

## E-Interview with Dr. Albrecht Gundermann about: "Ship Financing - Investment Opportunities and Strategies for New Market Segments"



**Title of Interview:** Ship Finance  
**Name:** Dr. Albrecht Gundermann  
**Functional Area:** Managing Director  
**Organisation:** Maritim Equity  
Beteiligungsgesellschaft

### Short professional CV:

- major professional experience / positions held
- Liberian Registry – Regional Managing Director
- Commerzbank Global Shipping AG – Senior Relationship Manager

### Investment Opportunities and Strategies for New Market Segments

In the context of the Conference on Ship Finance at SMM 2008, Hamburg

While international financial crisis still increases in size and reach some major national economies face severe recession risks. The international ship financing community – being the pacemaker of international trade and growth – now has to deal with those issues as well.

Hence, the ship finance industry has to give some answers to how maritime markets and players are affected by the credit crisis. Do we have to invent new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis? How are investments in ship funds affected by the new market environment? What does this mean for the private investor in ship funds?

This virtual roundtable wants to shed some light on these issues related to ship financing. We invite experts from companies, banks and institutions to present their views on current and future market perspectives.

Dear Mr. Gundermann,

**Question 1:**

Which of the players in the ship financing sector are affected most by the credit crisis?  
Why is this so, are there substantial differences by country / on the global level?

**Answer:**



American Investors. Because they created deals with unreasonable leverage. Shipping has always been subject to volatile markets. Investments were always based on sufficient equity and long term strategies. Those who ignore these basics will suffer.

Traditionally, the more short term view of American investors did not match as well as the long term view of – for instance - Norwegians and Germans. Most inspiring is to see what happened in the 80ies.

**Question 2:**

Is there a need to invent completely new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis?

**Answer:**



Why? The industry exists since hundreds of years. We should remind ourselves of what we can learn from this history. As mentioned above, any strategy has to be long term. This is not a playground for unexperienced investors who are searching the high yield and quick exit. Any structure should have sufficient equity and the debt portion should be repaid in a reasonable time frame.

**Question 3:**

How are investments in ship funds affected by the new market environment?

**Answer:**



The investments are affected by different lending standards, meaning higher margins and liquidity costs of the banks and tougher covenants. This will squeeze the return of investors in many cases. We have many funds that will suffer under the “cost increase clause” which allows the banks to burden the borrower with the higher refinancing costs. In some cases, we will see the sale of the ship.

**Question 4:**

What does this mean for the private investor in ship funds?

**Answer:**



For existing investments, it will mean a lower return. Most investments that have not been finalized at this point will fail due to a lack of bank financing. On the other hand: 2009 will offer fantastic opportunities for those who have enough equity at hand.

**Question for a brief delphi-survey :**

Please name – from your personal expertise – the three most important reasons why ship funds will still be a smart move for investors in the near future (2-5 years).

**Answer:**



I do not think that any investments into shipping will be successful if the investor has only a time frame of 2-5 years.

**Mr. Gundermann, thank you very much for this interview!**