

d'Amico International Shipping breaks new ground in Japan with LR1 deal

Italian owner is first international company to pen an operating lease transaction in Japanese market.

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d'Amico International Shipping has secured a first in the Japanese market, signing an operating lease transaction for one of its LR1 newbuildings.

It comes as the Milan-listed shipowner prepares to take delivery of the final ships in a \$755m project.

Under the deal, DIS will sell the 75,000-dwt Cielo di Houston, which is set to be delivered from Hyundai Vinashin this month, for \$38.6m.

The tanker will be chartered back to the Italian company on a 10.2 year bareboat contract with purchase options.

Paolo d'Amico chief executive of d'Amico International Shipping, said: "This is our first JOLCO (Japanese Operating Lease with Call Option) transaction.

"It is a pioneering deal for a non-Japanese shipowner, providing us with a new source of capital with enhanced economics relative to conventional Japanese sale-leasebacks."

The sale to what d'Amico described only as a "large Japanese financial institution" will free up \$10.2m in cash.

While the deal is the first of its type, DIS has completed a number of leasebacks with Japanese counterparties.

The first transactions in the summer of 2017 involved the 50,000-dwt MR tanker High Fidelity and 50,000-dwt High Discovery (both built 2014).

It has also completed similar deals with European firms, including Sole Shipping.

The Cielo di Houston is one of two LR1s to be delivered to d'Amico at the start of 2019.

They are the final two vessels in a 22-ship initiative started in 2012.

The project also included 12 MRs and four handysize tankers and has been supported by \$90.5m from the d'Amico Group as well as bank debt.

According to a DIS presentation in November, 14 of the newbuildings had been fixed on time charters with three different oil majors and one of the world's largest refining companies, at very profitable rates.