



The charters

The four tankers of the HLL Tanker-Flottenfonds I were taken over under time charters by Mega Chemical Tankers AG, Uttwil/Switzerland (in short: MCT) for a period of ten years (plus an option for two further years at the discretion of the charterer). The time charter rate is variable and is dependent on the corresponding charter market and the activities of the MCT Pool, which operates and sub-charters the tankers on its own account. In the whole of the year 2010, an average rate of some USD 7,800 net p.d. was achieved. The level of charter rates is expected to stabilise in the year 2011, so that we are reckoning with some USD 10,000 p.d. on annual average. Our charterer MCT is very satisfied with the operation of the ship. The year 2010 passed without any malfunctions. No "off-hire" days (period during which the ship is technically not operable and thus cannot earn any revenues) were incurred. This illustrates the good technical condition of the ships.

Economic situation

The accumulated operating result of all four one-ship companies is EUR -0.26 million and is thus EUR 7.87 million lower than the figure calculated in the prospectuses (at an average exchange rate of EUR/USD 1.32 instead of EUR/USD 1.10 as anticipated in the prospectuses). Charter revenues of (accumulated) EUR 8.23 million were achieved in the reporting year 2010, which is thus EUR 6.32 million less than forecast in the prospectuses. The shortfall in revenues in the balance sheet currency Euro result on the one hand from the loss of value of the US Dollar as compared with the figure stated in the prospectuses and on the other hand from the average pool charter rate of some USD 7,800 net p.d. (the prospectuses had predicted a rate of USD 11,800 net p.d.). A positive influence is exerted on the revenues side by the full 365 operating days; these were ten days more per ship than assumed in the prospectuses. The ship operating costs (OPEX), accumulated, amount to EUR 7.52 million and thus EUR 2.14 million more than originally anticipated in the prospectuses. These include a decrease in personnel costs in USD as compared with the prior year of around 3 %. On the other hand there were increases in insurance costs and also in the ship maintenance costs. Three of the four ships were fitted with new valves ("slide valves") (investment costs in each case some EUR 50 thousand). The damage to the auxiliary diesel on MT "HLL Barents" gave rise to costs in an amount of EUR 244 thousand. The reimbursement paid by the insurers less the deductible amounts to EUR 184 thousand. In 2010, the scheduled annual loan redemption payments were completely suspended. As of the end of the year, this results in accumulated redemption arrears of USD 0.7 million on average compared with the original bank financing plan, in which case MT "HLL Aegean" and MT "HLL Ionian" can still point to a small redemption advantage whereas MT "HLL Barents" and MT "HLL Indian" still have redemption arrears. No dividend payments were made for the business year 2010. As foreseen in the prospectuses, the four equity investment companies opted for the tonnage tax in the year 2006.

Names of the ships:
MT "HLL Aegean"
MT "HLL Barents"
MT "HLL Indian"
MT "HLL Ionian"

Draught:
9.30 m

Loading capacity:
22,883 cbm (98 %)

Type of ship:
Product/
chemical tankers

Speed:
15.5 kn

Deadweight tonnage:
19,990 tdw
 (non-oil products)

Shipbuilding yard:
Uljanik Shipyard,
 in Pula/Croatia

Length overall:
149.30 m

Moulded beam:
23.80 m

In service since:
HLL Aegean: 07/1999
HLL Barents: 03/1999
HLL Indian: 01/2000
HLL Ionian: 09/1999

Prospects

An accumulated operating result in the amount of EUR 2.1 million is expected for the business year 2011, which is EUR 5.7 million lower than the prospectus forecast (at an average exchange rate of EUR/USD 1.39 instead of 1.10 as assumed in the prospectuses). The accumulated charter revenues will, at a total of EUR 10.1 million, be some EUR 4.5 million lower than stated in the prospectuses. The shortfall in revenues in the balance sheet currency Euro results on the one hand from the calculated depreciation of the US Dollar; on the other hand we have assumed that the charterer MCT can achieve an average pool rate of USD 10,000 net (before ship operation and management fees) per operating day with the ships in 2011 (the rate foreseen in the prospectuses was USD 11,800 net p.d.). The average number of operating days is calculated as 363 (the prospectuses envisaged an average of 355 days).

The ship operating costs are calculated at an accumulated amount of some EUR 7.0 million and are thus EUR 1.5 million higher than foreseen in the prospectuses. These contain a calculated increase in personnel costs (in USD). The ship maintenance costs will probably be lower as there are no special influences as in the prior year ("slide valves"). As we are reckoning with an average rate of USD 10,000 p.d. for 2011, a complete suspension of the scheduled annual loan redemption payments was applied for and this has been approved by the banking consortium. As of the end of 2011, in comparison with the original bank financing plan there will be accumulated redemption arrears of USD 5.3 million. Under the existing credit terms, dividend payments to the limited partners will again be possible when all the deferred credit instalments have been repaid.

Financing and investment in thousand EUR:

	prospectus	actual
Limited partnership capital (nominal)	28,000	29,200
Premium	1,400	1,460
Borrowed capital ¹⁾	47,198	46,262

Operation as of 31.12.2010 accumulated:

	prospectus	actual
Operating days	2,515	2,509
Net charter revenues in thousand EUR	97,652	88,843
Operating results in thousand EUR	44,910	28,592
Dividends in thousand EUR	15,120	11,671

Loan level as of 31.12.2010:

	redemption schedule	actual
Ship mortgage loans in thousand USD	17,172.8	17,141.7
Ship mortgage loans in thousand JPY	631,150.0	710,250.0
Ship mortgage loans in thousand CHF	0.0	0.0
Total in thousand USD ¹⁾	22,938.9	23,630.3

Tax results 2010 in % accumulated:

	prospectus	actual
Negative tax results	-53.5	-51.5
Positive tax results	1.1	3.3
Option for tonnage tax as of 1.1.2006		
Differential amount ship ²⁾		110.7
Differential amount, foreign currency as of 31.12.2010 ²⁾		0.0

Capital commitment/reflux in % as of 31.12.2010:

	prospectus	actual
Paid in	105.0	105.0
Tax repayments from offsettable tax-deductible losses	27.8	26.7
Tax payments on taxable profits	0.5	1.5
Dividends	56.0	42.0
Capital commitment	21.7	37.9
Capital reflux	83.3	67.1

Actual investment (incl. premium)

67.1 %	37.9 %
Capital reflux	Capital commitment

¹⁾ Valued at the purchase exchange rate at the value date

²⁾ Subject to recognition by the tax office



Financing and investment in thousand EUR:

Limited partnership capital (nominal)

Premium

Borrowed capital ¹⁾

Operation as of 31.12.2010 accumulated:

Operating days

Net charter revenues in thousand EUR

Operating results in thousand EUR

Dividends in thousand EUR

Loan level as of 31.12.2010:

Ship mortgage loans in thousand USD

Ship mortgage loans in thousand JPY

Ship mortgage loans in thousand CHF

Total in thousand USD ¹⁾

Tax results 2010 in % accumulated:

Negative tax results

Positive tax results

Option for tonnage tax as of 1.1.2006

Differential amount ship ²⁾

Differential amount, foreign currency as of 31.12.2010 ²⁾

Capital commitment/reflux in % as of 31.12.2010:

Paid in

Tax repayments from offsettable tax-deductible losses

Tax payments on taxable profits

Dividends

Capital commitment

Capital reflux

1) Valued at the purchase exchange rate at the value date

2) Subject to recognition by the tax office

MT "HLL Aegean"	MT "HLL Barents"	MT "HLL Indian"	MT "HLL Ionian"
actual	actual	actual	actual
7,300	7,300	7,300	7,300
365	365	365	365
11,592	11,504	11,857	11,309

actual	actual	actual	actual
2,534	2,503	2,468	2,530
22,417	22,238	21,744	22,443
7,782	6,425	6,018	8,368
2,918	2,918	2,918	2,918

actual	actual	actual	actual
3,800.0	4,350.0	5,029.2	3,962.5
140,980.0	207,097.5	212,440.0	149,732.5
0.0	0.0	0.0	0.0
5,088.1	6,243.0	6,968.3	5,330.9

actual	actual	actual	actual
-45.9	-51.3	-58.6	-50.4
4.0	3.3	3.1	2.9
110.3	111.4	108.1	113.2
0.2	0.0	0.0	0.0

actual	actual	actual	actual
105.0	105.0	105.0	105.0
23.9	26.6	29.9	26.2
1.8	1.5	1.4	1.4
42.0	42.0	42.0	42.0
40.9	37.9	34.5	38.1
64.1	67.1	70.5	66.9