



# PREMIUM MARITIME FUND

Second Quarter Report 2022

**NRP**

Prepared by: NRP Maritime Asset Management AS  
July 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 102.3 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.*

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## Managers Quarterly Comment

### Dear Investors

Premium Maritime Fund had another strong quarter in Q2 with a total return of 14.8%. The dividend adjusted NAV/share is 50% higher than 12 months ago. The board has approved a dividend distribution of 30 cents in July, making the last 12 months accumulated dividends a total of \$1 per share.

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



Mount Kibo has delivered 29.8% IRR since 2020. Currently she is trading in the Scorpio pool and earned USD \$32,548 p.d. in June.

### Market Developments

Shipping markets continued to develop positively in the 2nd quarter although at a slower pace for the overall market.

The ClarkSea index is now USD 41 000 vs USD 34 722 and USD 41 000 for Jan 1st and April 1st respectively.

Crude is still tough with the exception of vessels benefitting directly from the Ukraine situation (Afras) whilst the product and chemical markets have strengthened significantly.

Bulker earnings (both spot and TC levels) are flat since start of the quarter but down 25% since they peaked in May.

In the container segment we are seeing sentiment shift due to uncertainties around demand (recession fears).

There is currently a negative sentiment directed towards the demand side of goods and services due to increased interest rates and inflationary pressures. Stock markets are very volatile and most forecasts for GDP growth has been revised down over the last month or so for both 2H 2022 as well as 2023.

As a result, we expect estimates for growth in seaborne trade to be revised down in the next few months.

However, with a supply side growth at historical low levels, the shipping industry is more robust when facing a potential drop in demand compared to previous demands shocks.

Newbuild prices continue to rise and Clarkson NB price index up a further 6% this year.

Decarbonization continuous to be on everyone's mind with deadline for EEXI compliance only 6 months out.

### 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.


### NAV and Dividend information

The NAV for the fund as of end 2<sup>nd</sup> quarter is USD 3.61 per share, which corresponds to an increase of ~14.8% since last quarter. The fund is up 50.0% the last 12 months

The board has approved a dividend payment of USD 0.30 for the 2<sup>nd</sup> quarter which will be paid out in mid July. We expect to be able to distribute regular dividends going forward \*ex any sales (although not at same level as past two quarters).

The next quarterly report will come in October.

  
Nicolai Heidenreich  
Fund Manager

  
Wilhelm Chr. Magelssen  
Fund Manager



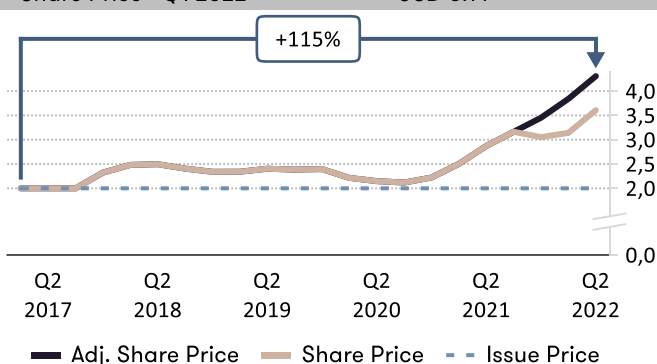
## Fund & Market Performance

### Quarterly Highlights

- Continued strong fund performance with an increase in NAV (dividend adjusted) of 14.8% quarter on quarter
- Dividend of 30 cents to be distributed in July
- Continued strong earnings in dry bulk, containers and car carriers now also complemented with strong product tanker rates
- One ship soon to be delivered to new owners
- Continuously looking for attractive divestment scenarios
- High focus on steady dividend distributions going forward

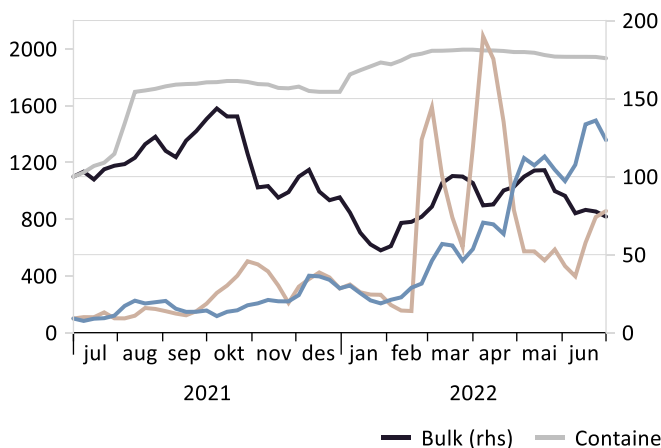
### Share Price – Premium Maritime Fund

Share Price - Q2 2022	USD 3.61	▲ 14.8%
Dividend per share - Q2 2022	0.00	
Share Price - Q1 2022	USD 3.14	

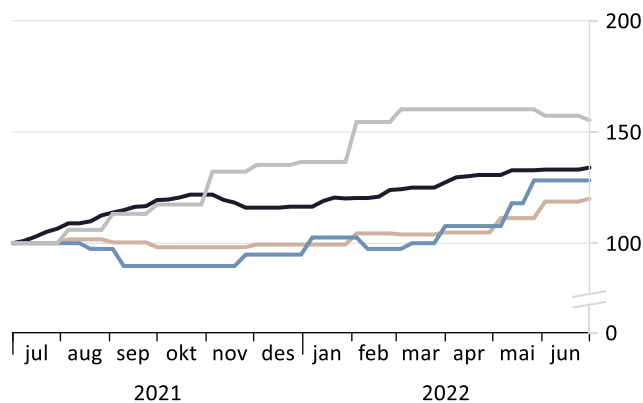


### Clarksons Market Data Last 12 months (indexed, base = 100)

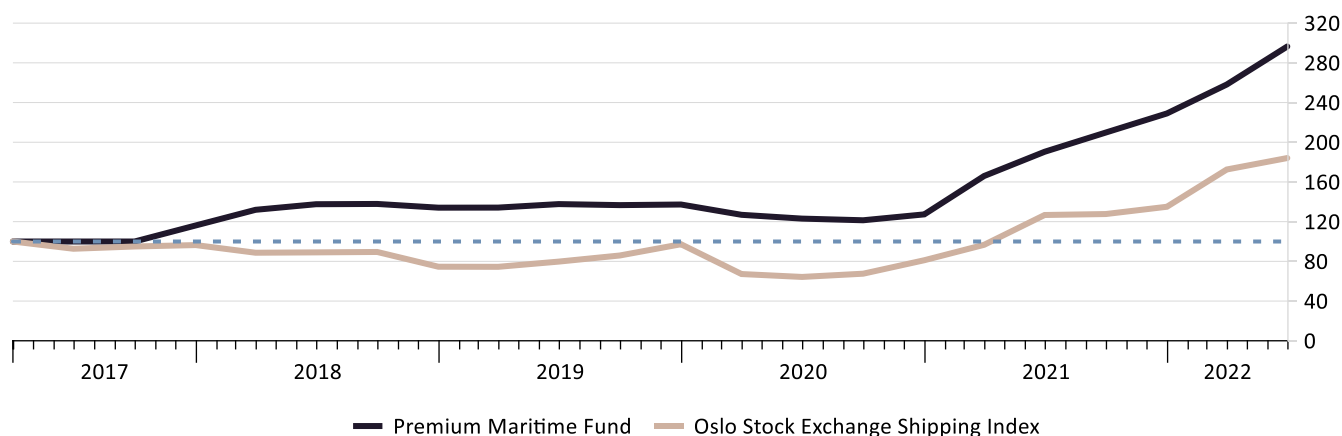
#### Earnings



#### Secondhand Values



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





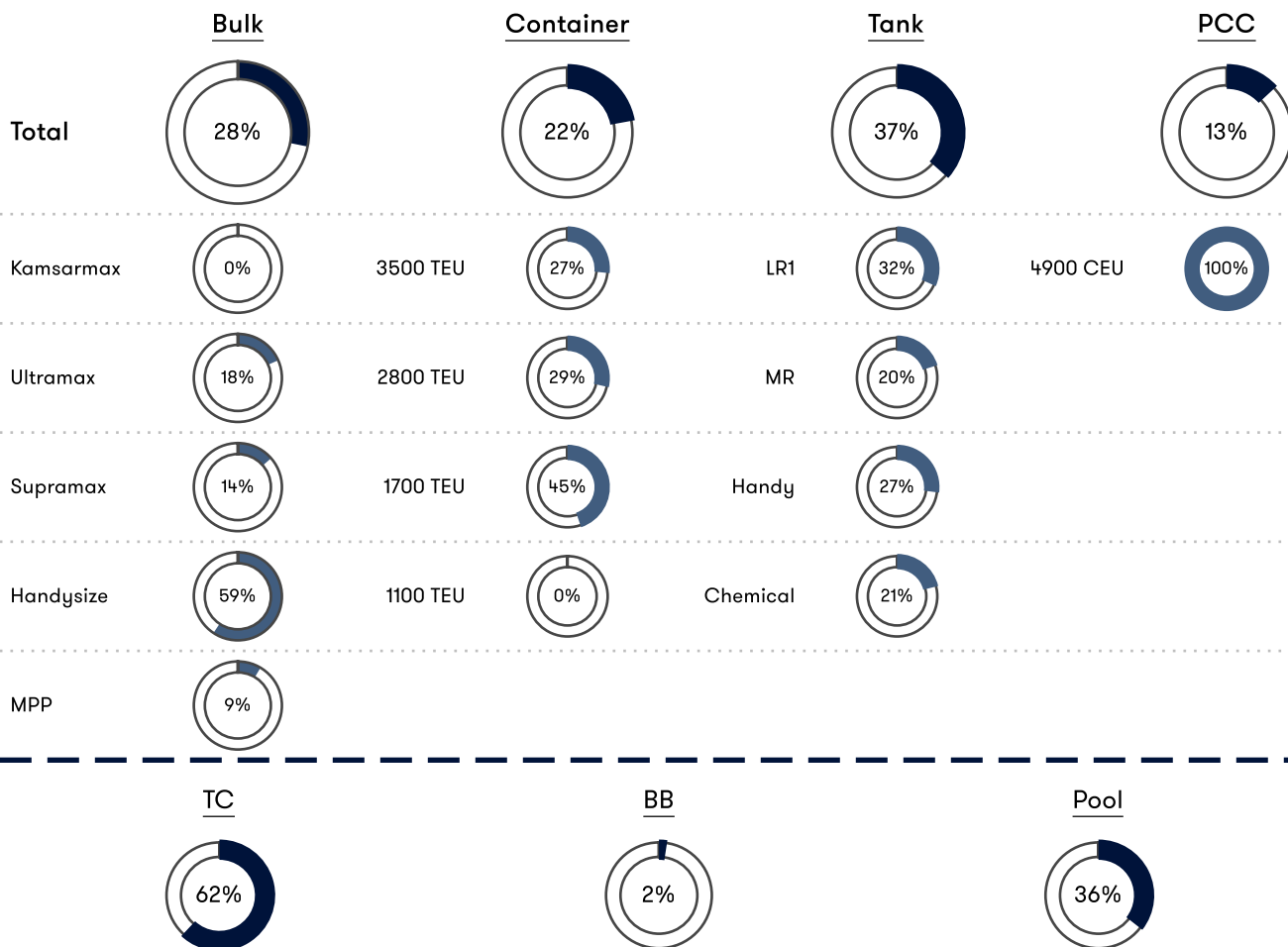
Portfolio Overview

Premium Maritime Fund Main Figures as of 30/6/2022

NAV	USD 102.3 million
- Value of Investments	USD 99.5 million
- Working Capital*	USD 2.8 million
Net IRR since inception	28.0%
Net total return since inception	102.5%
Average Weighted Leverage	27.5%
Weighted Charter Coverage	342 Days
Weighted average age of fleet	10.4 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	<div style="width: 11%;"></div> 11%
Voge Sophie	25%	BULK - Handysize	TC	<div style="width: 6%;"></div> 6%
Nippon Supra AS	30%	BULK - Supramax	TC	<div style="width: 4%;"></div> 4%
Empros Ultra AS	25%	BULK - Ultramax	TC	<div style="width: 5%;"></div> 5%
Atlantic MPP AS	15%	BULK - MPP 17k 950 teu	BB	<div style="width: 2%;"></div> 2%
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	<div style="width: 6%;"></div> 6%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	<div style="width: 6%;"></div> 6%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	<div style="width: 6%;"></div> 6%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	<div style="width: 4%;"></div> 4%
Songa Passage AS	31%	TANK - MR	Pool	<div style="width: 4%;"></div> 4%
Hafnia LR1 JV	25%	TANK - LR1 ECO	Pool	<div style="width: 7%;"></div> 7%
Roberto 16 Pte Ltd	31%	TANK - MR	TC	<div style="width: 4%;"></div> 4%
Sunny Sky Shipping LLC	20%	TANK - Handy	Pool	<div style="width: 3%;"></div> 3%
Sunny Star Shipping LLC	25%	TANK - Handy	TC	<div style="width: 3%;"></div> 3%
Macaw Shipping LLC	30%	TANK - Handy	Pool	<div style="width: 4%;"></div> 4%
MT Cape Tampa	25%	TANK - LR1	Pool	<div style="width: 5%;"></div> 5%
Chemtank Invest AS	32%	CHEMICAL - 19k	Pool	<div style="width: 4%;"></div> 4%
Chemtank III AS	21%	CHEMICAL - 33k	Pool	<div style="width: 3%;"></div> 3%
Harren Chemical AS	34%	CHEMICAL - 19k	Pool	<div style="width: 1%;"></div> 1%
Gramcar IS	20%	PCC - 4900 CEU	TC	<div style="width: 13%;"></div> 13%

Sold =

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

**INVESTMENTS - BULK**

**Dry Bulk Market**

Bulker earnings have weakened lately though still above historical averages despite demand-side concerns around the Russia-Ukraine conflict and macroeconomic headwinds. Trade growth is about flat in terms of tonnes but due to logistic disruptions and increased tonne-miles demand for drybulk is high.

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

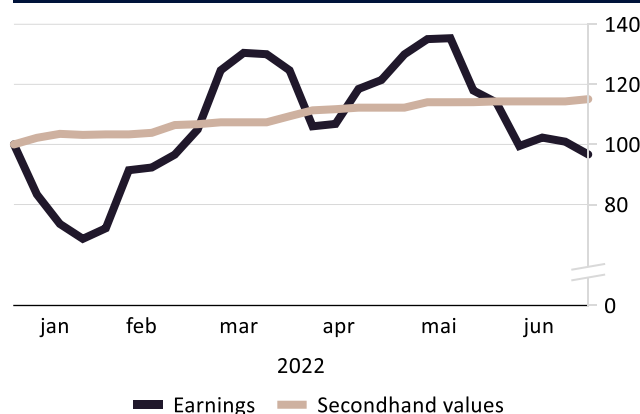
Newbuilding orders are still muted and the current orderbook seems very manageable. 2023 will bring speed limitations for the oldest part of the fleet, reducing supply side somewhat on the relative. Some easing of congestion expected going forward. Uncertain demand picture due to inflation and fear of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

**PMF Bulk Investments**

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

28,2 %      19,5 % ↑

**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	2%

**Quarterly News Highlights**

- Both vessels in Njord Handy fixed most of 2022 at strong rates.
- Voge Sophie continues until end July 2022 at below market rates
- Nippon Supra fixed until mid Q3 at very strong rates
- Empros fixed until Q4 at very strong rates
- Steady dividend flow from Atlantic MPP

**Fleet list**

<b>MV Voge Emma</b>	<b>MV Voge Mia</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

\*See page 2  
Data from Clarksons SIN



## INVESTMENTS - CONTAINER

### Container Market

The container market is still performing extremely well. Indexed rates are down 4% (Clarksons) since April but still high above previous peak numbers. Global container volumes are down 2-3% year on year, and following recent downgrades, are now projected to grow by just 0.7% in the full year (flat in TEU-miles), albeit uncertain. Moderate growth of 2.7% is latest estimates for 2023 by Clarksons, below pre-conflict estimates, and uncertainty on that figure is also high.

Despite this, logistical disruption, notably port congestion, continues to outweigh demand downside, supporting strong market conditions, and is likely to take time to ease.

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

The short-term outlook remains positive, with disruption upside continuing to provide market support despite trade headwinds. Longer term outlook is more uncertain depending on how inflation will impact demand and the markets ability to absorb newbuildings when they start to deliver.

### PMF Container Investments

% of Portfolio

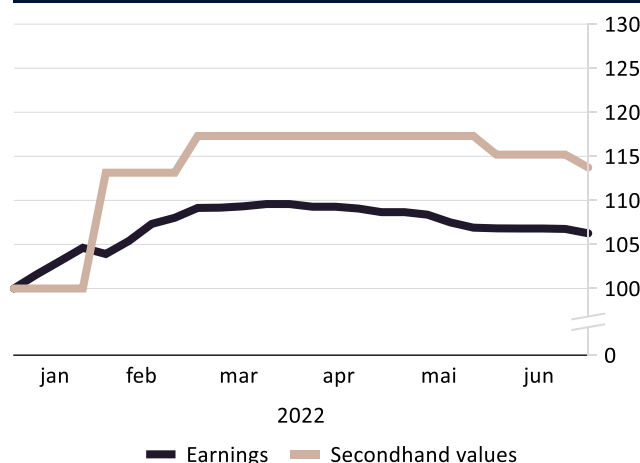
Quarterly Performance

22,1 %

-9,5 %



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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	6%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	6%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	6%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	4%

### Quarterly News Highlights

- Discoverer fixed on contract until Q2 '23. Will be debt free in October
- 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

\*See page 2  
Data from Clarksons SIN



## INVESTMENTS - TANK

### Tanker Market

The tanker markets have strengthened significantly in Q2 after a slow period. Impacts from the Russia-Ukraine war has contributed to longer haul trade patterns driving rates up. Refinery margins have risen to extremely firm levels, with increased demand, low stocks and avoidance of Russian-origin cargoes all providing support to the market.

Product tankers have hence been the winners and MRs have seen rates between USD 35,000/d up to even USD 50,000/d in certain periods. This in a period where Chinese refinery throughput has been dropping due to Covid lockdowns.

With a very low orderbook, outlook remains positive though we don't expect the current very high rates to last for too long.

### PMF Tank Investments

% of Portfolio

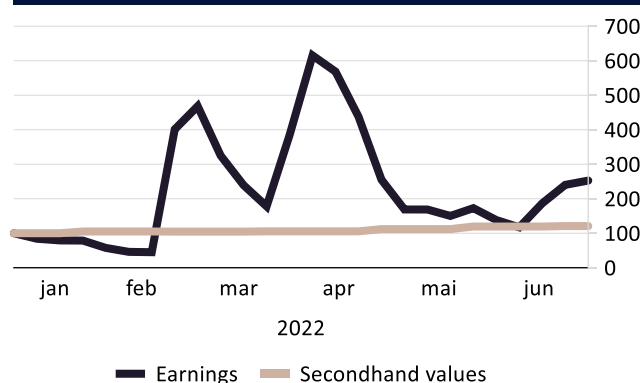
Quarterly Performance

28,9 %

42,3 %



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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Songa Passage AS	31%	TANK - MR	Pool	4%
Hafnia LR1 JV	25%	TANK - LR1 ECO	Pool	7%
Roberto 16 Pte Ltd	31%	TANK - MR	TC	4%
Sunny Sky Shipping LLC	20%	TANK - Handy	Pool	3%
Sunny Star Shipping LLC	25%	TANK - Handy	TC	3%
Macaw Shipping LLC	30%	TANK - Handy	Pool	4%
MT Cape Tampa	25%	TANK - LR1	Pool	5%

### Quarterly News Highlights

- Songa Passage earnings now well above break-even and on a positive trend. Changed pool operator to Signal Maritime
- 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 strong rates 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

Q2 has developed in a very positive way with TCE earnings strengthening further on the back of a good Q1. Spot rates have strengthened significantly in tandem with increasing product tanker rates.

The strong markets in Asia continues with high rate levels and firm activity. Western markets continues to improve with increased intra-trade in Europe of CPP given that export from Russia has been massively reduced.

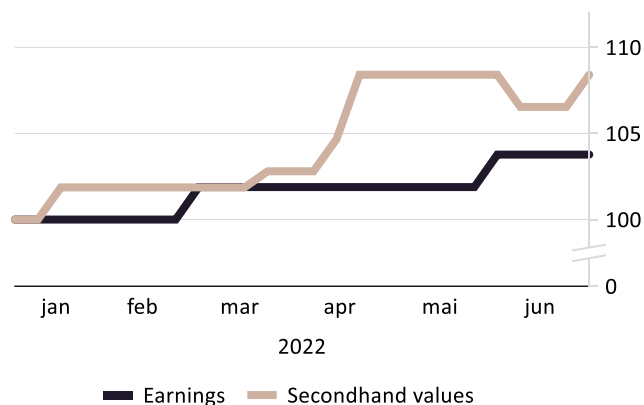
Long-term outlook continues to be positive, very much due to the historically low orderbooks, albeit with high uncertainty on demand due to inflation and risk of stagnation.

PMF Chemical Investments

% of Portfolio      Quarterly Performance

7,7 %      13,9 % ↑

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 Q2, both projects paying healthy dividends including proceeds from refinancing.
- Low break even so expecting further dividend 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 established itself in the strongest period since before Lehman. Charter rates are now in the 30,000/d area for mid-sized ships, and contracts are for 5 years and even longer at certain instances.

Both secondhand prices and newbuilding prices have been on the rise last year. Current orderbook as a percent of the fleet is 9% in terms of ships and 11% in terms of dwt – both manageable numbers and deliveries are set for 2024 and onwards.

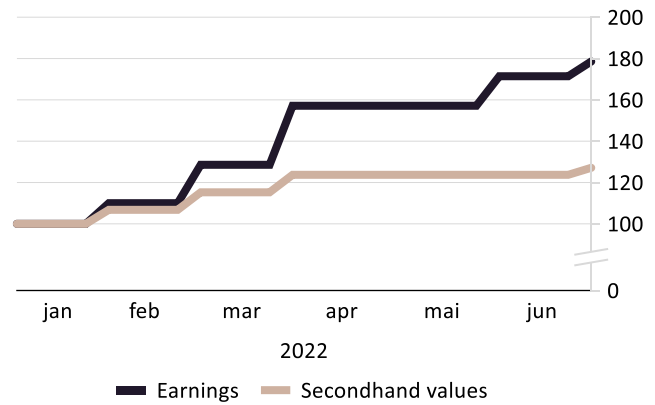
Inflation and higher interest rates are a potential demand reducer going forward but so far demand is strong.

Overall, the market looks favorable for the moment, with uncertainty on inflation/demand reduction, though supported in the short term by current demand and almost no new deliveries next two years.

**PMF PCC Investments**

% of Portfolio	Quarterly Performance
13,1 %	21,1 % <span style="color: green;">↑</span>

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



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio %
Gramcar IS	20%	PCC - 4900 CEU	TC	13%

**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.
- Steady dividends going forward.

**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 – Second 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 Depositary.

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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