



# PREMIUM MARITIME FUND

First Quarter Report 2022

**NRP**

Prepared by: NRP Maritime Asset Management AS  
April 2022



## Premium Maritime Fund AS

Fund Name:	Premium Maritime Fund AS
Inception:	February 2017*
Lifetime:	September 2025*
Fund Structure:	Alternative Investment Fund (AIF)
Company:	Premium Maritime Fund AS (Norwegian Limited Liability Company), Company Number (org.no) 914 218 985
Committed Fund Capital:	USD 60.3 million
Latest NAV:	USD 89.1 million
Dividend Distributed:	USD 19.9 million
Fund Manager:	NRP Maritime Asset Management AS

**\* The above information is based on the post merger details following the merger between Premium Maritime Fund AS, Premium Maritime Fund II AS and Premium Maritime Fund III AS, with Premium Maritime Fund II AS as the surviving entity (renamed Premium Maritime Fund AS), which was completed in the first half of 2021.**

\*\* The stated NAV's is an estimate based upon each project manager's budgets and evaluations, external public sources, and the Fund manager's examination and evaluations of the above mentioned. The NAV is verified and documented by NRP Maritime Asset Management's Risk manager to the extent applicable and relevant as stated in section 7 (articles 67-74) of EU Regulation 231/2013, incorporated to Norwegian AIFM regulations. The quoted NAV is based on the merger being completed.

**DISCLAIMER**

*This fund update has been prepared by NRP Maritime Asset Management AS (NMAM). The update solely aims to provide guidance and information. Under no circumstances is this update meant to be considered as a tool in financial or investment advising, hereunder recommendations of purchase or sale, with or without compensation, of financial instruments or other forms of financial assets.*

*The information contained herein has been obtained from sources believed to be reliable and in good faith. NMAM can however not guarantee or be held financially or legally responsible for the accuracy, completeness or correctness of the information contained in this fund update. We underline that investing in shipping and/or offshore projects are associated with risk. All investors must be prepared that such investments might result in monetary losses. Anyone who uses this update as a basis for purchasing shares at a later time must make sure that all relevant and updated information is obtained. The information in this fund update is only valid per date of preparation. Possible investors are encouraged to go through the projects thoroughly before investing. All documentation and analyses can be explained by contacting our offices.*

*Investors are encouraged to seek advice in any type of financial investments made in private or as a corporation. Investors must comply that any statements or comments on future predictions made in this update might not occur. Hereunder, Investors must understand and accept that present gains is not a guarantee for future gains. Any investment described or mentioned in this update is risk sensitive with the possibility of losses occurring.*

*Employees in the NRP Group and any related parties will from time to time own shares in projects arranged by NRP Project Finance, or in funds and companies managed by NRP Maritime Asset Management. A list of shares owned by employees in the NRP Group is available upon request to Ness, Risan & Partners' Compliance Officer.*

*This update is intended only to those who receive it directly, and must not be copied or in other ways be distributed. NMAM disclaims all liability, both legal and financial, for any losses (directly or indirectly) due to the usage and interpretation of this update and its contents.*



## Managers Quarterly Comment

### Dear Investors

Premium Maritime Fund had another strong quarter in Q1 with a total return of 12.7%. The dividend adjusted NAV/share is now more than 50% higher than 12 months ago. Last quarter saw the second dividend distribution since the merger at \$0.30 per share, making last 6 months accumulated dividends a total of \$0.70 per share.

Please note that all historical figures – present and historical - in this report are basis the merged fund.



Hansa Magdeburg was sold during the first quarter. The investment has returned an IRR of 57% since 2017.

### Market Developments

2021 was the strongest year for shipping in terms of earnings since 2008, and the trend has continued to develop positively in 2022, driven by trade volume recovery, widespread congestion and modest fleet supply growth.

The post-Covid-19 economic recovery continues to benefit shipping, albeit unequal between segments as we have seen strong rebounds in container, gas and dry bulk trade whilst the oil trade remains 8% below pre-Covid levels. Economic projections from earlier this year suggested strong GDP growth of 4.4% for 2022. This is a strong number as with the Ukraine conflict, uncertainty has increased, and economic downgrades are likely with quantum depending on inflation.

Seaborne trade is still forecasted by Clarksons to grow 2.6% to 12.3bn tonnes, and despite disruption which normally leads to lower demand, it also leads to higher tonne miles as trade lanes typically become less efficient during conflicts. Logistical disruption and congestion have remained elevated and port congestion is absorbing at least an extra 4-5% of the container and bulker fleets vs pre-Covid. Supply side growth remains moderate with the orderbook currently at ~9% of fleet capacity. Newbuild prices have risen by more than 30% on the back of higher commodity prices and lower yard capacity.

Fleet capacity grew by 2.9% in 2021, with growth of 2.1% expected in 2022 and 1.4% in 2023. Decarbonisation remains a “hot topic” with the IMO’s EEXI and CII measures come into force in 2023 with potential impacts on speed, retrofitting and recycling. Despite increased uncertainty, market sentiment remains good and though economic risks have grown, limited supply side growth and impacts from greener regulation seem supportive of a positive but volatile outlook.

### Portfolio development

The portfolio now consists of 22 vessels where one vessel is sold but not yet delivered to buyers. We are constantly reviewing the portfolio to take advantage of what we believe are the right sales opportunities. For the time being, we are staying focused on securing charter contracts at historically high levels for car carriers as well as for our drybulk vessels but do expect a steady divestment pace as we move towards the end of the fund life.


### NAV and Dividend information

The NAV for the fund as of end 1<sup>st</sup> quarter is USD 3.14 per share. This is an increase of ~12.7% since last quarter taken the 30 cents per share distributed during Q1 into account. The fund is up 53.6% the last 12 months

We expect to distribute regular dividends going forward..

The next quarterly report will come in July.

  
Nicolai Heidenreich  
Fund Manager

  
Wilhelm Chr. Magelssen  
Fund Manager



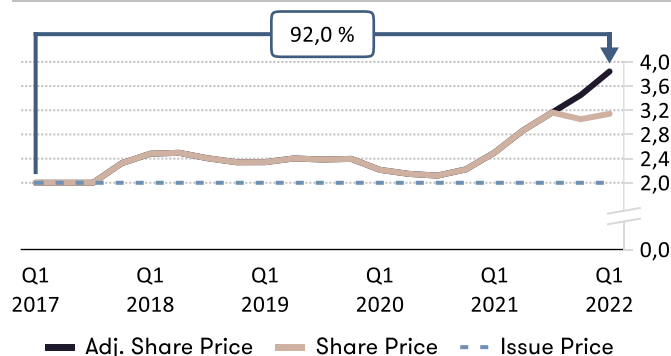
Fund & Market Performance

Quarterly Highlights

- Continued strong fund performance with an increase in NAV (dividend adjusted) of 12.7% quarter on quarter
- Dividend of USD 30 cents/share distributed
- Continued strong earnings in dry bulk, containers and car carriers are the main drivers for strong return, but now tanker values are also starting to rise
- One ship sold but not delivered to new owners
- No immediate sales candidates on the block but continuously looking for attractive divestment scenarios
- High focus on steady dividend distributions going forward

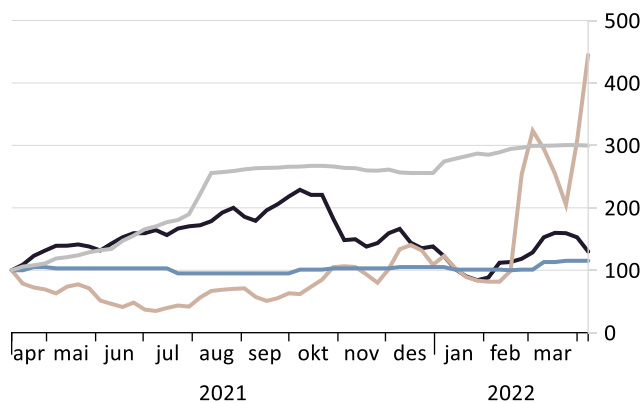
Share Price – Premium Maritime Fund

Share Price - Q1 2022	USD 3.14	▲ 12.7%
Dividend per share - Q1 2022	USD 0.3	
Share Price - Q4 2021	USD 3.05	

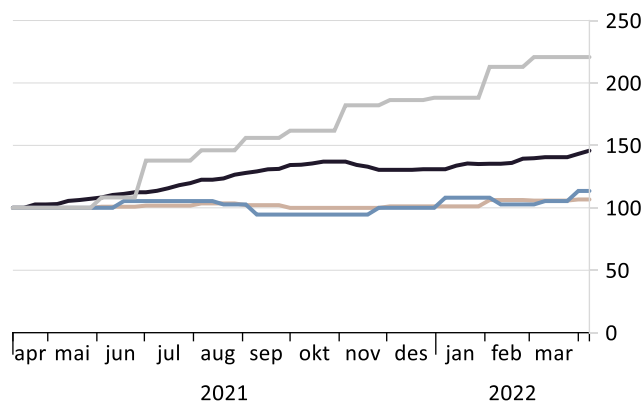


Clarksons Market Data Last 12 months (indexed, base = 100)

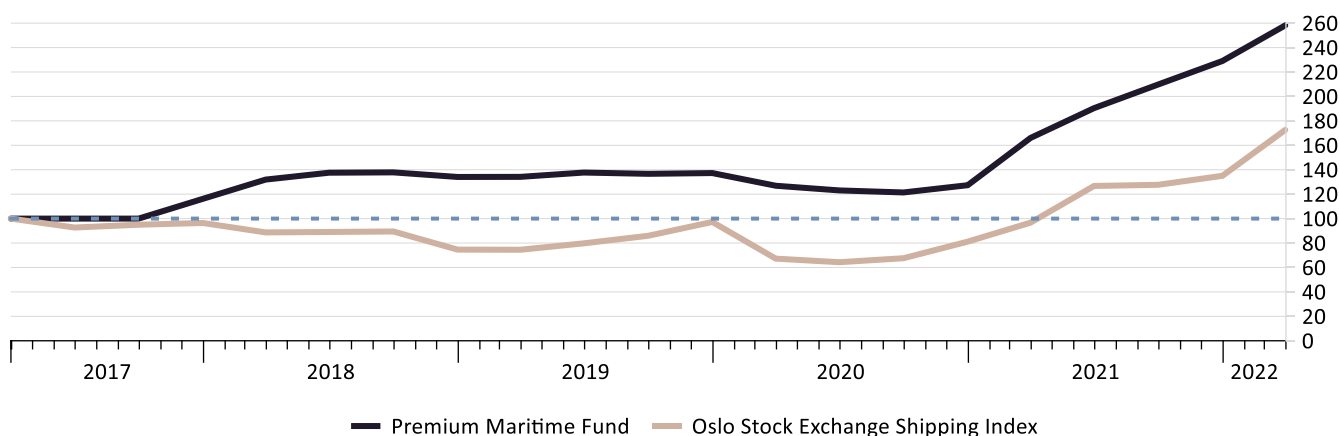
Earnings



Secondhand Values



Benchmark Performance - PMF vs. Oslo Stock Exchange Shipping Index





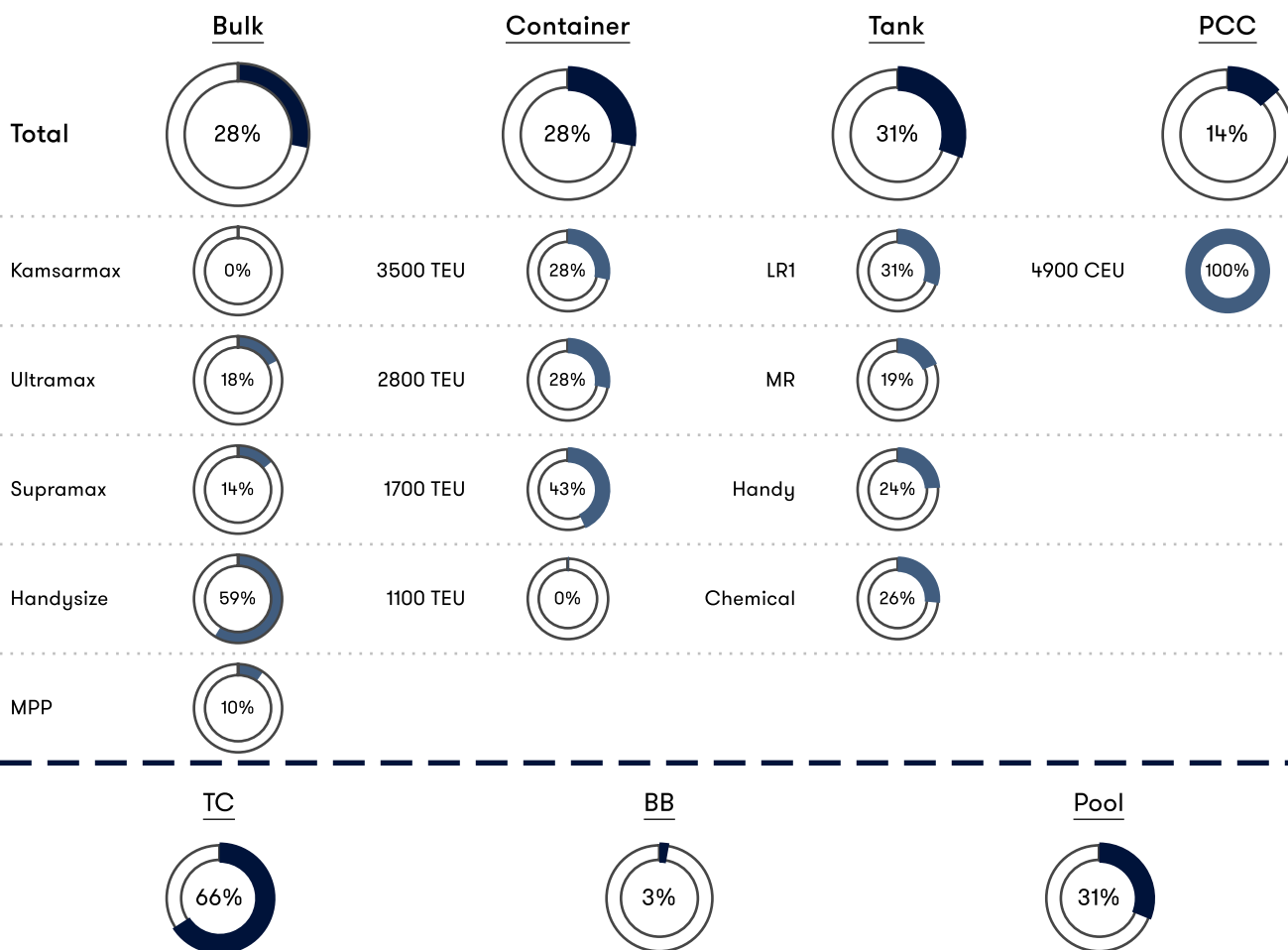
Portfolio Overview

Premium Maritime Fund Main Figures as of 31/3/2022

NAV	USD 89.1 million
- Value of Investments	USD 90.9 million
- Working Capital*	USD -1.8 million
Net IRR since inception	25.3%
Net total return since inception	80.6%
Average Weighted Leverage	27.4%
Weighted Charter Coverage	439 Days
Weighted average age of fleet	10.3 Years

\* Includes carried interest

Portfolio Segment & Charter Distribution




Above charts is based on % of the latest current value of the investments in the portfolio.

Portfolio Overview

Investment List

Investment Name	Ownership	Segment	Charter	Portfolio %
Njord Handy AS	34%	BULK - Handysize	TC	11%
Voge Sophie	25%	BULK - Handysize	TC	6%
Nippon Supra AS	30%	BULK - Supramax	TC	4%
Empros Ultra AS	25%	BULK - Ultramax	TC	5%
Atlantic MPP AS	15%	BULK - MPP 17k 950 teu	BB	3%
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	8%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	7%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	8%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	5%
Songa Passage AS	31%	TANK - MR	Pool	2%
Hafnia LR1 JV	25%	TANK - LR1 ECO	Pool	6%
Roberto 16 Pte Ltd	31%	TANK - MR	TC	3%
Sunny Sky Shipping LLC	20%	TANK - Handy	Pool	2%
Sunny Star Shipping LLC	25%	TANK - Handy	TC	2%
Macaw Shipping LLC	30%	TANK - Handy	Pool	3%
MT Cape Tampa	25%	TANK - LR1	Pool	4%
Chemtank Invest AS	32%	CHEMICAL - 19k	Pool	4%
Chemtank III AS	21%	CHEMICAL - 33k	Pool	3%
Harren Chemical AS	34%	CHEMICAL - 19k	Pool	1%
Gramcar IS	20%	PCC - 4900 CEU	TC	14%

Sold = 

Portfolio weight is based on % of the latest current value of the investments in the portfolio.\*

**INVESTMENTS - BULK**

**Dry Bulk Market**

The dry bulk market has stayed strong during Q1, especially for the grab fitted ship sizes (handys, supras and ultras) where rates have been above 20,000/d throughout the quarter. So far, any drop in exports due to the war between Russia and Ukraine has been compensated by greater distances and continued congestion.

Handy & Supra/Ultramax 2<sup>nd</sup> hand ship values have strengthened during the quarter on the back of upheld strong charter rates and higher newbuild cost.

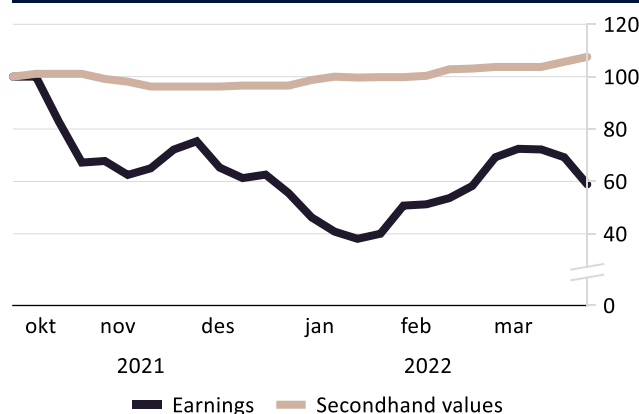
Newbuilding orders are still muted and the current orderbook seems very manageable. 2023 will bring speed limitations for the oldest part of the fleet, reducing supply side somewhat on the relative. Some easing of congestion expected going forward.

**PMF Bulk Investments**

**% of Portfolio**      **Quarterly Performance**

28,0 %      13,2 %      ↑

**Values & Earnings Last 6 Months (Indexed)**



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio %
Njord Handy AS	34%	BULK - Handysize	TC	11%
Voge Sophie	25%	BULK - Handysize	TC	6%
Nippon Supra AS	30%	BULK - Supramax	TC	4%
Empros Ultra AS	25%	BULK - Ultramax	TC	5%
Atlantic MPP AS	15%	BULK - MPP 17k 950 teu	BB	3%

**Quarterly News Highlights**

- Both vessels in Njord Handy fixed most of 2022 at strong rates.
- Voge Sophie continues until July 2022 at below market rates
- Nippon Supra fixed until mid Q3 at very strong rates
- Empros fixed until this summer at very strong rates
- Steady dividend flow from Atlantic MPP
- Arbitration with Golden Ocean settled

**Fleet list**

<b>MV Voge Emma</b>	<b>MV Voge Mía</b>	<b>MV Voge Sophie</b>	<b>MV Lista</b>	<b>MV Almira</b>	<b>MV Condor Bilbao</b>	<b>MV Valparaiso</b>
36,866 dwt	36,866 dwt	38,800 dwt	55,868 dwt	61,496 dwt	17,257 dwt	17,257 dwt
2011, Korea	2011, Korea	2019, China	2011, Japan	2011, Japan	2012, China	2011, China



## INVESTMENTS - CONTAINER

### Container Market

The container market had a fantastic year in 2021 with charter rates up 260% y-o-y to their highest levels ever. Container is still strong and impacts from severe logistical disruption keeps giving a favorable supply demand situation for shipowners in the short term.

Container freight rates have continued strong levels into early 2022, however questions remain around when congestion will normalize.

Newbuild order volumes are on the highest level since 2014 and the container are still the ones most active with the yards.

The big question for containers is when the logistical disruptions will ease, and combined with the orderbook delivering, how much of a cool down effect this will have on the market.

### PMF Container Investments

% of Portfolio

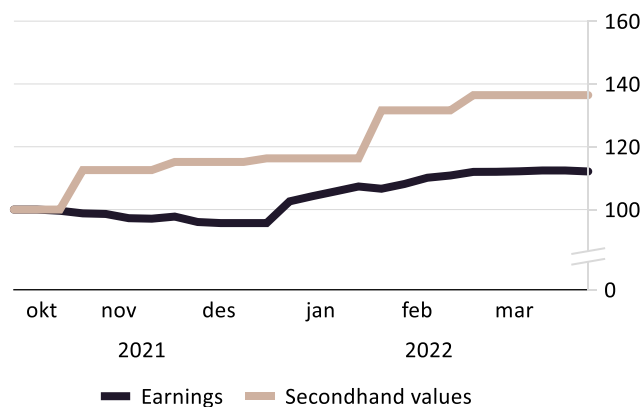
Quarterly Performance

27,7 %

13,0 %



### Values & Earnings Last 6 Months (Indexed)



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	8%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	7%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	8%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	5%

### Quarterly News Highlights

- Discoverer fixed on contract until Q2 '23. Significant dividend payments going forward
- Burgundy fixed on contract until Q4 '23. Significant dividend payments going forward.
- Ross Magdeburg employed in pool with strong upward revisions in earnings last quarter. Vessel sold with Q3 delivery.
- London Trader is fixed to Maersk until 2024 but with profit split based on rolling 3 month market.

### Fleet list

MV Discoverer	MV Hansa Magdeburg	MV Burgundy	MV London Trader
2800 TEU	1700 TEU	3500 TEU	1750 TEU ECO
2004, Poland	2003, China	2008, Germany	2019, China



## INVESTMENTS - TANK

### Tanker Market

The tanker markets have struggled since the summer 2020, with seaborne trade still far behind pre-covid levels. The bigger the ship, the worse the market has been.

Q1 saw some positivity starting to show already before the Russia/Ukraine conflict. Prices started to rise and now also charter rates have for certain trades become lucrative again.

Compensating for Russian barrels will see either increased OPEC production out of the middle east and/or the release of strategic petroleum reserves out of the US, all giving positive tonne mile effect to shipowners.

### PMF Tank Investments

% of Portfolio

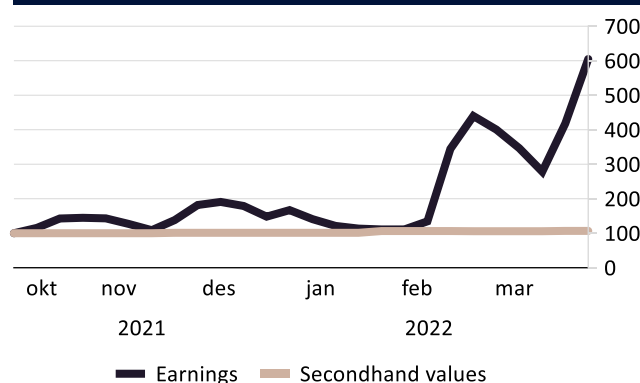
22,5 %

Quarterly Performance

13,8 %



### Values & Earnings Last 6 Months (Indexed)



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Songa Passage AS	31%	TANK - MR	Pool	2%
Hafnia LR1 JV	25%	TANK - LR1 ECO	Pool	6%
Roberto 16 Pte Ltd	31%	TANK - MR	TC	3%
Sunny Sky Shipping LLC	20%	TANK - Handy	Pool	2%
Sunny Star Shipping LLC	25%	TANK - Handy	TC	2%
Macaw Shipping LLC	30%	TANK - Handy	Pool	3%
MT Cape Tampa	25%	TANK - LR1	Pool	4%

### Quarterly News Highlights

- Songa Passage earnings now above break-even and on a positive trend.
- Our exposure to the LR1 segment is still performing OK as very modern vessels get a premium in the market
- Roberto re-fixed 6+5 months at well above break even.
- All three handy vessel currently earning well above break even after some challenging months in a combination of pool and TC last year.
- Cape Tampa installed BWTS during the quarter, unfortunately significantly over budget on time and cost, but pool performance is strengthening significantly.

### Fleet list

MT Challenge Passage	Hafnia Guangzhou	MT Di Mateo	MT Sunny Sky	MT Sunny Star	MT Mount Kibo	MT Cape Tampa
48,658 dwt	75,000 dwt	46,646 dwt	38,375 dwt	37,857 dwt	37,843 dwt	73,600 dwt
2005, Japan	2019, China	2009, Japan	2008, China	2010, Korea	2010, Korea	2009, China

INVESTMENTS - CHEMICAL

Chemical Market

Q1 developed in a positive way with TCE earnings strengthening further on the back of a good Q4.

The markets in Asia have been strong, while the markets in the West have continued to firm albeit from lower levels. The product tanker market has firmed also gaining the chemical market as less swing tonnage appears.

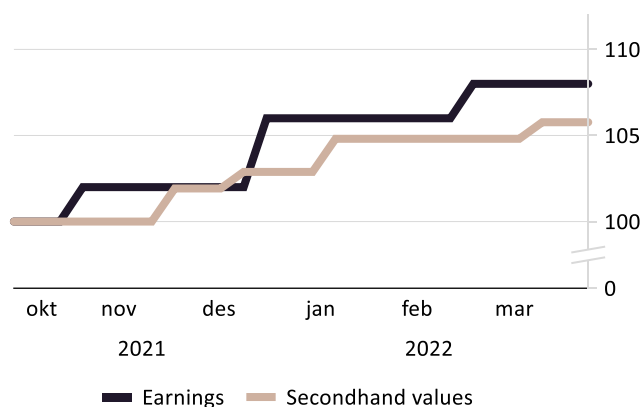
Long-term outlook continues to be positive with expected pick up in GDP growth post pandemic combined with historically low orderbooks, albeit with high uncertainty due to the war between Russia and Ukraine.

PMF Chemical Investments

% of Portfolio      Quarterly Performance

8,1 %      1,7 % ↑

Values & Earnings Last 6 Months (Indexed)



Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Chemtank Invest AS	32%	CHEMICAL - 19k	Pool	4%
Chemtank III AS	21%	CHEMICAL - 33k	Pool	3%
Harren Chemical AS <span style="color: blue;">✓</span>	34%	CHEMICAL - 19k	Pool	1%

Quarterly News Highlights

- Market for stainless steel tonnage was stronger in Q1, both projects paying dividends. Low break even so expecting further payments in 2022.
- Patras sold and delivered in Q2 2021. Owners have a claim towards the BB charterer and its Guarantor for USD 1.7m to be argued before and decided by London Arbitration.

Fleet list

MT Dreggen	MT Skarven	MT Patras
19,994 dwt	33,625 dwt	16,745 dwt
2008, Japan	2009, Japan	2007, Turkey

**INVESTMENTS – OTHER SEGMENTS**

**PCC Market**

The Car Carrier market has now moved beyond recovery and into the strongest period since before Lehman. Charter rates are now in the 30,000/d area for mid-sized ships, and contracts are for 3-5 years.

Newbuilding interest and the orderbook in the segment now stands at 40-45, but still only 7% of fleet capacity which seems very manageable. Prices are rising.

So far OEMs and the liners have been willing to close long-term deals at current market, but risk is on rates demanded can get too high, though it seems we are not there just yet.

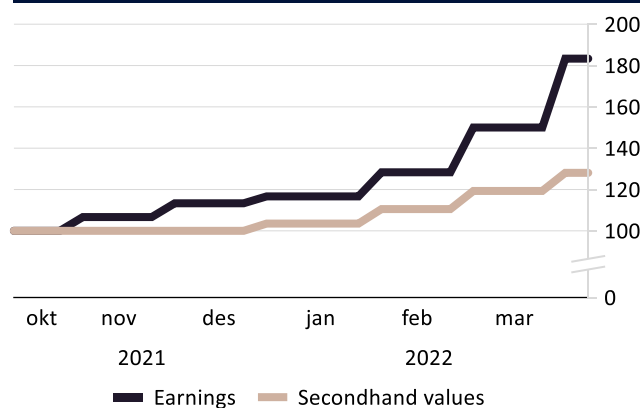
Overall, the market looks favorable for the moment, with uncertainty being on car production effected by lack of semi-conductors and its potential effect on seaborne car exports.

**PMF PCC Investments**

**% of Portfolio**      **Quarterly Performance**

13,7 %      42,1 % ↑

**Values & Earnings Last 6 Months (% Change)**



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio %
Gramcar IS	20%	PCC - 4900 CEU	TC	14%

**Quarterly News Highlights**

- Mediterranean Sea fixed from early May 2022 for 3 years at rates not seen in the period market since before the financial crises. Includes profit split on scrubber premium
- Arabian Sea fixed until August 2028 at record high rates.
- Company refinanced during Q1 and will now distribute quarterly dividends.

**Fleet list**

	
<b>MV Arabian Sea</b>	<b>MV Mediterranean Sea</b>
4900 CEU	4900 CEU
2010, China	2010, China

\*See page 2  
Data from Clarksons SIN



## Risk Management – First Quarter report 2022

**The Risk Management Function:** In the Alternative Investment Funds Act (AIFM Act) § 3-7 it is stated that the AIF manager shall have a risk management function that is separated from the manager's operational activities. In NRP Maritime Asset Management this is, among other things, carried out by having separate leaders for the Portfolio Management functions and the Risk Management functions. The Risk Management function shall not perform any tasks that may be in conflict with the operational activities. The Board of NRP Maritime Asset Management has also adopted instructions and a routine collection that all employees must be familiar with and comply with in their daily work.

The Risk Management function's aim is also to support the Management team in the identification and reduction of risk. Central to this work is to facilitate, follow up and control the manager's due diligence process in the implementation of new investments. With due diligence means review, evaluation and control of the investment object's legal, technical, financial and other essential elements before the investment decision.

**Risk Management:** NRP Maritime Asset Management establishes a Risk Policy for each AIF. Central to the Risk Policy is the AIF's investment mandate, and in addition the Risk Policy contains other qualitative and quantitative management frameworks. The risk-elements are divided into and considered as follows:

- **Market risk**

Market risk is the risk of losses or reduced future income and sales proceeds resulting from changes in market prices.

- **Credit and Counterparty risk**

Credit risk is the risk of financial loss due to charterer for each investment to meet their payment obligations.

- **Liquidity risk**

Liquidity risk is the risk that the company is unable to meet short term financial demands when due. This usually occurs due to the inability to convert an asset to cash without a loss of capital in the process.

- **Operational risk**

Operational risk is the risk of loss resulting from the operation of the investments or as a result of operational errors or weaknesses in the management of the Fund Company.

- **Risk associated with leverage in the Portfolio Companies**

Risks associated with leverage is the risk of financial loss as a result of leverage in the Portfolio Companies, including non-fulfillment of covenants, amended swap- terms and -conditions, etc.

**Reporting:** Ongoing reporting to the responsible functions is a key part of the Risk Management function. The purpose of these reports is to document compliance to the relevant commitments and mandates, to document non-compliance and to establish reporting lines for handling exceptions. The Risk Management function reports quarterly as follows:

- To investors in the AIF's (this report)
- To each Board of the AIF's
- To the Board of NRP Maritime Asset Management
- To the Financial Supervisory Authority ("Finanstilsynet")

In addition, it is reported continuously to the Management team of NRP Maritime Asset Management and to the Depository.

The routines contain rules for escalation of the issues that the Risk Management function may uncover, including breach of an AIF's investment mandate and risk policy.

**Conflicts of Interest:** AIF management entails several potential conflicts of interest that require transparency and information according to the AIF framework. The Investor presentation and subscription agreement forming the official documentation for Premium Maritime Fund describes such conflicts of interest and the management of these.

All entities in the NRP Group have guidelines for managing conflicts of interest in their rules and procedures.

All agreements involving Premium Maritime Fund and agreements between entities in the NRP Group are entered into on an arm's length principle.



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