


Maritime Investment Fund II K/S

Strandvejen 70
2900 Hellerup
Central Business Registration
No 40251898

Annual report 11.02.2019 - 31.12.2019

The Annual General Meeting adopted the annual report on 13.03.2020

Chairman of the General Meeting



Name: Henrik Ramskov

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Entity details

Entity

Maritime Investment Fund II K/S
Strandvejen 70
2900 Hellerup

Central Business Registration No (CVR): 40251898

Founded: 11.02.2019

Registered in: Gentofte

Financial year: 11.02.2019 - 31.12.2019

Reporting period, number:1

Executive Board

Maritime GP F II ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Maritime Investment Fund II K/S for the financial year 11.02.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 11.02.2019 - 31.12.2019.

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, 13.03.2020

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 11.02.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 11.02.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Group or 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

Independent auditor's report

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 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.

Independent auditor's report

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, 13.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 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

	2019 USD'000
Financial highlights	
Key figures	
Gross profit/loss	(1,191)
Operating profit/loss	(1,191)
Net financials	(7)
Profit/loss for the year	(1,201)
Total assets	629
Equity	417
Ratios	
Return on equity (%)	(288.0)
Equity ratio (%)	66.3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

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 2020.

Material assumptions and uncertainties

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

Events after the balance sheet date

The Group has invested in 3 vessels after the balance sheet date. No further events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 USD'000</u>
Other external expenses	1	(1,191)
Operating profit/loss		(1,191)
Other financial income		1
Other financial expenses		(8)
Profit/loss before tax		(1,198)
Tax on profit/loss for the year		(3)
Profit/loss for the year	2	(1,201)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD'000</u>
Other receivables		201
Receivables		<u>201</u>
Cash		<u>428</u>
Current assets		<u>629</u>
Assets		<u>629</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD'000</u>
Contributed capital		1,618
Retained earnings		(1,201)
Equity		<u>417</u>
Income tax payable		3
Other payables		209
Current liabilities other than provisions		<u>212</u>
Liabilities other than provisions		<u>212</u>
Equity and liabilities		<u>629</u>
Contingent liabilities	4	
Assets charged and collateral	5	
Transactions with related parties	6	
Subsidiaries	7	

Consolidated statement of changes in equity for 2019

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Contributed upon formation	1,618	0	1,618
Profit/loss for the year	0	(1,201)	(1,201)
Equity end of year	1,618	(1,201)	417

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 USD'000</u>
Operating profit/loss		(1,191)
Working capital changes	3	8
Cash flow from ordinary operating activities		(1,183)
Financial income received		1
Financial expenses paid		(8)
Cash flows from operating activities		(1,190)
Capital contribution		1,618
Cash flows from financing activities		1,618
Increase/decrease in cash and cash equivalents		428
Cash and cash equivalents end of year		428

Notes to consolidated financial statements

1. Other external expenses

The Group 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 2019.

	2019 USD'000
2. Proposed distribution of profit/loss	
Retained earnings	(1,201)
	(1,201)
	2019 USD'000
3. Change in working capital	
Increase/decrease in receivables	(202)
Increase/decrease in trade payables etc	210
	8

4. Contingent liabilities

There is a remaining investment commitment of a total of USD 21m to Maritime Investment Fund II Holding K/S.

There are no contingent liabilities of the Group.

5. Assets charged and collateral

No assets etc. has been provided as collateral in the financial year.

6. 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.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity USD'000</u>	<u>Profit/loss USD'000</u>
7. Subsidiaries					
Maritime Investment Fund II Holding K/S	Hellerup	K/S	100.0	201	(882)
MIF II no. 1 K/S	Hellerup	K/S	100.0	29	(187)
MIF II no. 2 K/S	Hellerup	K/S	100.0	41	(176)
MIF II no. 3 K/S	Hellerup	K/S	100.0	41	(176)
MIF II no. 4 K/S	Hellerup	K/S	100.0	49	(168)
MIF II no. 5 K/S	Hellerup	K/S	100.0	49	(168)
MIF II no. 1 GP ApS	Hellerup	ApS	100.0	6	2
MIF II no. 2 GP ApS	Hellerup	ApS	100.0	10	3
MIF II no. 3 GP ApS	Hellerup	ApS	100.0	10	3
MIF II no. 4 GP ApS	Hellerup	ApS	100.0	10	3
MIF II no. 5 GP ApS	Hellerup	ApS	100.0	10	3
Maritime Investment Fund II Holding GP ApS	Hellerup	ApS	100.0	8	0

The following Group companies with the legal form limited partnerships 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

Parent income statement for 2019

	<u>Notes</u>	<u>2019 USD'000</u>
Other external expenses	1	<u>(327)</u>
Operating profit/loss		(327)
Income from investments in group enterprises		<u>(874)</u>
Profit/loss for the year	2	<u>(1,201)</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD'000</u>
Investments in group enterprises		257
Fixed asset investments	3	<u>257</u>
Fixed assets		<u>257</u>
Receivables from group enterprises		1
Receivables		<u>1</u>
Cash		<u>307</u>
Current assets		<u>308</u>
Assets		<u>565</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD'000</u>
Contributed capital		1,618
Retained earnings		(1,201)
Equity		<u>417</u>
Payables to group enterprises		29
Other payables		119
Current liabilities other than provisions		<u>148</u>
Liabilities other than provisions		<u>148</u>
Equity and liabilities		<u>565</u>
Contingent liabilities	4	
Assets charged and collateral	5	
Related parties with controlling interest	6	

Parent statement of changes in equity for 2019

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Contributed upon formation	1,618	0	1,618
Profit/loss for the year	<u>0</u>	<u>(1,201)</u>	<u>(1,201)</u>
Equity end of year	<u>1,618</u>	<u>(1,201)</u>	<u>417</u>

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 2019.

	2019 USD'000
2. Proposed distribution of profit/loss	
Retained earnings	(1,201)
	(1,201)
	Investments in group enterprises USD'000
3. Fixed asset investments	
Additions	1,131
Cost end of year	1,131
Share of profit/loss for the year	(874)
Revaluations end of year	(874)
Carrying amount end of year	257

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 21m to Maritime Investment Fund II Holding K/S.

There are no contingent liabilities of the Company.

5. Assets charged and collateral

No assets etc. has been provided as collateral in the financial year.

6. Related parties with controlling interest

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

Notes to parent financial statements

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 presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

This is the Group's first financial year and comprise the period 11.02.2019 – 31.12.2019, and hence no comparative figures have been presented.

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.

Accounting policies

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including management fee to Navigare Capital partners A/S.

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 internal profits or losses.

Other financial income

Other financial income comprises interest 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

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured 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.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash

Accounting policies

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 income 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 as 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.