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Cover Story

Thanks, Thomas!



Thomas with visitors on board MOL Dedication back in October 2010

Rickmers Trust Management (RTM) CEO Thomas Preben Hansen has been instrumental in driving the growth of Rickmers Maritime (RM) in the period after RM's listing, enabling the Trust to deliver stable performances even amid a prolonged industry downturn in recent years. As his tenure at RTM approaches its end on 31 May 2015, we speak with him about his reflections on his time with the Trustee-Manager and his view on the route ahead.

What inspired you to join Rickmers Trust Management?

Prior to joining RTM, I was privileged to be a part of Clarksons, one of the oldest and most reputable institutions within the global maritime industry. I was working with some of the most accomplished shipping executives of all time and would only consider leaving such a firm if presented with a really compelling proposition. Mr Bertram Rickmers' offer when he first contacted me personally in 2006 to head the first IPO in Rickmers Group's 172-year history at the time was exactly that. Deciding to leave Clarksons required courage as it involved preparing myself for a steep and exhilarating learning curve. However, the prospect of working with one of Germany's most highly respected shipping families was also exciting. The opportunity met every possible ambition I had at the point in my career but ultimately, my real motivation for coming on board was Mr Rickmers himself.

How would you describe your time as CEO of RTM?

I was appointed CEO with the clear task of bringing RM to market and establishing it as Rickmers Group's platform for financing future vessel purchases. This would involve frequent acquisitions and subsequent capital raising activities. Over the first 18 months, we successfully grew RM's fleet from 10 to 16 ships. Following the collapse of Lehman Brothers, however, my job scope rapidly changed from portfolio growth to value preservation. This meant that my role became far more finance-orientated, managing RM's capital structure through constant dialogue with unitholders and banks. Through this, I have developed a keen interest in following the constant flow of global capital and a deeper

understanding of how businesses can be optimised by having diversified capital sources that provide maximum flexibility. I have been privileged in that every day has been a learning experience.

How has it been leading a public listed shipping business amid a prolonged industry downturn?

The sense of letting down your investors is very frustrating and taxing. Yet, realising that all your peers are struggling with similar issues helps put things in perspective. You learn to accept that what you are up against is an industry-wide challenge, and channel all your energy into steering your business through the storm as intact as possible. We have faced significant headwinds over the years. Green shoots came and went. Going through rough patches meant that everyone had to believe in a positive outcome and pull in the same direction. This fostered incredible team spirit within RTM without which we would not be where we are today. Indeed, what doesn't kill you makes you stronger! After helming a business that has gone through almost every stage of the shipping cycle within a relatively short period of time, you cannot help but feel a sense of triumph.

How have you navigated the challenges presented by the downturn?

People react differently when the going gets tough. A degree of emotions and irrational behaviour will inevitably set in amongst some stakeholders. This can be incredibly time consuming to deal with, and it can take months to reach a consensus on what appeared to some as a simple and logical solution to a given issue. As such, we adopted a transparent approach to addressing issues from the onset, proactively resolving them even before they become critical. It is vital to engage stakeholders early and clearly communicate where we, as a matter of principle, would stand our ground. I believe that as long as we are recognised for being trustworthy, fair and reasonable, our counterparties will generally respond accordingly. It is also important to never lose sight of our main responsibility to manage the business, and not just its finances. This involves ensuring that our vessels perform to charterers' utmost satisfaction, and constantly demonstrating that we are

helping them cut costs and create value through slow steaming initiatives, bulbous bow replacements and environmental protection efforts, among other things. Doing so has enabled our charter contracts to run uninterrupted even during the darkest of days.

How would you describe your management style?

I believe I am perceived as a creative and open-minded leader who can manage a business successfully whilst maintaining the highest level of integrity. I have zero tolerance for swindlers and internal politics. No one can be a champion at everything, but a motivated and talented team can achieve anything if they work well together. I believe in running flat organisations with collaboration across tiers and segments. There must also always be room for humour, compassion and spontaneous discussions, even about non-work matters. This may all be part of my Scandinavian DNA which shines through.

Do you have any last words for Rickmers Maritime's stakeholders?

Shipping is one of the oldest industries in the world. It is a fundamental platform for international trade and will always be a cornerstone of the global economy. However, shipping is in many ways more complex than the more commonly understood real estate market due to its extreme cyclicity which is driven by macro-economic and geo-political events. I would advise investors to invest in shipping only after they have taken sufficient time to thoroughly evaluate the vast range of investment opportunities available, which come with varying risk-return profiles. Still, even though shipping is complex, you ultimately deal with 'real assets' and the reward can be extremely attractive. Although shipping trusts in Singapore have had a disappointing start, due in part to the industry downturn, I firmly believe the structure itself is relevant and we will see more shipping trusts enter the market in the coming years, providing more diverse options to investors with strong risk appetites. Finally, it goes without saying, I would like to extend my sincere gratitude to all RM stakeholders for their relentless support throughout the past 8.5 years.

Corporate Updates

Feb 2015 – Apr 2015

26 FEBRUARY 2015

Rickmers Maritime reported a stable set of results for FY2014. Although charter revenue decreased slightly to US\$130.3 million, mainly due to reduced rates for two vessels which had their charters renewed in 1Q2014, net profit (excluding non-cash impairments) increased from US\$44.2 million in FY2013 to US\$47.0 million in FY2014. This includes a one-off gain of US\$11.4 million in FY2014 from the early settlement of a convertible loan at a 20% discount, using part of the proceeds of the Trust's maiden issuance of notes under its multicurrency medium term note programme.

Over the course of 2014, Rickmers Maritime successfully deleveraged its balance sheet further, repaying US\$79.3 million of secured bank loans. As at 31 December 2014, the Trust's cash balance stood at US\$60.0 million. Distributions to unitholders for 4Q2014 and FY2014 remained unchanged at 0.60 and 2.40 US cents per unit respectively.

8 APRIL 2015

Rickmers Maritime announced the implementation and establishment of the Rickmers Maritime distribution reinvestment plan. The distribution reinvestment plan will enable unitholders to acquire additional units without incurring transaction or other related costs by electing to receive distributions in the form of units instead of cash.

24 APRIL 2015

Rickmers Maritime held its Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) at SGX Auditorium, 2 Shenton Way, SGX Centre 1, Level 2, Singapore 068804; and released its financial results for its first quarter ended 31 March 2015 (1Q2015). To access the AGM and EGM presentations, as well as the results announcement presentation, please visit <http://www.rickmers-maritime.com>.



CEO's Message

Dear Investor,

Welcome to the 27th edition of the Rickmers Maritime newsletter.

While it has only been about three months since the previous newsletter, a number of noteworthy events have taken place.

Singapore's first Prime Minister Mr Lee Kuan Yew passed away on Monday, 23 March 2015. A true visionary who once said Singapore's raison d'être was its port, he led the country to build her first container port in Tanjong Pagar in 1969. While it looked like a bold investment back then, Singapore is now home to the second busiest container port in the world. In his later years, Mr Lee maintained that Singapore must strive to remain a major hub port with top-notch maritime support services such as maritime finance, insurance and legal services, and an international maritime centre to support a core group of shipowners and operators. His wisdom has shaped Singapore into the successful nation that she is, impacting many other countries and a myriad of industries, including the maritime sector in which we operate.

Bearing testament to the attractiveness of Singapore's port, PSA International recently announced that PSA Singapore Terminals handled 33.55 million TEU in 2014, a 4.1% increase from 2013. While volume growth was encouraging, PSA International also noted that the industry has awoken to "new realities" – one with "more complex alliance arrangements" and "as more mega vessels enter the service and the workings of the mega alliances go into full swing in 2015", challenges may persist.

This roughly mirrors the state the container shipping industry appears to be in. Container volumes are climbing as the global economy improves and trade growth accelerates. At the same time, there are uncertainties amid ongoing shifts in the industry's

dynamics. On one hand, the supply of containerships will increase further despite the high level of demolition in recent years. Shipping companies are taking delivery of a significant number of new vessels and ordering more vessels, especially ultra large ones. On the other hand, demand for such vessels is being triggered, in particular, by shipping alliances who are hoping to realise economies of scales and improved profitability from lower unit costs. Whether demand will be able to sufficiently absorb supply remains to be seen. Analysts believe that it could take a few years for demand and supply fundamentals to reach equilibrium.

As an active trustee-manager, we are keenly following the situation and taking steps to best position Rickmers Maritime to benefit from a recovery in the industry. We are constantly sourcing for new charters to ensure that our vessels remain fully employed, and structuring such agreements with an element of flexibility for upward rate adjustments as market rates improve.

We have also implemented the Rickmers Maritime distribution reinvestment plan, which will provide unitholders with the flexibility to elect to receive distributions in the form of cash and/or units. This initiative will also allow the cash which would otherwise be payable as distribution to be retained in the trust and used to enlarge its working capital base and/or fund its growth and expansion.

As I approach the end of my time at Rickmers Trust Management, I reflect on my tenure here and share my thoughts in the cover story of this edition. We also move on with our Ports of the World series, this time heading to Malaysia's Port Klang. For our Hands on Deck story in this issue, we find out who among the crew on board Kaethe C. Rickmers is the bravest, the most book-loving, and the most resourceful. Finally, we round up the second half of our Stages of Shipbuilding overview in the Glossary section.

This will be the last time I write for the "CEO's Message" column of this newsletter. Being able to engage you through this column has been great, and I trust that this newsletter has provided you with deeper insights on Rickmers Maritime and the container shipping industry. As always, I hope that you will enjoy reading it, and look forward to the next one.



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

Ports of the World

Port Klang, Malaysia

Having ventured out to visit the first African port in this series, we now head back closer to home – to Port Klang in Malaysia.

Colonial Heritage

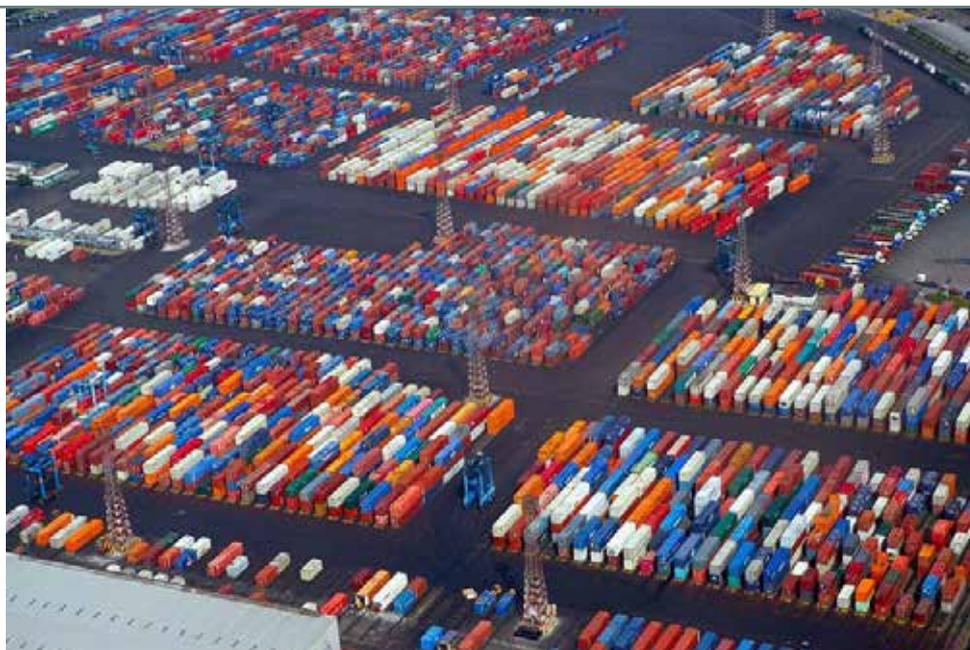
Port Klang is situated in the Malaysian state of Selangor. The brainchild of Sir Frank Swettenham, the British Resident of Selangor when the port first opened in 1901, Port Klang was initially named Port Swettenham. Since its establishment during the era of British colonial rule, Port Klang has long been one of Malaysia's key commercial hubs.

Back then, the town of Klang was the British administrative centre for Selangor and an export centre for the state's tin mining industry, as well as its rubber and coffee plantation produce. To support and enhance the state's trading activity, Sir Swettenham mooted the idea of developing infrastructure assets such as railway lines and a port. After it was determined that Klang's coastal area had deep waters that were ideal for wharves, the port was soon built and connected via a railway to the capital, Kuala Lumpur.

Well Equipped and Connected

Today, Port Klang has evolved to become one of the world's busiest ports, benefitting from its strategic location along the ever important Straits of Malacca trade route and within the Port Klang Free Zone. The Port Klang Free Zone offers tax and other incentives to attract companies to invest in building up operations in the area. Occupying a geographic region measuring over 800 hectares, the port is sectioned into three areas – Northport, Southpoint and Westport.

The port handles a diverse range of cargo which includes containers, dry bulk, break bulk, liquid and bunker fuels. Having handled around 10.4 million TEU in 2013, it was named the world's 13th busiest container port that year, surpassing even the ports at Hamburg, Germany; Antwerp, Belgium; Xiamen, China; New York – New Jersey, USA and Balboa, Panama. 24 out of the 53 berths at Port Klang are dedicated to handling containers, making them the key area of focus for the port. This is followed by dry bulk, break bulk and liquid, which are handled at 11, nine and seven other specific berths respectively. In total, the



Port Klang

ports' berths span a length of almost 11.5 kilometres.

Supporting the port's activities are a wide array of equipment and storage areas. These include 60 quay cranes, 43 forklifts, 33 high stackers, 413 trailers and 424 prime movers, as well as a 207-hectare container yard.

Just as it was in the early 1900s, the port continues to be linked to Kuala Lumpur via railway. The railway network now extends beyond Kuala Lumpur, covering the Ipoh Cargo Terminal in the northern state of Perak as well as Penang, even reaching Bangkok. Cargo handled by the port is also transported across Malaysia by road via the country's Klang Valley Expressway, Federal Highway Route 2 and North-South Expressway, which stretches over 900 kilometres from the Singapore-Malaysia causeway to the Malaysia-Thailand border.

Staying Sharp

Port Klang has gone through several upgrading and expansion exercises over the years. More recently, the annual container handling capacity at the Northpoint section of the port was increased from 5.0 million TEU to 5.6 million TEU, while Westport's was increased from 9.5 million TEU to 11.0 million TEU. In addition, the world's largest ship-to-shore cranes were installed at Westport, where berths were also dredged to lower depths of 16.5 metres, enabling the terminal to receive the 19,100 TEU CSCL Globe in December 2014, one of the largest containerships in the world.

To continue ensuring that the port's capabilities remain at the forefront of the industry, the Port Klang Authority is looking

to deepen some of its berths even further to 18.0 metres and add more efficient cranes to the terminals. This would enhance the port's ability to receive ultra large containerships. Moving forward, the government is also exploring the possibility of developing a new terminal that could handle up to 30 million additional TEU per year.

With a strategic location endowed by nature, a considerable portfolio of high quality facilities and equipment as well as concrete plans for continuous development, it looks like Port Klang's standing as a leading transshipment hub in the region is set to remain.

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Image:

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Hands On Deck

Kaethe C. Rickmers



1. *Thet Paing Soe*
Bravest crew member



2. *Soe Win Naing*
Most book-loving crew member



3. *Tint Naing Win*
Most resourceful crew member

In this third instalment, we ask the captain of Kaethe C. Rickmers to introduce the bravest, most book-loving and most resourceful members of his crew to our readers.

1. The bravest crew member: THET PAING SOE (Able Seaman)

The duties of an able seaman include tasks such as climbing up the vessel's mast and working aloft – activities which are not for the faint-hearted. However, Thet Paing Soe is not one to shy away from these tasks. With solid mental strength and a good work ethic, he is often the first to volunteer for such tasks.

At the same time, he recognises that his job comes with risks as accidents may occur due to possible human errors, machine faults or equipment failures. Accordingly, his work mantra is "Safety First". He always takes precautions and performs the necessary checks before embarking on any task.

He also makes it a point to condition his body to cope with the physical demands of the job, as well as his mind to handle and manage the stress that comes with it. This way, he can perform his duties skilfully and with composure, minimising the possibility of accidents occurring.

2. The most book-loving crew member: SOE WIN NAING (Chief Engineer)

Soe Win Naing takes his duties and responsibilities as the vessel's chief engineer very seriously. Always seeking to expand his knowledge, deepen his capabilities and widen his range of skills, he devotes much of his free time to reading. He tries to read daily, and aims to complete two books a month. Books are precious to him, and while he takes care to keep them in pristine condition, the greatest value a book holds for him is the treasure trove of information within.

The bulk of his reading material consists – unsurprisingly – of instruction manuals and technical guides. He finds that these help

him better understand the vessel, as well as the rules and regulations he is required to adhere to. In addition, he believes that the detailed information they provide reduce confusion, increase clarity and lead to less human error on board the vessel. Given that the knowledge he gleans from reading is very applicable to his work, he often shares what he has learnt with others from his engineering team.

Of course, Win Naing does not only read work-related books. He recently completed a Burmese novel, 'The Class', and liked it so much that he has recommended it to many friends.

3. The most resourceful crew member: TINT NAING WIN (Messman)

As a messman, Tint Naing Win interacts regularly with all members of the crew. Over time, he has developed an intricate understanding of all their roles and tasks, both completed ones and those that have yet to be done. Coupled with the insight he has amassed from many years of seafaring, the experienced seaman has a wealth of knowledge about tasks on board a container vessel.

It is for this reason that his fellow crew members deem him to be the most resourceful among them. His crew mates often ask him for advice and information on which department they should approach to borrow certain items or equipment, and which crew member they should seek out for expertise in a particular area.

Being familiar with how everyone works together on board and how various job functions are interdependent on each other, he is also the catalyst for cooperation between departments. At times, he is even a mediator and negotiator, preserving the peace and fostering camaraderie among crew members.

Glossary

Stages of Shipbuilding (Part 2)

Assembly And Mounting

At this stage, relatively small steel plates that have been cut, heated and bent to form parts of a ship's hull and deck sections are grouped in blocks and assembled into larger components. These are then mounted together to form a complete ship body.

Launching

Up to this juncture, a work-in-progress ship is built on dry ground in a dock at a shipyard. When she is ready to be launched, the dock is filled with water. This causes the ship to float, and then drift out to a designated quay. A third tranche of payment is usually made at this stage.

Finishing

The final touches of building a ship are added at this stage. Among other things, accommodation fittings are put in place; and control stations, equipment and instruments are installed and checked.

Sea Trial

After the final touches are added to a ship that has been built, she is tested at sea. Performance logs of the ship and its various components are made, and kept as records.

Delivery

If a ship performs satisfactorily during her sea trial, she is deemed to be completed and ready for delivery. Often, delivery is marked by a ceremony and the final tranche of payment. When the ceremony is over, the crew embarks on the ship's maiden voyage.

Warranty

Post-delivery, a ship will remain on warranty for a period of time. The duration varies from contract to contract, but usually ranges from 12 to 24 months.