

RICKMERS MARITIME

RICKMERS TRUST MANAGEMENT PTE. LTD.

Newsletter

13th Edition,
NOVEMBER 2011



Dear Investor,

Welcome to the latest quarterly issue of the Rickmers Maritime newsletter!

In this issue, we bring you insights into some recent 'melting' developments that may soon begin to impact the shipping industry, as well as aspects of the history and basics of container shipping.

Even as individuals and corporations across the world in various industries step up efforts to cut emissions, we begin to witness some of the long-term effects of

our excessive and growing energy consumption. One such example is the accelerating melting of the polar ice caps. As a result, new shipping routes have emerged and look set to stay. Read more about the possible effects of this new Arctic route in our front page feature.

In previous issues, we introduced the major shipping routes worldwide, and now, we shift the spotlight to some of the major ports around the world where the global trade is being loaded and unloaded from container vessels. We will be featuring one major port per issue as part of a series of articles, and it seems

only right that we begin this tour from our very own port, which has played a significant role in putting Singapore on the world map.

Next, we delve deeper into the heart of our containerships, and bring you on a short journey through the history of containerisation. Find out how it all started and evolved into what it is today.

The smooth sailing and operations of our fleet would not be possible without dedicated and qualified crew, and this is where we start another series, featuring a member of the crew in each edition. For this first feature, learn about the role and responsibilities of the man (or woman) at the helm of each vessel – the Captain. If you are curious to know how many days in a year the Captain spends on the seas, or what exactly he or she does on the vessel, navigate to the back page to find out!

With that, I wish you an interesting and enjoyable read!

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

THE INCREASINGLY ACCESSIBLE ARCTIC ROUTES: THREAT OR OPPORTUNITY?

With the emergence of new shipping routes via the Arctic as ice cover continues to shrink, we weigh in on the possible impact on Singapore's shipping scene should these routes become a reality.

In recent months, satellite images have indicated a trend of below-average ice cover in the Arctic for this year, which have resulted in the opening of two major shipping routes – the Northwest Passage and the Northern Sea Route – in the Arctic Ocean. While the Northern Sea Route above Russia (also known as the Northeast Passage) has been open to shipping traffic since mid-August this year, recent satellite data show that the most direct course in the Northwest Passage, located in the Canadian Arctic Archipelago, now appears to be navigable as well.

With the current global climate outlook, this cycle shows a potential to repeat itself in the years to come, with the new routes expecting to have varying impact on the countries affected, depending on how they are being adapted and used.

Tracing the emergence of the Arctic Routes

Every year, the Arctic Ocean experiences the formation and then melting of vast amounts of floating ice, but the rate of overall loss has accelerated. Satellite records of the Arctic only began in the 1970s, and over the past 30 years, images of the Arctic have shown reduction in the minimum ice extent at the end of summer from around 8 million sq km in the early 1980s to the historic minimum of less than 4.24 million sq km in 2007.

In 2007, unusual weather behaviour resulted in a record low in Arctic sea ice, as skies opened

over the Arctic Ocean and wind patterns pushed warm air into the region, causing a strong melt. With that, the historically impassable Northwest Passage opened for the first time.

A year later in 2008, both the Northwest Passage and the Northern Sea route opened for the first time. The past five summers are the five minimum ice extent summers on record, and this phenomenon of both Arctic routes opening simultaneously is repeated this year and at an earlier time of the year. While weather patterns have been different this year, the early opening of the passages indicate a possible new record low in ice cover, especially since the minimum ice extent is still three to four weeks away.



(Continues on next page)

Northern Sea Route and the Northwest Passage compared with currently used shipping routes (June 2007)



THE INCREASINGLY ACCESSIBLE ARCTIC ROUTES: THREAT OR OPPORTUNITY? (CONTINUED)

Singapore, for one, could lose some revenue from trade if ships are diverted to bypass its port for better efficiency. The emergence of the Arctic routes offer European vessels bound for north-east Asia shorter and more efficient routes via the Bering Strait, and with direct access to northern China, Japan and South Korea, vessels could choose to bypass the Suez Canal and Malacca Strait and skip Singapore altogether, resulting in some loss of trade revenue for the Republic.

That said, the impact may be limited – goods and raw materials originating in South-east Asia would still need to be picked up from Singapore before being shipped to Europe, which keeps a cap on the number of shipping itineraries that may be re-routed.

The new routes may very well also present new business opportunities for the shipping industry, including companies in shipbuilding, port development and green technology. As part of its plans to develop the region, Russia has released plans to build 40 ice-resistant oil platforms, 14 offshore gas terminals, 55 ice-resistant tankers and storage tankers, and 20 gas carriers in the future. There are also great prospects for oil-rig builders, as the arctic shelf is believed to contain the equivalent of more than 100 billion tonnes of oil.

Sources:

The Straits Times, 5 August 2011, "Mixed fortunes for S'pore' if route becomes viable"

European Space Agency, 25 August 2011, "Arctic shipping routes open" http://www.esa.int/esaCP/SEM77TRTJRG_index_0.html

Image: <http://lmaps.grida.nolgoigraphic/northern-sea-route-and-the-northwest-passage-compared-with-currently-used-shipping-routes>

One Singapore-based company that has already capitalised on this opportunity is Keppel Offshore & Marine, which secured a S\$260 million deal to build two ice-breaker vessels for Russian oil company Lukoil in July 2006. At the same time, it also signed an agreement with Lukoil to jointly develop new platforms and deliver a string of other specialised ships, including tugboats, supply vessels and rescue vessels designed for use in freezing temperatures.

The increased demand for ports on the periphery of the Arctic could also present new opportunities for Singapore's PSA International, which could potentially be involved in the development of new ports. With the need for the Arctic Council to preserve the fragile ecosystem in the region, Singapore's green technology sector could help develop greener ships that have low carbon emissions and are more energy-efficient.

All things considered, the Arctic routes are only passable during summer when the ice is sufficiently melted, and even then, the threat of ice remains. The commercial viability of the Arctic routes is also dependent on whether Russia reduces the hefty US\$200,000 (S\$242,000) per trip fee chargeable for each of its nine atomic-powered ice-breakers to accompany vessels in case of ice.

VESSEL TOUR OF "ANL WINDARRA"

On a sunny Friday afternoon (16th September), a group of 10 participants comprising investors and members of the media went on a tour of ANL Windarra, a 4,250 TEU containership. It was an eye-opening experience for all as they were shown various parts of the ship usually inaccessible to the public. The group managed to see most parts of the ship, from the bridge to the crew members' cabins, the engine room and galley. Captain Aye Win kindly guided

the tour and patiently explained the vessel operations and functions of each part of the ship. This was the 12th successful vessel tour organised by Rickmers Trust Management for our investors. Vessel tours are conducted every quarter and interested parties may register their interest via ir@rickmers-maritime.com.



CORPORATE UPDATES

25 JULY 2011

Rickmers Maritime announces the financial performance of the Trust for the second quarter ended 30 June 2011 (2Q2011). Charter revenue for 2Q2011 stood at US\$37.57 million, a 3% increase from the same period last year. Cash flow available for distribution (before payment to debt capital providers) slid 4% from US\$27.51 million in 2Q2010 to US\$26.47 million this quarter, attributable mainly to movements in working capital and dry-dock reserves required to meet future dry-dock obligations. The Trust continued to deleverage its balance sheet by paring down its outstanding bank loans of

US\$670.96 million at the end of 2010 to US\$647.11 million as at 30 June 2011. Distribution to unitholders remained at 0.6 US cents per unit for 2Q2011.

14 NOVEMBER 2011

Rickmers Maritime releases its financial results for the third quarter ended 30 September 2011 (3Q2011). To access Rickmers Maritime's 3Q2011 results announcement and presentation, please visit <http://www.rickmers-maritime.com>.



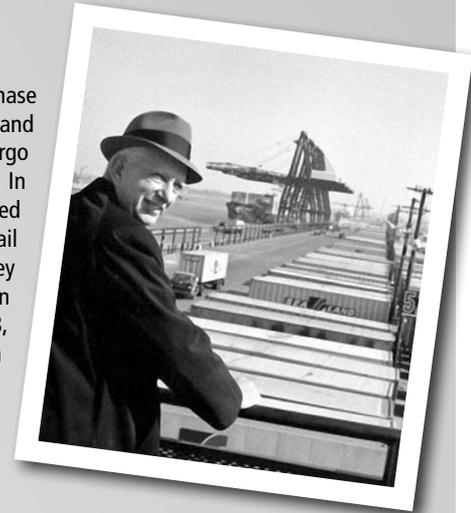
THE HISTORY OF CONTAINERISATION

Container-vessel transportation may be one of the greatest invention of the 20th century. But when was it invented, and who invented it? This article provides a snapshot of the man who thought "out of the box" and revolutionised maritime shipping.

In the 1930s, Malcom Purcell McLean (14 November 1913 to 25 May 2001) was an ordinary gas pumper at a service station near his hometown in North Carolina with just a high school education. When McLean had saved enough money at the age of 21, he bought a second-hand truck and started his own trucking company, called McLean Trucking Co. With his one and only pickup truck, McLean started off the business by loading and unloading cargo to and from ships across ports. Gradually, over the years, the business developed into the second-largest trucking company in the US, and by the 1950s, McLean Trucking Co. owned 1,770 trucks in 32 terminals. However, as business picked up, McLean was unable to keep up with the laborious process of manually loading and unloading heavy goods. He then began to think of ways to remove the hassle and speed up the process.

In 1955, *the* idea came to McLean. He had observed how military trucks were carried on a chassis attached to ships and transported across the world via sea, and decided to adapt the practice for commercial purposes. McLean envisioned a huge box containing all the cargo to be transported and loaded directly onto a ship, instead of having to manually place the cargo onto a chassis which would then be loaded onto the vessel. The box would also be made of metal, instead of wood which was not as durable nor offer adequate protection. McLean's idea thus gave birth to the concept of container shipping.

McLean then went on to purchase a small steamship company and refitted its ships to carry cargo in large metal containers. In April 1956, one of the refitted vessels, the Ideal X, set sail from Port Newark in New Jersey and marked a revolution in maritime shipping. In 1968, commercial containerisation was inaugurated from the Far East to the US, expanding to Hong Kong and Taiwan in 1969, and to Singapore, Thailand and the Philippines in 1971.



Mr Malcom Purcell McLean with his great invention

McLean can be considered one of the century's most influential men, whose invention revolutionised maritime trade and greatly contributed to the world's economic growth in the 20th century. He was named "Man of the Century" by the International Maritime Hall of Fame. On the morning of McLean's funeral, containerships around the world blew their whistles in his honour.

Sources:
http://en.wikipedia.org/wiki/Malcom_McLean
http://en.wikipedia.org/wiki/Container_ship
<http://en.wikipedia.org/wiki/Containerization>

MAJOR CONTAINER PORTS AROUND THE WORLD

First Stop: Singapore

Starting from this issue, we will introduce a major container port, outlining its location, facilities and features. And with its long list of awards and accolades, it seems fitting for us to start off with our very own port of Singapore.

Voted "Best Container Terminal (Asia)" for the 22nd time at the 2011 Asian Freight & Supply Chain Awards, and "Container Terminal Operator of the Year" at the Lloyd's List Asia Awards for the 10th time in 2010, the Port of Singapore Authority (PSA) Singapore Terminals is a flagship terminal of PSA International, one of the leading global port groups with investments in 29 port projects in 17 countries across Asia, Europe and the Americas.

Singapore is one of the busiest ports in the world. Connected to 600 ports globally, it observes daily sailings to every major port in the world. In 2010 alone, PSA Singapore Terminals handled 27.68 million TEUs of containers, and some 1.2 million TEUs of reefers.

PSA Singapore Terminals operates five container terminals, located at Tanjong Pagar, Keppel, Brani and Pasir Panjang, with a total of 54 container berths. The five terminals operate as one seamless and integrated facility.

Occupying 335ha and equipped with 23 container berths up to 16 metres deep, quay cranes with reach of 22 rows of containers to accommodate the world's largest container ships, and a bridge crane system that allows each operator to handle up to six cranes, Pasir Panjang Terminal is the most advanced and largest terminal. It is followed in size by Keppel Terminal (14 container berths, 100ha), Tanjong Pagar Terminal (8 container berths, 85ha) and Brani Terminal (9 container berths, 80ha).

The PSA Container Services Department (CSD) also provides value-added services in the handling of specialised cargo such as hazardous chemicals and refrigerated cargo, as well as depot services at the on-dock depots in each container terminal. These include 24-hour technical support for refrigerated containers (reefers), professional care and consultation on safe handling of dangerous goods (DG) as mandated by international and local authorities, and on-dock facilities with a full range of container depot services.

A second port operator, Jurong Port started container terminal operations in mid-2001. The port currently has 14 quay cranes, 34 rubber-tyred gantry cranes, 5 berths and extensive storage yards. Over the last ten years, Jurong Port has won votes of confidence from the industry, winning the "Best Container Terminal Operator in Asia (under 1 million TEUS per annum)" Award at the Asian Freight and Supply Chain Awards (AFSCA) in 2008 and 2009. To enhance connectivity, the port also has an inter-terminal haulage arrangement with PSA Corporation that allows for smooth, fast and seamless transshipment connections among the various terminals.



Sources:
www.singaporepsa.com
www.jp.com.sg



WHAT DOES IT TAKE TO BE A CAPTAIN?

What are the responsibilities of each crew member on board a containership, and what does it take to qualify for his/her position? In this special series, we examine the various roles of the containership crew, starting with the Captain, also known as the Master of the vessel.

1. Describe the major responsibilities of a Captain.

The foremost priority of a Captain is the safety of the crew and cargo on the vessel, and the environmental friendliness of the vessel operations. This entails ensuring that all personnel assignments, procedures and activities adhere to the companies' safety and environment policies, as well as rules and regulations by international bodies, the flag state, port states, class and insurance societies. Adequate supervision of all operations including ensuring the safe navigation of the vessel and timely delivery of its cargo to its intended destination, risk assessments to promote safety and risk awareness, together with defined emergency procedures, should also be firmly in place.

A Captain is also responsible for crew management and welfare, maintaining morale, harmony and co-operation within the crew, while upholding good order and discipline.

2. What qualifications are required for one to become a Captain?

A Captain is required to hold a Bachelor's Degree in Maritime Transportation majoring in Nautical Science, a National Master Mariner License and a Certificate of Competency in accordance with the provisions of the International Convention on Standards of Training, Certification and Watch keeping for Seafarers, 1978, as amended in 1995 (STCW). He/she is also able to perform the Management Level Function in navigation, cargo handling and stowage, radio communication, controlling the vessel operations and care for persons onboard.

A Captain also possesses basic and advance training certificates required by STCW, national and flag state authorities. He/she is required to have sufficient sea experience as Chief Officer prior to taking the Master's position.

3. How many days in a year is a Captain onboard a ship?

As most seafarers work under a contract-based system, a Senior Officer like the Master, can be onboard a ship for durations ranging from four to eight months, depending on his/her contract terms.

4. What are the characteristics of a good Captain?

A good Captain possesses strong leadership and management skills, is capable of handling difficult situations, and has a good understanding of his/her responsibilities. He/she should also place the ship's safe operation, crew safety and maritime environmental protection as his/her top priorities.

5. Is this a male-dominated occupation, or are there many female Captains around?

Unlike the past, this profession is no longer dominated by men and there are some female Masters serving the fleet.

6. What is the typical retirement age of a Captain? Are there any criteria for re-employment or deferred retirement?

While there is no specific retirement age, shipowners/managers provide some guidelines for the re-employment of seafarers, including assessment of the individual's physical and mental competency, work performance and attitude towards work.

Contributed by Captain Ernesto I. Yutadco, Crewing Department of Rickmers Shipmanagement (Singapore) Pte.Ltd



GLOSSARY

MARITIME ORGANISATIONS IN SINGAPORE AND AROUND THE WORLD (PART 3)

• European Community Shipowners' Association, Europe

Based in Belgium, the European Community Shipowners' Association (ECSA) was formed in 1965 under the name of the Comité des Associations d'Armateurs des Communautés Européennes (CAACE). Taking its present name in 1990, ECSA comprises the national shipowner associations of the EU and Norway. Its aim is to promote the interests of European shipping so that the industry can best serve European and international trade and commerce in a competitive free enterprise environment to the benefit of shippers and consumers.

• International Chamber of Shipping, Global

Based in London, the International Chamber of Shipping (ICS) is the principal international trade association for the shipping industry, representing all sectors and trades. ICS membership comprises national shipowners' associations whose member shipping companies operate two thirds of the world's merchant tonnage. Established in 1921, ICS is concerned with all technical, legal and policy issues that may have an impact on international shipping.

• International Shipping Federation, Global

The International Shipping Federation (ISF) is the principal international employers' organisation for the shipping industry, representing all sectors and trades. ISF membership comprises national shipowners' associations whose member shipping companies employ a commensurate proportion of the world's 1.25 million seafarers. Established in 1909 and based in London, ISF is concerned with all labour affairs, manpower and training, and seafarers' health and welfare issues that may have an impact on international shipping.

• Women's International Shipping & Trading Association, Global

Established in UK in 1974 as a non-profit organisation, Women's International Shipping & Trading Association (WISTA) is an international organisation for women in management positions involved in maritime transportation business and related trades worldwide. WISTA aims to be a major player in attracting more women to the industry and in supporting women in management positions. With networking, education and mentoring, WISTA is focused on enhancing members' competence and empowering career success.