Rickmers Maritime

Newsletter

Rickmers Trust Management Pte. Ltd.

23rd Edition | May 2014

www.rickmers-maritime.com

In this issue

Cover Story

Annual General Meeting 2014

Rickmers Maritime held its seventh annual general meeting on Tuesday, 15 April 2014 at One Marina Boulevard in Singapore, and it was a well-attended event once again. The Trustee-Manager's entire Board, consisting of the Chairman of the Board, Mr Bertram R. C. Rickmers, and directors Dr Ignace Van Meenen, Mr Lim How Teck, Mrs Lee Suet Fern and Mr Raymundo A. Yu Jr., participated in the meeting. Also present were Mr Thomas Preben Hansen and Mr Gerard Low, the Chief Executive Officer and Chief Financial Officer of the Trustee-Manager respectively, providing unitholders with an opportunity to speak to the Board and senior management about the business, and vote on proposed resolutions.

Mr Rickmers first introduced the panel, before handing the time over to Mr Hansen and Mr Low to deliver a presentation on the Trust's performance, developments and prospects, as well as the state and outlook of the container shipping industry. Following the presentation, Mr Rickmers put the resolutions forward for voting, and also chaired a question and answer session.

Resolutions proposed included adopting the audited accounts, re-appointing PricewaterhouseCoopers LLP as the auditor of the Trust, and granting authority to the Trustee-Manager to issue additional units, up to 50% of the issued units in the Trust. Voting at the annual general meeting was conducted by poll. Votes, including those submitted via proxies, were counted by scrutineers from Boardroom Business Solutions. All the resolutions were passed.

There were opportunities for unitholders to meet with members of the Board and senior management team while the votes were being counted, and after the annual general meeting had concluded, allowing them to discuss matters more informally. Through the friendly and frank exchange of views and insights, unitholders were able to tap on the experience and expertise of Rickmers Maritime's leadership team, enhancing their understanding of the industry and the Trust.

Unitholders were also treated to lunch and mingled over the meal, building on their connection as fellow investors of Rickmers Maritime. All in all, the Annual General Meeting was a meaningful occasion for all involved, wrapping up a year of stable performance for the Trust. It further enhanced communication with unitholders as part of the Trustee-Manager's commitment to upholding high standards of corporate governance, and equipped everyone with helpful knowledge and mandates for the year ahead.

The Trustee-Manager appreciates the strong relationship it has formed with the unitholders over the past few years and welcomes feedback, queries and comments which can be directed to ir@rickmers-maritime.com.

Corporate Updates

Feb 2014 – May 2014

24 February 2014

Rickmers Maritime reported a stable set of results for FY2013, with charter revenue remaining steady at US$143.5 million. Net profit for FY2013 was US$23.5 million, compared to US$27.6 million in FY2012, mainly due to a non-cash impairment charge of US$20.8 million. The Trust remained operationally robust, reporting adjusted EBITDA of US$104.5 million in FY2013.

Over the course of 2013, Rickmers Maritime successfully strengthened its balance sheet, paying US$126.1 million of secured bank loans. As at 31 December 2013, the Trust's cash balance stood at US$61.6 million. Distributions to unitholders for 4Q2013 remained unchanged at 0.60 US cent per unit.

15 April 2014

Rickmers Maritime held its Annual General Meeting at No. 1 Marina Boulevard, Level 7, One Marina Boulevard, Singapore 018989. To access the AGM presentation, please visit http://www.rickmers-maritime.com.

2 May 2014

Rickmers Maritime released its financial results for 1Q2014 ended 31 March 2014. To access the results announcement and presentation, please visit http://www.rickmers-maritime.com.

CEO's Message

Dear Investor,

Welcome to the 23rd edition of the Rickmers Maritime newsletter.

"A penny saved is a penny earned", a proverb recorded as early as the 17th century, is currently one of the key drivers of the container industry. The few liner companies that produce operating profits these days are not hiding the fact that cost-cutting plays a major role. With volatile freight rates beyond their control and barely covering running costs, the most successful liner companies are those who have consistently reduced their fuel costs in recent years.

The obvious and effective step was to reduce the service speed of the global container ship fleet by 30-40%. Most carriers were satisfied with their fuel cost reduction and the cost-cutting efforts slowed. However, some carriers saw this as only the beginning and have been busy identifying areas to achieve further savings. With annual fuel bills in the billions, every percentage saved represents tens of millions of dollars on the bottom line.

At Rickmers Maritime, we believe our competitiveness is measured first and foremost on our pro-active approach towards fuel saving. As a non-operating owner, we do not directly benefit from any fuel savings achieved by our ships. We have no doubt, however, that it makes our ships more competitive. We believe this was a critically important parameter for Maersk Line, the largest container carrier in the world and a global leader in fuel efficiency, when they chose to charter two of our ships in March for one to two years to service their Middle East to South Africa service.

Our most comprehensive fuel saving project to date is the retrofitting of a number of our 4,250 TEU vessels with smaller bulbous bows, optimised for slower speed, as well as a host of other features aimed at reducing fuel consumption. This is expected to save our charterers millions of dollars' worth of fuel annually and reduce the environmental impact of our vessels. The first retrofit is scheduled to be completed this May.

Whilst charter rates have yet to recover, the supply and demand fundamentals are shifting in the right direction. The global economic situation looks more upbeat, with IMF projecting global growth of 3.6% in 2014, compared to 3.0% in 2013. Major economies are also expected to experience faster growth this year, boosting demand for consumer goods and trade, and this bodes well for the industry. It is difficult to accurately predict the shipping cycle. Nonetheless, with 98% of our fleet employed in 2014, we remain in good stead this year.

In this issue, we bring you highlights of our recent AGM, and continue our Ports of the World series, this time turning to Germany and her twin ports of Bremen and Bremerhaven. We also hear from one of our deck cadets about embarking upon a career at sea.

I hope you enjoy this edition of the newsletter, and look forward to the next update.

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

Port of Bremen

Port of Bremerhaven

Ports of the World

The Twin Ports of Bremerhaven and Bremen

After visiting the Port of Hong Kong, we head to Europe for a tour of the German twin ports, Bremerhaven and Bremen.

Two ports in one
Having handled a total of 5.8 million TEU in 2013, Bremerhaven and Bremen are amongst the world's busiest ports.

Individual specialisation is key to the success of the twin ports. Bremerhaven is the port of choice for container vessels, car carriers, as well as refrigerated fruit carriers, and accounts for approximately 80% of the total freight volume handled by the twin ports. It is also evolving into a major destination of choice for players from the offshore wind energy industry. Bremen, on the other hand, has its niche in handling conventional general cargo, heavy-lift, and bulk cargo.

With an efficient logistics network, the ports of Bremerhaven and Bremen are able to offer wide-ranging, value-added services that cover all aspects of container shipping.

Bustling terminals for automobiles, fruits, and offshore energy
Located at the mouth of the river Weser where the water is deep enough for sea-going ships, Bremerhaven is the fourth largest container port in Europe. It has excellent conditions for handling containers and managing import and export flows.

Bremerhaven began as a 700-metre long quay in the late 1960s. After four expansion projects, Bremerhaven now stretches over five kilometres, making it the world's longest coherent riverside quay. Within the port are 14 berths for mega-container vessels, an outdoor operating area covering approximately three million square metres, as well as a vast sheltered storage area.

The automobile sector is a major part of Germany's labour market, connected to one in seven jobs, and Bremerhaven is one of Europe's leading car hubs. As a result, many renowned German car manufacturers ship their finished vehicles via Bremerhaven. At peak levels, more than two million vehicles are handled at the port in a year.

Bremerhaven is also a leading distribution centre for temperature-controlled cargo, such as fruits. With at least two dedicated fruit terminals in a refrigerated area spanning 8,000 square metres, the port loads and discharges more than 250,000 tonnes of temperature-controlled cargo.

In addition, the natural environment around Bremerhaven enables it to support the booming renewable energy sector, especially offshore wind energy. Already, many industry players are located around Bremerhaven due to its excellent infrastructure and reputation as a bustling industrial cluster, with numbers likely to increase further after the completion of current expansion projects. These include the development of a 500-metre quay, a 25-hectare dedicated offshore terminal, and a 200-hectare industrial area for greenfield development.

World-class hubs for conventional goods and bulk commodities
Bremen has three hubs, namely, Neustadt Harbour, Industriehafen, and Holzhafen, which have different capabilities from Bremerhaven. They specialise in handling conventional break bulk and heavy-lift cargo weighing up to 550 tonnes, as well as bulk commodities such as steel and iron products, wood and other materials.

Moving about two million tonnes of cargo annually, Neustadt Harbour is one of Northern Europe's most important hubs for the transhipment of conventional cargo. Having effectively merged a container terminal with a harbour, it offers efficient and swift port services, minimising the time taken for cargo to be transferred from ship to shore.

Industriehafen, Bremen's industrial harbour, handles nearly half the total volume passing through the port, or 11 million tonnes of freight per year. These include container goods, vehicle and plant parts, steel products, construction materials, and even waste.

Located on deep waterways and near the city centre, Holzhafen, is known for its impressive connectivity and storage capabilities. Freight from across the world are delivered by ship and rail to be stored temporarily at Holzhafen, before being processed and loaded onto barges, railcars, and trucks bound for end customers.

Track record looks set to continue
The twin ports of Bremerhaven and Bremen are founded upon meticulous planning, precise technical configurations, and cutting-edge engineering that have been a source of pride for all who have contributed to the ports' accomplishments. Recent expansion projects and new developments were undertaken with a similar dedication to quality, paving the way for continued success.

Although container throughput at the twin ports weakened by 4.7% between 2012 and 2013 amid the recent downturn, with certain segments of the maritime industry showing signs of a recovery, an upswing seems to be on the cards.

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Cho Pyae Phyo Han, a deck cadet on MOL Dominance

Crew On Board

The Starting Point

In this instalment, we speak with Cho Pyae Phyo Han, a deck cadet on board the MOL Dominance, to find out more about how a career at sea begins.

1. **What is the role and key responsibiities of a deck cadet?**
   A deck cadet is required to perform tasks around the deck that are assigned by the officers and Bosun. He is also required to undertake maintenance work. In all of these duties, a deck cadet has to be keenly aware of the operating environment and comply with the highest safety standards.

2. **What are the qualifications required to become a deck cadet?**
   Before being able to work on board, a deck cadet has to pass a medical fitness test. Also, according to the Standards of Training, Certification and Watchkeeping for Seafarers (STCW), a deck cadet has to undergo basic safety training, which includes lessons on fundamental fire-fighting techniques, elementary first aid procedures and personal survival skills.

3. **What spurred your interest to pursue a career at sea as a deck cadet?**
   I have always wanted to pursue a career at sea, as it has both enjoyable and challenging elements that appeal to me. The deck officers I work with on board have impressed me greatly, and that has further spurred my ambition to be an officer in the future too. I hope to step into their shoes one day, and doing my best now, as a deck cadet, is the first step towards achieving that goal.

4. **What are the daily duties of a deck cadet?**
   Every day, a deck cadet has to operate deck machinery and carry out deck maintenance as directed by the Bosun, to ensure that the ship is in optimum condition. Deck cadets also participate in emergency drills and safety exercises, as well as ship security simulations and crew meetings. Sometimes, the Chief Officer will also instruct deck cadets to watch over the cargo on board the ship.

5. **How many deck cadets are there on a ship and how do you work together?**
   This depends on a vessel's size and manpower resources. Here on the MOL Dominance, there are two deck cadets and we split the duties evenly between us.

6. **What are the ideal qualities that make someone an effective deck cadet?**
   To be a good deck cadet, you need to be passionate and participate enthusiastically in the various drills and exercises conducted on board. Also, one has to be attentive and receptive to instructions from superiors.

7. **What is the next step in the career of a deck cadet?**
   The next rank after promotion from a deck cadet would be an Ordinary Seaman. To be promoted, a deck cadet has to fulfil the requirements set out under the STCW, which includes accumulating three years of experience at sea that has been verified and recognised by the relevant government agencies. After that, he will be granted an opportunity to undergo Officer of the Watch training courses and sit for the related exams.

8. **What are your aspirations for your career at sea?**
   I want to challenge myself as a deck cadet and give my best so that one day, I may become an accomplished and inspirational deck officer who is respected by other crew members.

Glossary

Common Abbreviations on Board

AIS – Automatic Information System *– An automatic system for tracking vessels that is used on ships and by vessel traffic services. By exchanging data electronically with AIS base stations, satellites, and other ships nearby, an AIS is able to identify and locate vessels, and allows maritime authorities to track and monitor vessel movements to avoid collisions.*

CPA – Closest Point of Approach *– A mathematical formula that allows for the calculation of the closest safe distance between one ship and another ship. The term is usually found in ship radars to show the safest distance to keep between two vessels.*

DR – Dead Reckoning *– Used in navigation systems to calculate a ship's current location, dead reckoning estimates a vessel's position based on its course, speed, or last known position. However, such simple dead reckoning methods utilised by humans have been made obsolete by the use of global positioning systems.*

GAR: Green, Amber, Red *– A model used to assess the amount of risk in an activity and or to assess the safety of a mission. The GAR model matches the amount of risk activity to the colours of a traffic light. Calculated risk values that fall under the green zone are considered as low risk; while those in the amber zone are moderate and associated activities should be approached with caution; and those in the red zone are of higher risk, and measures to reduce threats should be implemented before associated activities.*

VTS – Vessel Traffic Service *– A marine traffic monitoring service similar to air traffic control systems, implemented by port authorities. VTS systems involve the use of AIS, radars, very high frequency radiotelephony, and closed-circuit televisions (CCTVs) to monitor vessel movements and offer navigational safety in an enclosed geographical zone.*

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