



ANNUAL REVIEW **SEAZIP OFFSHORE SERVICE** 2018 / 2019

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Acknowledgements

In 2010, SeaZip Offshore Service BV was founded by Messrs Jan Reier Arends and Sander Schakelaar, managing partners of JR Shipping Group. Its business operations focus on the growth market of offshore wind energy and the offshore oil and gas industry. Its ship management is covered by the Harlingen-based JR Shipping Group.

In late 2012, SeaZip started operating its first Damen Fast Crew Suppliers, SeaZip 1 and 2. The vessels were well received by the industry and, from early 2013, the SeaZip vessels have run shifts in the framework of / have operated services for a range of international wind turbine park projects.

In 2015 and 2016, SeaZip started operating another four Damen Fast Crew Suppliers. The vessels were partly financed by the issuing of so-called ship participations, which were placed with private and corporate investors. The issuances were realised thanks to JR Ship Investments which is, in its role of fund administrator, very close to the investors' interests.

Since 2017, SeaZip has pursued a diversification policy which was prompted by signs from the market indicating that there is a strong need for single-point-of-contact concepts with regard to accurate, 24/7 'on demand' service provision. In 2018, SeaZip

added a survey/ROV vessel to its fleet and entered into strategic alliances with other shipowners and expert offshore service providers.

SeaZip serves the offshore energy industry through:

- ▶ the flexible deployment of 6 offshore service vessels of its own
- ▶ customized deployment of its own survey/ROV vessel
- ▶ the deployment and management of service vessels, work vessels and accommodation vessels owned by outside parties
- ▶ specialist offshore services including marine coordination, deployment of ROVs and drones, generator services (refuelling), port agency services, geotechnical and geophysical surveys and offshore staffing services

Annual review

SeaZip has created this annual review to provide its clients, partners, investors and other stakeholders with an insight into recent and future market and business developments. The partners in the SeaZip vessels regularly receive fleet-specific operation information. The contents of the 2018/2019 Annual Review have been compiled with the utmost care, however, no rights can be derived from them.

Message from the Management Board

The year 2018 thoroughly put our shipping enterprise's resilience and dynamism to the test. Demand for our vessels was high; sometimes, the workload was at unprecedentedly high levels. We can look back on a year full of dynamism, both at sea and behind the scenes in our organisation ashore.

The offshore crew's safety always comes first. We succeeded in ensuring safety in all circumstances and doing what we are hired to do, according to agreement. This makes us proud and we also commit to it in 2019.

There were other things we did too. When our own fleet capacity was too insufficient to meet customer demand, we managed to include vessels owned by fellow companies in our operational activities in a short space of time. When specific offshore services were required, we successfully involved passionately determined experts in our operations, with no other aim than to relieve the concerns of our customer relations to the best possible extent.

The dynamics of the industry require us, as maritime service providers, to deal with the capabilities that are available in a creative and flexible way. In this regard, it is important to look beyond the boundaries of one's own enterprise and interests. There is only one interest: getting the job done!

Harlingen, June 2019

Jan Reier Arends

Sander Schakelaar

Mark van der Star

SeaZip Offshore Service BV, Managing Partners

In 2018, SeaZip Offshore Service made a firm stand for the performance and safety of its vessels. In addition to deploying our own SeaZip crew supply vessels and a survey/ROV vessel added to the fleet, we managed to involve offshore vessels owned by maritime partners of ours in our service provision with the aim of providing the support to our customers which they required.

Compared to the relatively quiet years 2016 and 2017, 2018 was intense and dynamic. During the winter months, unlike the usual annual cycle, a number of our service vessels continued to be actively involved in support operations for the Wiking offshore windfarm project in the German part of the Baltic Sea. This farm, which is owned by the Scottish Iberdrola Group and was created in eighteen months' time, accounts for 350 megawatts generated by seventy turbines.

During the first quarter, we were also able to deploy our other vessels in various projects. From April up to October 2018, all the vessels operated almost continuous services. In the middle of the year, in order to be able to comply with customer relations' high demand, additional capacity was hired from fellow shipowners. This turned out to be a successful move, as it laid the foundation for lasting, strategic alliances. This concept allowed us to deploy, in total, an additional eleven vessels in 2018, of varying types and sizes.

Nord Stream 2

For a long time, a large number of vessels were involved in the construction of Nord Stream 2 in Finland, the pipeline which is going to transport Russian natural gas to Europe. This new offshore pipeline is one of the largest in the world. It is planned to be ready at the end of 2019, when it will be able to provide Russian gas to 26 million European households.

Survey/ROV vessel

Besides SeaZip 1 to 6 and various vessels hired from fellow offshore-shipping companies, we could use our own survey/ROV vessel to provide services to several customers in 2018. The opportunity to deploy this vessel came up in early 2018. The DP1 survey vessel, fitted with ROVs, was built in 1981 and belonged to a Danish shipping company. In 2015, the 42.24 metre long vessel underwent an in-depth refit.

SeaZip Fix

An inspection in Denmark led to a joint project approach with our Amsterdam-based partner Deep Hydrography & Geophysics, and a clustering of skills, expertise and equipment in operations, which became a fact in April 2018. The vessel was christened SeaZip Fix. With its elaborate facilities - nine single and six double berths - it is suitable for long-term research operations at sea.

Maritime professionals and experienced surveyors

The SeaZip Fix has a high level of equipment, while specific, sophisticated and customised survey equipment can be added to the already existing fittings at any time. The standard crew of the SeaZip Fix are trained maritime professionals. If required, experienced surveyors employed by Deep Hydrography & Geophysics are available to sail aboard the vessel as well and help the crew carry out the survey jobs. In 2018, the SeaZip Fix was heavily deployed for several types of research in various projects.

Strategic partnerships

In 2018, our close partnership with Deep marked a significant transformation for our shipping company. As a reaction to current developments in the offshore energy industry and the extraordinary dynamics which characterise the industry, SeaZip has taken on the position of an all-round offshore service provider to an ever greater degree.



Fleet diversification

In the context of this position, the availability, deployment and management of vessels is critical. In that regard, our organisation ashore in Harlingen plays a vital operational role. We opt for fleet diversification, partly by investing in our own vessels and partly by efficiently integrating vessels owned by outside parties in our fleet, in our role as manager/coordinator. Our goal is: to provide the industry with a single point of contact for any necessary offshore services. In 2018, a firm foundation was laid for strategic maritime partnerships that facilitate this.

Offshore services

Among the services we provided in our operations for Nord Stream 2, besides crew transport, were towboat and installation support. Likewise, in 2018, we laid an important foundation for an innovative concept for offshore personnel services.

MarZip – a new view of offshore personnel solutions

This concept is the result of intensive consultations with Marlow Offshore, a sub-division of the global Marlow Navigation network. In 2018, these consultations led to advanced plans for setting up a joint venture. In early 2019, the contract was signed, and the name of the joint venture was published:

MarZip Offshore Personnel.

Offshore professionals

Marlow and SeaZip connect the best of two worlds: skills and expertise in recruitment and maritime logistics. Project-based, MarZip supplies offshore professionals in both operational and coordinating disciplines and at all levels: from riggers to painters, from cable pullers to welders and fitters, from vessel and material coordinators to safety officers.

Ready for new challenges

In 2018, we laid a robust foundation for our role as an all-round offshore shipping company. From there, we push ahead in 2019, ready for new challenges. The focus will continue to be on the availability of immediately deployable offshore vessels. In this regard, much attention will be paid to training of the professionals at sea and their commitment as well as shipping innovations. All efforts focus on our core promise: maximum performance and safety in providing services to the customers in the offshore (wind) industry.

In addition, working from various strategic alliances, we will serve the industry as an all-round offshore service provider from 2019 onwards, boasting the efficiency and cost advantage derived from the single-point-of-contact principle. We thus provide our customer relations with a boost and shift our frontiers.





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SeaZip Offshore Service has operated in the offshore energy market since 2013. It focuses on the rapidly growing offshore wind industry and the offshore oil and gas industry. SeaZip serves both segments and, in 2018, it was involved in a great many international construction and maintenance projects.

A good start for SeaZip offshore service vessels

The first SeaZip Damen Fast Crew Suppliers (FCS 2610) were well received by the offshore wind industry, which was in a significant development phase in 2013. Northern Europe places heavy emphasis on energy from the sea as a major trump card for energy transition.

In 2014, the offshore wind industry grew into maturity, with an impressive portfolio of wind turbine farms to be constructed. €13.3 billion were invested and over 3,000 MW were added to the operational network, generated by 419 new wind turbines. In 2015, SeaZip operated four offshore service vessels, which could be chartered out at favourable rates.

Transition years

In 2016, SeaZip put two new service vessels into service. Compared to 2015, the level of activities in 2016 was relatively low. In that year, in order to better manage the revenues for SeaZip's partners, we subsumed our vessels in a single operating pool. In 2017, slowly but surely, the number of operations increased.

2018: increased dynamics

In 2018, our vessels operated intensive services. The demand for our survey/ROV vessel, the SeaZip Fix, was plentiful too. The summer of 2018, in particular, showed that there is a manifest shortage of good-quality service vessels and work vessels. SeaZip solved this shortage of vessels for its customer relations by increasing its

operational fleet capacity deploying vessels owned by outside parties. The partnerships which we entered into for this purpose, prompted by the conditions of shortage, will continue to exist in 2019.

Fleet performance

The dynamics of 2018 brought on extraordinary operational challenges. In light of the intensive deployment of the vessels in, in particular, the summer months, technical defects in both our own vessels and those owned by third parties were bound to occur. We put all hands on deck to repair the defects rapidly and deploy replacement vessels. In all circumstances, the SeaZip crew and the Harlingen-based management organisation proved their extraordinary ability to improvise and their stress resilience. A shipping company which knows all the tricks, SeaZip knows how to 'act according to circumstances'.

Investors/SeaZip partners

Four offshore service vessels of the SeaZip fleet were financed from contributions provided by private and corporate investors. In 2014 and 2015, together with JR Shipping, we put SeaZip ship participations on the market for that purpose.

In the fields of fund management and communications with investors/partners, SeaZip Offshore Service is skilfully represented by JR Ship Investments, which successfully carried out the issuances.

At regular intervals, investors receive extensive information on how the SeaZip operation pool is performing and are able to monitor the vessels using the various JR Shipping Group websites. JR Ship Investments staff members are at all times available to answer questions from individual investors.

Overview of SeaZip Offshore Service projects in 2018

Project	Country
Kriegers Flak	Denmark
Horns Rev 1	Denmark
Trainel Borkum West 2	Germany
Alpha Ventus	Germany
Merkur	Germany
Nordsee Ost	Germany
Godewind	Germany
Hohe See	Germany
Borssele 1&2	the Netherlands

Project	Country
Gemini	the Netherlands
Total NL	the Netherlands
Cobra Cable	the Netherlands/Denmark
Nord Stream 2	Russia/Germany
Hornsea 1	United Kingdom
Doggerbank	United Kingdom
London Array	United Kingdom
Aberdeen Bay	United Kingdom
Gallopier	United Kingdom
Nemo Cable	United Kingdom/Belgium



The diversification policy of SeaZip is connected with a robust ambition: to fulfill a role as an all-round offshore service supplier. The focus is on fleet management. Customised management is combined with additional offshore services which are attuned to specific customer and project requirements. And we provide the convenience of the single-point-of-contact principle.

SeaZip enters into strategic alliances to be able to serve the offshore industry in an efficient and cost-effective manner. They may take any form, ranging from occasional to lasting, including joint ventures with experienced offshore service providers. A specific example is the foundation which was laid, in 2018, for the 2019 kick-off of MarZip Offshore Personnel.

Offshore staffing solutions

Within this joint venture, Marlow Offshore and SeaZip cluster their skills and expertise with the aim of providing customised services to the industry by bringing in the flexible deployment of offshore professionals in all relevant disciplines, in addition to the deployment of the maritime professionals on board our vessels. The kick-off occurred in March 2019 when, among other things, www.marzip.com went live.

Offshore fleet diversification

A priority area in our policy is the diversification of our fleet. We actively consider the options for deploying a wider variety of vessels. As described before, we seized the opportunity to start working with the Danish survey/ROV vessel in the context of a partnership with Deep in Amsterdam with both hands. In 2018, that project proved its worth more than adequately and, in the early months of 2019, the vessel was in high demand. We continue to take project opportunities into consideration and will take action if and when we are convinced that specific vessels add value to our customer relations.

Globalisation

In 2018, steps were taken to push back the boundaries of our work area. The focus will continue to be on offshore projects in Northern Europe, in particular the North Sea, although we see opportunities in Taiwan as well, because the offshore wind industry there is unfolding rapidly with European players taking up important positions. In 2018, accompanied by various partners, we paid several working visits to Taiwan, which has led to a number of tenders and joint venture initiatives.

Technological challenges

When using crew transfer vessels, the fender system is vital to the efficiency and safety of landing at wind turbines and offshore oil and gas installations. The fenders ensure that boat landings can be executed without causing damage. For purposes of safety, they must be regularly replaced in cases of intensive service, which means that vessels are temporarily unavailable. In the summer of 2018, to maximise the vessels' availability, we kickstarted an innovation project in the context of the Offshore Wind Innovation Challenge, a recent Dutch initiative which intends to boost immediately applicable innovations for the offshore energy industry. In cooperation with Ridderkerk-based Ridderflex, an expert in customer-specific rubber and plastic products, we developed a prototype for a new fender system manufactured from polyurethane. Ridderflex won the Innovation Challenge. In the first quarter, we conducted an intensive test drive with the new system. It provided valuable information for the system's further development in 2019.

Autonomous sailing

In March 2019, we actively participated in autonomous sailing experiments in the North Sea. SeaZip 3, fitted with an intelligent control system, was involved in various nautical scenarios with the aim of assessing the vessel's interaction with other shipping traffic. Seventeen partners took part in this Joint Industry Project Autonomous Shipping. It was preceded by two intensive years of development

research. The outcomes are promising. SeaZip 3 is the first vessel to have performed a test drive in the North Sea completely autonomously. Participation in the project has generated valuable knowledge.



Crewing

Technology supports maritime professionals to make the right decisions quickly. Our vessels are fitted with sophisticated appliances and we continue to invest in our quality systems and the optimisation of our safety records. This doesn't change the fact that the capabilities of our professionals at sea remain pivotal for the performance and safety of our service provision.

High Performance, Safe Offshore Operations

The year 2018 has demonstrated that, on heydays, the industry not only has to contend with a shortage of immediately operational offshore service vessels and work vessels, it also has a need for highly trained, certified offshore sea professionals. SeaZip Crewing is intensifying its retention and training programme in 2019 with the aim of serving the industry, also in this respect, as well as possible. Our core promise – High Performance, Safe Offshore Operations – can only come true by using the skills and commitment of the professionals aboard our vessels, with the 24/7 support of our organisation ashore. We don't compromise on this core promise.

In 2019, SeaZip Offshore Service focuses on:

- ▶ the continued elaboration of our role as an all-round offshore service supplier
- ▶ alliances and joint ventures which give the industry a boost
- ▶ maximum availability of as wide a variety of offshore vessels as possible and highly trained maritime professionals
- ▶ technical innovations
- ▶ operations and partnerships outside Northern Europe and specific initiatives in Taiwan
- ▶ a continued upgrading of quality and safety systems and procedures
- ▶ excellent maritime service provision in the context of lasting customer relations



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