1. Answer all parts of the question:
   
a) What are the basic requirements of a series of cashflows such as freight receipts before they become suitable for securitisation?
   
b) What are the functions of a special purpose vehicle in a securitisation structure, and what assets might it hold in the context of a shipping company collateralised bond issuer?
   
c) Draw a diagram showing the principal components of a securitised bond issue by a shipping company (discussion of the functions of these components is not required).

2. Answer both parts of the question:
   
a) Explain the Miller-Modigliani capital irrelevance theory.
   
b) Discuss the extent to which this theory is applicable in the context of the shipping sector, and how the relevance of the debt-equity mix alters across the shipping cycle.

3. Answer both parts of the question:
   
a) Discuss the roles and responsibilities of the main parties to a syndicated loan (use a diagram in your answer).
   
b) Describe the risks to investors in a syndicated bond issue made by an international shipping company operating through a large number of ‘one ship companies’ established across multiple jurisdictions.

PLEASE TURN OVER
4. Critically evaluate the suitability of Islamic financial instruments of your choice as forms of financing to a shipping company active in the international transportation of oil, identifying underlying guiding principles where appropriate.

5. Identify and discuss (in terms of purpose) the main covenants and terms in a typical mortgage in respect of a bilateral loan between a financial institution and a shipping company borrower.

6. Discuss a typical Kommanditgesellschaft (KG) structure in German shipping finance, comparing and contrasting this with the Norwegian Kommandittselskap (KS) alternative (use a diagram for the KG structure in your answer).

Include in your answer the main incentives for both of these forms of finance.

7. Answer both parts of the question:

   a) Identify and discuss the potential obstacles which may be encountered by a shipping company located in a developing country when attempting to raise equity or debt finance in both the domestic and international markets.

   b) What financing techniques or risk hedging methods may be available to accommodate or overcome these obstacles?

8. Answer all parts of the question:

   a) Discuss the characteristics of a typical convertible bond issue made by a shipping company.

   b) How is the decision to convert or not affected by phases of the shipping cycle?

   c) Discuss the benefits and risks of convertibles from both the issuer’s and investor’s perspectives.