



# PREMIUM MARITIME FUND

THIRD QUARTER REPORT 2021

**NRP**

Prepared by: NRP Maritime Asset Management AS  
October 2021



## 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 89.7 million
Dividend Distributed:	USD 0.0 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 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.*

*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 good quarter in Q3. The NAV/share is at its highest since inception and we are pleased to inform that the first dividend distribution since the merger at \$0.4 per share will be distributed towards the end of the month.

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



Nordic Lütbeck DIS was sold in Q3 and delivered to the new owners 1st October. The investment returned an IRR of 22.4%.

### Market Developments

Global seaborne trade is now projected to grow by 3.9% in the full year 2021 (4.4% in tonne-miles), with volumes on track to rebound to above pre-Covid levels. Pent-up demand in addition to major stimulus packages globally in parallel with vaccination development has led to very strong markets for dry bulk, containers and car carriers. Drybulk trade is up 3.7% year on year and containers, an impressive 12% year on year according to Clarksons. Volumes in the tanker sector remain under pressure with recovery in oil demand still on hold at 10% lower than pre-Covid levels.

Despite technological uncertainties and unavailability of capital for shipping, newbuild ordering has increased this year with increasing earnings, in particular for containers with record containership ordering (3.4m TEU), taking the orderbook to 22% of the fleet.

Overall, shipping supply growth remains very manageable and the current orderbook is about 9% of fleet capacity, which is below average. Global shipyard capacity is severely reduced with 111 active “large” yards now vs 320 at peak and sharply rising steel prices and reduced berth availability have led to higher newbuild prices making the decision to order even harder than before.

The S&P market has also seen record activity with 105m dwt already changing hands this year, already an annual record.

### Portfolio development

The portfolio consists of 24 vessels, after sale and delivery of 5 vessels during the quarter. We are constantly reviewing the portfolio to take advantage of what we believe are right sales opportunities, however for the time being, we are staying focused on securing long term charter contracts at historically high levels for containers as well as for our drybulk vessels.

### NAV and Dividend information

The NAV for the fund as of end 3<sup>rd</sup> quarter is USD 3.16 per share. This is an increase of 10.1% since last quarter and the fund is up 42.3% since the start of the year and 49.3% last twelve months.

A dividend of 40 cents/share will be distributed towards the end of the month.

The next quarterly report will come in January.

Nicolai Heidenreich  
Fund Manager

Wilhelm Chr. Magelssen  
Fund Manager





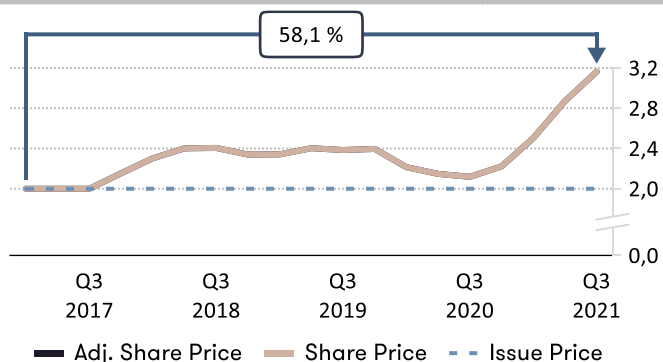
## Fund & Market Performance

### Quarterly Highlights

- Continued strong fund performance with an increase in NAV of 10.1% quarter on quarter
- Increase in bulker values biggest driver for the NAV upswing whilst tanker values moving in the opposite direction.
- Container values are continuing to rise but somewhat offset by increased negative values of charter contracts as rates have risen more than values.
- All ships sold are now delivered to new owners.
- One potential sales candidate in the near term, otherwise we do not expect any in Q4.

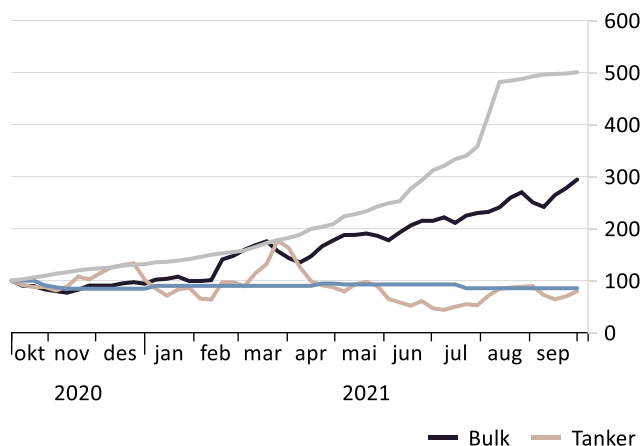
### Share Price – Premium Maritime Fund

Share Price - Q3 2021	USD 3.16	▲	10.1%
Share Price - Q2 2021	USD 2.87		

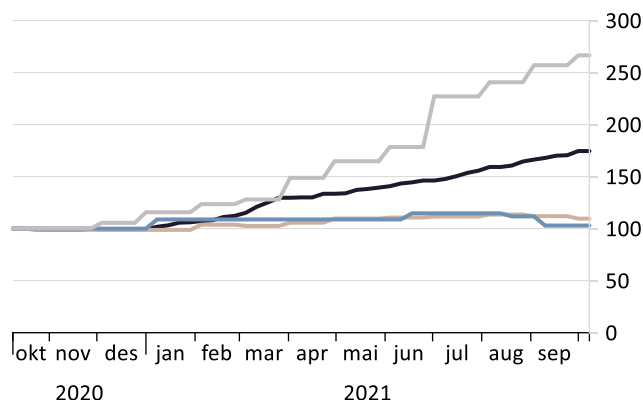


### Clarksons Market Data Last 12 months (indexed, base = 100)

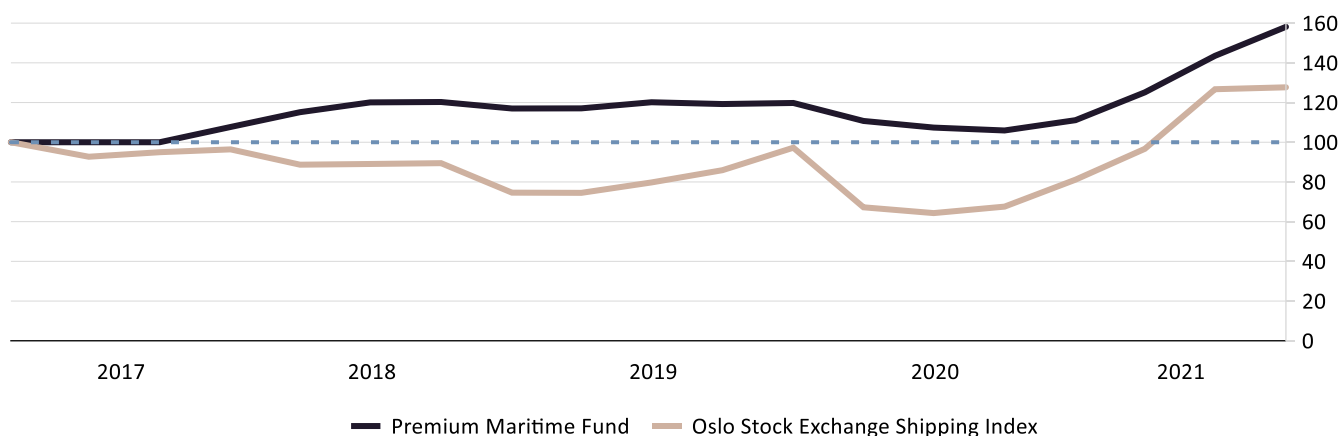
#### Earnings



#### Secondhand Values



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



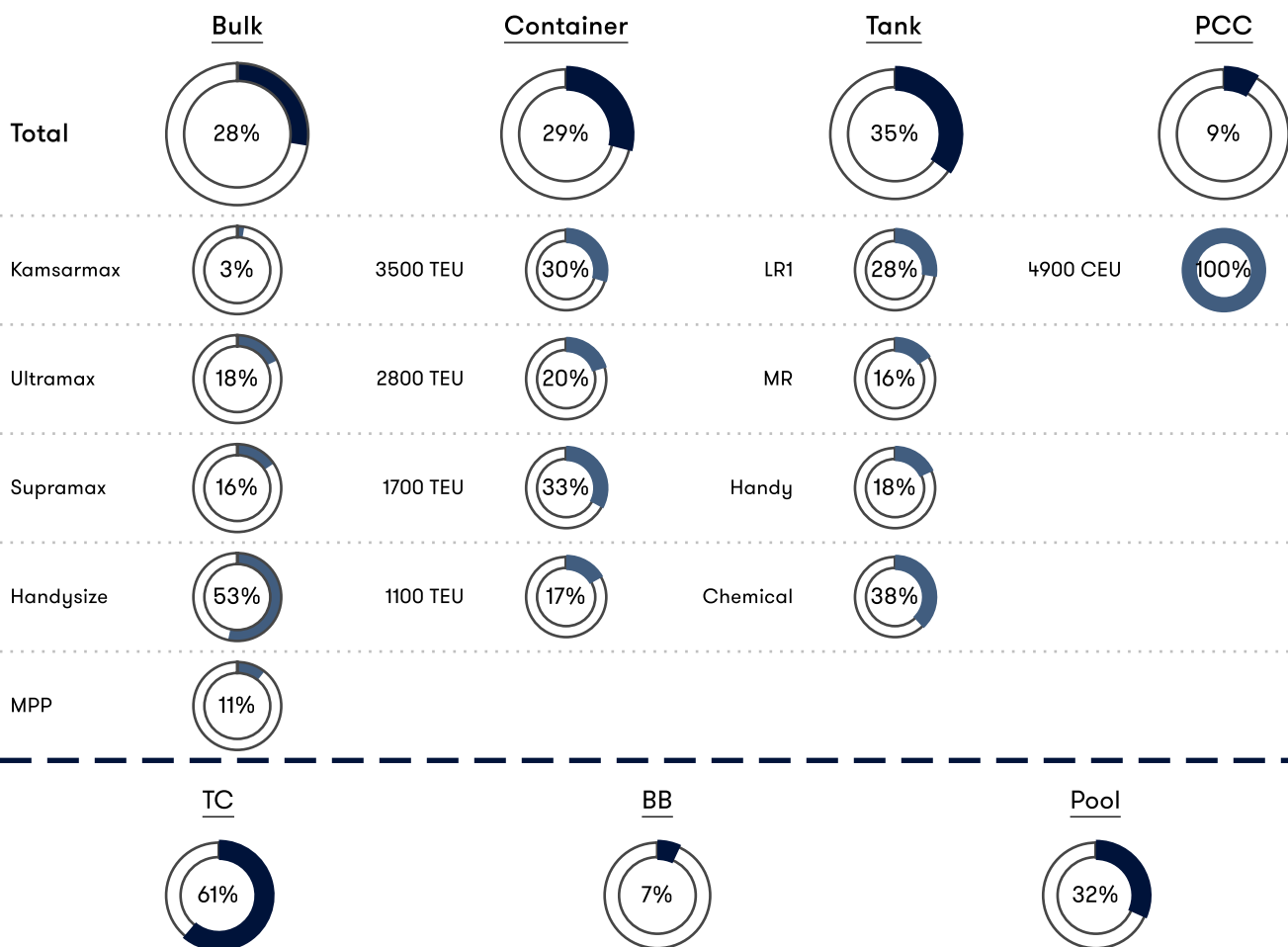


Portfolio Overview

Premium Maritime Fund Main Figures as of 30/9/2021

NAV	USD 89.7 million
- Value of Investments	USD 81.7 million
- Working Capital	USD 8.0 million
Net IRR to date	12.7%
Net total return to date	58.1%
Average Weighted Leverage	31.3%
Weighted Charter Coverage	205 Days
Weighted average age of fleet	11.0 Years

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	10%
Voge Sophie	25%	BULK - Handysize	TC	5%
Nippon Supra AS	30%	BULK - Supramax	TC	4%
Empros Ultra AS	25%	BULK - Ultramax	TC	5%
Golden Kamsar IS	20%	BULK - Kamsarmax	Pool	1%
Atlantic MPP AS	15%	BULK - MPP 17k 950 teu	BB	3%
Nordic Lübeck DIS	25%	CONTAINER - 1100 TEU	TC	4%
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	6%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	5%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	9%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	3%
Nordic Tromsøe AS	25%	CONTAINER - 1100 TEU	Pool	0%
Feeder Container II DIS	25%	CONTAINER - 1700 TEU	TC	0%
Credo Shipping AS	25%	CONTAINER - 1700 TEU	TC	1%
Parchem III AS	45%	CHEMICAL - 11k	BB	4%
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	2%
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	2%
Gramcar IS	20%	PCC - 4900 CEU	TC	9%

Sold =

Partially Sold =

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 continued during the quarter and we are currently experiencing rates not seen since 2008.

Supra/Ultramax 2<sup>nd</sup> hand ship values are up 30% for the quarter and more than 100% since 12 months ago. Newbuilding prices have increased about 10% and 30% for the same periods respectively.

Charter rates for the market segments the fund are exposed to is averaging above USD 25 000 and both short and longer term time charter contracts are reflecting the current strong market.

Newbuilding orders are increasing even in the smaller segments but overall, 10% of the fleet older than 20 years whilst the orderbook represents just below 6% of the fleet.

**PMF Bulk Investments**

% of Portfolio

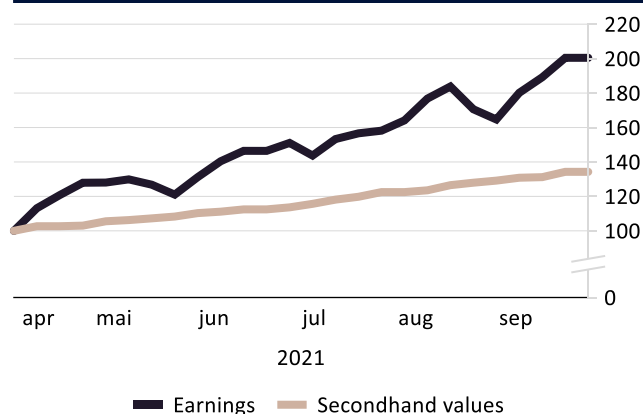
27,6 %

Quarterly Performance

36,2 %



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



**Portfolio Investments**

Investment Name	Ownership	Segment	Charter	Portfolio %
Njord Handy AS	34%	BULK - Handysize	TC	10%
Voge Sophie	25%	BULK - Handysize	TC	5%
Nippon Supra AS	30%	BULK - Supramax	TC	4%
Empros Ultra AS	25%	BULK - Ultramax	TC	5%
Golden Kamsar IS	20%	BULK - Kamsarmax	Pool	1%
Atlantic MPP AS	15%	BULK - MPP 17k 950 teu	BB	3%

**Quarterly News Highlights**

- Eclipse delivered to new owners in September. Arbitration with Golden Ocean scheduled for early next year
- Dividends received in several drybulk investments
- Voge Sophie fixed until June 2022
- Bought about 14% of Njord Handy during Q3. Voge Mia and Voge Emma fixed until mid Q1 2022
- Lista through DD in September and open late 4<sup>th</sup> quarter
- Almira fixed until early 2022

MV Voge Emma	MV Voge Mia	MV Voge Sophie	MV Lista	MV Almira	MV Eclipse	MV Condor Bilbao	MV Valparaiso
36,866 dwt	36,866 dwt	38,800 dwt	55,868 dwt	61,496 dwt	82,000 dwt	17,257 dwt	17,257 dwt
2011, Korea	2011, Korea	2019, China	2011, Japan	2011, Japan	2010, China	2012, China	2011, China



## INVESTMENTS - CONTAINER

### Container Market

The Container market continued to strengthen during the quarter however with rates stronger relative to values.

Continued logistical issues together with a combination of catch-up and high season has seen total container volumes surpass pre-covid levels by 6%. However we have seen box-rates for the main trading routes come down slightly over the last couple of weeks as fears of a softening Chinese economy has surfaced.

If this proves to be just a short pause or the start of a return to normality is too early to say. Buyers and charterers of tonnage (big liner company) are still continuing to secure capacity so values and charter rates have not (yet) shown signs of weakness.

### PMF Container Investments

% of Portfolio

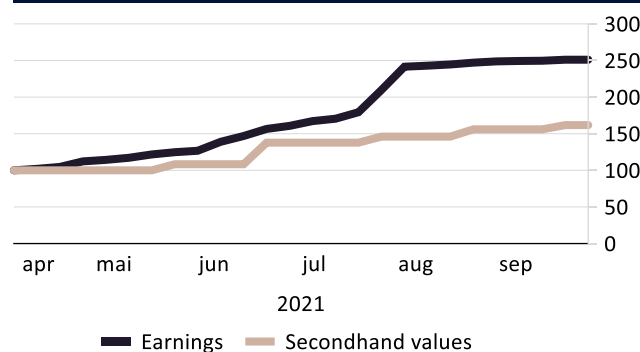
29,0 %

Quarterly Performance

15,0 %



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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Nordic Lübeck DIS	✓ 25%	CONTAINER - 1100 TEU	TC	4%
Atlantic Discoverer AS	35%	CONTAINER - 2800 TEU	TC	6%
Ross Magdeburg AS	24%	CONTAINER - 1700 TEU	Pool	5%
Burgundy Container AS	20%	CONTAINER - 3500 TEU	TC	9%
London Trader Maritime Ltd.	25%	CONTAINER - 1750 TEU ECO	TC	3%
Nordic Tromsø AS	✓ 25%	CONTAINER - 1100 TEU	Pool	0%
Feeder Container II DIS	✓ 25%	CONTAINER - 1700 TEU	TC	0%
Credo Shipping AS	✓ 25%	CONTAINER - 1700 TEU	TC	1%

### Quarterly News Highlights

- Nordic Lubeck sold for EUR 16.6m and delivered to buyers on 1st October 2021.
- Tromsø, Credo, Feeder also delivered and companies are being liquidated
- Burgundy and Discoverer both fixed on long contracts into '23.
- Ross Magdeburg employed in pool with strong upward revisions in earnings last quarter.
- London Trader is fixed to Maersk until 2024 but with profit split based on rolling 3 month market.

### Fleet list

MV Nordic Lübeck	MV Discoverer	MV Hansa Magdeburg	MV Burgundy	MV London Trader	MV Veronica B	MV Polo & MV Charlie	MV Credo
1100 TEU	2800 TEU	1700 TEU	3500 TEU	1750 TEU ECO	1100 TEU	1700 TEU	1700 TEU
2011, China	2004, Poland	2003, China	2008, Germany	2019, China	2011, China	2002, Poland	2002, Poland

\*See page 2  
Data from Clarksons SIN



**INVESTMENTS - TANK**

**Tanker Market**

The 3<sup>rd</sup> quarter for both crude and product tanker rates have been disappointing although slightly better than first half of 2021.

Demand has so far not recovered to pre-covid levels resulting in a weak demand supply balance, without any real positive signs going into the 4<sup>th</sup> quarter. Historically a strong quarter for the wet segments.

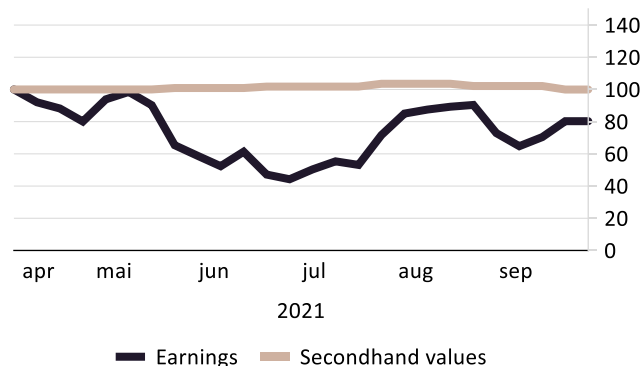
Months of earnings below cash break even for most owners have finally taken its toll on values which are down across the board – in particular for vessels 10 years and older.

**PMF Tank Investments**

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

21,5 %      -8,3 % 

**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	2%
MT Cape Tampa	25%	TANK - LR1	Pool	4%

**Quarterly News Highlights**

- Songa Passage earnings below break even and completed a minor fund raise during Q3
- Our exposure in the LR1 segment is performing OK as very modern vessels get a premium in the market
- Roberto fixed until Q1 2022 above break even levels
- All three handy vessel currently earning at or slightly below 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	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

The chemical segment has had a tough first half of the year but strengthened slightly in Q3.

The Far East market is strong due to increased demand combined with Covid related logistical issues. Market in the West still soft.

Long-term outlook continues to be positive with a historically low orderbook and expectations for a continued recovery of global GDP after the Covid-19 pandemic.

Fleet growth is still limited for the foreseeable future and the outlook for the segment mirrors that of the other wet segments with increase in rates expected during 4<sup>th</sup> quarter and hopefully into 2022.

### PMF Chemical Investments

% of Portfolio

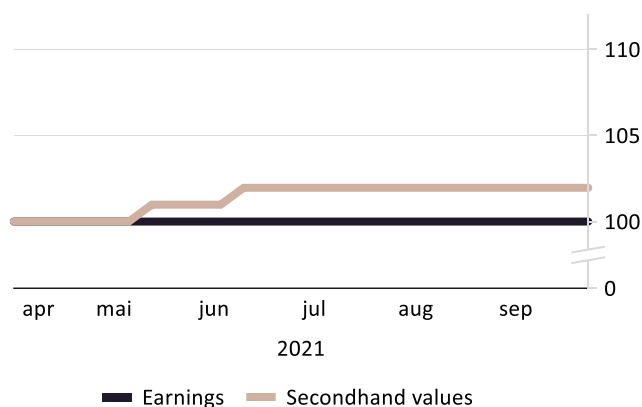
13,3 %

Quarterly Performance

2,2 %



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



### Portfolio Investments

Investment Name	Ownership	Segment	Charter	Portfolio %
Parchem III AS	45%	CHEMICAL - 11k	BB	4%
Chemtank Invest AS	32%	CHEMICAL - 19k	Pool	4%
Chemtank III AS	21%	CHEMICAL - 33k	Pool	3%
Harren Chemical AS	34%	CHEMICAL - 19k	Pool	2%

### Quarterly News Highlights

- 2<sup>nd</sup> vessel in Parchem III now sold with delivery early October. Remaining vessel to be sold during 4<sup>th</sup> quarter.
- Market for stainless steel tonnage have shown signs of improvement and as both ships have been trading at or above cash break even, dividends are expected in Q4
- Dreggen completed drydocking in May and no major capex next 12 months
- Patras performing ok in a poor market and owners have made the decision to sell the vessel. Still pursuing legal claim

### Fleet list

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

**INVESTMENTS – OTHER SEGMENTS**

**PCC Market**

The Car Carrier market has recovered in a big way the last 6 months. Charter rates for mid size tonnage has gone from zero (idle) last summer, to 10-11,000 USD/day beginning of 2021 to USD 17-18,000/day this summer to USD 25,000/day currently.

Values correspondingly up from high teens last year to USD 25m this summer and about USD 30m now for 10 year old mid-size tonnage.

Years with zero contracting has resulted in a reduced fleet size ideally positioned for a demand recovery experienced now.

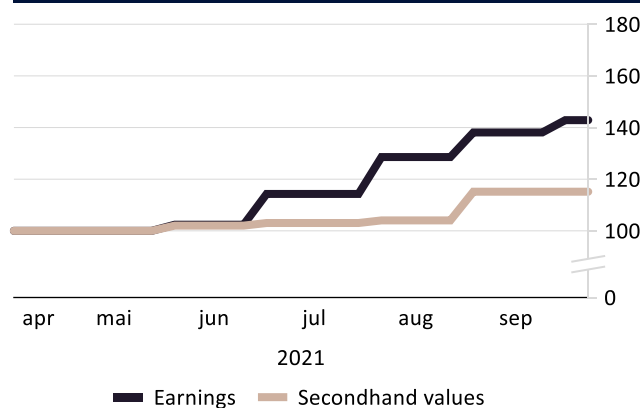
Ordering activity is a natural consequence of this market development and orders are increasing but with the backlog created by zero NB activity last years and time to delivery, the car carrier market looks strong for the time being.

**PMF PCC Investments**

% of Portfolio	Quarterly Performance
8,6 %	17,9 % <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	9%

**Quarterly News Highlights**

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

**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 – Third 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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