



Maritime Investment Fund II K/S

Strandvejen 70
2900 Hellerup
CVR No. 40251898

Annual report 2023

The Annual General Meeting adopted the annual report on 13.03.2024

Henrik Ramskov
Chairman of the General Meeting

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Entity details

Entity

Maritime Investment Fund II K/S

Strandvejen 70

2900 Hellerup

Business Registration No.: 40251898

Registered office: Gentofte

Financial year: 01.01.2023- 31.12.2023

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 01.01.2023 31.12.2023.

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 31.12.2023 the results of their operations and the consolidated cash flows for the financial year 01.01.2023 31.12.2023

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

Furthermore, the supplementary report has been prepared in accordance with the Sustainable Finance Disclosure Regulation (SFDR) and 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, 13.03.2024

Executive Board

Maritime GP F II ApS

Independent auditor's report

To the Limited Partners 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 01.01.2023 -31.12.2023, 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 31.12.2023 and the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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, as well as for the supplementary report on disclosures in accordance with the SFDR etc. hereinafter referred to as "the supplementary report".

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary or the supplementary report, 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 the supplementary report and, in doing so, consider whether the management commentary and the supplementary report 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 by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation) .

Based on the work we have performed, we conclude that the management commentary and the supplementary report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation) .

We did not identify any material misstatement of the management commentary or the supplementary report.

Copenhagen, 13.03.2024

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

	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000	2019 USD'000
Key figures					
Revenue	71,288	44,247	48,448	24,687	0
Gross profit/loss	52,521	47,279	49,435	17,246	(1,191)
Operating profit/loss	36,437	36,101	36,929	11,225	(1,191)
Net financials	(24,187)	(6,594)	(6,721)	(4,732)	(7)
Profit/loss for the year	3,511	29,506	30,204	6,488	(1,201)
Profit for the year excl. minority interests	310	29,765	30,204	6,488	(1,201)
Balance sheet total	697,097	394,563	334,967	295,688	629
Investments in property, plant and equipment	600,161	272,302	309,659	290,510	0
Equity	285,090	137,741	133,750	65,714	417
Equity excl. minority interests	253,297	111,544	133,750	65,714	417
Ratios					
Gross margin (%)	73.58	106.85	102.04	69.86	N/A
Net margin (%)	4.91	66.68	62.34	26.28	N/A
Return on equity (%)	1.66	21.74	30.29	19.62	(288.00)
Equity ratio (%)	36.34	28.27	39.93	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 (%):

$\frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$

Primary activities

Maritime Investment Fund II K/S (MIF II) is an alternative investment fund managed by Navigare Capital Partners A/S (Navigare Capital), which is an authorised alternative investment fund manager (AIFM). MIF II is incorporated in Denmark, and the fund is set up and structured in a fully transparent and market conform K/S structure.

For investors in MIF II, the strategy offers the opportunity to make long-term investments in a diversified portfolio of shipping assets benefitting from the inherent low correlation between the segments driven by diverse underlying demand drivers. The fund targets an attractive return, with the majority of the investment return derived from a predictable operating cash yield, paid out quarterly. The fund's ability to deliver a predictable operating cash yield is based on the strategy of investing across segments, ensuring fixed employment contracts through multiple counterparties and having conservative financing.

In the end of Q3 2023, MIF II was fully invested, having invested in 23 commercial vessels across six shipping segments: container vessels, tankers, dry cargo vessels, gas carriers, offshore wind vessels and RoRo vessels.

Development in activities and finances

The profit for the year 2023 was USD 4m against 30m in 2022. The profit for the year was positively impacted by "Other operating income" of USD 2m against USD 17m in 2022. In 2022, this was primarily related to gains from divestment of vessels whereas no vessels were divested in 2023. Management considers the result for the year to be satisfactory and in line with the expectations given in the 2022 annual report.

MIF II completed the investment period at the end of Q3 2023, having invested in 23 vessels of which three have been divested in 2021 and 2022. Of the 23 vessels five are newbuild offshore wind vessels through the subsidiary Norwind Shipholding AS (Norwind) with delivery in 2023 and 2024 and six are newbuild container feeder vessels through the Schoeller Holding LTD joint venture with delivery in 2023 and 2024.

In 2023, MIF II acquired three RoRo vessels from DFDS. The fund also took delivery of two newbuild offshore vessels (CSOVs) through Norwind and three newbuild container feeder vessels through the joint venture with Schoeller Holdings.

In 2024, MIF II expects to take delivery of the remaining three CSOV vessels and three container feeder vessels.

The development in the financial year's activities was in line with the business strategy.

The ongoing conflict between Ukraine and Russia in 2023 and the Gaza conflict resulted in higher volatility in the financial markets and commodity prices. The conflict did not impact the fund negatively.

Profit/loss for the year in relation to expected developments

The profit/loss for the year was as expected.

Outlook

For 2024, management expects a positive revenue in the range of USD 125-135m and a profit in the range of USD 50-65m.

Management expectations include the effect of a full-year result from investments made in 2023 and vessels delivered during 2023 as well as the effect of the planned delivery of three newbuild offshore wind support vessels (CSOVs) and three container feeder vessels during 2024.

Material assumptions and uncertainties

The Group's expectations depend on the earnings in group enterprises, the developments in the fair market value of maritime assets and the development of the exchange rate between USD and NOK due to the significant Norwegian activities.

Statutory report on corporate social responsibility

Navigare Capital and MIF II perceive a systematic integration of ESG in the entire investment process and working towards ensuring high ESG standards as prerequisites for mitigating risk, seizing opportunities, and delivering returns to investors. As such, Navigare Capital and MIF II align their approach to ESG with their fiduciary duty to act in the best interests of their Limited Partners by ensuring a balanced view of ESG opportunities and risks that may impact long-term returns.

Corporate Social Responsibility

The Fund follows Navigare Capital's approach to corporate social responsibility and this statutory report is part of the management's reporting on social responsibility in accordance with article 99a in the Danish Financial Statement Act ("Årsregnskabsloven").

According to Navigare Capital's Code of Conduct, Navigare Capital and MIF II commit to a high degree of business conduct. In this respect it is a fundamental condition that the following Environmental, Social and Governance (ESG) topics are respected:

Environment and climate consider how to preserve the environment and mitigate the impacts of climate change.

Social and employee matters are about how to manage relationships with employees and the communities where operations take place to create a more equitable and sustainable future for all involved in maritime operations.

Human rights entail equality and the protection the dignity of all human beings, including but not limited to labour practices, working conditions and the absence of exploitation throughout the supply chain, aligning with international labour standards and ethical sourcing principles.

Anti-corruption deals with how to mitigate corruption risks in all aspects of operations as corruption undermines sustainable development. The shipping industry is particularly exposed to this due to its international nature and interactions with authorities at various levels in ports around the world.

Navigare Capital and MIF II are committed to complying with ESG topics as an integrated part of its sourcing, investment and operational processes related to its investments. This implies that Navigare Capital and MIF II also aim for their business partners to comply with these ESG topics.

ESG topics covered by the Code of Conduct and other specific policies including among other things:

- Conflicts of interest
- Gifts, entertainment, and favours
- Kickbacks and secret commissions

- Bribery, corruption, and facilitation payments
- Diversity and inclusion
- Shipping relevant environmental aspects such as:
 - Emissions of greenhouse gases, including Co2, NOx, SOx
 - Fuel consumption and fuel efficiency
 - Ballast water treatment

Navigare Capital's Responsible Investment Policy states that Navigare Capital strives to deliver an attractive return and risk profile while enabling the green transition of the shipping sector. To support this, four ESG principles are underpinning its daily work with sustainability:

- ESG governance and responsibility: Navigare Capital ensures that ESG responsibilities are assigned to effectively oversee the implementation of the framework, and that each staff member is accountable for ESG integration in accordance with internal policies with support from suitably qualified staff, including from third parties where appropriate.

- ESG commitments: Navigare Capital commits to follow all relevant global standards and regulation within areas such as responsible investing, human and labour rights, responsible business, etc. According to the Code of Conduct and the Limited Partnership Agreement for MIF II, Navigare Capital and MIF II are committed to complying

with the following standards, conventions, and guidelines:

- 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 and Rights at Work.
- Hong Kong International Convention for the safe and environmentally sound recycling of ships.
- Basel Convention: Technical guidelines for the environmentally sound management of the full and partial dismantling of ships.
- EU Regulation (No. 1257/2013) on ship recycling
- International Convention for the Prevention of Pollution from Ships (the IMO MARPOL Convention).
- International Convention for the Control and Management of Ship's Ballast Water and Sediments.

- ESG in the investment process and daily operations: Navigare Capital pursues value creation through its 6S Model, which consists of six underlying principles that ensure a disciplined investment and divestment approach. Sustainability and ESG are an integral part of each of these underlying principles, as summarised below.

- Sourcing: Sourcing of investments compliant with relevant ESG criteria
- Selecting: Selecting the right assets, counterparties and partners that are aligned with Navigare Capital's ESG principles.
- Structuring: Structuring of debt financing and incorporating sustainability into loan agreements to achieve attractive risk-adjusted returns while minimising financial risk.
- Servicing: Servicing the assets with a strong focus on Navigare Capital's ESG strategy.
- Steering: Steering the assets by actively managing employment decisions using ESG metrics.
- Selling: Selling assets with a focus on continuous operation.

Sourcing

As each asset is unique, with its own technical specifications and performance, each asset is thoroughly screened by the technical team and ESG Manager during sourcing to assess whether it fits with Navigare Capital's ESG

strategy. This includes assessing the following relevant environmental criteria:

- Technical specifications
- Greenhouse gas (“GHG”) emissions and emissions of other pollutants such as SO_x and NO_x
- Fuel consumption and operational energy efficiency
- Ballast water treatment
- Paint scheme and status
- Classification status

Only assets that meet the criteria satisfactorily may proceed to the Selecting stage.

Selecting

Prior to making any investments, Navigare Capital performs full technical and commercial due diligence covering all technical, operational, financial, tax, legal and ESG-related aspects of the proposed investment. During the selection process, Navigare Capital follows relevant due diligence procedures that cover all facts and risks of material importance to the investment decision, of which ESG is a key factor. All potential investments and peripheral activities are evaluated to assess whether they comply with Navigare Capital’s ESG strategy and policies. For instance, employment contracts and agreements are reviewed to ensure they are aligned with Navigare Capital’s policies.

For investments in second-hand vessels, the technical team assesses and verifies the assets’ physical condition, including the technical specifications, and reviews the performance of the assets, including fuel consumption and efficiency, key elements determining Navigare Capital’s carbon footprint and biodiversity impact – and hence its ESG strategy. This information is also used to benchmark the assets’ carbon intensity against Navigare Capital’s own targeted reduction trajectory, along with those of known frameworks such as the IMO and the Poseidon Principles. For newbuilding investments, Navigare Capital conducts audits of new shipyards prior to projects being started to ensure that shipyards uphold adequate labour standards for their workers. An audit involves a comprehensive onsite inspection by Navigare Capital to verify that policies, procedures and facilities at the shipyard comply with the health and safety standards of Navigare Capital, and that the shipyard holds the necessary safety certifications and provides adequate safety training. Navigare Capital also has a dedicated onsite team throughout the duration of a shipbuilding project. The team monitors not only that the shipyard maintains technical standards, but also that its labour practices comply with the health, safety and labour rights expectations of Navigare Capital.

Structuring

The financial structuring of the investments plays an important role in value creation in terms of generating the targeted return. As part of the structuring process, Navigare Capital performs financial due diligence on a proposed investment including stress testing of the financial risk and a risk assessment of the employment counterparty. The counterparty risk assessment is based on a comprehensive financial and qualitative analysis of the various risk elements, including the terms and conditions of the employment contract, the counterparty’s business history and ownership, its financial risk and its ESG profile.

The ability to secure financing for investments will increasingly rely on the ESG profile of the vessels, among other factors. Thus, Navigare Capital has incorporated sustainability and ESG into its financing strategy to ensure that it can continue to obtain attractive financing terms across shipping cycles.

Servicing and Steering

Navigare Capital conducts due diligence on all counterparties prior to entering agreements regarding, for instance, the technical management, crewing or chartering of vessels.

The due diligence process establishes that the counterparty holds an adequate track record regarding labour rights, working conditions and safety and can satisfactorily uphold the ESG expectations of the Fund and its operations. Over and above this, Navigare Capital incorporates additional requirements on health and safety, human rights and working conditions into all relevant contracts to ensure a high standard of welfare among its crew members and to ensure that the management agreements are aligned with Navigare Capital's ESG principles. The counterparties must also agree to an anti-corruption clause which requires them, among others, to comply with sanctions and resist requests for bribes.

To ensure that vessels continue to fulfil the ESG standards of the Fund, the operational team at Navigare Capital continuously monitors the vessels throughout operations. The operations team monitors the voyages and speed of the vessels to track their fuel consumption and emissions. In addition, they support vessels' performance by arranging the necessary fuel efficiency-improving services such as hull cleaning.

Selling:

When selecting assets, Navigare Capital focuses on modern vessels with attractive ESG metrics to ensure a reliable and efficient fleet with economic lifetimes that exceed both the duration of the initial employment contracts and the lifetimes of the funds. As vessels are likely to be sold to third parties for continued operation, Navigare Capital's sales contracts include a minimum period in which the vessel may not be recycled. At the same time, the buyer agrees to ensure that any future recycling or dismantling is undertaken in accordance with relevant legislation.

Please see the sustainability reports available on Navigare Capital's website for further information.

- ESG reporting: Navigare Capital reports on its activities and progress towards implementing the ESG framework and engages with other key stakeholders in a transparent way, providing them with key data on material ESG topics. As a financial market participant, Navigare Capital is subject to and compliant with the EU Regulation on sustainability-related disclosures in the financial services sector.

ESG risks

From an ESG perspective, a range of risks exists, encompassing those stemming from a company's own business operations (inside out) as well as risks external to the company (outside in). The following section addresses the inside-out risks.

Environment and climate:

Within environment and climate, the most critical risk involves environmental incidents, such as oil or chemical spills at sea, which can inflict severe damage on local ecosystems. Furthermore, there's a risk of inadequate implementation of relevant measures to enhance the energy efficiency of vessels, thereby hindering the green transition in the shipping sector and potentially exacerbating climate change.

To address these concerns, Navigare Capital and MIF II continuously evaluate the necessity for additional environmental measures across the portfolio. They also closely monitor technological advancements that can facilitate a sustainable transition within the shipping industry.

Social and employee matters:

The most material risk in this area is safety, where unsafe working conditions can result in accidents, injuries, and in the worst-case scenarios, fatalities, impacting families and communities. Additionally, given that the shipping sector has predominantly attracted male employees both offshore and onshore, there is a risk of ongoing discrimination and exclusionary practices.

Navigare Capital and MIF II maintain constant awareness of issues within this area and therefore only outsource their technical management to carefully selected top-tier companies based on their safety track record and performance on health and safety key performance indicators (KPIs). Furthermore, they also only operate their vessels under well-respected flags listed on the Paris MoU White List, indicating compliance with IMO requirements as a minimum and a demonstrated history of minimal incidents and detentions.

Navigare Capital is also a signatory of Denmark's "Charter for more women in shipping" and actively advocates for increasing female representation onboard its vessels. Anglo-Eastern, the technical manager for several of Navigare Capital's vessels, has also implemented various initiatives to enhance workplace culture, including establishing an association for female seafarers and launching a campaign against gender bias.

Human rights:

The primary risk in this area lies in labour practices, including the risk of using forced labour, child labour, and unsafe working conditions within MIF II's supply chain, potentially resulting in human rights violations. Additionally, there's the risk of discrimination, where individuals of certain races or religions are assigned specific roles within the supply chain.

Navigare Capital and MIF II remain aware of these issues, opting exclusively for reputable yards, conducting thorough audits before entering into any new building contracts, and deploying a dedicated onsite team throughout the entirety of a shipbuilding project.

Anti-corruption:

The most material risk is getting involved – directly or indirectly through business partners – in a situation involving corruption, as it undermines sustainable development by distorting markets, eroding trust in institutions, and diverting resources away from essential services. Moreover, it undermines the rule of law, weakens democratic governance, and fosters a culture of impunity, inhibiting economic growth and social progress. Overall, the ramifications of corruption are far-reaching and detrimental to the collective efforts towards achieving sustainable development goals.

To mitigate this, Navigare Capital has implemented policies and procedures to ensure compliance with anti-corruption regulations and to regularly assess the corruption risk for the company and the Fund. Each employee also submits a personal annual attestation of compliance with the Code of Conduct, specifically on anti-corruption.

Navigare Capital has a zero-tolerance policy regarding corruption, bribery and facilitation payments. And in order to minimise the vessels' exposure to any unwanted requests, Navigare Capital is a member of the Maritime Anti-Corruption Network ("MACN"), a not-for-profit organisation established by the maritime industry to tackle corruption.

Implementation and Achievements in 2023

Overall, Navigare Capital remains a signatory to Principles for Responsible Investments ("PRI"), a UN-supported network of investors, working to promote sustainable investment by integrating environmental, social and governance principles. During 2023, Navigare Capital updated and expanded its Responsible Investment policy, its policy on Integration of Sustainability Risks and the subsequent handling procedures to further strengthen its own and MIF II's adherence to responsible investment.

Navigare Capital is also scheduling to publish its third sustainability report in April 2024, covering its own and its funds' performance in 2023.

Environment and climate:

In 2023, Navigare Capital and MIF II focused on implementing new regulations coming in place from the IMO, among others the CII. The CII is a carbon intensity indicator measuring a ship's energy efficiency, given in grams of CO₂ emitted per cargo-carrying capacity and nautical mile. The CII requires vessels to calculate their carbon intensity, based on which they are graded from A to E, where A is best. If a vessel is ranked D for three consecutive years or E for one year, the Ship Energy Efficiency Management Plan ("SEEMP") must be updated with a corrective action plan to reach the reference line, C, and verified before the statement of compliance can be issued and operation can continue.

Looking ahead to 2024, Navigare Capital and subsequently MIF II will work on putting more formal processes in place for not only the surveillance of the CII of its vessels, but also compliance with the EU ETS (emission trading scheme), which came into place in January 2024. From a more technical perspective, Navigare Capital along with MIF II will also initiate investigations into underwater noise issues to determine strategies for mitigating impacts on marine species in coastal areas in particular.

Social and employee matters:

Navigare Capital and MIF II maintain a firm commitment to the safety of seafarers onboard its vessels, striving to exceed regulatory standards and operate in line with best industry practices. But, supporting seafarers' wellbeing extends beyond the tracking of safety metrics; it also means implementing policies and procedures that benefit their quality of life. For instance, as seafarers often spend long stretches far from land and away from friends and family while employed on vessels. Therefore, one of the most important elements for supporting seafarers' well-being is ensuring reliable internet access onboard vessels, so that they can communicate with their loved ones onshore. Secure internet access improves the quality of life for seafarers by allowing them to communicate with loved ones and access online entertainment options.

Thus, in 2023, Navigare Capital and MIF II began installing the newly available Starlink network on its vessels to provide robust internet access options on its vessels to give seafarers the best possible internet connection, which in turn supports higher seafarer retention rates.

In 2024, MIF II will continue its effort of providing better connectivity onboard its remaining vessels, while continuing its strong focus on ensuring high safety standards and employee wellbeing.

Human rights:

In 2023, Navigare Capital and subsequently MIF II had a third party sustainability consultancy company review its policies, handling procedures and subsequent task lists in connection with yards audits. Consequently, these were extended to align with the guidelines recommended by Eksfin, thus also complying with the minimum safeguards set out in the EU taxonomy.

In 2024, Navigare Capital will focus on expanding its human rights due diligence and setting more formal process in place.

Anti-corruption:

The shipping industry is highly exposed to corruption due to its international nature and interactions with authorities at various levels in ports around the world. Corruption in the shipping industry is mainly a case of requests for bribes and facilitation payments, typically in the form of demands for small cash payments or low-cost items such as alcohol or cigarettes. However, as the occurrence of corruption of any size threatens the institutional integrity and functioning of global trade, Navigare Capital has a zero-tolerance policy any kind of corruption, bribery and facilitation payments. Thus, Navigare Capital continued to support the work of Maritime

Anti-Corruption Network (“MACN”), which in 2023 expanded its help desk concept in India.

When operating in high-risk areas, Navigare Capital also employed onshore Protection & Indemnity Club representatives for additional support when necessary.

In 2024, Navigare Capital will continue its efforts to expand the awareness of its anti-corruption policies and actively work to implement the recommendations of MACN.

To describe MIF II’s performance within the above key areas, the ESG performance data overview tables below displays the impacts generated by the underlying assets in MIF II. Navigare Capital reports on KPIs related to its most material topics and, therefore, tracks the progress towards its ESG commitments, e.g., mitigating its impact on the climate and ecosystems, maintaining a safe working environment onboard its vessels, and combating maritime corruption.

The increase in Scope 1 emissions was the result of taking delivery of eight vessels- including a newbuild CSOV vessel with hybrid battery propulsion and three highly fuel-efficient newbuild container vessels. While the investments in newbuildings themselves resulted in emissions captured from capital goods purchased, the fuel efficiency of these new vessels resulted in a reduction of carbon intensity measured through the alignment to the IMO’s targeted trajectory. MIF II continued to have no incidents of bribery or facilitation payment requests on its vessels, a result of its continued collaboration with the Maritime Anti-Corruption Network (MACN). There was, however, one lost-time incident resulting from a crew member injuring his hand while conducting an inspection onboard a vessel, resulting in several fractures. This incident led to the implementation of new procedures and requirements for protective equipment to prevent the reoccurrence of injuries during that procedure. The number of deficiencies per port state control was 0.70, but no vessels were detained.

ESG performance data overview

Environmental

Description	Unit	2023	2022 ¹	2021 ¹	Accounting principle
Direct (Scope 1) GHG emissions	tCO ₂ e	251,128	203,102	288,388	See appendix A
Indirect (Scope 2) GHG emissions	tCO ₂ e	0	0	0	See appendix A
Indirect (Scope 3) GHG emissions	tCO ₂ e	134,855	35,526	89,811	See appendix A
Carbon intensity alignment with the IMO's targeted trajectory	%	-5.6	-15.3	-0,2	See appendix A
Emissions of sulphur oxides	Tonnes	555	411	N/A	See appendix A
Emissions of particulate matter	Tonnes	539	432	N/A	See appendix A
Emissions of nitrogen oxides	Tonnes	5,388	4,303	N/A	See appendix A
Emissions of carbon monoxide	Tonnes	202	162	N/A	See appendix A
Emissions of volatile compounds	Tonnes	210	167	N/A	See appendix A
Total number of oil spills ²	Number	0	0	N/A	See appendix A
Vessels with scrubbers installed	Number	6	3	3	See appendix A
Vessels without ballast water treatment systems installed	Number	0	0	0	See appendix A
Vessels with IHM Hong Kong certificates	%	86	83	100	See appendix A
Vessels with IHM EU certificates	%	100	100	100	See appendix A

¹ MIF II ESG performance data is included in Navigare Capital Partners consolidated data which has been subject for limited assurance in the respective year's Sustainability Report.

² This KPI covers activities onboard all vessels owned by the Fund, but excludes vessels on bareboat charter.

Social

Description	Unit	2023	2022 ³	2021 ³	Accounting principle
Lost time injuries ⁴	Number	1	0	0	See appendix A
Lost time injury frequency ⁴	Number of injuries/ million hours worked	1.16	0	0	See appendix A
Port state controls ⁴	Number	10	1	6	See appendix A
Average deficiencies per port state control ⁴	Deficiencies / inspections	0.70	2	0.33	See appendix A
Port state control detentions ⁴	Number	0	0	0	See appendix A
MLC observations during port state controls ⁴	Number	0	0	0 ⁵	See appendix A

Governance

Description	Unit	2023	2022 ⁶	2021 ⁶	Accounting principle
Incidents where bribes have been requested ⁷	Number	0	0	0	See appendix A
Incidents where facilitation payments have been requested ⁸	Number	0	0	9	See appendix A
Whistleblower alerts received	Number	0	0	0	See appendix A

³ MIF II ESG performance data is included in Navigare Capital Partners consolidated data which has been subject for limited assurance in the respective year's Sustainability Report.

⁴ This KPI covers activities onboard all vessels owned by the Fund, but excludes vessels on bareboat charter.

⁵ This KPI is based on 2021 methodology and only includes MLC observations made during the MLC certification renewal process.

⁶ MIF II ESG performance data is included in Navigare Capital Partners consolidated data which has been subject for limited assurance in the respective year's Sustainability Report.

⁷ This KPI covers activities onboard all vessels owned by the Fund, but excludes vessels on bareboat charter.

Statutory report on the underrepresented gender

The Fund has the legal status of a Danish limited partnership (“kommanditselskab”) where the general partner is an independent limited company (“Anpartsselskab”).

Since the highest body in the Fund – the management – is Maritime GP F II ApS, the company had zero employees in the reporting year, exempting it from setting a target for the share of underrepresented gender in the highest management body and other management levels and establishing a policy for increasing the share of underrepresented gender in the other management levels.

Statutory report on data ethics policy

Navigare Capital and MIF II do not currently have a data ethics policy as it does not use any kind of data based artificial intelligence (AI) or machine learning (ML) in their current business model and strategy. Furthermore, to protect personal data, Navigare Capital and thus MIF II have an IT Security Policy covering GDPR in place, rendering the establishment of a specific data ethics policy unnecessary.

All decisions about current and future use of collected data and new information management technologies are anchored at Navigare Capital, who conducts an ongoing evaluation of the company's work with collected data and information management technologies and the resulting need for a policy on data ethics.

Events after the balance sheet date

No events have occurred after the balance sheet date which would significantly impact the evaluation of this annual report.

Supplementary reports

Periodic disclosure for Article 8 financial products

Please refer to page 46 for Maritime Investment Fund II K/S' periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852 for the period 01.01.2023-31.12.2023.

Consolidated income statement for 2023

	Notes	2023 USD'000	2022 USD'000
Revenue	1	71,288	44,247
Other operating income		2,029	17,426
Other external expenses	3, 2	(20,796)	(14,394)
Gross profit/loss		52,521	47,279
Depreciation, amortisation and impairment losses		(15,796)	(10,600)
Other operating expenses		(288)	(578)
Operating profit/loss		36,437	36,101
Income from investments in associates		(8,726)	0
Other financial income		2,332	508
Other financial expenses		(26,519)	(7,102)
Profit/loss before tax		3,524	29,507
Tax on profit/loss for the year		(13)	(1)
Profit/loss for the year	4	3,511	29,506

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 USD'000	2022 USD'000
Ships		600,161	272,302
Property, plant and equipment	5	600,161	272,302
Investments in associates		55,346	23,603
Other receivables		1,668	5,013
Financial assets	6	57,014	28,616
Fixed assets		657,175	300,918
Other receivables		13,127	8,044
Prepayments	7	57	7,016
Receivables		13,184	15,060
Cash		26,738	78,585
Current assets		39,922	93,645
Assets		697,097	394,563

Equity and liabilities

	Notes	2023 USD'000	2022 USD'000
Contributed capital		300,055	126,305
Reserve for fair value adjustments of hedging instruments		(6,971)	2,928
Retained earnings		(39,787)	(17,689)
Equity belonging to Parent's shareholders		253,297	111,544
Equity belonging to minority interests		31,793	26,197
Equity		285,090	137,741
Bank loans		329,760	128,470
Other payables		13,132	9,340
Non-current liabilities other than provisions	8	342,892	137,810
Current portion of non-current liabilities other than provisions	8	32,245	15,744
Bank loans		27,964	99,584
Other payables		5,570	2,489
Deferred income	9	3,336	1,195
Current liabilities other than provisions		69,115	119,012
Liabilities other than provisions		412,007	256,822
Equity and liabilities		697,097	394,563
Financial instruments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Transactions with related parties	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2023

	Contributed capital USD'000	Reserve for fair value adjustments of hedging instruments USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Equity belonging to Parent's shareholders USD'000
Equity beginning of year	126,305	2,928	(17,689)	0	111,544
Effect of mergers and business combinations	0	0	(6,025)	0	(6,025)
Increase of capital	173,750	0	0	0	173,750
Extraordinary dividend paid	0	0	0	(19,250)	(19,250)
Exchange rate adjustments	0	0	(61)	0	(61)
Fair value adjustments of hedging instruments	0	(9,899)	2,928	0	(6,971)
Profit/loss for the year	0	0	(18,940)	19,250	310
Equity end of year	300,055	(6,971)	(39,787)	0	253,297

	Equity belonging to minority interests USD'000	Total USD'000
Equity beginning of year	26,197	137,741
Effect of mergers and business combinations	1,780	(4,245)
Increase of capital	657	174,407
Extraordinary dividend paid	0	(19,250)
Exchange rate adjustments	(42)	(103)
Fair value adjustments of hedging instruments	0	(6,971)
Profit/loss for the year	3,201	3,511
Equity end of year	31,793	285,090

Consolidated cash flow statement for 2023

	Notes	2023 USD'000	2022 USD'000
Operating profit/loss		36,437	36,101
Amortisation, depreciation and impairment losses		15,796	10,600
Working capital changes	10	3,387	(7,578)
Cash flow from ordinary operating activities		55,620	39,123
Financial income received		1,468	345
Financial expenses paid		(22,379)	(5,780)
Taxes refunded/(paid)		(12)	0
Cash flows from operating activities		34,697	33,688
Acquisition etc. of property, plant and equipment		(343,101)	(61,318)
Sale of property, plant and equipment		0	95,504
Acquisition of fixed asset investments		(40,490)	(23,584)
Cash flows from investing activities		(383,591)	10,602
Free cash flows generated from operations and investments before financing		(348,894)	44,290
Loans raised		235,178	123,045
Repayments of loans etc.		(88,884)	(64,168)
Contributions from Limited Partners		170,139	42,360
Distributions to Limited Partners		(19,250)	(78,453)
Cash flows from financing activities		297,183	22,784

Increase/decrease in cash and cash equivalents	(51,711)	67,074
Cash and cash equivalents beginning of year	78,585	11,511
Currency translation adjustments of cash and cash equivalents	(136)	0
Cash and cash equivalents end of year	26,738	78,585
Cash and cash equivalents at year-end are composed of:		
Cash	26,738	78,585
Cash and cash equivalents end of year	26,738	78,585

Notes to consolidated financial statements

1 Revenue

The individual vessels sails all over the world and are not limited specific parts of the world. The geographical market for the Group is thus considered as the world, and cannot be segregated further. Furthermore management reporting does not provide such information.

2 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 2023.

3 Fees to the auditor appointed by the Annual General Meeting

	2023 USD'000	2022 USD'000
Statutory audit services	111	103
Other assurance engagements	10	10
Tax services	135	167
Other services	93	156
	349	436

4 Proposed distribution of profit/loss

	2023 USD'000	2022 USD'000
Extraordinary dividend distributed in the financial year	19,250	78,453
Retained earnings	(18,940)	(48,688)
Minority interests' share of profit/loss	3,201	(259)
	3,511	29,506

5 Property, plant and equipment

	Ships USD'000
Cost beginning of year	290,629
Exchange rate adjustments	(2,023)
Additions	349,250
Disposals	(355)
Cost end of year	637,501
Depreciation and impairment losses beginning of year	(18,327)
Depreciation for the year	(19,013)
Depreciation and impairment losses end of year	(37,340)
Carrying amount end of year	600,161

6 Financial assets

	Investments in associates USD'000	Other receivables USD'000
Cost beginning of year	23,603	5,013
Additions	40,451	0
Disposals	0	(3,345)
Cost end of year	64,054	1,668
Share of profit/loss for the year	(8,708)	0
Impairment losses end of year	(8,708)	0
Carrying amount end of year	55,346	1,668

Associates	Registered in	Ownership %
SN Shipping LLP	Cyprus	50.00

7 Prepayments

Prepayments mainly constitute pre-invoiced revenue.

8 Non-current liabilities other than provisions

	Due within 12 months 2023 USD'000	Due within 12 months 2022 USD'000	Due after more than 12 months 2023 USD'000
Bank loans	32,245	15,744	329,760
Other payables	0	0	13,132
	32,245	15,744	342,892

The share of the Group's bank loans falling due within 5 months constitutes USD 6.9m.

9 Deferred income

Deferred income mainly constitute pre-invoiced revenue.

10 Changes in working capital

	2023 USD'000	2022 USD'000
Increase/decrease in receivables	2,662	5,171
Increase/decrease in trade payables etc.	725	(12,749)
	3,387	(7,578)

11 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.

12 Contingent liabilities

There is a remaining commitment of a total of USD 6.3m to group companies.

There are no contingent liabilities of the Group.

13 Assets charged and collateral

The following has been provided as collateral for bank loans with an unpaid balance of USD 462m 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, with a consolidated carrying amount of USD 600m are provided as collateral for the bank loans.

14 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 lenght basis are disclosed in the financial statements. All related party transactions during the financial year have been conducted on an arm's lenght 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.

15 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity USD'000	Profit/loss USD'000
Maritime Investment Fund II Holding K/S	Hellerup	K/S	100.00	189,604	15,947
MIF II no. 2 K/S	Hellerup	K/S	100.00	11,495	1,998
MIF II no. 3 K/S	Hellerup	K/S	100.00	11,024	2,028
MIF II no. 4 K/S	Hellerup	K/S	100.00	31,594	5,551
MIF II no. 7 K/S	Hellerup	K/S	100.00	21,325	2,291
MIF II no. 8 K/S	Hellerup	K/S	100.00	21,217	2,288
MIF II no. 9 K/S (under solvent liquidation)	Hellerup	K/S	100.00	22	(301)
MIF II no. 10 K/S	Hellerup	K/S	100.00	30,135	3,441
MIF II no. 11 K/S	Hellerup	K/S	100.00	17,384	(2,254)
MIF II no. 12 K/S (under solvent liquidation)	Hellerup	K/S	100.00	26	(296)
MIF II no. 13 K/S	Hellerup	K/S	100.00	17,400	(2,238)
MIF II no. 14 K/S	Hellerup	K/S	100.00	17,820	(2,283)
MIF II no. 15 K/S (under solvent liquidation)	Hellerup	K/S	100.00	26	(296)
MIF II Renewables no. 1 K/S	Hellerup	K/S	100.00	54,925	(23)
MIF II Partnerships no. 1 K/S	Hellerup	K/S	100.00	43,387	(8,801)
Maritime Investment Fund II Holding GP ApS	Hellerup	ApS	100.00	11	1
MIF II no. 2 GP ApS	Hellerup	ApS	100.00	12	1
MIF II no. 3 GP ApS	Hellerup	ApS	100.00	12	1
MIF II no. 4 GP ApS	Hellerup	ApS	100.00	14	1
MIF II no. 7 GP ApS	Hellerup	ApS	100.00	11	1
MIF II no. 8 GP ApS	Hellerup	ApS	100.00	11	1
MIF II no. 9 GP ApS (under solvent liquidation)	Hellerup	ApS	100.00	7	(2)
MIF II no. 10 GP ApS	Hellerup	ApS	100.00	11	1
MIF II no. 11 GP ApS	Hellerup	ApS	100.00	9	1
MIF II no. 12 GP ApS (under solvent liquidation)	Hellerup	ApS	100.00	7	(1)
MIF II no. 13 GP ApS	Hellerup	ApS	100.00	9	1
MIF II no. 14 GP ApS	Hellerup	ApS	100.00	9	1
MIF II no. 15 GP ApS (under solvent liquidation)	Hellerup	ApS	100.00	7	(1)

	Registered in	Corporate form	Ownership %	Equity USD'000	Profit/loss USD'000
MIF II Renewables no. 1 GP ApS	Hellerup	ApS	100.00	7	1
MIF II Partnerships no. 1 GP ApS	Hellerup	ApS	100.00	7	1

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. 2 K/S
- MIF II no. 3 K/S
- MIF II no. 4 K/S
- MIF II no. 7 K/S
- MIF II no. 8 K/S
- MIF II no. 9 K/S (under solvent liquidation)
- MIF II no. 10 K/S
- MIF II no. 11 K/S
- MIF II no. 12 K/S (under solvent liquidation)
- MIF II no. 13 K/S
- MIF II no. 14 K/S
- MIF II no. 15 K/S (under solvent liquidation)
- MIF II Renewables no. 1 K/S
- MIF II Partnerships no. 1 K/S

Parent income statement for 2023

	Notes	2023 USD'000	2022 USD'000
Other external expenses	1	(1,366)	(981)
Gross profit/loss		(1,366)	(981)
Income from investments in group enterprises		16,020	33,447
Other financial income		87	12
Other financial expenses		(4,249)	(825)
Profit/loss before fair value adjustments and tax		10,492	31,653
Profit/loss for the year	2	10,492	31,653

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 USD'000	2022 USD'000
Investments in group enterprises		301,387	176,654
Receivables from group enterprises		12,000	0
Financial assets	3	313,387	176,654
Fixed assets		313,387	176,654
Receivables from group enterprises		60	42,042
Receivables		60	42,042
Cash		590	1,432
Current assets		650	43,474
Assets		314,037	220,128

Equity and liabilities

	Notes	2023 USD'000	2022 USD'000
Contributed capital		300,055	126,305
Retained earnings		(15,032)	(6,274)
Equity		285,023	120,031
Bank loans		27,964	99,584
Other payables		1,050	513
Current liabilities other than provisions		29,014	100,097
Liabilities other than provisions		29,014	100,097
Equity and liabilities		314,037	220,128
Contingent liabilities	4		
Assets charged and collateral	5		
Related parties with controlling interest	6		

Parent statement of changes in equity for 2023

	Contributed capital USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Total USD'000
Equity beginning of year	126,305	(6,274)	0	120,031
Increase of capital	173,750	0	0	173,750
Extraordinary dividend paid	0	0	(19,250)	(19,250)
Profit/loss for the year	0	(8,758)	19,250	10,492
Equity end of year	300,055	(15,032)	0	285,023

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

The investors have committed themselves to contributing up to USD 417.5m to the Fund. At 31 December 2023, the investors have contributed a net amount of USD 300.1m out of the combined contribution commitment, causing the balance commitment to stand at USD 117.4m.

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 2023.

2 Proposed distribution of profit and loss

	2023 USD'000	2022 USD'000
Extraordinary dividend distributed in the financial year	19,250	78,453
Retained earnings	(8,758)	(46,800)
	10,492	31,653

3 Financial assets

	Investments in group enterprises USD'000
Cost beginning of year	176,654
Additions	127,963
Cost end of year	304,617
Impairment losses for the year	(3,230)
Impairment losses end of year	(3,230)
Carrying amount end of year	301,387

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

4 Contingent liabilities

There is a remaining commitment of a total of USD 6.3m for group companies.

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 group.

- MIF II no. 2 K/S
- MIF II no. 3 K/S
- MIF II no. 4 K/S
- MIF II no. 7 K/S

- MIF II no. 8 K/S
- MIF II no. 10 K/S
- MIF II no. 11 K/S
- MIF II no. 13 K/S
- MIF II no. 14 K/S
- MIF II Partnerships no. 1 K/S
- MIF II no. 2 GP ApS
- MIF II no. 3 GP ApS
- MIF II no. 4 GP ApS
- MIF II no. 7 GP ApS
- MIF II no. 8 GP ApS
- MIF II no. 10 GP ApS
- MIF II no. 11 GP ApS
- MIF II no. 13 GP ApS
- MIF II no. 14 GP ApS
- MIF II Partnerships no. 1 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 presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, except that a reclassification has been made between acquisition etc. of property, plant and equipment and acquisition of fixed asset investments in the consolidated cash flow statement. Furthermore a reclassification has been made between retained earnings and reserve for fair value adjustments of hedging instruments in the consolidated statement of changes in equity.

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.

Financial statements of foreign subsidiaries are translated into USD at the exchange rates prevailing at the end of the reporting period for balance sheet items, and at average exchange rates for income statement items. All effects of exchange rate adjustments are recognised in equity.

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. Swap payments falling due within 12 months are presented as a current asset or liability, and payments falling due after 12 months are presented as a long term asset or liability.

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 Group's primary activities as well as gains and losses from the sale of the vessel including reversal depreciation regarding disposals.

Other external expenses

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

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.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata 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:

	Useful life
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 at cost. This means that dividends received from group enterprises are included in the profit and loss. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

The accounting policies applied to material financial statement items of associates are:

Investment in subsidiaries: Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

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.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other financial liabilities

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

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.

Appendix A

Direct (Scope 1) GHG emissions

Direct GHG (Scope 1) emissions are emissions of CO₂ equivalents (including carbon dioxide (“CO₂”), methane (“CH₄”) and nitrous oxide (“N₂O”)), calculated based on fuel consumed by the vessels, during the Fund’s ownership period using the carbon factors from the EU regulatory framework FuelEU for each specific fuel type: marine gas oil (“MGO”), heavy fuel oil (“HFO”), light fuel oil (“LFO”) and LNG. Vessels in joint venture are included with 50% and vessels in subsidiaries are included with 100%. Methane slip is also included in the calculation based on the factors described in FuelEU. Global warming potential is estimated over a 100-year period. Fuel consumption is based on the vessels’ data reported to the International Maritime Organisation's Data Collection System (“IMO DCS”) and verified by the classification societies, which are third-party organisations authorised by the flag state administration to conduct audits and certifications. In cases where verified data is unavailable, the data submitted for verification has been applied.

Indirect (Scope 2) GHG emissions

As vessels produce their own electricity, heating and cooling, they have no relevant activities to report under Scope 2 emissions.

Indirect (Scope 3) GHG emissions

Indirect GHG (Scope 3) emissions are emissions of CO₂ equivalents (including all seven Kyoto gases) resulting from value chain activities. Vessels in joint venture are included with 50% and vessels in subsidiaries are included with 100%. See below for category split.

Carbon intensity alignment with the IMO’s targeted trajectory

The carbon intensity alignment score displays the Fund’s overall carbon intensity compared to that of the International Maritime Organisation (“IMO”). As the IMO does not have a benchmark for vessels under 5,000 GT or offshore wind vessels, they are excluded from the calculation. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used to calculate carbon intensity. The score has been derived as follows: for each vessel, an Annual Efficiency Ratio (“AER”) is calculated based on the methodology provided by the IMO. The individual AERs are benchmarked against the IMO’s AER target for that specific vessel type. The percentage difference between the two is weighted by the vessel’s design deadweight tonnage (dwt) and number of ownership days to arrive at the carbon intensity alignment score. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Emissions of sulphur oxides

Emissions of sulphur oxide (“SO_x”) are calculated using the methodology outlined in the Third IMO GHG Study. The sulphur content of the specific fuel types is identified by means of fuel analyses or alternatively bunker delivery notices. If none is available, the highest allowed sulphur content has been applied. For vessels equipped with scrubbers, the 0.1% and 0.5% sulphur content level allowed to be emitted has been applied to the proportion of fuel scrubbed to each respective level. Scrubbers capture sulphur particles during fuel combustion, so they are not released into the atmosphere. Fuel consumption is based on the vessels’ data reported to the IMO Data Collection System (“DCS”) database and verified by the classification societies, which are third party verifiers authorized by the flag state administration. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Emissions of particulate matter

Emissions of particulate matter ("PM") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of PM emissions is calculated based on fuel consumption divided into fuel consumed per engine type - main engine, auxiliary engine and boilers. Consumption is then multiplied by the relevant emission factor as per the fuel and engine type described by the IMO Third GHG Study. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO Data Collection System ("DCS") database and verified by the classification societies, which are third party verifiers authorised by the flag state administration. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Emissions of nitrogen oxides

Emissions of nitrogen oxide ("NOx") are calculated using the methodology outlined in the Third IMO GHG Study. NOx emissions are dependent on the engine's tier (based on construction date), consumption per engine type and the fuel type consumed. Verified fuel consumption has been applied and split into consumption per engine type, which has then been multiplied by the relevant emission factors provided by the IMO. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO Data Collection System ("DCS") database and verified by the classification societies, which are third party verifiers authorised by the flag state administration. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Emissions of carbon monoxide

Emissions of carbon monoxide ("CO") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of CO emissions is calculated based on verified fuel consumption per engine type multiplied by the relevant emission factor given by the IMO. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO Data Collection System ("DCS") database and verified by the classification societies, which are third party verifiers authorised by the flag state administration. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Emissions of volatile compounds

Emissions of volatile compounds ("VOC") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of VOC emissions is calculated based on verified fuel consumption per engine type multiplied by the relevant emission factor given by the IMO. Fuel consumption is based on the vessels' data reported to the IMO Data Collection System ("DCS") database and verified by the classification societies, which are third party verifiers authorized by the flag state administration. If verified fuel data reports are not yet available, the fuel data submitted for verification by third-party verifiers is used. Vessels in joint venture are included with 50%, while vessels in subsidiaries are included with 100%.

Total number of oil spills

Oil can be accidentally released from vessels into the ocean due to the grounding of vessels, hull failure or other accidents onboard vessels. Data on oil spills is reported quarterly by the vessels' technical managers to the Fund's inhouse Technical Directors.

Vessels with scrubbers installed

The number of vessels with a scrubber installed at the end of the year. Scrubbers are devices that remove sulphur particles during fuel combustion, so they are not released into the atmosphere. Whether a vessel has a scrubber can be identified on the vessel's International Air Pollution Prevention Certificate.

Vessels without ballast water treatment systems installed

The number of vessels without a ballast water treatment system installed at the end of the year. Ballast water treatment systems ("BWT system") prevent the introduction of invasive species during ballast water discharge. Whether the vessel has a BWT system in place and the type of the system can be identified on a vessel's International Ballast Water Management Certificate.

Vessels with IHM Hong Kong certificates

The percentage of vessels with Hong Kong inventory of hazardous materials ("HK IHM") certificate at the end of the year. HK IHM is a structured system to control hazardous materials on board ships and achieve compliance with the Hong Kong Convention for the safe and Environmentally Sound Recycling of ships. Certificates are obtained from the classification societies, third-party organisations that are authorised by the flag state administration to conduct audits or certifications. The Hong Kong Convention enters into force 26 June 2025 and is relevant for all vessels operating in international waters.

Vessels with IHM EU certificates

The percentage of vessels with EU inventory of hazardous materials ("EU IHM") certificate at the end of the year. EU IHM is a structured system to control hazardous materials on board ships and achieve compliance with the EU Ship Recycling Regulations (EU SRR). IHM certificates are obtained from the classification societies, third-party organisations that are authorised by the flag state administration to conduct audits or certifications.

As the EU SRR mandates all vessels calling EU ports to have an EU IHM certificate and as it covers an additional two materials compared to the HK IHM and may therefore be used for the verification and issuing of HK IHM, the EU IHM is the only prerequisite for vessels exclusively operating within European waters, as is often the case for for instance offshore wind vessels.

Lost time injuries

Lost time injuries records the number of safety incidents onboard vessels leading to lost time during the reporting year. Lost time incidents include fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases. These incidents are reported quarterly by the technical managers and audited annually as part of the ship's International Safety Management ("ISM") audit.

Lost time injury frequency

Lost time injury frequency records the number of safety incidents onboard vessels leading to lost time per one million man hours worked during the reporting year. The number of man hours worked is calculated as the number of days each vessel is part of the fleet during the year multiplied by hours and the number of crew members on board each vessel. The lost time incidents are reported by the technical managers to the Fund's inhouse Technical Directors.

Port state controls

Number of port state controls undertaken by official port state surveyors during the reporting year. The technical management companies provide the port state control data in their quarterly KPI reporting along with the official port state control report. The KPI excludes vessels on bareboat charters, as the Fund has limited access to information on the operational conditions of these vessels.

Average deficiencies per port state control _____

Average number of deficiencies reported by the official port state surveyor per control during the reporting year. A deficiency is reported when there is non-compliance with or deviation from the requirements of international regulations. The technical management companies provide the port state control data in their quarterly KPI reporting, including the official port state control reports listing each specific deficiency, if any.

Port state control detentions _____

Number of detentions given as a result of a port state control during the reporting year. A detention is given when a deficiency presents an immediate threat to the ship, its personnel or the environment, which renders the ship unsafe to proceed to sea. The technical management companies provide the port state control data in their quarterly KPI reporting, including the official port state control reports. The report list the detention, if any.

MLC observations during port state controls _____

Number of maritime labour convention ("MLC") observations made during port state controls during the reporting year. An MLC observation occurs if there is non-compliance with or deviation from the requirements for the working and living conditions of seafarers onboard ships. The technical management companies provide the official port state control reports, where any MLC observations is listed.

Incidents where bribes have been requested _____

Number of incidents where bribes have been requested during the reporting year. A bribe is defined as a request for cash payments to secure or expedite a process. Vessels report each incident to the Maritime Anti-Corruption Network ("MACN") reporting system, as well as to the technical management companies, which include any bribery request incidents in their quarterly KPI reporting.

Incidents where facilitation payments have been requested _____

Number of incidents where facilitation payments have been requested during the reporting year. A facilitation payment is defined as a request for smaller items such as cigarettes or alcohol to induce officials to perform routine functions. Vessels report each incident to the Maritime Anti-Corruption Network ("MACN") reporting system as well as to the technical management companies, which include any facilitation payment requests in their quarterly KPI reporting.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Maritime Investment Fund II K/S (MIF II)
Legal entity identifier: 894500MO76XZ7Y75H089

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 5% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

- The fund promoted environmental characteristics through adherence to the following conventions:
 - Hong Kong International Convention for the safe and environmentally sound recycling of ships.
 - Basel Convention: Technical guidelines for the environmentally sound management of the full and partial dismantling of ships.
 - EU Regulation (No. 1257/2013) on ship recycling.
 - International Convention for the Prevention of Pollution from Ships (the IMO MARPOL Convention).
 - International Convention for the Control and Management of Ship's Ballast Water and Sediments.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

2. The fund promoted environmental characteristics by operating the assets purposefully to ensure the achievement of net-zero in 2050 in line with the Paris Agreement, supported by short- and medium-term targets of 35% and 55% reduction in carbon intensity in 2025 and 2030, respectively.
3. Further, the fund promoted social characteristics through adherence to 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 and Rights at Work.
4. The fund promoted certain ethical and social safeguards through the exclusion of certain activities deemed to be non-ethical or controversial.
5. While operating the assets, the fund had effective operational procedures ensuring continuous follow-up on quality, resources, results, and ESG-related practices. The fund sought to influence technical managers' and charterparties' impact on sustainability matters through engagement and requirements for operating the vessels according to the above conventions.
6. The fund sought to influence cooperative partners' impact on sustainability matters through having voting rights on material sustainability topics.

● **How did the sustainability indicators perform?**

Navigare Capital's sustainability performance disclosure is divided into three dimensions.

Environment:

Decarbonisation is a key priority among industry participants, including Navigare Capital. Thus, Navigare Capital remains focused on meeting its net zero by 2050 target, including its short term carbon intensity targets.

Navigare Capital measures carbon intensity based on a vessel's cargo-carrying capacity relative to its fuel consumption. In shipping, this number is referred to as the Annual Efficiency Ratio ("AER") and is the most used intensity metric in the sector. The AER is applicable to all vessels over 5,000 gross tonnes, which includes the majority of the Fund's fleet and the global fleet in general. As the recently purchased offshore wind support vessels Norwind Breeze and Norwind Gale are below this threshold, they are not included in the AER. However, Navigare Capital monitors industry standards closely for vessels below 5,000 gross tonnes in the offshore wind industry, in particular.

By investing in vessels with favourable AER numbers, Navigare Capital ensures that it always invests in fuel-efficient vessels, enabling it to steadily reduce carbon emissions and reach its targets.

In 2023, the Fund's AER performance was estimated to be 5.6% below the targeted trajectory stipulated by the 2018 IMO strategy, and 0.6% below Navigare Capital's own targeted trajectory due to an overall good performance across the fleet.. In total, the Fund emitted roughly 365,000 tonnes of greenhouse gases in 2023.

Social:

Navigare Capital puts strong emphasis on the safety and wellbeing of both its onshore and offshore workforce. As a consequence of this, in 2023, the Fund operated all its vessels under Danish flag, which ensures additional legal protections for all seafarers regardless of nationality, including the Danish regulations for injury compensation, sick pay and vacation. Furthermore, Danish-flagged vessels must also implement occupational health and safety systems, which together with the in-house monitoring of the technical directors, create a secure working environment for seafarers.

In 2023, the Fund recorded almost 900,000 working hours onboard its time chartered vessels and vessels in joint ventures, with only two work-related safety incidents, of which one resulted in lost time. The lost-time injury involved a crew member who injured his hand while conducting an inspection onboard a vessel, resulting in several fractures. The injured crew member received immediate first aid on the vessel before disembarking for further onshore medical care. The crew member was then repatriated to receive further treatment and has since recovered and returned to work. Following the incident, a full investigation was conducted into the contributing factors, which led to the implementation of new procedures and requirements for protective equipment to prevent the reoccurrence of injuries during that procedure. The other cases involved a seafarer who bruised his ankle after being hit by a rope during a mooring operation and a seafarer who was hit in the head by a faulty crane while working in the engine room without a helmet. Both received immediate first aid on board before receiving a medical evaluation onshore and were eventually able to return to their duties on the vessel. The frequency of lost time incidents was 1.16 per one million hours worked, slightly above Navigare Capital's target frequency of below one.

Maritime Authorities around the world also continuously inspect vessels to verify that the condition of a ship and its equipment complies with the requirements of international regulations and that the ship is manned and operated in compliance with these instruments to ensure maritime safety and security and prevent pollution. The Fund had a total of 10 port state controls in 2023. Following the port state controls, it had zero detentions, but an average of 0.70 deficiencies per port state control. All deficiencies were resolved immediately and a feedback loop enabled the Fund to avoid repetition of the deficiencies.

The number of PSC deficiencies was above the level targeted by Navigare Capital, but still well below the industry standard. Nevertheless, Navigare Capital will take action to ensure future alignment with its targets.

Governance:

Navigare Capital considers good corporate governance to be a cornerstone of its entire operation and way of doing business and thus has a zero-tolerance policy regarding corruption, bribery and facilitation payments. In order to minimise the vessels' exposure to any unwanted requests, Navigare Capital is a member of the Maritime Anti-Corruption Network ("MACN"), a not-for-profit organisation established by the maritime industry to tackle corruption. MACN collaborates with key stakeholders, including businesses, governments, civil society and international organisations, to identify and mitigate the root causes of corruption in the maritime sector.

In 2023, the Fund's time-chartered vessels and vessels in joint ventures reported zero incidents where either bribes or facilitation payments were requested. There were also no fines levied against its vessels.

Further details can be found in Navigare Capital's Sustainability reports, where the next is scheduled to be published at the beginning of April.

● ***...and compared to previous periods?***

Navigare Capital's sustainability performance disclosure is divided into three dimensions.

Environment:

The increase in carbon intensity in 2023 was a deterioration of roughly 9.7 percentage points compared to 2022, leaving the Fund on track to overshoot on the 2025 target of a 35% reduction in carbon intensity compared to 2008. However, it is important to note that the target covers all of Navigare Capital's funds and as a total, it is still on track to meet its 2025 target. The unfavourable development in 2023 was driven by a combination of adding an additional eight vessels to the portfolio and a reduction in carbon intensity on several of the existing vessels.

While the new vessels were energy-efficient, they were less so, compared to the 2022 portfolio average, lowering the portfolio's combined carbon intensity performance from 2022 to 2023.

While it is important to have energy-efficient vessels, how they are operated is equally important – if not more – especially with regards to the choice of speed, as fuel consumption and speed have an exponential relationship, meaning that higher speeds result in significantly higher fuel consumption and vice versa. As Navigare Capital does not have operational control of its vessels, including their speed, it can only encourage and incentivise its charterers to operate the vessels as efficiently as possible, while making the most energy-efficient vessels available to them. New regulations, such as shipping's inclusion in the EU Emissions Trading System ("EU ETS"), which increases the cost of emitting more GHGs, will also incentivise charterers to optimise speed and vessel performance.

As vessel speeds are often dependent on fluctuating factors such as market and supply chain conditions, carbon intensity can vary from year to year, typically increasing when markets improve and decreasing when markets slow down. In 2023, improved market conditions within the tanker segment incentivised charterers to increase speeds, leading to a poorer operational efficiency, while other tankers were used for storage rather than trading, resulting in reduced sailing distances which negatively impacted carbon intensity. This was partly counterbalanced by an improved performance on the container vessels, where charterers reduced speeds to compensate the poorer market conditions.

As a result of the above, the Fund experienced a sharp increase in GHG emissions from roughly 210,000 tonnes CO₂e in 2022 to 350,000 tonnes CO₂e in 2023. This was mainly driven by Scope 1 emissions, which constitute more than 70% of the Fund's total GHG emissions and Scope 3, category 3.2, where embedded carbon

from the 2023 purchased vessels resulted in a 28-fold increase from 2022 to roughly 96,000 tonnes CO_{2e} in 2023. Scope 2 remained unchanged at zero from 2023.

Social:

While Navigare Capital hires third-party technical managers to operate and staff its vessels, it maintains close in-house monitoring of health and safety conditions onboard vessels. As required by the MLC, all vessels operate under rigorous health and safety support systems, which are audited externally by classification societies as well as internally by Navigare Capital's Technical Directors. The Technical Directors inspect all vessels on a rotating basis, to ensure that the working and operating conditions of the vessels meet the environmental, social and governance ("ESG") requirements and contractual commitments established by Navigare Capital. The technical managers of Navigare Capital's vessels report on a wide range of KPIs, including health and safety topics, on a quarterly basis, which are reviewed by the Technical Directors. These quarterly reports include any findings from port state controls and external audits required by the International Safety Management ("ISM") Code and the International Ship and Port Facility Safety ("ISPS") Code, in addition to the MLC. Tracking these KPIs promotes best practice onboard vessels and provides knowledge via a feedback loop enabling Navigare Capital to keep its number of incidents below industry standards. The LITF increased from zero in the previous two years to 1.16 in 2023.

While the Fund experienced an increase in safety incidents, the number of deficiencies per port state control decreased in 2023 from 2 in 2022 to 0.7 in 2023.

Governance:

The Fund continued to have no incidents of bribery or facilitation payment requests on its vessels. The consistent low rates of corruption-related incidents reported throughout the fleet was the result of concerted efforts by MACN to combat corruption at ports, as well as the current composition of Navigare Capital's fleet, which is less exposed to bribery and facilitation requests due to the type of cargo it carries and the areas it sails to.

Navigare Capital has also stepped up its focus on mitigating corruption risks at ports by ensuring that crews are up to date on relevant anti-corruption procedures. To further pre-empt requests for bribes and facilitation payments at ports, all vessels are equipped with large MACN posters on their bridges to emphasise that they are not authorised to make such payments and are contractually obliged to decline any such requests. When operating in high-risk areas, Navigare Capital also employs onshore Protection & Indemnity Club representatives for additional support when necessary.

Again, further details can be found in Navigare Capital's Sustainability reports, where the next is scheduled to be published at the beginning of April.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

As Norwind Breeze is subject to the economic activity 'Installation, maintenance and repair of renewable energy technologies' under the EU taxonomy, only one of the five "do no significant harm criteria" is applicable - climate adaptation - under climate mitigation. To ensure the DNSH criteria, the Norwind Breeze, including its remodelling in 2022, was built to comply with all applicable ship design and construction rules, which include considerations of the ocean wave patterns and extreme weather vessels must withstand.

In addition, it upholds the "do no significant harm" criteria relevant for all vessels operating at sea under the economic activity 'Sea and coastal freight water transport, vessels for port operations and auxiliary activities', including considerations of circular economy, pollution prevention and biodiversity. For instance, to facilitate future recycling of the vessel, it carries inventory of hazardous materials ("IHM") certificates onboard, as required by the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships and the EU ship recycling regulation, which Navigare Capital along with with EU Waste Regulation has committed to follow in the event that it has to recycle the ship itself. Navigare Capital is also committed to limiting other forms of pollution from the operation of the vessel by always ensuring that it is fully compliant with all regulations on air emissions, including the IMO MARPOL Convention, which regulates the emissions of sulphur and nitrogen oxides, among other pollutants. To prevent the introduction of invasive species during operations through ballast water, the vessel also complies with the International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention"), and has a BWT system installed.

- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Before investing in the vessel, Navigare Capital considered the principal adverse impacts, GHG emissions and carbon footprint in particular, and in order to mitigate these adverse impacts, MIF II purchased an energy-efficient SOV vessel – Norwind Breeze – to be employed in the offshore wind industry. The Norwind Breeze mitigates climate impacts primarily through fuel efficiency, battery hybrid propulsion and by incorporating recycled steel parts. As a fuel-efficient vessel featuring battery hybrid propulsion, the Norwind Breeze reduces overall fuel consumption and, thus, GHG emissions. By incorporating recycled steel in its construction, the vessel also has a lower carbon footprint due to reduced embedded carbon from steel production. As the vessel is employed in the offshore wind industry, the Norwind Breeze also reduces the Fund's exposure to the fossil fuel industry.

In addition to mitigating these climate-related impacts, Navigare Capital ensured that the fund's social and governance PAIs, such as violations of UN and OECD principles and exposure to controversial weapons, were addressed in the employment of the Norwind Breeze. Firstly, it conducted due diligence on the technical management company to ensure it upholds proper safety standards and working conditions. Secondly, the counterparties on Norwind Breeze must agree to the UN Global Compact principles, OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work. They must also agree to restrictions on transporting nuclear weapons and weapons for warfare, something which is anyway not relevant for this particular vessel type. By operating under the Norwegian flag, seafarers on the Norwind Breeze are protected by salary, sick pay, vacation and pension regulations that are typically above industry standards. As a Norwegian-flagged vessel, seafarers on the Norwind Breeze also have access to an independent whistle-blower system run by the Norwegian Maritime Authority.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

In order to ensure that the Norwind Breeze complies with the minimum safeguard requirements of the Taxonomy, Navigare Capital initiated an audit of the shipyard where it was built to verify its alignment with the OECD guidelines and UN principles. An audit of the shipyard involves a comprehensive onsite inspection by Navigare Capital to verify that policies, procedures and facilities at the shipyard comply with the health and safety standards of Navigare Capital, and that the shipyard holds the necessary safety certifications and provides adequate safety training. In addition, it verifies that adequate risk assessment and mitigation processes are in place and that all workers have access to a functioning grievance mechanism.

The shipyard is also, on an ongoing basis, subject to audits made by accredited third-party classification societies, which verify the quality, environmental and safety standards of the shipyard.

In addition to the required safety certifications, the shipyard itself can opt for additional certifications such as those of Social Accountability International (SAI). VARD Shipyard has been SA8000 certified since 2011, meaning they follow internationally recognised frameworks for human rights and decent working conditions. In addition, the shipyard is ISO 45001 and ISO 9001 certified, which relates to the shipyard's safety and quality management systems, respectively.

Navigare Capital also conducts due diligence on all charter parties and technical managers for the Norwind Breeze as part of ensuring minimum safeguard compliance. This includes verifying that the parties abide by the OECD guidelines for multinational enterprises (MNEs), UN Guiding Principles on Business and Human Rights (UNGPs), ILO core conventions and the International Bill of Human Rights and that it has not been in violation of corruption and tax laws.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Before investment occurs, all potential assets are thoroughly screened across a set of parameters of which carbon intensity is key. Only assets which meet the criteria satisfactorily proceeded to additional due diligences where other ESG factors were evaluated more thoroughly.

When the investments are made, each vessel is chartered out to a third party under either a time charter agreement or a bareboat agreement

In a time charter agreement, the fund has the technical, operational, and commercial responsibility of the assets and it is therefore possible for Navigare Capital to introduce its own guidelines especially within health and safety thus taking other adverse impact indicators like injuries, accidents and the like into consideration when choosing the technical manager of the vessels.

The fund also ensures that the principles and guidelines of conventions and known frameworks are adhered to and the technical managers are audited on a regular basis by the fund manager’s technical directors and by external third party specialists to ensure this.

Besides calculating and tracking the carbon intensity of the fund’s fleet, it has also, in the recent two years, calculated the carbon intensity of a peer group of vessels measured by means of the EU MRV database. The EU MRV database covers all vessels when operating in European waters. Based on these calculations the fund’s fleet is operated well above that of the industry.

In the case of a bareboat agreement, the bareboat charterer has the corresponding responsibility while the fund has the opportunity to incorporate requirements which consider principle adverse impacts, but the fund does not have the possibility to continuously follow up on the counterparties’ compliance with this. However, before entering into a bareboat charter agreement, the fund manager makes reasonable investigations regarding the counterparty’s experience, quality, resources, results and ESG practices.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What were the top investments of this financial product?

The investments are measured as assets under management during the year.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is 1/1-2023 – 31/12-2023

Largest investments	Sector	% Assets	Country
<i>RoRo</i>	<i>Transportation of wheeled cargo</i>	36%	100% Danish flagged
<i>Crude tankers</i>	<i>Transportation of unrefined oil</i>	30%	100% Danish flagged
<i>Container ships</i>	<i>Transportation of various goods in truck-size containers</i>	12%	100% Danish flagged
<i>LPG carriers</i>	<i>Transportation of liquified petroleum gas</i>	12%	100% Danish flagged
<i>Offshore wind support vessels</i>	<i>Supporting the installation and maintenance of offshore wind farms</i>	10%¹	100% Norwegian flagged



What was the proportion of sustainability-related investments?

The fund promoted environmental and social characteristics, but did not make any sustainable investments.

The expected minimum proportion of investments aligned with the fund's environmental and/or social characteristics is 99%.

The fund has reserved the opportunity of making other investments because each vessel needs a liquidity position which is necessary to ensure reliable liquidity management regarding the operation of the asset. The expected proportion of such investments is a maximum of 1%.

For these investments ("Other") the fund cannot guarantee that the investments promote any environmental or social characteristics.

The minimum proportion of investments aligned with environmental and/or social characteristics and the maximum proportion of other investments are to be seen as the average allocation within the annual reference period as calculated against the total market value of the fund's investments.

¹ Only one of the two offshore wind vessels, comprising 50% of the offshore wind vessels' AUM during 2023, were taxonomy aligned.

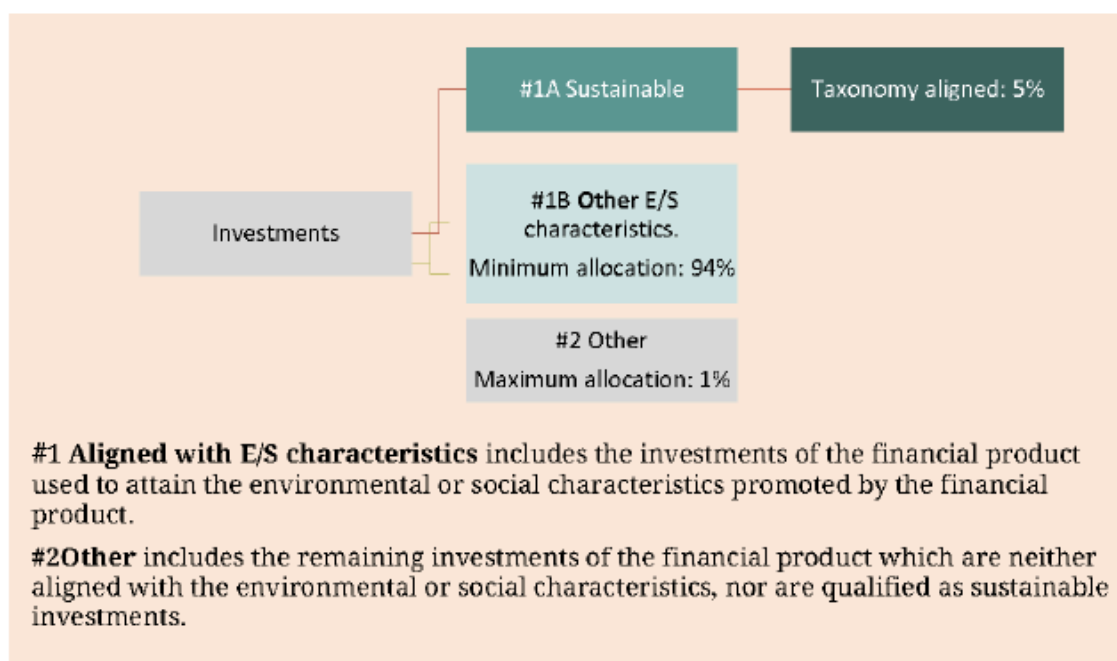
Asset allocation describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What was the asset allocation?**



● **In which economic sectors were the investments made?**

Sector	Activity	Percentage of AUM
Transport	Sea and coastal freight water transport, vessels for port operations and auxiliary activities	90%
Construction and real estate activities	Installation, maintenance and repair of renewable energy technologies	10%

The proportion of investments during the reference period related to transportation of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council, is 42% measured as assets under management during the year.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Environmental objective	Percentage of AUM
Climate mitigation	5%
Climate adaption	0%
Water	0%
Circular economy	0%
Pollution prevention	0%
Biodiversity	0%

In Article 10(1), points (a) and (i), of Regulation (EU) 2020/852 it is stated that “An economic activity shall qualify as contributing substantially to climate change mitigation where that activity contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere [...], by: (a) generating, transmitting, storing, distributing or using renewable energy [...], (i) or by enabling any of the activities listed in points (a) to (h) of this paragraph”.

Thus, Norwind Breeze qualifies as the vessel operates in the offshore wind industry, which is seen as enabling activities of installation, maintenance and repair of renewable energy technologies.

The substantial contribution criteria under climate mitigation set out in the economic activity “installation, maintenance and repair of renewable energy technologies” under the EU Taxonomy is:

- “The activity consists in one of the following individual measures, if installed on-site as technical building systems: [...] (d.) installation, maintenance and repair of wind turbines and the ancillary technical equipment”. As such, Norwind Breeze substantially contribute when operating in the offshore wind industry.

This is supported by two KPIs

1. Support the installation of new wind turbine generators (“WTG” measured as number of WTGs) with an installed capacity of megawatt (“MW” measured as the increase of MW capacity):

$$\frac{MW}{Year}$$

2. Support the maintenance and exchange of WTG components with a total capacity of MW:

$$\frac{MW}{Year}$$

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure (CapEx)** shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure (OpEx)** reflects the green operational activities of investee companies.

Of which Norwind Breeze supported the installation of 179 new wind turbine generators with an installed capacity of 2,062 megawatt and the maintenance of 56 existing wind turbines with a combined capacity of 450 megawatt. This was done on four different offshore wind farms.

The above numbers have not been assured, but, in 2023, Navigare Capital received guidance from The Footprint Firm, a sustainability consultancy firm, on taxonomy alignment requirements for similar vessels.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy²?**

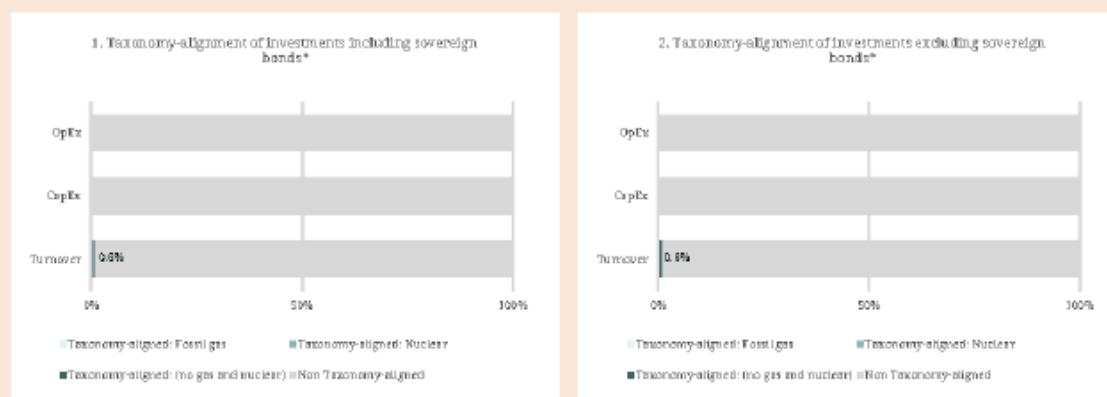
■ **Yes:**

■ **In fossil gas**

■ **In nuclear energy**

✗ **No**

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures


² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What was the share of investments made in transitional and enabling activities?**

Activity type	Percentage of AUM
Transitional	0%
Enabling	5%

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The percentage of investments that were aligned with the EU taxonomy increased from 0% to 5% as one vessel supported the installation, maintenance and repair of renewable energy technologies while doing no significant harm and complying with the minimum safeguards put forth.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.



What was the share of socially sustainable investments?

Not applicable.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

For each vessel there is a liquidity position which is necessary to ensure reliable liquidity management regarding the operation of the asset. This liquidity position part of the investments has no minimum environmental or social safeguards.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All potential investments were thoroughly screened across a set of parameters of which carbon intensity is key. Only assets which met the criteria satisfactorily proceeded to additional due diligences where other ESG factors are evaluated more thoroughly.

During 2023 the Fund continued its efforts from 2021 and 2022 where it collaborated with a third-party specialist to develop a catalogue of suitable energy-saving devices for each vessel in its portfolio, while also looking into other ways of reducing its environmental impact.

In 2023, the Fund took delivery of eight vessels- including a newbuild CSOV vessel with hybrid battery propulsion and three highly fuel-efficient newbuild container vessels with methanol-ready notations.

In 2023, the IMO's carbon intensity index ("CII") also came into effect. This will incentivise charterers to operate the vessels as efficiently as possible as it requires all vessels to calculate their carbon intensity, based on which the vessels are graded from A to E, where A is best. If a vessel is ranked D for three consecutive years or E for one year, the Ship Energy Efficiency Management Plan ("SEEMP") must be updated with a corrective action plan to reach the reference line, C, and verified before the statement of compliance can be issued and operation can continue.

To support this, the Fund's charter contracts all included the BIMCO CII clause entitling the owners to order the vessel to adjust course and/or to reduce speed or RPM in order to reduce the carbon intensity of the vessel, thus ensuring that the vessels will be redelivered with the agreed CII grade. Following this, Navigare Capital's in-house team of experienced vessel operators also began monitoring CII compliance, in addition to monitoring that the operation of the vessels is in accordance with the limitations of the charter contracts and in compliance with Navigare Capital's ESG policy.

When the investments were made, each vessel was chartered out to a third party under either a time charter agreement or a bareboat agreement.

In a time charter agreement, the Fund outsources the technical management of its assets to carefully selected top-tier companies based on their safety track record and their performance on health and safety KPIs evaluated in a study performed by Boston Consulting Group. As the fund has the technical, operational, and commercial responsibility of the assets, it introduces its own guidelines especially within health and safety thus taking other adverse impact indicators like injuries, accidents and the like into consideration.

For vessels on time charter, the fund manager, through its in-house technical capabilities, exercised strict supervision and control to ascertain that all matters concerning the assets were planned, carried out in accordance with regulations and followed up on in a manner that was safe, cost effective, and environmentally and ethically sustainable. This involved, among other things, performance reviews of the third-party technical managers and physical onboard inspections of the vessels to assess maintenance standards and evaluate whether the assets were in sound condition in terms of sustainability.

The performance was evaluated by means of, but not limited to, the following KPIs:

- Spills
- Port state deficiencies and detentions. These includes measures on safety and MLC
- Lost time incident frequency
- Carbon intensity measured by AER or CII
- GHG emissions

In addition, the fund manager's experienced team of vessel operators monitored voyages, cargoes, speeds and fuel consumption profiles to ensure the effective operation of the vessel. They also made sure that necessary actions were taken in cases where performance was deemed inadequate, this could be a cleaning of the hull to improve the vessels fuel efficiency.

The team also ensured that any ESG-related matters in connection with the operation of the vessel was in accordance with current regulation, the limitations of the charter contract and the fund's ESG strategy.

In the case of a bareboat contract, the attainment of the environmental characteristics promoted by the fund was similarly measured through usage of, among others, the following indicators/KPIs:

- Carbon intensity measured by AER or CII
- GHG emissions

However, as a result of the contract provisions, the fund has no possibility to continuously follow up on the counterparties' compliance with social characteristics according to international conventions, but before entering into any contracts the fund manager makes reasonable investigations regarding the counterparty's experience, quality, resources, results and ESG practices and also incorporates additional requirements on health and safety, human rights and working conditions into these.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

Not applicable

- **How does the reference benchmark differ from a broad market index?**
Not applicable.
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**
Not applicable.
- **How did this financial product perform compared with the reference benchmark?**
Not applicable.
- **How did this financial product perform compared with the broad market index?**
Not applicable.