

## ASIA - EDITION

MARINE  
M O N E Y  
Asia

## INSIDE THIS ISSUE:

<i>Spore Shipping Reit's.</i>	1
<i>FSL does Evergreen sale-leaseback</i>	2
<i>Nordea launches \$510m refinance for Songa Shipholding</i>	3
<i>STI &amp; K&amp;W to finance SCI VLCC order</i>	3
<i>Investors welcome Dalian Port IPO</i>	4
<i>Worldyards takes off</i>	4
<i>Pareto hires David Palmer</i>	5
<i>Jefferies goes global</i>	5
<i>Deal Tables</i>	6
<i>Analyst Coverage</i>	7

## SINGAPORE SHIPPING REIT'S. CAN IT BE DONE?

Property reit's are a very successful business trust structure being used in Singapore attracting investors from both the local market but also from other Asian in Japan and Korea happy with steady single digit returns of 6-8%. As similar structures have been successfully used by the New York listed tanker companies we see that PIL in Singapore with the assistance of DBS is trying to do the first shipping reit raising \$100M through the planned IPO, Pacific Shipping Trust. The plan is to list 2<sup>nd</sup> half of April on the SGX and if they deal gets done we are sure to see plenty more to come to market.

We thought that we should give you a short overview of the structure provided to us from our friends at Asia Marine Capital. To get more information about the structure and how it can be done send an email to

[anders@asiamarinecapital.com](mailto:anders@asiamarinecapital.com)

- Investment's on assets injecting 40-60% of the asset value.
- Return of 6-8% (average return starting lower and increasing depending on tenor of asset employment)
- Assets will be shipping assets secured against charter commitments to reputable shipping companies.
- Redemption, investors will be allowed to sell the participation after an initial lockup period of 1 year.
- Tenor: Will vary but in general tenors will be in the range of 7 to 18 years.
- Final realization of initial investment will be regained upon sale of the asset. (any gain realized out of the

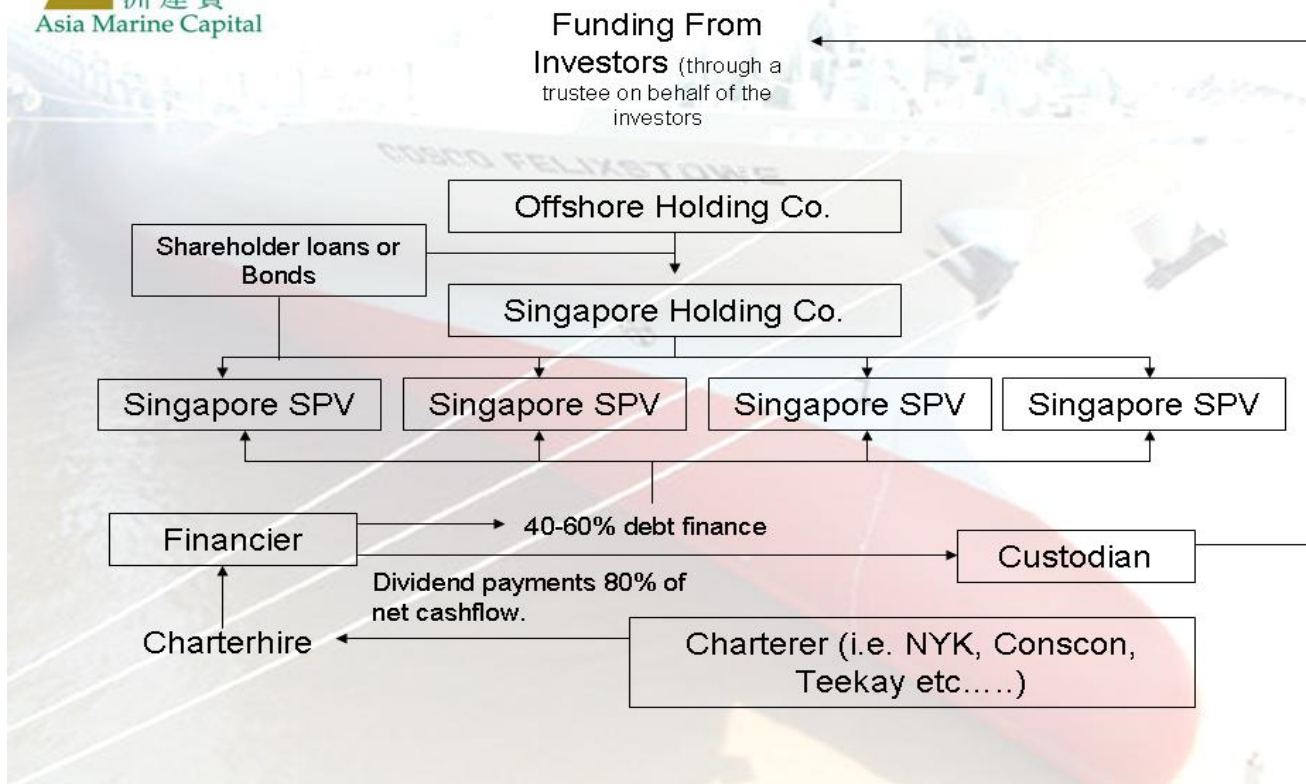
investment will be distributed to the investors.)

- The assets will be insured against loss of hire for a maximum period of 6 months, total loss of vessel, Protection and Indemnity, Pollution risks and War Risk insurance.
- The Trustee Manager (i.e. taking care of all issues between the charterer and the SPV's)
- There will be no other liability to the investors other than the investment.
- The vessel will be depreciated to an acceptable level according to historical values protecting the original investment when the investment is redeemable.
- In the event of any default a trustee will be appointed to look after the interest of the investors
- All legal documentation will either be under Singapore or UK Law.
- All cash flows will be positive after servicing debt (principal and Interest) and the yearly dividend payable to the investors.
- The cash flows are based on a fixed interest rate, However the interest rate to the banks will be floating. The excess cash flows generated over the years will be sufficient to increase interest rates (i.e. Libor) by up to a maximum Libor rate of 7 – 8% within 5-8 years.
- The excess cash flows are also used as a security buffer for any unforeseen increase in costs. The main cost factor and only variable is the interest exposure.

See next page for structure.



## Structure



## FIRST SHIP LEASE DOES DEAL WITH EVERGREEN

Singapore based leasing company First Ship Lease has concluded a sale-leaseback deal with Evergreen Marine of Taiwan. From the web site of FSL we can see they have taken the two sister container ships Ever Renown, built 1994 and 4,229TEU and the Ever Repute, built 1995 and 4,229TEU on a 10 year term. This latest transaction is another high quality deal in addition to the existing deals FSL has done as seen below. We are sure that following this transaction FSL will be quite busy doing more sale-lease back deals as this is evolving into the flavor of the year when it comes to financing structures for shipowners and investors.

Vessel Name/Type	Capacity	Built	Builder	Lessee	Lease Expiry
<b>Cumbrian Fisher</b> Product/Chemical Tanker	12,800 DWT	2004	Samho, South Korea	James Fisher, UK	2014
<b>Clyde Fisher</b> Product/Chemical Tanker	12,800 DWT	2005	Samho, South Korea	James Fisher, UK	2015
<b>Shannon Fisher</b> Product Tanker	5,000 DWT	2006	Damen Galati, Romania	James Fisher, UK	2016
<b>Solway Fisher</b> Product Tanker	5,000 DWT	2006	Damen Galati, Romania	James Fisher, UK	2016
<b>YM Subic</b> Container Ship	1,200 TEU	2003	Peene, Germany	Schoeller, Cyprus	2014
<b>Cape Falcon</b> Container Ship	1,200 TEU	2003	Peene, Germany	Schoeller, Cyprus	2014
<b>Ever Renown</b> Container Ship	4,229 TEU	1994	Mitsubishi, Japan	Evergreen Marine, Taiwan	2016
<b>Ever Repute</b> Container Ship	4,229 TEU	1995	Mitsubishi, Japan	Evergreen Marine, Taiwan	2016

## NORDEA LAUNCHES \$510M REFINANCE FOR SONGA SHIPHOLDING IN SINGAPORE

This week Nordea Bank as mandated lead arranger launched a \$510M refinance deal for Singapore based Songa Shipholding which is controlled by Norwegian shipowner Mr. Arne Blystad in Oslo. The financing will be for the existing chemical fleet as well as the chemical ships the company has on order. We here that the deal was very well received by the 10 local and international banks attending the meeting and expect the syndication to close soon.

This is a good sign for the ship finance industry in Singapore to see a syndicated deal of this size being

done here and it is also a testament to Nordea's goal of doing more larger syndications out of the SE Asia market, where bank appetite is growing substantially.

Vs. Name / Hull No.	Delivery	DWT	98% Cubic Capacity
TROGIR NB #315	Apr-07	46,190	52,400
TROGIR NB #316	Sep-07	46,190	52,400
TROGIR NB #317	Mar-08	45,999	52,400
TROGIR NB #318	Aug-08	45,999	52,400
TROGIR NB #319	Jan-09	45,999	52,400
TROGIR NB #320	Jun-09	45,999	52,400
SAMHO NB # 1057	Mar-07	12,800	13,760
SAMHO NB # 1073	May-07	12,800	13,760
SAMHO NB # 1074	Jul-07	12,800	13,760
SAMHO NB # 1080	Sep-07	12,800	13,760
SASAKI NB #664	Aug-08	11,500	12,500
SASAKI NB #665	Jan-09	11,500	12,500

Name	Built	DWT	98% Cubic Capacity
North Challenge	1998	12,181	13,265
North Contender	2005	19,700	22,800
North Fighter	2006	19,700	22,800
Songa Anabel	1980	42,662	42,619
Songa Aneline	1998	8,941	9,419
Songa Anette	1989	62,326	76,511
Songa Anne	1997	9,202	9,918
Songa Arctic	1991	23,400	26,421
Songa Defiance	2001	17,395	18,234
Songa Eva	1989	17,485	20,487
Songa Maya	1988	17,485	20,487
Team Anatas	1986	40,158	44,741
Team Anemonia	1995	40,296	44,641
Team Aniara	1985	40,738	50,110
Team Anja	1997	44,640	49,324
Team Leopard	1985	46,100	47,477
Team Mars	1982	42,010	44,868
Team Merkur	1981	42,010	44,868
Team Panther	1985	46,100	47,477
Team Saturn	1987	45,831	49,497
Team Tiger	1985	46,100	47,477

## STATE BANK OF INDIA, KfW TO FINANCE SHIPPING CORP. OF INDIA VLCC ORDER

There is still a lot of skepticism surrounding whether India will ever be as important to the global economy – and to shipping – as China is today, with lack of infrastructure development cited as one of the most common concerns. What we can say for sure, though, is that the trickle of global shipping news coming out of India has been growing steadily, and the country now boasts several world class shipping companies that have shown a definitive interest in working with the international financial community to achieve their desired growth.

Last week, for example, it was an-

nounced that government-controlled Shipping Corp of India had agreed to financing for 2 x 319,000 DWT VLCC newbuildings. The first ship, in a \$103 million deal with a 10-year term, is to be financed by the State Bank of India. The second ship, however, also in a \$103 million 10-year deal, is to be financed by KfW in conjunction with Citigroup and Nordea. This is the largest amount ever raised at one time by the Shipping Corp of India, the two largest VLCCs ever ordered under the India registry, and it is evidently indicative of a growing relationship between SCI and international ship finance community.

**ADVERTISE  
HERE**

**CONTACT  
PEDER BOGEN**

**E-MAIL**

[PBOGEN@MARINEMONEY.COM](mailto:PBOGEN@MARINEMONEY.COM)

## INVESTORS WELCOME DALIAN PORT IPO

Dalian Port's IPO was an unmitigated success in Hong Kong last week, with the support of UBS and BNP Paribas Peregrine. It was reportedly oversubscribed as much as 300x, coinciding with China

Central Bank's decision to allow some mainland institutions to invest in overseas stock markets. Hutchi-

son Port Holdings, PSA International, NYK Line and China Shipping were among the strategic investors understood to have taken a piece of the IPO, which raised approximately \$275 million.

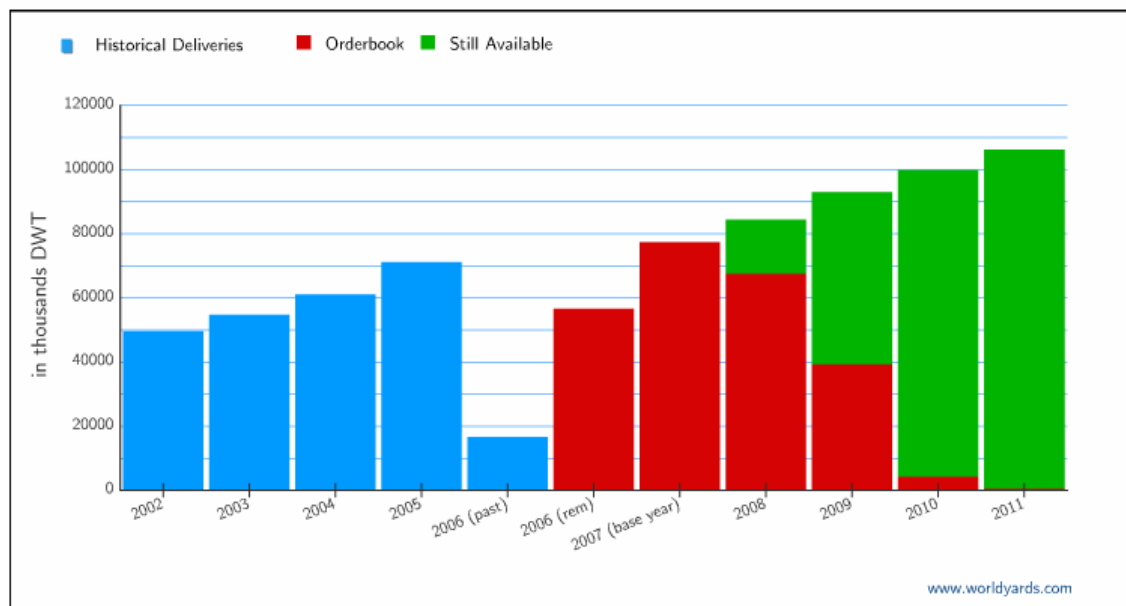
Pricing was in the realm of 15x 2006E earnings, and investor recep-

tion was so strong as to prompt Tianjin Port Development Holdings to target a multiple of 18-20x earnings for its planned Hong Kong IPO. Only about 10% of Dalian Port's shares were to have been sold to retail investors, with the other 90% institutional.

## WORLDYARDS TAKES OFF

Worldyards is a new shipbuilder atlas, orderbook listing and shipping statistics handbook all at the same time, fully integrated and dynamically updated (<http://www.worldyards.com>).

Apart from the informational value - which is arguably more accurate than alternative sources, it enables for the first time quantitative analysis on shipbuilding output capacity, productivity etc. Here is a table showing the Output developments worldwide as per worldyards' estimates. To get more info, Email, [wy@worldyards.com](mailto:wy@worldyards.com)



Year	Remainder of 2006	2007	2008	2009	2010	2011
Output Potential Estimates		77,360	84,396	92,920	99,802	106,226
Orderbook	56,333	77,360	67,415	39,088	3,979	290
Still Available		0	16,982	53,832	95,823	105,936
* Above numbers are in thousands DWT						
Rate of Increase in Estimated Output Potential (%) (Over Preceding Year)			9.10%	10.10%	7.41%	6.44%
Rate of Increase in Estimated Output Potential (%) (Over Base Year)			9.10%	20.11%	29.01%	37.31%

## PARETO HIRES DAVID PALMER & SETS UP SHOP IN SINGAPORE

Following the steady stream of ship finance professionals relocating to Singapore, leading Norwegian off-shore and shipping investment bank, Pareto Securities have hired Mr. David Palmer as MD for their established outfit in Singapore. Mr. Palmer has a long and impressive track record in shipping having worked for companies as Stolt-Nielsen and lastly the IMC group. He will be joined by Head of Shipping – Corporate Finance, Mr. Per Didrik Leivdal who will be relocating in August to grow Pareto's public and private equity business in Asia putting together shipping and energy related deals and initially sourcing the finance from New

York and London. Mr. Leivdal has been with the Pareto group since 1996 doing analysis in shipping, cruise and the fish-farm industry until 2003 when he started in the corporate finance group having been involved with transactions as Mr. John Fredriksen's sale of 10% share holding in Frontline Ltd., the SeaDrill acquisition of Smedvig ASA and PanFish's acquisition of Marine Harvest (Stolt Seafarm). The group plans on expanding the office with bringing in more staff from Oslo and also hiring from Asia.

*FL. Mr. Palmer & Mr. Leivdal celebrating the opening of Pareto's office in Singapore.*



## JEFFERIES GOES (MORE) GLOBAL

We understand that US investment bank Jefferies & Company has inked a joint venture agreement with Norwegian KS Ness, Risan & Partners. Although we have not spoken to either side about motivations for the transaction, we assume that the combination will make them a formidable competitor to Pareto, which cur-

rently offers both investment banking services and KS fund execution. The transaction comes at a time when Jefferies has opened an office in Singapore headed up by Brad Arbaugh, hired My Choi away from AMA to further develop the firm's Asian corporate finance activities, was successful in placing Omega in Singapore, and closed a bond deal

on behalf of a shipowner in the Far East. It appears that in a year where investment banking revenue looked set to decline for shipping transactions, Jefferies is investing heavily in leveraging its brand to serve shipowners in every part of the world.

## MARINE MONEY ASIA ENTERS JAPAN

Following our mission statement "bridging capital and shipping" we are entering the Japanese ship finance industry with the **1st ann. Japan Ship Finance Forum, May 31 at the Grand Hyatt Tokyo**. With our official partner SMBC (Sumitomo Mitsui Banking Corporation) we have put together a program covering market reports from industry experts on newbuilding and container ship market. The forum will focus on domestic and international finance opportunities for the local Japanese ship owners, but at the same time be an introduction to the Japanese ship finance market for companies who wish to understand how this unique market operates. Private equity and refinance opportunities for Japanese owners is also on the agenda. The forum will be concluded with a panel of leading Japanese and foreign LNG shipping owners who will be discussing JV issues and commercial aspects of the Japanese LNG sector today. To view the detailed program and registration information please visit our web site using the following link

<http://www.marinemoney.com/forums/JAP06/index.htm> or send an email to us at [conferences@marinemoney.com](mailto:conferences@marinemoney.com)

# MARINE MONEY DEAL TABLES (SELECTED AS OF JAN 2006)

## BANK DEBT

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
EUKOR	DnBNOR	\$116	2xPCC newbuildings
EUKOR	Korea Development Bank	\$58	PCC newbuilding
EUKOR	Kookmin Bank	\$158	\$100M for refinance and \$58 for PCC newbuilding
Daeyang Shipping	Hana Bank	\$15	General corporate purposes
Hanjin Shipping	ING & Woori Bank as arrangers	\$55	Container box financing
Songa Shipholding	Nordea as lead arranger	\$510	Refinance of Chemical fleet
Vitranschart	Natexis	\$15	Acquisition of second hand bulk carrier
Korea Line	Citigroup as bookrunner, Bank of Nova Scotia, ING Bank, United Overseas Bank, Sumitomo	\$400	Financing for 2 x LNG newbuildings at L+50
Cido Shipping Group	Sumitomo Mitsui Banking Corp	\$240	10-year term; first Japanese-led international shipping syndicate
Cosco Container Lines	BNP Paribas, Bank of China, Societe General, ING	\$466	Financing for 8 containerships
Hanjin Shipping	Unnamed domestic	\$206	Financing for 4 x 4,300 teu containerships with November delivery
China Shipping Development	Citibank, HSH Nordbank, DnB	\$52	Funding for company's shipbuilding plans
Korea Gas Corp	Citibank, Korea Development Bank	\$800	Funding for LNG JV; each bank extends half of financing
DP World	Barclays, Deutsche Bank	\$6,500	Debt financing for intended P&O acquisition

## EQUITY

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
Pacific Shipping Trust	DBS	\$100	Shipping reit to be listed in SGX	In progress
Vietnam Ocean Shipping Agency (VOSA)	Unknown	\$11	Ho Chi Minh City IPO of 38.55% stake; 8x over subscribed	Done
China Shipping Group	BNP Paribas Peregrine	Undetermined	Hong Kong listing of dry bulk assets	Withdrawn
Omega Navigation	Jefferies, JP Morgan	Up to \$290	12,000,000 share IPO in NY & Spore at \$17 per share	Done
Pacific King Shipping	UOB Asia	Undetermined	Planned April IPO in Singapore	In progress
Berlian Laju	Deutsche Bank, UBS	\$125-\$150	Planned Spring 2006 listing in Singapore	In progress
ASL Marine	Kim Eng Securities	\$12	Planned placement of 30,000,000 new shares at S\$0.68 each	In progress
Shreyas Shipping	Unknown	\$8	Global Depository Receipts for sale by Indian company; to be listed on Luxembourg Stock Exchange	In progress
Azuma	Nomura Securities	\$10	Planned Tokyo IPO by Japanese logistics and warehousing venture with marine interests	In progress
National Chemical Carriers (NCC)	Unknown		Flotation of 30% stake by parent NSCSA	Early stages

# ANALYST COVERAGE

Shipping company	Securities firm	Rating	Price target*	Price on report date	Nature of report	Date issued
Arpeni Pratama	DBS Vickers	Strong Buy	Rp990	Rp700	Update	18-Oct
Berlian Laju	DBS Vickers	Strong Buy	Rp1,300	Rp1,300	Update	2-Jan
Berlian Laju	Kim Eng	Buy	Rp1,600	Rp1,300	Update	2-Jan
Berlian Laju	CIMB	Outperform	Rp1,040	Rp1400	Update	2-Jan
Berlian Laju	UBS	Buy	Rp1,330	Rp1,040	Update	4-Jan
China Shipping Devt	DBS Vickers	Fully Valued	HK\$6.15	HK\$6.00	Update	18-Oct
China Shipping Devt	Morgan Stanley	Underweight	HKD 5	HKD 5	Update	22-Dec
COSCO Corp	DBS Vickers	Buy	S\$2.83	S\$2.44	Update	8-Nov
COSCO Singapore	JPMorgan		S\$2.69	S\$2.46	Update	9-Nov
CSCL	Citigroup	Sell / Medium Risk	2.1	3.0	Update	26-Sep
CSCL	DBS Vickers	Fully Valued	HK\$3.15	HK\$2.93	Update	18-Oct
CSCL	Morgan Stanley	Equal-weight	HK\$2.98	HK\$2.93	Update	14-Oct
Evergreen	Citigroup	Sell / Medium Risk	18.0	21.0	Update	26-Sep
Ezra Holdings	DBS Vickers	Hold	S\$1.77	S\$1.48	Update	18-Oct
Great Eastern	Morgan Stanley	Overweight	Rs239	201.00	Update	12-Oct
Great Eastern	Citigroup	Hold	Rs248		Initiation	8-Feb
Hanjin	Citigroup	Sell / High Risk	16,000	24,150	Update	26-Sep
Jaya	DBS Vickers	Buy	S\$1.52	S\$1.26	Update	18-Oct
Jinhui Shipping	Pareto	Reduce	NOK 15.5	NOK 16.2	Update	28-Dec
Jinhui Shipping	ABG Sundal Collier	Sell	USD 1.80	USD 2.2	Update	1-Mar
Kawakaki Kisen	Morgan Stanley	Underweight	JPY 764.00	NOK 742.0	Update	22-Dec
Labroy Marine	DBS Vickers	Buy	S\$1.28	S\$0.95	Update	18-Oct
MISC	DBS Vickers	Fully Valued	RM8.60	RM9.55	Update	18-Oct
NOL	Citigroup	Sell / Medium Risk	2.50	3.08	Update	26-Sep
NOL	DBS Vickers	Fully Valued	S\$3.36	S\$3.02	Update	18-Oct
NOL	Morgan Stanley		S\$3.20		Update	4-Nov
NOL	Pareto	Hold	SGD 2.7	SGD 2.9	Update	30-Nov
OOIL	Citigroup	Sell / High Risk	20.0	28.7	Update	26-Sep
OOIL	DBS Vickers	Hold	HK\$34.00	HK\$27.80	Update	18-Oct
Pacific Basin	Macquarie	Outperform	HK\$4.52	HK\$3.85		23-Aug
Pacific Basin	Goldman Sachs	Outperform	HK\$5.00	\$3.72		4-Aug
Pacific Basin	CSFB	Outperform	HK\$4.50	\$3.72		3-Aug
Pacific Basin	Cazenove	Outperform	\$4.30	\$3.98	Update	6-Mar
Pacific Basin	DBS Vickers	Buy	\$4.50	\$3.98	Update	7-Mar
Pacific Basin	UBS	Buy 2	\$0.64	\$0.51	Update	7-Mar
Precious Shipping	Macquarie	Outperform	THB54.95	THB48.24		23-Aug
Precious Shipping	DBS Vickers	Hold	THB52.00	THB41.25	Update	18-Oct
Regional Container Lines	DBS Vickers	Buy	THB42.00	THB32.50	Update	18-Oct
Samudera	DBS Vickers	Buy	S\$0.60	S\$0.59	Update	18-Oct
Shipping Corp of India	Morgan Stanley	Underweight	130.00	156.40	Update	12-Oct
STX PanOcean	Macquarie	Outperform	S\$1.30	S\$1.08		23-Aug
STX PanOcean	CSFB	Outperform	S\$1.10			3-Aug
STX PanOcean	DBS Vickers	Sell	S\$0.84	S\$0.93	Update	18-Oct
STX PanOcean	Goldman Sachs	Outperform	S\$1.40	S\$0.92	Update	17-Oct
Thoresen Thai	Macquarie	Outperform	THB40.20	THB35.51		23-Aug
Wan Hai	Citigroup	Sell / Medium Risk	19.0	24.0	Update	26-Sep
Yang Ming	Citigroup	Sell / High Risk	16.0	20.9	Update	26-Sep

Marine Money Asia Pte Ltd.

140 Cecil Street, #16-00  
PIL Building  
Singapore, 069540

Phone: +65 6222-9456  
Fax: +65 6491-5563  
Email:  
pbogen@marinemoney.com

*This document may be photocopied by license only. Electronic or physical reproduction in whole or in part is strictly prohibited, even for internal purposes. To learn more about subscribing, please contact us via your preferred medium at the office listed above.*

*While Marine Money has taken great care in the production of this publication, no liability can be accepted for any loss incurred in any way whatsoever by any person who may seek to rely on the information contained herein.*

**Marine Money** is the premier provider of maritime finance transactional information and maritime company analysis. Relied upon by shipowners, financiers, investors, ship managers, brokers, lawyers and accountants for the past 20 years, Marine Money International has bridged the gap between shipowners and the international capital markets. Our goal is to make you money, save you money and provide access to investment opportunities and capital.

### Publications

Through our bi-monthly magazine, Marine Money, and our weekly internet newsletter, we give you in-depth analysis of the latest deals, including structures, pricing and financing techniques used as well as details on the lenders, principals and investors involved. From single ship transactions to capital markets financing, we at Marine Money are in the market every day learning everything we can for our readers who are interested in capital formation for maritime transportation.

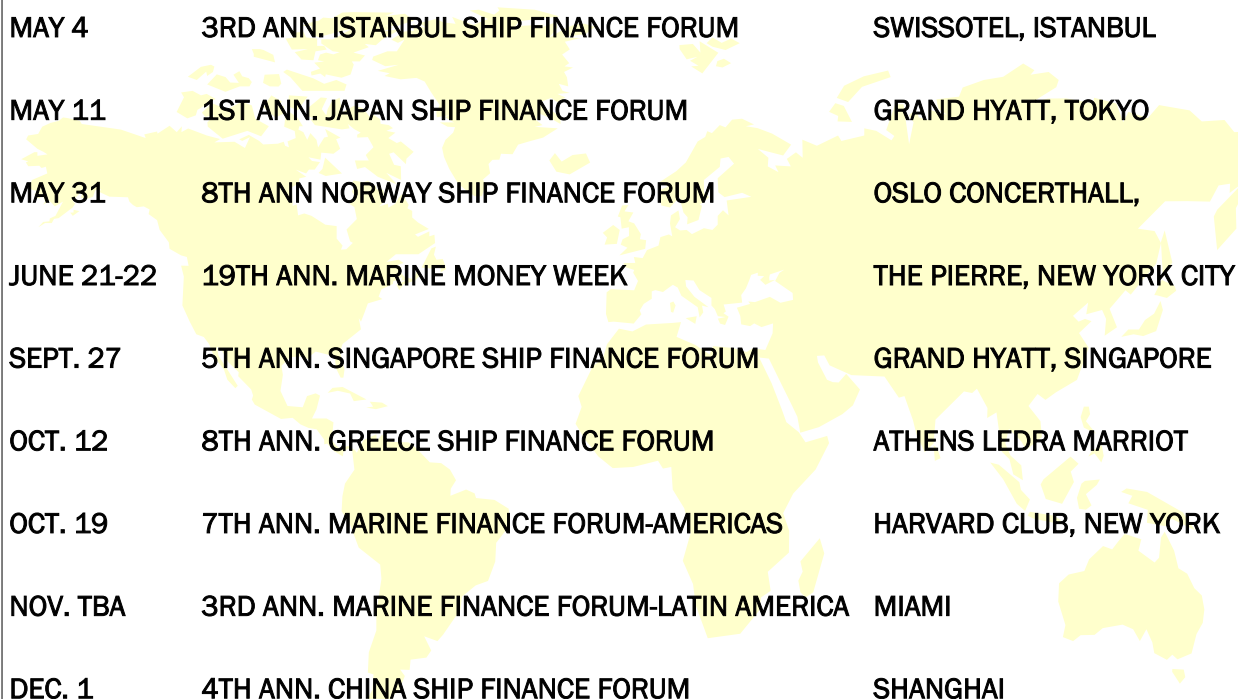
### Forums

As the premier provider of ship finance news, data and analysis, Marine Money hosts the industry's most important ship finance forums and seminars throughout the world. Whether we are in New York, London, Piraeus, Hong Kong, Oslo or anywhere else where the formation of capital for shipping is taking place, Marine Money conferences provide the most educational and best networking opportunities available in the industry.

### Consulting

Marine Money has extensive experience representing both shipowners and providers of capital in vessel financing transactions. On a project specific basis, we provide shipowners with list of the most suitable lending partners in the marketplace at any given moment based on comparable transactions recently completed. We are able to provide this service using our extensive industry contacts in conjunction with Marine Money's Transaction Watch database. In addition, Marine Money has a capital markets advisory service through which we advise hedge funds and other institutional investors in doing company research and due diligence.

## FORUM SCHEDULE 2006



MAY 4	3RD ANN. ISTANBUL SHIP FINANCE FORUM	SWISSOTEL, ISTANBUL
MAY 11	1ST ANN. JAPAN SHIP FINANCE FORUM	GRAND HYATT, TOKYO
MAY 31	8TH ANN NORWAY SHIP FINANCE FORUM	OSLO CONCERTHALL,
JUNE 21-22	19TH ANN. MARINE MONEY WEEK	THE PIERRE, NEW YORK CITY
SEPT. 27	5TH ANN. SINGAPORE SHIP FINANCE FORUM	GRAND HYATT, SINGAPORE
OCT. 12	8TH ANN. GREECE SHIP FINANCE FORUM	ATHENS LEDRA MARRIOT
OCT. 19	7TH ANN. MARINE FINANCE FORUM-AMERICAS	HARVARD CLUB, NEW YORK
NOV. TBA	3RD ANN. MARINE FINANCE FORUM-LATIN AMERICA	MIAMI
DEC. 1	4TH ANN. CHINA SHIP FINANCE FORUM	SHANGHAI