

Scenarios of Sub-Demise Charter:

Scenario 1 (Ship X) [Also known as Sale and leaseback]

- I. **Company A** is the shipowner.
Company B is Demise Charterer of **Ship X** and having DC registration.
- II. **Company A** requires fund hence sold **Ship X** to **Leasing Company C**.
- III. **Leasing Company C** becomes the shipowner and lease back **Ship X** to **Company A**. This way, **Company A** obtains the required funding, while still being able to continue using the ship.
- IV. **Company A** becomes the Demise Charterer of **Ship X**;
Company B becomes the Sub-Demise Charterer of **Ship X**.

Scenario 2 (Ship Y) [Two-level Sale and leaseback]:

- I. **Company D** is the actual operator and original shipowner of the **Ship Y**, and **Company D** wanted financing with **Company E** but **Company D**'s credit rating is insufficient, hence sought assistance from **Leasing Company F**.
- II. **Company D** then sold Ship Y to **Leasing Company F**; **Leasing Company F** becomes the shipowner and leaseback the ship to **Company D** to operate.
- III. **Leasing Company F** sought financing with **Company E** and sold **Ship Y** to **Company E**. **Company E** leaseback the ship to **Company D** via **Leasing Company F**.
- IV. **Company E** becomes the shipowner of **Ship Y**;
Leasing Company F becomes the DC of **Ship Y**;
Company D becomes the Sub-DC of **Ship Y**.