CAPITAL LINK'S 8TH ANNUAL
CAPITAL LINK SHIPPING, MARINE SERVICES & OFFSHORE FORUM SHIPPING FORUM

London, October 22, 2015

LONDON - This **8th Shipping, Marine Services & Offshore Capital Link Forum** in the Square Mile's One Moorgate Place on **Wednesday, October 7, 2015,** will be remembered not only because it surpassed any previous attendance record – almost 600 – but because what was discussed, debated and expressed by the participants.

Nicolas Bornozis (President, Capital Link) welcomed all attendees. He pointed out that this Forum is in its eighth year and thanked the long standing cooperation with the London Stock Exchange as well as the UK Trade & Investment for joining this year. He also thanked Clarksons Platou Securities for partnering for this conference. This Forum has always been a center for providing investors in the UK and Europe with a comprehensive review and current outlook of the various shipping markets, marine services and offshore markets, as well as an update on the other issues of critical importance to the industry.

Erik Helberg (CEO, Clarksons Platou Securities) started off the Forum with the **Opening Remarks.** He included in the forum's opening remarks a series of questions that were meant to instigate subsequent discussion on a number of issues that have preoccupied the international maritime community over the past three quarters. More precisely, using as a starting point the low valuations that prevail in the burgeoning tanker market for young – 5-year old – vessels, Mr. Helberg proceeded to highlight inter alia the sharp contrast between current ship values and daily freight revenues of $104,000: "Why are values not higher? Is the market too thin? Are the yards too desperate? What about the public capital markets, are they open for shipping?"

Mr. Helberg concluded the opening remarks by offering some hints as to where some of the keys that lead to the answers to some of the questions mentioned above lay. In a nutshell, participants in the shipping markets have to know exactly what it is that they want, i.e., they have to have a "clear and focused strategy" vis-à-vis their offering to the market. Also, shipping companies need to differentiate their service offerings in comparison to their peers, and finally, they have to align their interests with those of their investors as well as adopt a long-term view in their business dealings.

John V. Millar (Head of Primary Markets, London Stock Exchange) took the podium for his presentation on **London as a Global Investment Destination.** Mr. Millar picked up where Eric stopped and stated clearly his conviction that "markets are open for good companies". This statement was in essence an invitation by Millar to international investors and shipping companies alike to choose London and the London Stock Exchange as the centre for their maritime activities. More analytically, he underlined the fact that he leads an experienced team that deals in many industries across many countries. Moreover, with respect to shipping in particular, he stressed the fact that "capital markets are open to you [shipping community] for the right projects". His second message to the forum's international audience was that the history of London as a global maritime hub goes back hundreds of years and that nowadays, London constitutes a global hub for brokerage, financial services, derivatives, insurance, pension funds, banking etc. At the same time, this global city enjoys financial expertise and global reach, has a favourable legal system, and last but not least, London is trading across all trading hours for all key markets. Finally, the British government is very much supportive and committed to promoting London as an international maritime hub.

Martin Stopford (Non-Executive President, Clarkson Research Services Limited) then proceeded to present on the **Global Shipbuilding – Sector Overview.** In addition to covering shipbuilding, he made some observations about the state of the shipping markets and its impact on new building. 7 years on from the credit crisis in 2008, the shipping market is still stuck in an over-capacity rut which looks rather like the space it inhabited in the 1990s. Currently crude and gas tankers are doing well for now; bulkers are doing badly and other sectors are marking time. The world economy does not look as though it is going to help out much over the next couple of years, with sluggish growth; disappointing signals, especially in the USA, and clear signs that China's heroic import boom has now peaked out. Dry bulk trade is set to grow by only 1% in 2015, but oil cargo has picked up to about 4% - an unexpected reversal which is badly timed for bulkers.
Orders for new ships were 50% down in the first half of the year, only $27 billion. None of the major investors ordered very much. Second-hand prices have been adjusting, with tanker prices up 12% over the last 12 months, whilst bulker prices are down 28%. But this has not worked through into the new building market which shows a price reduction of about 3.5% since the beginning of the year.

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The regional trend in shipbuilding continues much as previously. South Korea is now marginally ahead of China, measured in CGT, with Japan hanging on in 3rd place. The dependence of Chinese and Japanese shipbuilders on the bulk carrier markets is now a source of major pressure, since bulk carrier ordering has virtually stopped this year. In terms of shipyard production, global output fell to 9m deadweight in 2014. We expect this to edge up to 96 m dwt in 2015 and 106 m dwt in 2016, reflecting the heavy investment in previous years. Scrapping is patchy, and fleet growth has now edged down to 3.2%, with growth of the tanker fleet speeding up and bulkers edging downwards. The bottom line is that shipyards are under pressure for the next 12 months. China has the benefit of a large cargo base, but South Korea and probably Japan are the more flexible shipbuilders, so it remains to be seen who will win out in this particular situation. Shipyard credit continues to play a big part.

Stuart McAlpine (Partner, Clyde & Co. LLP) moderated the **Shipping & Bank Finance** panel with panelists: **Richard Jansen** (Managing Director, Global Co-Head of Transportation, Deutsche Bank), **Chris Conway** (Global Head of Shipping and Offshore – Export Agency Finance & Managing Director, Citigroup), **Thor Erling Kylstad** (Head of Shipping, Nordea Bank, London Branch), **Mark Westley** (Managing Director, Societe Generale), and **James Gascoigne** (Senior VP, DVB Bank SE).

The majority of the panelists agreed that the quality of the clients are a major criteria in lending today. Amongst others included the quality of the operations of the company, transparency of the operations, structure of the loan, and overall assets. In terms of restructuring, there were a bit of difference in opinions. Richard Jansen from Deutsche Bank stated that banks are willing to help with restructuring as long as there is an objective agreement and the interests of both bankers and owners need to be protected. Chris Conway from Citigroup believed that “you do business with people you know and trust”. James Gascoigne from DVB Bank SE said that the starting point with clients is a consensus agreement so as long as the owner is part of the solution, they will support the client. China and Asia in general are becoming increasingly important and banks are becoming more involved with financing from and to Chinese lending institutions and/or banks. All of the panelists have done business with Asia at one point or another for many various reasons: diversification, importance of shipping in Asia, large growth, and many other reasons.

Lindsey Keeble (Partner, Head of Maritime Practice, Watson Farley & Williams LLP) moderated the **Shipping & Capital Markets** panel with panelists: **Magnus Halvorsen** (Head of Capital Markets and RIC, Clarksons Platou Securities), **Todd Wilson** (Jefferies LLC), **Per Olav Karlsen** (CEO and Managing Partner, Cleaves Securities AS), and **Jerome Salle** (Managing Director, Capital Markets, Credit Agricole).

Lindsey Keeble started off the discussion with an important question: how can companies raise capital today? Does it depend on the shipping segment? There were a few different discussions and opinions for this topic. Magnus Halvorsen from Clarksons Platou Securities stated that markets are always open for good projects at the right price but it is a little difficult right now. Todd Wilson from Jefferies LLC agreed that both equity and debt markets in the US for shipping may remain tough for a while.

Another major discussion circled around the topic of what do investors look at or look for when a new IPO is coming to the market. The panelists, as a whole, mostly agreed on that right now, investors are looking at ‘assets on the water’ and that they are focused in ample liquidity or they would ask for a significant illiquidity discount or liquidity premium. Right now, investors want IPOs done at NAV. However, there is a difference between US investors and Norwegian investors. Per Olav Karlsen from Cleaves Securities AS stated that they are less focused on liquidity.

In the past six months, many of the IPOs have not been so successful due to the macro backdrop as well as an aggressive pricing. The worst sectors were seen in containers and dry bulk. For the next six months, there will be a lot of consolidations especially in the tanker markets and not so much in the dry bulk sector. The offshore market is also uncertain right now as it is tied with the price of oil.

Panos Katsambas (Partner, Reed Smith) moderated the **Shipping, Private Equity & Alternative Financing** panel with panelists: **Paulo Almeida** (Portfolio Manager, Tufton Oceanic Ltd.), **Christoph Geck-Schlich** (CIO, CPO Investments KG), **Alexis Atteslis** (Managing Director, Oak Hill Advisors Europe LLP), and **Andreas Povlsen** (CEO, Breakwater Capital).

The discussion between the panelists started from an outlook on PE in shipping over the next few years. While Paulo Almeida from Tufton Oceanic Ltd. stated that they have been quite active in pretty much every shipping sector, the rest of the panelists stated that recently, PE funds are more in the exiting route with less interest overall compared to a few years ago. The volume and size of deals are also coming down and consolidations will be occurring in the next half year or so. Investors may be less focused, nowadays, on size but more on quality of both investments and partners. They are

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witnessing a pick in activity in non-performing loans, which may also provide another opportunity for alternative finance providers to get involved in the industry, either buying loan portfolios or working with shipowners to refinance the banks who wish to exit.

Participation in the shipping asset class can take a variety of different forms, also depending on the market cycle. However, private equity investments in shipping will remain a core part of the industry's funding in the years to come. From the PE side, they will still continue to find partners to provide them with the right capital for their projects, whether this is equity or debt.

Frode Mørkedal (Managing Director, Equity Research, Clarksons Platou Securities) provided a sector overview presentation before **The Dry Bulk Sector** panel.

The main takeaway from his presentation was that market looks to have bottomed during first half 2015. The weak freight market has been a result of declining imports to mainly China. Although Chinese economic indicators are indeed slowing, the weak trade is exaggerated by destocking which is temporary, and may turn to restocking once commodity prices level out. They look at the potential that Chinese economic growth has been significantly weaker than official GDP growth figures with the key insight that real economic growth might improve from lows and therefore add support to dry bulk demand even as official GDP growth figures are lowered to catch up to realities. They expect dry bulk demand growth to bounce back into positive territory and grow faster than the ~2% fleet growth with rates expected to improve towards $20k daily for Capesize as average for 2017. It may be the time to start bottom fishing dry bulk equities.

Omar Nokta, (Managing Director, Equity Research, Shipping, Clarksons Platou Securities) moderated **The Dry Bulk Sector** panel with panelists: **Herman Billung** (CEO, Golden Ocean), **George Achniotis** (CFO, Navios Maritime Holdings), **Jens Ismar** (CEO, Western Bulk), and **Christos Begleris** (Co-CFO, Star Bulk Carriers Corp.).

Shipping is a cyclical industry - it's not a matter of if, but when, the cycle will turn. There is no crystal ball to know when the market will turn so instead, they focus on things they can control: gaining and leveraging the scale, managing operating costs, safeguarding the balance sheet and nurturing their most important asset: their people. According to Christos Begleris from Star Bulk Carriers Corp., another thing that can be controlled is supply. A lot of 2015 deliveries have been pushed back to 2016 which makes right now a challenging time.

The dry cargo market looks continuously challenging with increased uncertainty on the demand side due to lower Chinese growth and still an overhang of vessels to be delivered this and next year. Herman Billung from Golden Ocean believed that the dry bulk sector has the ability to repair itself. Some of the measures that the panelists have taken included to withstand the crisis: controlling what they can control, raising public equity when necessary, disposing of older dry bulk vessels, pushing newbuildings to later deliveries and taking advantage of distressed assets

Another topic touched upon was the outlook of coal. A few of the panelists mentioned about China and how Chinese coal imports will stabilize due to the fact that Chinese coal is very expensive to produce plus it has very low calorific value. George Achniotis from Navios Maritime Holdings also stated that imports to India are in record level this year.

Ben Nolan (Director, Shipping Research, Stifel) both presented the sector overview and served as the moderator for **The LNG Sector** panel. Panelists included: **Tony Lauritzen** (CEO, Dynagas LNG Partners LP), **Gary Smith** (CEO, Golar LNG), and **Sveinung Stohle** (CEO, Hoegh LNG).

Ben Nolan from Stifel's presentation summarized nicely over the fact that "the LNG market is a market that everyone believes in but no one wants to invest in." Right now, the bad news are the weak spot rate, the softening Chinese economy, the restart of Japanese nuclear power generation and the 40% orderbook to fleet ratio. Global LNG production is now on the rise and a large number of production facilities are coming online.

One of the first topics they covered was a discussion on how LNG demand linked to oil prices. Sveinung Stohle from Hoegh LNG believes the link between oil and LNG is based on misconception – LNG price goes down and demand goes up. However, the fall of crude oil has improved demand for both FSRU and shipping.

Gary Smith from Golar LNG believes that "over the last year, lower demand from the large established LNG importers has caused an erroneous concern for the demand for additional FSRU's to cover additional LNG imports going forward. Slower demand in Japan or South Korea or Japan does not have a direct impact on demand for FRSU's, and in addition lower demand from large importers makes available additional LNG volumes to the market, bringing additional smaller

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importers into the market, and they also will be looking for the shortest, least expensive way to import, and that is through an FSRU."

Ben Nolan (Director, Shipping Research, Stifel) once again lead a presentation and moderated for The **LPG Sector** panel with panelists: **John Lycouris** (CEO, Dorian LPG), **Charles Maltby** (Chariman & CEO, Epic Gas), and **Niall Nolan** (CFO, Navigator Gas).

The key points from Ben Nolan's presentation were that LPG prices are more correlated to oil prices compared to LNG with equity investors investing on the basis of oil prices. Larger vessels have also been more volatile but are at excellent levels with medium-sized semi-refrigerated strong and stable. Currently, volume growth are driven by US shale development and incremental LNG liquefaction. He believes that next year, the LPG export capacity can double from the US.

The first discussion point was whether or not the panelists are worried about the LPG market since the equity markets believe that LPG will go lower due to lower oil. Thankfully, all of the panelists agreed that they are not too worried since the US is the largest world exporter and they believe that the market can handle it. Another important topic was the discussion of whether or not there are any other 'geographies' outside the US that can and will support the growth for LPG. Each of the panelists had different opinions. John Lycouris from Dorian LPG believes that India and China's demand is picking up and they have recently witnessed record imports in that area.

Charles Maltby from Epic Gas is happy to see demand in the Caribbean and states that the increase in demand is sustainable. He believes that regional trade of LPG will benefit from increased availability of attractively priced LPG exports, with outsized growth in the US Gulf/Caribbean and in the Black Sea/Mediterranean. Niall Nolan from Navigator Gas, on the other hand, believes that the Middle East is a great opportunity as there is currently a phenomenal increase in production of LPG in that area that needs to be exported.

Andrew W. Horrocks (Managing Director, Global Head of Transportation, Credit Suisse) moderated the **Yield Investing in Shipping** panel with panelists: **Lars Solbakken** (CEO, Ocean Yield), **Ole Hjertaker** (CEO, Ship Finance Int'l Ltd.), and **Michael Gregos** (CFO, Dynagas LNG Partners).

This panel started with a mini presentation by each of the panelists to showcase their own company. Lars Solbakken from Ocean Yield started off by stating that his company has a diversified fleet of modern, fuel-efficient vessels. Their investing strategy is modern vessels, long-term charters and multi-segment. Ole Hjertaker said Ship Finance Int'l Ltd.'s strategy is a diversified portfolio approach investing in different sectors with a multitude of chartering counterparties. They have a very low and efficient cost base. Michael Gregos from Dynagas LNG Partners' strategy is stable cash flow through long term charter cover, healthy balance sheet, strong and committed sponsor, operational excellence, and a strong drop down pipeline for growth.

The first question Ben Nolan asked was "what makes investors click in this market?" Overall, the panelists agreed that the company needs to show that there is a stable commitment to increasing dividends as well as having a sustainable business model. However, if the company had a business model that pays out a substantial portion of earnings, what is the proper funding approach that they should take to make the investors feel confident? Both Ole Hjertaker and Michael Gregos believe that they should optimize the structure of funding on a project by project basis.

Omar Nokta (Managing Director, Equity Research, Shipping, Clarksons Platou Securities) presented a sector overview as well as moderated **The Tanker Sector** panel. Panelists included: **Kim Ullman** (CEO, Concordia Maritime), **Nic Reardon Smith** (Director, Research & Project Management, d'Amico International Shipping), **Svein M. Harfjeld** (Co-CEO, DHT Holdings, Inc.), **Hugo de Stoop** (CFO, Euronav), **Nicolas Busch** (CEO, Navig8 Group), and **Michael Jolliffe** (Vice Chairman, Tsakos Energy Navigation).

Omar Nokta from Clarksons Platou Securities' presentation highlighted a few key points: the oil demand growth is coming back, VLCCs are particularly strong right now, crude tankers are growing at a healthy rate, product tankers continue to charge ahead, there are now healthy refining margins in Europe after multi-year hiatus, and equity-wise, tanker stocks are +25% year to date.

His first question to the panelists was "where do you think we are in the cycle?" Michael Jolliffe from Tsakos Energy Navigation stated that they are now in the beginning of a very sustainable market since oil prices are very low.

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Therefore, oil-producing countries are forced to produce as much as they can to secure a fracture of the income and once oil price rises again, the US will increase its production.

Another question was whether or not anyone should be ordering crude oil newbuildings. As a consensus, all of the panelists said no. Nicolas Bush, however, stated ordering ships or not should not be turned into a moral argument and one should understand the view of others. Hugo de Stoop from Euronav added that there is still room for prices to go down and shipyards are still calling out to them but today, there is no need for any more ships.

Kim Ullman from Concordia Maritime stated that the demand in the crude tanker and product tanker sectors will remain flat from now until 2017, 3% and 5% respectively. However, he forecast changes on the supply side for the crude tanker sector, an increase from 1.7% this year to 3.7% in 2016. The supply for the product tanker will remain at 5.2% through 2016 and until 2017, where we predict a decline to 3.5%. He also believed that the markets are in structural balance and accelerated through low oil price. We see a continuous upside in the product tanker sector as the market is still growing and rates are holding the same. The crude tanker sector remains flat and the rates are correcting downwards due newbuildings.

Another important question from Omar was "what would you invest in now?" Michael Jolliffe said Suezmax due to its huge/peak earnings and capital appreciations. Hugo de Stoop said spot-oriented tanker companies in terms of equity asset class. Svein M. Harfjeld from DHT Holdings, Inc. said LR1s since the segment does not have a very large orderbook and customers are already asking for it. Kim Ullman said product tankers – basically what he had already been doing recently.

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SPEAKER COMMENTS

Martin Stopford, Non-Executive President – Clarkson Research Services Limited

In addition to covering shipbuilding, in my brief comments I will make some observations about the state of the shipping markets and its impact on new building. 7 years on from the credit crisis in 2008, the shipping market is still stuck in an over-capacity rut which looks rather like the space it inhabited in the 1990s. Currently crude and gas tankers are doing well for now; bulkers are doing badly and other sectors are marking time. The world economy does not look as though it is going to help out much over the next couple of years, with sluggish growth; disappointing signals, especially in the USA, and clearsigns that China's heroic import boom has now peaked out. Dry bulk trade is set to grow by only 1% in 2015, but oil cargo has picked up to about 4% - an unexpected reversal which is badly timed for bulkers.
Orders for new ships were 50% down in the first half of the year, only $27 billion. None of the major investors ordered very much. Second-hand prices have been adjusting, with tanker prices up 12% over the last 12 months, whilst bulker prices are down 28%. But this has not worked through into the new building market which shows a price reduction of about 3.5% since the beginning of the year.
The regional trend in shipbuilding continues much as previously. South Korea is now marginally ahead of China, measured in CGT, with Japan hanging on in 3rd place. The dependence of Chinese and Japanese shipbuilders on the bulk carrier markets is now a source of major pressure, since bulk carrier ordering has virtually stopped this year.
In terms of shipyard production, global output fell to 9m deadweight in 2014. We expect this to edge up to 96 m dwt in 2015 and 106 m dwt in 2016, reflecting the heavy investment in previous years. Scrapping is patchy, and fleet growth has now edged down to 3.2%, with growth of the tanker fleet speeding up and bulkers edging downwards.
The bottom line is shipyards under pressure the next 12 months. China has the benefit of a large cargo base, but South Korea and probably Japan are the more flexible shipbuilders, so it remains to be seen who will win out in this particular situation. Shipyard credit continues to play a big part.

Panos Katsambas, Partner – Reed Smith

Following the investment of tens of billions of dollars in shipping industry by private equity houses over the last 5 years, the interest is still there but the deal parameters have changed. Initially we witnessed sizeable equity joint ventures geared towards benefiting from a quick asset recovery or the play of growth/consolidation/sale or listing. While that theme may not have turned out exactly as the investors would have wanted, private equity firms have a far better understanding of the shipping industry, have formed relationships with shipowners, advisors, and service providers so as to maintain active channels of communication and deal flow opportunities. In addition, we have seen deals by alternative investors in the areas of secondary loans, non-performing loan (single or portfolios), restructurings, and direct vessel purchasing, as well as more synthetic, structured transactions. Participation in the shipping asset class can take a variety of different forms, also depending on the market cycle. However, private equity investments in shipping will remain a core part of the industry's funding in the years to come.

Paulo Almeida, Portfolio Manager – Tufton Oceanic Ltd.

Do PE investors think restructurings and consolidation will lead to a recovery of the dry bulk market? Unfortunately, the answer is - or at least should be - a definite no. Restructurings need to happen of course, but they impact the capital structures of specific companies rather than the fundamentals of the industry. When an industry is anywhere as fragmented as dry bulk shipping, restructurings can not help. It is not like the US airline industry where a few simultaneous Chapter 11 cases can completely change the industry economics. After all, a ship has no idea and even its commercial manager has little to no idea it has gone through Chapter 11! They're just out there fighting for too few cargoes every day. Can consolidation help? In some cases, yes. There are various examples of consolidation in shipping leading to improved profitability. But when the supply-demand balance is so poor, consolidation can't overcome the weak fundamentals. Just ask any big container line with high exposure to the Asia-Europe trade.

Christoph Geck-Schlich, CIO – CPO Investments (GmbH & Co.) KG

Historically Investors liked the idea of depressed asset prices and the corresponding asset play opportunities in shipping. In current market conditions, we think, especially the container sector may offer special opportunities returning stable dividend yields plus potential uplifts in asset values.

Alexis Atteslis, Managing Director – Oak Hill Advisors (Europe), LLP

We will continue to see providers of alternative finance have interest in shipping, albeit the type and size of deals may evolve over time, to also meet the needs of the industry.
Investors may be less focused, nowadays, on size but more on quality of both investments and partners. We are also witnessing a pick in activity in non-performing loans, which may also provide another opportunity for alternative finance providers to get involved in the industry, either buying loan portfolios or working with ship-owners to refinance the banks who wish to exit.
Having learned from its experiences over the last few years, both successes and mistakes, Private Equity's involvement in the industry is likely to continue. Private Equity can be complementary to the more traditional sources of ship financing not only by bringing flexible capital but also sometimes a more analytical approach and professionalism.
From our side, we continue our efforts to find partners to provide them with the right capital for their projects, whether this is equity or debt.

Ole Hjertaker, CEO – Ship Finance Int'l Ltd.

Ship Finance International Limited (NYSE: SFL) is a ship-owning company with a unique track record in the maritime world, being consistently profitable and having paid dividends every quarter since 2004, returning $1.6 billion to shareholders. Annualized dividend yield is currently in excess of 10%.
The diversified fleet of more than 70 vessels is split between tankers, bulkers, container vessels and offshore assets, and there has been a significant growth in the asset base over time. The long term distribution capacity is supported by a $4.2 billion fixed-rate charter backlog.

Frode Morkedal, Managing Director, Equity Research – Clarksons Platou Securities

Our key message from the dry bulk presentation is that the market looks to have bottomed during first half 2015. The weak freight market has been a result of declining imports to mainly China. Although Chinese economic indicators are indeed slowing the weak trade is exaggerated by destocking inn our view, which is temporary, and may turn to restocking once commodity prices level out. We look at the potential that Chinese economic growth has been significantly weaker than official GDP growth figures with the key insight that real economic growth might improve from lows and therefore add support to dry bulk demand even as official GDP growth figures are lowered to catch up to realities. We expect dry bulk demand growth to bounce back into positive territory and grow faster then the ~2% fleet growth with rates expected to improve towards $20k daily for Capesize as average for 2017. It may be the time to start bottom fishing dry bulk equities.

George Achniotis, CFO – Navios Maritime Holdings

Shipping is a cyclical industry - it's not a matter of if, but when, the cycle will turn.
We don't have a crystal ball to know when the market will turn, so we focus on those things we can control: gaining and leveraging our scale, managing operating costs, safeguarding our balance sheet and nurturing our most important asset: our people.
As a result of these priorities, today we have one of the lowest operating costs, about 35% below industry average. We have a strong balance sheet and maintain access to debt and equity markets. Consequently, Navios is in a unique position of being able to search for attractively priced assets from distressed sellers and position of the next cycle.

Jens Ismar, CEO – Western Bulk

The dry cargo market looks continuously challenging with increased uncertainty on the demand side due toslower Chinese growth and still an overhang of vessels to be delivered this and next year. In this harsh environment, Western Bulk's main activity, the Chartering Division, has been able extract a good and positive margin so far this year. Through hard work, dedicated employees and careful risk management, the Chartering Division has even managed to increase the margin as a percentage of the market rates, showing that our model works.

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Tony Lauritzen, CEO – Dynagas LNG Partners LP

Existing global fleet includes a significant count of small vessels and the LNG carrier orderbooks are mainly committed with few available vessels. Going forward, insufficient fleet will meet expected growth in LNG production:

- anticipated ~164 Mtpaof new supplies by 2020, a 67% increase from 2014
- no additional production upside allocated to new or existing projects (i.e. no debottlingin Qatar)
- includes North American export production of ~82 mtpaby 2020
- –Sabine Pass, Cameron LNG, Freeport LNG, Lake Charles, Cove Point, Corpus Christi, LNG Canada
- includes new Australian export production of ~54 mtpaby 2020
- –Queensland Curtis, Gladstone, Australia-Pacific LNG, Gorgon, Wheatstone, and Ichthys
- LNG production forecast is well below nameplate capacity
- conservative forecast basis existing knowledge of current project development schedules
- arctic LNG production requiring ice class notation tonnage expected from 2017 onwards

We forecast favorable environment for established shipping companies, as growth in liquefaction capacity outpaces growth in shipping capacity.

Gary Smith, CEO – Golar LNG

The recent Gas Convention signing by the Government of Cameroon, Perenco and Golar represents a significant milestone in the delivery of Golar's innovative low-cost FLNG strategy. Employment of Golar's first speculatively ordered FLNG unit and the approval for development of Cameroon's Kribi field is a significant milestone in Golar's LNG mid-stream services company strategy. Golar's innovative, low-cost GoFLNG business model reduces the resource holder's capex and project execution risk, advances their cash flow and is flexible enough to develop smaller reserves. Our first FLNG project in Cameroon has been approved within a relative short time frame, delivers solid economics for all parties involved notwithstanding the current low oil and gas price environment and clearly demonstrates the competiveness of the GoFLNG model vs alternative approaches to LNG project development. Significant experience has been gained from this project and this strengthens the company's ability to assist other resource holders and developing nations to monetize reserves which currently are either dormant or sub optimally produced. Today Golar is discussing and developing an increasingly encouraging portfolio of interesting FLNG projects.

Sveinung Stohle, CEO – Hoegh LNG

Over the last year, lower demand from the large established LNG importers has caused an erroneous concern for the demand for additional FSRU's to cover additional LNG imports going forward. I believe it is important to distinguish between the drivers for demand for LNG from the large, established importers as compared to the main markets that utilize FSRUs to cover their import needs. Whereas the demand from large, traditional LNG importers, who all use without exception large land based import facilities, slows down during an economic recession, there are different drivers for LNG importers that use FSRU's, since for them FSRUs are strategically important assets that meet intermediate demand or energy deficits, that cover seasonal demand, or serve as a back-up solutions to ensure security of supply and/or replace expensive liquid fuels. In other words, slower demand in Japan or South Korea or Japan does not have a direct impact on demand for FRSU's, and in addition lower demand from large importers makes available additional LNG volumes to the market, bringing additional smaller importers into the market, and they also will be looking for the shortest, least expensive way to import, and that is through an FSRU.

Charles Maltby, Chairm & CEO – Epic Gas

The dry cargo market looks continuously challenging with increased uncertainty on the demand side due toslower Chinese growth and still an overhang of vessels to be delivered this and next year. In this harsh environment, Western Bulk's main activity, the Chartering Division, has been able extract a good and positive margin so far this year. Through hard work, dedicated employees and careful risk management, the Chartering Division has even managed to increase the margin as a percentage of the market rates, showing that our model works.

Michael Gregos, CFO – Dynagas LNG Partners

Dynagas LNG Partners L.P. (NYSE: DLNG) is a growth-oriented MLP which owns a fleet of 5 high specification LNG carriers employed on multi-year charters to first class counterparties. Since our IPO in November 2013, the Partnership has increased its quarterly cash distributions by 15.8%. Based on the distribution as of August 2015, DLNG pays an annualized cash distribution of $1.69 per unit. The Partnership has clearly identifiable catalysts for distribution growth since it has the option to acquire from its Sponsor (Dynagas Holding Ltd) ten modern ice class LNG carriers, all on long term charters with multi-billion contracted revenue backlog.

Lars Solbakken, CEO – Ocean Yield

Ocean Yield has a policy of paying attractive and increasing dividends and the dividends have been increased every quarter since the IPO in 2013. Our substantial contract backlog together with increased earnings from delivery of newbuildings should allow Ocean Yield to continue paying very attractive dividends to our shareholders.

Kim Ullman, CEO – Concordia Maritime

The demand in the crude tanker and product tanker sectors will remain flat from now until 2017, 3% and 5% respectively. However, we forecast changes on the supply side for the crude tanker sector, an increase from 1.7% this year to 3.7% in 2016. The supply for the product tanker will remain at5.2% through 2016 and until 2017, where we predict a decline to 3.5%. We believe that the markets are in structural balance and accelerated through low oil price. We see a continuous upside in the product tanker sector as the market is still growing and rates are holding the same. The crude tanker sector remains flat and the rates are correcting downwards due newbuildings.

Hugo de Stoop, CFO – Euronav

The shipping industry is more capital intensive than ever. Traditional bank lending is far less available than in the past. Sustainable alternative source of financing must be found which will be from capital markets. Large listed companies with high daily share liquidity have a competitive advantage but investors will only be attracted to: excellent and proven corporate governance; professional management incentivised to be aligned with shareholders; shareholders rewarded by returning consistently all excess cash via a clear, simple policy; strong discipline around any expansion, only if it creates value for existing shareholders; and no newbuildings order under a ship is scrapped at the same time.

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ABOUT CAPITAL LINK

Capital Link is a 20 year old Advisory, Investor Relations and Financial Communications firm with a strategic focus, among other, on the global maritime sector. Capital Link's headquarters are in New York with a presence in London, Athens and Oslo. We have become the largest provider of Investor Relations and Financial Communications services to international shipping companies listed on the US and European Exchanges. Capital Link has focused on elevating the profile of Greek Shipping and Shipping to a wider audience around the world, including investors, analysts, bankers, financiers and industry participants. We are humbled that our efforts have been recognized by the **2011 Greek Shipping Lloyds Awards and in 2012, 2013 and 2014 by Intercontinental Finance Magazine.**

In our effort to enhance the information flow to the investment community and contribute to improving investor knowledge of shipping, Capital Link has undertaken a series of initiatives beyond the traditional scope of its investor relations activity, such as:

- **www.CapitalLinkShipping.com:** A web based resource that provides information on the major shipping and stock market indices, as well as on all shipping stocks. It also features an earnings and conference call calendar, industry reports from major industry participants and interviews with CEOs, analysts and other market participants.
- **Weekly Capital Link Markets Report (e-Newsletter):** Weekly distribution to an extensive audience in the US & European shipping, financial and investment communities with updates on the shipping markets, the capital markets and listed company news.
- **www.CapitalLinkWebinars.com:** Sector Forums & Webinars: Regularly, we organize panel discussions among CEOs, analysts, bankers and shipping industry participants on the developments in the various shipping sectors (containers, dry bulk, tankers) and on other topics of interest (such as Raising Equity in Shipping Today, Scrapping, etc).
- **Capital Link Investor Shipping Forums:** In New York, Athens and London bringing together investors, bankers, financial advisors, listed companies CEOs, analysts, and shipping industry participants.
- **www.MaritimeIndices.com:** Capital Link Maritime Indices: Capital Link developed and maintains a series of stock market maritime indices which track the performance of U.S. listed shipping stocks (CL maritime Index, CL Dry Bulk Index, CL Tanker Index, CL Container Index, CL LNG/LPG Index, CL Mixed Fleet Index, CL Shipping MLP Index – Bloomberg page: CPLI. The Indices are also distributed through the Reuters Newswires and are available on Factset.

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