



Nesec Shipping Debt Fund

Update

21 August 2017

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Key Developments – EU approval - Funding Guarantee in process – Fundraising yet to start

- On August 4, 2017, the EU commission approved a guarantee scheme that was submitted by The Netherlands. The approval is met with a warm welcome by the Dutch State and Nesecc. The approval is a first step in a project that aims to set up a shipping debt fund.
- The scheme's objective is to provide first priority mortgage backed lending to small and medium-sized shipping companies by way of a debt fund. The debt fund is targets to be funded by institutional investors. The initiative for this fund comes from Nesecc. Nesecc has been involved in providing funding to shipowners since 1946.
- The fund hopes to benefit from the government guarantee in order to raise funds from institutional investors which would not otherwise provide funding for smaller shipping companies.
- The fund aims to meet the needs of companies operating mainly in the regional or intra-European trades with vessels of up to 15,000 dwt.
- The importance of the approval lies in the Commission's ruling that the guarantee which the Dutch State will provide does not constitute state aid under European Union rules, given that the state shall be paid a guarantee fee at market rates for the partial guarantee the state is making available.
- Now that the regulatory framework is approved the fund aims to finalise the guarantee with representatives of the state. The next phase of the fund is planned for the second part of 2017. In this phase, the fund will be discussed with, and pitched to, institutional investors. Dependent on the outcome of these fundraising discussions a final decision shall be made whether or not the fund is viable. Should the outcome be positive the fund plans to go live in the second quarter of 2018.

Contact Details



For further information on Nesecc, the Fund, or the contents of this update, please contact:

Pieter van der Burg

+31 (0)1 0 737 11 77

+31 (0)6 54 95 49 71

pvanderburg@nesecc.nl

Wouter Zijlmans

+31 (0)1 0 737 11 77

+31 (0)6 13 93 24 54

wzijlmans@nesecc.nl

