



ANNUAL REVIEW **JR SHIPPING GROUP** 2020/2021

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Acknowledgments

JR Shipping, based in Harlingen, is active in international shipping and specialised in short sea shipping. The shipping company started up in 1993 with the commercial exploitation of compact multipurpose vessels, and in 2000, shifted to the growth market for container feeder vessels. Since 2010 the shipping company also operates vessels under the flag of SeaZip Offshore Service, which are employed in the offshore energy industry.

At present the shipping group manages 15 container feeder vessels, 4 service vessels and the clipper Stad Amsterdam.

Fleet and market policy

Since 2020, the shipping company's fleet and market policy focuses on the full management of container feeder vessels in all relevant capacity classes as well as providing offshore service and survey vessels. Our emphasis is on own vessels, but we also carry out the commercial and operational management of vessels of third parties and various specialised services. Focus is hereby given to shipping innovations and the sustainability of shipping processes.

Future initiatives for fleet expansion will be focused on three shipping markets for:

- ▶ container feeder vessels;
- ▶ market for offshore vessels;
- ▶ multipurpose vessels.

Specialised services include:

- ▶ full ship management;
- ▶ commercial management/charter brokerage;
- ▶ ship brokerage and (newbuilding) consultancy;
- ▶ (re)structuring and (re)finance consultancy;
- ▶ investment projects and fund management

Media reports

JR Shipping maintains sustainable partner relationships with its market business contacts, investors and suppliers, whereby maximum transparency and the transfer of information are key. The shipping company uses this annual review to provide insight into recent and future market and business developments.

Harlingen, August 2021,

JR SHIPPING GROUP

Message from the Management Board

In 2020, a great deal of attention was globally focused on medical performance and the altruistic efforts of healthcare and nursing personnel. They formed the frontline where so-called essential jobs are concerned, a concept which is inseparably tied up with the worldwide coronavirus pandemic. They deserve our unconditional respect for the special role that they play in a time when public health is at risk.

Our own industry too is based on professionals who earn our respect for the way in which they show responsibility for challenging, essential processes. Under uncertain circumstances, our seafarers guarantee that major transport flows go ahead to ensure that supplies of raw materials, foodstuffs, medication and consumer goods are not jeopardised.

Our seafarers' commitment was crucial for the continuity of our services. In 2020, during peaks in the pandemic schedules were compromised and long consecutive periods on board were more the rule than an exception. From Harlingen, our organisation ashore provided us with maximum support, but it is the crew who do the work. The situation is still precarious, but the many corona measures now appear to have been completely incorporated into our daily shipping practice. Consequently, we can continue to provide our services safely and smoothly.

Despite the corona measures and the extra efforts required of our seafarers, especially in the second half of 2020, the performance level of both our container feeder

vessels and our offshore service vessels was high. Through the permanent interaction and data exchange with our industrial partners, we were able to continue to adapt our services to the new reality and take the right measures in time to continue to meet the highest quality standards.

Since mid-2008, investments in container feeder vessels throughout the world had been suffering losses for a prolonged period. However, since October 2020 charter rates have risen to such an extent that the exploitation of container feeder vessels is making a profit again. The biggest reason for the rate increase is that more vessels were dismantled in the past twelve years than new ones were built. Capacity supply decreased considerably, while demand continued to rise. It was clear to all that a time would come when rates would be profitable again. The question was, when?

That time has now come. The market for container feeder vessels is therefore particularly subject to completely new dynamics. The rapid market developments give rise to new investment possibilities that will lead to fleet expansion and innovations, other business models and partnerships. Trust in the market is returning. This is the most important breeding ground for our entrepreneurship and the core promise of our shipping company – *Excellence in short sea shipping*.



Jan Reier Arends



Sander Schakelaar

Managing Owners of JR Shipping Group



1 THE CURRENT SITUATION

As a short sea shipping specialist, in 2020 our shipping company was active on three fronts. The focal point was the successful exploitation of container feeder vessels, our core business since 2000. Furthermore, we operate a fleet of vessels, which we deploy for the international offshore energy industry, with emphasis on offshore wind turbine parks. Lastly, we provide specialised shipping-related services to third parties, with a focus on all-round ship management. All activities have contributed toward the stability of our shipping company, and the continuity and quality of our services.

The vessels that JR Shipping was responsible for in 2020 performed at a high level. The coronavirus pandemic made the crucial significance of international shipping for the global economy more visible than ever. The blockage in the Suez Channel in April 2021, caused by the intercontinental container vessel *Ever Given* (20,000 TEU) being lodged sideways across the waterway, stressed the importance of international shipping all the more. More than four hundred vessels had to ‘wait their turn’, leading to delays in all sections of the transport and distribution chain. Ports worked overtime, shops had to deal with temporary lack of stocks, individual consumers throughout the world had to

wait for the delivery of their online orders. Losses per hour were estimated at € 350 million, the total loss more than € 850 billion.

Container Fleet Fund CV

The vessels in Container Fleet Fund CV form the backbone of our shipping company. Our market performance is based on a modern fleet with a broad capacity range of 750 to 1,500 TEU. Rates for all vessels rose substantially in the second half of 2020 and this improvement has continued in 2021. Via Container Feeder Shipping & Chartering we charter out vessels to industrial partners with whom we maintain relationships. In 2020, no fleet expansions took place, but the many signs pointing to a new phase of capacity scarcity prompted serious explorations for new business development as well as preparing for newbuilding programs. In April 2021, special circumstances offered the concrete possibility to purchase an existing 750 TEU container feeder vessel that has been active in our fleet for a prolonged period, the *MV Endeavor*. When this review was being written, an investment project had been issued. For more information, see the final chapter which describes the shipping company’s course.



All-round offshore services

The second shipping market in which we are active as a shipping group is the market for offshore service and survey vessels. Under the flag of SeaZip Offshore Service we offer the offshore energy industry custom-made services, providing the transport of personnel and equipment, survey-operations as well as specialist consultancy services. Within this innovative industry we deploy both our own vessels and those of third parties. Our own vessels - SeaZip 3 to SeaZip 6 - are financed by participation projects which both business and private investors take part in. In 2020, they were systematically notified of performance at sea and the operating results.

Expertise in commercial and operational management

The third pillar in our shipping company is represented by our services to third parties. These vary from commercial and operational management of vessels of third parties to all sorts of consultancy services such as financing advisory and other. We sometimes do this on a long year basis, e.g. for the Clipper *Stad Amsterdam*, the Tall Ship which has formed part of our management fleet for many years.

Furthermore, parties make use of our management services temporarily to support or bridge their own business operations. Among other things, this applied for the container feeder vessels *Expansa*, *Externo* and *Expert*, which we were responsible for in 2020, and which in the first months of 2021 be placed in new ownership structures. In 2020, SeaZip Offshore Service carried out a large number of short-term management assignments, which had arisen due to specific market demand. Furthermore, SeaZip performs a growing number of commercial management assignments and increasingly implements the one-stop-shopping concept which links up well with the dynamics of the offshore energy industry.

Shipping in times of COVID-19

“When the first lockdown took place, in March 2020, it quickly became clear that the situation at sea would change drastically. Seafarers on leave were unable or scarcely able to travel, and current shift schedules were binned. For many crew members, ‘going home’ would have to wait. Reactions to the situations differed from one person to the next. For one, the ship was the safest place to be, while another was weighed down by worries about the situation at home. Some seafarers spent more than a year on board! But the way in which our seafarers adjusted to the new reality so quickly was admirable. They worked hard, the testing and quarantine protocols were followed flawlessly, and there’s a good atmosphere on board the ships. The JR Shipping-logo facemasks were worn with pride or saved for home, as a trophy.”

Roxanne Wiegmans, Crew Manager





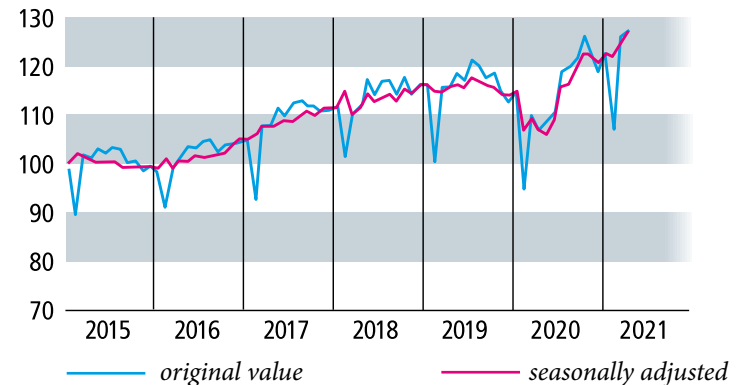
2 FLEET AND MARKET DEVELOPMENTS

The shipping industry has come a long way. After the financial crisis in 2008, a long period of restructuring and reallocation of assets commenced. JR Shipping too was tasked with solving a series of devilish dilemmas to keep vessels in service and to secure its continuity base as a shipping company. Measures have continuously been taken with market recovery in mind. The fact that recovery would take place was certain, but for a long period, when exactly this would take place was unpredictable. 2020 was the year of the definitive turnaround.

Globally, investments in container feeder vessel shipping have been suffering global losses for more than twelve years, since mid-2008. In October 2020 in a brief period the market segment made a radical turnaround. Charter rates rose and container feeder vessels in all segments started making a profit again. The increase is structural. After all, as in the past twelve years more tonnage was demolished than new vessels were built, the available capacity fell sharply, while demand continued to rise. This

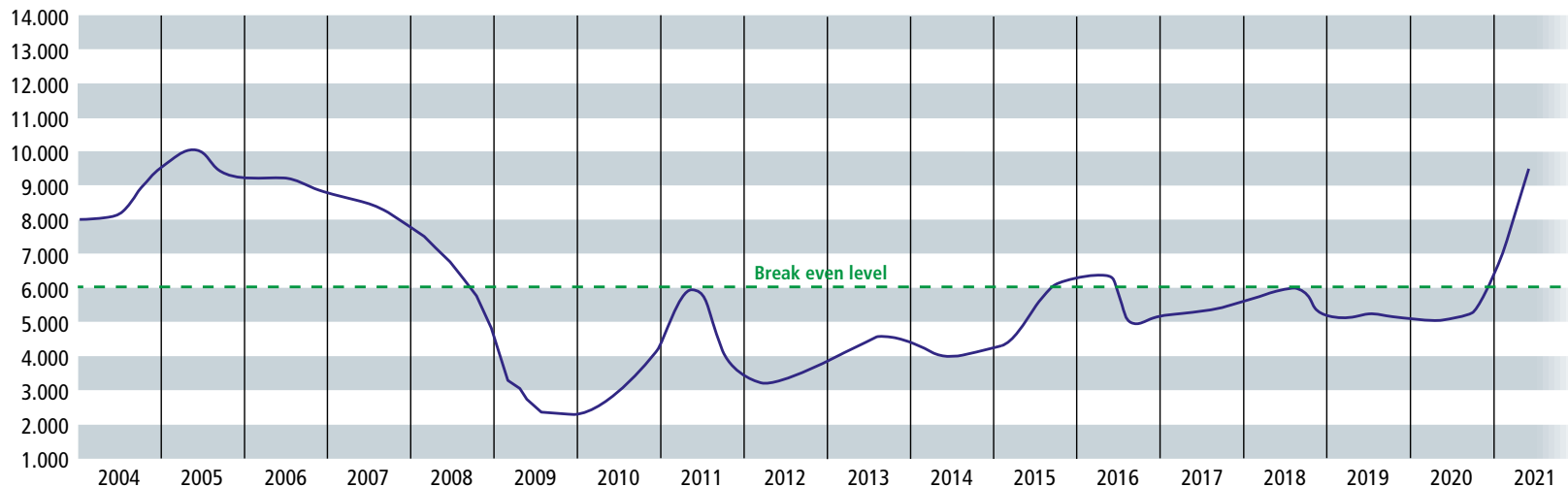
resulted in substantial rate increases, making investments in container feeder vessels a realistic and interesting option again.

Development of worldwide container transshipment



Source: RWI/ISL, April 2021

Development of charter rates for 750 TEU container feeder vessels in € per day



Source: Confeder Shipping & Chartering, June 2021

This development clearly shows how crucial shipping is, even, or perhaps especially in a time in which ‘normal life’ has been halted. Seaborn cargo transport accounts for more than 90% of worldwide goods transport.

Rising demand in container feeder market

The outbreak of the coronavirus pandemic at the beginning of 2020 was subject to much uncertainty, among other things about the impact of the pandemic on world trade and the global economy. The complete lockdown in China caused the worldwide production and distribution chain to flounder. However, we also saw the goods flows rapidly pick up again once China appeared to have the outbreak under control within its own territory. In the second half of 2020 demand for container capacity increased again, and from October on, charter rates for container feeder vessels started to rise again. By the end of the year newly concluded charter agreements rates were already 20% above average in 2019. This signified a trend.

Substantial rate increases

The trend of rate increases in all container shipping segments continued. At the end of 2020 it was possible to establish structural and substantial recovery, and by the beginning of 2021, on concluding various new contracts, this trend strengthened.

Market for offshore service vessels shows resilience

In the first half of 2020 the market for offshore service vessels that support the energy industry was tangibly affected by the consequences of the Covid crisis. After the winter period, which has a low activity level by definition, due to the corona measures the market found it hard to get going. Projects were paused and contracts suspended. Only the most strictly necessary operations and maintenance (O&M) work was performed.

From the end of May 2020, the market displayed its resilience. Processes and procedures were made corona-proof, activities were resumed in an accelerated tempo and continued until late in the year. As a result of the international corona

protocols, among other things prescribing a minimum distance between people, also at sea, the demand for crew transfer vessels grew. Because fewer passengers could travel on board per shift, more vessels were required and the vessels available often had to be deployed twice as often. This had a favourable impact on rates.

Growth market with challenging dynamics

The second half of 2020 was a turbulent period for SeaZip Offshore Service, which was active with four crew transfer vessels and one survey vessel. To offer adequate capacity solutions within current projects, SeaZip regularly succeeded in deploying extra vessels from collegial partnerships. In 2020, SeaZip was involved in virtually all relevant offshore wind energy projects in the North Sea. Although in 2020 SeaZip Offshore Service provided O&M services to oil & gas platforms as well, the emphasis was and is on offshore wind energy. It is a market with fickle dynamics, but growth continues to take place and is especially manifest in the development and realisation of large-scale parks with extremely robust and advanced wind turbines.



SeaZip Offshore is active on the North Sea, the Irish Sea and the Bothnian Gulf.



Fleet's interests served by stability and innovation

In COVID-year 2020 no fleet expansion took place. In the spring of 2021, the shipping group supervised the transfer of three container feeder vessels, for which operational management was conducted in 2020, to the satisfaction of all parties involved. Various purchase options for existing vessels were looked into, but JR Shipping's fleet policy particularly focused on stability and creating the right conditions for necessary innovations. This concerned both investments in innovations in the existing fleet, e.g. fuel efficiency and emissions cutbacks, as well as smart shipping concepts and designs, with an emphasis on reducing or even eliminating emissions. Because rates have increased so rapidly since October 2020, the momentum has come for these innovations. In the coming years, investments both in existing vessels and the development of the next generation of feeder vessels. In 2021, the new dynamics led to the opportunity, touched on above, to purchase the MV Endeavor. The shipping company is going to seize this opportunity to future-proof the vessel with an innovative EGS (scrubber) system of Dutch supplier *Value Maritime*.



As a shipping group, JR Shipping is currently responsible for:

- ▶ 15 container feeder vessels in capacity classes 750 to 1,500 TEU;
- ▶ 4 offshore service vessels: crew transfer vessels with capacity for 12 passengers;
- ▶ various offshore service and work vessels in project-specific management assignments;
- ▶ 1 Tall Ship (cruise and event vessel *Clipper Stad Amsterdam*).



Shipping in times of COVID-19

“When I went on board for 2 months at the beginning of March, COVID-19 was still far removed from our personal lives. But once at sea, it really hit us. You follow the news, hear about the lockdowns and the cancelled flights and you know: it’s going to be a while before I can go home. And then you just make the most of it. In Gdansk, COVID-19 was suddenly very close by when port officials in spacesuits came on board. Then you really feel like you’re in a science fiction film. What struck me was that friends ashore suddenly understood what it’s like to be ‘locked in’ with a small group. For us, on board a ship, it’s nothing. It gave me a double feeling. You’re in a bubble, that’s safer than anywhere ashore. At the same time, you’re fed up because you can’t disembark, not even just for a brief period. But the atmosphere on board was good. Everyone was very aware of how serious the situation was. We hope that the vaccinations make progress, so we have more freedom of movement.”

Egas Miedema, 2nd Officer on MV Espoir and Energizer



As part of international shipping, container feeder vessels fulfill a vital role for the continuity of cargo flows and thereby for worldwide production and distribution processes. The deployment of offshore service vessels is crucial for reaching ambitious climate goals by realizing offshore wind projects. Shipping company JR Shipping has taken up a position in both shipping markets. This involves the obligation to safeguard the continuity of our services and to reflect on a future-proof course, in which sustainability, innovation, cooperation and trust are key.

Without shipping our daily lives would be radically different. Production processes would falter due to a lack of raw materials and components, the food distribution chain would be disrupted, worldwide medicine provision, including the distribution of corona vaccines, would grind to a halt and many consumer products would become scarcer and increase in price. It is shipping, with more than 1.7 million seafarers, that is responsible for keeping the global economy going and contributes toward the energy transition. With the deployment of container feeder vessels and offshore service vessels, shipping company JR Shipping only forms a small part of this, but we are proud of the role we play and take our responsibilities seriously - also in corona times.

Operational excellence in all-round ship management

Our primary responsibility is the safety and quality of the services we provide to industrial partners. Our most important pillar is permanent interaction between our vessels and the compact management organization ashore in Harlingen. The operational heart of our shipping group is JR Ship Management, responsible for crew management, nautical/technical management, purchase management, ICT and QSHE-management. The shipping group is ISO 9001:2015 (International Organization for Standardisation) and ISM (International Safety Management) certified. Furthermore, all vessels are separately ISM and MLC2006 (Maritime Labour Convention) certified. At the beginning of 2021 a new audit was conducted in our organisation ashore, which was successfully completed.

Performance improvement and innovation

JR Ship Management focuses on permanent performance improvement. A great deal of emphasis is thereby on innovation and sustainability initiatives. Both JR Shipping vessels and SeaZip vessels actively participate in pilots aimed at renewal, such as autonomous shipping, fuel efficiency and emissions reduction. Subjects that will be focused on in the coming years include: the optimisation of vessel engineering, in consultation with charterers; fuel and emissions reductions; the transition to new, sustainable fuel technologies; further digitalization and implementation of data-operated monitoring systems, including the Eyesea and the Lisa app; upgrading of existing vessels and further cost control.

Crewing and corona-proof shipping

The professionalism and involvement of our crew directly impact the efficiency and reliability of our services. As a shipping group we are successful in recruiting high-level, well-motivated seafarers and keeping them on board, both for our container feeder fleet and our offshore service vessels. JR Ship Crew and SeaZip Crew stand for good working conditions and actively make every effort to achieve an inclusive and safe atmosphere on board our vessels.

Seafarers

Since the start of 2020 we are faced with an extra challenge, namely corona-proof sailing, on one hand in the interest of the crew, and on the other of customers, suppliers and local shipping service providers who visit and inspect vessels as well. The first national lockdowns enforced in March 2020 in particular had a considerable impact. In a short period, it became clear that the movement of seafarers of diverse nationalities was severely restricted and that crew scheduling problems were going to arise. For many seafarers a period of uncertainty commenced and long periods on board without the possibility of briefly going ashore became the new reality. It is thanks to our seafarers' staying power that the continuity of our processes at sea were not jeopardised at any point.

Continuity of transport and supplies

The international shipping industry managed to act quickly and effectively to control the risks of Covid-19. The ICS (International Chamber of Shipping) in particular played an important coordinating role and by the end of January was already issuing shipping companies with COVID-19 protocols. At JR Shipping group we immediately anchored these guidelines in our processes, the most important goal, as collective ship owners, being to keep the essential distribution chain going and to safeguard local, vital supply processes.

Working in a safe bubble

While working from home our onshore personnel had to control complicated logistical processes to supply our vessels with protective equipment in time, and to implement special corona-proof procedures, including a sharp testing and quarantine policy. We have managed to keep up our crew's spirits within their relatively safe bubble, and possibilities for communication with the home front have considerably increased. Step-by-step vaccinations, with senior-seafarers going first, are expected to increase safety in the coming period.





Last year, SeaZip carried out the commercial management of OTS vessels for several projects, including a project close to home: Windpark Fryslân.

Vaccination scoop

In this context JR Shipping had a scoop. By the end of January, all crew members of container feeder vessel Bermuda Islander had been vaccinated. This priority treatment is due to the crucial role played by the vessel in supplying the island of Bermuda, situated more than one thousand kilometers from the US, in the Atlantic Ocean. JR Shipping has a special bond both with the vessel and with the shipping service that operates it, Bermuda International Shipping Ltd. (BISL). This container line operator acquired the vessel in 2015 from JR Shipping, while continuing as ship manager.

Operational ship management for third parties

Shipping company JR Shipping supplies a broad package of specialist services to partners such as ship builders, banks and ship financiers, investment consortia and fellow ship owners. Our emphasis is on commercial and operational management. For a long time, for example, JR Ship Management was responsible for three container

third-party feeder vessels. These were transferred to new owners in 2021. In 2020 SeaZip carried out various short-term management assignments, prompted by market demand. In the coming years the shipping group will continue to respond to the need to outsource ship management tasks.

Commercial management for third parties

In 2020 SeaZip was assigned the long-term commercial management of two offshore service vessels that were to be built. These were the *COS Master* and *COS Mate*, vessels with a new, innovative design combining the advantages of a catamaran and a monohull. The design is Next Generation Shipyards (Lauwersoog, the Netherlands), and the initiative for the vessels' construction came from Coastwise Offshore Services (Zoutkamp, the Netherlands). Coastwise chose SeaZip as commercial management and chartering services partner on account of SeaZip's broad network in the offshore energy industry. Since 2020, SeaZip has also carried out commercial management assignments for the British enterprise OTS (Offshore Turbine Services Ltd.)

S&P and newbuilding programs

Among other things, JR Shipping's course focuses on further shipping innovation, with a considerable emphasis on fleet sustainability. The shipping company hereby advises on design and new ship building initiatives, but also on upgrading options for existing vessels that are due to be purchased. This specialism has been placed with JR Ship Brokers & Consultants. For thirteen years, Mr. Dik Kuiper was the face of JR Ship Brokers & Consultants. He was the motor behind long-term international partnerships, among others with Chowgule Shipyards in India, Royal Bodewes Shipyards in the Netherlands and Scotline in England. In 2020 Mr. Kuiper left JR Shipping after reaching retirement age. Since then, his tasks are performed by Mr. Sander Schakelaar, managing owner of the shipping group.

Supply services charter brokerage of Container vessels

A change of management also took place at Confeeder Shipping & Chartering in Rhoon (Rotterdam). Mr. Peter Keijzerwaard, who was involved in shipping company

JR Shipping Group's chartering business from its formation in 2001, retired in 2020 and was succeeded by his colleague, Mr. Marcel Huijser. Mr. Huijser has a varied track record in shipping and chartering and has been involved with Confeeder for more than ten years. He and his team, including Mrs. Lodewijks and Mrs. Korsten, focus on the market relations of the shipping group itself, particularly on the market for container feeder vessels, while furthermore providing supply services to third parties.

Investing in shipping

JR Ship Investments has a special track record in the area of structuring, issuing and realising shipping investment projects. Expertise in financing models determined its success in building up its own fleet of container feeder vessels, to which the shipping company's course switched in 2000. In a later, less favourable investment phase, caused by the catastrophic 2008 credit crisis, the shipping company's expertise was put to use to refinance and restructure projects, intended to restrict the loss of good vessels to a minimum. JR Ship Investments uses this expertise for its JR Shipping vessels, but also offers knowledge and support to third parties. The structural strengthening of the market for container feeder vessels, in particular, has prompted new financing and investment options. In April 2021, JR Ship Investments took the implementation and monitoring of the issue of MV Endeavor II Opportunity bonds and participations upon itself. See the last chapter of this annual review for more information.

Bond loan extended

JR Ship Investments is committed to initiating and setting up shipping investment projects and performing their fund management. In the past years, besides issuing equity shares, JR Ship Investments has succeeded in structuring and placing various bond loans to supplement the shipping group's working capital, and increasing its financial resilience in connection with possible investment opportunities. A number of bond loans were redeemed on schedule, sometimes at an early stage, while others are still running. In mid-2020 JR Shipping Bonds' term (issued in 2013) ended, but at the request of various bondholders, JR Ship Investments offered the possibility of extending the loan, against an annual interest of 7%, until 2025.

New prospects Energy Scheepvaartbedrijf CV

Since the second half of 2020, the prospects of investors in MV Energy Scheepvaartbedrijf CV, divided into bondholders and unit holders, have clearly improved. Since 5 May 2021 Energy's rate level has risen by more than 55% compared to the average of the past one and a half years. The 5% interest set on the MV Energy Bonds have – of course - been paid out each quarter. The scheduled first interim distribution on the MV Energy Participation Units was transferred last spring.

In the event of a stabilisation with no further market rise, with the Energy charter rate staying at the same level after the new contract period, the equity invested in MV Energy will rise to more than 30%. Consequently, Energy's equity capital offers a great deal of upward potential.





Good continuity basis for SeaZip offshore vessels

As a fund manager, JR Ship Investments played an important coordinating role in realising bridging measures for SeaZip 3 to 6. The measures, which included additional loans, created a new basis for the continuity of the vessels. A substantial majority of investors agreed to the course followed.

Investment relationships

Shipping company JR Shipping maintains a special, sustainable relationship with individual business and private investors, based on a realistic balance between opportunities and risks and involvement in business operations. In the past years we managed to use our different projects to attract over 3,500 partner relationships. Until 2008, investments in shipping yielded attractive returns. In 2008 the investment climate changed drastically.

The impact of the financial crisis on shipping was huge and lasted for a prolonged period. The shipping company tirelessly used successive emergency measures to limit the loss of vessels and investments. This initially seemed to be successful, but market recovery was too slow to hold on to existing constructions. Investors' hopes of recovering their assets were crushed, but they nevertheless declared their solidarity with the company which, after the partners had definitely lost their interests due to persistently poor market conditions, focused on realising the continued existence of the organisation and the continuity of essential shipping processes. In the first months of 2021 the possibility arose to buy back various vessels, resulting in the issue of MV Endeavor Opportunity Bonds and, in a later instance in the issue of MV Endeavor equity shares. For more about this, see the final chapter.

Shipping in times of COVID-19

"Personally, I was lucky. I went on board one day before the first lockdown and my shift had ended once the lockdown was lifted. The same thing happened in the second wave. But I've worked with colleagues who spent more than sixteen months from home, and believe, me that makes it mark. So you take care of each other that little bit more. And if a colleague is finding it hard to cope you take on some of his tasks to take the heat off. The discipline on board is impressive. But there are huge contradictions from outside. We've had inspectors who've tried to go on board with a lot of bravado and without facemasks, while the crew had done their utmost to prevent contagion. That makes your blood boil! In some countries seafarers had to go into quarantine for three weeks, while we were in the safest bubble there is. That brings you down. In the meantime, the protocols have become virtually normal for us. Support from ashore is good. Especially the data vouchers for extra internet use are greatly appreciated."

Dirk Slagter, Chief Engineer of the Endurance



JR Shipping's course is twofold. On one hand, in the coming years the shipping group will focus on the stable and efficient performance of the vessels that it is currently responsible for. On the other hand, time and attention will be permanently invested in possibilities to expand the basis of our shipping enterprise. Our focus will be hereby on management services for third parties and expanding the fleet with both existing and new vessels. Maximal attention will be hereby concentrated on innovation, sustainability and investment opportunities.

Sometimes, investment opportunities and sustainability converge. This was apparent, among other things, in the situation arising in the first months of 2021. In response to market improvements instituted and fast-rising charter rates, the English investor who has owned the vessels in the Container Fleet Fund since 2018 said it was considering selling off a number of vessels. This had been expected, as the risk-bearing purchase of the vessels when the market was at its lowest point had a short-term profit motive, which is characteristic of these types of investments.

As the intention to sell started to manifest, JR Shipping expressed its interest, under specific conditions, in repurchasing a number of the vessels and combining this with investing in EGS (scrubbers). At the end of April this led to a concrete option to purchase the MV Endeavor for a price below the most recently appraised value.

Within a brief period, the shipping company made a thorough analysis of the buy-back opportunity and the return prospects of an appropriate investment project to finance the vessel. Based on various scenarios it was determined that MV Endeavor had sufficient potential to warrant a sound and profitable investment.

New investment project

In view of the favourable starting points, at the end of April 2021 the shipping company decided to initiate a new investment project to finance the project, divided into the issue of bonds (debt capital) and equity. The issue of bonds – MV Endeavor II Opportunity Bonds – commenced in mid-May. As usual, the project was managed

by JR Ship Investments. 113 bonds of € 25,000 each, with a coupon of 5% per year and will be secured by the first mortgage on the vessel. By the time this annual review went to press, all bonds had been placed. Following the Endeavor project, JR Shipping will buy back more vessels, leading to more investment projects.

The most important reason for the shipping company to decide to engage in this project is the combination of a keen purchasing price, a favourable market climate and the explicit wish to hold on to good vessels for the fleet for which the shipping company is responsible.

Cleaner shipping with improved fuel efficiency

As said above, the course that JR Shipping aims to follow in the coming years will be highly focused on innovation and sustainability. The industry's challenge is to realise smarter and cleaner shipping. JR Shipping is determined to rise to the challenge. A plan has been formulated to equip MV Endeavor, after its purchase, with a scrubber. This is an innovative filter system that minimises emissions, resulting in considerably less environmental pollution. An added advantage is that in some shipping areas, cheaper fuel can be used, benefitting the vessel's operational results.

If JR Shipping also purchases other existing vessels, it will also invest in making shipping cleaner and safer. This applies both to container feeder vessels and vessels with which we support the generation of renewable offshore wind energy. The development of and investment in new types of vessels also focuses on innovation and sustainability. We will continue to take part in various pilots. In our vision, growth ambitions and sustainability ambitions can be an excellent match. We realise that the involvement of investors is thereby essential. The trust that is apparent from the successful issue of MV Endeavor II Opportunity project is a positive sign. It infers a promise for the future and reinforces our conviction that as a shipping company, we are following the right course.



Shipping in times of COVID-19

Shipping in times of COVID-19 – Samuel Cortez Tejada, captain of the Enforcer
“The news about the COVID-outbreak came as a shock. We immediately received instructions to prevent contagion. To be honest, this created a slightly fearful atmosphere on board. At the time, nobody knew for sure what the risks were. Moreover, the crew were worried about being able to go home or not, in view of the port restrictions and due to the lockdowns. Repatriation was uncertain, and stories about compulsory quarantine didn’t do the atmosphere any good. But we managed to keep the peace and diffuse the fear. Our biggest challenge was ensuring that the outsiders who came on board, like the pilot, dockers and port officials, followed the rules. At the start there was a lot of resistance to facemasks, but as the infections and deaths increased the resistance quickly dissipated. I’ve organised special information meetings and arranged extra entertainment. A fun BBQ now and again lifted the spirits. The shipping company did its utmost to enable crew members to visit their families. The atmosphere on board is good. Everyone shows their solidarity, we all listen to each other. We all know what has to be done under the circumstances and hope that everything will normalise again as soon as possible.”

Samuel Cortez Tejada, captain of the Enforcer



5 FLEET OVERVIEW

CONTAINER FEEDER VESSELS



Enforcer Length 134.65 m Capacity 750 TEU



Endurance Length 134.65 m Capacity 750 TEU



Emotion Length 170.15 m Capacity 1440 TEU



Encounter Length 134.65 m Capacity 750 TEU



Ensemble Length 134.65 m Capacity 750 TEU



Empire Length 170.15 m Capacity 1440 TEU



Energizer Length 134.65 m Capacity 750 TEU



Energy Length 134.65 m Capacity 750 TEU



Endeavor Length 134.65 m Capacity 750 TEU



Elysee Length 167.00 m Capacity 1400 TEU

OFFSHORE SURVEY VESSELS



Escape Length 168.10 m Capacity 1436 TEU



Esperance Length 168.10 m Capacity 1436 TEU



Espoir Length 168.10 m Capacity 1436 TEU



Essence Length 168.10 m Capacity 1436 TEU



SeaZip 3 Length 26.30 m Passengers 12 Speed 25 kn



SeaZip 4 Length 26.30 m Passengers 12 Speed 25 kn



SeaZip 5 Length 26.30 m Passengers 12 Speed 25 kn



SeaZip 6 Length 26.30 m Passengers 12 Speed 25 kn

SHIP MANAGEMENT FOR THIRD PARTIES



Bermuda Islander Length 99.98 m Capacity 430 TEU



Stad Amsterdam Length 78 m Passengers 18/daytrips 125



COLOPHON

Editing JR Shipping: Sander Schakelaar
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