The Containership Company

Update

“Asset Play” on back of “No Frills” operations

- TCC’s liner operation model is designed to employ medium size containership assets in a simple ‘no-frills’ concept:
  - Few ports
  - No “door-to-door” transport
  - No transshipments
  - Terminals located close to cargo origin
  - Liquid Containership Assets in medium size segment creates flexibility.
- Low cost operations and flexible organization – most services outsourced to agencies.
- Equipment is viewed as a commodity which e.g. translates into lower (re) positioning costs in service.

TCC is leveraging cargo cash-flow into containership asset play.

Preliminary Financial Result per 31/12, 2010

Preliminary 2010 Result

	USD mill.
Turnover	83,8
Variable costs	-31,7
CM1	**52,1**
Vessel Costs	-50,9
CM2	**1,2**
Overhead & Administration	-5,5
Result before financials & depreciations	**-4,3**
Interest and currency exchange	-2,5
Sale of containers	-0,7
Result before tax	**-7,4**

Assets

Trade receivables	12,5
Bunkers in tank	4,2
Bunkers swaps	3,1
Cash	11,0
Total assets	**30,8**
Current liabilities	**14,0**

- TCC had a turnover of USD 83.8 million in 2010 (first sailing on April 17, 2010).
- The loss includes about USD 2 million of start up costs.
- At the very end of 2010, TCC entered into a loan agreement to purchase "Taicang Dragon" (2,500 TEU / Built 2008) for USD 28.8 million with drawdown / delivery in medio March 2011.

Preliminary Financial Result per 31/12, 2010

- TCC´s financial result for its first 8 months of activity falls below expectations mainly because of:
  - ➢ Lower than expected eastbound cargo volume due to increased competition in the transpacific trade and insignificant peak-season.
  - ➢ New entrants pricing themselves into the market causing overall box freight rates to deteriorate.
  - ➢ Significant higher one-time equipment acquisition and positioning cost.
  - ➢ Larger than required overhead and administration (TCC organization is geared to manage additional 1-2 strings in addition to our “Great Dragon” service)
  - The negative operating result was partly mitigated by:
  - ➢ Variable cost model for agencies & terminals
  - ➢ Lower than expected bunkers cost
  - ➢ Lower than expected overall equipment cost.

TCC has created the foundation for growth

- Within three months after raising required equity in March 2010:
  - ✓ The organization was established
  - ✓ TCCs customer base was built
  - ✓ The fleet was chartered (now 6 ships)
  - ✓ Bunker relations opened / purchases financed
  - ✓ Equipment secured
  - ✓ First sailing ex Taicang 17 April 2010
  - ✓ "Great Dragon" service launched as a weekly service from East China to US West Coast with 5 ships / 25,000 TEU boxes in flow.
- Very strong relationships have been built with important stakeholders and partners (Shippers / Ship Owners / Governmental interests / Agents / Terminals / Ship Financiers).
  - First vessel purchased (option declared for delivery March 2011 of 2,500 TEU / 2008 built Taicang Dragon)

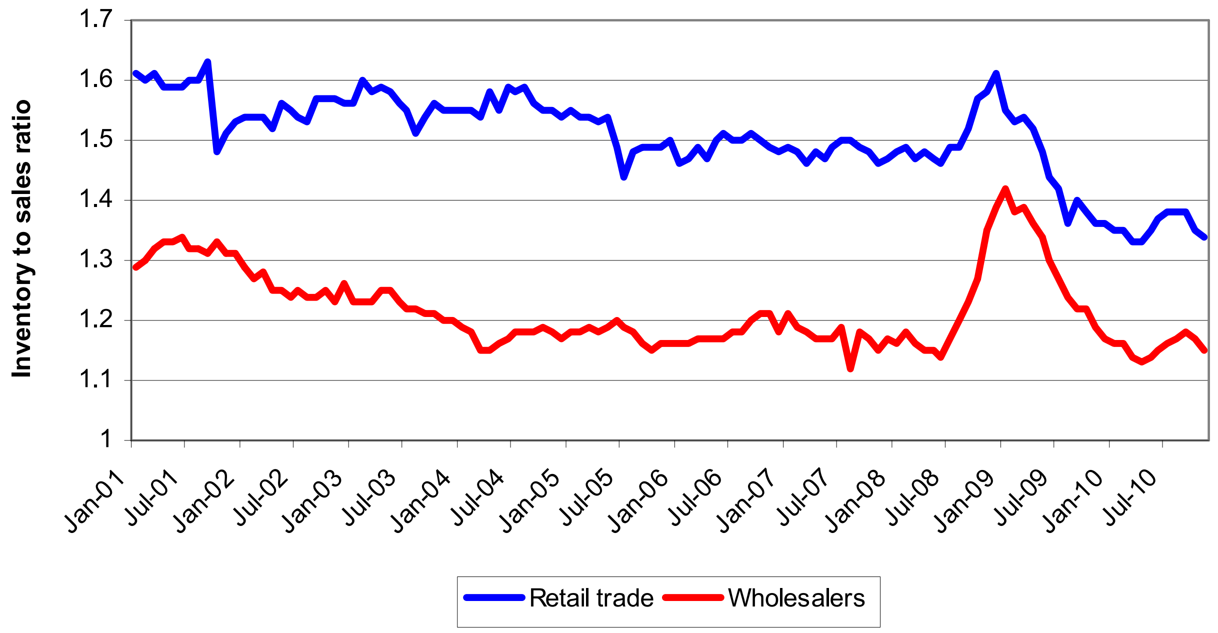
TCC´s operating model has been accepted in the market; a model which is scalable.

The TCC service set-up can easily be scaled, using our organization, tools and network.

Market Outlook - The Demand side

•Outlook for Transpacific Eastbound is for demand growth around 10%.

•Inventory levels in USA indicates significant upside to volumes & box rates.



(Source: SeaIntel)

Market Outlook – The Supply side

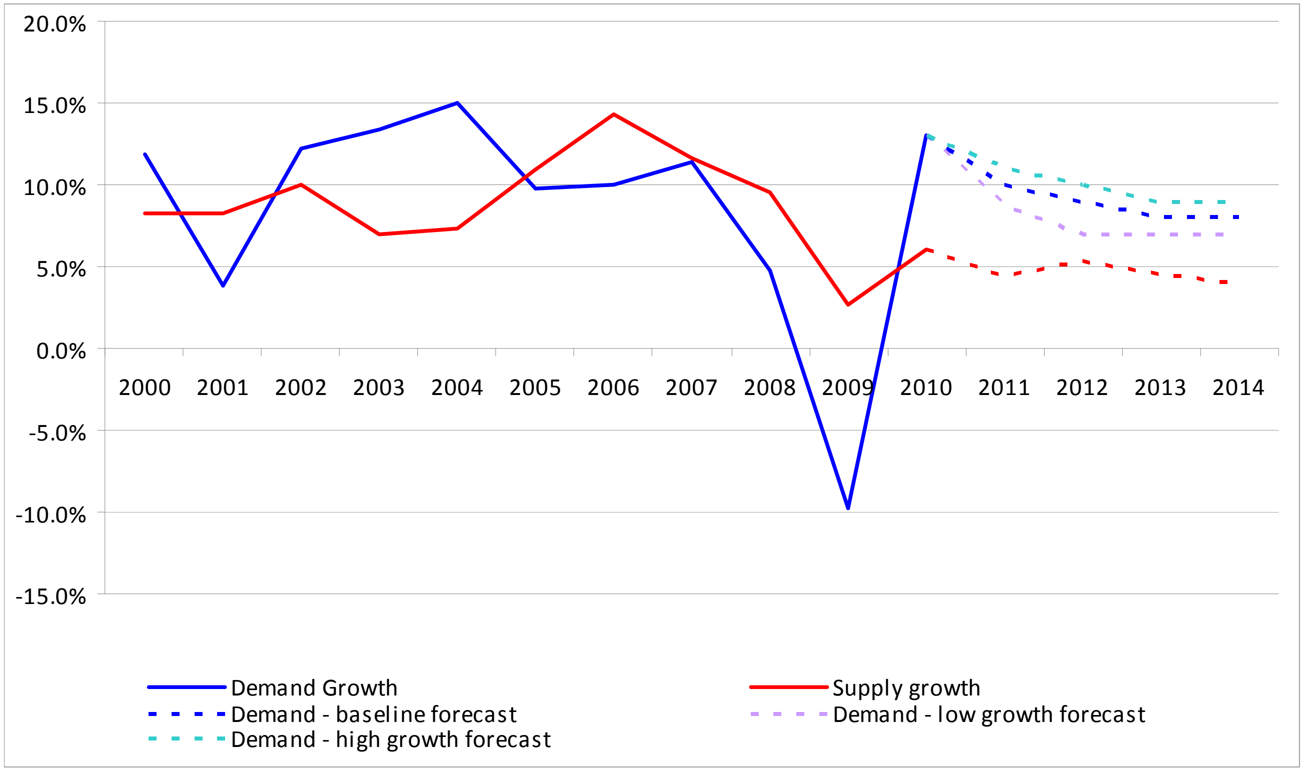
- Limited supply of new containership capacity for 2011 / 2012:
  - Idle fleet at only 2% in early 2011 against 10% in early 2010;
  - Only 5% to 7% new ships coming to maket in 2011 (Howe Robinson respectively Clarksons estimate) against 9.6% growth in 2010
  - Ton / mile is increasing as new trades are growing rapidly (South American & African trades)
  - No significant new capacity can come to the market before 2013 / 2014
  - High fuel cost increase ship demand for slow steaming

- Lack of financing will restrain speculative owners from contracting new ships for some time.

- Major carriers focus on core containership assets for trunk-line routes (e.g. Maersk 18,000 TEU type vessels).

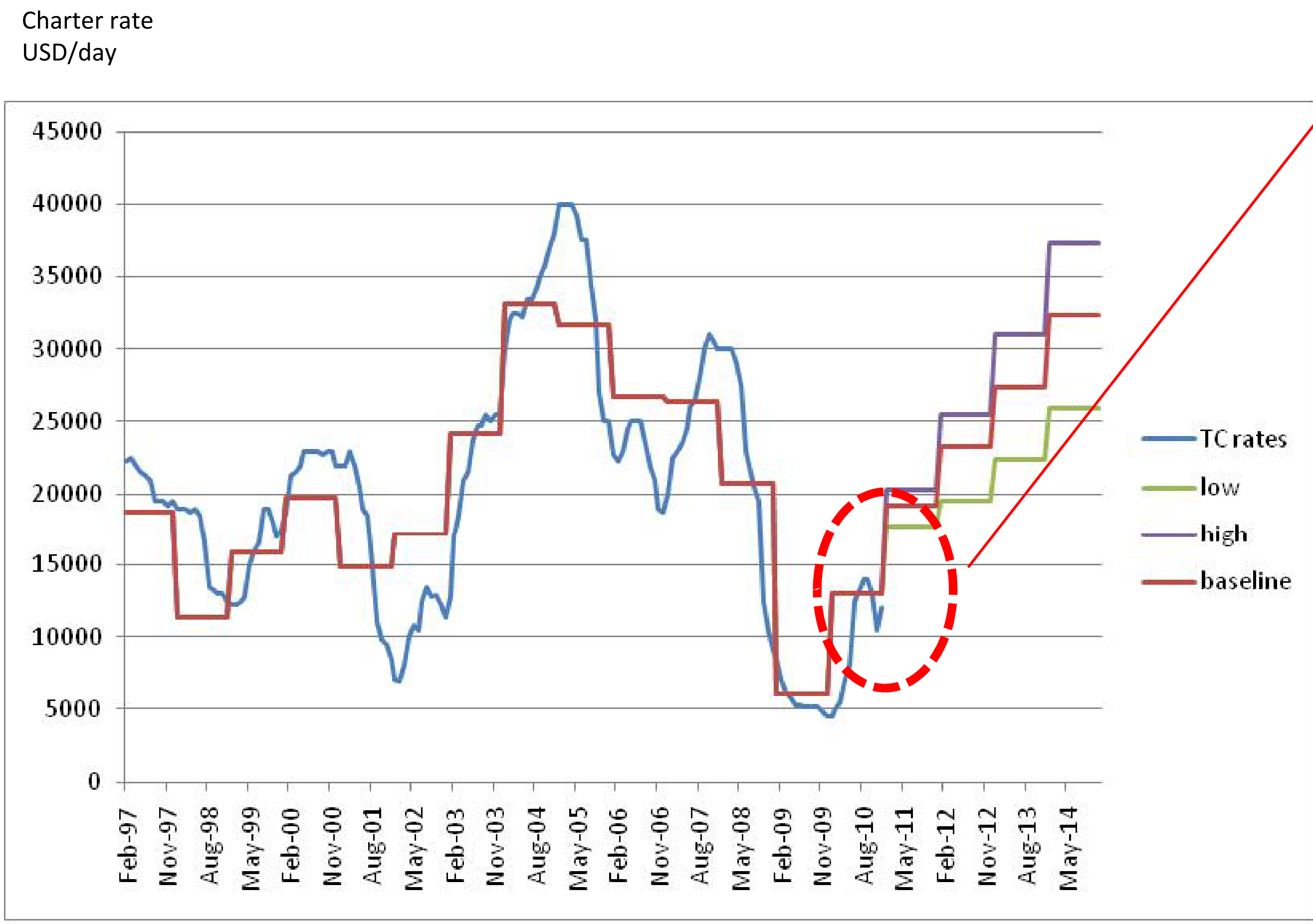
Demand outpacing Supply

Positive outlook for box rates and containership charter rates in 2011/2012:



(Source: SeaIntel)

Heading for a strong cyclical upturn?



Source: SeaIntel

Very little / no new tonnage were ordered in 2009 for 2011/2012 delivery (and shipyard slots were booked with bulkers and tankers).

No significant new capacity will come to market before 2013/14.

High oil prices will increase demand for ships to slow steam.

TCC has options to extend all existing ships on charter into 2013.

TCC has purchase options on another 3 x 3,000 TEU ships valid until 2013.

TCC will expand and launch additional simple “No Frills” services in 2011, alone or with partners.

TCC will secure additional containership assets in 2011 through charter / leasing arrangements or direct purchase.

APPENDIX

Background

As it became evident in 2008 that the containership market was heading for a "bust" with too many ships on order, sagging demand from the cargo side and shortage of financing, Capt. Franck J. Kayser and Jakob Tolstrup-Møller (the founders) formulated the concept of creating "The Containership Company" (TCC) with the objective to create a cargo flow and leverage the cash flow from the cargo into assets.

By Oct 2008 it was clear that the market was heading for serious troubles with the financial crisis being made official by the disappearance of Lehman Brothers. In the spring of 2009, the founders were both committing themselves 100% to launch TCC.

The founders proceeded to raise required USD 25 million of equity from a private placement arranged by Norwegian finance houses Platou Markets and Fearnley Finans. The equity issue closed on March 1, 2010 with about 40 investors of which AWILCO Invest is the largest single shareholder with 19% of the shares.

The "Great Dragon Service" was launched with a first sailing on April 17, 2010 offering a weekly service from East China to US West Coast, employing 5 ships / 25,000 TEU boxes.

Today TCC has a market cap of about USD 25.5 million with 60+ shareholders where the top 10 shareholders are controlling about 68% of outstanding shares and Founders control about 9% of the existing shares. Apart from AWILCO Invest & Founders, all shareholders are financially orientated.

Leveraging cargo flow into containership assets

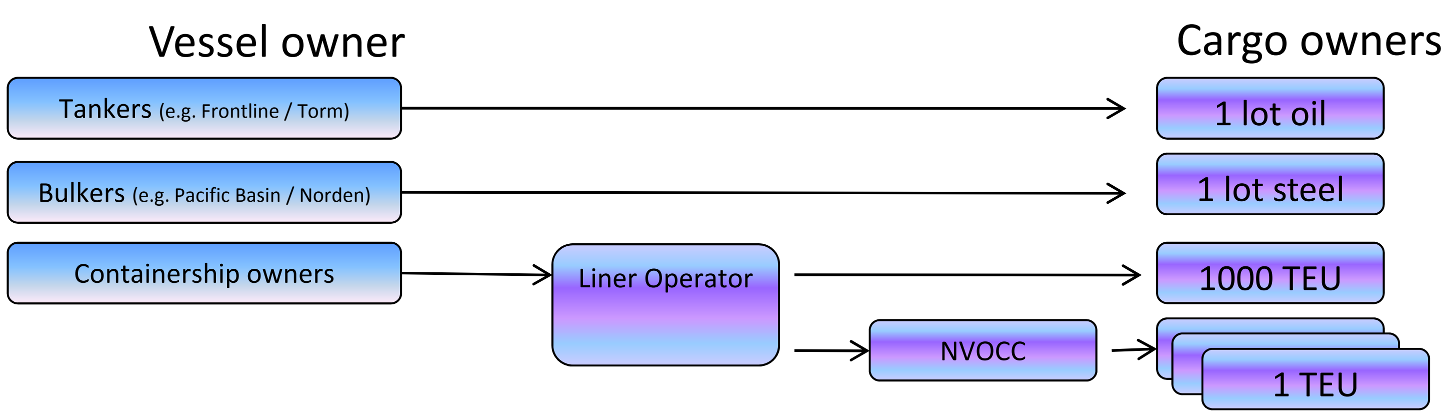
The fundamental difference between investing and trading in containership assets versus bulker / tanker assets is the ability to access the cargo.

Companies like Torm & Pacific Basin have very successfully been able to secure consistent cargo flow to employ assets in operation and on the back of this cargo flow to capture also the upside on asset values both from direct investments into the assets but also from options on the assets employed (i.e. it is always possible to fix a spot cargo for a tanker or a bulker).

With a containership asset alone it is not possible to access the cargo but only access the liner operator who in turn is generating cargo flow. There are two main reasons why a containership owner can not go directly to the cargo owner :

- Cargo owners only move their containers on regular scheduled services, not on one-off opportunities with a single vessel
- Container vessels can only be filled by pooling cargo from hundreds, sometimes thousands, of cargo owners

On the back of a simple cargo flow and a strong focus on trading the containership assets, TCC has ability to leverage the cargo flow into containership assets which can be traded over time.



The Strategy

- The concept of buying / chartering / operating containership assets until they are sold or redelivered, is the core of TCC's concept
- The box freight and time-charter rate indexes are dependant on each other and being involved in both, TCC has first hand knowledge of the dynamics in both markets.
- TCC engage in liquid ship segments which show particular opportunities, and which can be used in TCC´s liner service(s):
  - The segments 1500-2000 TEU and 2500-3000TEU will be under supplied in the coming years.
  - The wide beam 4800 TEUs which can be employed in most trades will become sought after due to its larger intake and hence lower cost per transported TEU.
- To mitigate risk of the markets TCC will secure owned as well as chartered vessels.
- TCC is looking to secure new-buildings within the target segments, but primarily focused on 4,800 TEU widebeam vessels.

'Buy low – sell high' is evident; the challenge for most is to know when, and to finance and deploy the assets until the time is right to sell.