



Maritime Investment Fund II K/S

Strandvejen 70
2900 Hellerup, Denmark
CVR No. 40251898

Annual report 2020

The Annual General Meeting adopted the
annual report on 12.03.2021

Henrik Ramskov

Chairman of the General Meeting

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Entity details

Entity

Maritime Investment Fund II K/S
Strandvejen 70
2900 Hellerup, Denmark

Business Registration No.: 40251898
Registered office: Gentofte
Financial year: 01.01.2020 - 31.12.2020

Executive Board

Maritime GP F II ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Maritime Investment Fund II K/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 12.03.2021

Executive Board

Maritime GP F II ApS

Independent auditor's report

To the shareholders of Maritime Investment Fund II K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Maritime Investment Fund II K/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) mne30131

Michael Thorø Larsen

State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Financial highlights

	2020 USD'000	2019 USD'000
Key figures		
Revenue	24,687	0
Gross profit/loss	17,246	(1,191)
Operating profit/loss	11,225	(1,191)
Net financials	(4,732)	(7)
Profit/loss for the year	6,488	(1,201)
Balance sheet total	295,688	629
Investments in property, plant and equipment	284,710	0
Equity	65,714	417
Ratios		
Gross margin (%)	69.86	N/A
Net margin (%)	26.28	N/A
Return on equity (%)	19.62	(288.00)
Equity ratio (%)	22.22	66.30

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin(%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%)

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The Group's main activity is to carry on investment business by investing in ships and shipping-related assets and activities, both directly and through ownership of companies.

Development in activities and finances

The development in the financial year's activities and finances is as expected.

Outlook

Management expects a positive result in 2021.

Material assumptions and uncertainties

The Group's expected development depends on the earnings in group enterprises.

Statutory report on corporate social responsibility

Business Model and Strategy

Maritime Investment Fund II K/S (MIF II) was established on 8th March 2017 and is an alternative investment fund. The fund is still in its' investment period. MIF II has been incorporated in Denmark and set up and structured in a fully transparent and market conform K/S structure.

The business strategy of MIF II is to invest in a portfolio of maritime assets and maritime asset structures, operate the assets on fixed contracts with different counterparts, durations and financing structures and exit these in accordance with the investment strategy and policy of the fund.

Corporate Social Responsibility

MIF II is managed by Navigare Capital Partners A/S (NCP) as Investment Manager and therefore MIF II follows NCP's approach to Corporate Social Responsibility.

Environmental, Social and Corporate Governance (ESG) principles are part of NCP's Code of Conduct Policy and are an integral part of NCP's entire investment and operating process. The Code of Conduct Policy guides NCP in its capacity as Investment Manager throughout the investment process i.e. when NCP originate/screen/assess potential investments, select and propose investments, monitor and manage investments, and propose divestments.

NCP's Code of Conduct Policy includes the following conventions:

- UN Principles for Responsible Investments
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles of Right at Work
- Basel Convention: Technical guidelines for the environmentally sound management of the full and partial dismantling of ships

NCP and MIF II conduct business within the framework of these conventions and in a manner designed to protect the best interest of the funds and the employees, including their health and safety. This implies that NCP and MIF II also aim for their business partners to comply with these principles.

The ESG principles involved are summarized below:

Environmental Principles:

Emissions: Assets must comply with regulatory provisions on emissions. Business partners must support a precautionary approach to emissions that can affect the environment.

Fuel Management: Assets must comply with regulatory provisions on fuel and energy consumption. Business partners must undertake initiatives to promote energy efficiency.

Ballast water Management: Assets must comply with regulatory provisions on ballast water. Business partners must undertake initiatives to promote environmental responsibility regarding ballast water treatment.

Dismantling of assets: The dismantling process must comply with regulatory provisions on dismantling of vessels. Business partners must support a precautionary approach to dismantling that can affect the environment and supports a recycling mindset.

Social Principles:

Human Rights: NCP and business partners support and respect the protection of internationally proclaimed human rights and aim for not being complicit in human rights abuses.

Collective agreements: NCP and business partners must uphold the freedom of association and the effective recognition of the right to collective agreements.

Forced Labor: NCP and business partners must work to eliminate all forms of forced and compulsory labor.

Child Labor: NCP and business partners must ensure that there is no use of child labor.

Discrimination: NCP and business partners must aim for the elimination of discrimination in respect of employment and occupation.

Governance Principles:

Systematic Risk Management: NCP and business partners must work to ensure a systematic risk assessment and management of ESG risks.

Business ethics: NCP and business partners must aim for high business ethics.

Anti-corruption: NCP and business partners must work against corruption in all its forms, including extortion and bribery.

Financial Crime: NCP and business partners must work against financial crime, including anti-money laundering and countering the financing of terrorism.

Financial sanctions: NCP and business partners must ensure compliance with financial sanctions and restrictions and not participate in the transportation of firearms, ammunitions, explosives, nuclear fuels and radioactive products and waste as imposed by the UN, EU and US.

Cyber Security: NCP and business partners must work to understand and manage cybersecurity issues and protect personal data.

Implementation and Achievements in 2020

The anchoring of the ESG principles has been further expanded during the year and NCP and MIF II have now reached a stage where active and targeted work is being done on the ESG principles in the various business processes.

We will during 2021 continue this work as well as take the necessary steps to be prepared for future regulation.

The compliance with these principles is believed to contribute positively to the UN Agenda for Sustainable Development and the corresponding Sustainable Development Goals.

Environmental:

NCP and MIF II were well prepared for the IMO 2020 new Sulphur emission regulation which came into force 1st January 2020. It is continuously assessed whether there is a need for further environmental measures regarding the various vessels in the portfolio.

The most significant risk is being non-compliant with the provisions on environmental conditions.

Social Conditions including Human Rights:

We have not identified any violations of the measures regarding social conditions or human rights. The most significant risk in this area is bad reputation and negative publicity resulting from non-compliance with these measures.

Governance:

We have not identified any violations of the measures against anti-corruption, financial crime, financial sanctions or cyber-crime. The most significant risk in this area is getting involved – directly or indirectly through business partners – in a situation covered by these measures.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 USD'000	2019 USD'000
Revenue		24,687	0
Other operating income		65	0
Other external expenses	1	(7,506)	(1,191)
Gross profit/loss		17,246	(1,191)
Depreciation, amortisation and impairment losses		(5,800)	0
Other operating expenses		(221)	0
Operating profit/loss		11,225	(1,191)
Other financial income		72	1
Other financial expenses		(4,804)	(8)
Profit/loss before tax		6,493	(1,198)
Tax on profit/loss for the year		(5)	(3)
Profit/loss for the year	2	6,488	(1,201)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Ships		284,710	0
Property, plant and equipment	3	284,710	0
Fixed assets		284,710	0
Other receivables		1,190	201
Prepayments	4	2,347	0
Receivables		3,537	201
Cash		7,441	428
Current assets		10,978	629
Assets		295,688	629

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital		71,621	1,618
Retained earnings		(5,907)	(1,201)
Equity		65,714	417
Bank loans		80,240	0
Other payables		2,000	0
Non-current liabilities other than provisions	5	82,240	0
Current portion of non-current liabilities other than provisions	5	8,529	0
Bank loans		134,500	0
Tax payable		5	3
Other payables		1,384	209
Deferred income	6	3,316	0
Current liabilities other than provisions		147,734	212
Liabilities other than provisions		229,974	212
Equity and liabilities		295,688	629
Financial instruments	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2020

	Contributed capital USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Total USD'000
Equity beginning of year	1,618	(1,201)	0	417
Increase of capital	70,003	0	0	70,003
Extraordinary dividend paid	0	0	(10,500)	(10,500)
Fair value adjustments of hedging instruments	0	(694)	0	(694)
Profit/loss for the year	0	(4,012)	10,500	6,488
Equity end of year	71,621	(5,907)	0	65,714

Consolidated cash flow statement for 2020

	Notes	2020 USD'000	2019 USD'000
Operating profit/loss		11,225	(1,191)
Amortisation, depreciation and impairment losses		5,800	0
Working capital changes	7	461	8
Cash flow from ordinary operating activities		17,486	(1,183)
Financial income received		72	1
Financial expenses paid		(4,804)	(8)
Taxes refunded/(paid)		(3)	0
Cash flows from operating activities		12,751	(1,190)
Acquisition etc. of property, plant and equipment		(290,510)	0
Cash flows from investing activities		(290,510)	0
Free cash flows generated from operations and investments before financing		(277,759)	(1,190)
Loans raised		231,665	0
Repayments of loans etc.		(6,396)	0
Contributions from Limited Partners		70,003	1,618
Distributions from Limited Partners		(10,500)	0
Cash flows from financing activities		284,772	1,618
Increase/decrease in cash and cash equivalents		7,013	428
Cash and cash equivalents beginning of year		428	0
Cash and cash equivalents end of year		7,441	428
Cash and cash equivalents at year-end are composed of:			
Cash		7,441	428
Cash and cash equivalents end of year		7,441	428

Notes to consolidated financial statements

1 Other external expenses

The Group has no employees.

Management has not received any remuneration.

In accordance with the Alternative Investment Fund Managers etc. Act, section 61, 3 (5 and 6) information regarding salaries paid to employees of the investment manager can be found in Navigare Capital Partners A/S, Business Reg. No. 37338109, Annual report 2020.

2 Proposed distribution of profit/loss

	2020 USD'000	2019 USD'000
Extraordinary dividend distributed in the financial year	10,500	0
Retained earnings	(4,012)	(1,201)
	6,488	(1,201)

3 Property, plant and equipment

	Ships USD'000
Additions	290,510
Cost end of year	290,510
Depreciation for the year	(5,800)
Depreciation and impairment losses end of year	(5,800)
Carrying amount end of year	284,710

4 Prepayments

Prepayments mainly constitute pre-invoiced revenue.

5 Non-current liabilities other than provisions

	Due within 12 months 2020 USD'000	Due after more than 12 months 2020 USD'000	Outstanding after 5 years 2020 USD'000
Bank loans	8,529	80,240	46,125
Other payables	0	2,000	0
	8,529	82,240	46,125

6 Deferred income

Deferred income mainly constitute pre-invoiced revenue.

7 Changes in working capital

	2020 USD'000	2019 USD'000
Increase/decrease in receivables	(3,335)	(202)
Increase/decrease in trade payables etc.	3,796	210
	461	8

8 Derivative financial instruments

Several of the Group companies have entered into swaps where part of the Companies' interest risk have been hedged. The swap contracts are recognized under other receivables and other debt respectively and are measured at fair value. The fair valued are regularly valued based on forward interests in the market.

9 Contingent liabilities

There is a remaining investment commitment of a total of USD 9m to group companies.

There are no contingent liabilities of the Group.

10 Assets charged and collateral

The following has been provided as collateral for bank loans with an unpaid balance of USD 89m in the Group. All terms and collaterals has been provided based on terms which is normal within the industry.

- Mortgage deed registered on the vessel owners
- Assignment of earnings of the vessels
- Assignment of the insurance amount of the vessels

Maritime Investment Fund II Holding K/S has furthermore provided a joint and several liability for all bank loans within the companies of the Maritime Investment Fund II Holding K/S Group. The ships owned by the Maritime Investment Fund II Holding K/S Group are provided as collateral for the bank loans with a consolidated carrying amount of USD 149m.

11 Transactions with related parties

Maritime Investment Fund II K/S has no related parties with controlling interest.

Only related party transactions not conducted on an arm's length basis are disclosed in the financial statements. All related party transactions during the financial year have been conducted on an arm's length basis.

Transactions between Maritime Investment Fund II K/S and its subsidiaries are eliminated in the present consolidated financial statements and are not disclosed with reference to the Danish Financial Statements Act, section 98c.

12 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity USD'000	Profit/loss USD'000
Maritime Investment Fund II Holding K/S	Hellerup	K/S	100	179,461	8,574
MIF II no. 1 K/S	Hellerup	K/S	100	45,092	6,476
MIF II no. 2 K/S	Hellerup	K/S	100	9,570	1,454
MIF II no. 3 K/S	Hellerup	K/S	100	9,344	1,633
MIF II no. 4 K/S	Hellerup	K/S	100	48	(273)
MIF II no. 5 K/S	Hellerup	K/S	100	7,287	(234)
MIF II no. 6 K/S	Hellerup	K/S	100	7,348	(174)
MIF II no. 7 K/S	Hellerup	K/S	100	50,269	47
MIF II no. 8 K/S	Hellerup	K/S	100	50,428	206
MIF II no. 9 K/S	Hellerup	K/S	100	47	(275)
MIF II no. 10 K/S	Hellerup	K/S	100	47	(275)
Maritime Investment Fund II holding GP ApS	Hellerup	ApS	100	8	0
MIF II no. 1 GP ApS	Hellerup	ApS	100	9	0
MIF II no. 2 GP ApS	Hellerup	ApS	100	11	1
MIF II no. 3 GP ApS	Hellerup	ApS	100	11	1
MIF II no. 4 GP ApS	Hellerup	ApS	100	11	1
MIF II no. 5 GP ApS	Hellerup	ApS	100	11	1
MIF II no. 6 GP ApS	Hellerup	ApS	100	9	3
MIF II no. 7 GP ApS	Hellerup	ApS	100	9	3
MIF II no. 8 GP ApS	Hellerup	ApS	100	9	3
MIF II no. 9 GP ApS	Hellerup	ApS	100	9	3
MIF II no. 10 GP ApS	Hellerup	ApS	100	9	3

The following Group companies with the legal form limited partnership have not submitted an annual report but instead submitted a declaration of exemption in accordance with the Danish Financial Statements Act section 5 (1) and 146 (1):

- Maritime Investment Fund II Holding K/S
- MIF II no. 1 K/S
- MIF II no. 2 K/S
- MIF II no. 3 K/S
- MIF II no. 4 K/S
- MIF II no. 5 K/S
- MIF II no. 6 K/S
- MIF II no. 7 K/S
- MIF II no. 8 K/S
- MIF II no. 9 K/S
- MIF II no. 10 K/S

Parent income statement for 2020

	Notes	2020 USD'000	2019 USD'000
Other external expenses	1	(685)	(327)
Gross profit/loss		(685)	(327)
Income from investments in group enterprises		8,591	(874)
Other financial income		1	0
Other financial expenses		(1,419)	0
Profit/loss for the year	2	6,488	(1,201)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Investments in group enterprises		179,565	257
Receivables from group enterprises		20,400	0
Fixed asset investments	3	199,965	257
Fixed assets		199,965	257
Receivables from group enterprises		11	1
Receivables		11	1
Cash		274	307
Current assets		285	308
Assets		200,250	565

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital		71,621	1,618
Reserve for net revaluation according to the equity method		(2,783)	0
Retained earnings		(3,124)	(1,201)
Equity		65,714	417
Bank loans		134,500	0
Payables to group enterprises		0	29
Other payables		36	119
Current liabilities other than provisions		134,536	148
Liabilities other than provisions		134,536	148
Equity and liabilities		200,250	565
Contingent liabilities	4		
Assets charged and collateral	5		
Related parties with controlling interest	6		

Parent statement of changes in equity for 2020

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Total USD'000
Equity beginning of year	1,618	0	(1,201)	0	417
Increase of capital	70,003	0	0	0	70,003
Extraordinary dividend paid	0	0	0	(10,500)	(10,500)
Fair value adjustments of hedging instruments	0	0	(694)	0	(694)
Dividends from group enterprises	0	(10,500)	10,500	0	0
Profit/loss for the year	0	7,717	(11,729)	10,500	6,488
Equity end of year	71,621	(2,783)	(3,124)	0	65,714

The contributed capital are divided in shares with a nominal value of USD 1.

Certain classes of shares are entitled to preferential return, provided that the fund's total IRR exceeds an agreed return in the Limited Partners Agreement.

Notes to parent financial statements

1 Other external expenses

The Company has no employees.

Management has not received remuneration.

In accordance with the Alternative Investment Fund Managers etc. Act, section 61, 3 (5 and 6) information regarding salaries paid to employees of the investment manager can be found in Navigare Capital Partners A/S', Business Reg. No. 37338109, Annual report 2020.

2 Proposed distribution of profit and loss

	2020 USD'000	2019 USD'000
Extraordinary dividend distributed in the financial year	10,500	0
Retained earnings	(4,012)	(1,201)
	6,488	(1,201)

3 Fixed asset investments

	Investments in group enterprises USD'000	Receivables from group enterprises USD'000
Cost beginning of year	1,131	0
Additions	181,911	20,400
Cost end of year	183,042	20,400
Revaluations beginning of year	(874)	0
Share of profit/loss for the year	8,591	0
Dividend	(10,500)	0
Fair value adjustments	(694)	0
Revaluations end of year	(3,477)	0
Carrying amount end of year	179,565	20,400

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4 Contingent liabilities

There is a remaining investment commitment of a total of USD 9m to Maritime Investment Fund II Holding K/S.

There are no contingent liabilities of the Company.

5 Assets charged and collateral

Maritime Investment Fund II K/S's equities in the following companies have been provided as collateral for the outstanding bank debt in the Maritime Investment Fund II Holding K/S Group.

- MIF II no. 2 K/S
- MIF II no. 3 K/S
- MIF II no. 2 GP ApS
- MIF II no. 3 GP ApS

6 Related parties with controlling interest

Maritime Investment Fund II K/S has no related parties with controlling interest.

Only related party transactions not conducted on an arm's length basis are disclosed in the financial statements. All related party transactions during the financial year have been conducted on an arm's length basis.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

The reporting currency is U.S Dollar (USD)

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the time charter and bareboat charter is recognized on a straight line basis over the duration of the charter.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including management fee to Navigare Captial Partners A/S and technical management fees.

Depreciation, amortisation and impairment losses

Depreciation relating to the vessel comprise depreciation for the financial year, calculated on the basis of the residual values and useful lives of the vessel and impairment testing as well as gains and losses from sale of the vessel.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises income and net exchange rate adjustments on transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to bank and net exchange rate adjustments on transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Property, plant and equipment includes vessel, who are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributes to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Vessels	25 years
BWTS	25 years
Dry Docking	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plan and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognized as a liability at the time of adoption. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognized directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with purchase of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and well as the raising of loans and instalments on interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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Bill Haudal Pedersen

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