

**'This is the market our partners pay us for'**



Heidmar traders on the hunt for pool employment

[Photo: Heidmar]

## GenMar enters Seawolf pool

More owners eye pools as rates tread water, reports **Greg Miller**

General Maritime's decision to put all seven of its VLCCs into Heidmar's nascent Seawolf pool is a sign of the times: at the trough of a shipping cycle, economies of scale offered by a commercial pooling arrangement become more attractive.

"This is the market our partners pay us for," Heidmar CEO Tim Brennan told *Fairplay*. "This is the part of the cycle where we outperform the market by a much larger percentage, due to our efficiencies and buying power."

"The timecharter market is a big competitor – and obviously at

the peak of the cycle, quite a few owners put their ships on charter," he explained.

With timecharter rates currently weak, more owners are looking to pools rather than playing the spot market themselves. That, in turn, has spurred greater competition among pools for participants. "There is now probably more competition between pools than I've ever seen," confirmed Brennan. "There are quite a few pools out there starting up."

In general, a pool is designed to offer participants better returns by aggregating buying power and charterer access, and by enhancing market intelligence – all of which hinges on scale. This begs the question: as owner interest in

commercial pools rises, how does a manager enter the market, given that the initial pool will be small?

The Seawolf VLCC pool was officially launched in May 2010 with one ship: Cardiff's *Solana*, which was chartered-in by Heidmar. In September, former OSG executive Marc La Monte was hired as Seawolf MD "to really give us a push on the VLCC side", explained Brennan.

Although the *Solana* was redelivered in May, Brennan confirmed that a Cardiff VLCC newbuilding, the *Desimi*, will enter in September. Together with the seven GenMar tankers – two of which are being chartered-in by Heidmar – Seawolf's portfolio will rise to eight VLCCs.

"By the end of the year, we'd like to see another one or two pool partners and another two ships," he told *Fairplay*. Ultimately, Seawolf could grow to 30-40 VLCCs, he said.

Asked about start-up strategy, Brennan explained: "We've always started a pool with ships of our own. That's why we took the *Solana* and the two ships from General Maritime [through charter-ins]. We take the risk right along with our pool partners.

"We normally start with one other partner," he continued, noting that in the case of Seawolf, there are now two (Cardiff and GenMar) alongside Heidmar itself.

He also emphasised that despite its currently small fleet, Seawolf obtains economies of scale from Heidmar's other pools. "There are a lot of synergies, especially between Seawolf and Blue Fin [Heidmar's Suezmax pool]. The customers are similar and each market really affects the other, so there is a lot of market information.

"Our presence in the Suezmax market will help our VLCC pool and vice versa," he said, adding: "We've always focused on adding pools that add value to our existing pools."

Between its five pools, Connecticut-based Heidmar is now trading more than 126 vessels, "so from an economies-of-scale point of view, we already have a huge market presence", affirmed Brennan. ■

### Heidmar pool portfolio

- Headquartered in Norwalk, Connecticut, Heidmar is owned by Morgan Stanley (49%) and George Economou-controlled Shipping Pool Investors (49%), with 2% owned by management
- Heidmar manages five pools: Seawolf (VLCCs), Blue Fin (Suezmaxes), Sigma (Aframaxes and LR2s), Star (Panamaxs) and Dorado (product tankers). In addition, Heidmar has a joint

venture focused on smaller tankers

- On 5 July, General Maritime announced it would enter all seven of its VLCCs into Seawolf: the *Genmar Vision*, *Genmar Zeus* and *Genmar Ulysses* within the next month; the *Genmar Poseidon* and *Genmar Atlas* via timecharters to Heidmar; and the *Genmar Hercules* and the *Genmar Victory* at the conclusion of their current charters (earliest

redeliveries are September 2011 and February 2012 respectively)

- Cardiff's *Solana* served in Seawolf, under charter to Heidmar, in May 2010-May 2011. Cardiff will enter the VLCC newbuilding *Desimi* into Seawolf in September
- Heidmar anticipates additional partners in Seawolf by the end of the year.