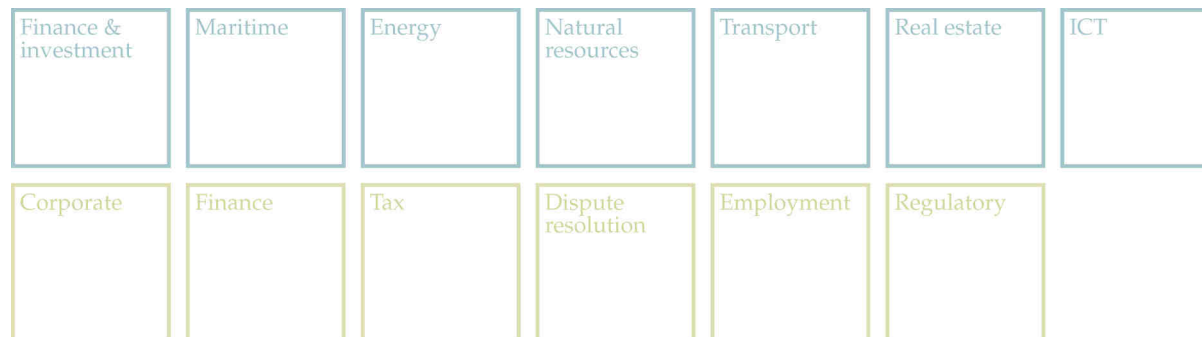


Ship Financing & Asian Maritime Law Conference

Minimising Marine Finance Risks and Adopting Protection Measures

Presentation by :
Madeline Leong, Partner

25 March 2010



WHAT IS EXPECTED OF SHIPOWNERS SEEKING FINANCE IN THE CURRENT ECONOMIC ENVIRONMENT?

- CURRENT ECONOMIC ENVIRONMENT
 - good business/assets
 - good balance sheet
 - good management

- VARIOUS RISKS
 - Documentation/ financing risks – market risks
 - Project/ transaction risks – counterparty risks
 - Cross border/ legal risks

- DOCUMENTATION/ FINANCING RISKS

- global shipping groups structurally and financially more complex
- technical defaults
 - breach of LTV ratio
 - LTV ratio covenant
 - Approved Broker definition
 - contents of valuation reports
 - “cross collateralisation”
 - what does this mean
 - “cross collateralisation” of ships, their earnings, their insurances and requisition and compensation

- financial convents
 - clarity of terminology
- market disruption
 - drafting of provision
- other issues
 - thresholds and caps
 - time limitations, grace periods, notification periods
 - MAC
 - market flex
- swaps/ hedging arrangements
- term sheets and their importance

• PROJECT/ TRANSACTION/COUNTERPARTY RISKS

- Shipbuilding contracts
 - force majeure
 - increased costs
 - permissible delays
 - assignability
 - good relationship (ability to re-negotiate)
- refund guarantees
 - number and amount of instalments
 - Duration of guarantee – match with arbitration period
 - guarantee characteristics
 - swift guarantees
 - novation of shipbuilding contract – need to re-issue refund guarantee

- charterparties/ employment contracts
 - off-hire
 - termination/default clauses
 - conditions – entitles termination
 - cash flow risks

- management contracts
 - subordination
 - assignment of insurances
 - assignability

- CROSS – BORDER RISKS

- complex corporate structure spanning several jurisdiction
- security – enforcement/ realisation/ registration requirements
- environment/ pollution risks
- geographical location - arrest of ships
- tax/ tax indemnities/ withholding tax
- flag risks – registration /timing – PRC/ Indonesia
- change of law risks – change of regulation/ laws
- currency risks

Speaker profile

Singapore



Madeline Leong
Partner,
International
Finance Group

mleong@wfw.com
+65 6551 9179

Madeline is a partner in the firm's international finance group. She specialises in asset, project and structured finance and oil and gas work and has acted for most of the leading banks and financial institutions and international companies and is recognised as possessing "mastery of the subject" of asset finance by the Asia Pacific Legal 500. Madeline has worked in Australia, Hong Kong and Singapore and has considerable experience in Korean, Hong Kong and PRC finance transactions. Madeline joined WFW, Singapore in 2004. She qualified as solicitor of Western Australia and Australia in 1989, in Hong Kong in 1992 and in England and Wales in 1992. Madeline is a regular speaker at maritime and finance international conferences.

Watson, Farley & Williams

London	New York	Paris	Hamburg Munich	Milan Rome	Madrid	Piraeus Athens	Singapore	Bangkok
--------	----------	-------	-------------------	---------------	--------	-------------------	-----------	---------

All references to 'Watson, Farley & Williams' and 'the firm' in this presentation means Watson, Farley & Williams LLP and/or its affiliated undertakings. Any reference to a 'partner' means a member of Watson, Farley & Williams LLP, or a member or partner in an affiliated undertaking, or an employee or consultant with equivalent standing and qualification. This presentation constitutes attorney advertising.

© Watson, Farley & Williams 2010

wfw.com