



JR SHIPPING GROUP REPORT 2022





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NOVEMBER 2022

CONTENT

Acknowledgments	2
Message from the Board	3
1 Topicality and group strategy	4
2 Container feeder fleet	6
3 Offshore service fleet	10
4 Organisation and business operations	14
5 Full steam ahead in a sustainable way	18
6 Fleet overview	22



Acknowledgments

In the European shipping sector, JR Shipping Group enjoys an excellent market reputation as a short sea shipping specialist. This is underpinned by commercial and operational management of the JR Shipping container feeder fleet. This fleet consists of 15 modern container feeder vessels in the capacity classes from 750 TEU to 1440 TEU. Since 2010, JR Shipping Group has also operated offshore service and support vessels as part of the SeaZip Offshore Service label. The group has 6 of its own crew transfer vessels available for this segment and a number of vessels from third parties that vary from year to year. The SeaZip fleet is also operationally managed by JR Shipping Group.

Fleet and market policy

JR Shipping Group began operating compact multi-purpose vessels in 1993. In 2000, it decided to change course and focus primarily on the growth market for container feeder vessels. In order to finance this fleet, the Group realised successful participation projects under its own management.

Since 2020, the Group's policy has focused mainly on container feeder vessels and offshore service vessels. The Group also commercially and operationally manages third-party vessels and provides a wide range of specialised shipping services. It also systematically focuses on ship innovations and sustainability.

Future initiatives for fleet expansion are aimed at:

- ▶ the market for container feeder vessels;
- ▶ the market for short sea multi-purpose vessels;
- ▶ the market for offshore service vessels.

Specialised services include:

- ▶ all-round ship management;
- ▶ commercial management;
- ▶ purchasing, sales and newbuilding supervision;
- ▶ restructuring programs;
- ▶ investment projects, fund management, financing and refinancing.

Transparency

JR Shipping maintains sustainable relationship with its business partners, investors and suppliers/service providers. Transparency and information transfer is instrumental to that. In this annual review, the shipping company highlights recent and future market and business developments. No rights can be derived from the content, which has been compiled with the greatest possible care.

Harlingen, November 2022,
JR Shipping BV

Message from the Board

Thanks to the ever-increasing demand for container feeder capacity – which greatly exceeded the available supply – and the associated high rates and long-term charter agreements, 2021 was a special year for our shipping group. Improved revenue streams also contributed to the earning and continuity prospects of our various business units.

The focus is on fleet innovation and new business opportunities, where fleet expansion with newbuilding vessels has long been a goal. We are also taking concrete steps to achieve more sustainable shipping. We are doing this by improving the performance of existing vessels and by laying the foundations for the new generation of container feeder vessels. Our ECO Feeder program of innovative, newly designed feeders is setting a new standard in a market that has been thriving since 2021 and for which the profit potential for the coming years is very good.

This does not alter the fact that there are also concerns that have been prompted by the disruptive situation on the European continent. The rising market and related confidence in realistic investment opportunities for the foreseeable future were



overshadowed by the war in Ukraine in early 2022. Having finally brought the global Covid-19 pandemic more or less under control, Europe is now in the midst of another crisis, the outcome of which cannot be predicted when this annual review was published.

The economic consequences of the war and its impact on the international shipping industry are uncertain though they did not have much negative effect so far. We will of course respond to this situation as a shipping group if this would change, but it is not our main concern. No, our main concern is the human suffering that is unfolding in front of our eyes and our sympathy goes out to all those who are affected in their personal lives by the violence of war. Many seafarers who have been associated with our shipping group for many years, both Ukrainians and Russians, are experiencing the consequences of the war for themselves. We are providing support wherever possible. We are doing what we can, but that still doesn't take away our feeling of powerlessness.

Despite new tensions on the world stage, with the Black Sea region at the tragic centre, trade and transport processes continue. Although this seems harsh, it is also the reality. As a shipping group, we are aware of the essential function that short sea shipping fulfils in the supply chain and of the importance of sea transport for the global economy. We take our role in this very seriously and hold ourselves accountable for this in this annual review. In addition, we express the hope that Europe's human and democratic values are strong enough to peacefully end this crisis and provide everyone with a safe home port.

Jan Reier Arends
Managing owners JR Shipping, Harlingen

Sander Schakelaar



1 TOPICALITY AND GROUP STRATEGY

Our brand name, JR Shipping, enjoys an excellent reputation in Europe among both industrial market players and seafarers. As a shipping company, we fully support *Excellence in Short Sea Shipping*. This applies both to the deployment of our container feeder vessels and to the performance of our SeaZip vessels that serve the offshore energy industry.

For both activities, the technical performance of our vessels was outstanding in 2021. Despite the lingering effects of the corona crisis, which placed high demands on the resilience of seafarers, we managed to man our fleet as required and the work ethic

on board the vessels was high. There were no notable technical problems in the fleet, safety was guaranteed under all circumstances and we managed to effectively control the operational costs.

New phase for the essential shipping sector

After a very difficult period lasting twelve years in which our priority was the continuity of our activities - often resorting to very inventive solutions - a new era is now dawning. This will make even more clear how essential container transport by sea is for our prosperity and the further growth of the global economy. A number of incidents in 2021, particularly the grounding of the container ship Ever Given in the Suez Canal in March, clearly showed how drastically distribution and supply processes come to a standstill if container transport by sea is disrupted.

Not only did we once again see the importance of shipping in 2021, we also increasingly saw what the future of sustainable shipping will look like. The need for wide-ranging measures and innovations aimed at reducing harmful emissions has been increasing all the time.

Shipping is gradually becoming more sustainable

We saw many guidelines and ambitions, but we also saw concrete initiatives. For example, Danish container shipping company Maersk attracted attention with numerous successful pilots and order worth \$1.4 billion for eight new container vessels that can sail on both fossil bunker fuel and 'green' methanol. With these new vessels, Maersk hopes to reduce the CO₂ emissions of its fleet by 1 million tonnes. The initiative was welcomed as one of the biggest steps towards sustainable shipping up to this point.

But it is certainly not the only step. Although on a different scale, in 2021 our shipping group also took a number of concrete steps towards greater sustainability in our shipping specialism – short sea shipping. We are following two tracks to reduce the impact of our shipping activities on our climate. On the one hand, we are focusing



on measures for our existing vessels. With the installation of advanced exhaust gas filter systems with carbon capture capability, we are reducing the emissions of our existing container feeder vessels. On the other hand, we have made great progress with an innovative concept for the new generation of container feeder vessels. In 2021, we introduced our ECO Feeder program, a series of new ship designs that will accelerate the transition to sailing on renewable fuels. The program has been well received by the market.

Expansion of our fleet and activities

As a shipping company, we are also making a modest but not insignificant contribution to the overall social transition towards sustainable energy. Our SeaZip Offshore Service fleet operates mainly for the offshore wind energy industry and is supporting the realisation of new wind turbine parks in the North Sea and a range of O&M processes. To keep meeting the market demand in the best way possible, in 2021 preparations were made for an upgrade of our SeaZip crew transfer vessels from 12 to 24 PAX. This upgrade took place spring 2022. Two more 24 PAX crew transfer vessels were added to the fleet as well.

The strategy of our shipping group is aimed at the controlled growth of our container feeder fleet, with an important role for the new generation of ECO Feeder vessels and the intensification of our SeaZip Offshore Service activities - among other things through fleet expansion. There are also excellent opportunities to build a new position in the market for short sea multi-purpose vessels. We are also focusing on long-term ship management assignments for third parties. A new era has dawned for our shipping company in 2021, an era in which we are working towards *Excellence in Sustainable Short Sea Shipping*.

Shipping in times of innovation

“As a shipping company, we’re used to responding flexibly and adequately to radical changes. Since 2021, after twelve years of crisis management we can once again turn our gaze completely outwards. Reducing harmful emissions from our fleet is our biggest challenge. This mega job can only be completed if we actively seek cooperation on all fronts. Charterers, fellow companies, suppliers, service providers, investors – we all need to work together to guide the shipping sector into a new phase. At JR Shipping, several projects are under way to make the fleet more sustainable. At the same time, we will never compromise on the continuity and affordability of sea transport. The focus of technical ship management is on this balance between sustainability and profitability. Now that confidence is back we need to focus on making progress.”

Robert-Jean Dupuis | director ship management JR Shipping





2 CONTAINER FEEDER FLEET

With the management of 15 container feeder vessels varying in capacity from 750 to 1440 TEU, in 2021 JR Shipping Group provided the market with efficient and reliable services in 2021. New contracts and contract extensions were entered into with several leading container shipping service operators. The agreed charter rates were higher in 2021 than in 2020. The demand for more capacity is urgent and is set to continue. The need to reduce the impact of shipping on the climate is high on the agenda. To speed up this process, our shipping group took important steps in 2021.

At the end of the corona year of 2020, it became clear that the market for container feeder vessels was finally on the rise. The positive forecasts for 2021 were exceeded as capacity scarcity has dominated the market environment.

Financial year 2021 heralds a new phase

The mood in the container feeder market segment definitely changed in the autumn of 2020. At that time, there was still a certain amount of caution about the rising charter rates, given the long period of loss-making operation that had preceded it. Since 2008, shipping markets have been in dire straits as a direct result of the global credit crisis and the subsequent banking crisis. Throughout twelve years of crisis management, we as a shipping company managed to navigate through successive lows and keep a significant part of the fleet in operation. In 2021, we are leaving that phase behind us. The shortage was and is still being felt. The supply chain, which was severely disrupted by the pandemic, is just one of the causes. The underlying cause is that in our segment, in the twelve years in which the international shipping industry had to steer from one low point to another, a great deal of capacity was lost and hardly any new capacity was realised.

Efficiency and safety in essential processes

The shortage of capacity highlights how crucial the shipping sector is to the growth of the global economy and to ensuring that essential products reach their destinations safely and efficiently. Problems with the logistics chain, such as in the extreme case of the Ever Given blockage of the Suez Canal (April 2021), not only cause delays and disruptions. They also have a strong cost-increasing effect. It is essential to stay focused on the efficiency and safety of the operational processes, explore opportunities to invest in fleet expansions and forge partnerships that help create a healthy shipping industry.

Focus on sustainability

A healthy shipping industry also means a more sustainable shipping industry. New ship designs with the emphasis on innovative propulsion and fuel technologies will play a defining role in this. JR Shipping Group is leading the way in this area with the ECO Feeder program, the result of an innovation project that was launched in 2019 in collaboration with Technolog GmbH. In 2021 a complete new series of designs was presented to the market. With the ECO Feeder program, our shipping group is setting the standard for a new generation of sustainable high-performance container feeder vessels that will significantly help to reduce maritime emissions.

The number of new vessels to be built in the transition to cleaner shipping is a perspective for the medium and longer terms. Faster 'climate gain' can be realised by introducing technical measures for existing vessels. Given the current capacity shortage and the low number of newbuilding orders for container feeder vessels, in the current decade tonnage from around and after 2000 will remain essential in the transport and distribution chain. This means that the current generation of container feeder vessels will have to comply with stricter emission regulations and profitability requirements in the context of rapidly increasing fuel prices. In terms of costs, sailing on climate-friendly 'premium fuel variants' is hardly an option for container line service operators.



Sustainability perspectives for existing vessels

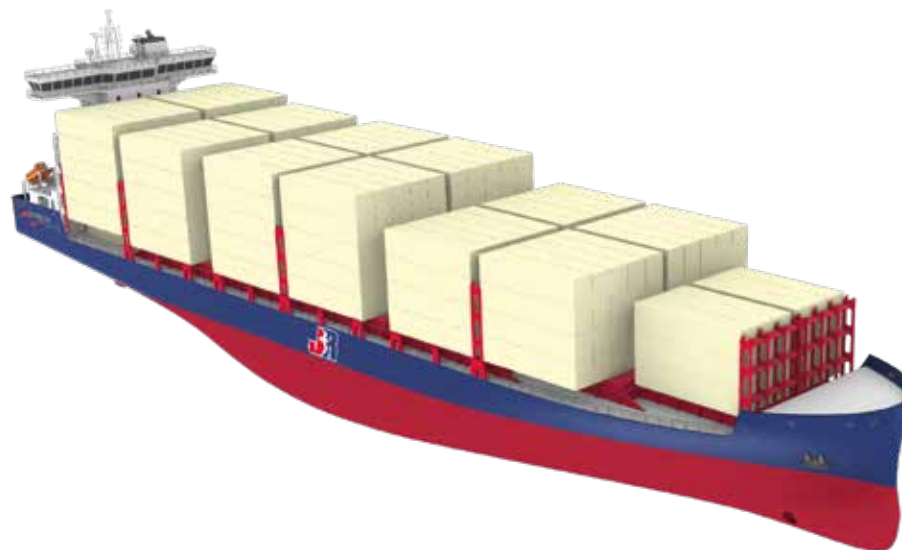
There is fortunately an excellent alternative, namely the use of advanced exhaust gas filter systems, and in particular of the Value Maritime Filtree System, which has been on the market since 2019. Value Maritime, based in Rotterdam, successfully used this system on multi-purpose vessels for the first time in 2019. This prompted our shipping group to investigate whether the fleet-wide use of the filter system for our container feeder vessels could be useful and, above all, profitable. Since then, we have been working closely with Value Maritime.

The Value Maritime Filtree System was further developed and expanded with a unique carbon capture technology, supported by a collection and recycling concept that will be accessible via European ports. This technology makes the system sustainable, circular and future-proof. It means that container line services can continue to operate economically on conventional fuel while meeting strict emission requirements. This produces a huge financial advantage and therefore also significantly improves the competitive position of the JR Shipping vessels. In 2021, the 750 TEU container feeder vessel Endeavor was the first vessel in the JR Shipping fleet to be fitted with this innovative technology. The second vessel, MS Energy, is scheduled for summer 2022. In the foreseeable future, the partnership between JR Shipping Group and Value Maritime will result in the optimal sustainability and cost efficiency of all vessels in the fleet that our shipping group is currently operating.

Focus on efficient, safe and climate-friendly performance

That fleet consists of 15 vessels, 12 of which are managed in the Container Fleet Fund CV, an fund set up in 2019 by a British investment company. JR Shipping Group is responsible for the commercial and operational management of the fund. In 2021 we were able to acquire ownership of one of the vessels from Container Fleet Fund CV, the Endeavor. In mid-2021, the Elan and Elite were sold externally at the initiative of the British investor, which means that the shipping group is no longer involved in the management of these vessels. A number of different scenarios are being worked out for the ownership structure of the other 12 vessels. Our priority is that the

vessels are retained for the fleet and that they continue to provide sustainable added value to the container line services for which they are sailing under our management. The Group's focus continues to be on the efficient, safe and climate-friendly performance of our fleet and container feeder vessels belonging to third parties. The installation of advanced exhaust gas filter systems will extend the useful life of the vessels, increase the residual value, and give the vessels a preferential position in the charter market. In addition, the shipping company remains alert to purchasing opportunities on the market for second-hand container feeder vessels and to the initiation of newbuilding projects based on the innovative ECO Feeder concept. To an increasing extent, newbuilding projects will be initiated and realised in consultation with container shipping services and alliances of investors. The pressing demand for container feeder capacity and the continuing high level of charter rates means that there are realistic opportunities here. As a specialist in short sea shipping and investment and financing projects, our shipping group will play an initiating and facilitating role in this area.





In 2021, the SeaZip Offshore Service fleet produced an outstanding technical performance to support a large number of prestigious offshore energy projects. The focus of the fleet is on activities for wind farms in the North Sea. Given the demand for flexible transfer capacity for both small and larger teams, in late 2021 our shipping group started preparing to make the accommodations of four crew transfer vessels suitable for 24 passengers (pax). The vessels were converted in the spring of 2022 and were ready to be deployed from the start of the season.

In Northern Europe, wind energy is playing a crucial role in the transition to renewable energy that is necessary to achieve the European climate goals. To respond to this new growth market as a shipping group, SeaZip Offshore Service was founded in 2010. This specialist shipping company deploys service and support vessels to support existing and new offshore energy projects. These are the company's own vessels - with an emphasis on crew transfer vessels (CTVs) - and vessels of third parties. In addition, SeaZip also provides other maritime services to the sector.



In early 2020, the offshore wind industry slowed down as a result of the Covid-19 pandemic. It was not until the summer of 2020 that working procedures were made more corona-proof so that projects could recommence. The operating results for 2020 have, subsequently, been very disappointing. Ultimately, the 2021 operating year would also still be affected by Covid-19. Now in 2022, we notice that the market once again has the wind in its sails.

Doubling passenger capacity – from 12 to 24 pax

However, the precarious balance between revenues on the one hand and rising operating costs on the other did lead to a radical decision to improve charter potential. In the offshore energy industry - and particularly in projects aimed at offshore wind - there is a growing need for vessels with a relatively high passenger capacity. A capacity of 24 passengers (24 pax) is the future norm. In order to meet that market demand and in that way improve the starting position for the SeaZip CTVs, it has been decided to double the accommodation facilities of SeaZip 3 to 6 from 12 to 24 pax. A conversion plan was worked out in close collaboration with Next Generation Shipyards and that plan was implemented by the shipyard in Lauwersoog in the spring of 2022.

Innovative, fuel-efficient new building CTV's

Although our shipping group has not initiated any newbuilding plans for the offshore service market, SeaZip is actively involved in a newbuilding program by way of a special partnership. This is the partnership with the new Dutch shipping company Coastwise Offshore Services, which is realising three crew transfer vessels – 30 pax Monomaran Crewtenders of the type Endurance class NG2727. The vessels, which are being built by the Dutch yard Next Generation Shipyards, comply with strict energy efficiency and emission requirements. The first Crewtender, christened COS Master, is successful operating for Siemens in a long-term charter came into effect shortly after delivery of the vessel. The second and third vessels, the COS Mate and the COS Mariner, will become available later this year. SeaZip provided expertise during the design and construction phase and is implementing commercial management on behalf of Coastwise.





Management services

This means that Coastwise can take full advantage of the market knowledge, network and reputation of SeaZip Offshore Service. Added to that, operational support, which includes crewing services, can be provided at any time. This is because, in addition to commercial management, SeaZip Offshore Service also organises operational management for third-party vessels. Our fully certified management organisation is responsible for the implementation. Several ship owners used this specialised service in 2021, which was offered on an ad hoc basis and tailored to specific projects on a sustainable basis. In view of the developments in the dynamic market of offshore wind projects, we as a shipping group are committed to expanding these management services, which are divided into:

- ▶ commercial management;
- ▶ nautical and technical management;
- ▶ crew management;
- ▶ procurement management;
- ▶ financial management;
- ▶ QHSE-management.

Sustainable shipping

In 2021, SeaZip Offshore Service was involved in both conventional offshore oil and gas projects and projects aimed at the transition to renewable energy. CTVs and support vessels mainly sail for international offshore wind projects. As a shipping company, SeaZip is well aware of the need to make the maritime services in this innovative industry as sustainable as possible. The SeaZip fleet is geared to fuel efficiency and emission reduction. In addition, SeaZip supports a wide range of initiatives and pilots aimed at future climate-neutral shipping activities and vessels that sail autonomously. Needless to say, SeaZip is closely and actively involved in the Group's programs aimed at more sustainable shipping and the transition to sailing on alternative fuel variants. If clients prefer, the SeaZip CTVs could be operated while using 'low CO₂' biofuels. Allowing for a reduction of the CO₂ footprint of close to 90%!

Shipping in times of innovation

"As a niche shipping company, we're actively involved in one of the most innovative industries in Europe – the offshore wind industry. There's a lot of innovation going on there. The climate crisis is continuing to drive the transition to renewable energy. But geopolitical developments and discussions about energy dependencies are now also playing their part. At SeaZip Offshore Service, we're seeing a rapid rise in the demand for more capacity and flexibility in the transport of industrial personnel. This is presenting exciting opportunities and we're preparing for them. In an inventive way that suits the innovative character of the industry. In collaboration with Next Generation Shipyards, we have doubled the capacity of existing crew transfer vessels from 12 to 24 PAX. The interest from the market not only led to attractive contracts, but it's also an incentive to stay extra focused on the expansion of our fleet and services."

Hanneke Snijder | commercial manager SeaZip Offshore Service



The high charter rates in the market for container feeder vessels signal a turning point after twelve long years of crisis. Nevertheless, our shipping group still exercises strict cost control, which in 2021 led, among other things, to some adjustments in the staffing of our shore-based organisation.

Our shipping company has the structure of a holding company, called AS Shipping Group BV, which includes several, self-managing companies. In the first place, this is JR Shipping BV, with JR Ship Management BV and JR Ship Crew as operating companies and SeaZip Offshore Service as a specialist label for the offshore energy industry. Additional specialised services are provided by Confeeder Shipping & Chartering BV, JR Ship Brokers & Consultants BV, and JR Ship Investments BV. All the teams are making a substantial contribution to the strength and earning capacity of the Group. The Group is led by managing owners Jan Reier Arends (founder) and Sander Schakelaar.

SHIP MANAGEMENT

The JR Ship Management team is responsible for the financial and operational management of our JR Shipping fleet and SeaZip Offshore Service fleet. Executive work processes are ISO 9001:2015 (International Organization for Standardization) and ISM (International Safety Management) certified. Our vessels are also MLC2006 (Maritime Labour Convention) certified. The vessels are also certified according to the International Ship Security Code (ISPS). JR Ship Management leads the way with the automation and digital monitoring QSHE management processes and is in contact with its vessels 24/7.

After our fleet management director, Mr. Harm Mulder, decided to continue his career elsewhere, the shipping group appointed Robert-Jean Dupuis to that position in the first quarter of 2022. In close collaboration with Managing Owner Jan Reier Arends, Robert-Jean is responsible for technical and nautical management. Robert-Jean has been connected to the Group since 2003. He held a number of technical positions and was responsible for the insurance portfolio, among other things, until his appointment

as director of ship management. Managing owner Sander Schakelaar, assisted by financial manager Peter Jaspers, is responsible for the financial management of the fleet, which is also the domain of JR Ship Management.

Focus on reliable deployability

JR Ship Management's primary responsibility is to provide reliable services that focus on the deployability and quality of vessels and operational processes at sea and that are carried out by professional and committed seafarers. The company's current spearheads include:

- ▶ innovation and optimisation of performance at sea using high-quality technology and data systems wherever possible and useful;
- ▶ relationship management with suppliers, shipyards and pilot and port officials;
- ▶ initiation and coordination of technical innovation aimed at safe, fuel-friendly and sustainable shipping.

CREWING

As a shipping group, we consider the skills, motivation and commitment of our seafarers to be the engine of our operation and a determining factor for the quality and accuracy of our services. Responsibility for the staffing of our vessels and the related planning and Human Resource procedures is in the hands of JR Ship Crew BV, managed since April 2022 by Arnoud van den Bos. Arnoud has thirty years of experience at sea, most of them as a captain. Over the past few years, he had already supported our Crewing department a number of times.

JR Ship Crew organises the staffing of both our JR Shipping fleet and SeaZip Offshore Service fleet and is the employer of more than 45 Dutch seafarers in all relevant officer ranks. In anticipation of the outcome of collective labour agreement negotiations, JR Ship Crew decided to grant a 3% wage increase in 2021 to somewhat dampen the negative effect of inflation. As a shipping group, we follow the policy of the Association of Employers in Commercial Shipping (VWA).

For the deployment of non-Dutch seafarers, JR Ship Crewing works closely with Marlow Navigation. Through Marlow, JR Ship Crew has access to a permanent pool of over 380 maritime professionals, mainly with the Russian, Ukrainian and Filipino nationalities. JR Shipping has a solid reputation as an employer in the non-Dutch maritime labour markets. A large number of professionals in the pool have been sailing for our shipping group for more than ten years.

Seafarer support

In 2021, JR Ship Crew paid close attention to the aftermath of the Covid-19 pandemic. Procedures on board the vessels remained geared to the risks of the pandemic and the related guidelines and proved effective during the new outbreaks of the virus in 2021. Corona was part of the 'new normal' on board our vessels. The way that sailors acquitted themselves during the pandemic is truly commendable.

In early 2022, a new, unprecedented crisis emerged, unleashed by the Russian invasion of Ukraine. Our shore organisation took immediate action with vessels and crew members to prevent any tensions on board. Investments have also been made in helping colleagues with the Ukrainian and Russian nationalities to maintain continuous contact with family and friends and - where desired - to return home.

Despite a great deal of uncertainty and concerns about the situation at home, the mutual atmosphere on board our vessels remained inclusive, amicable and respectful. In very close collaboration with Marlow, JR Ship Crew has provided maximum support for processes related to repayments and the payment of wages, for example. Employees from our crewing department were also available to provide personal support to individual seafarers.

COMMERCIAL MANAGEMENT/CHARTERING

At JR Shipping Group, all the activities related to commercial management and chartering are performed by Confeeder Shipping & Chartering, based in Barendrecht since 2021 and managed by Marcel Huijser. Confeeder is primarily responsible for

Shipping in times of innovation

'In times of crisis, we as a shipping company take our responsibility. We saw that during the corona crisis, which is still reverberating, and we're seeing it with the war in Ukraine. These events are placing a great strain on our seafarers. As a captain, I experienced that first-hand. So I know how essential factors such as commitment, trust and mutual communication are. Seafarers are our capital, especially when we take future developments into account. The students at maritime colleges and the new generation of seafarers are showing a lively interest in engineering and technology. New drive technologies, further digitisation, the use of Big Data to make shipping cleaner and energy more efficient – these are all themes that appeal to the imagination. If we get everyone on board and make the right knowledge and resources available, we can have the transition we want.'

Arnoud van den Bos | head crewing JR Shipping





the container feeder fleet but also provides supply services to third parties. The company has an impressive track record and a broad network in the feeder market. In 2021, the Confeeder team held frequent talks with charterers aimed at optimally gearing the options in a tight market to the needs and requirements of the fleet and to finding appropriate charter contracts for them. Confeeder is also in an ongoing dialogue with charterers about their future wishes and needs, with the theme of sustainability high on the agenda. The Confeeder team is engaged in concrete discussions with a number of market partners about the JR Shipping ECO Feeder program that embodies the new generation of container feeder vessels.

SHIP BROKERAGE AND CONSULTANCY

Expertise in the purchase and construction of seagoing vessels, in the past primarily focused on our own JR Shipping fleet, has been combined in JR Ship Brokers & Consultants, managed by managing owner Sander Schakelaar.

Over the past few years, JR Ship Brokers has invested a great deal of knowledge and time in the development and elaboration of a design concept for a new type of fuel-efficient and sustainable container feeder vessels. This included identifying technology that makes a gradual transition to new, low-emission and even zero-emission fuels possible. This technology is the revolutionary ECO Feeder concept, which was realised in collaboration with Technolog GmbH in Hamburg, which specialises in marine engineering. Technolog, founded in Shanghai and now active worldwide, has an exceptional reputation in ship design concepts that focus on efficiency, flexibility, safety and sustainability.

INVESTMENT AND FINANCE PROJECTS

When JR Shipping shifted its focus to the growing market for container feeder vessels in 2000 it had a dual policy for the fleet structure: the acquisition of existing vessels and newbuilding projects. The order for six new 750 TEU container feeder vessels was exceptional and was awarded to Dutch company Volharding Shipyards. The vessels, delivered between 2003 and 2006, are still part of the JR Shipping fleet and will

continue to play an important role in the container feeder market in the years to come. The shipping group also had larger vessels built later, including 1400 TEU Baltic Max container feeders, in response to the increasing demand for capacity.

In order to co-finance these new vessels and the purchase of existing vessels, the shipping company group decided to initiate and implement ship investment projects under its own management. This soon attracted a great deal of interest from both corporate and private investors. To further professionalise this process, JR Ship Investments was established to specialise in investment projects and fund management.

Focus on transparency and mutual trust

Before the financial crisis in 2008, JR Ship Investments, today managed by Eelco van der Heide, was responsible for a large number of ship funds in which more than 3,500 investors participated and which represented a combined invested capital of more than €200 million. Since the outbreak of the crisis, which hit the shipping industry hard and lasted until the autumn of 2020, JR Ship Investments has played an important role in implementing restructuring and refinancing programs and in communicating with investors who lost their equity.

Despite disappointing results, JR Ship Investments managed to hold on to the trust and loyalty of many investors by always being open and transparent about risks, crisis measures and the choices that were made. The vast majority of investors therefore agreed to the transfer of twelve vessels to a British investor that had set up Container Fleet Fund CV for this purpose.

With the current turning point in the container feeder market, which is now dominated by scarcity and high rates, the focus of JR Ship Investments is also shifting. While the focus for twelve years was on managing the consequences of the crisis, in 2021 it shifted definitively to new opportunities and innovative financing and investment models. The expertise and good reputation built up over the years in the world of ship financing will be deployed now and in the years to come to initiate new projects.

These projects will partly focus on existing container feeder and offshore service vessels and partly on newly built feeder vessels, with the emphasis on fuel-efficient and sustainable shipping.

Sustainability counts in the projects for 2021

In 2021, JR Ship Investments implemented a special project. It involved the successful issue of bonds and shares for 750 TEU container feeder MV Endeavor. The project resulted from the purchasing opportunity that arose when the English investor said that they wanted to divest a number of vessels from Container Fleet Fund CV under favourable terms. When designing the investment project, the opportunity was seized to finance not just the purchase of the vessel itself but also the installation of the first exhaust gas filter installation with Carbon Capture that enables existing vessels to sail more sustainably on conventional fuel.

The project was completed quickly and successfully. The explosive rise in charter rates is exceeding the expectations of investors. In the spring of 2022, the Endeavor is fitted with the innovative Value Maritime Filtree System with Carbon Capture in the meantime. A similar upgrade is also planned for MS Energy this summer. This upgrade will significantly improve the market position of both vessels.

Position improvement SeaZip crew transfer vessels

In its role as fund manager, JR Ship Investments is responsible for communicating with investor relations who helped finance four SeaZip crew transfer vessels. Although the performance has been excellent, the return for investors has been disappointing up to now. Unexceptional years in the past are still affecting the results. JR Ship Investments has always succeeded in taking additional financing measures in good time - and always in close consultation with the investors.

In 2021, the Group decided to improve the earning prospects of the relevant CTVs by doubling the passenger capacity to 24 pax. To co-finance this operation, in 2021 JR Ship Investments issued bonds to which a large number of investors subscribed.

The Group itself also took part in the financing. The doubling of capacity was successfully completed in the first quarter of 2022 and it was possible to immediately employ the vessels on various projects at the start of the offshore wind energy season.

New perspectives, new financing models

Now that the charter rates in the container feeder market are high, the demand for capacity has increased and 'sustainable shipping' has the full attention of the shipping industry, JR Ship Investments will play an important role in developing new financing models. The emphasis will shift from private investors to larger investors, professional private equity investors and banking relations. There will also be more intensive cooperation on financing issues with market partners such as container shipping service operators. JR Ship Investments is closely monitoring developments on financial markets that may be relevant to shipping and is investing proactively in order to maintain and update the existing network.

There is no trending topic in the shipping industry that is more relevant than sustainable shipping. The bar set by the International Maritime Organization (IMO) is high: 50% less harmful emissions by 2050. Sustainable shipping is not just a popular conversation topic – action is being taken too. For example, in 2019 JR Shipping Group sought active collaboration with Technolog GmbH to develop a concept for the new generation of container feeder vessels. In 2021, a complete program of new ECO Feeders was presented. At the same time, the shipping group is working to improve the sustainability performance of its existing fleet. With 2021 as a turning point in the container feeder market, activities in the field of sustainable shipping will be intensified even more.

In 2015, the IMO – which is part of the UN – formulated the basic principles for making shipping more sustainable. The Sustainable Development Goals were signed by 193 countries. Main goal: 50% reduction in emissions of harmful substances by 2050. With the message that most measures must be completed between 2020 and 2030. For Europe, the targets were tightened up with the Fit for 55 program. In this way, the European Commission is aiming for a CO2 reduction of 55% by 2030. One of the measures is that polluters will pay for their emissions. The Climate Conference in Glasgow in 2021 even declared its aim to achieve climate-neutral shipping by 2050.

Cleaner shipping as a common goal

It remains to be seen whether the ambitious goals are achievable but numerous initiatives show that the need for cleaner shipping is supported and endorsed industry-wide. Concrete investments are being made in new ship designs and themes such as smart logistics, circularity, efficient engines, alternative fuels and new energy carriers are being studied in-depth in international knowledge networks. Major manufacturers such as MAN and Wärtsilä are investing significant amounts in the development of new engine technologies. In 2021, Maersk set a new standard in intercontinental container shipping with its newbuilding order for eight container vessels that - in terms of engine technology - are ready to sail on green methanol.

The transition, also referred to as the decarbonisation challenge, demands decisiveness but also an element of caution. Sea transport is a crucial link in the distribution and transport chain. In 2021, it was already clear that rising freight and charter rates are pushing up the final price of many products – including consumer products – and investments in sustainability that don't pay for themselves will cause further price increases. Sustainable shipping is a must, but it is only feasible if it is affordable. Added to that, it is important to remember that transport by sea is still considerably more economical and less polluting than transport of comparable volumes by road or air.



Sustainability and profitability

The principle of an 'affordable transition' is central to the collaboration between JR Shipping Group and Value Maritime and has led to the installation of advanced exhaust gas filter systems with Carbon Capture technology on existing vessels. This means that container line services can continue to operate on conventional fuel oil, which is significantly cheaper than new premium fuel alternatives. This will significantly reduce the burden on the environment. In the future, the trading of CO₂ in the greenhouse sector, for example, may even be an additional revenue model. As a shipping group, in the coming years we want to fit our entire existing fleet with the Value Maritime Filtree System with Carbon Capture module.

The same exhaust gas filter system also plays an important role in our ECO Feeder program with which we are laying the foundation for the new generation of container feeder vessels. One important principle behind the concept is that container line operators can first benefit from the price advantage and better availability of conventional fuels when investing in and deploying new vessels. There can be a gradual switchover to alternative fuels as soon as they are affordable and sufficiently available. JR Shipping ECO Feeder vessels, built from sustainable and often circular materials, are pre-eminently future-proof because the innovative propulsion technology can sail on green methanol or synthetic LNG (liquefied natural gas).

The distinguishing features of the ECO Feeders are:

- ▶ innovative hull and bow design for the optimal balance of speed and energy consumption;
- ▶ high performance with a reduction in fuel consumption of 40-50%;
- ▶ significant reduction in harmful emissions when sailing on traditional fuel;
- ▶ minimal emissions after transition to sustainable fuel;
- ▶ significant reduction in operating costs.

The program includes in ECO Flex Feeders from 500, 900 and 1,100 TEU and Baltic Max ECO Feeders from 1,600 to 2,100 TEU. The ship designs include a level of

Shipping in times of innovation

"When we share the same ambitions, there's plenty ground for collaboration. JR Shipping combines the ambition to lead the way in the transition to sustainable shipping with common sense and realistic goals. Investment in sustainability is urgently needed, but the business must remain profitable. Managing Owner Sander Schakelaar expresses it like this: "The transition to sustainable shipping can only be accelerated if we turn the Green Deal into a profitable deal." Based on this vision, even at an early stage, JR Shipping saw the potential and added value of our innovative Filtree System with Carbon Capture module. Our tagline aligns perfectly with JR Shipping's standpoint: Filtering with a green financial dividend. The installation of our filter technology on two of JR Shipping's container feeder vessels – the MV Endeavor and MV Energy – is just the first step in our partnership, which is based on the shared ambition to help achieve cleaner shipping."

Maarten Lodewijks | co-founder and director Value Maritime





flexibility that means that customised modifications can be made in accordance with the specific wishes of shippers. As the initiator of the ECO Feeder program, JR Shipping Group has been holding exploratory talks with various container line services and investment consortiums since 2021. The exchange of knowledge and ideas is resulting in refinements in the concept.

Towards Excellence in Sustainable Short Sea Shipping

The steps that we took as a shipping company in 2021 and that we will take in the coming years offer a realistic and viable perspective for cleaner shipping. This applies to existing vessels – which will remain crucial for the continuity of transport by sea in the current decade – as well as to the new generation of container feeder vessels and short sea multi-purpose vessels. The realization of newbuilding projects will provide a valuable boost to our shipping company, which aims to occupy a leading position in the European container feeder market. Added to this, the focus in the coming years

will be on rebuilding a position in the market for short sea multi-purpose vessels and on supporting the sustainable offshore wind industry with our SeaZip fleet and additional services.

Looking beyond this decade and in anticipation of the moment when 100% climate-neutral vessels enter service, we are preparing to replace gradually existing tonnage with new hybrid vessels such as the JR Shipping ECO Feeders. These will make it possible to switch to alternative fuels that include marine gas oil, ultra-low sulphur fuel oil, green methanol and synthetic LNG. Even wind-assisted ship propulsion is one of the possible options for reducing energy consumption even more. New AI and data technology will contribute to the efficiency and safety of processes and reduce operational costs. The mission of JR Shipping Group will gradually transform from *Excellence in Short Sea Shipping* to *Excellence in Sustainable Short Sea Shipping*.



ENDEAVOR
HARLINGEN

BARBOCK

763

8



6 FLEET OVERVIEW



Enforcer Length 134.65 m, Capacity 750 TEU



Endeavor Length 134.65 m, Capacity 750 TEU



Energy Length 134.65 m, Capacity 750 TEU



Empire Length 170.15 m, Capacity 1440 TEU



Encounter Length 134.65 m, Capacity 750 TEU



Endurance Length 134.65 m, Capacity 750 TEU



Elysee Length 167.00 m, Capacity 1400 TEU



Espoir Length 168.10 m, Capacity 1436 TEU



Energizer Length 134.65 m, Capacity 750 TEU



Ensemble Length 134.65 m, Capacity 750 TEU



Emotion Length 170.15 m, Capacity 1440 TEU



Essence Length 168.10 m, Capacity 1436 TEU



Esperance Length 168.10 m, Capacity 1436 TEU



SeaZip 3 Length 26.30 m, Pax 24, Speed 25 kts



SeaZip 6 Length 26.30 m, Pax 24, Speed 25 kts



COS Master Length 27.27 m, Pax 30, Speed 27 kts



Escape Length 168.10 m, Capacity 1436 TEU



SeaZip 4 Length 26.30 m, Pax 24, Speed 25 kts



SeaZip 7 Length 27.40 m, Pax 24, Speed 25 kts



COS Mate Length 27.27 m, Pax 30, Speed 27 kts



Bermuda Islander
Length 99.98 m, Capacity 430 TEU



SeaZip 5 Length 26.30 m, Pax 24, Speed 25 kts



SeaZip 8 Length 27.40 m, Pax 24, Speed 25 kts



Stad Amsterdam
Length 78 m, Pax 18 / daytrips 125



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