

This Week's Overview of Shipping Investments
SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 27th September 2013 (Week 39, Report No: 39/13)
(Given in good faith but without guarantee)

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Investment Trends during September: ↑ Secondhand – ↑ Newbuilding – Demolition ↑

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	13	25	40	38	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	20	38	25	24	

Average No of vessels reported sold per week in September
29

Average No of vessels reported sold per week in August
27

DEMO		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	10	15	18	9	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	14	13	6	12	

Average No of vessels reported demo per week in September
13

Average No of vessels reported demo per week in August
11

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	60	45	95	30	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	50	79	18	32	

Average No of vessels reported on order per week in September
58

Average No of vessels reported on order per week in August
45

At the current week, 47 transactions reported worldwide in the secondhand and demolition market, down by 34% week-on-week with 5% decrease in secondhand purchases and 50% lower scrapping volumes.

The highest activity is recorded in the secondhand market-**after many weeks of record high newbuilding business**, due to large volume of S&P deals for bulk carriers (18 S&P deals) and tankers (12 S&P deals).

Compared with newbuilding investments, this week's secondhand purchasing activity is 27% up and demolition 70% down.

At **similar week in 2012**, the total S&P activity in the secondhand / demolition market was standing 15% lower than the current levels, when 40 transactions had been reported and secondhand ship purchasing was standing 58% lower than the levels of newbuilding orders. The ordering appetite was high from robust number of contracts in the tanker and container segment, with 40 reported newbuilding orders, 4 bulkers, 15 tankers, 2 gas tankers, 1 liner, 10 containers, 5 car carriers and 5 special projects.

Secondhand: 38 S&P deals – 40 S&P deals last week – 17 S&P deals in the fourth week of September 2012

Newbuilding: 30 new orders -95 new orders last week – 40 new orders in the fourth week of September 2012

Demolition: 9 disposals -18 disposals last week – 23 disposals in the fourth week of September 2012

SECONDHAND MARKET

S&P Transactions: 38 vessels reported to have changed hands—total invested capital region more than \$490,55 mil, 17 S&P deals reported at an undisclosed sale price. (18 bulkers, 12 tankers, 2 gas tankers, 3 liners, 2 containers and 1 special project).

Average age of vessels sold – 9yrs old built 2004

S&P activity: 5% down week-on-week and 124% up year-on-year. At **similar week in 2012**, 17 vessels induced buyers' interest at a total invested capital of about \$248,5 mil. (7 S&P deals in the bulk carrier segment, 7 in the tanker, 1 in the gas tanker and 2 in the container).

Bulk carriers held lion share of this week's S&P activity, 47% share and tankers 32% share, liners 8% share and containers 5%. The highest invested capital is reported in the bulk carrier segment and in the LNG segment with the purchase of a large LNG carrier.

Per vessel type:

↑ **Bulk Carriers –Investment trends during September:**

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	6	9	10	18			11
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of bulkers reported sold per week in August
Units	9	5	13	5			8

At the current week: 18 S&P deals, up 80% week-on-week and up 157% year-on-year. (7 S&P deals at similar week in September 2012)

Total Invested Capital: region more than \$204.4 mil - **Average age of vessels sold –6yrs old built 2007 (strong activity in the handysize segment for Japanese and Chinese built vessels)**

- **Capesize – 1S&P deal:** for 170,974dwt vessel built 1999 Japan for region \$17mil.
- **Post Panamax- 1 S&P deal:** for 92,500dwt vessel built 2010 China for an undisclosed sale price.
- **Kamsarmax-1 enbloc S&P deal** for two 81,500dwt vessels built 2013 China for region \$24,5mil each.
- **Panamax- 1 S&P deal** for a 77,679dwt vessel built 1998 Japan for about \$9,3mil, panmax beam with special and drydock survey passed.
- **Ultramax-2 S&P deals:**for newbuilding resales of 63,500dwt with delivery 2014 from Chinese yard for about \$26 mil.
- **Supramax- 1 S&P deal:** for a 58,500dwt vessel built 2013 Philippines for about \$27mil.
- **Handymax- 1 S&P deals:** for a 45,694dwt vessel built 1995 Japan for \$7,5mil.
- **Handysize-9 S&P deals:** 1 enbloc deal for five bulkers of about 33,000-34,000dwt built 2009-2011 China sold at an undisclosed sale price. 1 S&P deal for 32,039dwt vessel built 2003 Japan for an undisclosed sale price. 1 S&P deal for 28,107dwt vessel built 2001 China for about \$7,1mil. 1 S&P deal for 24,279dwt vessel built 1997 Japan for \$6,1mil and one S&P deal for 18,909dwt vessel built 2007 Japan for about \$9,3mil.

↓ **Tankers- Investment trends during September:**

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	5	4	19	12			10
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of tankers reported sold per week in August
Units	10	22	4	13			12

At the current week: 12 S&P deals, down by 47% week-on-week and 43% up year-on-year. (7 S&P deals at similar week in September 2012)

Total Invested Capital: region more than \$78,35 mil. **Average age of vessels sold –12yrs old built 2001(strong activity in the handysize and small segments).**

- **Aframax – 2 S&P deals:** 1 for a vessel of about 105,000dwt built 1999 Japan for about \$9,5mil and one for built 2000 for about \$11,45mil.

- **Panamax-1 S&P deal:** for a vessel 70,426dwt built 2005 Japan for about \$22mil
- **MR Product – 2 S&P deals:** 1 for a vessel of about 48,000dwt built 2004 Japan for region \$17,2mil and 1 for a vessel of about 46,000dwt built 1991 Spain for region \$6mil.
- **Handysize – 3S&P deals:** 1 for a vessel of about 15,000dwt built 1994 Singapore at an undisclosed sale price, 1 for about 13,000dwt built 1999 Japan for an undisclosed sale price and 1 for about 12,000dwt vessel built 1995 Japan for region \$5,6mil.
- **Small tankers of less than 10,000dwt – 3 S&P deals:** 1 for about 7,000dwt built 2009 China at an undisclosed sale price at auction. 1 for about 6,480dwt vessel built 2010 Turkey for an undisclosed sale price and 1 for 3,510dwt vessel built 2004 Turkey for region \$6,6mil.

↑ Gas Tankers - Investment trends during September:

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	2	3	2	2			2
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of gas tankers reported sold per week in August
Units	0	1	0	0			0

At the current week: 2S&P deals, 1 for large LNG and 1 for small LPG, no change from previous week.(1 S&P deal at similar week in September 2012)

- **LNG segment** – Teekay LNG Partners L.P. announced that it has agreed to acquire a second 155,900 cubic meter liquefied natural gas (LNG) carrier newbuilding from Awilco LNG ASA (Awilco) (ALNG:NO), a Norway-based owner and operator of LNG carriers. The vessel, the second of two vessels to be acquired by the Partnership from Awilco, is currently under construction by Daewoo Shipbuilding & Marine Engineering Co., Ltd. (DSME) of South Korea and is expected to deliver in the fourth quarter of 2013. Subsequent to delivery from DSME to Awilco, Teekay LNG will purchase the vessel and bareboat charter it back to Awilco at a fixed-rate for a firm period of four years, plus a one-year extension option. As with the first vessel, Teekay LNG will purchase the second vessel for a price of \$205 million less a \$50 million upfront prepayment of charter hire by Awilco which is in addition to the daily bareboat charter rate. Awilco has fixed-price purchase obligations for both vessels at the end of both the firm charter period and option period. The Awilco vessels, the first of which was delivered on September 16, 2013, are each expected to generate annual Distributable Cash Flow of approximately \$7.5 million. The Partnership intends to initially finance the second vessel with a portion of its existing liquidity and expects to secure long-term debt financing prior to delivery. The acquisition of the second Awilco vessel, which is expected to close during the fourth quarter of 2013, has been approved by Board of Directors of both Teekay LNG and Awilco, and remains subject to customary closing conditions, including satisfactory documentation.
- **LPG segment-** 1 S&P deal for a small vessel with 8,826cbm capacity at an undisclosed sale price.

↓ Containers- Investment trends during September:

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	0	3	7	2			3
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of containers reported sold per week in August
Units	1	7	6	0			4

At the current week: 2 S&P deals, down by 71% week-on-week (7 S&P deals reported at last week) , with no change from previous year's levels (2 S&P deals reported at similar week in September 2012). Average age of vessels sold – 8yrs old built 2005.

- **Small Panamax** – 1 enbloc S&P deal for two 5,047TEU vessels built South Korea, as a bank sale, at an undisclosed sale price.

NEWBUILDING MARKET

No of new orders: 30 vessels– total deadweight: 1,501,400 tons, 13 transactions reported at an undisclosed contract price – The invested capital revealed is about \$1,2bn for 17 new orders. (13 bulkers, 15 tankers and 2 special projects).

Newbuilding activity: 68% down week-on-week and 25% down year-on-year. The largest volume of newbuilding activity is reported in the bulk carrier and tanker segment with 13 and 15 new orders respectively. The sharp downward revision of this week's newbuilding activity is mainly attributed to non reported business for gas tankers/containers and only 2 contracts in the offshore segment. The last time that newbuilding activity was too low was on the week ending June 14th-33 new orders with 16 new orders placed in the bulk carrier segment. Bulk carriers held 43% share of this week's volume of new orders and tankers 50% share.

At **similar week in 2012**, 40 fresh orders had been reported with the largest volume of newbuilding activity reported in the tanker and container segments with 15 and 10 new orders respectively, against 4 new orders for bulkers and 5 for special projects.

Compared with previous week's levels, a large decrease of 61% is recorded in the volume of new orders for bulkers (13 new orders from 33 last week) and 90% in the offshore segment (2 new orders from 20 last week).

European shipping players showed a strong presence this week in the bulk carrier and tanker segment, while Asian slowed down this week's investments by placing new orders only for bulkers.

- **European owners' presence:** 25 new orders- invested capital more than \$1,2 billion (9 bulk carriers, 15 tankers and 1 special project)
- **Greek owners' presence:** 2 new orders – for aframax tankers 114,000dwt for about \$51mil each.
- **Asian owners' presence:** 4 new orders for bulkers, 2 kamsarmax vessels and 2 cement carriers.

Chinese yards grasped 60% share of this week's ordering activity due to their strong presence in the bulk carrier and tanker segment. South Korean yards won business only in the tanker segment and one high valued special project by holding 23% of this week's volume of new orders. Japanese yards sealed only one newbuilding cement carrier, following last week's high uncovered business in the bulk carrier segment.

- **No. of units ordered at Chinese yards:** 18 new orders, 12 bulkers and 6 tankers.
- **No of units ordered at Japanese yards:** 1 new order for a cement bulker.
- **No of units ordered at South Korean yards:** 7 new orders, 6 tankers and 1 special project.

Per vessel type:

↑ Bulk Carriers –Investment trends during September:

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	21	20	33	13	
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
	Units	11	22	8	11	

Average No of bulkers reported on order per week in September

22

Average No of bulkers reported on order per week in August

13

At the current week:

13 new orders, down by 61% week-on-week and up by 225% year-on-year. 4 new orders reported at similar week in September 2012. Large volume of newbuilding activity reported in the kamsarmax segment with 8 new orders. Chinese yards won 12 of the 13 new orders.

- **Kamsarmax – 8 new orders:** 2 new orders of 82,000dwt from **Global Maritime Investments** of Singapore at Jiangsu New Yangzijiang of China for an undisclosed contract price with delivery in 2015. **6** new orders of 81,800dwt from **Graig Ship Management** of UK at Jiangsu New Yangzijiang of China for an undisclosed contract price with delivery in 2015-2016 .

- **Ultramax – 3** new orders: **2** new orders of 63,000dwt from **Grieg Shipping** of Norway at China's Sinopacific Dayang at \$26mil each with delivery 2016, as an option declared. 1 new order from **Oldendorff Carriers** of Germany at Cosco Nantong of China for about \$24mil with delivery in 2015, as an option exercised with an option for one more vessel.
- **Handysize – Cement 1** new order: of 20,300dwt from **Precious Shipping** of Thailand at China's Shanghaiguan Shipbuilding at \$24.5mil with delivery in 2014.
- **Small -Cement. 1** new order of 9,100dwt from **PT Indobaruna Bulk Transport** of Indonesia at Fukuoka Shipyard of Japan for an undisclosed contract price with delivery in 2014.

↑ **Tankers–Investment trends during September:**

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	18	3	17	15		
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	18	17	4	10		

Average No of tankers reported on order per week in September
13

Average No of tankers reported on order per week in August
12

At the current week: 15 new orders reported, from 17 new orders last week – down 12% week-on-week and no change from last year's levels, 15 new orders reported at similar week in September 2012. Large activity recorded in the small/handysize chemical segment. South Korean yards won 12 of the 15 new orders.

- **Aframax – 2** new orders: of 114,000dwt from **Chandris Group** of Greece at South Korea's Daewoo Shipbuilding and Marine Engineering for about \$51mil each with delivery in 2015.
- **MR-Product- 4** new orders: of 50,000dwt from **Breakwater Capital** of UK at South Korea's Sungdong Shipbuilding for about \$34.5mil each with delivery in the second half of 2015, including an option for two more.
- **Handysize/Chemical – 6** new orders: of 30,000dwt stainless steel carriers from **Jo Tankers** of Norway at China's Nantong Mingde HI at a price in the region excess \$40mil with delivery in the second half 2015-2016, including an option for six more.
- **Small Chemical – 3** new orders: for 7,500dwt vessels from **Palmali Shipping** of Turkey at Armada Shipyard of Turkey at an undisclosed contract price with delivery in 2016.

↑ **Gas Tankers - Investment trends during September:**

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	2	6	14	0		
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	8	6	3	2		

Average No of gas tankers reported on order per week in September
6

Average No of gas tankers reported on order per week in August
5

At the current week: zero new orders reported, from 14 new orders reported last week and 2 new orders reported at similar week in September 2012.

In the **LPG** segment, Japanese yards, Mitsubishi HI and Kawasaki HI are reportedly discussing a scheme under which each yard would build a very large gas carrier of 83,000cbm gas capacity for domestic LPG importer Astomos Energy.

↑ **Containers - Investment trends during September:**

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	5	8	7	0		
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	3	10	0	3		

Average No of containers reported on order per week in September
5

Average No of containers reported on order per week in August
4

At the current week: zero new orders reported, from 7 new orders reported last week and 10 new orders reported at similar week in September 2012.

Special Projects: MAERSK Drilling has ordered a new ultra-harsh environment jack-up rig at Daewoo Shipbuilding & Marine Engineering for delivery in mid-2016 at a newbuilding cost of \$650mil. The contract includes option for two more units with delivery in 2016-2017. The order is supported by a five year contract with BP Norway in the North Sea market, with an option to extend the contract for up to 10 years.

DEMOLITION MARKET

↑ Bulk Carriers ↑ Tankers — Containers

BC		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	3	8	6	5	
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
	Units	3	7	2	4	

Average No of bulkers reported demo per week in September

6

Average No of bulkers reported demo per week in August

4

TNK		week 1	week 2	week 3	week 4	week 5
	August	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	1	1	4	1	
July	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
	Units	4	1	0	0	

Average No of tankers reported demo per week in September

2

Average No of tankers reported demo per week in August

1

CONT		week 1	week 2	week 3	week 4	week 5
	July	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	4	1	3	1	
June	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
	Units	4	1	2	2	

Average No of containers reported demo per week in September

2

Average No of containers reported demo per week in August

2

Scrap prices in India have started to show signs of improvement from a recovery in Indian Rupee and strong competition has now emerged with Pakistan rivals that firmed also their position in the Indian subcontinent region. Benchmark scrap prices in India and Pakistan are now standing at \$370/ltd for dry/general cargo and \$395-\$400/ltd for wet cargo, up by \$10-\$15/ltd from the levels kept since the end of August. Slight improvement is also recorded in Bangladesh, but Chittagong scrap market persists with steel prices seeing gains of \$10/ltd and end buyers expressing interest for bidding new tonnage. In China, yards have now reached full capacity for the next two months with prices keeping solid at \$350/ltd for dry and \$365/ltd for wet cargo from the end of August.

No of demolition: 9 disposals –total deadweight: 582,231 tons- 5 bulkers, 1 tanker, 1 liner, 1 container and 1 Ro-Ro.

Demolition activity (in terms of reported number of transactions): 50% down week-on-week showing 17%, 80% and 67% weekly decrease in the volume of bulk carrier, tanker and container disposals.

The largest activity is recorded in the bulk carrier segment by holding 56% share of the total demolition activity, against 11% share from tankers and 11% share from containers.

In terms of deadweight sent for scrap, there has been 41% weekly decrease with 1 very large crude tanker for disposal.

India is reportedly to have won 6 of the 9 demolition transactions, Bangladesh 1, Pakistan 1 and China 1.

Benchmark scrap prices in the Indian subcontinent region: \$360-\$375/ltd for dry and \$385-\$400/ltd for wet cargo. Scrap prices in China hover at \$350/ltd for dry and \$365/ltd for wet cargo.

Notable demolition transactions: Container M/V "CARIBBEAN SEA" with 14,650ltd built 1992 reported for disposal in India at the high price of \$428/ltd, without having any special particulars or bunkers included. In addition, very large crude tanker M/T "MARAN TAURUS" with 41,220ltd built 1993 fetched \$410/ltd in Pakistan, asis Fujairah, including 250 tons bunkers remaining on board.

At a **similar week in 2012**, demolition activity was up by 155%, in terms of the reported number of transactions, when 23 vessels had been reported for scrap of total deadweight 1,152,482 tons with 15 disposals for bulkers, 1 tanker, 1 liner, 2 containers, 2 reefers and 1 special project. Ship-breakers in Indian subcontinent region had been offering \$390-\$395/ltd for dry and \$400-\$420/ltd for wet cargo.

Per vessel type:

- **Bulk Carriers- number of disposals per vessel size:** 2 handymaxes and 3 handysizes
- **Tankers- number of disposals per vessel size:** 1 VLCC
- **Containers- number of disposals per vessel size:** 1 in the small panamax segment

Per Demo Country:

- **India-6 disposals:** 3 bulkers, 1 container, 1 liner and 1 Ro-Ro.
- **Bangladesh-1 disposals:** 1 handysize bulker
- **Pakistan-1 disposals:** 1 VLCC
- **China-1 disposal:** 1 handymax bulker

GREEK PRESENCE

Investment trends during September: SH ↑ - NB ↑

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	6	9	5			
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	4	12	6	2		

Average No of vessel purchases per week in September
7

Average No of vessel purchases per week in August
6

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	12	7	14	2		
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	2	16	0	3		

Average No of new orders per week in September
9

Average No of new orders per week in August
5

At the current week: After three weeks of robust newbuilding business, the fourth week of September ends with only one newbuilding contract reported from Greek shipping players for the construction of two aframax tankers. In the secondhand market, they emerged very strong with purchases mainly for bulkers.

Second-hand purchasing activity: 120% up week-on-week - **Newbuilding activity:** 86% down week-on-week.

Secondhand Market- No of vessel purchases: 11 vessels – 9 bulkers, 1 tanker and 1 small LPG carrier.

- **Bulk Carriers:** 1 post-panamax bulker built 2010 China, one ultramax vessel with delivery 2014 China for \$26,5mil, 5 handysize bulkers built 2009-2011 China, one handysize built 2001 China for about \$7,1mil and one small handy built 2007 for about \$9,3mil.
- **Tankers:** 1 MR product -47,999dwt built 2004 Japan for about \$17,2mil.
- **LPG tanker-** 1 small of 8,826 gas capacity built 2003 Italy for an undisclosed sale price.

Newbuilding Market- No of new orders: 2 aframax tankers-invested capital total \$102mil.

- **Tankers- Aframax:** 2 new orders: for 114,000dwt vessels from **Chandris Group** for about \$51mil each with delivery in 2015.

At similar week in September 2012, Greek bought one capesize bulker built 2009 Japan for \$35mil, one aframax tanker built 2003 for \$16,5mil and three MR product tankers built 2003-2004 for total \$42mil. In the newbuilding market, they had ordered one panamax bulker of 79,000dwt at Sasebo Japan for \$31mil.