Container Leasing April 2021

Mr Owen Chan VP, Global Technical & Operations Florens Asset Management Company Limited

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What is Cargo Container

- internationally-approved standard dimensions
- can be moved by various modes of transportation
- size ~ " twenty-foot equivalent units " or TEUs

Container Types

dry

for all types of dry cargo

★reefer

for frozen or chill cargo

* special

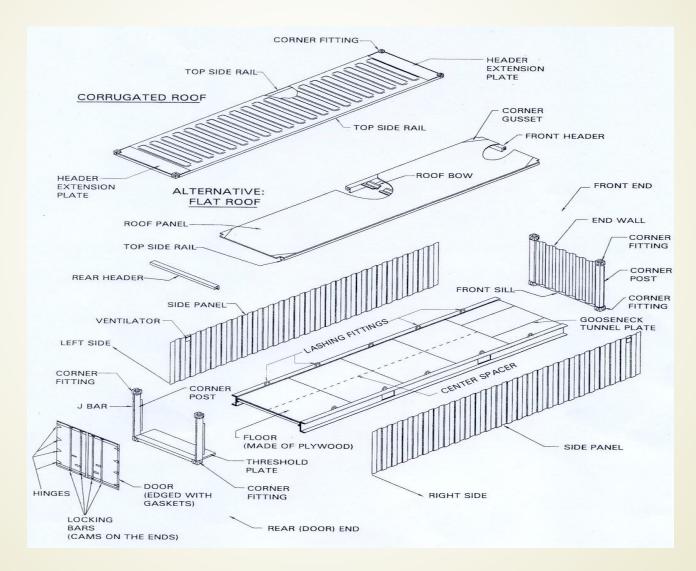
for over size or liquid cargo

Standard Dry Freight Containers

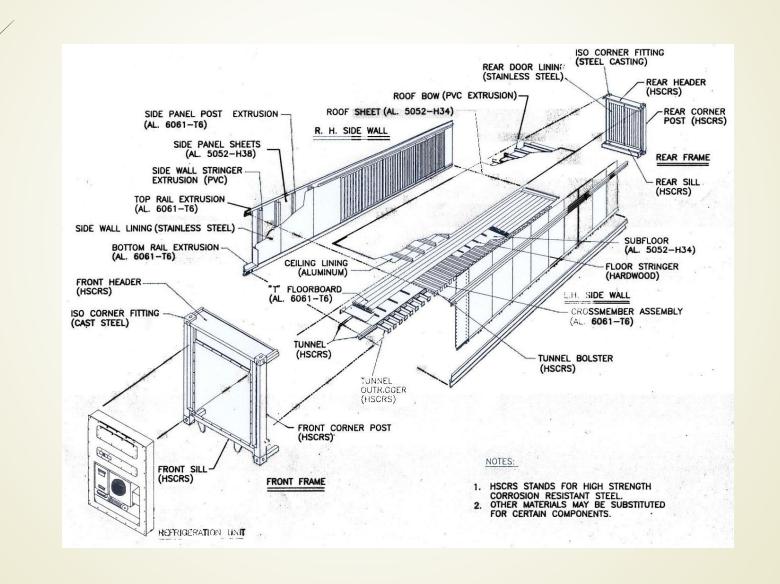
- twenty-foot standard (8.5 feet)
- forty-foot standard (8.5 feet)
- forty-foot high cube (9.5 feet)

85% standard dry containers 15% specialized containers

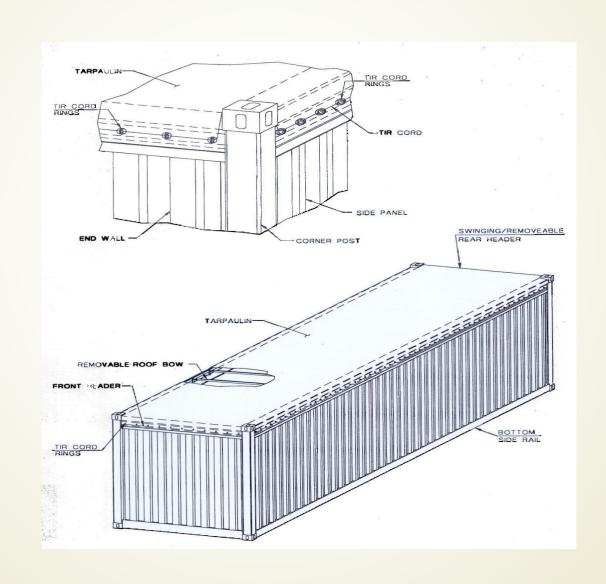
Dry Cargo Container



Reefer Container



Open Top Container











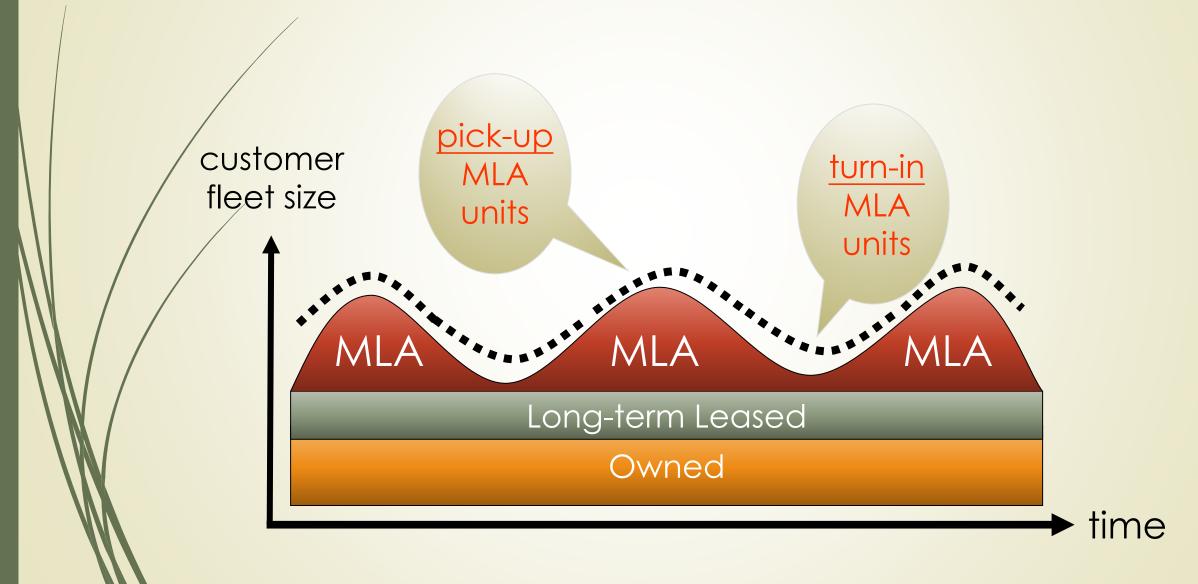
What Drives the Leasing Industry?

- world trade
- globalization of manufacturing
- container replacement

Why Lease Containers?

- cargo volume imbalances
- experimental trade routes
- contract cargo
- lack of adequate capital

Uncertain Equipment Demand



How does Leasing Company Operate?

Car rental company

- higher daily rate
- convenient pick-up and return locations
- customer responsible for damage/liability insurance or damage waiver

Container leasing company

- higher daily rate
- pick-up and return locations along various trade routes
- customer responsible for damage/liability insurance or damage waiver

Leasing Process Model 15 Marketing Procurement **Operations** Annual Order Accept Allocate Equipment from **Business** Equipment from Equipment Resale Plan Manufacturers Manufacturers to Market Finance 3. Repair & Purchase **Market Products** On-hire Maintain **Used Equipment** & Services Equipment **Activities** for Resale to Customers 1. Check Available Check 2. Off-hire Negotiate Inventory **Used Equipment** Equipment Lease Contracts Inventory from with Customers Customers 2. Book Equipment Negotiate Sales Position to Equipment 1. Preclear Customers to Customers **Used Equipment** Equipment from Customers 3. On-hire Equipment Off-hire Sell Used **Bill Customers** Customers **Activities** Equipment Rental to Buyers

What is Container Lease Agreement?

- * responsibilities of lessee
- * M&R costs responsibilities & LOSS
- billing and payment conditions
- daily rental rate
- container on-hire locations & costs
- terms of the contract
- off-hire locations, costs & CAPs

Types of Lease Agreements

- Lease Purchase
- Long-Term Lease
- Master Lease

Lease Purchase

- purchase option
- negotiate a deal with Lessee
- manufacture containers
- position to lease-out port
- lease out to lessee
- bill & collect per diem
- sell container at the end of lease for \$1.00

Long-Term Lease

- 3-8 years lease period
- pre-clear units for redelivery
- estimated for repair
- request survey
- authorizes repair amount
- repair the units
- repair local bill
- repair central rebill
- depot invoices is paid
- ready for next lease-out

Master Lease

- no commitment on lease period
- contract re-negotiation
- booking & credit control
- redelivery control
- enter into repair process

Major Challenges of the Industry

- shipping line consolidation
- pressure from competitors
- periodic new start-ups
- IT improvements
- slow cargo growth rate
- management risk
- aging

Related organisations

- BIC Bureau International des Containers
- https://www.bic-code.org/check-digitcalculator/?biccode%5B%5D=F&biccode%5B%5D=C&biccode%5B%5D=I& biccode%5B%5D=U&serialstart=345643&serialend=
- IICL International Institute Container Lessors
- https://www.iicl.org/
- COA Container Owner Association
- https://www.containerownersassociation.com/

