

THE WEEK IN REVIEW

SPACs have been trendy for awhile, but their activity in shipping in July has been almost unprecedented. Whether this speaks to the value of the way SPACs mimic the private equity model for public investors, the advantages that come with “shopping” for a fleet or specific vessels over simply going with the ones that are available in an IPO, or simply to the fact that the shipping markets are a lot healthier than the public equity markets is anyone’s call. Regardless the fact is that **Navios Maritime Acquisition** raised \$223 million in a successful IPO barely more than a week ago, **First Class Navigation** filed an update to its F-1 statement this week, **Seanergy** shareholders are preparing to vote on a deal with the **Restis** family, **Marathon Acquisition Corp** filed a proxy statement this week for the acquisition of **CMA-CGM’s Global Ship Lease** and **Energy Infrastructure Acquisition Corp** filed a proxy statement this week for a deal with **Fred Cheng**. The SPAC appears to be the new black.

Before diving into Seanergy’s deal with Restis, due for a vote on July 30, we take a quick look at the debt markets. **HSH Nordbank** completed a EUR132 million financing this week for **Tallink Grupp**’s newly delivered deluxe ferryboat the MS Baltic Princess. **Nordea**, **SEB** and the **European Investment Bank** (EIB) all participated in the deal, which financed 80% of the EUR 165 million project costs for the ship. The deal represented EIB’s first commitment in the structured finance program for the Estonia region.

Dresdner Kleinwort and **Deutsche Schiffsbank** acted as joint bookrunners and mandated lead arrangers for a \$126 million term loan for **Hansa Treuhand Schiffsbeteiligungs AG** to finance two 4,250 TEU container vessels on order. The deal includes three years of pre-delivery and fifteen years of post delivery financing.

Dealogic released its 1H2008 Global Shipping League Tables for syndicated loans this week. Reported deal volume of \$33.9 billion reflects only a slight fall from the \$36.2 billion in shipping syndicated loans reported at the end of 1H2007. The number of deals remained fairly consistent, moving to 127 in 1H2008 versus 130 in 1H2007. **Nordea** was the clear leader as both bookrunner, at \$7.6 billion, and MLA, at \$4.2 billion. **DnB**, typically neck and neck, landed as second place in the bookrunner category at \$3.5 billion while **HSH Nordbank** took the second place category in the MLA category at \$3.6 billion, narrowly topping DnB’s \$3.4 billion. **ING** and **Fortis** had the next strongest showings. Top 20 lists are shown on the following page.

SEANERGY SEEKS SYNERGY WITH RESTIS

When a SPAC files its proxy statement prior to a shareholder vote on the acquisition of a target, the public is presented with a rare view into the inner workings of a M&A deal. Making matters more interesting, in shipping SPACs frequently choose to acquire more complex companies than typically are seen in IPOs, likely attributable to the fact that SPAC shareholders have more commitment to the deal and more time for careful diligence and value identification than potential IPO investors get to engage in during roadshow meetings.

That said we thought we’d take a more careful look at **Seanergy**’s proxy statement before the company’s July 30 shareholder vote and shed some light on what at first glance is a rather complex set of transactions. Seanergy went public in September 2007 to raise \$220 million in a blank check IPO led by Maxim Group. The deal was sponsored by **Georgios Koutsolioutsos** and **Panagiotis** and **Simon Zafet**, who took a 20% stake in the SPAC for an initial \$25,000 investment plus \$13.5 million in warrants purchased through a private placement. Beginning next week the company will be holding presentations for current and interested shareholders regarding its proposed acquisition.

In May 2008 the company announced a proposed transaction whereby Seanergy would acquire six dry bulk carriers from the **Restis** family for \$395 million. The acquisition agreement allows for a potential earn-out if certain EBITDA hurdles are met of an additional \$43 million payable in the form of common shares and based on the period from October 2008 through September 2009, concurrent with the expiration of charters to Restis affiliate **South African**

Dealogic Top 20 Bookrunner Table - Syndicated Shipping Loans				
1H 2008				
Rank	Bookrunner	Amt (\$m)	No.	% share
1	Nordea	7,676	26	22.6
2	DnB NOR	3,532	17	10.4
3	ING	2,537	9	7.5
4	Fortis	1,797	9	5.3
5	Calyon	1,644	4	4.9
6	HSH Nordbank	1,490	5	4.4
7	Citi	1,298	2	3.8
8	BNP Paribas	1,148	7	3.4
9	Deutsche Bank	1,075	2	3.2
10	RBS	808	4	2.4
11	Dresdner Kleinwort	746	5	2.2
12	Banc of America	668	2	2.0
13	Wells Fargo & Co	550	1	1.6
14	Sumitomo Mitsui Banking Corp	403	8	1.2
15	Danske Bank	375	1	1.1
16	HSBC	341	2	1.0
17	Woori Finance Holdings Co	233	2	0.7
18	Capital One Financial Corp	200	1	0.6
19	Natixis	186	1	0.6
20	DZ Bank	155	1	0.5
	Total	33,910	127	100.0

Dealogic Top 20 Mandated Arranger Table - Syndicated Shipping Loans				
1H 2008				
Rank	Mandated Arranger	Amt (\$m)	No.	%share
1	Nordea	4,237	34	12.5
2	HSH Nordbank	3,668	20	10.8
3	DnB NOR	3,401	28	10.0
4	Fortis	2,819	20	8.3
5	ING	2,295	20	6.8
6	BNP Paribas	1,834	16	5.4
7	RBS	1,404	9	4.1
8	Calyon	1,184	9	3.5
9	Danske Bank	1,131	4	3.3
10	Deutsche Bank	897	4	2.7
11	DZ Bank	864	9	2.6
12	Dresdner Kleinwort	847	8	2.5
13	Citi	775	3	2.3
14	HSBC	744	5	2.2
15	UniCredit	643	6	1.9
16	SEB	529	4	1.6
17	Banc of America	509	3	1.5
18	Mitsubishi UFJ Financial Group	496	3	1.5
19	JPMorgan	495	2	1.5
20	Svenska Handelsbanken	493	4	1.5
	Total	33,910	127	100.0

Fleet to be Purchased									
Vessel Name	DWT	Year Built	Class	Year Built	Sale Dates	Avg price/DWT	# of transactions	Class	Implied Valuation
MV African Oryx	24,110	1997	Handysize	1997	1/1/08 - 5/6/08	\$1,419	3	Handysize	\$34.2
MV African Zebra	38,623	1985	Handysize	1985	1/1/08 - 5/6/08	\$885	3	Handysize	\$34.2
To Be Named	53,800	2008	Handymax	2008	11/12/2007	\$1,453	1	Handymax	\$78.2
To Be Named	53,800	2008	Handymax	2008	11/12/2007	\$1,453	1	Handymax	\$78.2
MV Hamburg Max	72,338	1993	Panamax	1993	8/24/2007	\$1,701	1	Panamax	\$123.0
MV Bremen Max	73,503	1994	Panamax	1994	8/24/2007	\$1,701	1	Panamax	\$125.0
	316,174					\$1,495			\$472.8

Source: Company prospectus

Marine Corporation. The initial \$395 million includes \$28.3 million that will be paid in the form of a 2-year promissory note payable at LIBOR and convertible into common stock at a price of \$12.50 per share. The Restis family has already purchased 50% of Seanergy's founders' equity and 50% of the aforementioned private placement warrants from the Messrs. Zafet. At present 13.1% is in the hands of Mr. Koutsolioutsos, 13.1% in the hands of the Restis family and the rest belongs to the public.

In addition to the six vessels with an average age of 10.5 years, Seanergy also gets a right of first refusal to purchase an additional two vessels in 2009. The acquisition will be funded with \$231 million from the trust account (out of anywhere from \$146-\$227 million depending on how many holders vote against the acquisition and choose to redeem their shares for cash) and the promissory note as well as bank debt. As for debt funding **Marfin Egnatia Bank** has committed to provide a \$165 million term loan to fund 42% of the cash portion of the purchase price. The seven year loan is to be repaid in 28 consecutive decreasing quarterly installments plus a \$50 million balloon at the end. It is priced at 150 basis points over LIBOR, with the spread subject to increase to 175 basis points in the event the ratio of total assets to total liabilities falls below 165%. Marfin Egnatia has also committed to a \$90 million revolving facility for investment and working capital purposes, including the acquisition of up to 8,085,000 Seanergy shares to cover any shareholders who choose to exercise their redemption rights.

Seanergy Acquisition Valuation Comparables								
Company Name	Market Cap	TEV/EBITDA		PE		Price/NAV	Dividend Yield	
		2008	2009	2008	2009			
Diana Shipping	\$2,903.6	11.4x	12.1x	13.4x	14.4x	170%	6.20%	
Eagle Bulk Shipping	\$1,668.8	16.6x	10.9x	19.8x	12.8x	111%	5.60%	
Genco Shipping & Trading	\$2,442.6	10.2x	8.7x	12.1x	10.2x	142%	4.80%	
OceanFreight	\$365.8	7.0x	7.5x	10.3x	11.1x	101%	12.20%	
Paragon Shipping	\$544.2	8.4x	7.6x	10.8x	8.9x		8.30%	
Star Bulk Carriers Corp.	\$596.9	4.9x	4.1x	9.7x	7.1x		10%	
High	\$2,903.6	16.6x	12.1x	19.8x	14.4x	170%	12.20%	
Mean	\$1,420.3	9.7x	8.5x	12.7x	10.7x	131%	7.80%	
Median	\$1,132.8	9.3x	8.1x	11.4x	10.7x	127%	7.20%	
Low	\$365.8	4.9x	4.1x	9.7x	7.1x	101%	4.80%	
Company — Excluding Earn-out*	\$234.5		4.4x		18.4x	72%	12.50%	
Company — Including Earn-out**	\$277.6		4.9x		19.5x	86%	12.50%	

*Axiom's projections (based on information received from the management of SRG). Represents the value of the assets being purchased and not the pro forma SRG, post the Transaction.

**Includes the earn-out payment, of 4.3 million shares of SRG's common stock.

Source: Company prospectus

The new company looks to combine the Restis family's expertise in shipping with the Koutsolioutsos family's expertise in running a global publicly listed company and intends to pursue an aggressive acquisition program that would double the size of the fleet by 2011. It sees this program to be funded with \$350 to \$500 million in additional liquidity through the capacity to take on further leverage as well as the exercise of warrants. Restis affiliates **Enterprises Shipping & Trading** and **Safbulk** will provide, respectively, technical and commercial management.

SPACs pride themselves on their ability to find value, and this deal appears to be no exception based on a fairness opinion provided by **Axiom**. Axiom valued the deal around 4.9x TEV/2009E EBITDA assuming the earn-out was paid – and just 4.4x TEV/2009E EBITDA without the earn-out – versus a comparable company average of 8.5x. However on a 2009 P/E basis Axiom estimates that Seanergy's acquisition is costing in the range of 18.4-19.5x against a comparable company average of 10.7x. The difference can be attributed largely to sizeable D&A expenses anticipated at around \$25 million in the company's first fiscal year, which lead to an EBITDA margin of around 76% versus a net income margin closer to 31%. Axiom estimates the acquisitions P/NAV ratio at between 72% and 86%, depending on whether the earn-out is paid, versus a comparable company average of 131%. This is based on a valuation report provided by **Associated Shipbroking** and represents a sizeable discount, particularly for a dry bulk company. Seanergy also forecasts a 12% dividend yield for its first fiscal year versus a peer group average of 8.4%. This is in addition of course to any share price appreciation that would occur and value realized by shareholders through the exercise of warrants.

Seanergy views positively the diversity of the target fleet in terms of vessel type, size and age, the charter parties which it considers to be on positive terms, and the alignment of the interests with Restis as both manager and investor. **Maxim Group** is advising Seanergy on the acquisition and is to receive a success fee in the amount of 0.87% upon the completion of the transaction, while a finders' fee of 0.50% is payable to an unaffiliated third party.

Background to the Transaction

Seanergy isn't up against any walls to make its acquisition, with its deadline extending well into 2009. Nevertheless the company did not waste much time after its September 2007 IPO. In early February of 2008, president Georgios Koutsolioustos and CFO **Alexios Komninos** met with **Victor Restis** to discuss potential business opportunities. This was around the same time a potential deal between Restis interests and **Excel SPAC Oceanaut** was withdrawn. The basic structure of the deal was in mind from the start, with Mr. Restis proposing a potential transaction involving the sale of a fleet of both newly constructed and secondhand vessels for a combination of cash, equity and debt. In early May Mr. Restis contacted the Messrs. Zafet regarding a purchase of their founding shares and placement warrants which would ultimately result in members of the Restis family replacing the Zafets as insiders of Seanergy.

However throughout this time Seanergy was also considering alternatives, three to be exact, in various sectors of shipping including panamax tankers, container vessels and dry bulk carriers. Seanergy got as far as signing a non-binding letter of intent in February with **Paradise Tankers Corp/Heidmar Inc.** for the acquisition of five panamax tankers and two panamax dry bulk carriers. The letter was only terminated in May, when the sellers decided not to sell due to market conditions, one day, as it happens, after Mr. Restis approached the Zafets regarding the purchase of their interests.

EUROSEAS – ON THE SHELF

Last week, **Euroseas Ltd.** filed a shelf registration to raise, from time to time, up to \$400 million through the sale of common shares, preferred shares, debt securities, warrants, purchase contracts and units.

In addition, the registration statement allows for the secondary offering of an aggregate of 9,955,879 common shares acquired prior to the IPO by selling shareholders whose beneficial owners are members of the **Pittas** family. Proceeds from this offering will go solely to the selling shareholders. Based upon the then current price as of July 1st of \$12.51, gross proceeds would amount to approximately \$125 million.

The company intends to use the proceeds to make vessel acquisitions and for capital expenditures, repayment of indebtedness, working capital and general corporate purposes.

Eurosea's financial condition is better than sound. With \$104.1 million in cash, as of December 31st, the company's net debt position is negative. Looking at leverage, long-term debt to equity is a very conservative 21%, leaving room for further debt issuance. The timing of the registration statement certainly seems propitious.

MARINE MONEY ASIA WELCOMES NEW SALES MANAGER

Marine Money Asia is pleased to announce the addition of **Ng Teck Wee** as our new Sales Manager. Teck Wee has been a part of the shipping industry since 2004. He was previously involved in several roles including project management, bunker trading and ship broking covering international markets in the Asia Pacific region. He graduated with a Bachelor of Science degree, major in Statistics from the National University of Singapore in 2001. This was followed by a Diploma in Shipbroking from The Institute of Chartered Shipbrokers, UK in 2004, a Graduate Certificate in Risk Management from Monash University in 2005 and Graduate Diploma in Human Capital Management from Singapore Human Resource Institute in 2006. His responsibility will be in business development and formulation of branding strategies for the Asia team as well as managing corporate relations with our existing clients.

At the same time, we bid farewell to our Managing Director **Peder Bogen** who has spent eight years with Marine Money. Peder has played an important role in growing our business in Europe and Asia. He will be taking up the position as Vice President, Syndicated Loans in **Nordea** Singapore with effect from August 15. We wish him the best of luck in his new appointment.

DEUTSCHE SCHIFFSBANK BIDS FAREWELL

Deutsche Schiffsbank bids farewell to **Jürgen Bentlage**, who will be retiring with effect August 31, 2008 from his position as Speaker of the Board of Managing Directors, having reached the appropriate age earlier this year. **Ulrich Ellerbeck**, currently a member of the Board of Managing Directors, will be taking on Mr. Bentlage's responsibilities in addition to his current tasks while the search for Mr. Bentlage's replacement is ongoing. **Malte Schulte-Trux**, Deputy General Manager for North America and Europe, has also left Deutsche Schiffsbank to take up a position with **HCI** as Head of International Projects.

BANK DEBT DEAL TABLE

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
Seanergy	Marfin Egnatia Bank	\$165	Secured term loan at L+150-175
Seanergy	Marfin Egnatia Bank	\$90	Revolving credit facility at L+225
Hansa Treuhand Schiffsbeteiligungs AG & Co.	Dresdner Kleinwort, Deutsche Schiffsbank AG	\$126	Term loan to finance 2x 4,250 TEU containerships; 3 years pre-delivery- and 15 years post-delivery-financing
AS Tallink Grupp	HSH Nordbank, Nordea Finland, Skandinaviska Enskilda Banken, European Investment Bank	\$208	To finance one of the largest ferries traversing the Baltic Sea, delivered July 2010
Neptune Orient Lines		Up to \$7,000	Concurrent with rumoured bid for Hapag-Lloyd, a deal that would form the world's 3rd largest container shipping group
DryShips	Dresdner Kleinwort, WestLB	\$80	7.5 year post-delivery term loan for capesize vessel
Eitzen Maritime Services	Nordea, Kaupthing	\$50	To fund Seven Seas acquisition; priced at L+3.25%
Yantai Raffles Shipyard	ABN AMRO as mlas and bookrunner	\$125	3 year credit
STX Pan Ocean	BNP Paribas and Fortis	\$167	12 year loan to finance a LNG vessel
COSCO Pacific Shipping	BNP Paribas and Mizuho Corporate Bank	\$97	10 year revolver

EQUITY DEAL TABLE

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
Svithoid Tankers		\$9	Rights issue; Additional \$10 million second tranche expected to be raised in 2009	Announced
Frontline	Carnegie, Fearnley Fonds, DnB NOR, Dahlman Rose	\$210	3 million new shares at NOK 37 per share	Priced
Navios Maritime Acquisition	JP Morgan, Deutsche Bank, S. Goldman Advisors	\$253	25.3 million share SPAC sponsored by Navios at \$10 per share ; Overallotment of 3.3 million shares exercised	Done
Far Eastern Shipping Co (FESCO)		\$767	Plans to sell 590.25 m new shares or 25% of its share capital to fund acquisitions	In Progress
Eitzen Maritime Services	Fondsfinans ASA, Kaupthing ASA, Orion Securities AS	\$50	The Private placement at NOK 3.0 per share, fully underwritten by Camillo Eitzen & Co., to fund acquisition of Seven Seas Shipchanders	In Progress
Seawell	Pareto, DnB NOR Markets	\$39	Private placement of 10 million shares at NOK 19.50/share to part finance the company's recent acquisitions and for working capital	Done
Teekay Offshore Partners	Citi, Merrill Lynch, Lehman Brothers	Up to \$162	Follow-on offering of 7million untis	Priced
Britannia Bulk	Goldman Sachs, Banc of America, Dahlman Rose, Oppenheimer	Up to \$144	NYSE IPO priced below range at \$15 per share	Priced
Trico Marine	Lazard for Trico, Carnegie for Deep Ocean	\$126	20 m new shares in DeepOcean at NOK 32 per share, the value of the offer price and announced dividend combined represents a premium of 28%	In Progress
Wah Kwong Maritime Transport	Cazenove and Anglo-Chinese	Up to \$150	Seeking to relist in Hong Kong	In Progress

BOND DEAL TABLE

Borrower	Arrangers / Advisors	Amount (US\$ M)	Interest Rate	Maturity	Purpose / Remarks	Status
Grupo TMM		\$418		2028	3rd tranche of Mexican Trust Certificates for vessel purchases	Issued
Master Marine	DnB NOR	EUR 60	3MEURIBOR +12%	2011	Senior secured 2nd priority pledge	In Progress
Trico Marine	Lazard	\$300	6.50%	2028	Senior convertible debentures	In Progress
Noble Group	Citi and JP Morgan	\$500	8.5 - 8.75%	2013	For general corporate funding	In Progress
Swire Pacific	HSBC and JP Morgan	\$500	6.25%	2018	For general corporate funding	Done

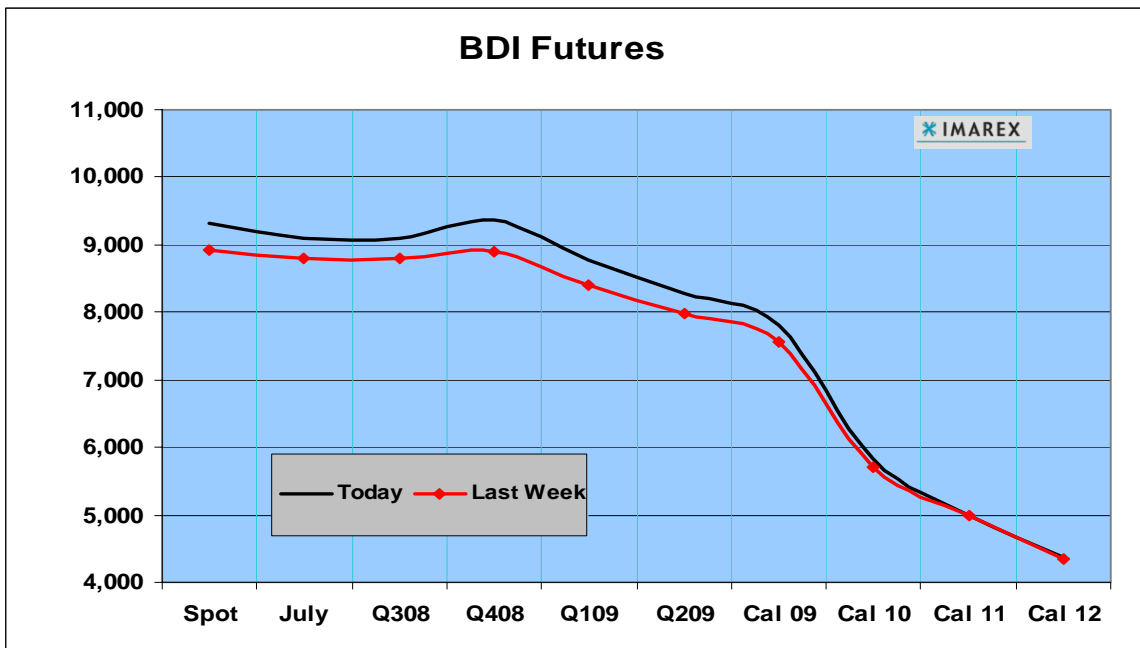
LEASE DEAL TABLE

Lessee	Lessor(s)/Advisor(s)	Amount (US\$ M)	Structure / Pricing / Comments
Pemex	ICP Capital		Purchase and 10 year bareback of 2x MR product tankers with purchase option at end
Chang Myung	Koenig/Scorpio	\$119.50	Sale and leaseback of 2008-built 170,000 dwt bulker for 5 years at \$48,000/day
Teekay Corporation	OPCO	\$106	Plus assumption of \$90m debt for 2x 2008-built lightering tankers on 10 year fixed rate charter to Teekay JV Skaugen PetroTrans
Yang Ming Marine Transport	First Ship Lease	\$210	12 yr bareboat charter of 3x 4,250 teu container vessels with purchase options
Seadrill	Ship Finance International	\$850	15-yr sale and bareboat back of ultra deepwater drillship; Two fixed price purchase options after 51 months and 15 years;

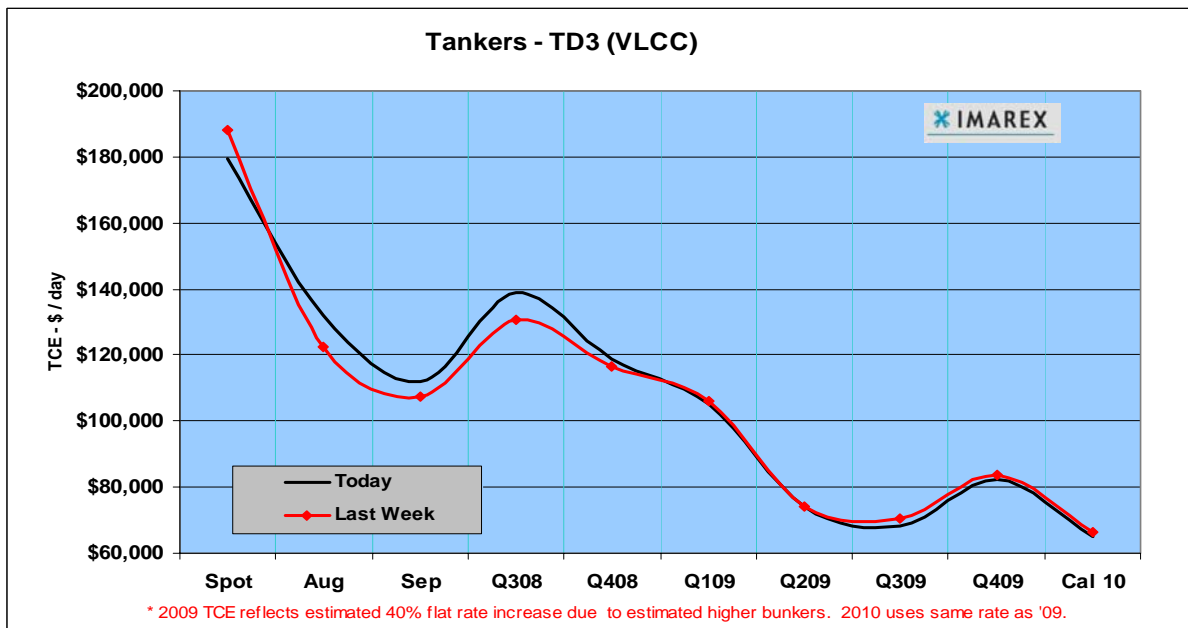
M&A AND JOINT VENTURE DEAL TABLE

Acquirer, New Partners, Parent Seller, or JV	Advisors	Amount (US\$ M)	Target / New Company or Partners	Comments
Teekay	DnB NOR Markets		Remaining 5.2% of Teekay Petrojarl	Excercised right to effect compulsory acquisition at \$11.54/share
Newport Holdings	Jefferies, Noble	\$136	Global Oceanic Carriers	Privatization by Tsartsinis-affiliate for 170 p/per share, circa 29% premium
Aries Maritime	Merrill Lynch			Concluded review of strategic alternatives
Bocimar International			Handysize JV BoConti Shipping NV	JV with Conti7; Delivery of 6 newbuilding Handysize vessels between 2009 and 2010
Shipping Corp of India			JV with state-run Steel Authority of India (SAIL)	MoU to promote shipping related services to SAIL to import coking coal and for future endeavors
Frontline		\$240	5 Suezmax 1990's built double hull tankers	From TopShips
Arlington Tankers	Jefferies			Exploring strategic alternatives
Eitzen Maritime Services		\$115	Seven Seas Shipchanders	Acquisition of leading ME ship supplier with \$14.9m EBITDA in 2007
Far Eastern Shipping Company		\$200	Vladivostok Container Terminal	Acquire an additional 50% stake in the terminal
Carlyle Group		\$90	Transics	Sale of remaining 42.2% position in Transics, a European provider of on-board computers and fleet management solutions

Back to the Futures, *By Mike Reardon, Imarex Inc.*



Dry bulk is starting to gain momentum once again. The indices turned up early this week on improved physical rates which of course made for better sentiment. Period demand for Capes has brought some firm numbers to the surface – and has increased owners’ optimism in the Pacific. Near term concern for the physical market is focused on both the potential drawdown of China’s ore inventories as well as the possibility of a pre-Olympic slowdown in commodity imports. Beyond the near term, demand is expected to remain firm. Volumes in the futures market have only been fair this past week, though forward prices have strengthened alongside the physical market. The curve begins a steady downward slope beginning in 2009 on concerns that the orderbook will eventually make an unfavorable dent in the supply/demand balance.



The tanker market remains in a holding pattern as July requirements in the AG are just about exhausted. All eyes look to August dates. We have seen this same pattern play out the past few months, and if history is any guide, we would expect rates to rise soon after the monthly fixing begins. The Atlantic basin is again holding steady for the VLCCs and Suezmaxes and should provide a solid foundation for the weeks ahead. The futures market has seen steady activity, though the forward curve remains backwarddated until it turns up again in November. The continued strength in the tanker sector has created the unlikely scenario where Q3 is priced higher than Q4. Historically, Q4 has brought a stronger rate atmosphere than has Q3 – though 2006 is a very recent reminder that exceptions do occur.