



# PREMIUM MARITIME CREDIT FUND

First Quarter Report 2023

*Prepared by:*

NRP Maritime Asset Management

**NRP**

*May 2023*





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

### First Quarter Highlights

Amount Drawn During Quarter	Distributions During Quarter	Value of Investments	Cash Position	Other WC	NAV
USD -24,92m	USD 0m	USD 22,74m	USD 22,99m	USD 0,09m	USD 45,83m

### Positive Portfolio Development During Q1'23...



**Deployment:**  
USD 3.0m loan financing a MPP vessel



**Deployment:**  
USD 5.5 loan financing a Handysize vessel



**Drawdown:**  
USD 25m investor drawdown during Q1'23



**Deployment:**  
USD 4.0m loan financing a Handysize vessel



**Beyond Q1:**  
USD 26.2m funded/pending + ~USD 20.0m under discussion



Solid Deal Flow Despite Economic Headwinds

First quarter continued where we left last year with a gloomy global economic outlook against the backdrop of continued surging inflation, high energy prices and trade-restrictions due to the war on Ukraine. However, we would like to reiterate that not all headlines necessarily imposed a negative effect on the shipping market, and that the Investment Advisor ("IA") actually experienced the Fund's strongest quarter in terms of deal flow as the development in the shipping market remains highly sector specific.

The Investment Advisor remains optimistic for 2023 albeit the potential macroeconomic headwinds, however, we do not expect the economic markets to return to normal in the short to medium-term.



*Nicolai Heidenreich*  
Nicolai Heidenreich  
Partner



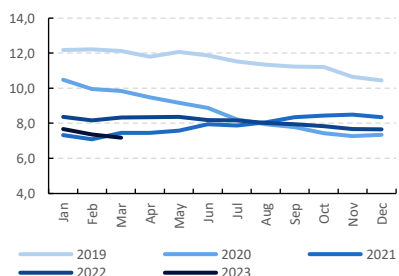
*W. Magelssen*  
Wilhelm Magelssen  
Partner

Market Development

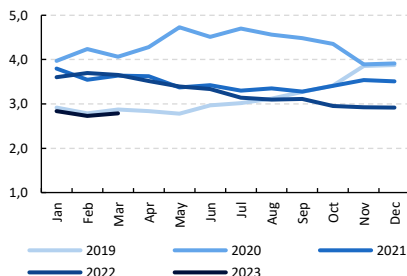
While the global economic headlines and events may have suggested otherwise, in addition to subdued seasonal demand in several key sub-segment due to Lunar New Year, the shipping market continued to perform well overall during first quarter. The Clarksea Index ended at USD 27,973 in March (~45% above 10-year average) vs USD 22,363 in January. Further, the orderbook (as % of existing fleet) remains favorable at sub 10% with shipyard capacity still strangled, providing solid supply fundamentals.

On the lending side of things, the IA experienced strong demand for the Fund's credit platform creating solid business momentum and deal flow. The returning topic from clients continue to be the increasing funding gap created by traditional corporate and shipping banks, and that they now lack lending options in the credit markets. This coupled with strong buying demand for second-hand tonnage has provided a strong fundament for the lending business.

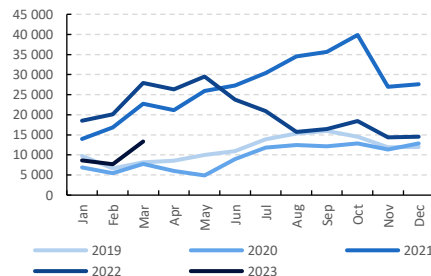
World Orderbook of Total Fleet (%)



World Fleet Growth YoY (%)



Clarksea Index (USD)



Deal Update

Q1'23 marked a busy quarter for the Fund with the closing of the following deployments:

- February: USD 3.0m, financing the acquisition of a 2007-built MPP vessel.
- March: USD 5.5m, refinancing of a 2007-built Handysize dry bulk vessel
- March: USD 4.0m, financing the acquisition of 2010-built Handysize dry bulk vessel – the IA managed to successfully close the transaction within three weeks from initiation. The principals behind the Borrower were the same as for the USD 7.5m loan provided to acquire Christina in Q4'22. Hence, we were very pleased the principals decided to also finance their latest acquisition with the Fund which we see as a testament to the Fund's ability to create client stickiness.

In addition to the abovementioned, in April we deployed another USD 9.0m in financing for the acquisition of a Supramax dry bulk vessel - the largest deployment for the Fund so far. We are also, as of May, in the final stages of finalizing transactions totalling USD 17.2m expected to close in Q2, in addition to USD ~20.0m under discussion - although we expect some fall-through on the latter.

Latest Transactions as of Q1'23



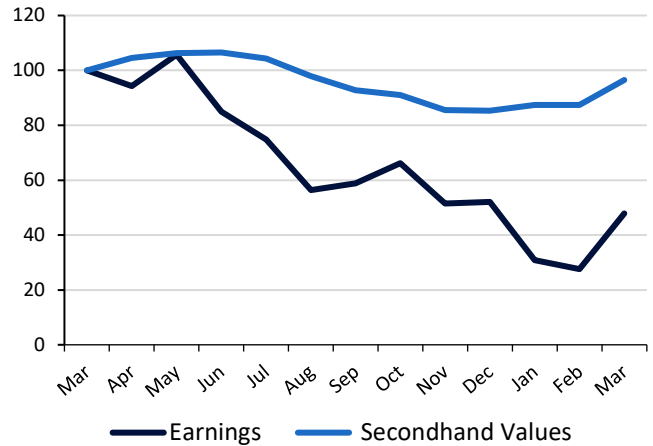
Dry Bulk Market

Market Update

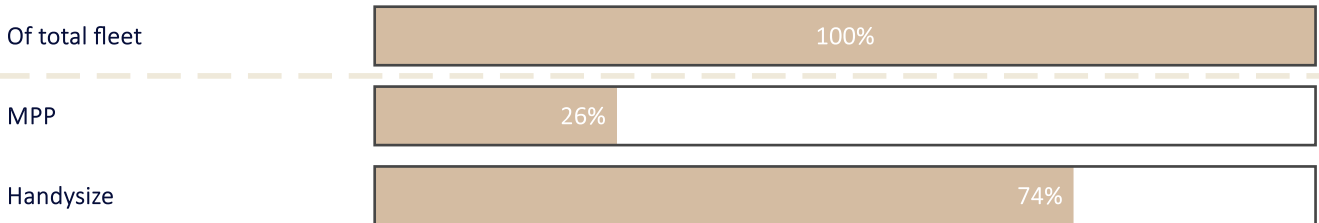
Weak start to the year, although not untypical for the segment early in the Q1's caused by inter alia reduced activity due to the winter in the northern half and Chinese New Year producing seasonality in both the commodity supply and the tonnage demand. Clarksea Index showed a gradual improvement throughout the quarter in tandem with softening of China's Covid-restrictions producing improved demand in several sectors such as manufacturing, infrastructure, property development and the transition to a more green economy. This partly offset some of the gloomy headlines such as the subdued global economic short/medium-term outlook, Ukraine disruptions and the rising interest rate environment.

IA has experienced strong activity in the secondhanded-market, especially from European shipowners with strong liquidity. With the current low dry bulk orderbook of ~7% in combination with the historical high costs of newbuildings (index up 27% since Q1'20), limited slots at shipyards and higher interest rates/capital costs should provide a healthy supply/demand backdrop.

Values & Earnings Last 12 Months (Indexed)



Portfolio Overview Q1-2023



Fleet List Per Q1-2023

Vessel Name	Built	Size	Charter Type	Debt	Debt Domicile	Area
Bharadwaj	2003	MPP	TC	USD 2,80m	Norway	Non-EU
Christina	2011	Handysize	TC	USD 7,25m	Greece	EU
Vyssos	2007	MPP	Spot	USD 3,00m	Greece	EU
Despina	2007	Handysize	TC	USD 5,50m	Greece	EU
Athanasia	2010	Handysize	TC	USD 4,00m	Greece	EU

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





Overview Table

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

Investment Focus:

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

Key Economic Terms GP

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

Operations and Governance

<b>Auditor:</b>	PWC Luxembourg
<b>Administrator:</b>	European Fund Administrations S.A
<b>Legal Counsel:</b>	Wikborg Rein (London) and Allen & Overy (Luxembourg)
<b>Bank:</b>	ING Luxembourg
<b>Tax and Regulatory:</b>	Luxembourg tax authorities
<b>Regulator of Manager:</b>	CSSF
<b>Depository:</b>	ING Luxembourg
<b>Independant Value Expert:</b>	VesselsValue Ltd.
<b>Independant Risk Manager:</b>	FundRock Management Company S.A.



## Fund performance Status

<b>Committed Fund Capital:</b>	\$ 112,82m
<b>Paid-in Capital:</b>	\$ 45,91m
<b>Invested Capital:</b>	\$ 23,80m
<b>Outstanding Loans:</b>	\$ 22,55m
<b>NAV (current):</b>	\$ 45,83m
<b>NAV (previous):</b>	\$ 20,41m
<b>Change:</b>	\$ 25,42m
<b>Adj. Change in %:<sup>1</sup></b>	2,67%
<b>Value of investments (current):</b>	\$ 22,74m
<b>Value of investments (previous):</b>	\$ 10,91m
<b>Change:</b>	\$ 11,83m
<b>Adj. Change in %:<sup>1</sup></b>	4,99%
<b>Total distributions to Investors:</b>	\$ 0,00m
<b>Total Cash:</b>	\$ 22,99m

<b>Net IRR:</b>	-0,33%
<b>Total Interests and Fees:</b>	\$ 0,75m
<b>Distributions to Paid-In Capital (DPI):</b>	0,0x
<b>Total Value to Paid-In Capital (TVPI):</b>	1,00x
<b>Paid-In Capital to Committed Capital (PiCC):</b>	0,41x

## Fees and expenses

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

1. Adjusted for deployed capital, drawdowns and distributions.



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