

Germans snap up boxships for a bargain

Patrick Hagen - Mittwoch 9 September 2009



GERMAN shipowner Carsten Rehder and opportunity funds set up by KG financier Maritim Equity have teamed up and acquired two 1,700 teu containerships for a bargain price from Hong Kong-based owner Cido.

The two 2008-built, 1,700 teu boxships *Ocean Mermaid* and *Ocean Emerald* were sold for \$21.5m each. This was more than 50% below sale prices for vessels of this type in spring 2008, Maritim Equity said.

Market sources suggested that Cido had paid about \$35m for the ships.

Both ships have a charter contract with South Korean operator STX Pan Ocean running until mid-2011. STX is paying a daily rate of \$16,400 for each vessel, is significantly above the current market level of \$4,500-\$5,000 a day for 1,700 teu vessels.

The ships were delivered in 2008 from Taiwanese shipyard CSBC's Keelung facilities. They are part of a series of 13 sister vessels for Cido. Two vessels, which did not have a charter contract, were recently sold to Sea Consortium for a reported \$17.5m. Cido has come under pressure from its banks to sell off parts of its fleet.

This is one of the first deals done by so-called opportunity funds. About 10 of these funds are already on the market trying to attract investment.

The funds differ from the traditional KG scheme as they are blind pools, which collect money first and then invest it.

The purchase price was put up jointly by two funds from KG house Maritim Equity as well as Hesse Newman's Private Shipping I fund, which is also managed by Maritim Equity, and shipowner Carsten Rehder. The group paid about 59% of the purchase price from its own cash, the remainder came from a bank loan, said Maritim Equity's Albrecht Gundermann.

Carsten Rehder will take a stake of more than 10% and will also take over the management of the ships. The Hamburg-based owner operates a fleet of 15 boxships between 500 teu and 1,800 teu.

Carsten Rehder managing director Thomas Rehder expects that the smaller boxship segment will recover once markets have picked up again.

“During the ordering boom till the beginning of 2008, especially large ships above 5,000 teu have been ordered,” Mr Rehder said.

“This means that the share of smaller containerships below 2,000 teu could shrink from 23% to about 17% by 2012.”

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