurring disciplines that the case study makes visible, and that separate a defensible valuation conclusion from a market-informed estimate.

1

Frame the valuation on facts before judgment

Begin with what is verifiable. In the case study, this meant accurately identifying every major component of the vessel, such as the hull and superstructure, the main propulsion engine, auxiliaries, navigation and communication systems, deck machinery and cargo-handling equipment, accommodation, ballast, and bilge systems, before any view on value was formed. Componentization creates the structured base for depreciation and obsolescence to be applied transparently. Skipping this step or substituting a top-down market price for a bottom-up build-up leaves the conclusion unanchored to the asset itself.

2

Calibrate useful lives to the asset, not to a default rule

Useful life is an active assumption, not a default. The case study set the hull and main structural elements against the typical 25–30 years economic life for small bulkers, while applying shorter component lives to main machinery, auxiliaries, and electronics, each reflecting its distinct overhaul and replacement cycle. Applying a single straight-line life to the full vessel value or relying on the depreciation schedule used for accounting in the owner's books will distort fair value. The framework treats the vessel as a composite of components with different lives, all converging on the asset's overall economic horizon.

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Anchor value in current secondary market evidence

For standard commercial vessel classes, the second-hand sale-and-purchase market provides the most empirically grounded indication of market-participant pricing. The case study obtained current market quotations from professional shipbroker channels. It complemented this with a comparable sales analysis of transactions in the same tonnage band over the preceding two to three years. Where the market approach is supportable, it leads. The cost approach then acts as a cross-check, confirming the conclusion or surfacing the source of any divergence that requires investigation before a value is signed.



Quantify physical and functional obsolescence as separate disciplines

Physical deterioration and functional obsolescence answer different questions and demand different evidence. In the case study, physical deterioration was derived from actual age and condition observations gathered through inspection, including any deferred maintenance or known steel renewal requirements, while functional obsolescence was assessed against modern equivalents in terms of fuel efficiency and emissions profile, with explicit allowance for the regulatory environment shaping demand for older small-bulker tonnage. Bundling these two adjustments into a single percentage haircut hides the underlying drivers and weakens the defensibility of the conclusion.



Reconcile across approaches and test against the scrap floor

The cost approach result — GRC adjusted for physical deterioration, functional obsolescence, and the market-derived economic obsolescence calibration must be triangulated against the broker appraisal range and the adjusted comparable sales evidence. Where the three converge, the conclusion can be set within the range. Where they diverge, the source must be identified and explained before a value is reached. As a final discipline, the scrap value floor computed from the vessel's lightweight tonnage and prevailing demolition prices must be tested against the concluded depreciated replacement cost. For a vessel in good condition mid-life, this floor will sit well below the going-concern value, as it did in the case study, but the test must be performed in every engagement.



Document the methodology so the conclusion can stand on its own

A defensible valuation report is one in which scope, basis of value, premise of value, methodology, key assumptions, inspection findings, comparable evidence, and limiting conditions are each documented with sufficient clarity that an informed third party can understand, test, and replicate the conclusion. In the case study, the structured presentation of componentization, useful-life choices, broker quotations, comparable adjustments, and triangulation logic enables the valuation to support internal investment committee decision-making and serve as the basis for downstream financing discussions.

THE CURRENT GEOPOLITICAL CRISIS: IMPACT ON VESSEL VALUES AND THE SALE-AND-PURCHASE MARKET

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The current geopolitical crisis in the Persian Gulf region and the effective closure of a critical global maritime chokepoint had simultaneously disrupted all three valuation inputs: market comparables, cost benchmarks, and income projections. Its consequences for vessel values and the S&P market extend across multiple inputs of vessel valuations.

War Risk Insurance

War risk premiums peaked at approximately 4% of hull value per seven-day voyage, compared to 0.125% before the crisis. Vessels with certain flags and ownership associations faced premiums of up to 5%, with some market quotes reaching USD 10–14 million per trip. As of late June 2026, lower-risk vessels were being quoted at between 0.8% and 1.5% (still six to twelve times the pre-crisis norm). War risk premiums represent external economic obsolescence and must be treated as a live, tiered input in any valuation, differentiated by flag and ownership association. These premiums directly affect vessel value.

The Secondhand Market

The conventional relationship between vessel age and value has broken down in the current geopolitical environment. Secondhand prices crossed above newbuild prices in September 2025, and by mid-2026, five-year-old VLCCs were trading at approximately USD 9 million above equivalent newbuilds — around USD 129 million with resale premiums of 21% to 35% above newbuild. Even twenty-year-old VLCCs transacted at USD 60.5 million in April 2026, up 34% from December 2025. In these conditions, mechanical straight-line age discounts will materially understate fair value.

A further distortion arises from the dominance of a single buyer. One acquirer purchased 78% of all VLCCs sold globally in early 2026 (approximately USD 3.3 billion in total, paying 10–15% above prevailing market levels). Therefore, observable transaction prices in this segment reflect one buyer's strategic logic rather than market-participant consensus. Valuers are required to screen comparables for single-acquirer distortion and to treat any immediacy premium as a positive economic condition requiring explicit quantification.

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Sale-and-Purchase Activity

Sale-and-purchase and newbuilding activity collapsed following the onset of the geopolitical crisis in February 2026. Dry bulk S&P volumes fell by approximately 84%, from around 95 to 15 transactions per month; newbuilding orders declined by roughly 70% year-on-year; and container S&P fell by around 80% year-on-year. Against this, ocean freight rates spiked by 158–192%, and the Shanghai Containerized Freight Index approximately doubled by June 2026.

These conditions have two direct implications for valuation. First, crisis-inflated spot freight rates are not representative of normalized earnings and must not be used to anchor income-based valuations. Second, low transaction volumes combined with single-buyer dominance severely impair the market approach. The available comparable evidence is both thin and distorted, and must be treated with corresponding caution.

Valuation Methodology Implications: A Structured Summary

The table below summaries how the current crisis materially affects each of the three valuation approaches discussed in Section Two, as well as the specific adjustments that a rigorous P&M valuer must address.

Market Approach

Valuation Approach

Crisis Impact

Transaction volumes in key segments (tanker, bulker) have declined by 50%–85% from pre-crisis levels. S&P evidence becomes stale rapidly; traditional age-value curves have inverted for modern tankers. Secondhand VLCC prices exceed equivalent newbuild prices by up to USD 9 million. Resale premiums range from 21%–35% over newbuild levels.

Required Valuer Action

Extend the comparable transaction lookback window. Widen the stated value range to reflect reduced market liquidity. For modern tankers, explicitly document the immediacy premium as a positive market condition factor. Do not mechanically apply age-based discounts without testing against current observable pricing.

Cost Approach

Valuation Approach

Crisis Impact

Newbuilding order momentum has contracted sharply (down over 70% year-on-year in March 2026 for bulkers). Shipyard order books and GRC benchmarks require re-verification. For Gulf-dependent or older tonnage, economic obsolescence has increased materially. For modern, immediately deployable vessels, the economic condition factor may be positive, reducing the net obsolescence applied under the cost approach.

Required Valuer Action

Re-source GRC from current broker and shipyard quotations; do not rely on pre-crisis benchmarks. Apply a differentiated economic obsolescence adjustment by vessel type, age, and trading area. For stranded vessels (192 bulkers totaling 11.7 million DWT were identified as stranded at the time of writing), assess enforced idle time as a separate element of economic obsolescence.

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Crisis Impact

The Shanghai Containerized Freight Index had doubled from pre-crisis levels by early June 2026. Tanker spot rates for VLCCs exceeded USD 100,000 per day in the elevated period. These rates are crisis-driven and not representative of normalized earnings. Simultaneously, uncertainty about earnings outlooks has risen sharply; long-run rate trajectories are materially harder to support. Global merchandise trade growth is forecast to slow from 4.7% in 2025 to 1.5%–2.5% in 2026.

Required Valuer Action

Apply a normalized, mid-cycle TCE rate rather than current spot earnings for the base case. Construct explicit scenarios for (i) early resolution and restocking demand recovery; (ii) prolonged closure and sustained rate compression. Widen the discount rate range to reflect heightened geopolitical risk. The income approach in the current environment should serve as a cross-check, not a primary method in its own right.



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Conclusion

FROM METHODOLOGY TO DEFENSIBLE OPINION

Ship and vessel valuation within a P&M framework demands a rare combination: deep familiarity with maritime markets, classification requirements, and freight dynamics alongside the technical discipline of IFRS 13-compliant fair value analysis. The two must operate in tandem. A valuer who understands the market but cannot structure the economic obsolescence analysis rigorously will produce a result that cannot be defended to auditors. A valuer who applies the cost approach mechanically without understanding the survey cycle, the scrap market dynamics, or the charter structure of the fleet will produce a result that is technically structured but economically wrong.

The case study illustrates several principles that apply across vessel categories. The premise determining operation, recovery, or demolition is the most consequential judgment. The scrap floor is binding and observable, and its application to aged, distressed vessels often produces the operative fair value conclusion. The freight cycle creates economic obsolescence at a scale rarely encountered in industrial P&M, and reversing out of that obsolescence as markets recover requires the same analytical discipline as applying it in the first place.

Environmental regulation is the emerging functional obsolescence driver that adds a further layer of complexity that will grow in importance over the coming decade. CII ratings, energy efficiency requirements, and the push towards alternative fuels will increasingly drive a wedge between modern fuel-efficient vessels and their older equivalents, creating a structural functional obsolescence adjustment that must be integrated into any rigorous vessel valuation.

Vessel valuation sits at the intersection of maritime market knowledge, engineering condition assessment, and financial reporting discipline. No one of these is sufficient alone. Together, they form the basis of a defensible, market-participant-anchored fair value opinion.

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How We Can Help

INTEGRATED MARITIME AND TANGIBLE ASSET VALUATION EXPERTISE

Our advisory team brings together specialists in maritime asset valuation and Plant & Machinery appraisal within a single integrated practice. We approach every vessel valuation with the understanding that fair value requires both market knowledge and technical discipline and that neither can substitute for the other.

Maritime Asset Valuation	S&P · Charter · Newbuild · Specialized
Independent Fair Valuation	Cost approach and market approach valuations for all commercial vessel classes — bulk carriers, tankers, containerships, gas carriers, RoPax, and specialized tonnage — were performed in accordance with IFRS 13/ASC 820 and RICS Valuation Global Standards.
Economic Obsolescence Quantification	Application of inutility, charter-rate-return, and market-derived methods to vessel-specific economic obsolescence, with full triangulation against broker quotations and reported S&P transactions.
Scrap & Liquidation Floor Assessment	Lightweight-tonnage-based recycling value estimation, including HKC compliance adjustments and positioning costs, providing the empirical floor against which DRC and market-approach conclusions are tested.

Business Valuation	Enterprise Value · WACC · DCF · Charter Modeling
Normalized Charter Earnings Analysis	Separation of one-off voyage outcomes from sustainable cycle-average TCE rates forms the critical normalization step for any income-approach vessel valuation. Forward Freight Agreement (FFA) curves are used to support medium-term assumptions.
Cost of Capital and Discount Rate Derivation	Market-participant WACC estimation using shipping-sector betas, capital structure analysis, and segment risk premiums. We ensure that the discount rate applied in the income approach is consistent with market participant assumptions and reconcilable with any concurrent impairment testing rate.
DCF and Enterprise Valuation	Multi-period cash flow modeling of charter income, voyage costs, dry-dock outflows, and residual scrap value, providing the income-approach cross-check on the market-approach conclusion and the primary basis for charter-backed asset valuations.
Valuation Reconciliation	Where market, cost, and income approaches diverge, we deliver a reconciliation memorandum identifying the source of divergence and the basis on which a concluded value is selected suitable for audit committee, board, and regulatory review.

THE EXPERTISE BEHIND THE ANALYSIS

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Maritime Market Expertise

Deep knowledge of freight markets, charter structures, classification society requirements, and S&P market dynamics across bulk carriers, tankers, containerships, gas carriers, RoPax, and specialized offshore tonnage, providing the market context that any defensible vessel valuation requires.

Dual-Discipline Approach

Our professionals combine P&M valuation credentials with maritime sector experience, avoiding the common failure to apply a generic cost approach to a market-driven asset class or, conversely, to treat ships purely as financial assets without the engineering and condition lens that fair value demands.

Audit-Ready Deliverables

Every engagement produces documentation structured to withstand auditor and counterparty scrutiny, with market data sources identified, assumption schedules provided, broker and S&P evidence appended, and methodology notes explaining every material judgment, not as afterthoughts.



About Uniqus Consultech:

Uniqus Consultech is an AI and global tech-enabled consulting company that specializes in Accounting & Reporting Consulting, Governance, Risk & Compliance, Sustainability & Climate Consulting, Tech Consulting, and Valuations. The Company is co-founded by consulting veterans Jamil Khatri and Sandip Khetan and backed by marquee investors such as Nexus Venture Partners, Sorin Investments, and UST.

Uniqus has a global team of 800+ professionals, led by 100+ Partners and Directors, across 13 offices in the USA, the Middle East, and India. The company serves more than 400+ clients, including marquee names in each of the markets it operates in.

Uniqus is committed to leveraging technology and an integrated global delivery model to provide best-in-class consulting services to its clients.

About Our Valuations Services:

Increasingly complex transaction structures, heightened regulatory and governance scrutiny, and the need for transparent financial reporting demand valuations that are both rigorous and reliable.

Our Valuations practice delivers a comprehensive suite of tech-enabled valuation solutions across the breadth of asset classes, supported by deep technical expertise, strong industry knowledge, and a nuanced understanding of accounting and regulatory requirements.

With an experienced team of valuation professionals, we partner with our clients to support them in all their valuation needs, including pre-deal support, dispute resolution, regulatory compliance, financial reporting, and post-acquisition support.

A Team That You Can Trust To Deliver



Kapil Bellubi
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Amitkumar Paunikar
Associate Director, Valuations



Rahul Tambitkar
Assistant Manager, Valuations

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