

RICKMERS MARITIME *Newsletter*



Rickmers Trust Management Pte. Ltd.

6th Edition, February 2010

SUPER SLOW STEAMING HEATS UP SHIPPING INDUSTRY

An increasing number of ship operators are jumping onto the slow steaming bandwagon to tap on its benefits, in light of the sluggish container shipping market, high fuel cost and growing focus on the impact of shipping on the environment.

First introduced as a response to high bunker prices, slow steaming is the practice of sailing a vessel at considerably slower speeds, thus lowering fuel consumption and increasing cost savings. A growing number of ship owners are also deploying their vessels on super slow steaming, that is operating their vessels at about half the normal speed, thereby lowering fuel consumption by up to 75 percent. For ultra large containerships this can mean a daily fuel saving of approximately 220 metric tonnes. With fuel prices now hovering around US\$500 per tonne, high speed operation is rapidly becoming a luxury of the past.

The impact of slow steaming on the container shipping segment has also been positive in recent times, with shipping capacity being absorbed as ship operators introduce additional ships to compensate for longer transit times. According to a recent survey by Alphaliner, super slow steaming has already been applied to 64 long-haul services on the Transpacific, Transatlantic, Asia-Europe and long-haul North South trades, helping to absorb close to 365,000 TEU of excess vessel tonnage.

Apart from lowering fuel costs and absorbing excess tonnage, slow steaming is also one of the most effective ways to reduce carbon dioxide emissions into the environment. Amid the global battle against climate change, fingers have pointed at the shipping industry as one of the main culprits of environmental damage. Less seaborne-related emissions will therefore minimise the perceived threat that shipping poses to the environment and help reinforce the image of shipping as an environmentally-friendly mode of transportation.

Proponents of this practice include Maersk Line, which won the Sustainable Shipping Operator of the Year Award in 2009 for its efforts to slow steam its vessels. The Danish shipping behemoth recently announced plans to reduce the speed of its vessels to as low as 14 knots, and several other liner companies such as CMA CGM, Mitsui O.S.K. Lines and Hanjin Shipping have followed suit. This development is encouraging, although industry experts believe that the full impact of slow steaming will only be seen in the second or third quarter of this year.

Rickmers Maritime is a supporter of this practice, and has applied slow steaming to four of its ships – Kaethe C. Rickmers, CMA CGM Azure, CMA CGM Jade and CMA CGM Onyx. Plans to introduce more of our vessels to slow steaming are on the cards as we remain committed to assisting the recovery of the shipping industry as well as protecting our fragile environment.



Dear Investor,

Welcome to a brand new decade and the first edition of the Rickmers Maritime newsletter for 2010!

With every New Year comes hope and a fresh anticipation for the future – 2010 is no different. In fact, as we stand at the start of the year, we have reason to be optimistic: most major economic indicators in the United States, including that of manufacturing shipments and consumption, have registered encouraging figures, freight rates on some of the routes have recovered over the last few months, and container shipping activity in Singapore has picked up and looks to be on the path to single-digit growth barring a double-dip recession.

Are the problems still around? Yes, the shipping industry continues to suffer from a supply overhang, freight rates are still far from where they need to be, and although we believe that the industry bottomed out last year, overall recovery still remains rather fragile. Financing for the industry remains scarce, and with vessel values set to remain depressed for the foreseeable future, the Trust still has financing issues to grapple with.

To put things into perspective, this current crisis is the most acute crisis to ever hit the shipping industry. Lloyd's List summed it up in its commemorative 60,000th issue in September 2009 by claiming that this is "the worst shipping crisis that any living member of the shipping community can recall". However, it is clear that the tide is turning and even through the storm, Rickmers Maritime's business model has continued generating solid cash flows despite the surrounding uncertainties.

In this issue, we continue to inform readers about the various aspects of the shipping industry, including the most significant shipping conventions in modern history and how they have shaped the industry. We also continue our theme of green issues, with a look at the current trend of super slow steaming and its benefit on the environment. We hope you will enjoy this issue of our newsletter, and on behalf of all of us at Rickmers Maritime, here's wishing you a prosperous and smooth sailing New Year!

Gong Xi Fa Cai!

Thomas Preben Hansen
Chief Executive Officer
Rickmers Trust Management Pte. Ltd.



MAJOR SHIPPING CONVENTIONS

The idea of an international body set up to cater to the needs of shipping was mooted as early as 1889 in Washington D.C., United States. However, due to a turbulent start to the 20th Century, the actual formation of the International Maritime Organization (IMO), a United Nations specialised agency, took place only in 1948. Since then, all major conventions in the shipping industry have been spearheaded by the IMO, the most well-known being MARPOL 73/78 ("MARPOL" is the abbreviation for marine pollution and 73/78 for the years 1973 and 1978, the years the convention was signed).

MARPOL, 1973 and 1978

The MARPOL Convention is the main international convention covering the prevention of pollution of the marine environment by ships from operational or accidental causes. It consists of six main technical annexes, each with numerous amendments to include wider geographical areas and ever-modernising ship structures.

Annex I	Regulations for the Prevention of Pollution by Oil
Annex II	Regulations for the Control of Pollution by Noxious Liquid Substances in Bulk
Annex III	Prevention of Pollution by Harmful Substances Carried by Sea in Packaged Form
Annex IV	Prevention of Pollution by Sewage from Ships
Annex V	Prevention of Pollution by Garbage from Ships
Annex VI	Prevention of Air Pollution from Ships

To date, a total of 161 countries are party to the agreement. Although largely successful, enforcement difficulties exist because of the international nature of maritime shipping. For example, the country a ship visits can conduct its own examination to verify a ship's compliance with international standards and can detain the ship if it finds significant non-compliance.

International Convention on Tonnage Measurement, 1969

Adopted by IMO in 1969, the Convention was the first successful attempt to introducing a universal tonnage measurement system.

Previously, various systems were used to calculate the tonnage of merchant ships, resulting in countless misunderstandings. The Convention provides for standard gross and net tonnages, with gross tonnage referring to the volume of all ship's enclosed spaces (from keel to funnel) measured to the outside of the hull framing and net tonnage the volume of all cargo spaces of the ship (which also indicates a vessel's earning space).

The rules apply to all ships constructed on or after 18 July 1982 - the date of entry into force - while those built before that date were allowed to retain their existing tonnage for 12 years after entry into force, or until 18 July 1994.

International Convention for the Safety of Life at Sea (SOLAS), 1974

The SOLAS Convention is regarded as one of the most important conventions pertaining to the safety of merchant ships. It is also the oldest Convention, with the first version adopted at a conference held in London in 1914 after the sinking of the Titanic. Subsequently, the Convention was updated and the present version adopted in 1974.

SOLAS specifies the minimum safety standards for the construction, equipment and operation of ships. It has 12 chapters, covering fire protection on ships, life-saving appliances and arrangements, navigational safety, carriage of goods, even radiation guidelines for nuclear-powered ships.

SAFETY AT SEA!

The safety and stability of vessels at sea is of the highest priority and has to be ensured before any journey can be embarked on. These safety measures consist of several elements.

Firstly, there are several laws and regulations which the shipping industry has to adhere to. The International Convention for the Safety of Life at Sea (SOLAS) is the most important international treaty protecting the safety of ships in the world. Furthermore, the International Safety Management (ISM) code makes it mandatory for every ship manager to implement a safety management system onboard every vessel in its fleet.

Secondly, every vessel has a designated Safety Officer onboard – the 3rd Officer. He is responsible for the maintenance of all safety equipment and is involved in the planning of all safety drills. Another officer, the Master, is in charge of approving the scheduling and monitors the duties of the Safety Officer.

Thirdly, safety committee meetings are held regularly to constantly review safety measures onboard and reports resulting from these meetings are forwarded to the Designated Person Ashore (DPA) for his attention. The DPA is responsible for handling all safety matters and ensuring that a safety management system is implemented throughout the fleet. Displayed on every vessel is a Musterlist, which sets out the specific duties of each crew member in different emergency scenarios.

However, safety does not end with having a regulatory framework and the appropriate personnel in place. Safety starts with each individual crew member, which is why a key determinant for maritime safety is the availability of appropriate training schemes to prepare all members to respond quickly during a crisis. One of the most important training procedures is fire-fighting. This exercise educates crew members on the use of fire-fighting equipment and breathing apparatus, and on dealing with fire at the various locations on a vessel. Crew members are also constantly reminded to adopt basic safety precautions, such as the wearing of protective helmets and suitable footwear on deck.

By adopting a precautionary approach, potential threats such as a fire outbreak and the ingress of water will be greatly diminished, thus ensuring the safety of the vessel at sea.



CORPORATE UPDATES

9 November 2009

Rickmers Maritime reports healthy improvements in revenue and cash flow for the third quarter of its financial year 2009 (3Q2009). Charter revenue rose 43 percent y-o-y to US\$38.06 million, buoyed by revenue contributions from four new vessels. Supported by higher charter revenue, cash flow from operating activities increased 46 percent to US\$28.64 million. Distribution was maintained at 0.6 US cents per unit for the quarter.

11 January 2010

Rickmers Maritime announces the formation of a new board committee, the Finance Committee, to resolve conflicts or potential conflicts of interest that may arise between the Trust and any interested parties in the course of the Trustee-Manager's negotiations with lending banks.

1 February 2010

M.V. Kaethe C. Rickmers is re-delivered to the Trust on 1 February 2010 after Maersk Line exercised its early termination option on the vessel, and will be positioned to China for its first dry-docking.

3-4 February 2010

Rickmers Maritime participates in the panel discussions "Container Shipping: Market Analysis, Evaluation of Funding Sources, Survival Strategies and Business Opportunities" and "Exploring the Pros and Cons of Alternative Financing Structures and Products" at the 3rd Annual Shipping Finance Asia 2010 in Singapore.

8 February 2010

Rickmers Maritime releases its financial year 2009 (FY2009) results. To access the results and presentation, log onto <http://www.rickmers-maritime.com>.



Our vessels carry goods destined for Europe, Americas, Africa or Australasia on various trade routes and across multiple time zones. Here is a geographic display of our vessel locations as at 15 February 2010.



GLOSSARY

TRADING

Lading: Refers to the freight shipped; the contents of a shipment.

Bill of lading: A document issued by a carrier to a shipper of goods. It serves as a receipt for the goods, contract of carriage and document of title.

Duty: A tax imposed on imports by the customs authority of a country. Duties are generally based on the value of the goods (ad valorem duties), some other factors such as weight or quantity (specific duties), or a combination of value and other factors (compound duties).

Free Port: An area where imported goods may be brought without payment of duties.

Free Trade Zone: An area within a country (a seaport, airport, warehouse or any designated area) regarded as outside its customs territory where importers may bring goods of foreign origin without paying customs duties and taxes, pending their eventual processing, transshipment or re-exportation.

Port dues: Charges levied against a shipowner or ship operator by a port authority for the use of a port.

Shipping order: Instructions from a shipper to a carrier for the transportation of goods.

<http://www.importexporthelp.com/a/b2b-definitions.htm>
http://siteresources.worldbank.org/INTPRAL/Resources/338897-1164990391106/09_TOOLKIT_Glossary.pdf
<http://tradeport.org/library/a.html>



Want to have a close-up view of a containership? Join us for a vessel visit by registering at ir@rickmers-maritime.com