

Howe Robinson Shipbrokers

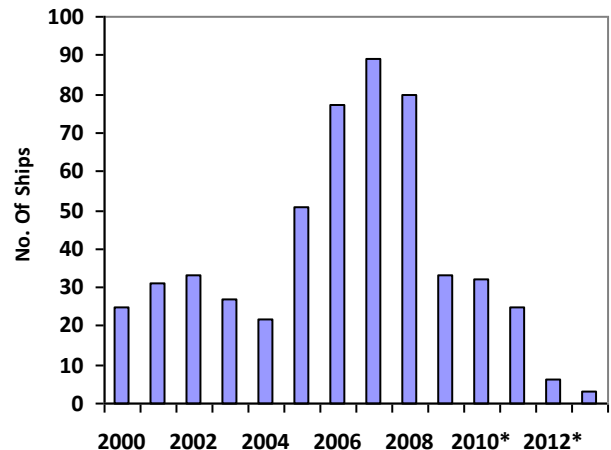
1100 teu Containerships

The outlook for the containership charter market has improved considerably during the course of 2010. Availability has reduced and the charter fleet is fully employed. General market conditions should continue to trend upwards, albeit with some seasonal adjustments. Analysis of supply/demand inputs suggests that the market should return to long term averages by late 2011/ early 12.

We estimate that growth in demand for the 1100 teu sector is around 10-11% so far this year. That will be followed by 8-9% growth in the second half of the year. 2013 – 7.5%

The main risks stems from the US and Europe, but any demand side difficulties are likely to focus on large ships (4000+ teu). The market for 1100 teu ships will be insulated from Western economic problems as these ships are far more reliant on Asian demand.

Chart: 800-1200 teu deliveries 2000 to 2013



Source: Howe Robinson Shipbrokers
* estimated

Reference Note:
Of the 103 CV 1100 designs that are on the water, only 10 are gearless

		Jan 10	Nov 10
Charter Rates	1000 grd	3,750	6,750
	1100 gless	3,950	7,500
	1100 grd	3,950	7,500
	1200 grd	4,000	8,200
SNP	1000 grd 12 yrs	6 mil	8.75 mil
	1100 grd 5 yrs	10.75 mil	16 mil

The shorter term outlook for the sector will be governed by availability. The number of ships open and available in the charter market up to 60 days forward reduced from around 250 ships in October 2009 to 100 in June 2010. Since then there has been a modest but on-going increase to 165 vessels. Historically the charter market has proven very sensitive to changes in the availability figures, but positional factors can result in some sectors out-performing general market conditions.

However availability is expected to tighten in 2011/12 due to the extremely low number of new buildings entering service.

Supply 800-1200 tue

The orderbook for this sector is extremely small and fleet expansion (800-1200 teu) is likely to be restricted to just 1-2% between 2010 and 2012. This will depend to some extent on scrapping, but if there is an on-going shortage of ships scrapping will be limited.

There is also the possibility of more orders. However our knowledge of the Korean and Chinese builders suggests that there are very few slots left in 2012. In addition the problems being faced by German containership investors imply that this traditional source of equity will not be available in the future. Western banks also have on-going problems with their containership portfolios and debt is likely to be more limited than in previous years.

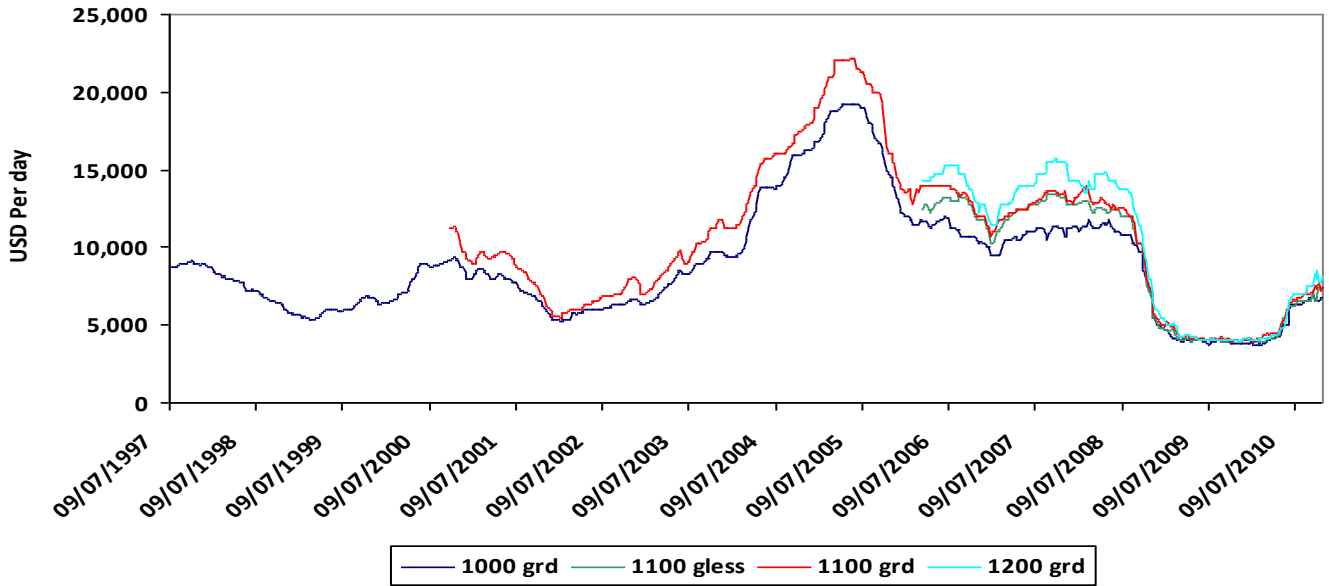
It is also unlikely that the liner sector will want to tie up equity in this size of ship as they are focusing on larger vessels and other equity intensive parts of their supply chains.

Table: 800-1200 teu fleet statistics

Deployed	790 ships	On order	35 ships
Geared	50%	Gearless	50%
25-30 yrs	45 ships	30+ years	45 ships
Av. Age	12 years		

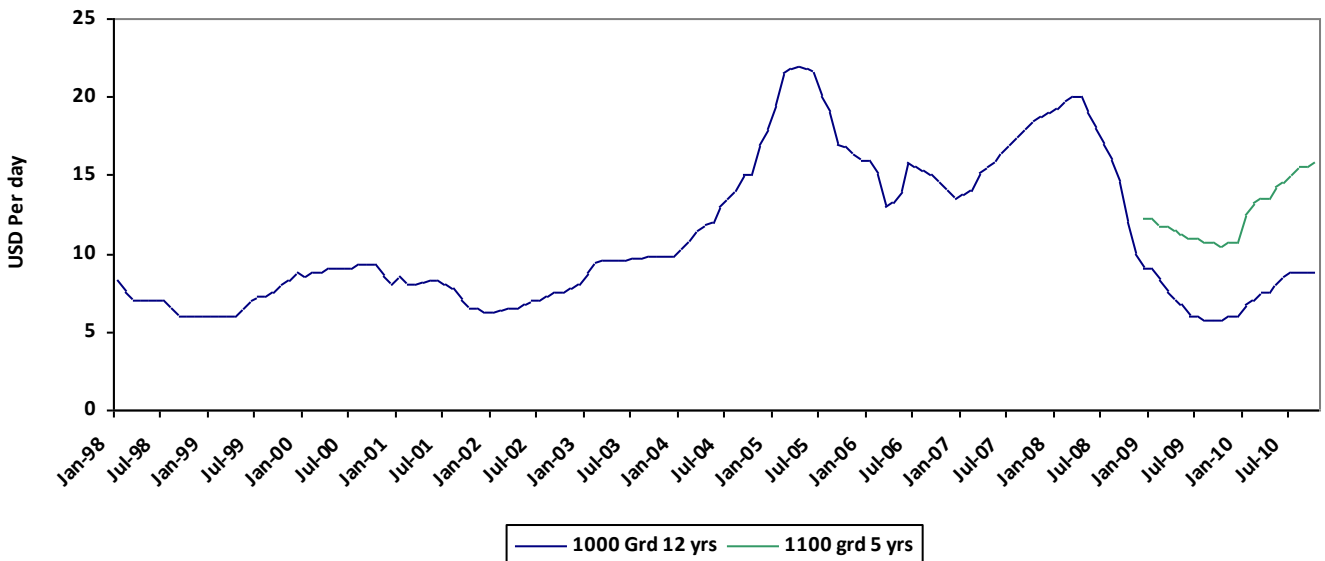
Source: Howe Robinson Shipbrokers

Charter Rates



Ship Categories	Date Start	High (\$)	Low (\$)	Average (\$)	Current (\$) 28 Oct '10
1,000teu Grd /650@14t /17.5kn	1-Jul-1997	19,250	3,700	8,897	6,750
1,100teu Gless /700@14t/ 19kn	22-Mar-2006	13,500	3,900	9,039	7,400
1,100teu Grd /750@14t/ 19kn	4-Oct-2000	22,200	3,900	10,749	7,250
1,200teu Gless/ 900@14t /19kn	22-Mar-2006	15,750	3,900	10,039	7,800

Secondhand Prices



Source: Howe Robinson Shipbrokers

Newbuildings

With the exception of 2x1,000 teu (off market) ships there was no contacting of this size of ships between the first quarter of 2008 and the second quarter of 2010.

The ordering bubble for this asset class was between 2003 and early 2006. There has been very little investment into the sector for nearly 4 years. As a result there has been few actual deals on which to price the market.

The long term average newbuilding price for ships of around 1000/1100 teu (based on 5x20% payment terms) is around 19.5 million, which is roughly in line with the replacement cost in November 2010.

Reference Note:

- Charter rates are around 25% below their long term average
- Secondhand values are in line with long term averages
- Newbuilding prices are in line with long term averages

Recent Deals

4q2010

3x1,100 teu Chinese Shipyard 2013 = 18.5 mil

2q2010

2x1,100 teu Korean Shipyard 2012 = 20 mil

1x1,100 teu Korean Shipyard 2012 = 20 mil

2x1,100 teu Korean Shipyard 2012 = 20 mil

