

RICKMERS MARITIME

RICKMERS TRUST MANAGEMENT PTE. LTD.

Newsletter

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Dear Investor,

Welcome to the New Year and to our 18th edition of the Rickmers Maritime quarterly newsletter. 2012 ended on a more positive note for the container industry with slight but encouraging signs that a combination of tonnage supply management and freight rate discipline from carriers has allowed most trades to return to profitability. Although the market is still very challenging and the outlook is uncertain, there is cause for hope as the world's largest

economies appear to be recovering faster than expected a year ago. While the container industry continues to rely on the shipment of consumer goods from global manufacturing hubs to consumers in the western world, the US, Europe and China will continue to be our economic barometers for the future. The temporary fiscal cliff compromise in the US, encouraging trade statistics from China and a general hiatus in bad news from Europe will hopefully have a stabilising effect on global trade in the year to come.

Our special feature in this issue is a review of the container shipping industry in 2012. We hope it provides interesting and useful insights of a somewhat turbulent year. It was a testing time for all sectors of the industry but, particularly in the last quarter, contained some slivers of light that point to possible stabilisation after years of difficulty.

We also continue our series on the major container ports of the world. In our previous issue we introduced you to the historic Port of Antwerp, and in this issue, we shift to the Middle East to focus on the port of Jebel Ali. Purpose-built in recent decades, Jebel Ali is a place where east meets west and, with a rapidly expanding integrated logistics network, it is already the world's ninth busiest container port by throughput volume. An ambitious and rapid expansion plan is aimed at making the container port the world's largest by 2030.

On our final page, we ask our Third Officer Aung Naing about his role and responsibilities, as the holder of a vital position on our vessels. Furthermore we continue our glossary of legal terms attempting to demystify the language of our industry. We also have an article on Rickmers Shipmanagement receiving GL System Certification ISO 50001 Certificate for its offices in Germany and Singapore as well as for ten vessels under its management.

I hope you find this issue interesting and entertaining. If there are any subjects you would like to address in future, please don't hesitate to be in touch.

Thomas Preben Hansen

Chief Executive Officer

Rickmers Trust Management Pte. Ltd.

RICKMERS SHIPMANAGEMENT RECEIVES GL ISO 50001 CERTIFICATION

On 10 January 2013, Rickmers Shipmanagement was presented with the accredited GL Systems Certification (GL) ISO 50001 Certificate for its offices in Germany and Singapore, as well as for ten ships from its fleet. Rickmers Shipmanagement became the first German company in the maritime industry and one of the few shipping companies worldwide to achieve certification to the high standards of the ISO 50001 Energy Management System. This was achieved through a successful audit of ten vessels by the GL auditors in 2012, with plans to further add another nine ships into the framework in early 2013.

The ISO 50001 is a voluntary international standard that gives companies a framework for developing targets and implementing policies with the aim of improving energy efficiency, quality of services and reduction of emissions.

At Rickmers Shipmanagement, ISO 50001 was seamlessly implemented into its Integrated Management System, a framework that, at present, covers the obligatory elements of International Safety Management (ISM) and International Ship and Port Facility Security (ISPS), as well as the ISO 14001 and ISO 9001. Philipp Schwarmann, GL's Product Manager for Energy Management, said that the ISO 50001 standard has up to this point mainly been used in industries with high energy consumption, such as manufacturing. But there is a growing awareness within shipping circles that managing onboard energy consumption is at the heart of their profitability. Through the successful implementation of the SEEMP (Ship Energy Efficiency Management Plan) on vessels, the achievement of ISO 50001 certification was significantly supported.

The support and commitment of Rickmers Shipmanagement's top management towards energy efficiency is underlined by the fact that it took just six months to implement the new ISO 50001. Björn Sprotte, Rickmers' Global Head of Maritime Services, highlighted that in today's shipping industry, making more efficient use of energy is not only a key factor in a company's strategy to reduce its impact upon the environment, but an essential part of remaining competitive and reducing bunker costs substantially.

Rickmers Maritime is very pleased that one of its vessels, MOL Destiny, was included in the 2012 audit and that another of its vessel, MOL Devotion, will be audited in early 2013. The Trust always supports energy initiatives that improve the performance of its vessels, while lowering costs and reducing emissions.



CONTAINER SHIPPING: A REVIEW OF 2012



Historians say that to predict the future, you first have to understand the past. We take a look back at the Year of the Dragon to see what we can learn for the year ahead.

2012 was undoubtedly a volatile year for the global container shipping industry. The statistics tell the story; while containership capacity growth stayed relatively constant over the year, expected trade growth did not meet expectations, starting the year at 7.7% and ending with an actual growth rate of 3.7%. Whilst most of the liner companies managed to close the year with results far better than 2011, it remained a disappointing year.

A bleak start fuels change

Economically the year started bleakly with continuing global economic uncertainty, sovereign credit risk and increasing oil prices. Container liner companies were bearing the brunt of this bleakness with significant operating losses due to capacity oversupply, high bunker prices, fierce competition and weak freight rates.

In an effort to reverse the on-going losses, the liner companies began the year with a marked shift in focus from market share to profitability, concentrating on further cost cutting and a rapid lifting of freight rates. Six liner companies; APL, Hyundai Merchant Marine, Mitsui O.S.K. Lines, Hapag-Lloyd, Nippon Yusen Kaisha and OOCL formed the 'G6 Alliance' on the Asia-Europe trade while MSC and CMA CGM agreed to a vessel-sharing accord on the same trade. The alliances, aimed at cutting overcapacity and improving service reliability, were successful in

lifting freight rates on the Asia-Europe trade almost immediately to near profitable levels.

The cascading effect of mega-vessels

Despite the liner companies' efforts to lift revenues, costs still eroded their profits, with high bunker prices having the most significant effect. Fuel prices at the end of first quarter 2012 jumped to US\$704 per tonne for 380 cSt fuel at Rotterdam, an increase of over 400% from US\$172 per tonne at the end of 2008. To negate this, liner companies continued ultra slow steaming and intensifying their focus on fuel efficiency. Older ships were recycled or idled as new generation 'mega-vessels' of 12,000+ TEU began to replace them. 2012 saw the maiden voyage of the largest container ship ever built, the CMA CGM Marco Polo, at 16,020 TEU. The rapid increase in the number of mega-ships being introduced had a cascading effect on the global fleet, with mega-vessels servicing the high-volume East-West routes and smaller vessels being re-deployed on North-South and regional trades. This in turn resulted in the older and less efficient vessels on those trades being idled or scrapped, although nowhere near the level that is required to compensate for the inflow of new ships. The cascade may well turn out to benefit the newer, more fuel-efficient vessels such as those owned by Rickmers Maritime which are now employed on the more dynamic, and high-growth emerging market routes.

Volatility

The first quarter of the year saw a record jump in freight rates to US\$1,634 per TEU on the Asia-Europe trade. In the second quarter, the rates increased again to above US\$2,750 per TEU; the largest and swiftest rise ever recorded in the industry. However, these increases only had a limited and short term impact on charter rates with the average daily hire charge for a 4,400 TEU vessel rising from below US\$10,000 at the start of the year to above US\$13,000 by May. This effect unfortunately tailed off as the year progressed as freight levels came under renewed pressure and the newly formed alliances improved their vessel coordination.

European storm clouds, US stalling, China unknown

The industry's ability to successfully raise freight levels, in an environment where supply and demand fundamentals did not support it, caught many by surprise. Furthermore, global economic news worsened, with European politicians showing no signs of solving their problems, the US recovery seemingly stalling and the fears of a long-term Chinese slow-down looking more real. Consumer demand, and with it, volume demand over the late summer was weak and by September freight rates had dropped back to below US\$1,750 per TEU, with overcapacity and fierce competition again being the bane of the industry. As reality hit home, an increasing number of container shipowners finally took the most painful medicine, by demolishing their oldest vessels. In all, around 330,000 TEU was scrapped in 2012, compared to only 77,000 in 2011.

Private equity moving in

Although the year has undoubtedly been volatile and stressful for all industry participants, one positive development is the emergence of private equity into the market. The traditional banks that once financed shipping were hit hard by the downturn, with many exiting the market altogether. Many have worried who would fill the financing gap on future vessel demand. A sign that private equity players believe we have reached the bottom of the market is their emergence as buyers of distressed assets and financiers of new vessels.

A new dawn in 2013?

The overall global economic outlook show signs of improvement in the first months of 2013. A US president with a clear mandate, a hiatus in bad news from Europe and a China that looks to be addressing its growth wobbles are all good markers for the future. As long as the liner companies continue to manage the tonnage supply, coupled with strict freight rate discipline, there is reason to believe that the year ahead could have a brighter outlook than 2012.

CORPORATE UPDATES

30 OCTOBER 2012

Rickmers Maritime announced the Trust's performance for 3Q2012 ended 30 September 2012. The Trust achieved a high vessel utilisation rate of 99.5% with all 16 containerships employed. Charter revenue declined marginally by 5% to US\$36.3 million due mainly to the vessel Kaethe C. Rickmers earning a lower net daily charter rate compared to the corresponding quarter in 2011. Distribution for 3Q2012 remained unchanged at 0.60 US cents per unit.

26 FEBRUARY 2013

Rickmers Maritime releases its financial results for 4Q2012 and FY2012 ended 31 December 2012. To access Rickmers Maritime's results announcement and presentation, please visit <http://www.rickmers-maritime.com>.



MAJOR CONTAINER PORTS AROUND THE WORLD

Connecting East and West: Jebel Ali Port (Dubai, United Arab Emirates)

Previously we travelled to Europe to visit the unique port of Antwerp in Belgium. In this sixth instalment of the series, we head to the United Arab Emirates to the port where east meets west.



Jebel Ali Port in Dubai, U.A.E

Seen from space

Ranked among the Top 10 Container Ports in the world, Jebel Ali Port in Dubai was built forty years ago to supplement the country's first port, Port Rashid, due to rapidly increasing trade activities. Located 35 kilometres southwest of Dubai, in the United Arab Emirates, the port is positioned strategically on the Persian Gulf between Europe and Asia, providing an ideal location for an international trading hub. Completed in 1976, the port immediately became the world's largest man-made harbour and the biggest port in the Middle East. Located in a desert, and thus unrestricted by surrounding inhabitation, Jebel Ali Port has not suffered from space constraints like other world ports. Covering over 134 square miles, it is also one of the largest constructions that can be seen from space.

Magnificent scope

Today the port provides Dubai with 80% of its international trade. In 2011 it achieved a container throughput of 13 million TEU, making it the world's ninth largest container port by volume. The port boasts 67 berths in total, with 22 container berths and 79 container cranes in a container yard of 1.2 million square metres. 30 cargo berths and seven Dutch barns, as well as 12 covered cargo sheds, also give the port an impressive capacity to deal with cargo shipments from around the world. Its solid infrastructure network, by road, air and sea links, also adds easy connectivity to the surrounding countries of the Middle East. In particular the Al Maktoum International Airport, the world's largest airport by capacity, which was built in 2010, is a huge bonus for the port, with its dedicated links to the quayside promising a 4-hour transit of goods from ship to aircraft.

Central planning

All of these logistical facilities are part of the wider, 'Dubai World Central', a planned residential, commercial and logistics complex, that its builders boast will be 'the world's first truly integrated logistics platform'. This is all supplemented by the Jebel Ali Free Zone, a tax-efficient, purpose-built, industrial trade area. The Free Zone was initially established in 1985, centred on the port and surrounding industrial area. It allows international companies

who relocate there to benefit from special privileges including no corporation tax for 15 years, no personal income tax for employees, no import or export taxes and no currency restrictions. The Free Zone is now home to over 5,000 companies hailing from 120 countries.

Different types of vessel

In January 2013 Jebel Ali Port welcomed the world's largest container vessel, the 16,020 TEU CMA CGM Marco Polo, on its first visit. This massive vessel set sail on its 77-day maiden voyage on 7 November 2012 with the Jebel Ali Port as its final destination, before returning to its origin in Ningbo, China.

Of further interest is the fact that Jebel Ali is the port most frequently visited by the United States Navy outside of North America. Almost every sailor in the fleet who has completed a foreign tour has visited the port at least once. Due to the depth of the harbour and size of the port facilities, a Nimitz-class aircraft carrier and several ships of its accompanying battle group can be accommodated simultaneously on the berths.

A bright future

The owner of Jebel Ali, the government-owned Dubai Ports World, has grand plans to make it the largest container port in the world, surpassing both Shanghai and Singapore. 15 stages of expansion have been mapped out to achieve this aim, and once completed in 2030, it is expected that the port will have a capacity of a staggering 55 million TEUs per annum. This will include 2.4 kilometres of new berths and the infrastructure that is needed to service them.

Currently Terminal 2 is being expanded and is on target for 2013 completion, with a third terminal on target for 2014 completion, which will be able to simultaneously service ten mega-vessels. The impressive expansion plan heralds a bright future for Jebel Ali Port as it seeks to break all records in its quest to become the largest container port in the world.



The CMA CGM Marco Polo, the largest vessel in the world

Sources:

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SPECIAL FEATURE: WHAT DOES IT TAKE TO BE A THIRD OFFICER?

1. What is the role of a Third Officer and their key responsibilities?

A Third Officer keeps navigational watch while the vessel is at sea and cargo watch while in port. The key responsibility of a Third Officer is to act as a Safety Officer for the maintenance of safety equipment under flag state and international regulations. He/she must also ensure that all safety equipment onboard is ready for immediate use in case of an emergency. Furthermore, keeping a proper record of all safety drills and safety maintenance is also an essential part of a Third Officer's responsibility.

2. What are the qualifications required to become a Third Officer?

A Third Officer needs to have a Bachelors Degree in Maritime Transportation with a major in Nautical Sciences, a Certificate of Competency for an officer in charge of the navigational watch and become certified as a Global Maritime Distress and Safety System (GMDSS) radio operator in accordance with the provision of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 (STCW). He/she may also be required to hold Certificates of Proficiency by the Flag State of the vessel and will also need the ability to perform ship operations like navigation, cargo handling and maintenance of safety equipment, as well as have sufficient sea and working experience for the type of ship that he/she is assigned on.

3. What is the usual career progression before becoming a Third Officer?

Before becoming a Third Officer, the candidate has to serve on a vessel as a Deck Cadet. During service, the candidate needs to learn practical basic seamanship as well as functions of operational navigation such as planning and conducting a passage.

Other functions one needs to learn are ship management skills, cargo management, ship maneuvering, radar use to maintain safe navigation, compliance with pollution prevention requirements, correct handling of life-saving appliances and prevention, control and fighting of fire onboard. The application of leadership and team-working skills are also very important.

4. What are the average daily duties of a Third Officer?

The daily duties of a Third Officer vary at sea but include:

- Navigational watch duty between 0800-1200 and 2000-2400 on the vessel
- Ensuring that all life saving appliances and fire fighting equipment are tested, checked, maintained and ready for emergency use
- Proper log entry of all safety training and drills as per international regulations
- Assisting in training of the crew in various aspects of safe working practice, pollution prevention and company safety management systems



Third Officer Aung Naing on duty on the CMA CGM JADE.

In addition, a Third Officer performs cargo watch in port as per instructions from the Chief Officer and co-operates with the on-shore personnel with due regard for the safety and security of the ship while in port.

5. Which crew members are under the responsibility of a Third Officer?

All deck crew members such as Bosun, Able Seaman, Ordinary Seaman and Deck Cadet are under the responsibility of the Third Officer. However, as the Third Officer's role is also to be the Safety Officer under the Chief Officer's supervision, he/she is also responsible for the safety of the whole crew.

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

An effective Third Officer must be able to manage various responsibilities, show strong leadership, operational skill and teamwork.

7. What is the next step in the career of a Third Officer?

The next step for a Third Officer is to become a Second Officer, which requires onboard experience as a Third Officer for at least 12 months. He/she must demonstrate strong experience in the upkeep of all navigational charts, publications, navigation warnings and proper maintenance of all navigational equipment in addition to the medical and stationery inventory in the ship.

Contributed by Third Officer Aung Naing of CMA CGM JADE.

GLOSSARY

LEGAL TERMS USED IN SHIPPING (P-R)

P&I insurance - Protection and Indemnity insurance is mutual insurance which covers shipowners' liability to third parties for damage to their ship or cargo, as well as statutory liabilities such as pollution and wreck removal.

Perils of the sea - Some catastrophic force or event that would not be expected in the area of the voyage, at that time of year and that could not be reasonably guarded against.

Pleasure craft - A term used to designate any class of vessel designed for recreational purposes (e.g. yachts, rowboats, motor boats, etc).

Plimsoll line (Plimsoll mark) - A mark painted on the side of a merchant vessel showing the various draught levels to which the ship may be loaded, usually including tropical fresh water, fresh water, tropical sea water, summer sea water, winter sea water and (for vessels under 100 metres in length) winter North Atlantic Ocean water. The Plimsoll line is accompanied by a circle bisected by a horizontal line, indicating the summer freeboard of the ship and letters signifying the name of the ship's classification society.

Private carriage - Carriage of particular goods of one shipper under a special contract, usually by charterparty, as opposed to the common carriage of goods of the public on advertised "liner" routes, usually under bills of lading or waybills.

Punitive damages - Damages awarded in addition to normal damages for bad faith or excessively improper acts of the defendant in contract or tort or even during a court action.

Responder immunity - A term used to express the limited immunity from civil liability given to "responders" to an environmental accident whose actions taken or not taken result in worsening the environmental consequences, as long as their conduct was in accord with certain principles and as long as the worsening of the consequences was not due to gross negligence or wilful misconduct.

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