



# PREMIUM MARITIME FUND

SECOND QUARTER REPORT 2021

**NRP**

Prepared by: NRP Maritime Asset Management AS  
July 2021



## Premium Maritime Fund AS

<b>Fund Name:</b>	<b>Premium Maritime Fund AS</b>
<b>Inception:</b>	February 2017*
<b>Lifetime:</b>	September 2025 *
<b>Fund Structure:</b>	Alternative Investment Fund (AIF)
<b>Company:</b>	Premium Maritime Fund AS (Norwegian Limited Liability Company), Company Number (org. no) 914 218 985
<b>Committed Fund Capital:</b>	USD 60.3 million*
<b>Latest NAV:</b>	USD 81.4 million**
<b>Dividends Distributed:</b>	USD 0.0 million
<b>Fund Manager:</b>	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 Finans, 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.*

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## Managers Quarterly Comment

### Dear Investors

We are pleased to present our first quarterly report following the completed merger of the three PMF funds. The format of the report has now been altered slightly with more focus on the overall fund and separating the report into the various market segments.

We are also particularly pleased to report our strongest ever quarterly NAV performance on the back of very strong underlying developments for most of our investable universe.

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

### Market Developments

Estimates from Clarksons show that World Seaborne Trade in ton miles for 2020 was down 3.6% year on year, which is the first contraction since 2009 (-4.0%). Clarkson estimates trade to rebound by 4.0% for 2021, which is 3% higher than pre-pandemic levels. Fleet growth for the first six months of the year was 1.7% which is below the long-term trends. Even with increased ordering activity, the total orderbook has barely eclipsed 8% up from just below 7%. The S&P market has seen record levels of activity in the first half of the year, up over 130% when compared to the same six months in 2020 which has pushed up values significantly with containers seeing the biggest increase of over 120%. For further details on the developments and outlook for our main segments please see our segment specific market comments in this report.

### Portfolio development

The portfolio consists of 29 vessels, two fewer than at the start of the quarter. During the quarter, we have sold a further three ships with delivery during the 3<sup>rd</sup> quarter. We are constantly reviewing the portfolio to take advantage of what we believe are right sales opportunities but in the meantime we are staying focused on securing long term charter contracts at historically high levels for containers as well as for our drybulk vessels.

The current fleet is performing well under the current market conditions and the fund has a strong liquidity position of above USD 6 million.

### NAV and Dividend information

The NAV for the fund as of end 2<sup>nd</sup> quarter is USD 2.87 per share. This is an increase of 14.7% since last quarter and the fund is up 29.3% since the start of the year and 33.5% since the same time last year.

The higher NAV is mainly due to a strong market development in the container and drybulk sector where the fund has a significant exposure. However, Covid-19 uncertainties are still present in the world economy, but we believe the outlook for increased trade, i.e. ton-mile still looks very favorable.

The next quarterly report will come in October.



Golden Kamsar IS, the fund's first investment in April 2015 has now been sold and in total the investment returned an IRR of 17.4%.

Nicolai Heidenreich  
Fund Manager

Wilhelm Chr. Magelssen  
Fund Manager





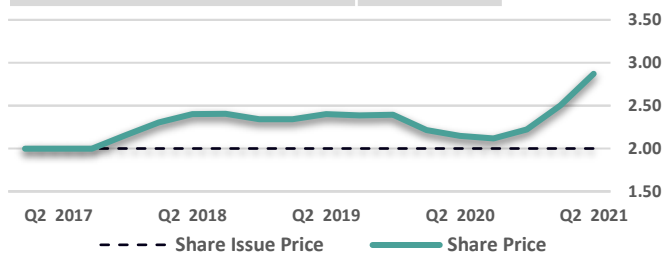
## Fund & Market Performance

### Quarterly Highlights

- Consolidated fund performance is strong with an increase in NAV of 14.7% quarter on quarter
- Continued increase in container values biggest driver for the NAV upswing but drybulk is following suit.
- Vessels sold previous quarter are in the process of being delivered.
- During the quarter, one additional vessel tied up for sale with delivery in late Q3.

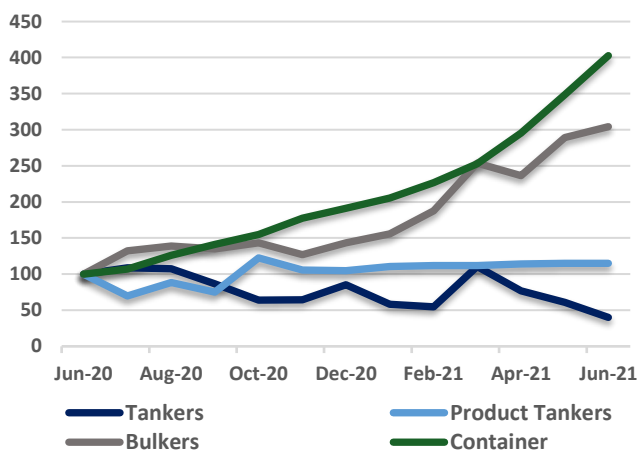
#### Share Price – Premium Maritime Fund

Latest Share Price 30/6/2021	USD 2.87	▲ 14.7%
Previous Share Price 31/3/2021	USD 2.50	

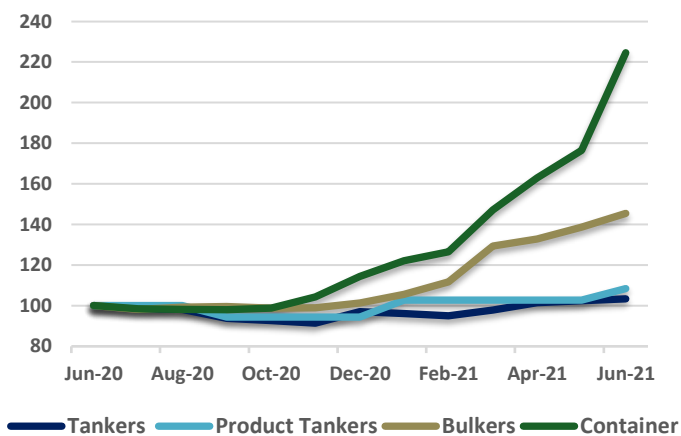


### Clarksons Market Data Last 12 months (indexed)

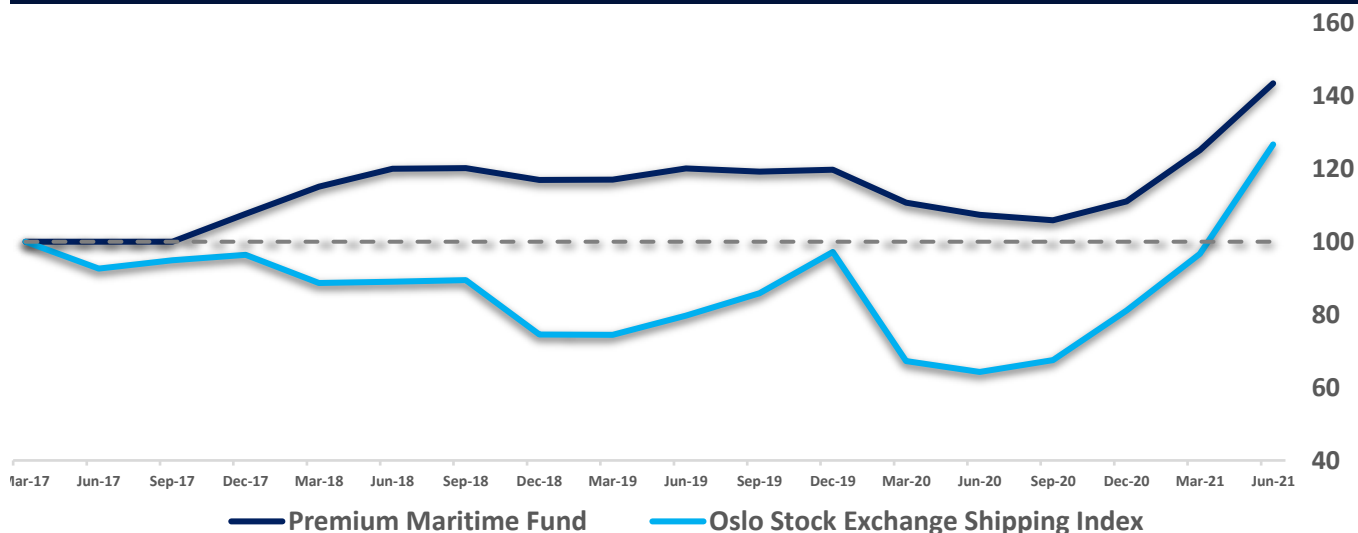
#### Earnings



#### Secondhand Values



### Benchmark Performance - PMF vs. Oslo Stock Exchange Shipping Index





## Portfolio Overview

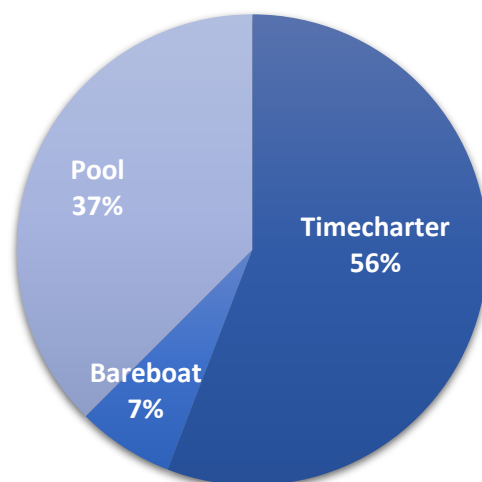
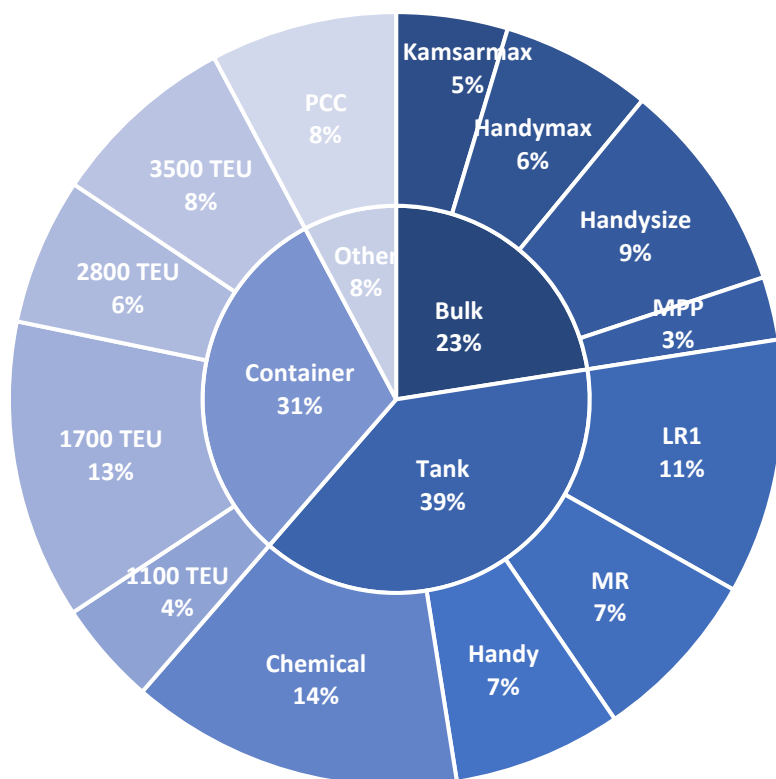
### Premium Maritime Fund Main Figures as of 30/06/2021

<b>NAV</b>	<b>USD 81.4 million</b>
- Value of Investments	USD 76.4 million
- Working Capital	USD 5.0 million
<b>Net IRR to date</b>	<b>10.6 %</b>
<b>Net total return to date</b>	<b>43.5%</b>
Average Weighted Leverage	33.9%
Weighted Charter Coverage	217 Days
Weighted average age of fleet	11.3 Years

### Portfolio & Charter Distribution

#### Portfolio Segment Distribution

#### Portfolio Charter Distribution



Above pie 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	20%	Bulk - Handysize	TC	5%
Voge Sophie (TK 1025 GmbH & Co. KG)	25%	Bulk - Handysize	TC	4%
Nippon Supra AS	30%	Bulk - Supramax	TC	2%
Empros Ultra AS	25%	Bulk - Ultramax	TC	4%
Golden Kamsar IS - Sold	20%	Bulk - Kamsarmax	Pool	5%
Atlantic MPP AS	15%	Bulk - Multipurpose	BB	3%
Nordic Lübeck DIS	25%	Container - 1 100 TEU	TC	4%
Atlantic Discoverer AS	35%	Container - 2 800 TEU	TC	6%
Ross Magdeburg AS	24%	Container - 1 700 TEU	Pool	4%
Burgundy Container AS	20%	Container - 3 500 TEU	TC	8%
London Trader Maritime Ltd.	25%	Container 1 700 ECO	TC	4%
Nordic Tromsø AS - Sold	25%	Container - 1 100 TEU	Pool	1%
Feeder Container II DIS - Sold	25%	Container - 1 700 TEU	TC	4%
Credo Shipping AS - Sold	25%	Container - 1 700 TEU	TC	1%
Parchem III AS	45%	Chemical - 11 000 dwt	BB	4%
Songa Passage AS	31%	Tank - MR	Pool	3%
Hafnia LR1 JV	25%	Tank - LR1 ECO	Pool	6%
Roberto 16 Pte Ltd	31%	Tank - MR	TC	4%
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 mbH & Co. KG	25%	Tank - Panamax Crude	Pool	4%
Chemtank Invest AS	32%	Chemical – 19 000dwt	Pool	4%
Chemtank III AS	21%	Chemical – 33 000 dwt	Pool	3%
Harren Chemical AS	34%	Chemical - 17 000 dwt	Pool	3%
Gramcar IS	20%	Car Carriers - 4 900 CEU	TC	8%

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



## INVESTMENTS - BULK

### Dry Bulk Market

The strengthening in the drybulk segments seen in Q1 has continued into Q2. 2<sup>nd</sup> hand ship values are up 30-35% with newbuild prices increasing about 20%.

Demand is healthy and rates previously seen only in the spot market have now transformed into longer contracts. Ultramaxes are fixing well above USD 20,000 per day on TC for more than 12 months, levels not seen for 10 years.

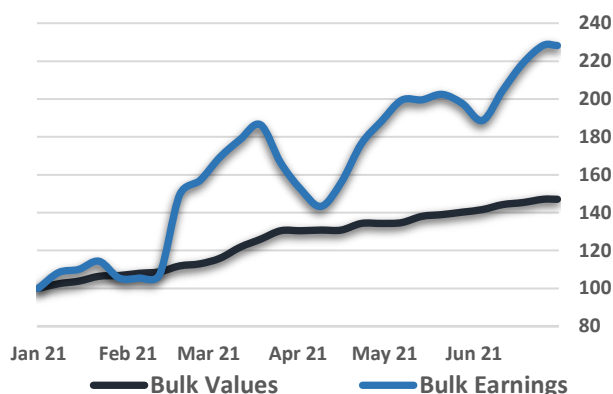
Newbuilding activity is slow in the smaller segments, however increasing in the larger segments.

In the short term, demand seems to be healthy, supporting strong earnings for the time being and the question is how much of this demand is due to rebound from a weak 2020 and how much is sticky.

### PMF bulk investments

% of Portfolio	Quarterly Performance
22.5 %	11.3 % ▲

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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio Weight
Njord Handy AS	20%	Bulk - Handysize	TC	5%
Voge Sophie (TK 1025 GmbH & Co. KG)	25%	Bulk - Handysize	TC	4%
Nippon Supra AS	30%	Bulk - Supramax	TC	2%
Empros Ultra AS	25%	Bulk - Ultramax	TC	4%
Golden Kamsar IS - Sold	20%	Bulk - Kamsarmax	Pool	5%
Atlantic MPP AS	15%	Bulk - Multipurpose	BB	3%

### Quarterly News Highlights

- Eclipse sold for delivery late 3<sup>rd</sup> quarter
- Dividends received in several drybulk investments
- Voge Sophie fixed for 12 months
- Voge Mia and Voge Emma fixed until mid Q1 2021
- Lista open in early September
- Almira fixed until early 2022

### Fleet list

MV Voge Emma	MV Voge Mia	MV Voge Sophie	MV Lista	MV Almira	MV Eclipse	MV Condor Bilbao	MV Condor Valparaiso
36 866 dwt	36 866 dwt	38 800 dwt	55 868 dwt	61 496 dwt	82 000 dwt	17 000 dwt	17 000 dwt
2011, Korea	2011, Korea	2019, China	2011, Japan	2011, Japan	2010, China	2011, China	2012, China



## INVESTMENTS - CONTAINER

### Container Market

The Container market is absolutely on fire. There is just no other way to put it. There are rumours of a backlog of 1.3 million containers waiting to be shipped and this congestion is not going away shortly.

Values and rates seem to be strengthening week by week and the big question is when it will all calm down.

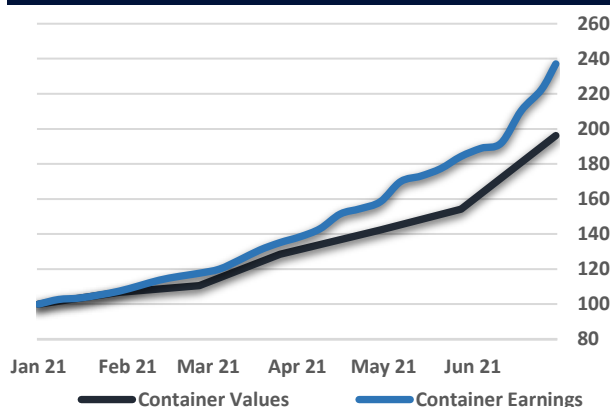
Vessels valued at high single USD million last year are now shifting hands for USD 30-40 million, whilst still having an EV/EBITDA around 3x.

Quite active order activity on the big liner vessels and some ordering of feeders, however the latter still modest compared to anticipated need for fleet renewal.

### PMF container investments

% of Portfolio	Quarterly Performance
30.8 %	24.3 % ▲

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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio Weight
Nordic Lübeck DIS	25%	Container - 1 100 TEU	TC	4%
Atlantic Discoverer AS	35%	Container - 2 800 TEU	TC	6%
Ross Magdeburg AS	24%	Container - 1 700 TEU	Pool	4%
Burgundy Container AS	20%	Container - 3 500 TEU	TC	8%
London Trader Maritime Ltd.	25%	Container 1 700 ECO	TC	4%
Nordic Tromsøe AS – Sold	25%	Container - 1 100 TEU	Pool	1%
Feeder Container II DIS – Sold	25%	Container - 1 700 TEU	TC	4%
Credo Shipping AS - Sold	25%	Container - 1 700 TEU	TC	1%

### Quarterly News Highlights

- Nordic Lubeck comes open early October '21
- Increased ownership in Atlantic Discoverer by 5% in Q2
- Pool earnings for Magdeburg significantly up but still lagging market.
- Burgundy completed her DD in June and entered into a 28 month contract with CMA CGM upon completion
- Fund did not declare its put option on London Trader
- Tromsøe, Spero, Polo and Charlie will all be delivered to new owners by end July.

### Fleet list

MV Nordic Lübeck	MV Discoverer	MV Hansa Magdeburg	MV Burgundy	MV London Trader	MV Polo & MV Charlie	MV Veronica B	MV Spero
1 100 TEU	2 800 TEU	1 700 TEU	3 500 TEU	1 700 TEU ECO	1 700 TEU	1 100 TEU	1 700 TEU
2011, China	2004, Poland	2003, China	2008, Germany	2019, China	2002, Poland	2011, China	2002, Poland

\*See page 2  
Data from Clarksons SIN



**INVESTMENTS - TANK**

**Tanker Market**

Both crude and product tanker rates have been poor in 2021, as a drop in demand due to covid and last year's storage build-up has had its toll on the market.

Earnings just slightly above opex have however not stopped 2<sup>nd</sup> hand values from increasing on the back of an expected recovery as well as the increase in newbuild prices.

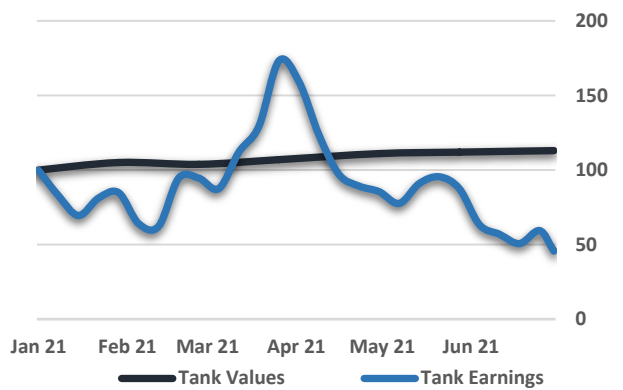
Product operators report jet fuel cargoes coming into the market again and at least shipowners are positioning themselves for a strong recovery with increasing oil price and vaccine developments.

Ordering activity still low albeit some large players are taking some positions on VLCC ordering with alternative fuels.

**PMF tank investments**

% of Portfolio	Quarterly Performance
25.0 %	12.9 % ▲

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



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio Weight
Songa Passage AS	31%	Tank - MR	Pool	3%
Hafnia LR1 JV	25%	Tank - LR1 ECO	Pool	6%
Roberto 16 Pte Ltd	31%	Tank - MR	TC	4%
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 mbH & Co. KG	25%	Tank - Panamax Crude	Pool	4%

**Quarterly News Highlights**

- Songa Passage earnings below break even and will most likely require funding during this fall
- Our exposure in the LR1 segment is performing OK as very modern vessel get a premium in the market
- Roberto fixed until Q1 2022 above break even levels
- All three handy vessel currently earning at or slightly above break even in a combination of pool and TC
- Cape Tampa went through refinancing during Q2 and has lowered its break even significantly.

**Fleet list**

MT Challenge Passage	MT Hafnia Guangzhou	MT Di Mateo	MT Sunny Sky	MT Sunny Star	MT Mount Kibo	MT Cape Tampa
46 658 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

The chemical segment has had a tough first half of the year. With the increase in industrial activity pushed further into the future due to the ongoing pandemic, rates have been at break even levels for the most of 2021.

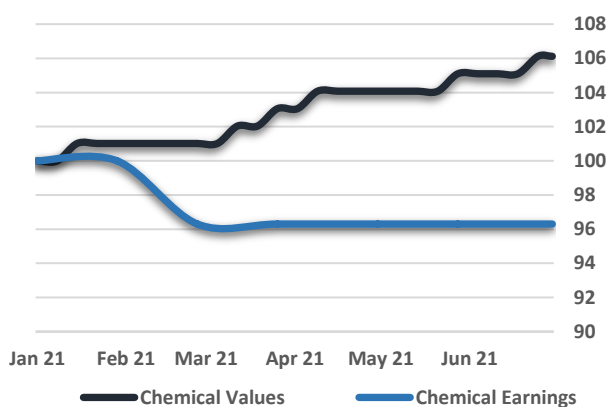
This segment is also negatively affected by poor product tanker earnings as many shippers opt for bigger vessels for the same price.

Fleet growth is limited and the outlook for the segment mirrors that of the other wet segments with increase in rates expected going into the 4<sup>th</sup> quarter.

### PMF chemical investments

% of Portfolio	Quarterly Performance
13.9 %	-8.3 % ▼

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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio Weight
Parchem III AS	45%	Chemical - 11 000 dwt	BB	4%
Chemtank Invest AS	32%	Chemical – 19 000 dwt	Pool	4%
Chemtank III AS	21%	Chemical – 33 000 dwt	Pool	3%
Harren Chemical AS	34%	Chemical - 16 000 dwt	Pool	3%

### Quarterly News Highlights

- BB hire paid so far in 2021 for Parchem 3. Looking to sell remaining 2 vessels during third quarter
- Market for stainless steel tonnage poor during the quarter but both ships are trading at or above cash break even.
- Dreggen completed drydocking in May
- Took over Patras and transferred management to first class operators. Pursuing legal claim

### Fleet list

				
MT Cristina	MT Maria	MT Dreggen	MT Skarven	MT Patras
11 300 dwt	11 300dwt	19 994 dwt	33 625 dwt	16 745dwt
2006, Korea	2007, Korea	2008, Japan	2009, Japan	2007, Turkey

**INVESTMENTS – OTHER SEGMENTS**

**PCC Market**

Car Carriers are experiencing a new era on the back of increasingly expensive container rates. The recovery having been subject to talk for 3-4 years now finally seem to become a reality with values and rates up about 30%, the last quarter alone.

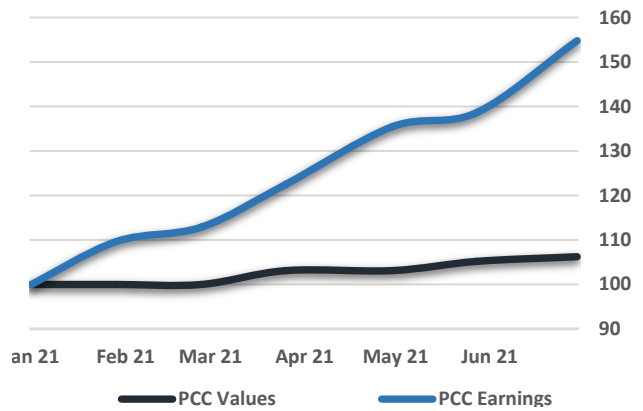
Reports say the market could have been even stronger as car manufacturers have had supply issues of semiconductors needed in new car production.

The orderbook is very low with few deliveries in 2021 and 2022 and save for a handful of new orders, the yards will build other vessels than car carriers the next comming years.

**PMF other investments**

% of Portfolio	Quarterly Performance
7.8 %	42.3 % ▲

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



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio Weight
Gramcar IS	20%	Car Carrier - 4 900 CEU	TC	8%

**Quarterly News Highlights**

- Both vessels fixed out to until the 1st quarter 2022 including premium for scrubber.

**Fleet list**

MV Arabian Sea	MV Mediterranean Sea
4 900 CEU	4 900 CEU
2010, China	2010, China





## Risk Management – Second Quarter report 2021

**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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