

RICKMERS MARITIME

RICKMERS TRUST MANAGEMENT PTE. LTD.

Newsletter

19th Edition,
APRIL 2013



Dear Investor,

Welcome to the 19th edition of our quarterly newsletter. At the time of writing, the Trust has announced the undertaking of a rights issue to raise up to S\$101.7 million. This is the first equity raise since our IPO on 4th May, 2007. In addition, and conditional upon the rights issue, the Trust has negotiated and received consents from all its lending banks to extend the value-to-loan (VTL) covenant waiver for a further period of one and a half years until

29 December 2014.

The announcement of our proposed rights issue was followed with a circular to unitholders which spelt out the details of the transaction providing investors with the necessary data and background to familiarise themselves with the transaction before having to make what is a serious investment decision. It may all seem as a rather straightforward process, but allow me to share some insights into what the preparation of such a non-underwritten rights issue entails.

Rickmers Trust Management has for well over a year been working intensively on evaluating the many possible options available to strengthen the balance sheet of the Trust. We named this task "Project Momentum". We have been down many avenues and ran many financial models. By the last quarter of 2012, we concluded that, of the limited options available to us, a rights issue which allows our existing unitholders to participate in the transaction was the most suitable path forward – both in terms of benefits and timing. However, before being in a position to propose the rights issue, we had to reach an agreement with our nine lending banks on an acceptable set of terms and conditions before we approached our investors for fresh equity. This included an extension of our VTL waiver. Dealing with multiple parties with varying interests and time lines was time consuming and required a significant amount of perseverance and patience. Whilst in constructive dialogue with our lenders, we prepared in parallel the required documentation for announcing the rights issue. On the basis that the transaction proceeds as planned, by the end of Project Momentum, it would have involved over a hundred people from around the globe and consumed thousands of man hours.

We believe that the rights issue is a good opportunity to immediately strengthen the balance sheet and ensure that the Trust is well-placed to capture a recovery of the shipping industry and begin to grow. The extension of the VTL waiver until December 2014 means that the Trust is insulated from the continued depressed asset values and paves the way for continued quarterly distribution to our unitholders of 0.6 US cents per unit in FY2013.

This translates to an improved DPU yield of 10% over the theoretical ex-rights price after the issue. The proceeds from the rights issue will be used for repayment of bank loans, and this repayment will have a number of important effects, including lowering the pro forma gearing from 59.3% to 51.8% and protecting our current low borrowing costs. The full repayment of the Top Up Facility, our most stringent bank debt, will also lower the ratio requirement of our VTL covenant from 133% to 110% for the IPO Facility, which will vastly improve the Trust's ability to be VTL compliant before December 2014. The key point of this transaction is to put the Trust in a strong position so that when the waiver ends, the DPU restriction of 0.6 US cents will be removed and we can take advantage of the growth opportunities we see. I firmly believe that this transaction will allow Rickmers Maritime to shift back onto a growth track.

Aside from the rights issue, we also report on new regulations from the International Maritime Organization aimed at improving energy efficiency and preventing pollution in international shipping. Although the new regulations have only been enforced on 1 January 2013, we are happy to report that our fleet already adheres to the new regulations, due to our persistent focus on energy efficiency.

On Page 3, we continue our series on the major container ports of the world. In our previous issue, we introduced the port of Jebel Ali in Dubai, and now we travel back to Asia to take a look at Busan Port in South Korea. Busan Port is the fifth largest container port in the world and the busiest transshipment location in Northeast Asia, with excellent feeder networks to China, Japan and Russia.

On our back page, we discussed with our Bosun Mr Aung Than of ANL Warringa about his role, responsibilities, and hopes for his career at sea. Every crew is a vital cog in the smooth sailing of our fleet and we think you'll find it interesting to hear, first-hand, from a crew member who has spent 38 years serving at sea. We also continue our glossary of legal terms attempting to explain the often arcane language of our industry.

I am sure you will enjoy this issue of our newsletter. If there are any other topics you'd like addressed in future, please email ir@rickmers-maritime.com with your ideas.

Thomas Preben Hansen

Chief Executive Officer
Rickmers Trust Management Pte. Ltd.



IMPROVED REGULATIONS FOR ENERGY EFFICIENCY AND POLLUTION

New regulations from the International Maritime Organization (IMO) aimed at improving energy efficiency, and preventing pollution, in international shipping entered into force on 1 January 2013.

A new chapter of regulations on energy efficiency for ships was added recently to the International Convention for the Prevention of Pollution from Ships (MARPOL). This makes the Energy Efficiency Design Index (EEDI), a framework for the design of ships, mandatory for new ships. It also makes the Ship Energy Efficiency Management Plan (SEEMP), an operational management tool used on voyages, mandatory for all ships. The changes also include an updating of definitions, the introduction of an "en-route" requirement for the discharge of garbage at sea and the regrouping of garbage categories for the purpose of the garbage record book.

All ships of 400 gross tonnage and above will be affected by the new regulations. However, under regulation 19, the administration may still waive the requirements for new ships up to a maximum of four years.

The EEDI is a non-prescriptive, performance-based mechanism that leaves the choice of technologies to use in a specific ship design to the industry. As long

as the required energy-efficiency level is attained, ship designers and builders are free to use the most cost-efficient solutions for the ship to comply with the regulations. Ships are required to keep a SEEMP onboard as it establishes a mechanism for operators to improve the energy efficiency of ships.

Other MARPOL amendments which entered into effect on 1 January 2013 include controls on the emission of nitrogen, sulphur oxides and particulate matter, preventing pollution from sewage and garbage being discharged into the sea. Cargo residues and cleaning agents and additives may only be considered for discharge if they are not harmful to the marine environment.

Rickmers Maritime welcomes these new regulations which should improve the efficiency and environmental impact of our industry. We are pleased to say that with our long-standing focus on energy efficiency our fleet already adheres to the new regulations. A commitment to energy efficiency and environmental concern also brings cost benefits to the running of our ships, and our charterers and, as a ship owner, we are constantly exploring ways to make our ships perform more efficiently.

Please visit www.imo.org for more information on the amendments.



CORPORATE UPDATES

26 FEBRUARY 2013

Rickmers Maritime announced the financial performance of the Trust for the fourth quarter (4Q2012) and financial year ended 31 December 2012 (FY2012). Charter revenue in 4Q2012 remained steady at US\$36.3 million. For FY2012, revenue declined by 3% from US\$149.5 million in FY2011 to US\$144.3 million. Net profit after tax decreased from US\$11.3 million in 4Q2011 to US\$2.2 million in 4Q2012. On a full year basis, the Trust's net profit after tax was US\$27.6 million. Distribution for unitholders stayed constant at 0.60 cents per unit for 4Q2012.

19 MARCH 2013

Rickmers Maritime announced the undertaking of a non-underwritten renounceable 1-for-1 rights issue to raise gross proceeds of up to approximately S\$101.7 million (US\$81.5 million). Proceeds will be used to accelerate repayment of loans, putting Rickmers Maritime in a stronger financial position to take advantage of a recovery in the market.

21 MARCH 2013

Rickmers Maritime announced that Capital Research and Management Company, an affiliate of the Capital Group Companies, Inc., has provided an undertaking to subscribe and pay, in full, for such number of rights units to maintain its current unitholding percentage level of approximately 6.47% after the rights issue.

1 APRIL 2013

Rickmers Maritime announced the receipt of in-principle approval from the Singapore Exchange Securities Trading Limited for the listing and quotation of up to 423,675,000 rights units.

22 APRIL 2013

Rickmers Maritime released its first quarter FY2013 (1Q2013) financial results and holds its Annual General Meeting and Extraordinary General Meeting at No. 1 Marina Boulevard Level 8, One Marina Boulevard, Singapore (018989). To access Rickmers Maritime's 1Q2013 results announcement and presentation, please visit <http://www.rickmers-maritime.com>.



MAJOR CONTAINER PORTS AROUND THE WORLD

Fifth Busiest Container Port in the World: Busan Port (Busan, South Korea)

After visiting Jebel Ali Port in our previous instalment, we head to South Korea, home to the largest transshipment port in Northeast Asia.



Gamman container terminal

Busan Port was built in the 15th century to serve as a trading port with the Japanese and is now the world's fifth busiest container port. It handles more than 16 million TEU annually and is positioned as a super hub port on account of its dynamic exchanges with 500 ports in 100 countries. 45% of the nation's total export cargo and 95% of its total container throughput pass through Busan Port.

Located at the southern edge of the Korean Peninsula, the Busan Port boasts remarkable water-depth, which allows for the accommodation of oversized vessels with capacity of over 10,000 TEU. Busan Port is also able to provide top-notch service to customers with its state-of-the-art facilities, a skilled labour force and an excellent feeder network that connects ports in China, Japan, and Russia. Efficiency at Busan Port has been strengthened by the Busan Port Authority's (BPA) efforts to develop technologies such as screening systems and the U-Port system, which quicken customs' procedures.

The Busan Port, surrounded by a 26.8 kilometres quay wall, can support the simultaneous berthing of 169 vessels. It also features an international passenger terminal, six container terminals, and four modern ports, namely, the North Port, South Port, Gamcheon Port and Dadaepo Port.

Four modern ports

The North Port provides cargo and passenger handling facilities. It is 460 metres long and features alongside water-depth of 8.6 metres. The terminal is capable of handling 318,000 tons of cargo.

The South Port sits on land area spanning 90,000 square metres and features quay length of over 4 kilometres. The port houses the Busan Cooperative Fish Market, and is considered the largest fishing base in Korea.

Built over an area of 153 hectares, Gamcheon Port was developed to supplement the North Port and handle increasing cargo volumes at the Busan Port. The Gamcheon Port has processing functions dedicated to marine products and coastal freight.

Dadaepo Port is located west of Busan Port and deals mainly with coastal catches. It has a 1.2 kilometres breakwater and a 593 metres long revetment wall. Plans are in place to further develop Dadaepo Port as an environmentally-friendly port.

Container terminals

The Gamman container terminal is built over an area of 750,000 square metres and operated by four ship carriers - Global Enterprises, Hanjin Shipping, Korea Express and Hutchison Korea Terminal. The terminal is equipped with modern container-handling equipment, with berthing capacity for four 50,000 ton vessels. Annual handling capacity of the terminal is 1.3 million TEU.

Opened in June 1991, the Sinseondae container terminal is equipped with advanced loading / unloading equipment, such as high speed container cranes, which are even capable of handling post-panamax container ships. The terminal is operated by Busan East Container Terminal Company. Facilities include quay length of 1.2 kilometres and berthing capacity of four 50,000 ton vessels. Annual handling capacity of the terminal is 1.3 million TEU.

The Singamman container terminal opened its doors in April 2002 and is operated by Dongbu Pusan Container Terminal Company. It can accommodate simultaneous berthing of two 50,000 ton vessels and one 5,000 ton vessel. Built over an area of 308,000 square metres, the terminal has an annual handling capacity of 650,000 TEU.

Developments at the Busan Port

Although the general quays of Busan Port used to handle only general cargo, the mid-1990s saw a rapid increase of container quantity in Korea, and they have had to handle container cargo as well. As a result, the quantity of general cargo handled at Busan Port has been decreasing, along with productivity and efficiency. Furthermore, the rise of cargo-handling at general quays, which has caused traffic congestions, vehicular noise, and air pollution have incited unhappiness among citizens living around the area.

The BPA is currently exploring ways to refurbish the general quays of Busan Port, which will include the rearrangement of port functions at Busan Port. This is all part of the BPA's efforts to turn Busan Port into a more pleasant, environmentally-friendly, and safer port facility.



Busan Port at night

Busan New Container Terminal

The Busan New Container Terminal (BNCT) was officially inaugurated in October 2012 as Asia's first Automated Container Terminal. The container terminal can currently berth four 50,000 ton container vessels simultaneously at its 1,400 metres long quay. The terminal site is equivalent to the size of 120 soccer stadiums, and can handle 1.92 million containers annually.

Continuous progress

Notwithstanding the recent inauguration of the BNCT, more developments are being carried out to improve the overall efficiency at the terminals to increase annual cargo handling capacity. With these developments in tow, Busan Port's continuous progress might see them surpass their rivals to develop into an even busier port than it is now.

Sources:

<https://www.busanpa.com/Service.do?id=engmain>

<http://ssccorporation.com/pusan.htm>

<http://www.ship-technology.com/projects/portofbusan/>

<http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>

<http://starinthesky.tistory.com>

<http://megaconstruccion.net/images/puertos/foto/busan-port-11.jpg>

SPECIAL FEATURE: WHAT DOES IT TAKE TO BE A BOSUN?

In this latest instalment of our ongoing feature on sea-faring crew, we let Mr Aung Than describe what life as a member of the sea crew is like, and what it takes to be a Bosun onboard a container vessel. Mr Aung Than has served at sea for 38 years, and been part of the Rickmers family since 2002.

1. What is the role of a Bosun and what are their key responsibilities?

The Bosun, sometimes known as the Leading Hand or Senior Deckhand, is an experienced deckhand, who is able to take on extra responsibilities and takes orders from the Chief Officer. The role of the Bosun is primarily the supervision of all deck crew, including Able Seamen and Ordinary Seamen, as well as promoting and maintaining discipline in the Deck Department. The Bosun also supervises anchoring and mooring operations to ensure that vessel berthing is carried out safely.

2. What are the qualifications required to become a Bosun?

In order to become a Bosun, who is the highest ranking crew among all deckhands, one first starts out as a junior deckhand. The most junior deckhand is the Ordinary Seaman. When he has gained enough experience, the Ordinary Seaman is promoted to Able Seaman, and then to Bosun. The journey takes several years, as the Bosun has to be well-versed in deck maintenance, cargo gear handling and seamanship. In addition, one will also have to earn certifications that are issued by the Maritime authorities, including the Basic Seamanship certificate, the Efficient Deckhand certificate, and the Watchkeeping certificate.

3. Why were you interested to pursue a career at sea as Bosun?

I was drawn to working onboard a ship primarily because of the good career prospects it offered. But I also wished to carve out a sea crew career because I am interested in the subject of seamanship, which is a broad field. In my time as a junior deckhand, I have acquired relevant experience and knowledge that enables me to ensure the safety of all deckhands and I am proud to be able to put this skill to good use. This is a great responsibility, and one I am honoured to be able to take on.

4. What are the daily duties of Bosun?

The daily duties of a Bosun vary from day to day, but they generally include:

- Deck maintenance, as required and instructed by the Chief Officer
- Supervision, training, and sharing of seamanship knowledge with all deck crew
- Participation in emergency drills, safety exercises and tool box meetings



Mr Aung Than at work, performing an inventory check

5. How many Bosuns are there, and how do you work together, on a Rickmers Maritime vessel?

There is only one Bosun onboard the ship, and Bosuns work together with deckhands who are deck-rated, i.e., Ordinary Seaman and Able Seaman.

6. What are the ideal qualities that would make someone an effective Bosun?

Since he will need to undertake supervision of other deckhands, a Bosun should be very experienced in deck duties, which include deck maintenance, anchoring and mooring operations, among others. Apart from this, a Bosun should also be well-versed in tool handling since safety is of utmost importance onboard a ship. Lastly, a Bosun should possess good interpersonal skills for managing his deck crew.

7. What is the next step in the career of Bosun?

Depending on the years of experience one has as a Bosun, he may choose to take the Officer of the Watch (O.O.W.) exam, which will set him on a path towards becoming an officer onboard the ship. However, most Bosuns choose not to take that path because they are generally happy with their vocations and enjoy their work. Some, however, do opt to undergo training to join the crew as petty officers.

8. What are your aspirations for your career at sea?

I aspire to do my best in my daily duties, ensuring that we carry out environmentally-safe operations, and sharing my knowledge and experience with new deckhands.

GLOSSARY

LEGAL TERMS USED IN SHIPPING (S-T)

Salvage - The salvor, or person engaged in the rescue of a ship or items lost at sea, has a claim of salvage reward if he has successfully and voluntarily retrieved maritime property in danger. The civil law term is "assistance", permitting the salvor to be rewarded whether the salvage was successful or not.

Seaworthiness - Refers to the obligation of ship owners and carriers to provide a vessel and crew fit to confront the perils of the sea. The carrier must (a) make the ship seaworthy; (b) properly man, equip and supply the ship; and (c) make the holds, refrigerating and cool chambers, and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage and preservation. Seaworthiness is also a requirement of charterparties.

Tons & Tonnage: Gross register tonnage - The volumetric cargo capacity of the ship according to its certificate of registry.

Tons & Tonnage: Net tonnage - Gross tonnage less the number of cubic feet reserved for crew's quarters, ships stores, bunkers, engine room space, etc.

Tons & Tonnage: Deadweight tonnage - This is the actual cargo carrying capacity of the ship, when she is fully loaded with cargo so that the hull is immersed in water up to her Plimsoll marks.

Tons & Tonnage: Register tonnage - This is the gross tonnage and/or the net tonnage, as entered on a ship's certificate of registry.

(Constructive) Total loss - An actual total loss of the vessel or such damage to the vessel that the cost of saving and repairing her would exceed her market value at the time of the collision.

Towage - This is a contract whereby one ship moves another. Towage, as opposed to salvage, is a service contract, which does not involve a marine peril, and the consideration is an hourly or daily rate or a lump sum, rather than a salvage reward based on the peril, the work accomplished and the value of the object salvaged.

Source: <http://www.mcgill.ca/maritimelaw/glossaries/maritime>