



Iolcos Glory- same owners as *Iolcos Destiny* (but 24 years older than the vessel bought by Paragon)

Though charter markets were active in the surging dry and sliding tankers, as ship financiers decided that Newton's rules of gravity do not apply to vessel prices. The supply of money available for shipping deals continues to fuel the boom. New York broker Compass Maritime remarked on the tendency of tanker prices to remain strong even when freight rates weakened and notes: "It seems that the same will apply to bulker values, especially since we now have 20+ public dry cargo companies with massive market caps and strong balance sheets with the declared strategy to expand their fleets 'through selective, timely accretive vessel acquisitions'."

There is a relationship between the recent bout of secondary equity offerings and a new round of vessel purchases. After a blockbuster Cape deal last week, where DryShips stepped up to pay \$145 Million on a Golden Ocean May 2008 Capesize delivery, another listed entity- Diana Shipping, is now being reported as having eclipsed last week's record price for a Capesize vessel. Drytank, the private company, is linked to the purchase of 1995 Taiwanese built 149,000 tonner *Tiger Lily* at \$90 Million.

Compass Maritime's market report shows that Diana, basking in the sun of \$288 Million of market largesse from its recent shares issue, has committed to purchase *Thalasinni Niki* (171,000 dwt, built 2005 at Daewoo) and *Thalasinni Kyra* (164,000 dwt, built 2002, in Taiwan) from NS Lemos, for \$275 Million, en bloc. The new vessel is tied into a lengthy period charter with three years to go, at \$55,000/day. Today, a three year charter on a modern Cape would be worth circa \$70- \$80,000/day, suggesting a charter free value north of US 150 Million for the 2005 built vessel.

Ship values (with implicit inferences to vessel earning power) are now linked to stock prices, with equity analysts opining on shipping stocks carefully monitoring the S & P transactions. Consider that Jefferies & Co. bumped up their targets on DryShips to \$108 per share after the Capesize acquisition announcement. DryShips easily blew through this target on its way to \$120/share (more than double its price at end May 2007)- one of the strongest performing NASDAQ stocks- suddenly sporting a market capitalization of \$4.3 Billion (twice that of OSG, and equal to that of Teekay- prior to its upcoming conventional tanker spin-off).

Another listed company, Paragon, is believed responsible for two very strong purchases at \$89 Million each, for two 74,000 ton Panamax built 2006 at Hudong. Paragon purchases of *Iolcos Destiny* paired with *Anny Petrakis* both come with charters attached. Greek buyers, possibly DryShips or Drytank, paid a firm \$62.3 Million for the 2000 built *Aegean Hawk* (Mitsui)- with delivery set for Feb 2008. A 1981 built Panamax *Standard Vigour*, B & W type built 1981, got \$25 Million from Greek buyers. In the Handy sizes, Danish buyers paid \$62 Million, en bloc, for *Mount Cook* (blt 1996) and *Amazonia* (blt 1994), both Japanese built 28,000 tonners with 30 ton cranes.

In the tanker sales, Ship Finance was widely reported to have sold their single hulled VLCC *Front Duchess*, blt 1993 at Hyundai, for \$56 Million, likely for conversion into an ore carrier. Two single hulled 100,000 dwt Aframaxes blt 1990 at Onimochi were also reported sold for conversion, fetching \$28 Million each.

Brokers are suggesting that the dry market' tone is "giddy". In practice, this means that some deals are being done without the requisite inspections, and that sellers can dictate contract terms. In DryShips acquisition program, sales of older units have assisted in financing its acquisition program- reportedly its *Lanzarote*, 73,000 dwt. built 1996 at Hudong, is now on the market. Broker estimates for 10 year old Panamax valuations at between \$70 Million and \$77 Million, charter free, provide expectations of just how much the company's coffers might swell.

