



# PREMIUM MARITIME CREDIT FUND

Fourth Quarter Report 2022

*Prepared by:*

**NRP Maritime Asset Management**

**NRP**

*February 2023*



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Company:	Premium Maritime Credit Fund, SCA SICAV-RAIF (LUX)
Fund Name:	Premium Maritime Credit Fund
Legal Structure:	Reserved Alternative Investment Fund ("RAIF")
Fund Manager/External AIFM:	FundRock Management Company S.A. (LUX)
Investment Advisor:	NRP Maritime Asset Management AS (NO)
Total Investor Commitments:	USD 112.82m

QUARTERLY HIGHLIGHTS

Amount Drawn During Quarter	Distributions During Quarter	Value of Investments	Cash Position	Other WC	NAV
\$ 0m	\$ 0m	\$ 10,91m	\$ 9,54m	\$ -0,04m	\$ 20,41m

Improved deal flow over the past 3 months...





Happy New Year...

2022 marked yet another eventful year with numerous happenings shaping the global economic markets such as the prolongation of the covid restrictions in Q1 (with China being in lockdown throughout the year), Russia's invasion of Ukraine with the subsequent trade restrictions, energy insecurity, inflation surge and the everlasting US-China tension. While some events had a positive effect on the shipping market, others presented some challenges.

The Investment Advisor remains optimistic for 2023, although we do not expect the global economic markets to return to normal in the short-term. Accordingly the development in the shipping market this year could prove to be highly sector specific, as we also saw in 2022.

...From the Investment Advisor



*Nicolai Heidenreich*  
Nicolai Heidenreich  
Partner



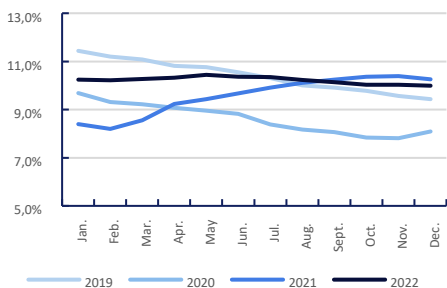
*W. Magelssen*  
Wilhelm Magelssen  
Partner

Market Development

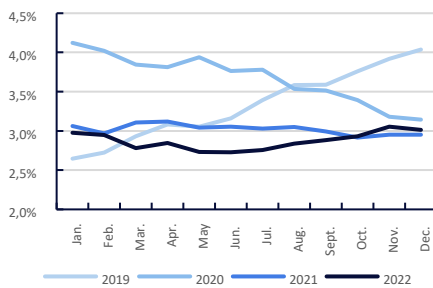
Despite last year's headlines, and to reiterate our comments from Investor Letter in December, the shipping market performed overall well last year, albeit some mid-year volatility in certain segments, following the strong economic recovery after nearly two years of lockdown. The Clarksea Index ended at USD 32,700 in December vs USD 31,300 beginning of the year. The orderbook remains favourable at -7.5% of existing fleet year-end (50% in 2008 as point of comparison) with shipyard capacity currently at -40% below historical high, providing solid supply fundamentals.

On the lending side we see an increased tendency through numerous discussions with shipowners that traditional banks are either pulling out of shipping to focus more on their core corporate banking business or prioritizing larger shipowners with a more typical corporate structure. This has created an increased funding gap for our target clients resulting in a strong demand for alternative funding. PMCF's fixed coupon approach also resonates well with our target clients, ensuring a more transparent cash flow strategy which is especially imperative for some shipowners in the current uncertain interest rate environment.

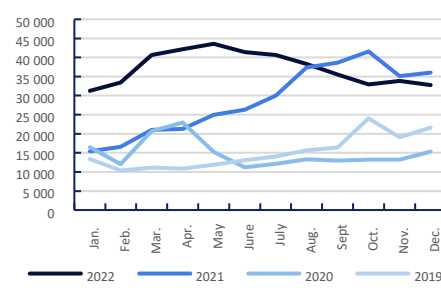
World Orderbook of Total Fleet



World Fleet Growth



Clarksea Index



Deal Update

As stated in the latest Investor Letter, MV Christina was successfully delivered in December providing a shipowner with a USD 7.5m loan to finance the acquisition. Christina marked the 2<sup>nd</sup> transaction for the Fund. In early February we deployed another USD 3.0m financing a Greek shipowner to acquire MV Vyssos which was delivered to its new owners in Vietnam. We are currently experiencing strong deal flow, and the Investment Advisor is in discussions on numerous new transactions. If the deal flow seen in Q4'22, and so far in 2023, persists then Q1'23 should be another busy quarter for the Fund with current amount under discussion close to USD 40m, albeit we do not expect all to materialise.

Latest Transactions



MV Vyssos closed in Feb'23.



MV Christina closed in Dec'22.

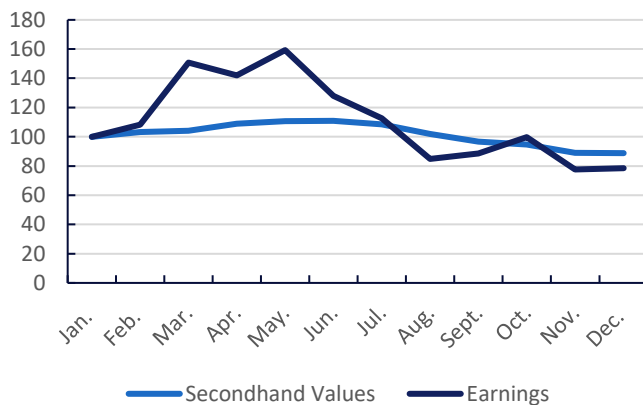
Dry Bulk Market

Market Update

The bulk market started off strong last year (following the strongest year in a decade seen in 2021) aided by port congestions and a robust supply/demand balance. The market eased down to more normalised levels in Q3-Q4 as port congestions started to wind down and Chinese demand softened. This resulted in lower earnings and values across all dry bulk segments, with the larger vessels taking most of the hit as smaller vessels have proven more resilient. On the positive note, the lower values have created some interesting purchase opportunities for some cash rich shipowners, as evidenced by the strong demand for PMCF's services over the past months.

A big headline for 2023 could be China's potential reopening following years of strict Covid restrictions, as the country remains the biggest force for drybulk demand.

Values & Earnings Last 12 Months (Indexed)



Portfolio Overview Year End 2022

Of total fleet

100%



MPP

34%

Handysize

66%

Fleet List Year End 2022

Vessel	Type	Built	Employment*	Outstanding Amount	Original Facility Amount	Maturity	Debt Domicile
 MV Bharadwaj	MPP	2003 Japan	Time Charter	USD 3.3m	USD 3.8m	Q3'26	EEA (Norway)
 MV Christina	Handy	2011 China	Spot	USD 7.5m	USD 7.5m	Q4'27	EU (Greece)

\*Employment status is a «snapshot», and may vary from time to time over the course of the tenor.

## Overview Table

<b>Company:</b>	Premium Maritime Credit Fund, SCA SICAV-RAIF (LUX)
<b>Fund Name:</b>	Premium Maritime Credit Fund
<b>Legal Structure:</b>	Reserved Alternative Investment Fund ("RAIF")
<b>Fund Manager/External AIFM:</b>	FundRock Management Company S.A. (LUX)
<b>Investment Advisor:</b>	NRP Maritime Asset Management AS (NO)
<b>Total Investor Commitments:</b>	USD 112.82m
<b>First Closing Date:</b>	January 2022
<b>Final Closing Date:</b>	July 2023 (extendable by 6 months)
<b>First Investment Date:</b>	July 2022
<b>Lifetime:</b>	January 2031
<b>End Investment Period:</b>	January 2024 (+ option to extend by 12 months)
<b>Term:</b>	9 years from First Closing Date
<b>Extension Permitted:</b>	Up to 2 years
<b>Fund Currency:</b>	United States Dollar (USD)
<b>Fund Structure:</b>	Closed-end
<b>Max. Investment Size:</b>	10% of Total Committed Fund Capital
<b>Other Restrictions:</b>	<p>Exposure to Greece not exceeding 50% of Total Committed Fund Capital</p> <p>Fund Size &lt;= USD 175m, then:</p> <ul style="list-style-type: none"> <li>the 5 largest borrowers not to exceed 35% Committed Fund Capital</li> <li>the 10 largest borrowers not to exceed 65% of Committed Fund Capital</li> </ul> <p>Fund Size &gt; USD 175, then:</p> <ul style="list-style-type: none"> <li>the 5 largest borrowers not to exceed 30% of Committed Fund Capital</li> <li>the 10 largest borrowers not to exceed 50% of Committed Fund Capital</li> </ul> <p>Min. asset coverage ratio of borrower: 150%</p> <p>Bullet Loans: Max 60% of Committed Fund Capital</p> <p>Senior Secured Loans: Min. 80% of Committed Fund Capital.</p> <p>Follow-on Investments: Max. 20% of Committed Fund Capital</p> <p>Tenor: Up to 7 years</p>
<b>Re-investment Policy:</b>	Principal proceeds may be re-invested up to 4 years after the first drawdown notice
<b>Accounting Principle:</b>	Luxembourg GAAP
<b>ESG Policy:</b>	<a href="https://www.nrp.no/ESG/">https://www.nrp.no/ESG/</a>

### Investment Focus:

<b>Stage:</b>	All stages in the company's cycle
<b>Sector:</b>	Shipping
<b>Geography Focus:</b>	Europe

### Key Economic Terms GP

<b>Advisory Fee:</b>	1%
<b>Carried Interest:</b>	15% above 6% IRR (no catch-up)

### Operations and Governance

<b>Auditor:</b>	PWC Luxembourg
<b>Administrator:</b>	European Fund Administrations S.A
<b>Legal Counsel:</b>	Wikborg Rein (London) and Allen & Overy (Luxembourg)



## Fund performance Status

<b>Committed Fund Capital:</b>	\$ 112,82m
<b>Paid-in Capital:</b>	\$ 20,99m
<b>Invested Capital:</b>	\$ 11,30m
<b>Outstanding Loans:</b>	\$ 10,80m
<b>NAV (current):</b>	\$ 20,41m
<b>NAV (previous):</b>	\$ 20,11m
<b>Change:</b>	\$ 0,29m
<b>Change in %:</b>	1,45%
<b>Value of investments (current):</b>	\$ 10,91m
<b>Value of investments (previous):</b>	\$ 3,87m
<b>Change:</b>	\$ 7,05m
<b>Change in %:</b>	200,31%
<b>Total distributions to Investors:</b>	\$ 0,00m
<b>Total Cash:</b>	\$ 9,54m
<b>Net IRR:</b>	-4,60%
<b>Total Interests and Fees Received:</b>	\$ 0,35m
<b>Distributions to Paid-In Capital (DPI):</b>	0,0x
<b>Total Value to Paid-In Capital (TVPI):</b>	0,97x
<b>Paid-In Capital to Committed Capital (PiCC):</b>	0,19x

## Fees and expenses

<b>External AIFM fee:</b>	15bps of NAV
<b>Ongoing expenses:</b>	Max. 1% of Committed Fund Capital
<b>Advisory Fee:</b>	1% of Invested Capital



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