



# QUARTERLY FACTSHEET

LSE: NSA

14 December, 2016

## Company Overview

Nimrod Sea Assets Limited (LSE:NSA) ("NSA" or the "Company") is a non-cellular Guernsey company limited by shares and incorporated on 8 October, 2012. The redeemable ordinary shares of the Company were admitted to trading on the SFS on 24 March, 2014.

The Company's total issued share capital currently consists of 130,000,000 redeemable ordinary shares of no par value (the "Shares") which were admitted to trading at an issue price of USD1.00 per Share.

The Company's investment objective was to obtain income return and capital appreciation for its Shareholders by participating in vehicles which acquired, chartered and sold Marine Assets associated with the offshore oil and gas industry. To pursue its investment objective, the Company obtained exposure to Marine Assets by acquiring interests in special purpose holding companies ("Marine Asset Companies").

The majority of the Marine Assets to which the Company has exposure at any time are those that are needed for the inspection, repair, maintenance and operation of installed infrastructure and production equipment for use in the offshore oil and gas industry.

Following the significant deterioration of the oil market over the last year, the Company has previously made announcements regarding the payment of distributions (RNS number: 7405Q, 5576R, 9410A, 4760K and 4223T) as well as the strategy to be adopted regarding uninvested capital (RNS number: 9410A).

Alongside these dividend distributions the Board, as previously reported, conducted extensive reviews of the existing portfolio, investment policy and the investment process and potential future opportunities. The Board decided that unless market conditions improved significantly, it was unlikely to sanction any further new investments. Consequently, the Board anticipated returning unrequired uninvested capital after March, 2016 which was estimated, then, at a further 20 cents per share. The Company announced that it would establish the best method of returning this sum to Shareholders. On 13 April, 2016, the Company announced a return of uninvested capital to Shareholders of 20 cents per Share (RNS number: 12967V) by way of a bonus issue of 130 million B Shares to Shareholders on the Company's share register on record date of 22 April, 2016. Following their issue, the B Shares were immediately redeemed at a redemption price of 20 cents per B Share for settlement on 29 April, 2016.

The Board had previously announced that it anticipated declaring a quarterly dividend of 2 cents per Share from the end of June 2015 until March 2016. This was funded by income received net of expenditure and added to from the Company's capital resources. The dividends of 30 June, 2015, 30 September, 2015, 31 December, 2015 and 31 March, 2016 have been distributed to shareholders.

## Company Facts

Listing	Specialist Fund Segment ("SFS") of the London Stock Exchange's Main Market
Ticker	NSA
Market Capitalisation	USD 6.52 m (as at 30 September, 2016)
Currency	USD
NAV	USD 26.13 m (as at 30 September, 2016)
NAV per Share	*20.10 cents (as at 30 September, 2016)
Launch Date/Price	24 March, 2014 / USD 1.00 per Share
Incorporation	Guernsey
Consultancy Service Provider	Auld Partners Ltd
Corporate and Shareholder Adviser	Nimrod Capital LLP
Administrator	JTC (Guernsey) Limited
Auditor	Deloitte LLP
Market Makers	Jefferies International Limited Winterflood Securities Limited
SEDOL, ISIN	BK0SC85, GG00BK0SC854
Year End	31 March
Stock and Shares ISA	Eligible
Website	<a href="http://www.nimrodseaassets.com">www.nimrodseaassets.com</a>

On 30 September, 2016, the Company announced the resignations of Mr Jeremy Punnett and Mr Cyril Green as Executive Directors of the Company with immediate effect, the appointment of new Executive Directors, Mr Robin Das and Mr Frank Pedder and the appointment of Auld Partners Ltd ("Auld") as consultancy services provider to the Company (RNS number 4023L).

On 24 November, 2016, the Company announced the formal appointment of Mr Robin Das and Mr Frank Pedder, and the materially lower fees to which Auld are entitled as compared to those fees which had been payable to the previous consultancy service provider to the Company (RNS 0569Q). In the same announcement, the Company announced the substantial fee reduction the Board had agreed with Nimrod Capital LLP which would be backdated to the beginning of the Company's financial year, being 1 April, 2016.

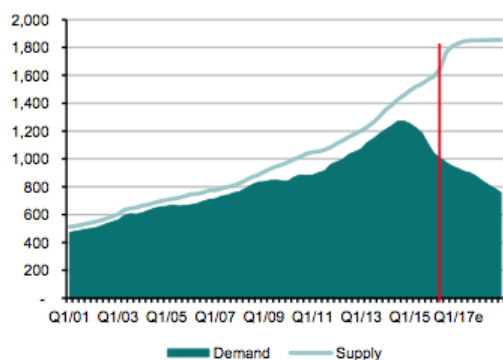
## Executive Directors' Market Update

### Market Update

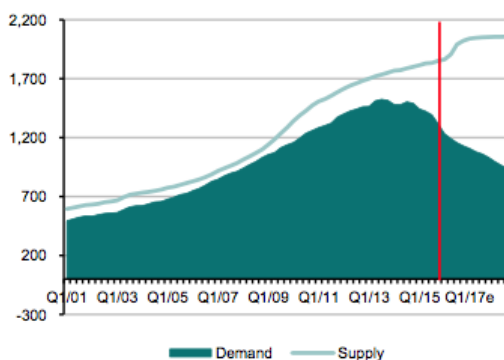
The offshore industry remains extremely challenging. With the supply of offshore vessels significantly in excess of demand, many vessels are laid up and short term market rates are low – often at, or below, operating costs.

Supply of offshore vessels is expected to peak during 2017, as most of the order book will then have been delivered.

PSV supply/demand balance (# PSVs)

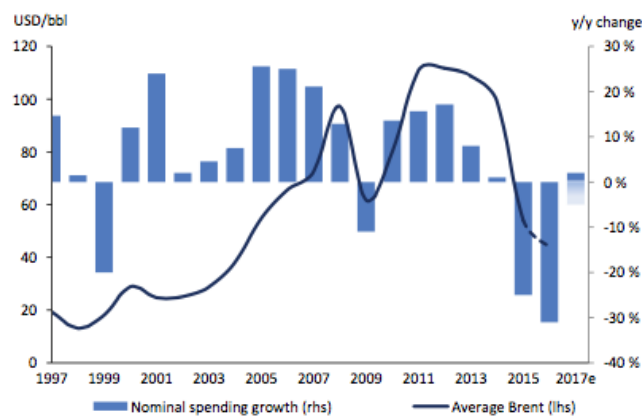


AHTS supply/demand balance (# AHTSs)



On the demand side, analysts expect E&P spending to decline by 25-30% in 2016 and to be flat-to-down 12% in 2017 (Source: Pareto, DNB Markets and Fearnleys), driven by the oil price. Analysts believe E&P companies require oil to trade at USD 50-55 per barrel to balance operating cash flow with capital expenditure and dividends in 2017.

### Historical development in E&P spending and average oil prices (Brent)



As a result of the supply-demand situation, no improvement in the offshore market is expected in the near term and there is a clear differentiation between projects with fixed, longer term employment (to a creditworthy party) and those which are exposed to the current market.

Many offshore companies and projects are highly leveraged and are in restructuring discussions with their lenders and charter vessel providers. Lender and charter vessel owner behaviour has been supportive in cases where balance sheets are stronger and where there is greater

contracted/visible cashflow with credible counterparties. As may be expected, lenders are generally blocking dividends to shareholders and requesting shareholder contributions where they can.

## Investment Portfolio – Project Updates

Since being appointed in October, 2016, the new executive directors have undertaken an assessment of, and continue to review, the Company's investment portfolio with the main focus being on the three investments to which we continue to attribute material positive equity value. This involves: 1) assessing the situation of the one asset which is effectively exposed to the short term market (Altus Subsea AS), and 2) seeking to create as much certainty as possible regarding the cashflows of the two remaining assets where the charterers continue to perform (Jane Offshore Ltd and Volstad Maritime DIS II).

Prior to the appointment of the new executive directors, the value of the Company's holding in Bukit Timah DIS was written down to zero (per press release dated 28 July, 2016). The current value of the Company's holding in Jane Offshore Ltd has improved, based on a stronger financial position than expected of charterer EDT. The value of the holdings in Altus Subsea IS and Volstad Maritime DIS II have been revised lower, mainly to reflect lower broker valuations of the vessels given the current market situation and the uncertainty regarding charter payments.

## Investment Summary

Marine Asset Company ("MAC")	Bukit Timah Offshore DIS
% holding in investment	26%
Date of investment	19 June, 2014
Cost of investment (USD)	8,585,125
% of *investable funds at purchase	7.1%
Value as at 30 September, 2016 (USD)	Nil
Uncalled Capital	Nil
Name of vessel(s)	Swiber Else-Marie Swiber Anne-Christine Swiber Mary-Ann
Build Date	2009 - 2010
Purchase price of vessel(s) (USD)	40m per vessel
Value of vessel(s) at investment (USD)	30 - 31m per vessel
Latest valuation of vessel(s) (USD)	No formal valuations obtained since December, 2015 (20 – 22m per vessel), but current indications suggest a value considerably below the outstanding debt
Asset type	Anchor Handling Tug Supply Vessels
Counterparty/Charterer	Newcruze Offshore Marine Pte Ltd, guaranteed by Swiber Holdings Ltd
Length of Charter	Original term 10 years to 2019/20, charters now terminated
Outstanding mortgage (USD)	Total: 49,317,188 (30 September, 2016)
SPV Cash Balance (USD)	Total: 8,602,000 (30 September, 2016); NSA Share: 2,236,520
Cumulative dividends paid to NSA (USD)	507,000
Expected dividends	Last dividend paid June, 2014. No further dividends expected.
Investment Update	As reported by NSA on 28 July, 2016, a winding-up application was filed in Singapore in respect of Swiber Holdings Limited on 27 July, 2016, which has subsequently changed to the company being put into judicial management. As a result, Swiber is no longer performing under the charters, which have been terminated. The Bukit Timah Offshore board is co-operating with the financing banks who intend to take control of the vessels and auction them. The estimated values that can be achieved from a forced sale of the vessels are unlikely to cover the outstanding debt, so there is no equity value remaining.

\*investable funds as at the launch of the Company

Marine Asset Company ("MAC")	Norseman Offshore IS
% holding in investment	43%
Date of investment	2 October, 2014
Cost of investment (USD)	8,724,500
% of *investable funds at purchase	7.2%
Value as at 30 September, 2016 (USD)	Nil
Uncalled Capital	USD 1.978m (remaining commitment after USD 344k paid September, 2015)
Name of vessel(s)	Odin Viking
Build Date	2003
Purchase price of vessel(s) (USD)	52,850,000
Value of vessel(s) at investment (USD)	45,000,000
Latest valuation of vessel(s) (USD)	14 - 18 m (August 2016)
Asset type	Anchor Handler Tug Supply Vessel
Counterparty/Charterer	Viking Supply Ships AS
Length of Charter	8 years to 2020
O/s mortgage excl. interest (USD)	24,017,000 (at 30 September, 2016)
SPV Cash Balance (USD)	Nil
Cumulative dividends paid to NSA (USD)	559,000
Expected dividends	Last dividend paid December, 2014. No further dividends expected.
Investment Update	Viking Supply AS (charterer of the Odin Viking) stopped paying charter hire in February, 2016 and negotiations between the parties since then have not been successful. DVB as lender to Norseman AS has made calls for the uncalled capital to be paid in, something the majority of the shareholders have resisted. As a result, DVB have successfully petitioned the Norwegian courts for the bankruptcy of Norseman AS. DVB has also won the court's approval of a forced sale of the vessel and other rights such as payment of the uncalled capital. We are currently evaluating our options with respect to the uncalled capital.

\*investable funds as at the launch of the Company

Marine Asset Company ("MAC")	Volstad Maritime DIS II
% holding in investment	20.5%
Date of investment	20 October, 2014
Cost of investment (USD)	7,261,000
% of *investable funds at purchase	6.1%
Value as at 30 September, 2016 (USD)	3,197,060
Uncalled Capital (NOK)	6,150,000 (= USD 765,554, converted at rate at 30 September: NOK 8.0334)
Name of vessel(s)	Oceanic Endeavour
Build Date	2008
Purchase price of vessel(s) (USD)	124,152,421 (July, 2008)
Value of vessel(s) at investment (USD)	95,000,000 (December, 2014)
Latest valuation of vessel(s) (USD)	64 - 80m (June, 2016)
Asset type	Seismic Vessel
Counterparty/Charterer	CGG Eidesvik Ship Management AS
Length of Charter	8 years to 2018 with 2 x 5 year extension options
O/s mortgage excl. interest (USD)	51,162,994 (at 30 September, 2016)
SPV Cash Balance (USD)	Total: 3,527,296 (30 September, 2016 forecast); NSA Share: 723,096
Cumulative dividends to NSA (USD)	1,866,108
Expected dividends	Last dividend of USD 507,400 received May, 2016. No dividends expected in the near future.
Investment Update	The seismic market continues to be extremely weak but the charterer of this investment continues to perform. The Oceanic Endeavour remains on charter to CGG Eidesvik and has worked consistently throughout the year. CGG, the parent company of the charterer, is one of the largest players in the segment and is proactively restructuring its business to cope with the difficult market. However, CGG is rated CCC+. The vessel's value has recently been revised downwards, but the company remains in compliance with the loan to value covenant on its debt. The vessel is one of the most capable in its class with up to date technology installed and we believe it is highly regarded by the charterer. However, given the current market conditions we believe it is unlikely the charter extension options will be exercised at the agreed rates and it is likely that a different arrangement will need to be negotiated with CGG. We understand that, in light of this uncertainty, the lender to this project will not permit the payment of dividends in the short to medium term.

\*investable funds as at the launch of the Company

Marine Asset Company ("MAC")	Altus Subsea IS
% holding in investment	51.0%
Date of investment	4 November, 2014
Cost of investment (USD)	9,639,000
% of investable funds at purchase	8.0%
Value as at 30 September, 2016 (USD)	4,075,249
Uncalled Capital	Nil
Name of vessel(s)	Altus Invictus
Build Date	2011
Purchase price of vessel(s) (USD)	19,600,000
Value of vessel(s) at investment (USD)	22,000,000 (October, 2014)
Latest valuation of vessel(s) (USD)	9 - 14m (August/September, 2016)
Asset type	Remote Operated Support Vessel
Counterparty/Charterer	Marine Engineering Diving Services FZC
Length of Charter	7 years to 2021
Outstanding mortgage (USD)	No mortgage
SPV Cash Balance (USD)	Total: 1,447,196 (30 September, 2016); NSA Share: 738,024
Cumulative dividends to NSA (USD)	1,147,500
Expected dividends	No dividends expected in the near future
Investment Update	This project has encountered significant payment issues, largely because Marine Engineering and Diving Services FZE ("MEDS"), the charterer, has had insufficient work for the Altus Invictus. Since the contract in April, 2016 in Qatar, Altus Invictus has been unemployed apart from a few weeks recently when the vessel has been on a contract in Iran. MEDS remains in financial difficulties with an uncertain forward order book for its fleet of 3 vessels. The Altus Subsea board is currently working with the business manager in order to assess the Company's options.

\*investable funds as at the launch of the Company

Marine Asset Company ("MAC")	Aberdeen Offshore DIS
% holding in investment	75%
Date of investment	15 October, 2014
Cost of investment (USD)	12,750,000
% of *investable funds at purchase	10.6%
Value as at 30 September, 2016 (USD)	Nil
Uncalled Capital	Nil
Name of vessel(s)	FS Cygnus
Build Date	2014
Purchase price of vessel(s) (USD)	33,451,890
Value of vessel(s) at investment (USD)	31 – 32m (November, 2014)
Latest valuation of vessel(s) (USD)	18.5 – 19.5 m (January, 2016); current indications suggest a value considerably below the net outstanding debt
Asset type	Platform Supply Vessel
Counterparty/Charterer	Fletcher Supply Ships Ltd
Length of Charter	6 years to 2021 with FSS
O/s mortgage excl. interest (USD)	16,914,230 (at 30 September, 2016)
SPV Cash Balance (USD)	Total: 160,000 (30 September, 2016); NSA Share: 120,000
Cumulative dividends to NSA (USD)	Nil
Expected dividends	No dividends expected.
Investment Update	The FS Cygnus is currently on charter to Enquest UK Ltd, until January, 2017 at a rate which covers operating expenses, however is insufficient to fully cover debt service. Negotiations are currently ongoing for an extension of the charter, but at a lower rate. Aberdeen Offshore AS has reached agreement with the senior debt provider to delay debt service until January, 2017. Given the cashflow situation, the defaults under the loan (temporarily waived by the lender) and the high debt level versus the estimated market value of the vessel, the equity should be considered lost and it may not be possible to safeguard any possible future recovery for the Company.

\*investable funds as at the launch of the Company

Marine Asset Company ("MAC")	Jane Offshore Ltd
% holding in investment	50%
Date of investment	14 April, 2015
Cost of investment (USD)	8,022,500
% of *investable funds at purchase	6.6%
Value as at 30 September, 2016 (USD)	4,629,832
Uncalled Capital (USD)	5,000,000
Name of vessel(s)	EDT Jane
Build Date	2013
Purchase price of vessel(s) (USD)	70,000,000
Value of vessel(s) at investment (USD)	62 - 65m (April, 2015)
Latest valuation of vessel(s) (USD)	40 - 45m (17 June, 2016)
Asset type	Multi Purpose Support Vessel
Counterparty/Charterer	EDT Offshore Ltd
Length of Charter	10 years to 2025
O/s mortgage excl. interest (USD)	29,256,696 (30 September, 2016)
SPV Cash Balance (USD)	Total: 4,291,384 (30 September, 2016); NSA Share: 2,145,692
Cumulative dividends to date (USD)	295,000
Expected dividends	None expected until the market improves.
Investment Update	In common with the overall OSV fleet the EDT Jane has had poor, but improving, utilisation rates since June, 2015. However, EDT Offshore Ltd ("EDT") continues to make payment in full under the charter. Jane Offshore Ltd is not in compliance with all its loan covenants, but the lender has provided a waiver until year-end 2016 and discussions are taking place regarding an extension. The lender has required Jane Offshore Limited to suspend dividends for the time being. The Company is of the opinion that distributions may resume in 2018. EDT has successfully taken steps to restructure its obligations and raise cash through asset sales, as well as actively winning new contracts.

\*investable funds as at the launch of the Company

## Summary

The current focus of NSA is on ensuring maximum value from the investments made to date. In the recent period, the Company has received indicative proposals from third parties suggesting various strategic and restructuring options. The executive directors intend to continue considering these options for the future of the Company, and any others that may be put forth, including an orderly managed wind-down, while recognising that exiting existing investments in the near term is challenging, with a dearth of potential buyers/investors given the short-term outlook for the offshore industry.

The support of shareholders in these challenging times is greatly appreciated.

## Contact Details

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