Who Is Oldendorff?

Oldendorff Carriers – Our Roots

Established in 1921, Germany
Ship owner and dry bulk operator
Privately held and family-owned

95 years of steady growth
Oldendorff Carriers – Fleet* in Operation

<table>
<thead>
<tr>
<th>Size</th>
<th>Ø - No.</th>
<th>Ø - TDW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capesize</td>
<td>137</td>
<td>23,945,041</td>
</tr>
<tr>
<td>Panamax</td>
<td>144</td>
<td>11,557,882</td>
</tr>
<tr>
<td>Supramax</td>
<td>166</td>
<td>9,490,247</td>
</tr>
<tr>
<td>Handysize</td>
<td>95</td>
<td>3,333,454</td>
</tr>
<tr>
<td>Transshipment</td>
<td>54</td>
<td>511,611</td>
</tr>
<tr>
<td>Total</td>
<td>596</td>
<td>48,838,235</td>
</tr>
</tbody>
</table>

*As of 25 Aug 2016

Oldendorff Carriers – Our Clients and Cargoes

Our cargo clients include raw materials producers, agricultural traders, importers, exporters, steel mills, power companies and other industrial end-users.

The cargoes we managed are as follows:

- Iron Ore/Other Ores
- Coal & Petroleum
- Grains & Agri Products
- Concentrates & Minerals
- Bauxite & Alumina
- Cement & Aggregates
- Fertilizers
- Steel & Aluminium
- Forest Products
- Windmill & Project Cargo
- Scans
- Others
The Bulk Shipping Market
Handysize + Supramax

Baltic Index – Overcapacity and Slowing Economic Growth Depressed Freight Rates

Historical Timecharter Average, $/day, Jan 2006 to Aug 2016

Source: Baltic Exchange
Newbuildings – Slowing Down of Delivery/New Order Activity Since 2013

Newbuilding Deliveries/New Orders, 2005 to 2020

Handysize, No. of Vessels

Supra/Handymax, No. of Vessels

Consequences of a Low Bulk Shipping Market
Owners Tend to Keep Their Ships in Specific Trades

Clean Cargoes:
- All Grains
- Alumina
- Fertiliser
- Mineral Sands
- Steels

Dirty Cargoes:
- Coal
- Petcoke
- Cement
- Ore + Concentrates
- Steels

Shipments - “Seen” Market Orders - Persian Gulf to Australia in 2016

<table>
<thead>
<tr>
<th>Month</th>
<th>Shipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>2</td>
</tr>
<tr>
<td>February</td>
<td>2</td>
</tr>
<tr>
<td>March</td>
<td>1</td>
</tr>
<tr>
<td>April</td>
<td>3</td>
</tr>
<tr>
<td>May</td>
<td>8</td>
</tr>
<tr>
<td>June</td>
<td>1</td>
</tr>
<tr>
<td>July</td>
<td>1</td>
</tr>
</tbody>
</table>
Case Study

MV 'Not Clean'
(not real name)

- Dwt: Supramax
- Built: 2012
- Status: No actionable cargoes in the last 2 years
- Workablity: Owner claimed the ship was Urea suitable

Case Study – No Actionable Cargoes for 2 Years

- Rust on Hoppers
- Cement on Upper Frames
Case Study – No Actionable Cargoes for 2 Years

Rust and Residues in Frames

Rust on Tank Tops

Case Study – Australian Fertiliser Friendly (AFF) Level 3

MV Emma Oldendorff

Built - 2014

Open PG June 2016

Cargo History:
- Steels: Australia to PG (last cargo)
- Concentrates: Mexico and Chile to Australia
- Steels: Korea to USA and Canada
- Concentrates: Chile to China
- Wheat: Canada to Peru
Is a Low Shipping Market Good for the Australian Fertiliser Industry?

- Fewer ships being built = No easy supply of new clean ships
- Low rates = Owners can’t be selective and stay away from dirty or actionable cargoes
- Owners need to cut cost = reduced maintenance
- No easy mechanism/process to make a ship AFF Level 1
- Ultimately leads to higher freight prices

What Can a Ship Owner Do to Make Their Vessel AFF Level 1?

Option 1:
- Never carry actionable cargo

Option 2:
- Load Australian grain
How to Increase the Pool of AFF Ships?

- Fertiliser industry and Australian Dept of Agriculture should consider new options to increase the pool of workable ships.
- Widen the inspections protocol to other clean cargoes loading in Australia like:
  - Fertiliser (Export)
  - Alumina
  - Mineral Sands

Who would bear the cost?

Counter-Party Risk
Avoid ships or contract partners which may:

- appear in any sanctions listings
- governmental restrictions
- unsuitable for voyages
- check on outstanding financials
- or registered on our Blacklist

We check:

- Rightship
- Thomson Reuter
- Infospectrum
- Internal information from 5,000 fixtures per year.

Oldendorff Vetting Activities – An Overview

Total Number of Vetting Activities Per Month (Accounts + Vessels)
Counter-Party Risk

- **Non-performance** of other parties in the C/P chain
- **Poor performance** (dirty ships, late ships)
- Issues *during* performance:
  - Ship arrests / Bank repossession
  - Potential lien on the cargo from single or multiple parties
  - Insolvencies of parties in the C/P chain
- Are your current Vetting practices protecting you enough?

Thank You