



►GERMANY: Another 12 funds have filed for insolvency.

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Vessel-owner insolvencies gather pace in dire market

German KG companies that own boxships are going broke at a record rate

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It looks like being a record year for financial failures in Germany as the flood of insolvencies among containership-owning entities gathers pace.

Another dozen funds have filed for insolvency after falling victim to the dire market, charter defaults and damaging legal rulings.

The latest casualties include EEH Elbe Emissionshaus, a fund initiator behind the financing of 18 small multipurpose (MPP) vessels and containerships, as well as a clutch of boxships in the Dr Peters and HCI Capital stables.

EEH says it was forced into insolvency after two of its charterers

were unable to adhere to contracts for four years or more, resulting in the failure of efforts to restructure the company, according to managing director Christian Buttner.

The collapse of EEH follows that of Embdena, another small issuing house and owner of four small feeder boxships that filed for insolvency in March.

'MAJOR CONCERN'

Lawyer Joachim Caesar-Preller describes the collapse of the issuing houses as "a major concern for investors" as most of the casualties until now have been single-ship funds.

However, the crisis is continuing to take its toll on some of the larger financing houses. Dr Peters,

a sister company of shipmanager DS Schifffahrt, has filed for the insolvency of six of its single-ship KG (limited partnership) entities, which owned vessels of between 600 teu and 1,000 teu. The vessels had been sold or scrapped in recent years.

Dr Peters says the funds that own them have been forced into bankruptcy by a Supreme Court ruling that meant two of the funds that owned two demolished vessels, the 923-teu *Cape Hatteras* and *Cape Horn* (both built 1992), were not permitted to recover payments made to investors. On 12 March, the Bundesgerichtshof (BGH) court overturned earlier judgments of regional courts, meaning the management of the

ship funds were unable to avoid going to the wall.

"We have made every effort to avoid bankruptcies in our ship funds. Ultimately, however, this could not be avoided," says Dr Peters chief executive Anselm Gehling.

Finally, there are reports that the KG (limited partnership) fund owning the 3,380-teu *Mark Twain* (built 2006) has also been declared insolvent. The vessel is one of four in a fund issued by HCI Capital. The vessel was managed by Reederei Karl Schluter and operated in a Peter Dohle pool for panamax boxships. It is estimated that more than 150 single-ship KG owners have gone insolvent in recent years.

Tribini Capital fund swells with feeder pair

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Tribini Capital has tripled its fleet after emerging as the buyer of two more feedersize vessels.

The Hong Kong-based ship-investment fund has acquired the 2,452-teu *Janus* and *Jupiter* (both built 2001) and plans to raise another \$50m in capital to help it finance further fleet acquisitions, says managing director Thomas Soderberg.

The two latest purchases are said to have been made last month for around \$9.75m each.

That takes Tribini's spending on three feederships to around \$25m in the past six months, following the acquisition of the *Nordfalcon* (built 1997) in November for around \$6.2m.

The two latest ships are German-built and were financed by issuing house Gebab. Tribini is backed by a small group of investors, including cornerstone backer Henrik Nielsen, owner of container-leasing company Flex-Box.

HUNT FOR FRESH FINANCING

The expectation is that Tribini will need to find fresh sources of cash in the coming months for its further acquisitions. It is focusing on the sector between 1,000 teu and 3,000 teu, which it believes provides the best asset-play opportunities.

Tribini cites a low orderbook of 5% of existing capacity in the segment versus 30% for the containershipping sector as a whole.

"We are seeing that the financial constraints surrounding the industry are creating some excellent buying opportunities, while laying the foundation for a relatively swift recovery in the container sector due to heavy restraints in new supply," Tribini said on its website.

It believes financial constraints will result in "extremely limited ordering of new tonnage in our market segment, ensuring that when market demand eventually finds its feet again, there will be a serious undersupply".

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Victoria Oceanway banks on box with fleet revamp

The Greek owner has ditched its bulkers and is focusing on geared feederships where company executive Yuri Kostenko sees 'opportunities to be profitable'

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Victoria Oceanway of Greece has gradually sold off its bulkers and invested in boxships as it hopes to capitalise on opportunities in that sector.

The company has been steadily renewing its fleet over the past 10 months, weeding out three ships for scrap and buying in four younger vessels.

Executive Yuri Kostenko tells TradeWinds that he believes there are still opportunities for feederships to be profitable.

He says there are two sectors

in container trading that have not been exhausted yet. They are the 1,300-teu to 1700-teu and the 1,700-teu to 2,500-teu sectors with geared tonnage.

Kostenko explains this is because "not so many ships in that sector were built in the last years and there were not so many orders".

He says another reason is because ports in emerging markets are not yet equipped with facilities that can be used by gearless tonnage.

"Big operators, like Zodiac and Maersk, are building big containerships and these ships need to

be serviced by smaller operators," added Kostenko.

Since June 2012, Victoria Oceanway has bought four containerships, while sending one handysize bulker and two boxships for demolition.

LATEST BUY DONE IN MARCH

The company's latest acquisition, the 1,645-teu *Star of Luch* (ex- *Hansa Centaur*, built 1997), was picked up for \$4m in March.

Two months earlier, it had added the 1,642-teu *Soul of Luch* (ex-*Hansa Catalina*, built 1997) for \$2.8m.

Last year, the company ac-

quired the 1,684-teu *Queen of Luch* (ex- *Marlene S*, built 1995) for \$5.1m in June and the 2,226-teu *Lady of Luch* (ex-*Clasen Rickmers*, built 1998) purchased for \$3.5m in October.

It now manages a fleet of six vessels, including five containerships, with more to come.

"We hope to have another addition to our fleet next month, a late 1990s vessel in the same sector as those we have recently purchased," Kostenko said.

He says the company may add a further two ships depending on "how the markets go in the next couple of months".

Victoria Oceanway has also been busy selling ships.

In October 2012, it fetched \$3.5m for the *Carina K* (built 1991). This year, the company has sold two 1993-built ships, the *Tenora* and *Feliz L*, both for approximately \$3.3m apiece.

Kostenko says the aim is to sell the company's bulkers to help with the investment in containerships. "We reviewed the prices for scrap and saw that the prices at that time were at the same level you could buy a '97-built containership, so we saw it as a chance to renew our fleet without having to make additional investments."