

Capital providers



Istanbul, March 10th 2009

Bote de Vries

1. Company Profile

Finamar is a financial consultancy firm with a focus on the maritime industry. Finamar has been established by Bote de Vries a former senior banker and equity investor in the shipping industry.

The product range includes investment fund structuring, sourcing of investment opportunities, equity raising, project finance, financial restructuring, recovery services and corporate advice.

Current mandates includes a. o. the sourcing of investment opportunities for a Dutch Investment Fund for Seagoing Vessels NBZ.

1. Dutch Investment Fund for Seagoing Vessels **Finama** (NBZ)

Capital provided by private investors in The Netherlands

Regulated by Dutch Stock market Authorities

Multi vessels investment fund

Diversified portfolio

Indefinite period of time

Five transactions concluded

1. Project criteria

Long term employment (3 years +)

Existing vessels up to approx. 20 years

Pre delivery finance not preferred

Required return depending on risk profile of project (12%-20%)

Sale and lease back structures

Mezzanine loans

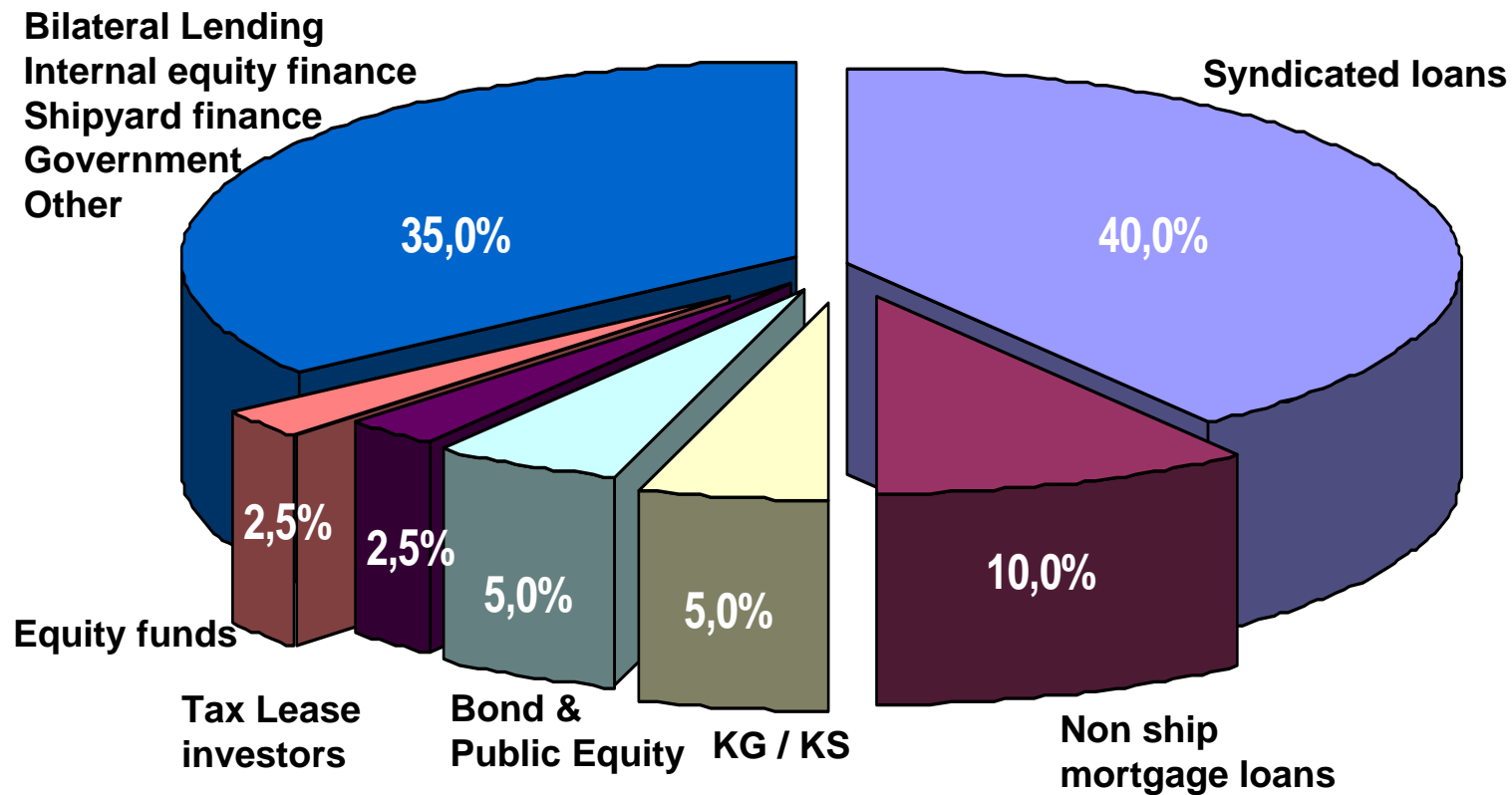
NBZ investment USD 3 – USD 5 million

Willingness to exchange upside potential for downside protection

Netherlands based

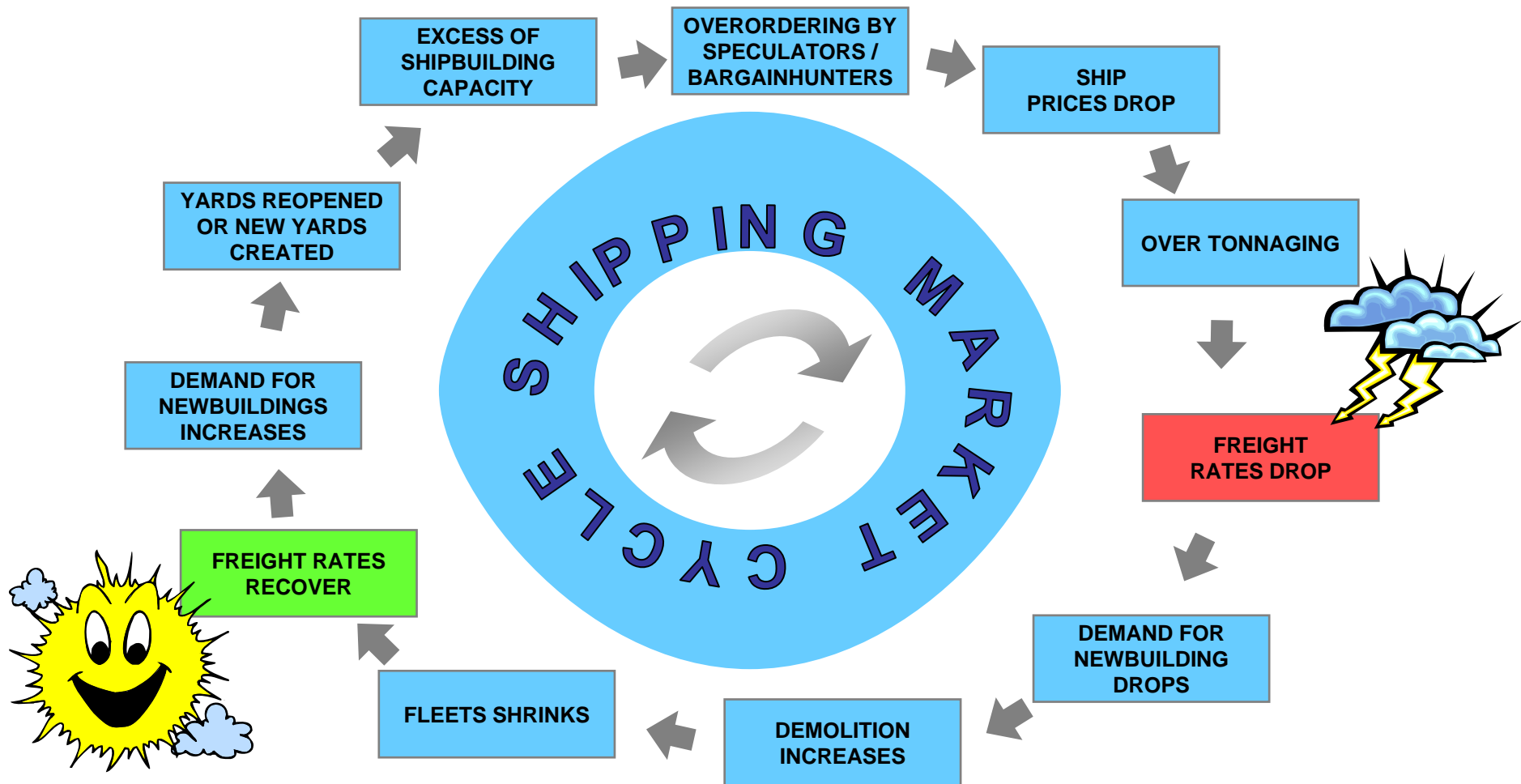
2. Sources of Capital

Sources of Capital for Shipping



Source: Lloyd's Shipping Economist

2. Shipping Investment Cycle



3. Collapsing world

Depressed real estate market in the USA triggered value drop in paper market while reduction is 17%.

Trust in banks disappeared, liquidity is uncertain and traditional equity ratio of 8% is not sufficient in a real recession.

Rating agencies not reliable, down grading went very quickly.

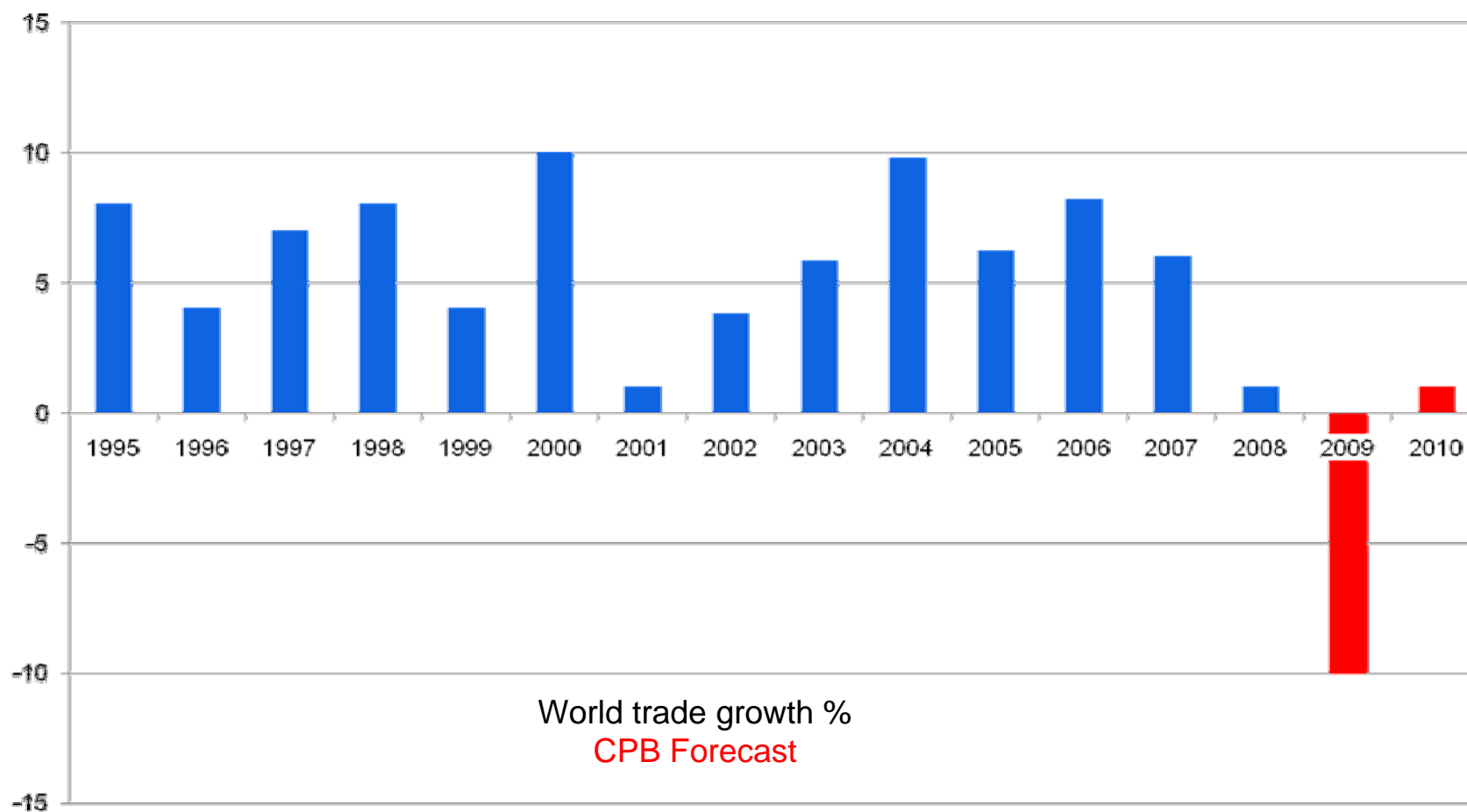
IFRS reporting system under pressure, how to mark to market if there is no market.

Financial crises moved to the real world.

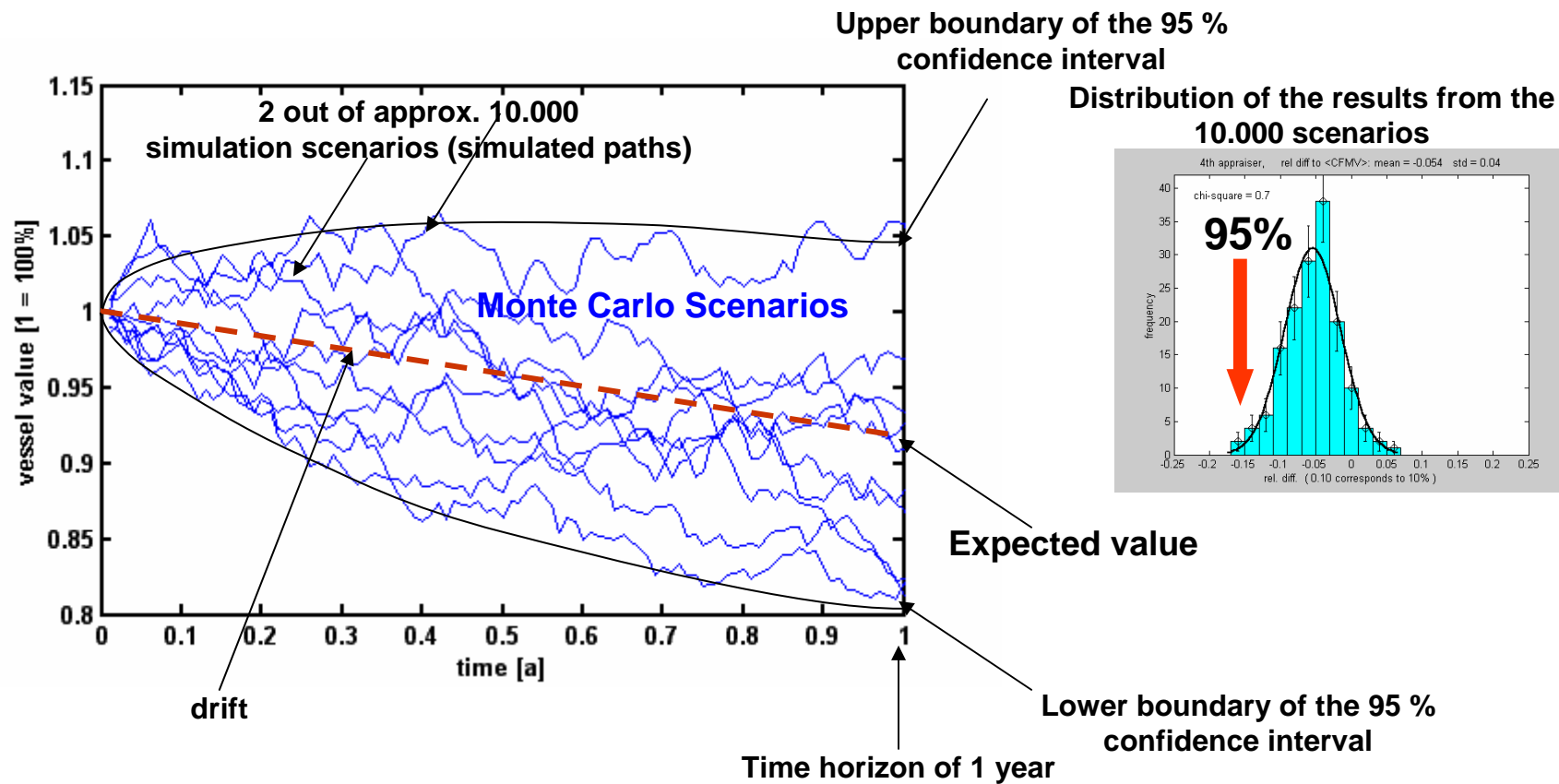
Unprecedented losses realised by companies around the globe.

Job losses increasing fast and stock markets are in panic.

A bonus is bad.



3. LGD: Future Market Value Method



3. NB Capital Crude only June 2008

Rough calculation:

Panamax	USD 5,800 million
Aframax	USD 18,265 million
Suezmax	USD 10,880 million
<u>VLCC</u>	<u>USD 20,735 million</u>
Total	USD 55,320 million

Less than 3 years approx USD 20 billion/year

20% equity USD 4 billion

80% debt USD 16 billion

3. Nightmare June 2008

Sharp drop in values followed by conservative advance ratio's of shipping banks

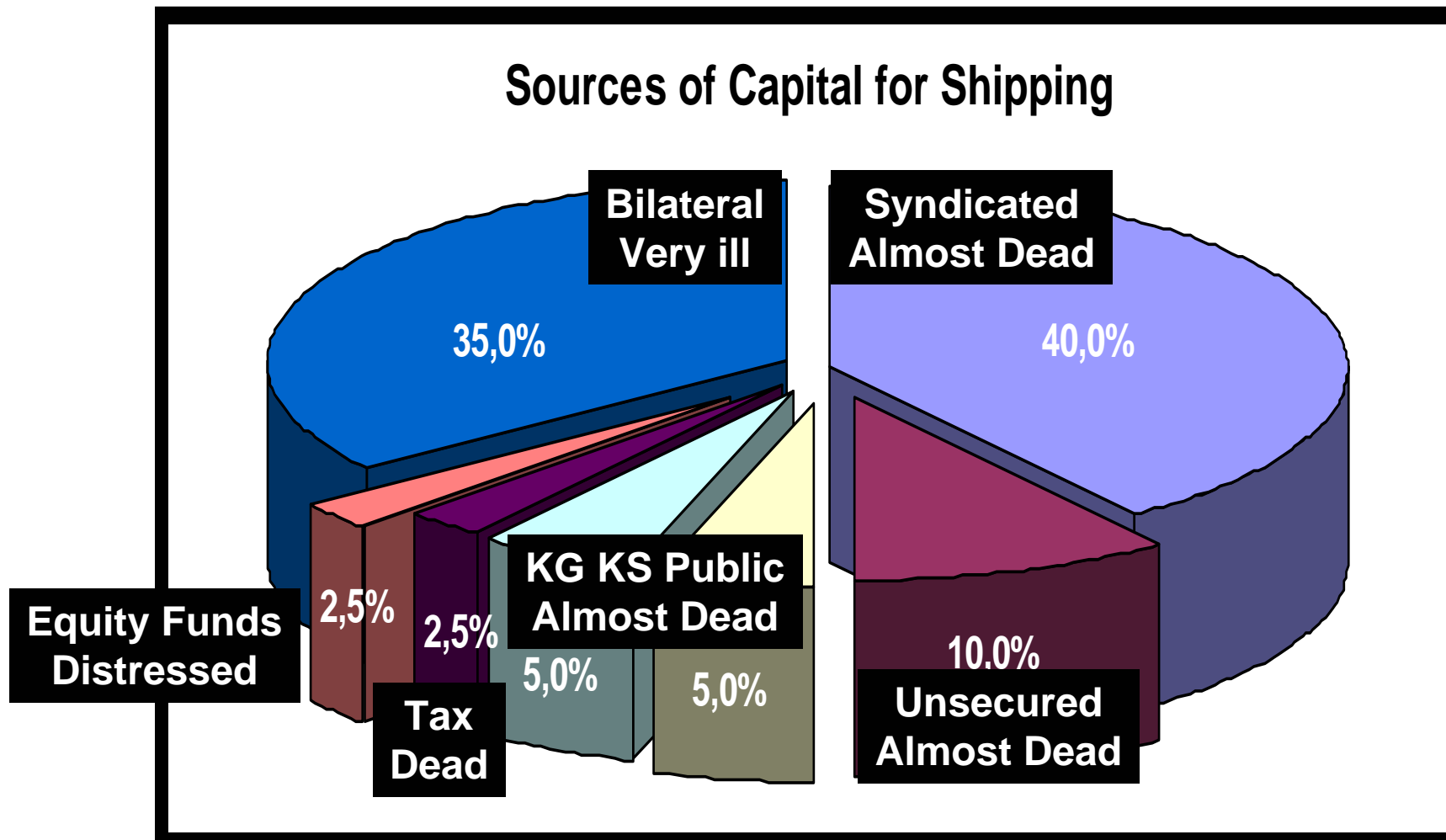
Assuming values drop to 75% of current values

Financing terms decreases to 65% of the market value at delivery

Advance ratio against order prices drops from the assumed 80% to close to 50%!

Required equity slice per year up from USD 4 billion to USD 10 billion in a falling market!

3. Sources of Capital Today



3. Capitalism under pressure

In the great depression the lack of government action resulted in no floor and a further collapse.

In the current recession many governments are actively supporting the industry. China with almost USD 500 billion, a trillion or more in the USA, substantial amounts in European countries.

Unprecedented influence of governments in the financial world. Either directly as shareholder or indirectly due to support measures governments are heavily involved in the financial world but can not force banks to do lending again.

More losses of financial institutions are expected initiating new government support as the lender in the last resort.

4. Future of the financial world

What will be the consequence of government involvement?

A tax payer would like to get something back

Protectionism difficult to avoid

European Union not only politically but also economically years back in time.

A more regional focus of banks is likely.

The Basel 2 system will be drastically reviewed resulting in substantial higher equity requirements for banks.

Lending will be structurally more expensive and more regional.

Base rate (libor) will be low to support economy for a number of years (?), all in price still not too bad.

4. Capital for shipping

New building orders collapse, yards in problems but blessing in disguise.

If the order book would have been delivered in full, the industry would have made no money for the next 10-15 years.

Short term very painful exercise for long term profitability.

Reduced capital for shipping will not necessarily result in lower income or prices.

Stay close to your local, regional or dedicated shipping bank in **Turkey. The alternatives are very limited!**

Ensure that you re-organise your overhead so that even with a smaller fleet, using less capital, you are still profitable.

Thank you for your attention

Finama

Page 16



Think about something else than shipping...