



## **MPC Container Ships ASA**

(A public limited liability company organised under the laws of Norway)  
Organisation number: 918 494 316

### **Listing of shares on Oslo Børs Offering of shares**

This Prospectus (the "**Prospectus**") has been prepared by MPC Container Ships ASA, a public limited liability company incorporated under the laws of Norway (the "**Company**", and together with its subsidiaries, the "**Group**"), solely for use in connection with (i) the listing of 11,750,000 private placement shares (the "**Private Placement Shares**") on Oslo Axess, (ii) the subsequent listing of all of the Company's shares (the "**Shares**") on Oslo Børs (the "**Listing**") and (iii) the offering of up to 75,000 existing shares of the Company (the "**Offer Shares**") to the public in Norway (the "**Offering**"). The Company's Shares will be transferred from listing on Oslo Axess to listing on Oslo Børs. The Offer Shares are being offered by CSI Beteiligungsgesellschaft mbH (the "**Selling Shareholder**").

The application period for the Offering will commence at 09:00 hours (CET) on 20 April 2018 and close at 16:30 hours (CET) on 27 April 2018 (the "**Application Period**"). The Application Period may, at the Company's sole discretion, in consultation with the Managers and for any reason, be shortened or extended beyond the set times. The offer price for the Offer Shares is NOK 44 per Offer Share or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share (the "**Offer Price**").

**The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States.**

**Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, 2 "Risk factors" when considering an investment in the Company.**

The Company applied for the Shares to be admitted for trading on Oslo Børs on 21 February 2018, and the Company's listing application was approved by the board of directors of Oslo Børs on 21 March 2018. Completion of the Offering and the Listing is subject to the Company fulfilling all listing conditions set by Oslo Børs.

The Shares are registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank pari passu and carry one vote each. Reference herein to Shares include the Offer Shares, except where the context otherwise requires. The due date for the payment of the Offer Shares is expected to be on or about 2 May 2018. Subject to timely payment, delivery of the Offer Shares is expected to take place on or about 4 May 2018. Trading in the Shares on Oslo Børs is expected to commence on or about 3 May 2018 under the ticker code "MPCC".

### **Managers**



**MARKETS**

**DNB Markets,  
a part of DNB Bank ASA**



**Fearnley Securities AS**

**The date of this Prospectus is 19 April 2018**

## IMPORTANT INFORMATION

This Prospectus has been prepared solely for use in connection with the Offering of the Offer Shares, the listing of 11,750,000 Private Placement Shares on Oslo Axess and the Listing. Please see Section 19 "Definitions and glossary" for definitions of terms used throughout this Prospectus.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 No. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (the "**NFSA**") has reviewed and approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act on 19 April 2018 and the Prospectus is valid for 12 months from the date of approval. The NFSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the NFSA only relates to the information included in accordance with pre-defined disclosure requirements. The NFSA has not made any form of control or approval relating to corporate matters described or referred to in this Prospectus.

The Company and the Selling Shareholder have engaged DNB Markets, a part of DNB Bank ASA, and Fearnley Securities AS as Managers of the Offering and the Listing of the Shares on Oslo Børs. The Managers are acting for the Company and the Selling Shareholder and no one else in relation to the Offering and the Listing. The Managers will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to clients of the Managers or for providing advice in relation to the Listing or the Offering. In the ordinary course of their business, the Managers and certain of their respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

Neither the Company, the Selling Shareholder nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, are making any representation to any subscriber or purchaser of Offer Shares regarding the legality or suitability of an investment in the Offer Shares. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a subscription or purchase of the Offer Shares. No person is authorised to give information or to make any representation concerning the Company or in connection with the Offering other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company, the Selling Shareholder or the Managers or by any of the affiliates, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of the Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For further information on the sale and transfer restrictions of the Shares, see Section 17 "Selling and transfer restrictions".

This Prospectus and the terms and conditions of the Offering as set out herein shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time of approval of this Prospectus by the NFSA and the Offering and the Listing, will be included in a supplement to this Prospectus. The publication of this Prospectus does not under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Investing in the Shares involves a high degree of risk. See Section 2 "Risk factors".

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*Appendix A      Articles of Association*

*Appendix B      Audited consolidated financial statements as of 31 December 2017*

*Appendix C      Application Form for the Offering*

*Appendix D      Condensed valuation report of the Company's fleet*

## 1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A–E (A.1–E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

### ***Section A – Introduction and Warnings***

<b>A.1 Warning</b>	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or in case it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2 Resale or final placement of securities by financial intermediaries</b>	<p>Not applicable. Financial intermediaries are not entitled to use this Prospectus for subsequent resale or final placement of securities.</p>

### ***Section B - Issuer***

<b>B.1 Legal and commercial name</b>	<p>The legal and commercial name of the Company is MPC Container Ships ASA.</p>
<b>B.2 Domicile/Legal form/Legislation/Country of incorporation</b>	<p>MPC Container Ships ASA is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Company was incorporated as MPC Container Ships AS in Norway on 9 January 2017 and changed its legal form into MPC Container Ships ASA on 16 January 2018. The Company's registration number in the Norwegian Register of Business Enterprises is 918 494 316.</p>



<p><b>B.3 Current operations, principal activities and markets</b></p>	<p>The Company's principal business is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Company has a focus on feeder vessels, mainly between 1,000 and 3,000 TEU, that are chartered out to liner shipping companies and regional carriers.</p>
<p><b>B.4a Significant recent trends affecting the issuer and the industry in which it operates</b></p>	<p>The Group's result of operations has been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. The key factors that have had a material effect on the Group's results of operations during the period covered by the Company's historical financial information, as well as those considered likely to have a material effect on its results of operations in the future, are described below:</p> <p><u>Macroeconomic and shipping market conditions:</u> Changes in global and regional economic activity may impact the demand for containerized transportation of goods. Therefore, the demand for, and the pricing of the underlying assets are outside of the Company's control and depend, among other things, on global economic output in industrial and developing countries as well global and regional trade growth. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Company – may negatively impact the Group's performance and investor returns. Moreover, the demand for the Group's assets depends on the future organization and network configurations of maritime supply chains and, including, but not limited to, consequences of cascading effects on the container feeder segment.</p> <p>On the supply side, uncertainties are tied to ordering of new feeder container vessels and the scope of future scrapping of tonnage.</p> <p><u>International operations:</u> The Group's container vessels operate in a variety of geographic regions. Consequently, the Group may be exposed to political risk, risk of piracy, sanctions and blacklisting, corruption, terrorism, outbreak of war, amongst others. The financial condition and results of operations of the Group may be negatively affected if such events do occur.</p> <p><u>Technical factors:</u> The technical operation of container vessels has a significant impact on the vessels' economic life expectations. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses of the Group's fleet of container vessels and accordingly the potential realization values that can be obtained.</p> <p>The Group is dependent on the performance of the parties tasked with operating a vessel or overseeing</p>

	<p>such operation and there can be no guarantee that maintenance of the Group's container vessels is performed according to agreement or satisfaction and in compliance with budgets for operational expenses and maintenance investments. Inadequate technical maintenance also influences the availability of vessels in the charter market.</p> <p>Technological advancements as well as regulatory requirements may require additional expenditures, impacting the financial performance of the Group.</p> <p><u>Availability of investments:</u> Suitable container vessels may not always be available at a particular time and the Group may be competing for appropriate investment opportunities with other participants in the market. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the Company and/or adversely affect the terms upon which such investments can be made by the Company.</p>
<b>B.5 The Group</b>	MPC Container Ships ASA is the parent company of the Group.
<b>B.6 Persons having an interest in the issuer's capital or voting rights</b>	<p>As of the date of this Prospectus, the Company has 387 shareholders. The Company has only one class of Shares. There are no differences in voting rights between the Shares.</p> <p>Shareholders with ownership exceeding 5% must comply with disclosure obligations pursuant to the Norwegian Securities Trading Act Section 4-3.</p> <p>The Company is not aware of any persons or entities, except for those set out below, who, directly or indirectly, have an interest of 5% or more of the Shares as of the date of this Prospectus. The following persons or entities have given notice of an interest of 5% or more of the Shares in the Company:</p> <ul style="list-style-type: none"> <li>• A total of 14,670,500 Shares, equal to 19.05% of the Shares, are held by Spike Star Limited and managed by Star Capital Partnership LLP (in its capacity as an investment manager).</li> <li>• A total of 10,343,000 Shares, equal to 13.43% of the Shares, are held by CSI Beteiligungsgesellschaft mbH representing the founding shareholders.</li> <li>• A total of 5,257,000 Shares, equal to 6.83% of the Shares, are managed by State Street Bank and Trust Company (in its capacity as an investment manager for shareholders).</li> <li>• A total of 4,633,662 Shares, equal to 6.01% of the Shares, are managed by J.P. Morgan Securities LLC (in its capacity of investment</li> </ul>

	<p>manager for shareholders).</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p>
<b>B.7    <i>Selected historical key financial information</i></b>	<p>The selected historical key financial information as set out below has been derived from the Company's audited consolidated financial statements for the period from the date of incorporation of the Company (9 January 2017) to 31 December 2017, prepared in accordance with IFRS as adopted by the EU.</p> <p>The Company is a start-up entity with limited financial history as of 31 December 2017. The first vessels were taken over by the Company and commenced operations in April 2017. Accordingly, the Company's historical consolidated financial information may be of limited relevance for the current and expected future operations. Amongst others things, time charter revenues and operating expenses will increase significantly due to the expected increase in the volume of operations.</p>

## Consolidated statement of comprehensive income

The table below sets out selected data extracted from the Company's audited consolidated income statement and statement of comprehensive income as of 31 December 2017.

in USD thousands, unless otherwise stated	Period from incorporation to 31 December 2017
Operating revenues	21,390
Commissions	-771
Vessel voyage expenditures	-2,834
Vessel operation expenditures	-14,213
Ship management fees	-1,097
<b>Gross profit</b>	<b>2,475</b>
Administrative expenses	-2,114
Depreciation and impairment	-3,302
Other expenses	-322
Other income	879
<b>Operating result (EBIT)</b>	<b>-2,384</b>
Share of profit or loss from joint venture	394
Other finance income	2,076
Finance costs	-2,474
<b>Profit/Loss before income tax (EBT)</b>	<b>-2,388</b>
Income tax expenses	-146
<b>Profit/Loss for the period</b>	<b>-2,534</b>
Attributable to:	
Equity holders of the Company	-2,639
Non-controlling interest	105

in USD thousands, unless otherwise stated	Period from incorporation to 31 December 2017
Profit/Loss for the period	-2,534
<b>Items that may be subsequently transferred to profit or loss</b>	<b>157</b>
Foreign currency effects, net of taxes	0
Other comprehensive profit/loss, net of taxes	157
<b>Items that will not be subsequently transferred to profit and loss</b>	<b>-17</b>
Other comprehensive profit/loss, net of taxes	-17
Other comprehensive profit/loss from joint ventures and affiliates	0
<b>Total comprehensive profit/loss</b>	<b>-2,394</b>
Attributable to:	
Equity holders of the Company	-2,499
Non-controlling interest	105

### Consolidated balance sheet

The table below sets out selected data extracted from the Company's audited consolidated statement of financial position as of 31 December 2017.

in USD thousands, unless otherwise stated	As of 31 December 2017
<b>Assets</b>	<b>451,125</b>
Non-current assets	281,250
Vessels	207,069
Prepayments on vessels	57,787
Investment in joint ventures	16,394
Current assets	169,875
Inventories	1,675
Trade and other receivables	3,877
Cash and cash equivalents	164,323
Unrestricted cash	119,171
Restricted cash	45,152
<b>Equity and liabilities</b>	<b>451,125</b>
Equity	340,520
Ordinary shares	338,477
Share capital	77,155
Share premium	261,322
Retained losses	-2,534
Other reserves	140
Non-controlling interest	4,437
Non-current liabilities	102,108
Interest bearing loans	102,108
Current liabilities	8,497
Interest bearing borrowings	158
Trade and other payables	7,202
Payables to affiliated companies	53
Other liabilities	1,083

### Consolidated cash flow statement

The table below sets out selected data from the Company's audited consolidated statement of cash flow as of 31 December 2017.

in USD thousands, unless otherwise stated	Period from incorporation to 31 December 2017
Profit/Loss before income tax	-2,388
Income tax expenses	-146
Net change in current assets	-5,552
Net change in current liabilities	8,338
Depreciation	3,302
Loss/Gain from the disposal of fixed assets	-394
<b>Cash flow from operating activities</b>	<b>3,160</b>
Proceeds from the disposal of tangible assets	394
Purchase of vessels	-268,158
Purchase of long-term financial assets	-16,394
<b>Cash flow from investing activities</b>	<b>-284,158</b>
Proceeds from share issuance	353,232
Share issuance costs	-10,161
Proceeds from debt financing	106,024
Debt issuance costs	-3,758
<b>Cash flow from financing activities</b>	<b>445,337</b>
Net change in cash and cash equivalents	164,340
Net foreign exchange differences	-17
Cash and cash equivalents at beginning of period	0
<b>Cash and cash equivalents at the end of period</b>	<b>164,323</b>

### Consolidated statement of changes in equity

The table below sets out selected data from the Company's audited consolidated statement of changes in equity from the date of incorporation to 31 December 2017.

in USD thousands	Share capital	Share premium	Retained earnings	Hedge reserves	Other reserves	Non-controlling interest	Total equity
Incorporation	3						3
Share issuance	77,152	271,483				4,333	352,968
Share issuance costs		-10,161					-10,161
Result of the period			-2,534			105	-2,430
Other comprehensive income				157	-17		140
<b>Equity as at 30 December 2017</b>	<b>77,155</b>	<b>261,322</b>	<b>-2,534</b>	<b>157</b>	<b>-17</b>	<b>4,437</b>	<b>340,520</b>

<b>B.8 Significant change to the issuer's financial condition and operation result</b>	There has been no significant change to the Company's financial condition and operation result since 31 December 2017, except for the USD 100 million bond tap completed on 2 February 2018 and the Private Placement executed on 7 February 2018 in which the Company raised USD 75 million before equity offering costs. In addition, since 31 December 2017, the Group has acquired and taken over a further 20 feeder container vessels for a total purchase price of USD 195.4. Furthermore, the Group has entered into agreements to acquire four feeder container vessels for a total purchase price of USD 35.2 million.
<b>B.9 Selected key pro forma financial information</b>	Not applicable. The Prospectus does not contain pro forma financial information.
<b>B.10 Profit forecast or estimate</b>	Not applicable. The Prospectus does not contain any profit forecasts or estimates.
<b>B.11 Qualifications in the audit report on the historical financial information</b>	Not applicable. There are no qualifications in the audit reports.
<b>B.12 Working capital</b>	As of the date of this Prospectus, the Company is of the opinion that the working capital available to the Group is sufficient for its present requirements and for at least the next 12 months from the date of this Prospectus.

### Section C - Securities

<b>C.1 Type and class of securities admitted to trading and identification number</b>	All Shares issued in the Company are equal in all respects. The Company has only one class of Shares. The Shares are issued in accordance with the laws of Norway and registered in VPS with ISIN NO001 0791353. The Private Placement Shares have been temporary listed on Merkur Market under the ticker
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	code "MPCB-ME" and registered with the VPS under the separate ISIN NO0010816002 since 19 February 2018. Upon approval of this Prospectus, the Private Placement Shares will be registered in book-entry form with the VPS under the same ISIN number as the Company's existing shares (ISIN NO0010791353) and admitted to trading on Oslo Axess. The Private Placement Shares will then be listed on Oslo Børs in connection with the Listing.
<b>C.2    <i>Currency</i></b>	The Shares are denominated in Norwegian Kroner (NOK).
<b>C.3    <i>Number of shares and par value</i></b>	The Company's current share capital is NOK 770,030,000 divided in 77,003,000 issued shares, each with a nominal value of NOK 10.00.
<b>C.4    <i>Rights attached to the securities</i></b>	The Company has one class of shares, and each Share carries one vote and has equal rights to dividend. All the Shares are validly issued and fully paid. All of the Company's shareholders have equal voting rights.
<b>C.5    <i>Restrictions on free transferability</i></b>	<p>The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal upon a transfer of Shares. Share transfers are not subject to approval by the Board of Directors.</p> <p>10,343,000 Shares controlled by the founding shareholders, i.e. companies affiliated with the MPC Group, amounting to 13.43% of the Company's Shares, are subject to a lock-up. The lock-up period is until 29 July 2018, which is six months after admission to trading on Oslo Axess on 29 January 2018. Shares subject to lock-up may not be sold without the consent of the Managers.</p>
<b>C.6    <i>Admission to trading</i></b>	On 21 February 2018, the Company applied for admission to trading of the Shares on Oslo Børs. The board of directors of Oslo Børs approved the listing application on 21 March 2018 subject to the Company having in excess of 500 shareholders, each holding Shares with a value of more than NOK 10,000, prior to the Listing. The Company expects to satisfy this condition in connection with the Offering.
<b>C.7    <i>Dividend policy</i></b>	The Company's intention is to pay regular dividends in support of its objective of maximising returns to shareholders. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, distribution restrictions, capital requirements, investment opportunities, and other factors. Dividends will be proposed by the Board of Directors for approval by the General Meeting. There are no current estimates regarding the potential future dividend level or timing

	of dividend payments and there can be no assurance that dividends will actually be proposed or declared.
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### **Section D - Risks**

<p><b>D.1 Key information on the key risks that are specific to the Issuer or its industry</b></p>	<p>The key risks relating to the Group and the industry in which it operates are the following:</p> <ul style="list-style-type: none"> <li>• Shipping operations may be affected by conditions beyond the Group's control such as harsh weather, capsizing, groundings, collisions, engine problems, technical problems and navigation errors which may result in loss of or damage to the Group's vessels, damage to property and damage to the environment or persons. Such events may lead to the Group being held liable for substantial amounts by injured parties, their insurers and public governments.</li> <li>• The container shipping industry is cyclical with attendant volatility in charter rates and profitability. No assurances can be made that the Group will be able to successfully employ its vessels in the future or renew existing employment agreements (including charters and pool agreements) at rates sufficient to allow it to meet its obligations.</li> <li>• Due to the lack of diversification in the Group's lines of business, an adverse development in the Group's container business, or in the container shipping industry, generally would have a significant impact on the Group's business, financial condition and results of operations.</li> <li>• The technical operation of a vessel has a significant impact on the vessel's economic life and technical risks will always be present. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses and other costs of the fleet owned by the Group and accordingly the potential realization values that can be obtained.</li> <li>• The Group will make investments in assets that are illiquid and not traded on any regulated market, and there can be no assurance that the Group will manage to achieve a successful realisation of its investments.</li> <li>• Any operational downtime of the Group's vessels or any failure to secure employment for any vessel at satisfactory rates will affect the</li> </ul>
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	<p>Group's results. Furthermore, off-hire due to technical or other problems to any vessel could be materially disruptive to the Group's financial results.</p> <ul style="list-style-type: none"> <li>• The timing and costs of repairs on the Group's ships are difficult to predict with certainty, may be substantial and might not be covered by insurance. Large repair expenses and repair time may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity.</li> <li>• Risks may arise for which the Group is not or not adequately insured. Any particular claim may not be paid or not paid in time by the Group's insurance and any claims covered by insurance would be subject to deductibles, the aggregate amount of which could be material.</li> <li>• The Group is reliant on the performance of ship managers. There can be no assurance that such ship management will operate successfully.</li> <li>• The Group is exposed to risks regarding the correct application of the tax regulations and possible changes in legal, tax and regulatory regimes within the relevant jurisdictions in which the Group operates may have an adverse effect on the Group.</li> <li>• The Group may require additional capital in the future due to unforeseen liabilities, repayment of financing obligations or in order to take advantage of business opportunities, among others. There can be no assurance that the Group will be able to obtain necessary financing in a timely manner on acceptable terms.</li> <li>• The Group may be unable to repay its financial obligations when they mature.</li> <li>• Charter hire is normally payable in USD and the value of the Group's vessels is normally denominated in USD. The Group's container vessels operate on a worldwide basis and, as a result, incur costs in currencies other than USD. Thus, currency fluctuations may affect both the Group's and consequently the investors' return, book value and value adjusted equity of subsidiaries in other currencies than USD.</li> <li>• Any changes in the interest rate would directly affect the returns on the financed investments. Interest rate levels can also indirectly affect the value of the assets at the point of sale, which</li> </ul>
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	<p>will impact the value of the Group's portfolio.</p> <ul style="list-style-type: none"> <li>• The Group's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.</li> </ul> <p>Should any of these risks materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Company's Shares, resulting in the loss of all or part of an investment in the Company's Shares.</p>
<p><b>D.3 Key information on the key risks that are specific to the securities</b></p>	<p>The key risks relating to the Shares are the following:</p> <ul style="list-style-type: none"> <li>• The trading volume and price of the Shares could fluctuate significantly.</li> <li>• Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares.</li> <li>• Future sales, or the possibility of future sales, of substantial numbers of Shares could affect the Shares' market price.</li> <li>• Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. shareholders or other shareholders.</li> <li>• Investors could be unable to exercise their voting rights for Shares registered in a nominee account.</li> <li>• The Group's ability to pay dividends in accordance with its dividend policy is dependent on the availability of distributable reserves and distribution restrictions and the Group may be unable or unwilling to pay any dividends in the future.</li> <li>• Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK.</li> <li>• Market interest rate could influence the price of the Shares.</li> </ul> <p>Should any of these risks materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Company's</p>

	shares, resulting in the loss of all or part of an investment in the Company's shares.
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### **Section E - Offer**

<b>E.1 The total net proceeds of the Offering and an estimate of the total expenses</b>	<p>The Offering will not result in any proceeds to the Company as the Offer Shares are offered by the Selling Shareholder. The aggregate proceeds to the Selling Shareholder, if the Offer Shares are fully applied for, will amount to approximately NOK 3.3 million. The total costs and expenses related to the Offering, if fully applied for, are expected to be approximately NOK 1 million. The total costs and expenses will be borne by the Company.</p> <p>No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.</p>
<b>E.2a Reasons for the Offering and use of proceeds</b>	<p>The Listing is an important element in the Company's strategy. The Company believes that the Listing will help to further strengthen the Company's profile in the container shipping market.</p> <p>The primary purpose of the Offering is to broaden the Company's shareholder structure.</p>
<b>E.3 Terms and conditions of the Offering</b>	<p>The Offering consists of an offer of up to 75,000 Offer Shares to the public in Norway. Each investor will be offered to subscribe for 250 Offer Shares at an Offer Price of NOK 44 per Offer Share or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share.</p> <p>The Offer Shares are offered by CSI Beteiligungsgesellschaft mbH (the Selling Shareholder) which as of the date of this Prospectus holds 10,343,000 Shares in the Company, corresponding to 13.43% of the Company's Shares.</p>
<b>E.4 Material interests in the Offering</b>	<p>The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a fixed management fee in connection with the Offering and, as such, have an interest in the Offering.</p>

	<p>The Selling Shareholder will receive the net proceeds from the sale of the Offer Shares.</p> <p>Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.</p>
<b>E.5    <i>Selling shareholders and lock-up agreements</i></b>	<p>The Selling Shareholder is CSI Beteiligungsgesellschaft mbH which holds 10,343,000 of the Company's Shares, corresponding to 13.43% of the Company's Shares. The Selling Shareholder is offering to sell up to 75,000 Offer Shares in the Offering. The Selling Shareholder will retain a shareholding in the Company of at least 13.33% following the Offering assuming that the maximum number of Offer Shares are subscribed for in the Offering.</p> <p>Lock-up agreements are mentioned in C.5 "Restrictions on transfer" above.</p>
<b>E.6    <i>Dilution resulting from the Offering</i></b>	<p>There will be no dilution of existing shareholders in connection with the Listing since the Offering will not comprise of any issuance of new Shares in the Company.</p>
<b>E.7    <i>Estimated expenses charged to investor</i></b>	<p>Not applicable. No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.</p>

## **2. RISK FACTORS**

*An investment in the Company and the Shares involves inherent risks. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set forth below and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are relevant to an investment in the Shares.*

*An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described in that risk factor are not a genuine potential threat to an investment in the Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the Shares.*

*The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively.*

### **2.1 General**

The Group will invest in and operate assets in the container shipping sector which are subject to significant risks. An investment in the Company will involve a high risk, including potentially a loss of the entire investment. The investor's return will be related to the Group's return and will primarily depend on whether the Group will be able to implement its strategy and achieve its investment objectives, as well as the general development in the container shipping sector and the financial markets.

### **2.2 Market related risks**

#### *2.2.1 Macroeconomic conditions*

Changes in national and international economic conditions, including, for example interest rate levels, inflation, employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Group – may negatively impact the Group's operating and investment activities, realization opportunities and overall investor returns.

#### *2.2.2 Charter market risk*

The container shipping industry is highly cyclical with attendant volatility in charter rates and profitability. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the cargo to be carried. No assurances can be made that the Group will be able to successfully employ its vessels in the future or renew existing employment agreements (including charters and pool agreements) at rates sufficient to allow it to meet its obligations. Charter hire rates for container vessels may decrease in the future, which may adversely affect the Group's earnings. A continued downturn in the container charter market may have an adverse effect on the Group's earnings position.

The supply of and demand for shipping capacity strongly influence charter rates.

Factors that influence demand for container ship capacity include, among others:

- supply and demand for products suitable for shipping in containers;
- changes in global production of products transported by container ships;
- seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;
- environmental and other regulatory developments;
- currency exchange rates;
- economies of scale;
- fuel and bunker prices; and
- weather conditions.

The Group operates in markets that have historically exhibited seasonal variations in demand and, as a result, in charter rates. This seasonality may result in volatility in operating results.

The revenues of vessels employed in a charter pool depend on the average revenue realized in the entire charter pool. For that reason, the Group's vessels employed in such charter pools may be negatively impacted by poor performance of other pool vessels.

Factors that influence the supply of container ship capacity include, among others:

- the number of newbuilding orders and deliveries;
- the extent of newbuilding vessel deferrals;
- the scrapping rate of container ships;
- newbuilding prices and container ship owner access to capital to finance the construction of newbuildings;
- charter rates and the price of steel and other raw materials;
- changes in environmental and other regulations that may limit the useful life of container ships;
- the number of container ships that are slow-steaming or extra slow-steaming to conserve fuel and bunkers;
- the number of container ships that are idle;
- port congestion and canal closures; and
- demand for fleet renewal.

### *2.2.3 Fluctuation of vessel values*

Container ship values can fluctuate substantially over time due to a number of different factors, including, among others:

- prevailing economic conditions in the markets in which container ships operate;
- prevailing charter rates;
- a substantial or extended decline in world trade;
- increases in the supply or decline in demand of container ship capacity; and
- the cost of retrofitting or modifying existing ships to respond to technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

Vessels values may be impacted by the steel price, i.e. an increasing steel price may cause vessel values to increase and vice versa.

The fair market value of the Group's vessels and investment in vessel-owning companies or other ships possibly acquired in the future may increase or decrease depending on a

number of factors. Fluctuation of vessel values may result in an impairment of the book value of vessels. If the Group sells its vessels, its shares in vessel-owning companies or other vessels it acquires in the future when prices have fallen and before having recorded an impairment adjustment to the financial statements of the Group, the sale may be at less than the Group's vessels' carrying amount in the financial statements, resulting in a loss. Such loss or repayment may have a material adverse effect on the Group's business, financial condition, results of operation, liquidity and/or the Company's ability to pay dividends to its shareholders. A negative development of the fair market value of the vessels owned by the Group may also have a material adverse effect on the ability of the Group to comply with covenants in debt financing arrangements, among others.

#### *2.2.4 Changes in scrap prices*

The scrap value of a vessel is highly dependent on the price of steel. The actual residual value of the vessels may be lower than the Company estimates.

#### *2.2.5 Customer relationships*

The Group's main customers are global liner companies and regional carriers. In order to continue the ongoing business and to protect its earnings, the Group must continue relationships with customers in addition to attracting new customers. However, it is not given that the Group will be able to continue its existing relationships, nor that it will be able to replace outgoing customers or attract new customers. Moreover, if the Group's external reputation is damaged, customers may elect to stay away from the Group. This may have a material adverse effect on the Group's future income from its business activity.

#### *2.2.6 Risks related to competitors*

The container shipping industry, in which the Company operates, is competitive, and competition arises primarily from other owners of container vessels. The Company's competitors may have greater resources which could allow them to better withstand industry downturns, compete more efficiently on the basis of geographic scope and retain skilled personnel. Competitive pressure may result in significant price competition, particularly during industry downturns. In addition, new competitors could enter the market for container ships and operate larger fleets through consolidations, acquisitions or purchase of new vessels, and may therefore or for other reasons be able or willing to offer lower charter rates or vessels with superior technical specifications (e.g. newbuildings). If the Company is not able to compete successfully, the Company's earnings could be adversely affected.

### **2.3 Risk associated with the business of the Group**

#### *2.3.1 Past performance*

In considering the historic performance of the Group, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Group will achieve comparable results.

#### *2.3.2 Future performance*

The Company has been established in the context of an expectation that the market for container vessels will improve from levels deemed to be low. Should such expectation not prove to be right, or be delayed, the Group may suffer material adverse effects on its business, financial condition, results of operation, liquidity and/or the Company's ability to pay dividends to its shareholders.

### *2.3.3 Limited operating history*

The Company was incorporated on 9 January 2017 and is consequently a recently formed company with limited operating history upon which to evaluate the Company's likely performance. Accordingly, investors will have limited historical financial and other information on which to base any decision to invest in the Company's securities.

There can be no assurance that its business strategy and operations will continue to be successful going forward.

### *2.3.4 Dependency upon container transportation*

The Group relies on revenues generated from the Group's business of providing tonnage capacity for the seaborne transportation of containers. Due to the lack of diversification in the Group's lines of business, an adverse development in the Group's container business, or in the container shipping industry, in particular the feeder segment, generally would have a significant impact on the Group's business, financial condition and results of operations.

### *2.3.5 Management services*

The Group's success will materially depend upon the skill and expertise of its management and key employees. Resources to perform management services will be sourced from MPC Münchmeyer Petersen Capital AG ("**MPC Capital AG**"), and subsidiaries, and other key entities or persons. Any loss of members of its management or key employees could have a negative effect on the Group's operations.

There can be no assurance that MPC Capital AG, and subsidiaries, or such other entities or individuals will continue to provide resources to the Company throughout the term of the Company, or that their continued involvement will guarantee the future success of the Company. The Managing Director of the Company will not devote all of his professional time to the Company's business.

### *2.3.6 Ship management*

The Company is responsible for the technical management (including crew management) of most of the Group's vessels, based on technical ship management agreements between the Company and its vessel-owning subsidiaries. The Company bears all operational risks associated with the ship management of vessels as well as counterparty risks in connection with the sub-contracting of services.

### *2.3.7 Fraudulent behaviour from employees and/or third parties*

Employees of, and/or third parties acting as agents for the Group could engage in fraudulent behaviour against the Group on their own, or that of others' initiative, making them act against the interest of the Group. Such actions could include, but are not limited to, document fraud, port bribes, fraudulent commission agreements, facilitation payments and bribes to get access to exclusive business. Whether deliberate or not, such actions could potentially put the Group at risk for both legal liabilities and reputational damage.

### *2.3.8 Distributions*

Any distributions in form of dividends from the Company will normally be made in cash. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, distribution restrictions, capital requirements, investment opportunities, and other factors. Dividends will be proposed by the Board of Directors for approval by the General Meeting.



There are no current estimates regarding the potential future dividend level or timing of dividend payments. The distributions will not be predictable and will depend on the realization of or distributions from underlying investments. Investors should not expect any or any level of distributions from the Company.

## **2.4 Risks associated with the assets**

### *2.4.1 Reliance on technical and commercial management of assets*

The Company is responsible for the technical management (including the crew management) of the vessels owned by the Group. The performance of technical ship management services is subcontracted to specialized ship managers, both related to MPC Group and third-party ship managers. The loss of such ship managers' services or their failure to perform their obligations to the Group could materially and adversely affect the results of the Group's operations. The Group's operational success and ability to execute its growth strategy will depend significantly upon the satisfactory performance of these services. The Group's business will be harmed if the service providers fail to perform these services satisfactorily, if they cancel their agreements, or if they stop providing these services to the Group. The Group is reliant on the performance of the ship managers and their sub-contractors. There can be no assurance that such management will operate successfully. Insufficient technical management of the Group's vessels could, among other, lead to increased operational expenses and deteriorating technical conditions of the vessels.

Commercial management of the Group's vessels is performed by chartering managers. At the time of this Prospectus, the commercial ship manager is a related party.

Fees payable to the ship managers will be payable regardless of the Group's profitability.

### *2.4.2 Availability of investments and competition*

Suitable assets may not always be available at a particular time. The Group's investment rate may be delayed or progress slower than the anticipated rate for a variety of reasons and, as a result, there is also no guarantee that the Group will be able to fully invest the required amount of the total capital. In addition, the Group may only participate in a limited number of assets so that returns might be adversely affected by the poor performance of even a single asset or investment.

The Group may be competing for appropriate investment opportunities with other participants in the markets. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the Group and/or adversely affect the terms upon which such investments can be made by the Group. In addition, such competition may have an adverse effect on the length of time required to fully invest the funds available to the Group.

### *2.4.3 Illiquidity of assets – realisation risk*

The Group will own and operate assets that are illiquid and not traded on any regulated market. The realization of such investments may consequently take time and will be exposed to a variety of general and specific market conditions, see Section 2.2 "Market related risks". There can be no assurance that the Group will be able to sell vessels when required or desired.

### *2.4.4 Valuation*

The Group will own and operate assets that are not traded in a regulated market and where the correct valuation at any given point in time will be subject to uncertainty.

#### *2.4.5 Due diligence risk*

The Company will complete reasonable and appropriate technical, commercial and financial due diligence prior to making an investment. Such due diligence will primarily be based on information which may only be available through certain third parties. Such information may be erroneous, incomplete and/or misleading, and there can be no assurance that all material issues will be uncovered. Even following a physical inspection of a secondhand vessel prior to purchase, the Company may not discover defects or other problems with such vessels.

#### *2.4.6 Execution risk*

There is always a possibility that intended transactions might not conclude due to various execution risks related to, but not limited to, documentation, inspection of the vessel(s) and/or class records and due diligence. Thus there might be certain external and third party costs carried by the Company that are not recoverable.

#### *2.4.7 Technical maintenance risks*

The technical operation of a vessel has a significant impact on the vessel's economic life, and technical risks will always be present. There can be no guarantee that the parties tasked with operating a vessel or overseeing such operation perform their duties according to agreement or satisfaction, even if a monitoring system is established. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses and other costs and accordingly the potential realization values that can be obtained. An increase in operating expenses or dry-docking costs could materially and adversely affect the Group's financial performance. Among other factors, technical maintenance will also depend on the availability of qualified crew to perform such maintenance tasks. The Group competes in a global crewing market to attract qualified sea-going personnel to be employed as crew on the Group's container vessels and there can be no guarantee that the Group will be successful in this.

#### *2.4.8 Risks related to the technical condition of the vessels*

The Company currently operates vessels built from 2002 to 2010. The vessels may not be in the technical conditions assumed by the Company and damages or defects to the vessels may be discovered during operation. The acquisition of secondhand vessels exposes the Group to increased operating costs and as the fleet ages, the risks associated with older vessels could adversely affect the Group's results of operations. Operating costs are unpredictable and can vary based on events beyond the Company's control.

The economic life of the Group's vessels will depend on many factors, including charterers' preferences with regard to age, as well as the vessels' technical condition, efficiency and the cost of keeping them in operation compared to their ability to produce earnings. The cost associated with the repair and maintenance of vessels normally increases with age.

There can be no assurance of how long the Group's existing vessels will be in operation. The vessels may have particular unforeseen technical problems or deficiencies, new environmental requirements may be enforced, or new technical solutions or vessels may be introduced that are more in demand than the Company's vessels, causing less demand and use of the Group's vessels. In addition, there may be technical risks associated with ageing vessels, including operational problems leading to unexpectedly high operating costs and/or lost earnings, which may have a material adverse effect on the financial position of the Company. Compliance with safety and other vessel requirements imposed by international regulations and industry requirements, among others, may be costly and could reduce the Group's net cash flows and net income.

#### *2.4.9 Risks related to technological advancements*

Technological advancements or innovations in the maritime industry may require the Group to make substantial investments or even render the fleet of the Group as obsolete, having a material adverse effects on the Group's business, financial condition, results of operation and liquidity position. Such advancements may include, but are not limited to, digitalization, automation and autonomous traffic.

#### *2.4.10 Risks related to operation downtime of the vessels*

Any operational downtime of the Group's vessels or any failure to secure employment for any vessel at satisfactory rates will affect the Group's results. Furthermore, off-hire due to technical or other problems to any vessel could be materially disruptive to the Company's financial results. Inadequate technical maintenance of the Group's vessels may negatively influence the availability of vessels in the charter market, impacting the utilization of the Group's fleet.

Operational downtime could come as a result of several factors outside the Company's control such as a result of repair work. Any downtime (off-hire) could result from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spares. The loss of earnings while these vessels are being repaired, as well as the actual cost of these repairs, would decrease the Company's results of operations.

Further, the Group's vessels may be arrested, detained or kidnapped and Governments could requisition the Group's vessels during a period of war or emergency, which may negatively impact the Group's business, financial condition, results of operations and available cash.

#### *2.4.11 Risks related to repairs*

The timing and costs of repairs on the Group's ships are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses and repair time may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity.

#### *2.4.12 Risks related to the ability to obtain suppliers and services*

The Company relies, and will in the future rely, on supplies of consumables, spare parts and equipment to operate, maintain, repair and upgrade its vessels. Cost increases, delays or unavailability could negatively impact the Company's future operations and result in higher downtime due to delays in the repair and maintenance of the Company's fleet.

#### *2.4.13 Risk relating to accidents*

The Group's vessels are subject to perils particular to marine operations, including capsizing, grounding, collision, engine problems, technical problems, navigation errors, and loss and damage from severe weather or storms. The Group's vessels may also be subject to other unintended accidents. Such circumstances may result in loss of or damage to the Group's vessels, damage to property, including other vessels and damage to the environment or persons. Such events may lead to the Group being held liable for substantial amounts by injured parties, their insurers and public governments. In the event of pollution, the Group may be subject to strict liability. Environmental laws and regulations applicable in the countries in which the Group operates have become more stringent in recent years. Such laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for acts by the Group that were in compliance with all applicable laws at the time such actions were taken. Please refer to Section 2.4.14 for further information regarding risks related to environmental laws and regulations.

The occurrence of the above mentioned events may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity, and there can be no assurance that the Group's insurance will fully compensate any such potential losses and/or expenses.

#### *2.4.14 Environmental risks*

The Group's vessels carry pollutants and there will, accordingly, always be certain environmental risks and potential liabilities involved in the ownership of commercial shipping vessels. The Group's operations and vessels are subject to international environmental conventions, laws and regulations, controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment or otherwise relating to the protection of the environment. As the Group owns vessels which may operate in various parts of the world, several different jurisdictions regarding liability pollution may apply. Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence.

Compliance with environmental laws and regulation may require significant expenditures. If any of the vessels that the Group operate were to discharge pollutions into the environment or to otherwise be involved in any environmental spill or accident, the Group could incur substantial costs and liabilities as a result of such spill or clean up, and the Group may become subject to significant fines in connection with spills. Such consequences could have a material adverse effect on the Group's financial position, results of operations or cash flows.

#### *2.4.15 Risk relating to international operations*

It is expected that the Group's vessels will operate in a variety of geographic regions. Consequently, the Group may be exposed to political risk, risk of piracy, sanctions and blacklisting, corruption, terrorism, outbreak of war, overlapping and differing tax structures and tax regimes and managing an organization spread over various jurisdictions, amongst others. In addition, the Group's operations are subject to laws and regulations and supervisory rules in the countries where the activity is performed, and the Group may therefore be subject to unexpected changes in regulatory requirements and compliance with a variety of foreign laws and regulations. The operations of the Group may be negatively affected by changes in environmental laws and other regulations that can result in large expenses in, for example, modification of vessels and changes in the operation of vessels. The business, financial condition and results of operations of the Group, indirectly, and its underlying investments directly, may accordingly be negatively affected if such risks materialize. Changes in the legislative, governmental and economic framework governing the activities of the shipping industry, could also have a material negative impact on the Group's results of operations and financial condition.

#### *2.4.16 Risks related to insurance*

Risks may arise for which the Group is not or not adequately insured. Any particular claim may not be paid by the Group's insurers or not paid in time and any claims covered by insurance would be subject to deductibles, the aggregate amount of which could be material. Any uninsured or underinsured loss could harm the Group's business and financial condition and have a material adverse effect on the Group's operations. Furthermore, even if insurance coverage is adequate to cover the Group's losses, the Company may not be able to obtain a replacement ship in a timely manner in the event of a loss.

If the Group fails to comply with applicable regulations, it may be subject to increased liability, which may adversely affect its insurance.

The Group may be subject to premium calls because some of its insurances are obtained through protection and indemnity associations.

#### *2.4.17 Risks related to maritime claims*

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against one or more of the Company's vessels for unsatisfied debts, claims or damages (even based on doubtful reasons). The arrest or attachment of one or more of the Company's vessels could interrupt the cash flow from the charterer and/or the Company and require the Company to pay a significant amount of money to have the arrest lifted. A claimant may also arrest vessels even if the claimant has no claim against the Group. In addition, in some jurisdictions, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and/or any "associated" vessel, which is any vessel owned or controlled by the same owner.

#### *2.4.18 Risks related to litigation*

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks, and the Group may in the future be involved in disputes or legal, administrative or governmental proceedings in Norway or other jurisdictions from time to time. The Group cannot predict with certainty the outcome or effect of any dispute or claim. Any future dispute may have an adverse effect on the Group's business, financial position, results of operations due to potential negative outcomes, the costs associated with prosecuting or defending such litigation matters and the diversion of management's attention to these matters.

#### *2.4.19 Changes in legal framework*

Changes in legal, tax and regulatory regimes within the relevant jurisdictions may occur during the life of the Company which may have an adverse effect on the Company. The Group as a whole is exposed to risks regarding the correct application of the tax regulations and those in relation to conflicting tax regimes.

Over the past 20 years, the shipping industry has faced various legislative changes affecting the industry in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which container vessels operate or are registered, which can significantly affect the ownership and operation of container vessels. There is a risk that new legislative changes will be proposed and ratified which could affect amongst others the economic lives of vessels and their earning potential. The Group may incur additional costs in order to comply with existing and future regulatory obligations.

Managers of alternative investment funds are subject to a registration requirement or a license requirement (depending on the amount of assets under management) pursuant to Directive 2011/61/EU on alternative investment fund managers and the Norwegian act on management of alternative investment funds of 20 June 2015 no. 28. Based on the nature of the operations of the Company and its governance structure, the Company is of the view that it is not an alternative investment funds and is not subject to these rules. If the Company should nonetheless be held to be an alternative investment funds this could result in increased costs and other negative consequences for the Company.

## **2.5 Financial risks**

### *2.5.1 Liquidity risk and availability of debt finance*

The Group operates in a very capital-intensive industry. The Group may require additional capital in the future due to unforeseen liabilities, net cash flow shortfalls or in order to take

advantage of business opportunities or to refinance all or part of existing and future debt obligations, including the senior secured bond facility. It is uncertain that the Group will generate enough free cash flow enabling it to cover all of its potential financing needs without procuring additional debt financing. Factors giving rise to the Group's liquidity needs include, but are not limited to, changes in operating costs, changes in capital expenditures and changes in income, including as a result of the employment level of the Group's vessels or other business interruptions. There can be no assurance that the Group will be able to obtain necessary financing in a timely manner on acceptable terms. Difficulties in the financial markets may result in dysfunctional credit markets and restrict the availability of debt finance to the Group's underlying investments. The resultant lack of available credit and/or higher financing costs and more onerous terms may materially impact on the performance of certain investments with a potential adverse impact on both working capital and term debt availability.

The state of global financial markets and current economic conditions, among other factors, may adversely impact the Group's ability to obtain financing or refinance future and existing credit facilities on acceptable terms, which may hinder or prevent operating or expanding the Group's business or have a material adverse effect on the financial position of the Group.

#### *2.5.2 Currency risk*

USD is the reporting currency for the Group and the functional currency for the Company and its subsidiaries. Charter hire is normally payable in USD and the value of the vessels is normally denominated in USD. The Group's vessels operate on a worldwide basis. Therefore, the Group is exposed to currency exchange rate fluctuations as a result costs incurred in currencies other than USD. In particular, the Group has a net exposure to EUR and NOK. Thus, currency fluctuations may affect both the Group's and consequently the investors' return, book value and value adjusted equity of subsidiaries in other currencies than USD.

Monetary balance sheet items denominated in currencies other than USD are translated at the closing rate at each reporting date, while non-monetary items are translated at their historical rate for purposes of the Company's financial statements. With regard to monetary items, the Group is therefore exposed to risk related to the translation of assets and liabilities denominated in currencies other than USD.

The Shares will be priced and traded in NOK on the Oslo Stock Exchange and hence there is a foreign exchange risk associated with conversion from the reporting currency to NOK. Any future payments of dividends on the Shares will be denominated in NOK.

#### *2.5.3 Interest rate risk*

Any changes in the interest rate would directly affect prospective returns of the Group. Indebtedness under bond or credit facilities may be subject to floating rates of interest.

Interest rate levels can also indirectly affect the value of the assets at the point of sale. This will impact the portability of the Group's operation.

#### *2.5.4 Hedging transactions*

The Company or its subsidiaries engage and may engage in the future in certain hedging transactions which are intended to reduce the currency or interest rate exposure, among others. In order to manage its exposure to interest rates fluctuations due to the floating coupon rate of the senior secured bond, the Group has entered into interest rate swap and cap agreements. Any such hedging transaction may be imperfect, leaving the Company indirectly exposed to some risk from the position that was intended to be protected. The successful use of hedging strategies further depends upon the availability of a liquid market

and appropriate hedging instruments and there can be no assurance that the Group will be able to close out a position when deemed advisable. The Group may potentially forego the benefits of otherwise positive variable interest and currency exchange rate movements and other favourable movements.

Like any other financial instrument that is subject to market risks, the derivatives used in hedging activities bear the inherent risk of value loss, leading to considerable liabilities of the Group vis-à-vis the hedging counterparty, due to a variety of factors beyond the Group's control. Furthermore, when using hedging instruments, the Group is subject to credit risk as the counterparties to the hedging transactions may default on an obligation. Any of these factors and other factors may have a material adverse effect on the Group's business, financial condition and results of operations.

#### *2.5.5 Covenant risks*

Loans will typically contain certain covenants, including those related to minimum cash levels, minimum equity ratios, minimum value clauses, vessel related covenants and insurance related covenants, amongst others. The breach of such covenants may lead to a default situation, resulting in capital calls by the creditors and a forced sale of the underlying vessels, which may have a detrimental impact on the financial position of the Group. The compliance with certain debt covenants, including covenants in relation to the market value of the Group's fleet, may be beyond the control of the Group.

#### *2.5.6 The Group is exposed to fluctuations in working capital*

The Group is depending on having available funds to support working capital requirements for its business for the period beyond 12 months from the date of this Prospectus. The adequacy of available funds for the period beyond 12 months will depend on many factors, including but not limited to the further growth of the business, capital expenditures, changes in working capital and market development (including but not limited to freight rates, time charter rates and bunker oil price).

The Group may therefore in future be dependent on obtaining financing and/or new equity to ensure adequacy of available funds to support the business and its obligations. It is not certain that the Group will be able to obtain future financing on acceptable terms and conditions, nor that the Group will be able to raise new capital in the equity markets. If the Group is unable to obtain future debt and/or equity financing, it may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity.

#### *2.5.7 Counterparty risks*

The performance of the Group depends heavily on its counterparties' ability to perform their obligations under, for instance, agreed time charter parties. Liner shipping companies have been placed under significant financial pressure, thereby increasing the Group's charter counterparty risk. The Company is consequently exposed to the risk of contractual default by its counterparties. Any default by a counterparty of its obligations under its agreements with an entity within the Group may have material adverse consequences on the financial condition of the Group.

The loss of any of the Company's charterers, time charters or vessels, or a decline in payments under its charters or pool agreements, could have a material adverse effect on the Company's business, results of operations and financial condition, revenues and cash flow and its ability to pay dividends to its shareholders.

### **2.5.8**      *Credit risks*

The Company's customer base implies a material source of credit risk. Any downturn in the financial markets and economic activity may result in higher volume of late payments from the Company's customers and outstanding receivables, which may materially affect the Company's financial condition.

### **2.5.9**      *Risks related to taxation*

Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Group is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Group's income tax expense is based upon its interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, which is beyond the Group's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's earnings.

From time to time the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates from time to time. If any tax authority successfully challenges the Group's operational structure or intercompany pricing policies; or if the Group loses a material tax dispute in any country, or any challenge of the Group's tax payments is successful, its effective tax rate on its earnings could increase substantially and the Group's earnings and cash flows from operations could be materially adversely affected.

Any change in or discontinuation of the applicable tonnage tax regimes, or any inability on the Group's part to continue to participate in these regimes could considerably increase the Group's tax burden and, as such could have a material adverse effect on the Group's business, results of operations and financial condition. Similarly, tax authorities may interpret the preconditions and scope of tonnage tax regimes different to the Company and could therefore deny tonnage tax benefits which the Group has claimed or make unforeseen tax claims, either in respect to the Group's cross-border reorganization measures or otherwise. This could increase the Group's tax burden and could have a material adverse effect on the Group's business, results of operations and financial condition.

### **2.5.10**    *The Group's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks*

The Group's policies and procedures to identify, monitor and manage risks may not be fully effective. Some of the Group's methods of monitoring and managing risks are based on historical market behaviour that may not be an accurate predictor of future market behaviour. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that are publicly available or otherwise accessible by the Group. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so. Failure to mitigate all significant risks associated with the Group's business could have a material adverse effect on the Group's business, results of operations and financial condition.

## **2.6      Risks related to the Listing and the Shares**

### **2.6.1**      *Trading on Oslo Børs*

The Company is currently listed at Oslo Axess. Although the Shares are freely transferable and will be listed on the Oslo Børs, the investors must expect that it may be difficult to sell



Shares in the Company in the secondary market. There is no assurance that an active trading market for the Shares will develop or be sustained on Oslo Børs. The market value of the Shares can be substantially affected by the extent to which a secondary market develops for the Shares following the listing on Oslo Børs.

#### *2.6.2 Volatility of the share price*

The trading volume and price of the Shares could fluctuate significantly. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the price of the Shares or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in consumer preferences, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

#### *2.6.3 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders could be diluted.

#### *2.6.4 Future sales, or the possibility of future sales, of substantial numbers of Shares could affect the Shares' market price*

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Listing, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for shareholders to sell their Shares or for the Company to sell equity securities in the future at a time and price that they deem appropriate.

#### *2.6.5 Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders*

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders (the "**General Meeting**"), existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares, and doing so in the future could be impractical and costly. To the extent that the Company's

shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

*2.6.6 Investors could be unable to exercise their voting rights for Shares registered in a nominee account*

Beneficial owners of the Shares registered in a nominee account may be unable to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect such a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

*2.6.7 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions*

The Shares have not been registered under the U.S. Securities Act or any U.S. state or territory securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

*2.6.8 The ability to bring action against the Company may be limited under Norwegian law*

The Company is a public limited liability company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the Articles of Association. These rights differ from the rights of shareholders in other jurisdictions, e.g. typical U.S. corporations. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, foreign securities laws. For these reasons investors may encounter difficulties in serving summons and other documents relating to court proceedings to any of the entities within the Group and its management. For the same reason it may be more difficult and more costly for investors to obtain judgments against, and enforce judgments issued against, the entities within the Group and their directors and management.

*2.6.9 The Company's ability to pay dividends in accordance with its dividend policy is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future*

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Company's Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable reserves and the Company's Board of Directors finds such a declaration to be prudent when considering the size, nature, scope and risks associated with the Company's operations and the need to ensure its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. As a general rule, the General Meeting may not declare higher dividends than the Company's Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a

general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

*2.6.10 Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK*

The Shares will be priced and traded in NOK on Oslo Børs and any future payments of dividends on the Shares will be denominated in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of the Company's VPS Registrar, to issue a check in a local currency, a check will be issued in USD. The exchange rate(s) that is applied will be VPS Registrar's rate on the date of issuance. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

*2.6.11 Market interest rate could influence the price of the Shares*

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

### **3. RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the Offering and the Listing described herein.

The Board of Directors of MPC Container Ships ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

19 April 2018

#### **The Board of Directors of MPC Container Ships ASA**

Ulf Holländer  
*Chairman*

Dr. Axel Schroeder  
*Board member*

Ellen Hanetho  
*Board member*

Darren Maupin  
*Board member*

Laura Carballo  
*Board member*

## **4. PRESENTATION OF INFORMATION**

### **4.1 Date of information**

The information contained in this Prospectus is current as at the date of the Prospectus and is subject to change or amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time of approval of this Prospectus by the NFSA and Listing, will be included in a supplement to this Prospectus. Except as required by applicable law and stock exchange rules, the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Company's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

### **4.2 Presentation of financial information**

The historical financial information as set out below has been derived from the Company's audited consolidated financial statements for the period from the date of incorporation of the Company (9 January 2017) to 31 December 2017, prepared in accordance with the International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union ("**EU**") (the "**Audited Financial Statements**"). The Audited Financial Statements are attached to this Prospectus as Appendix B, and have been audited by the Company's auditor, Ernst & Young AS, as set forth in their auditor's report included together with the Audited Financial Statements.

The Company is a start-up entity with limited financial history as of 31 December 2017. The first vessels were taken over by the Company and commenced operations in April 2017. Accordingly, the Company's historical consolidated financial information may be of limited relevance for the current and expected future operations. Amongst others things, time charter revenues and operating expenses are expected to increase significantly due to the expected increase in the volume of operations. In addition to the Audited Financial Statements, the Company has prepared unaudited interim financial statements as of 30 June 2017 and, in relation to the listing of the Company's shares on Oslo Axess at the Oslo Stock Exchange in January 2018, a special purpose financial statement for listing purposes as of 30 September 2017.

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**EUR**" are to the lawful currency of the member states of the EU that have adopted and retain the single European currency and all references to "**USD**" are to the lawful currency of the United States of America. No representation is made that the NOK or USD amounts referred to herein could have been or could be converted into NOK or USD, as the case may be, at any particular rate, or at all. The Company presents its consolidated financial statements in USD.

### **4.3 Rounding**

Percentages and certain amounts included in this Prospectus have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

### **4.4 Industry and market data**

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and the industries and markets in which it operates. Unless

otherwise indicated, such information reflects the Company's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Company, as well as the Company's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations, to update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

The statistical and graphical information contained in Section 5 is mainly drawn from the Clarkson Research Services Limited ("**Clarksons Research**") database and other sources. Clarksons Research has advised that (i) some information in Clarksons Research's database is derived from estimates or subjective judgments, (ii) the information in the databases of other shipping data collection agencies may differ from the information in Clarksons Research's database, (iii) whilst Clarksons Research has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors, (iv) Clarksons Research, its agents, officers and employees cannot accept liability for any loss suffered in consequence of reliance on such information or in any other manner, and (v) the provision of such information does not obviate any need to make appropriate further enquiries.

#### **4.5 Condensed valuation report of the Company's fleet**

Fearnley Securities AS has produced a condensed valuation report of the Company's fleet in accordance with the CESR recommendations to the consistent implementation of the Prospectus Directive. The condensed valuation report of the Company's fleet is attached to this Prospectus as Appendix D.

Fearnley Securities AS is an investment bank with a concentrated focus on maritime industries, providing brokerage, research, financial- and advisory services to investors and maritime companies worldwide. The company's business address is Grev Wedels plass 9, 0151 Oslo, Norway.

Fearnley Securities AS has been engaged by the Company to act as manager in connection with the Offering and the Listing, but the valuation report has been produced by analysts at the company who are not involved in the Offering and the Listing. Please refer to Section 16.14 for more information about the Managers of the Offering and the Listing.

The condensed valuation report has been produced at the Company's request in order to comply with the CESR recommendations and Fearnley Securities AS has given its consent to the publication of the report in this Prospectus.

#### **4.6 Cautionary note regarding forward-looking statements**

This Prospectus contains forward-looking statements. All statements contained in this Prospectus other than statements of historical fact, including statements regarding the Company's future results of operations and financial position, its business strategy and plans, and its objectives for future operations, are forward-looking statements. The words "believe", "may", "will", "estimate," "continue", "anticipate", "intend", "expect", and similar expressions are intended to identify forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations, objectives and financial needs.

Forward-looking statements are subject to a number of risks and uncertainties, including those described in Section 2 "Risk Factors", and are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company operates. The actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance, or achievements. Given these uncertainties, investors should not rely upon forward-looking statements as predictions of future events or performance.

Except as required by the applicable law or stock exchange rules, the Company does not intend, and expressly disclaims any obligation or undertaking, to update any of these forward-looking statements after the date of this Prospectus or to conform these statements to actual results or revised expectations.

Forward-looking statements are found in, but not limited to, Sections 5 "Industry and Market Overview", 6 "Business of the Group", 9 "Operating and Financial Review", 10 "Board of Directors, Management, Employees and Corporate Governance" and 12 "Corporate Information and Description of Share Capital".

#### **4.7 No advice**

The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of any Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of any investment in Shares for an indefinite period of time.

## **5. INDUSTRY AND MARKET OVERVIEW**

*This Section discusses the industry and markets in which the Group operates. Certain information in this Section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organisations, consultants and analysts, in addition to market data from other external and publicly available sources, and the Company's knowledge of the markets.*

*The following discussion contains forward-looking statements. Any forecasts and other forward-looking statements in this Section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences; see Section 4.6 "Cautionary note regarding forward-looking statements" for further details.*

### **5.1 Overview of the container shipping market**

#### *5.1.1 Introduction*

The business of the Group is to own and operate vessels in the container shipping market.

Container shipping is the dominant method of international transportation for a broad range of industrial and consumer goods, chemicals and foodstuff. Containers are modular metal boxes of standardized dimensions, generally 20 or 40 feet long and measured in twenty foot equivalent unit ("**TEU**") or forty foot equivalent unit ("**FEU**"). In addition to standard 20-foot or 40-foot containers, there are specialized containers, such as reefer (refrigerated), flat racks, open top or removable hard top containers, allowing the transport of cargo not suitable for standard containers, e.g. fresh fruit in reefer containers.

Container liner companies operate regularly scheduled services between a series of ports, generally operating on a fixed day each week or otherwise on a regular basis. Most carriers do not own their entire fleet, but instead rely on vessels leased or chartered (either long- or short-term) from third party tonnage providers to provide some proportion of their total capacity requirements. This gives carriers increased flexibility in adjusting capacity in response to demand peaks and allows better deployment of vessel capacities in response to changing demand structures between trades a carrier is active in.

Tonnage providers, such as the Group, own and charter-out container vessels to liner companies. Most ship charters involve the ship owner providing a vessel to the carrier for a fixed period of time, with the ship owner also providing the ship's crew, insurance and maintenance on the vessel. In common time charter agreements, the carrier is responsible for voyage costs, such as bunker fuel, canal charges and port fees.

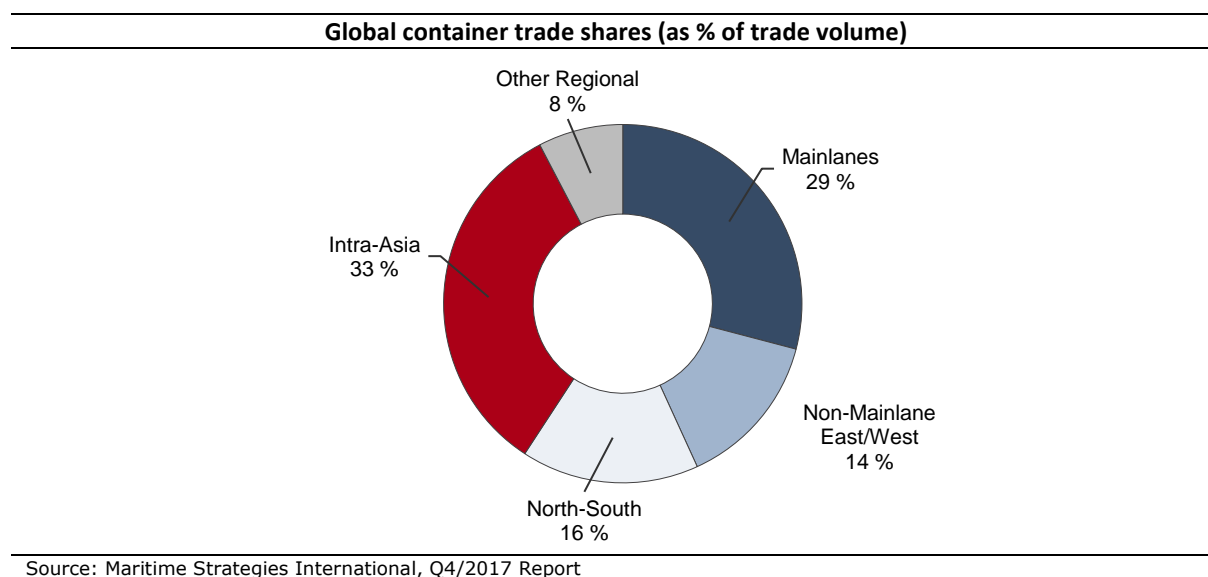
#### *5.1.2 Liner services*

The global container shipping market is typically divided into the following trades:

- Mainlane trades: Services between Asia and Europe, services between Europe and North America (Transatlantic) and services between Asia and North America (Transpacific).
- Non-Mainlane East/West trades: Services between Asia, Europe or North America on the one hand and Middle East or Indian Subcontinent on the other hand.
- North/South trades: Services between Asia, Europe or North America (North) on one hand and Latin America, Africa or Oceania (South) on the other hand, in all variations.
- Intra-regional trades: Services within regions such as Asia, Europe, Latin America/Caribbean and other.



The below chart illustrates the share of global container trades as a percentage of global trade volume as of Q4 2017.



### 5.1.3 Container vessels

The fleet used to carry containers is made up of oceangoing vessels in different sizes, each with particular characteristics. Larger vessels will benefit from economies of scale and are best suited for long hauls between large ports, while smaller vessels have the flexibility to enter smaller ports. Large ports have on-shore cranes to load/offload containers to/from vessels and some smaller ports can only handle vessels equipped with on-board cranes, i.e. geared vessels.

The size classes of container vessels can be categorized as follows:

- Ultra-large container vessels: Vessels with a container carrying capacity above 14,501 TEU that cannot pass through the new Panama Canal due to size restrictions. These vessels are mainly deployed on Asia/Europe services.
- New-panamax: Vessels with a container carrying capacity between 5,101 and 14,500 TEU that are able to pass through the new Panama Canal (opened in June 2016). These vessels are deployed on a wide range of long-haul services, e.g. Mainlane East/West, Non-Mainlane East/West and North/South.
- Panamax: Vessels of a size range between 3,001 and 5,100 TEU that used to be the largest vessel sizes able to pass through the Panama Canal prior to its extension. These vessels are deployed on a wide range of intermediate services worldwide.
- Feeder: Vessels between 1,001 and 3,000 TEU that are mainly deployed in intra-regional services (over two-thirds). About half of these vessels are equipped with cranes in order to serve small ports in less-developed regions.
- Small feeder: Denotes vessels of up to 1,000 TEU capacity that are trading in small volume feeder services.

The Company mainly focuses on the ownership and operation of feeder container vessels. Over two-thirds the global feeder fleet are deployed in regional and intra-regional services; of these, the intra-Asian market, the intra-European and the intra-Latin American are the most significant trade region for feeder container vessels.<sup>1</sup> Such intra-regional trade is, for

<sup>1</sup> Sources: Container Intelligence Quarterly, First Quarter 2018, Clarksons Research; Alphaliner Monthly Monitor, March 2018.

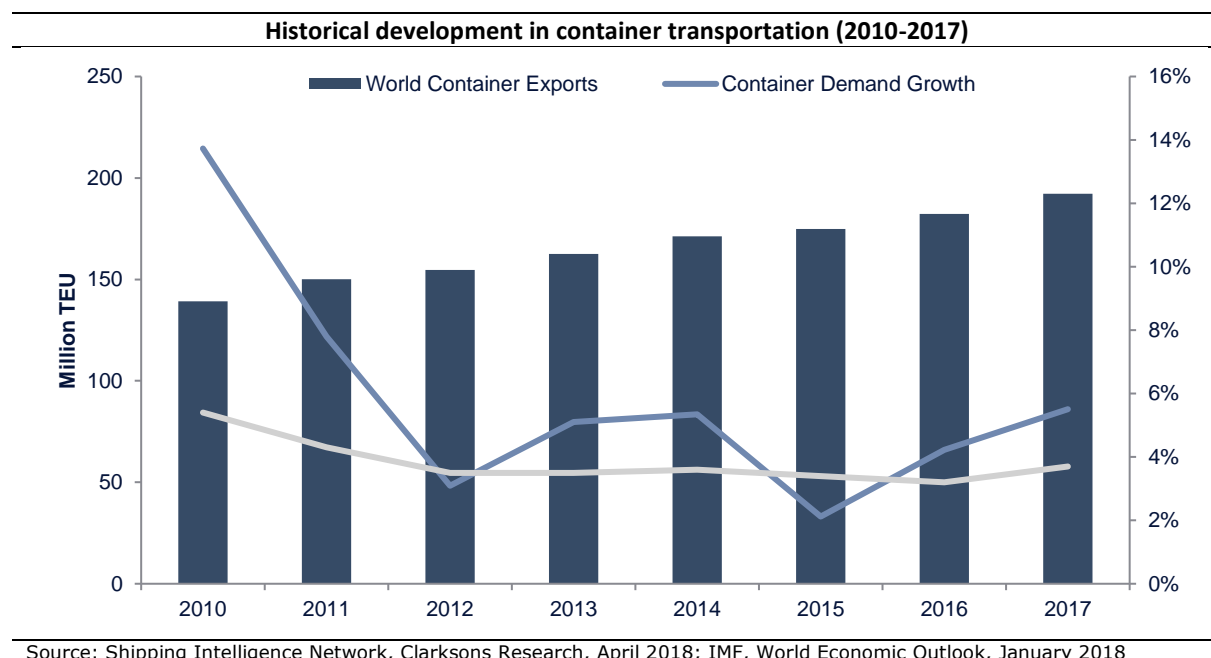
example, due to transshipment of containers from large vessels at deep-water ports into feeder vessels serving smaller ports in the regions (hub-and-spoke supply chains). Feeder services are the services that support main services by connecting ports on intercontinental shipping lanes with one or more smaller ports, which are not services by the main line vessels. Due to a combination of distance, volumes and port infrastructure restrictions as well as flexibility requirements, feeder vessels are increasingly concentrated on intra-regional and regional trades.

## 5.2 Key drivers for the container shipping market

### 5.2.1 Demand for container transportation

Around 85% of worldwide transported goods were carried by ship in 2016 and container shipping contributes a substantial share of about 16% to total global sea-borne transport volumes. Naturally, seaborne trade growth and container trade growth are strongly influenced by the level of worldwide economic activity. Thus, world container trade growth is primarily driven by the growth in economic output and consumption and changes in global sourcing and patterns of trade. Global gross domestic product ("**GDP**") growth has historically been correlated with container trade growth and is one of the best indicators of container volumes. In the decade before the financial and economic crisis in 2008/2009, container trade volumes have grown at a multiple of about 2.4 times GDP growth on average. Between 2010 and 2017, the GDP multiplier has averaged about 1.5, reflecting a development that suggests that the relationship between GDP and container trade is reduced compared to the period before 2009.<sup>2</sup>

Demand for container transportation has shown a continuous upward trend over time, with considerable variation in growth rates. The chart below provides an illustration of container demand growth and global GDP growth since the year 2010.



Between 2010 and 2017, the container shipping industry measured in terms of global container export volumes has grown at a compound annual growth rate ("**CAGR**") of 4.7%,

<sup>2</sup> Source: Seaborne Trade Monitor, March 2018, Clarksons Research.

driven by the industrialization of the developing countries in Asia and Latin America as well as the globalization of industrial production, while global GDP grew by 3.6%.

In 2017, total container trade grew by an estimated 5.5% with total global volumes reaching 192 million TEU, after trade growth was at 4.2% in 2016. The main reason for the moderate growth in both 2015 and 2016 was a relatively weak GDP growth in developing economies, because of weak commodity prices placing pressure on a number of commodity-exporting countries. In 2015, a slowdown in growth of the Chinese economy was a major factor for weak container volumes as well. According to the International Monetary Fund global GDP grew by 3.2% in 2016 and 3.7% in 2017.

For 2018, the International Monetary Fund projects stronger global GDP growth at 3.9%, which should translate into a stronger rate of global container trade growth in 2018. Based on estimates by Clarksons Research, demand for container transportation is expected to increase at growth rates of 5.0% in 2018. As mentioned in Section 5.1.2 global container trade can be categorized into Mainlane, Non-Mainlane East/West, North/South and Intra-Regional trades, including Intra-Asia. These major trades are expected to grow at different speeds in 2018: Mainlane 3.3%, Non-Mainlane East/West 5.2%, North/South 5.9% and Intra-Regional 5.7%. Intra-Asian trades are projected to grow at 6.3%. The intra-regional market, in which the vessels of the Group operate, has one of the highest expected growth rates among the sub-segments of the container shipping market. The future development of trade volumes in intra-regional services are expected to be a key determinant of the demand for feeder container vessels. The deployment of larger vessels on long-haul trade routes is expected to support the development of hub-and-spoke systems, supporting demand for feeder vessels.<sup>3</sup>

## 5.2.2 Supply of container transportation capacity

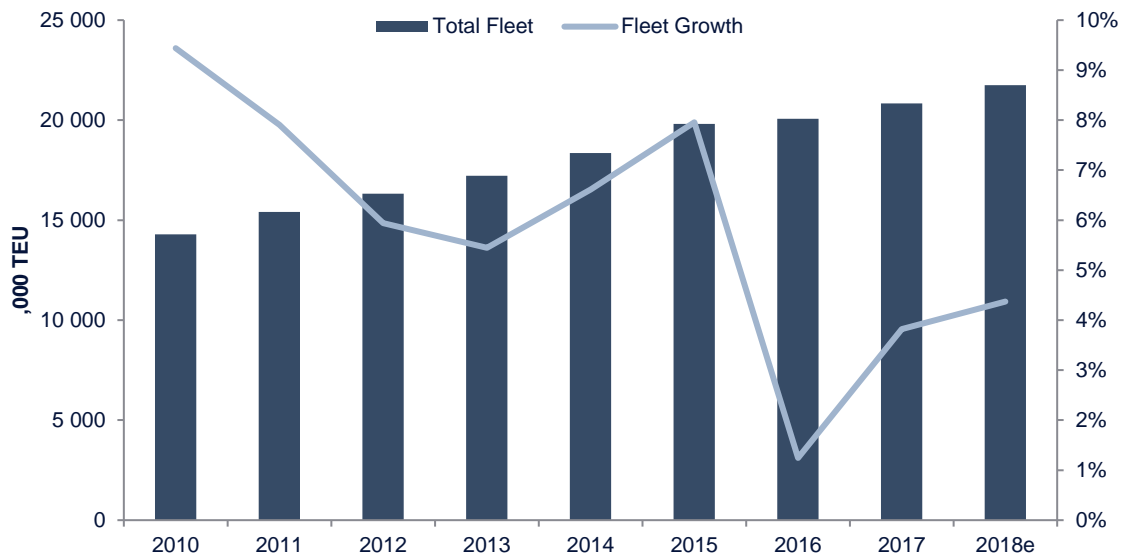
As of April 2018, the world container fleet of fully cellular container ships consisted of 5,197 ships, totalling 21.2 million TEU in capacity. These figures exclude multi-purpose and ro-ro ships with container carrying capacity. The table below gives an overview of the world container ship fleet clustered in the various sizes.

Total container ship fleet by size					
Type	Size (TEU)	Number	in %	,000 TEU	in %
Small feeder	100-999	1,030	19.8%	625	3.0%
Feeder	1,000-2,999	1,877	36.1%	3,355	15.9%
Panamax	3,000-5,999	1,088	20.9%	4,869	23.0%
Panamax	6,000-7,999	270	5.2%	1,800	8.5%
New-panamax	8,000-11,999	607	11.7%	5,582	26.4%
New-panamax	12,000-14,999	222	4.3%	3,017	14.3%
Ultra-large container vessels	15,000+	103	2.0%	1,908	9.0%
<b>Total</b>		<b>5,197</b>	<b>100.0%</b>	<b>21,555</b>	<b>100.0%</b>
Source: Shipping Intelligence Network, Clarksons Research, April 2018					

The table below shows the total capacity development of the global container ship fleet since the year 2010.

<sup>3</sup> Sources: Shipping Review and Outlook Autumn 2017, Clarksons Research; Container Intelligence Quarterly, First Quarter 2018, Clarksons Research; World Economic Outlook, IMF, January 2018.

### Historical and projected development in container fleet (2010-2018)



Source: Shipping Intelligence Network, Clarksons Research, April 2018

Fleet growth in container shipping is mainly influenced by the global container ship newbuilding orderbook, deliveries of newly-built vessels and the demolition of container vessels. Between 2010 and 2017, global capacity grew at a CAGR of 5.5%. In parallel to continuous fleet capacity growth, the average vessel size increased as well, i.e. from an average capacity of 1,711 TEU in 2000 to 4,033 TEU in 2018.

In 2016, the total container ship fleet grew by 1.2% or a total of 0.25 million TEU, a modest fleet expansion compared to capacity growth of 8.1% in 2015. The relatively low fleet growth in 2016 was mainly due to container ship deliveries (0.9 million TEU) being below 1 million TEU for the first time since 2005 and demolition of container ships reaching a record level of 0.65 million TEU. Contracting of new container ships has also been subdued in 2016, with a total of 0.3 million TEU being ordered.

At the start of Q2 2018, the orderbook of vessels to be delivered over the coming years amounts to 381 ships with a total capacity of 2.68 million TEU, equivalent to 12.7% of the existing fleet in TEU terms, which is low compared to historical figures. The approximate delivery period for a container vessel is 18 to 24 months. For full year 2018, Clarksons forecasts the fleet growth to reach 4.4% or 0.9 million TEU, while the level of demolition is expected to reach 0.3 million TEU in 2018.

In contrast to this growth in the total global container fleet, the feeder fleet has remained stable in terms of available vessels and container carrying capacity since 2010. This is due to restricted contracting of feeder newbuildings since the global financial crisis in 2008. The existing order book for feeder vessels below 3,000 TEU stands at approximately 9% of the total feeder fleet, compared to 21% for vessels with a capacity of above 8,000 TEU.<sup>4</sup>

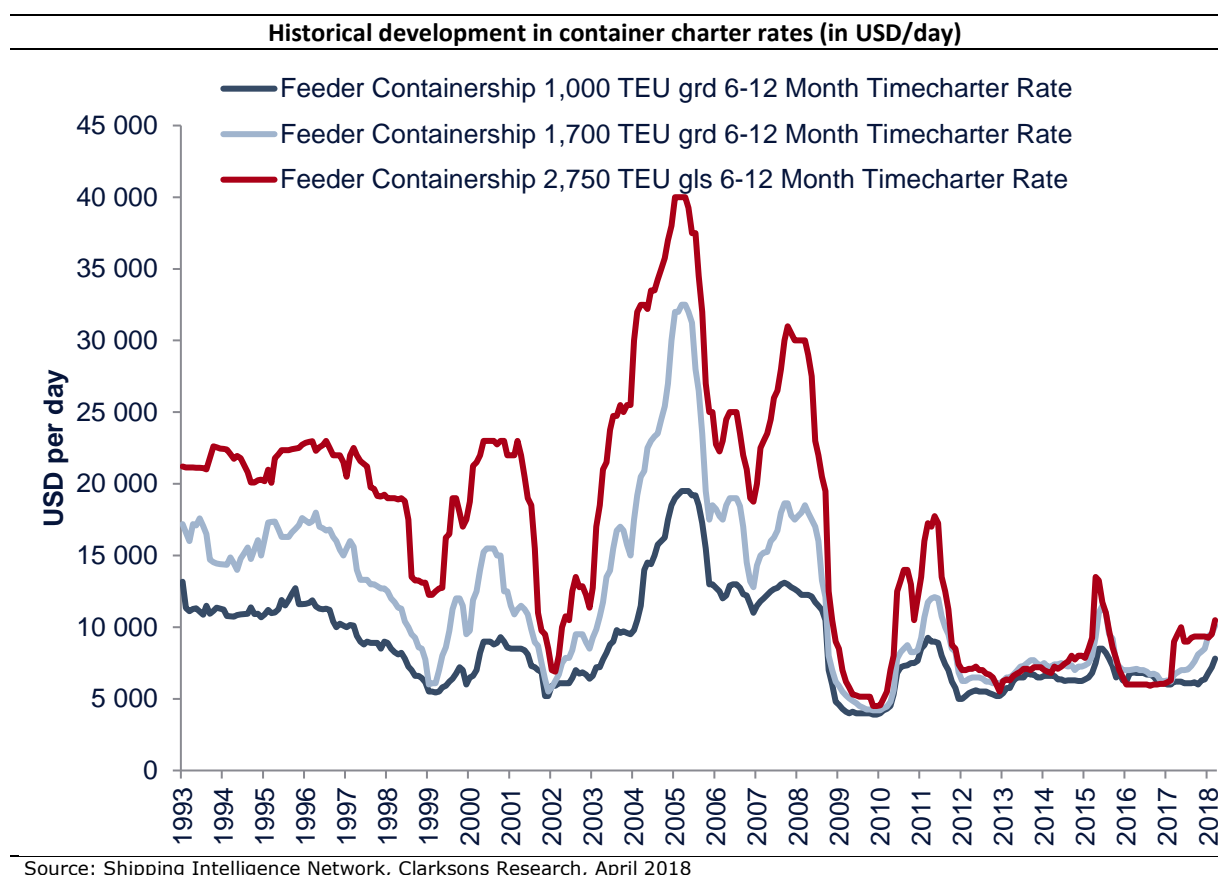
#### 5.2.3 Charter Rates

As described in Section 5.1.1. the major charterers for container ships owned by tonnage providers, such as the Group, are the liner companies that charter-in vessels to deploy them within their service network. The main factors affecting charter rates are supply and demand for container shipping. Depending on the duration and type of the charter, the

<sup>4</sup> Source: Container Intelligence Quarterly, First Quarter 2018, Clarksons Research; Alphaliner Monthly Monitor, March 2018.

rates are determined by the current supply and demand balance and point in the market cycle. Additional factors influencing charter rates are the vessel characteristics, such as age, TEU capacity, design, fuel consumption, speed, gear, reefer container intake and others as well as the specific supply and demand dynamics for specific vessel types.

The container feeder market is dominated by fixed time charter employment, with contract durations varying from weeks up to several years. Time charter rates may fluctuate significantly depending on the development of the supply and demand balance. The chart below illustrates the development of charter rates for standard 1,000 TEU geared, 1,700 TEU geared and 2,750 TEU gearless container vessels since 1993.



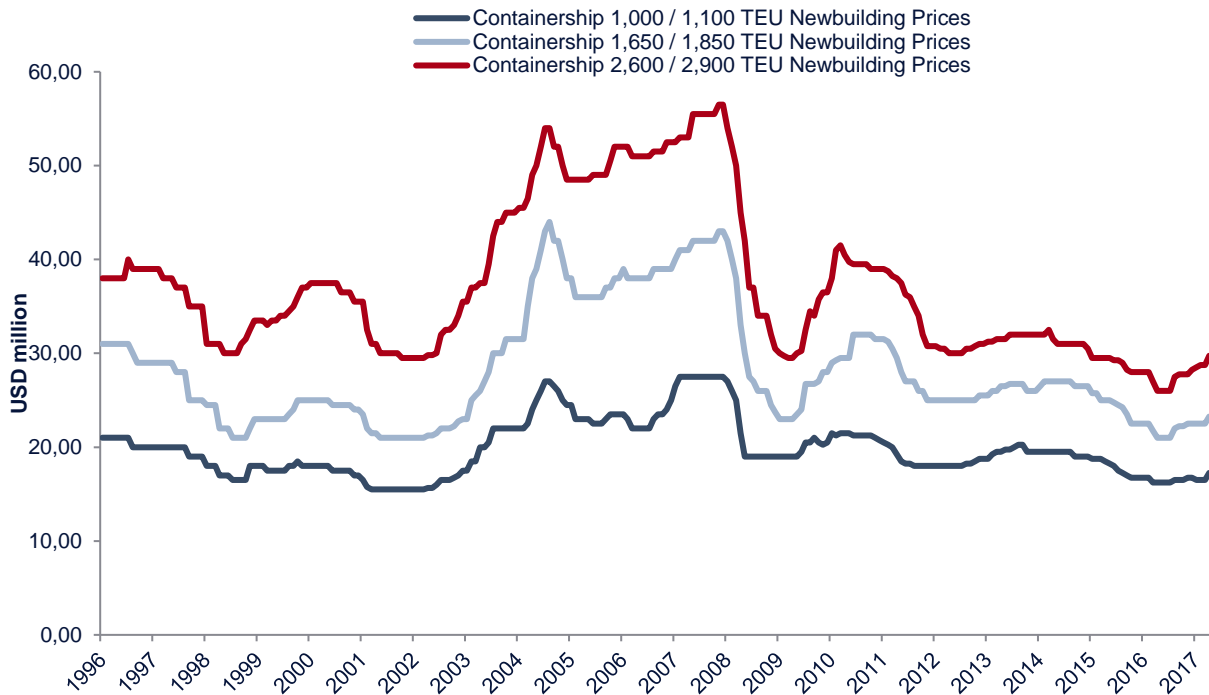
#### 5.2.4 Newbuilding prices

Newbuilding prices are influenced by factors such as ship type, shipyard capacity, berth cover, design specifications and the steel price, ship materials and engine and machinery equipment. The graph below shows the historical development of guideline newbuilding prices for different sizes of feeder container vessels.

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#### Historical development in guideline newbuilding container ship prices (USD million)

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Source: Shipping Intelligence Network, Clarksons Research, April 2018

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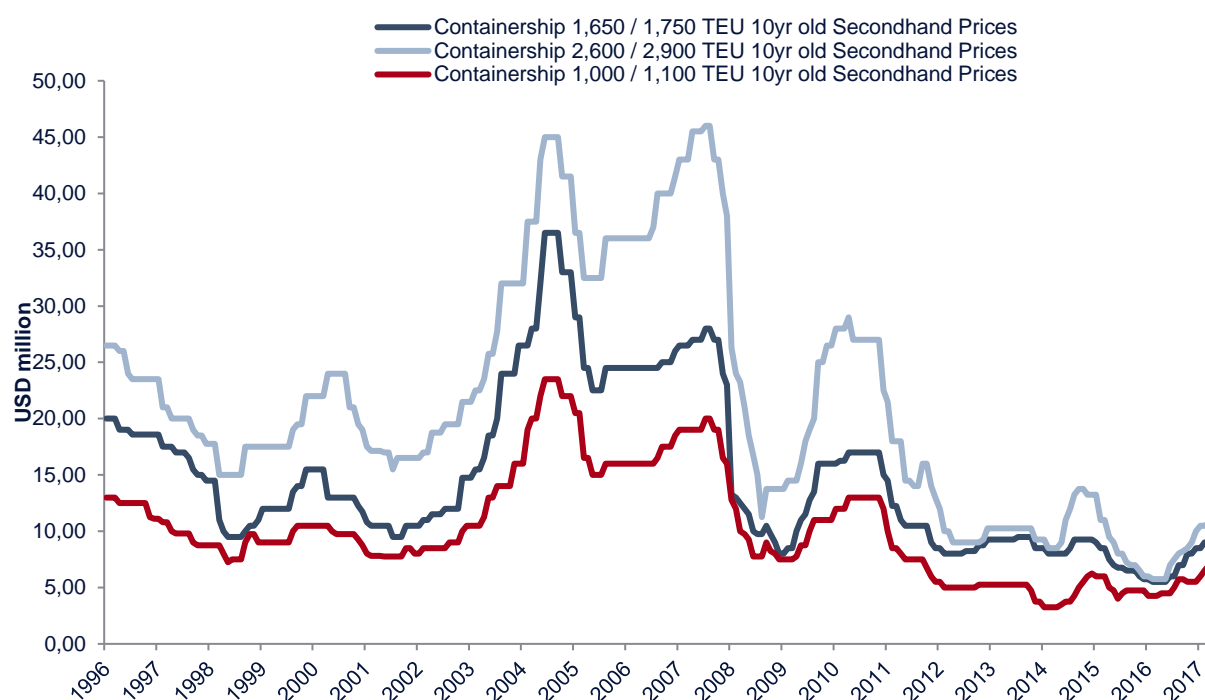
#### 5.2.5 *Secondhand prices*

Secondhand vessel prices are driven by prevailing and expected charter rates, newbuilding prices, scrap prices and the overall supply and demand situation. The graph below shows the historical development of guideline secondhand prices for different sizes of 10-year old feeder container vessels.

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**Historical development in 10 year old secondhand feeder container prices (in USD million)**

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Source: Shipping Intelligence Network, Clarksons Research, April 2018

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### 5.3 Future market expectations

The Company's market belief is that the supply of feeder container ships will grow at a slower pace than demand over the next few years, creating a demand/supply balance that is more favourable for ship owners, following an extended period of oversupply.

If the Company's expectation of an improving supply and demand balance in container shipping proves to be correct, the Company believes that rates for container vessels in this segment will continue to recover in the mid-term, and that secondhand container ship prices will increase accordingly.

### 5.4 Competitive position

The container shipping industry is highly competitive. The Group's business development and profitability depends on entering into vessel contracts (acquisitions, chartering and sale) in a competitive market environment, based on bidding procedures against other ship owning companies with capacities and competences similar to those of the Group. In the charter market, for example, the Group competes for charters based upon charter rate, operating expertise, customer relationships, and container ship specifications such as size, age and condition. Although the transportation of container is a standardized service, competitors owning more modern container tonnage may be perceived as more attractive counterparties by charterers. However, due to the commoditized nature the Group's service of providing tonnage capacity to liner shipping companies, the Group mainly competes with its competitors based on price. Hence, the Company is not aware of any material relative competitive advantages or disadvantages compared to other container tonnage providers.

Global and regional competition arises primarily from other container ship owners and liner shipping companies that hold possession of own container vessels, some of which have

substantially greater resources than the Group. Furthermore, new competitors could enter the market for container vessels and operate larger fleets through consolidation and may therefore or for other reasons be able or willing to accept lower charter rates. Entry barriers to the industry are limited to required investments in fixed assets.

In general, the market for tonnage providers in the container shipping charter market is fragmented, with the ten largest ship owners (non-operating owners) owning 19% of the global container fleet TEU capacity. In 2017, the global container ship fleet was owned by approximately 620 owner groups, i.e. about 8 ships per owner. At the same time, the ten largest liner shipping companies deploy 79% of the global container fleet, due to significant consolidation that has taken place in recent years.<sup>5</sup>

## **5.5 Trend information**

The Company has not experienced any significant recent changes or trends affecting the Company or the container shipping market since the date of the Audited Financial Statements, and as of the date of this Prospectus. For market expectations, see the last paragraphs of Section 5.2.1 and 5.2.2, and Section 5.3.

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<sup>5</sup> Sources: Alphaliner Monthly Monitor, March 2018; Container Intelligence Quarterly, First Quarter 2018, Clarksons Research.



## 6. BUSINESS OF THE GROUP

### 6.1 Introduction

The Company's principal business is to own and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Company has a focus on feeder vessels, mainly between 1,000 and 3,000 TEU, that are chartered out to liner shipping companies and regional carriers.

Consequently, the Company's business comprises of the following activities:

- invest in maritime assets (e.g. vessels, shares in companies owning vessels, loans secured by vessels);
- commercially operate the acquired vessels in the charter market;
- technically manage the acquired vessels; and
- sale of maritime assets previously acquired.

### 6.2 History and important events

MPC Container Ships ASA, as the parent company of the Group, was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway. The Company was founded by MPC Capital AG, an international asset and investment manager focused on real assets with business address Palmaille 71, 22767 Hamburg, Germany. The Company was initiated in the belief held by its originators and founding shareholders that asset values are at cyclically low levels and that attractive opportunities are present to gain from increasing asset values and the operation of the vessels over a period following the Company's foundation.

The table below provides an overview of key events in the history of the Company since incorporation:

Date	Year	Main events
9 January	2017	Incorporation
20 April	2017	Completion of an initial private placement raising USD 100 million in equity
28 April	2017	Registration on the Norwegian over-the-counter list (ticker: MPCC)
31 May	2017	Listing on Merkur Market at Oslo Stock Exchange (ticker: MPCC-ME)
9 June	2017	Completion of a private placement raising USD 75 million in equity
22 September	2017	Placement of a USD 100 million senior secured bond with a total borrowing limit of USD 200 million
23 November	2017	Completion of a private placement raising USD 175 million in equity
16 January	2018	Conversion to a public limited liability company (ASA)
29 January	2018	Listing on Oslo Axess at Oslo Stock Exchange (ticker: MPCC)
2 February	2018	Completion of a USD 100 million bond tap issue in the senior secured bond
7 February	2018	Completion of a private placement raising USD 75 million in equity
19 February	2018	Temporary listing of shares issued in the private placement on 7 February 2018 on Merkur Market (ticker: MPCB-ME)

Since inception, the Company has completed four equity private placement, raising a total of USD 425 million in gross proceeds. In addition, the Company, via a subsidiary, completed a placement of a USD 200 million senior secured bond; see Section 9.5 "Borrowings". The net proceeds from these capital raisings have been and will be used for the acquisition of container vessels, working capital requirements and general corporate purposes.

The Company converted from a private limited liability company to a public limited liability company in an extraordinary General Meeting held on 16 January 2018.

The table below provides an overview of the vessels taken over by the Group and a joint venture since incorporation:

Month	Year	Number of vessels taken over into ownership
April	2017	3
May	2017	4
June	2017	5
July	2017	1
August	2017	1
September	2017	8
October	2017	1
November	2017	1
December	2017	5
January	2018	8
February	2018	13
March	2018	9
April	2018	2
<b>Total</b>		<b>61</b>

### 6.3 Strategy

The Group has been able to secure a fleet of 65 feeder container vessels since its inception and until the date of this Prospectus, whereof seven vessels are owned in a joint venture. As of the date of this Prospectus, the Group has taken over 61 vessels and four vessels are expected to be taken over in the course of first half of 2018. The Group has a strategy to pursue further fleet growth through disciplined and opportunistic vessel acquisitions, in order to actively manage the cyclicity of the container shipping industry and to become a significant container tonnage provider.

The Company's business plan is based on a recovery of the container shipping market, following an extended period of oversupply; see Section 5.3 "Future market expectations". A more favourable demand/supply balance is expected to cause charter rates for container vessels to recover in the mid-term, in particular in the feeder segment. Such increase in time charter rates would be expected to have a positive influence on secondhand container ship prices.

### 6.4 Fleet

#### 6.4.1 Current fleet

As of the date of this Prospectus, the Group and a joint venture have acquired ownership interest in and physically taken over a fleet of 61 secondhand container vessels with an average age of 11 years and an average acquisition price of USD 9.1 million. The total acquisition prices of this fleet amount to USD 558.8 million and the estimated useful life of the Group's fleet is 25 years. As of the date of this Prospectus, the expected average remaining useful life is 14 years.

The main particulars and specifications of the current fleet are set forth in the table below:

Vessel	Built	TEU	Gear	Yard	Place of registration
AS Laetitia	2007	966	2	Zhejiang Yangfan Ship Group Ltd.	Madeira
AS Laguna	2008	966	2	Zhejiang Yangfan Ship Group Ltd.	Madeira
AS Lauretta	2008	982	0	DAE SUN Shipbuilding & Engineering Co., Ltd.	Madeira
AS Fiona	2003	1,200	0	P+S Werften GmbH	Madeira
AS Frida	2003	1,200	0	P+S Werften GmbH	Madeira
AS Fabrizia	2008	1,284	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Faustina	2007	1,284	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Fiorella	2007	1,296	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Floretta	2007	1,284	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Fatima	2008	1,284	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Filippa	2008	1,345	2	Jiangsu Yangzijiang Shipbuilding Co., Ltd.	Madeira
AS Fortuna	2009	1,345	2	Jiangsu Yangzijiang Shipbuilding Co., Ltd.	Madeira
AS Sophia	2007	1,713	2	China Shipbuilding Co. (Keelung)	Madeira
AS Serena	2007	1,713	2	China Shipbuilding Co. (Keelung)	Madeira
AS Savanna	2009	1,713	2	China Shipbuilding Co. (Keelung)	Madeira
AS Angelina	2007	2,127	3	Aker MTW Werft GmbH	Madeira
AS Paulina	2004	2,556	4	Hyundai Heav Industries Co., Ltd. (Ulsan)	Madeira
AS Petronia	2004	2,556	4	Hyundai Heav Industries Co., Ltd. (Ulsan)	Madeira
AS Constantina	2005	2,742	0	Aker MTW Werft GmbH	Madeira
AS Clara	2006	2,742	0	Aker MTW Werft GmbH	Madeira
AS Columbia	2006	2,742	0	Aker MTW Werft GmbH	Madeira
AS Clarita	2006	2,846	0	STX Offshore & Shipbuilding Co., Ltd.	Madeira
AS California	2008	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
AS Clementina	2006	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
AS Leona	2008	1,049	0	DAE SUN Shipbuilding & Engineering Co., Ltd.	Liberia
AS Serafina	2010	1,713	2	China Shipbuilding Co. (Keelung)	Liberia
AS Samanta	2009	1,713	2	China Shipbuilding Co. (Keelung)	Liberia
AS Svenja	2010	1,713	2	China Shipbuilding Co. (Keelung)	Liberia
AS Sara	2010	1,713	2	China Shipbuilding Co. (Keelung)	Madeira
AS Sabrina	2009	1,713	2	China Shipbuilding Co. (Keelung)	Liberia
AS Susanna	2010	1,713	2	China Shipbuilding Co. (Keelung)	Liberia
AS Cleopatra	2006	2,742	3	Aker MTW Werft GmbH	Antigua
AS Christiana	2006	2,742	3	Aker MTW Werft GmbH	Antigua
AS Carlotta	2006	2,742	3	Aker MTW Werft GmbH	Antigua
AS Carolina	2006	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
AS Camellia	2006	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
Rio Teslin	2004	2,556	4	Hyundai Heav Industries Co., Ltd. (Ulsan)	Liberia
Rio Thelon	2004	2,556	4	Hyundai Heav Industries Co., Ltd. (Ulsan)	Liberia
AS Petulia	2008	2,564	3	Xiamen Shipbuilding Industry Co., Ltd.	Madeira
AS Carinthia	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Liberia
Cardonia	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Liberia
Carpathia	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Liberia
Cimbria	2002	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Liberia
Cordelia	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Liberia
AS Sicilia	2008	1,794	2	Taizhou Kouan Shipbuilding Co., Ltd.	Madeira
AS Sevillea	2008	1,794	2	Taizhou Kouan Shipbuilding Co., Ltd.	Madeira
AS Patria	2006	2,572	4	STX Offshore & Shipbuilding Co., Ltd.	Madeira
AS Palatia	2006	2,572	4	STX Offshore & Shipbuilding Co., Ltd.	Madeira
AS Cypria	2006	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
AS Carelia	2006	2,824	0	Hyundai Mipo Dockyard Co. Ltd	Madeira
AS Fabiana	2007	1,296	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Federica	2007	1,284	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira

AS Felicia	2006	1,296	2	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Floriana	2008	1,296	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Riccarda	2012	1,496	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Ragna	2009	1,496	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Romina	2009	1,496	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Rosalia	2009	1,496	0	Zhejiang Ouhua Shipbuilding Co., Ltd.	Madeira
AS Franziska	2005	1,345	2	Jiangsu Yangzijiang Shipbuilding Co., Ltd.	Antigua
Sima Sapphire	2006	1,440	0	P+S Werften GmbH	Liberia
Sima Prestige	2005	1,223	0	P+S Werften GmbH	Liberia

#### 6.4.2 *Customers and contract coverage*

The Group's vessels are chartered out on time charter contracts to global liner shipping companies and regional carriers. A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily charter rate. Under such time charter contract, the vessel owner, such as the Group, provides crewing and other services related to the vessel's operation, the cost of which is included in the daily rate; the charterer is responsible for substantially all of the voyage-related expenses, for example fuel costs and port expenses.

The Company's intention is to deploy its container ship fleet on short- to mid-term charter contracts in order to balance cash flow stability with the opportunity to gain from an improving charter market environment. Part of the Group's fleet, in particular the smaller feeder vessels, are employed in a charter pool in order to manage charter revenue risk. The Group has no obligation with respect to the number of vessels to be employed in the charter pool.

For all vessels, time charter contracts are negotiated and entered into by the commercial manager commissioned by the Group; see Section 6.5 "Operations of the Group".

The contract coverage of the Group's fleet as of the date of this Prospectus is set out in the table below.

Vessel	TEU cluster	Charterer	Charter rate (USD per day)	Period min.	Period max.
AS Laetitia	1,000 grd	CMA CGM	7,950	2019Q1	2019Q2
AS Laguna	1,000 grd	Maersk Line	5,000	2018Q2	2018Q4
AS Lauretta	1,000 gls	SITC	8,000	2018Q3	2018Q3
AS Fiona	1,300 gls	Wan Hai Lines	8,900	2018Q3	2018Q3
AS Frida	1,300 gls	Wan Hai Lines	9,000	2018Q3	2018Q3
AS Fabrizia	1,300 grd	Pool	8,392	Pool	Pool
AS Faustina	1,300 grd	Pool	8,392	Pool	Pool
AS Fiorella	1,300 grd	Pool	8,392	Pool	Pool
AS Floretta	1,300 grd	Pool	8,392	Pool	Pool
AS Fatima	1,300 gls	Pool	6,839	Pool	Pool
AS Filippa	1,300 grd	Pool	8,392	Pool	Pool
AS Fortuna	1,300 grd	Pool	8,392	Pool	Pool
AS Sophia	1,700 grd	MCC Transport	9,650	2018Q2	2018Q3
AS Serena	1,700 grd	MCC Transport	9,650	2018Q2	2018Q4
AS Savanna	1,700 grd	Maersk Line	14,430	2019Q2	2020Q1
AS Angelina	2,200 grd	Seaboard Marine	7,600	2019Q3	2019Q3
AS Paulina	2,500 grd	CMA CGM	12,000	2018Q3	2018Q4
AS Petronia	2,500 grd	CMA CGM	9,750	2018Q3	2018Q4
AS Constantina	2,800 gls	Heung-A	9,250	2019Q1	2019Q2
AS Clara	2,800 gls	Hapag-Lloyd	8,950	2018Q3	2018Q4
AS Columbia	2,800 gls	Sinokor Merchant Marine	9,500	2018Q2	2018Q2
AS Clarita	2,800 gls	ZISS	9,250	2018Q2	2018Q2
AS California	2,800 gls	Maersk Line	8,500	2018Q2	2018Q3
AS Clementina	2,800 gls	MCC Transport	8,850	2018Q2	2018Q2
AS Leona	1,000 gls	Heung-A	7,250	2018Q2	2018Q2
AS Serafina	1,700 grd	Maersk Line	14,430	2019Q2	2021Q2
AS Samanta	1,700 grd	Maersk Line	14,430	2020Q3	2021Q3
AS Svenja	1,700 grd	Maersk Line	14,430	2020Q1	2020Q2
AS Sara	1,700 grd	Maersk Line	14,430	2019Q4	2020Q4
AS Sabrina	1,700 grd	Maersk Line	14,430	2019Q2	2020Q2
AS Susanna	1,700 grd	Maersk Line	14,430	2020Q2	2021Q1
AS Cleopatra	2,800 grd	MCC Transport	10,650	2019Q1	2019Q2
AS Christiana	2,800 grd	Maersk Line	9,250	2018Q3	2018Q4
AS Carlotta	2,800 grd	Maersk Line	9,250	2018Q3	2018Q4
AS Carolina	2,800 gls	Maersk Line	7,750	2018Q2	2018Q3
AS Camellia	2,800 gls	CMA CGM	10,500	2019Q1	2019Q2
Rio Teslin	2,500 grd	Maersk Line	9,150	2018Q2	2018Q2
Rio Thelon	2,500 grd	CMA CGM	9,000	2018Q2	2018Q2
AS Petulia	2,500 grd	Seaboard Marine	11,400	2019Q1	2019Q2
AS Carinthia	2,800 gls	Wan Hai Lines	10,500	2019Q1	2019Q2
Cardonia	2,800 gls	MM&L/QN <sup>1)</sup>	9,000	2018Q3	2018Q4
Carpathia	2,800 gls	MM&L/QN <sup>1)</sup>	9,000	2018Q3	2019Q2
Cimbria	2,800 gls	OOCL	9,100	2018Q3	2018Q4
Cordelia	2,800 gls	APL	9,250	2018Q3	2018Q3
AS Sicilia	1,700 grd	Drydock	n/a	n/a	n/a
AS Sevilla	1,700 grd	COSCO	9,650	2018Q4	2019Q1
AS Patria	2,500 grd	Seaboard Marine	11,200	2019Q3	2019Q4
AS Palatia	2,500 grd	COSCO	10,450	2019Q1	2019Q2
AS Cypria	2,800 gls	CMA CGM	9,400	2019Q1	2019Q2
AS Carelia	2,800 gls	Hapag-Lloyd	9,300	2019Q1	2019Q2
AS Fabiana	1,300 grd	Pool	8,392	Pool	Pool
AS Federica	1,300 grd	Pool	8,392	Pool	Pool

AS Felicia	1,300 grd	Pool	8,392	Pool	Pool
AS Floriana	1,300 gls	Pool	6,839	Pool	Pool
AS Riccarda	1,500 gls	Pool	6,758	Pool	Pool
AS Ragna	1,500 gls	Pool	6,758	Pool	Pool
AS Romina	1,500 gls	Pool	6,758	Pool	Pool
AS Rosalia	1,500 gls	Pool	6,758	Pool	Pool
AS Franziska	1,300 grd	Pool	8,392	Pool	Pool
Sima Sapphire	1,500 gls	Wan Hai Lines	10,500	2019Q1	2019Q2
Sima Prestige	1,300 grd	RCL	6,900	2018Q2	2018Q2

<sup>1)</sup> MM&L/QN abbreviates "Milaha Maritime and Logistics / Qatar Navigation".

Revenues for the vessels employed in the pool are based on average revenues across the pool the vessels are employed in, i.e. the vessels earn the average charter rate of the pool. Making use of such revenue-sharing arrangement aims at ensuring that pool vessels will continue to earn the average pool revenue in case of idle periods, i.e. reducing the risk of revenue short-falls due to periods of unemployment. Pool vessels will, however, not earn pool revenue during periods of technical off-hire. In addition, each pool vessel will continue to bear its own operational expenses. As of the date of this Prospectus, 26 vessels are part of the Contchart Pool, 16 of these are owned by the Group.

As of the date of this Prospectus, the charter contract coverage for 2018 is 68%, based on minimum contract periods and including the vessels employed in a charter income pool.

#### 6.4.3 Further vessel acquisitions

Given that the Company seeks to expand its business activity by acquiring further container ships, various transactions are under negotiation. Specifically, the Group entered into purchase agreements (memoranda of agreement) for the purchase of four feeder container vessels with a committed purchase price totalling to USD 35.2 million. The vessels are expected to be taken over by the Group in the course of the first half of 2018.

The main particulars and charter contract coverage of the vessels to be taken over by the Group after the date of the Prospectus are set forth in the table below.

Vessel	Built	TEU	Gear	Charterer	Charter rate (USD per day)	Period min.	Period max.
Sima Perfect	2005	1,223	0	COSCO	7,500	2018Q2	2018Q2
Sima Pride	2004	1,223	2	RCL	6,900	2018Q1	2018Q2
Sima Sadaf	2007	1,440	2	Yang Ming	7,950	2018Q1	2018Q2
SITC Makassar	2006	2,496	3	SITC	8,500	2018Q4	2018Q4

## 6.5 Operations of the Group

### 6.5.1 Technical ship management

The Company is responsible for the technical ship management (including crewing) of the vessels owned and operated by the Group. In order to utilize the capacity and competence of specialized ship managers, performance of technical ship management services is sub-contracted to Ahrenkiel Steamship GmbH & Co. KG of Hamburg and Ahrenkiel Steamship B.V. of Amsterdam (together "**Ahrenkiel Steamship**"), subsidiaries of MPC Capital AG, and to other third party ship managers on arm's length terms. Although the Company has sub-contracted the technical ship management, the Company remains responsible for the due performance of the services towards the ship-owning subsidiaries. The performance of the sub-contractors is actively monitored and controlled by the Company, in particular in terms of budget compliance and technical maintenance of the vessels. Within a

contractually specified scope, the sub-contractors are allowed and requested to take their own decisions when performing their contractual duties with respect to the management of the vessels. Crew for the vessels is sourced by the technical managers from an international crewing agency. In general, the availability of crew has been improved over the last years and is, as of the date of this Prospectus, considered at satisfactory level.

The technical managers are remunerated based on a fixed fee per year, ranging between USD 130,000 p.a. and USD 150,000 p.a., depending of the size of the specific vessel. Based on the terms of the ship management contracts, the remuneration to technical ship managers increases by 2% year-on-year.

The technical ship management agreements are based on the standard ship management contract issued by the Baltic and International Maritime Council ("**BIMCO**"), and contain comparable terms for all sub-contractors. The agreements have a minimum contract period of three to 18 months from date of signing, which for recent vessel takeovers is until 31 October 2019. Termination is three months.

The Company has entered into the following agreements to subcontract the performance of technical management services for its fleet:

Vessel	Technical sub-manager	Commercial manager
AS Laetitia	Ahrenkiel Steamship	Contchart
AS Laguna	Ahrenkiel Steamship	Contchart
AS Lauretta	Ahrenkiel Steamship	Contchart
AS Fiona	COLUMBIA Shipmanagement (Deutschland) GmbH	Contchart
AS Frida	Ahrenkiel Steamship	Contchart
AS Fabrizia	Ahrenkiel Steamship	Contchart
AS Faustina	Ahrenkiel Steamship	Contchart
AS Fiorella	Ahrenkiel Steamship	Contchart
AS Floretta	Ahrenkiel Steamship	Contchart
AS Fatima	Ahrenkiel Steamship	Contchart
AS Filippa	Ahrenkiel Steamship	Contchart
AS Fortuna	Rickmers Shipmanagement GmbH & Cie. KG	Contchart
AS Sophia	Ahrenkiel Steamship	Contchart
AS Serena	Ahrenkiel Steamship	Contchart
AS Savanna	Ahrenkiel Steamship	Contchart
AS Angelina	Ahrenkiel Steamship	Contchart
AS Paulina	Ahrenkiel Steamship	Contchart
AS Petronia	Ahrenkiel Steamship	Contchart
AS Constantina	COLUMBIA Shipmanagement (Deutschland) GmbH	Contchart
AS Clara	Ahrenkiel Steamship	Contchart
AS Columbia	Ahrenkiel Steamship	Contchart
AS Clarita	Ahrenkiel Steamship	Contchart
AS California	Ahrenkiel Steamship	Contchart
AS Clementina	Ahrenkiel Steamship	Contchart
AS Leona	Ahrenkiel Steamship	Contchart
AS Serafina	Ahrenkiel Steamship	Contchart
AS Samanta	Ahrenkiel Steamship	Contchart
AS Svenja	Ahrenkiel Steamship	Contchart
AS Sara	Ahrenkiel Steamship	Contchart
AS Sabrina	Ahrenkiel Steamship	Contchart
AS Susanna	Ahrenkiel Steamship	Contchart
AS Cleopatra	Reederei Harmstorf & Co.	Contchart
AS Christiana	Reederei Harmstorf & Co.	Contchart
AS Carlotta	Reederei Harmstorf & Co.	Contchart
AS Carolina	Ahrenkiel Steamship	Contchart
AS Camellia	Ahrenkiel Steamship	Contchart
Rio Teslin	Ahrenkiel Steamship	Contchart
Rio Thelon	Ahrenkiel Steamship	Contchart
AS Petulia	Ahrenkiel Steamship	Contchart
AS Carinthia	Ahrenkiel Steamship	Contchart
Cardonia	Ahrenkiel Steamship	Contchart
Carpathia	Ahrenkiel Steamship	Contchart
Cimbria	Ahrenkiel Steamship	Contchart
Cordelia	Ahrenkiel Steamship	Contchart
AS Sicilia	Ahrenkiel Steamship	Contchart
AS Sevilla	Ahrenkiel Steamship	Contchart
AS Patria	Ahrenkiel Steamship	Contchart
AS Palatia	Ahrenkiel Steamship	Contchart
AS Cypria	Ahrenkiel Steamship	Contchart
AS Carelia	Ahrenkiel Steamship	Contchart
AS Fabiana	Ahrenkiel Steamship	Contchart
AS Federica	Ahrenkiel Steamship	Contchart
AS Felicia	Ahrenkiel Steamship	Contchart



AS Floriana	Ahrenkiel Steamship	Contchart
AS Riccarda	Ahrenkiel Steamship	Contchart
AS Ragna	Ahrenkiel Steamship	Contchart
AS Romina	Ahrenkiel Steamship	Contchart
AS Rosalia	Ahrenkiel Steamship	Contchart
AS Franziska	Reederei Harmstorf & Co.	Contchart
Sima Sapphire	Ahrenkiel Steamship	Contchart
Sima Prestige	Ahrenkiel Steamship	Contchart

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### 6.5.2 *Commercial ship management*

Commercial management of the vessels owned by the Group is performed by Contchart Hamburg Leer GmbH & Co. KG of Hamburg and Contchart B.V. of Amsterdam (together "**Contchart**"), subsidiaries of MPC Capital AG, on arm's length terms. Third party chartering managers may provide commercial management services to the Group in the future.

The commercial manager is compensated based on a commission, which is calculated as 1.25% of realized time charter revenues per vessel.

As described in Section 6.4.2 "Customers and contract coverage", a number of vessels of the Group are employed in a charter pool. The vessels employed in the feeder pool will earn the average revenue earned by all vessels in the pool segment (revenue-sharing agreement). Contchart is the manager of this pool and receives a pool management fee of 0.25% of realized pool revenues in addition to the above mentioned commercial management fee (1.25%). The cost of the pool (e.g. administrative costs, vessel position costs) is borne by all pool vessels equally. The membership of the respective vessels in the pool is subject to a one-year termination period.

### 6.5.3 *Corporate and administrative management*

As of the date of this Prospectus, the Group employs four persons. Given this limited organizational setup, the Company has entered into a service agreement with MPC Capital AG, and its subsidiaries, in order to perform parts of its administrative tasks, for instance, with respect to financial reporting and other business management tasks. The corporate and administrative management is remunerated with USD 10,000 per year and vessel. The service agreement may be terminated by both parties with six months' notice.

The Company performs corporate management services for its subsidiaries under respective intra-group corporate management agreements. These services include the supervision and coordination of auditors and other consultants, finance and treasury services as well as general corporate administration.

## 6.6 **Property, plants and equipment**

The Company leases its offices in Dronning Mauds gate 3, 0250 Oslo, Norway on market terms. The Group does not own any real estate.

The main assets necessary for the Group's operations and business are container vessels. As of 31 December 2017 the Company had consolidated non-current assets with an aggregated book value of USD 281.3 million, exclusively related to the ownership of container vessels. Thereof, as of 31 December 2017, five container vessels are owned through a joint venture arrangement that is accounted for as a joint venture investment after the equity method with an attributable book value of USD 16.4 million.

After 31 December 2017, and until the date of this Prospectus, the Group has acquired and taken over 20 vessels with a total purchase price of USD 195.4 million. The acquisition of

further four vessels has been committed with a committed purchase price of USD 35.2 million are expected to be taken over in the course of the first half of 2018; see Section 9.4.2 "Future commitments".

For further information about the size and capacity of the Group's fleet, see Section 6.4.1 "Current fleet". Contract coverage of the Group's fleet and the vessels' charter rates are included in Section 6.4.2 "Customers and contract coverage".

As of the date of this Prospectus, 49 vessels are mortgaged in relation to bond or bank financings; see Section 7.1 "Capitalization" and Section 9.5 "Borrowings".

## **6.7 Research and development**

The Group is not involved in research and development activities and has not made investments into such activities in the past.

In the opinion of the Company, its business is not materially dependent on any research and development.

## **6.8 Dependency on contracts, patents, licences**

The Group has no patents or other registered intellectual property that are of significant importance for its operation. The logo of the Company is protected as a trademark registered by MPC Capital AG.

All sub-contractors of the Company performing management services are in possession of the relevant licenses required for the management of the vessels. It is sufficient that such licenses are held by the sub-contractor performing the management services, and not by the Company itself.

As of this date, the Company is depending on the management services provided under the service agreements described in Section 6.5, but in the opinion of the Company, the service providers, including the mandated ship managers, can be replaced in reasonable time periods. Therefore, the Company does not perceive the Group's existing business or profitability to be materially dependent on any of its service providers and hence its service agreements. In addition, the Company is of the opinion that it is not dependent on any key personnel, however, the loss of key personnel could have a negative effect on the Group's operations. Furthermore, the Company is of the opinion that it is not dependent on any other particular contract regarding its business.

## **6.9 Insurance**

The Group has various insurance policies in relation to the operation of the container vessels owned and operated by the Group, including Hull and Machinery, War Risk insurance, Loss of Hire and Protection and Indemnity insurance.

## **6.10 Environmental matters**

The Company recognizes its environmental responsibility and aims to comply with and maintain high standards in order to limit any negative impact on the environment from the Group's operations, in particular on the marine environment.

The Company subcontracts performance of technical ship management services to firms that have environmental policies and procedures in place. The aim is to conduct operations with the utmost regard for the safety of employees, the public, the environment and to meet or exceed the industry and customer's requirements. Quality is reflected in the approach to all aspects of vessel owning, management and operations.

Regulation affects the ownership and operation of the Group's vessels in a significant manner. The Group is subject to international conventions and national, port state and local laws and regulations applicable to international waters and/or territorial waters of the countries in which the Group's vessels may operate or are registered, including but not limited to disposal of hazardous substances and wastes, air emissions, and ballast water management. As of the date of this Prospectus, the Company is not aware of particular changes in environmental regulations expected to have a material impact on its operations, other than those already announced or enacted; see Section 9.1 "Significant factors affecting business performance".

#### **6.11 Legal proceedings**

The Company is not nor has been since incorporation involved in any legal, governmental or arbitration proceedings which may have or have had significant effects on the Company's and/or the Group's financial position or profitability. The Company is not aware of any such proceedings that are pending or threatening.

## 7. CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 8 "Selected Financial Information" and Section 9 "Operating and Financial Review", and the Audited Financial Statements and the notes related thereto, attached to this Prospectus as Appendix B.

There has been no material change to the Group's capitalisation and net financial indebtedness since 31 December 2017, except for the USD 100 million bond tap completed on 2 February 2018 and the Private Placement executed on 7 February 2018 in which the Company raised USD 75 million before equity offering costs. See Section 9.6 "Recent developments and changes" and Section 15 "The Private Placement" for further information about the Private Placement.

### 7.1 Capitalisation

The following table sets forth information about the Company's consolidated capitalisation as of 31 December 2017. No significant changes other than what is described in the below table has occurred as of the date of this Prospectus.

	As of 31 December 2017 <sup>1)</sup>	Adjustments	As adjusted
<i>in USD thousands, unless otherwise stated</i>		(unaudited)	(unaudited)
<b>Indebtedness</b>			
<i>Total current debt:</i>			
Guaranteed	0	0	0
Secured	0	0	0
Unguaranteed/Unsecured <sup>2)</sup>	8,497	0	8,497
<b>Total current debt</b>	<b>8,497</b>	<b>0</b>	<b>8,497</b>
<i>Total non-current debt:</i>			
Guaranteed	0	0	0
Secured <sup>3)</sup>	102,108	100,000	202,108
Unguaranteed and unsecured	0	0	0
<b>Total non-current debt</b>	<b>102,108</b>	<b>100,000</b>	<b>202,108</b>
<b>Total indebtedness</b>	<b>110,605</b>	<b>100,000</b>	<b>210,605</b>
<b>Shareholders' equity</b>			
Share capital	77,155	15,100 <sup>4)</sup>	92,255
Legal Reserve	0	0	0
Other Reserves	261,322	57,900 <sup>4)</sup>	319,222
Retained losses	-2,534	0	-2,534
Other comprehensive income	140	0	140
Non-controlling interest	4,437	0	4,437
<b>Total shareholders' equity</b>	<b>340,520</b>	<b>73,000</b>	<b>413,520</b>
<b>Total capitalisation</b>	<b>451,125</b>	<b>173,000</b>	<b>624,125</b>

Notes to the capitalisation table:

<sup>1)</sup> The values as of 31 December 2017 have been extracted from the Audited Financial Statements.

- 2) Current unsecured debt includes trade payables and other current liabilities and provisions.
- 3) Bond secured by all assets owned by the Bond Issuer and guaranteed by the Company.
- 4) Increase of USD 15.1 million in share capital and USD 57.9 million in additional paid-in capital reserve relate to the Private Placement completed on 7 February 2018 with total gross proceeds of USD 75 million and net proceeds of USD 73 million. The subscription price in the Private Placement was fixed at NOK 50.00 per share and the USD amount stated is based on the USD/NOK exchange rate of 7.8000.

## 7.2 Net financial indebtedness

The following table sets forth information about the Company's consolidated indebtedness as of 31 December 2017. No significant changes other than what is described in the below table has occurred as of the date of this Prospectus.

<i>in USD thousands, unless otherwise stated</i>	<b>As of 31 December 2017 <sup>1)</sup></b>	<b>Adjustments</b>	<b>As adjusted</b>
		(unaudited)	(unaudited)
(A) Cash	164,323	-127,648 <sup>2)</sup>	36,676
(B) Cash equivalents	0	0	0
(C) Trading securities	0	0	0
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>164,323</b>	<b>-127,648</b>	<b>36,676</b>
<b>(E) Current financial receivables</b>	<b>0</b>		<b>0</b>
(F) Current bank debt	158	0	158
(G) Current portion of non-current debt	0	0	0
(H) Other current financial debt	0	0	0
<b>(I) Current financial debt (F)+(G)+(H) <sup>3)</sup></b>	<b>158</b>	<b>0</b>	<b>158</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D)</b>	<b>-164,165</b>	<b>127,648</b>	<b>-36,518</b>
(K) Non-current bank loans	5,866	0	5,866
(L) Bonds issued	96,242	100,000 <sup>4)</sup>	196,242
(M) Other non-current loans	0	0	0
<b>(N) Non-current financial indebtedness (K)+(L)+(M)</b>	<b>102,108</b>	<b>100,000</b>	<b>202,108</b>
<b>(O) Net financial indebtedness (J)+(N)</b>	<b>-62,057</b>	<b>227,648</b>	<b>165,591</b>

Notes to the net financial indebtedness table:

- <sup>1)</sup> The values as of 31 December 2017 have been extracted from the Audited Financial Statements.
- <sup>2)</sup> The adjustment of the cash position is due to the net effect of (i) a proceeds from the Private Placement and bond tap completed in February 2018 and (ii) vessel acquisitions in the period from 31 December 2017 to the date of this Prospectus.
- <sup>3)</sup> Other current liabilities from the 2017 Audited Financial Statements are non-financial and hence excluded from the financial indebtedness table.
- <sup>4)</sup> USD 100 million bond tap completed on 2 February 2018.

### **7.3 Working capital statement**

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

### **7.4 Contingent and indirect indebtedness**

As at 31 December 2017 and as at the date of the Prospectus, the Group did not have any contingent, indirect indebtedness or material off-balance sheet obligations that are not reflected in the Audited Financial Statements.

## **8. SELECTED FINANCIAL INFORMATION**

### **8.1 Introduction**

The following selected financial information has been extracted from the Company's audited consolidated financial statements as of, and for the period from the date of incorporation of the Company to 31 December 2017 (the "**Audited Financial Statements**"). The Audited Financial Statements for the period from the date of incorporation of the Company to 31 December 2017, have been prepared in accordance with IFRS as approved by the EU.

The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to the Annual Financial Statements as attached to this Prospectus as Appendix B and should be read together with Section 9 "Operating and Financial Review".

The Company prepares its financial statements in accordance with IFRS, which requires the Company to make estimates in the application of its accounting policies based on the Company's best assumptions, judgments and opinions. On a regular basis, the management intends to review the accounting policies, assumptions, estimates and judgments to ensure that the financial information of the Company is presented fairly and in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from the Company's assumptions and estimates, and such differences could be material. Accounting estimates and assumptions discussed in this section are those that are considered by the Company to be the most critical to an understanding of the Company's financial statements because they inherently involve significant judgments and uncertainties.

The Group is a start-up entity with limited financial history as of 31 December 2017. The first vessels were delivered to the Group and commenced operations in April 2017. Accordingly, the Group's historical financial information may be of limited relevance for the current and expected future operations of the Group. Amongst others things, time charter revenues and operating expenses will increase significantly due to the expected increase in the volume of operations. In addition to the Audited Financial Statements, the Company has prepared unaudited interim financial statements as of 30 June 2017 and, in relation to the listing of the Company's shares on Oslo Axess at the Oslo Stock Exchange in January 2018, a special purpose financial statement for listing purposes as of 30 September 2017.

The Group and a joint venture have acquired and taken over 61 vessels since its inception until the date of this Prospectus. The vessels currently owned by the Group have not been owned throughout the period covered by the Audited Financial Statements and, consequently, the income statement and the statement of cash-flows included in the Audited Financial Statements do not reflect how the results of operations and cash-flows of the Group would have been if the vessels had been owned for the entire period covered. The Audited Financial Statements should not be seen as an indication of the future performance of the Group.

This Prospectus does not contain pro forma financial statements for the vessel acquisitions until the date of this Prospectus. Except for two vessels acquired through share purchase transactions, all vessels have been acquired through asset transactions, instead of acquisition of the shares of the selling entities, and it has not been possible or relevant to produce historical financial statements which reflect the operation of the vessels prior to their acquisitions by the Group. In addition, the ship-owning subsidiaries of the Company are newly established entities. Pro forma financial statements are accordingly not available. Please see Section 6.4.2 "Customers and contract coverage" for the charter rates under the existing charters for the vessels, Section 6.5 "Operations of the Group" for the costs under the technical and commercial management agreements, and Section 8.7 "Impact of vessel acquisitions" for a description of the effects of the acquisitions on the Company's

Audited Financial Statements. The Company is of the opinion that these sections provide sufficient information in order to assess the effects of the vessels acquisitions on the Company's financial position.

## **8.2 Basis of preparation of financial information**

### *8.2.1 Significant accounting policies*

For information regarding accounting policies and the use of estimates and judgements, please refer to note 2, 3 and 4 of the Audited Financial Statements as of, and for the period from the date of incorporation of the Company to 31 December 2017, attached as Appendix B in this Prospectus.

### *8.2.2 New and amended accounting standards*

Standards and interpretations that are issued but not yet effective up to the date of the issuance of the Company's Audited Financial Statements as of, and for the period from the date of incorporation of the Company to 31 December 2017, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- IFRS 9 – Financial instruments: Effective for annual periods beginning on or after 1 January 2018. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement. The Company has made a preliminary assessment of the effects of replacing IAS 39 with IFRS 9, and has not identified any material impact on the Group's financial position.
- IFRS 15 – Revenue from contracts with customers: Effective for annual periods beginning on or after 1 January 2018. The standard will supersede all current revenue recognition requirements under IFRS. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring transportation services to the customer. The Group foresees no major impact from the new standard except for increased note requirements.
- IFRS 16 – Leases: Effective for annual periods beginning on or after 1 January 2019. The standard will replace existing IFRS leases requirements. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for each party to a contract, i.e. the lessee and the lessor. The new standard requires lessees to recognize assets and liabilities for most leases, as the principal distinction between operating and finance leases is removed. For lessors, however, IFRS 16 maintains the principal accounting requirements in IAS 17 and lessors continue to differentiate operating leases and finance leases. Management has made a preliminary assessment of the effects of replacing IAS 17 with IFRS 16, and has not identified any material impact on the Group's financial position.

For further information, please refer to note 2 of the Audited Financial Statements as of, and for the period from the date of incorporation of the Company to 31 December 2017, attached to this Prospectus as Appendix B.



### 8.3 Consolidated statement of comprehensive income

The table below sets out selected data from the Company's consolidated statement of comprehensive income for the period from the date of incorporation of the Company to 31 December 2017, as derived from the Audited Financial Statements.

*in USD thousands, unless otherwise stated*

	<b>Period from incorporation to 31 December 2017</b>
Operating revenues	21,390
Commissions	-771
Vessel voyage expenditures	-2,834
Vessel operation expenditures	-14,213
Ship management fees	-1,097
<b>Gross profit</b>	<b>2,475</b>
Administrative expenses	-2,114
Depreciation and impairment	-3,202
Other expenses	-322
Other income	879
<b>Operating result (EBIT)</b>	<b>-2,384</b>
Share of profit or loss from joint venture	394
Other finance income	2,076
Finance costs	-2,474
<b>Profit/Loss before income tax (EBT)</b>	<b>-2,388</b>
Income tax expenses	-146
<b>Profit/Loss for the period</b>	<b>-2,534</b>
Attributable to:	
Equity holders of the Company	-2,639
Non-controlling interest	105
<b>Basic earnings per share – in USD</b>	<b>-0.10</b>
<b>Diluted earnings per share – in USD</b>	<b>-0.09</b>

*in USD thousands, unless otherwise stated*

	<b>Period from incorporation to 31 December 2017</b>
Profit/loss for the period	-2,534
<b>Items that may be subsequently transferred to profit or loss</b>	<b>157</b>
Foreign currency effects, net of taxes	0
Other comprehensive profit/loss, net of taxes	157
<b>Items that will not be subsequently transferred to profit or loss</b>	<b>-17</b>
Other comprehensive profit/loss, net of taxes	-17
Other comprehensive profit/loss from joint ventures and affiliates	0
<b>Total comprehensive profit/loss</b>	<b>-2,394</b>
Attributable to:	
Equity holders of the Company	-2,499
Non-controlling interest	105

## 8.4 Consolidated statement of financial position

The table below sets out selected data extracted from the Company's audited consolidated statement of financial position as of 31 December 2017.

*in USD thousands, unless otherwise stated*

**As of  
31 December 2017**

<b>Assets</b>	<b>451,125</b>
Non-current assets	281,250
Vessels	207,069
Prepayments on vessels	57,787
Investment in joint ventures	16,394
Current assets	169,875
Inventories	1,675
Trade and other receivables	3,877
Cash and cash equivalents	164,323
Unrestricted cash	119,171
Restricted cash	45,152
<b>Equity and liabilities</b>	<b>451,125</b>
Equity	340,520
Ordinary shares	338,477
Share capital	77,155
Capital reserves	261,322
Retained losses	-2,534
Other reserves	140
Non-controlling interest	4,437
Non-current liabilities	102,108
Interest bearing loans	102,108
Current liabilities	8,497
Interest bearing borrowings	158
Trade and other payables	7,202
Payables to affiliated companies	53
Other liabilities	1,083

## 8.5 Consolidated statement of cash flows

The table below sets out selected data from the Company's consolidated statement of cash flows for the period from the date of incorporation of the Company to 31 December 2017, as derived from the Audited Financial Statements.

in USD thousands, unless otherwise stated	Period from incorporation to 31 December 2017
Profit/Loss before income tax	-2,388
Income tax expenses	-146
Net change in current assets	-5,552
Net change in current liabilities	8,338
Depreciation	3,302
Loss/Gain from the disposal of fixed assets	-394
<b>Cash flow from operating activities</b>	<b>3,160</b>
Proceeds from the disposal of tangible assets	394
Purchase of vessels	-268,158
Purchase of long-term financial assets	-16,394
<b>Cash flow from investing activities</b>	<b>-284,158</b>
Proceeds from share issuance	353,232
Share issuance costs	-10,161
Proceeds from debt financing	106,024
Debt issuance costs	-3,758
<b>Cash flow from financing activities</b>	<b>445,337</b>
Net change in cash and cash equivalents	164,340
Net foreign exchange differences	-17
Cash and cash equivalents at beginning of period	0
<b>Cash and cash equivalents at the end of period</b>	<b>164,323</b>

## 8.6 Consolidated statement of changes in equity

The table below sets out selected data from the Company's consolidated statement of changes in equity for the period ended 31 December 2017, as derived from the Audited Financial Statements.

in USD thousands, unless otherwise stated	Share capital	Share premium	Retained earnings	Hedge reserves	Other reserves	Non- controlling interest	Total equity
Incorporation	3						3
Share issuance	77,152	271,483				4,333	352,968
Share issuance costs		-10,161					-10,161
Result of the period			-2,534			105	-2,430
Other comprehensive income				157	-17		140
<b>Equity as at 31 December 2017</b>	<b>77,155</b>	<b>261,322</b>	<b>-2,534</b>	<b>157</b>	<b>-17</b>	<b>4,437</b>	<b>340,520</b>

## **8.7 Impact of vessel acquisitions**

### **8.7.1 Acquisition of vessels in the period until 30 September 2017**

Seven vessels acquired by the Group in a fleet transaction in the period until 30 September 2017 constitute "a significant gross change" for the Company, as defined in Commission Regulation (EC) No. 809/2004 of 29 April 2004 which sets out the requirements to the pro forma financial information which needs to be included in a prospectus, and will therefore significantly impact the Group's financial and income position.

As stated in Section 8.1, no pro forma information has been prepared to show the effect of vessels acquisitions which constituted a significant gross change. The historical financial information required to prepare such pro forma information is not available to the Group. Historical financial accounts prepared by the entities selling the vessels would not in any event be relevant in order to assess the acquisitions effects on the Group's financial position. Therefore, a standard pro forma information prepared in accordance with Annex II to EU Regulation No. 809/2004 would not give a fair description of the impact of transactions on the Group. In addition, charter rates under existing charters for the vessels and costs under the technical and commercial management agreements for the vessels as included in this Prospectus, provide sufficient information in order to assess the effects of the vessels acquisitions on the Audited Financial Statements. On this basis, no pro forma financial information has been prepared.

If the vessel acquisitions which constitute a significant gross change had been carried out as of the start of the period covered by historical financial information in the Prospectus, i.e. the date of incorporation of the Company, this would have had significant effects on the Audited Financial Statements:

- The amounts of charter revenue, operating expenses and operating result of the Group would have been significantly different from the actual amounts of such items reflected in the Audited Financial Statements (however, for the reasons stated above, it is not possible for the Group to state how these amounts would have been). Notably, the vessels would have generated revenue from the start of the period covered by the Audited Financial Statements and the Group would have incurred operating expenses and maintenance investments related to the operation of the vessels from the same time. The Group would have incurred slightly higher general and administrative expenses in connection with the ownership and operation of a larger fleet of container vessels.
- If the vessels had been acquired at the start of the period covered by the Audited Financial Statements, the Group would have had to raise equity to finance such acquisitions earlier than it actually did. If the vessels had been acquired as of the date of incorporation of the Company it may be assumed that the Group's would have raised equity in the amount of USD 59 million as of that date. This would not have resulted in any change in the Group's balance sheet as of 30 September 2017, i.e. the vessel acquisitions are reflected in the balance sheet.
- The aggregate transaction costs related to acquisitions of vessels in the period covered by the Audited Financial Statements would in the Group's view not have been different if the vessels had been acquired as of the date of incorporation of the Company. The aggregate transaction cost related to acquisitions of vessels in this period was USD 1.2 million.

Below is a list of vessels acquired during the period covered by the Audited Financial Statements with a specification of acquisition costs as of 30 September 2017.

<b>Number of Vessel</b>	<b>Purchase price</b>	<b>Working capital</b>	<b>Transaction costs</b>	<b>Total investment</b>	<b>Equity funding</b>	<b>Debt funding</b>
7	USD 53m	USD 5m	USD 1m	USD 59m	USD 59m	USD 0m

### *8.7.2 Acquisition of 14 vessels in a fleet acquisition announced on 20 February 2018*

On 20 February 2018, the Company announced the acquisition of a fleet of 14 container vessels. The vessels acquired by the Group in this fleet transaction constitute "a significant gross change" for the Company, as defined in Commission Regulation (EC) No. 809/2004 of 29 April 2004 which sets out the requirements to the pro forma financial information which needs to be included in a prospectus, and will therefore significantly impact the Group's financial and income position.

As stated in Section 8.1, no pro forma information has been prepared to show the effect of the acquisition of this fleet of vessels. The historical financial information required to prepare such pro forma information is not available to the Group. Historical financial accounts prepared by the entities selling the vessels would not in any event be relevant in order to assess the acquisitions effects on the Group's financial position. Therefore, a standard pro forma information prepared in accordance with Annex II to EU Regulation No. 809/2004 would not give a fair description of the impact of transactions on the Group. In addition, charter rates under existing charters for the vessels and costs under the technical and commercial management agreements for the vessels as included in this Prospectus, provide sufficient information is in order to assess the effects of the vessels acquisitions on the Audited Financial Statements. On this basis, no pro forma financial information has been prepared.

If the vessel acquisitions announced on 20 February 2018 had been carried out as of the start of the period covered by historical financial information in the Prospectus, i.e. the date of incorporation of the Company, this would have had significant effects on the Audited Financial Statements:

- The amounts of charter revenue, operating expenses and operating result of the Group would have been significantly different from the actual amounts of such items reflected in the Audited Financial Statements (however, for the reasons stated above, it is not possible for the Group to state how these amounts would have been). Notably, the vessels would have generated revenue from the start of the period covered by the Audited Financial Statements and the Group would have incurred operating expenses and maintenance investments related to the operation of the vessels from the same time. The Group would have incurred slightly higher general and administrative expenses in connection with the ownership and operation of a larger fleet of container vessels.
- If the vessels had been acquired at the start of the period covered by the Audited Financial Statements, the Group would have had to incur debt and to raise equity to finance such acquisitions earlier than it actually did, and the interest expenses of the Group in the period covered by the Audited Financial Statements would accordingly have been higher. If the fleet of 14 vessels had been acquired as of the date of incorporation of the Company, it may be assumed that the Group would have raised equity (USD 75 million) and debt (USD 75 million) as of that date. The fixed assets position of the Group as of 31 December 2017 would increase by an amount equivalent to the purchase price of the vessel, i.e. USD 139.5 million.
- If debt in the amount of USD 75 million had been incurred as of the date of incorporation in the Company, interest expenses in the amount of USD 3.5 million had been incurred until 31 December 2017.
- The aggregate transaction costs related to acquisitions of vessels would in the Group's view not have been different if the vessels had been acquired as of the date

of incorporation of the Company. The aggregate transaction cost related to the acquisition of the 14 vessels announced on 20 February 2018 was USD 2 million.

Below is a list of vessels acquired in the transaction announced on 20 February 2018:

Number of Vessel	Purchase price	Working capital	Transaction costs	Total investment	Equity funding	Debt funding	Interest incurred
14	USD 139.5m	USD 8.5m	USD 2m	USD 150m	USD 75m	USD 75m	USD 3.5m

## 8.8 Segment information

All of the Group's vessels earn revenue from seaborne container transportation globally. The vessels exhibit similar economic, trading and financial characteristics. The Group is organized in one operating segment, i.e. the container shipping segment.

The Group's vessels trade globally and are suitable for various global trading patterns. Therefore, there is no particular focus on a geographic region. In the period from incorporation of the Company to 31 December 2017, the Group's charter revenues were generated in the following trade regions: 32% South America, 25% Asia, 11% Europe and 32% other.

As of the date of this Prospectus and in the period covered by the Audited Financial Statements, the Group has one service, i.e. to offer container transportation capacity by chartering container vessels to liner shipping companies.

## 8.9 Auditor

The Company's auditor is Ernst & Young AS ("**EY**"), with registration number 976 389 387 and business address at Dronning Eufemias gate 6, 0191 Oslo. EY is a member of The Norwegian Institute of Public Accountants (*Norwegian*: Den Norske Revisorforeningen). EY was elected as the Company's independent auditor at the Company's extraordinary General Meeting on 18 May 2017 and has been the Company's auditor since then. The Company did not have an auditor before 18 May 2017.

EY's audit reports on the Audited Financial Statements are included within the Audited Financial Statements which is attached to this Prospectus as Appendix B. Other than this, EY has not audited or reviewed any other information in this Prospectus.

## **9. OPERATING AND FINANCIAL REVIEW**

*This operating and financial review should be read together with Section 4 "Presentation of Information", Section 8 "Selected Financial Information" and the Audited Financial Statements and related notes as attached to this Prospectus as Appendix B. The Audited Financial Statements as of, and for the period from the date of incorporation of the Company to 31 December 2017 has been prepared in accordance with IFRS as adopted by the EU. The Audited Financial Statements have been audited by EY, as set forth in the auditor's reports included herein.*

*The operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Company's current expectations, estimates, assumptions and projections about the Company's industry, business and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.6 "Cautionary note regarding forward-looking statements", as well as other Sections of this Prospectus. See Section 8.2 "Basis of preparation of financial information".*

### **9.1 Significant factors affecting business performance**

The Group's results of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. The factors that Management believes have had a material effect on the Group's results of operations during the periods under review, as well as those considered likely to have a material effect on its results of operations in the future are described below. The descriptions below are not exhaustive and the sequence of factors is not set out according to their importance.

#### **9.1.1 Macroeconomic and shipping market conditions**

Changes in global and regional political and economic activity may impact the demand for containerized transportation of goods and such demand for seaborne containerized transportation is expected to fluctuate with the share of industrial and consumer goods traded internationally due to globalization, outsourcing and international separation of labour, among other factors. Therefore, the demand for, and the pricing of the underlying assets are outside of the Company's control and depend, among other things, on global economic output in industrial and developing countries as well global and regional trade growth. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Company – may negatively impact the Group's performance and investor returns. Moreover, the demand for the Group's assets depends on the future organization and network configurations of maritime supply chains, including, but not limited to, consequences of cascading effects on the container feeder segment (i.e. the trend towards larger vessels).

On the supply side, uncertainties are tied to ordering of new feeder container vessels and the scope of future scrapping of tonnage.

Although container shipping offers an efficient way of cargo transportation, the transportation services provided by the Group compete with alternate modes of transportation, such as rail or road transportation. Other innovative transportation solutions may arise, impacting demand for the Group's services.

Industry consolidation on part of liner shipping companies may negatively impact the bargaining power of container ship owners such as the Group.

### *9.1.2 International operations*

The Group's container vessels operate in a variety of geographic regions. Consequently, the Group may be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, sanctions and blacklisting, amongst others. The financial condition and results of operations of the Group may be negatively affected if such events do occur.

### *9.1.3 Technical factors and cost of operations*

The technical operation of container vessels has a significant impact on the vessels' economic life expectations. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses of the fleet of vessels and accordingly the potential realization values that can be obtained.

The Group is dependent on the performance of the parties tasked with operating a vessel or overseeing such operation and there can be no guarantee that maintenance of the Group's container vessels is performed according to agreement or satisfaction and in compliance with budgets for operational expenses. Budget compliance with respect to investment in periodical dry dockings and class renewals, among others, will significantly impact the Group's financial position. In addition, the Group is exposed to general price trends for input factors required to operate the vessels owned by the Group, for instance, but not limited to, crew wages, insurance and consumable supplies. Inadequate technical maintenance also influences the availability of vessels in the charter market, impacting the utilization of the Group's fleet.

Technological advancements as well as regulatory requirements may require additional expenditures, impacting the financial performance of the Group. Regulatory requirements include, but are not limited to, compliance with the regulation of carbon and sulphur dioxide emissions by merchant vessels (e.g. the "IMO 2020" regulation in the emission of sulphur dioxides).

### *9.1.4 Availability of investments*

Suitable assets may not always be available at a particular time and the Group may be competing for appropriate investment opportunities with other participants in the markets. It is possible that the level of such competition may increase, which may reduce the number of opportunities available to the Company and/or adversely affect the terms upon which such investments can be made by the Company.

## **9.2 Results of operations**

The accounting period is from the date of incorporation of the Company to 31 December 2017.

The Group's operating revenue amounted to USD 21.4 million for the period ended 31 December 2017. Operating revenue mainly consists of time charter revenue or pool revenue, as applicable.

The Group's vessels trade globally and are suitable to be deployed in various global trading patterns. As such, there is no particular focus on geographic regions. Regions which contribute significantly to the Group's total revenue are as follows: South America (USD 6.3 million), Asia (USD 5.0 million), Europe (USD 2.2 million) and the Middle East (USD 92 thousand). Other geographical regions contributed with USD 6.3 million to the Group's gross revenue for the period ended 31 December 2017.

The Group's total expenses to vessel operations amounted to USD -18.9 million for the period ended 31 December 2017. These expenses mainly consist of commissions of USD -0.8 million, voyage expenses of USD -2.8 million, vessels' operating expenses of USD -14.2 million and ship management fees of USD -1.1 million. Vessels' operating expenses



consist of crew costs and other costs in relation to vessel technical operations. The Group's total gross profit from vessel operations amounted to USD 2.5 million for the period ended 31 December 2017.

The Group's net financial expense amounted to USD -4 thousand for the period ended 31 December 2017. The financial expenses of USD -2.5 million mainly consist of an expense related to financial debt and financial income of USD 2.5 million is due in part to the equity investments in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG.

The Group's net loss before taxes amounted to USD -2.4 million for the period ended 31 December 2017. The result of the period is influenced by the fact that this is the start-up year for the Group, connected with various initial costs and ramp-up of vessel operations.

### **9.3 Liquidity and capital resources**

#### *9.3.1 Cash flows*

Cash flows are from the period from incorporation of the Company to 31 December 2017.

The Group's net cash flow from operating activities for the period ended 31 December 2017 amounted to USD 3.2 million. The operating cash flow comprises loss before income taxes (USD -2.4 million), taxes (USD -146 thousands), net change in current assets (USD -5.5 million), net change in current liabilities (USD 8.3 million), depreciation (USD 3.3 million) and loss from the disposal of fixed assets (USD -394 thousands).

The Group's net cash flow used in investing activities for the period ended 31 December 2017 amounted to USD -284.2 million. Cash flow used in purchase of vessels amounted to USD -268.2 million. Other items of the cash flow used in investing activities include investment in a joint venture (USD -16.4 million) as well as proceeds from the disposal of tangible assets (USD 394 thousands). As of the date of this Prospectus, the Group and the joint venture have acquired and taken over 61 vessels for total purchase price of USD 558.8 million.

The Group's net cash flow from financing activities for the period ended 31 December 2017 amounted to USD 445.3 million. A total of USD 353.2 million was paid in by shareholders as net proceeds from three private placements. The net proceeds from the bond issue amount to USD 106.0 million; see Section 9.5 "Borrowings". In the period from 31 December 2017 to the date of this Prospectus, the Group raised a further USD 73 million in net proceeds from a fourth equity private placement and completed a bond tap issue of USD 100 million in its senior secured bond.

#### *9.3.2 Statement of financial position*

The Group's total assets as of 31 December 2017 amounted to USD 451.1 million.

The Group's total non-current assets as of 31 December 2017 amounted to USD 281.3 million. Non-current assets consist of 24 consolidated vessels in the amount of USD 207.1 million, prepayment on vessels in the amount of USD 57.8 million and financial interest in a joint venture (owning 5 vessels) of USD 16.4 million.

The estimated useful life of a feeder container vessel is approximately 25 years. As of the date of this Prospectus, the expected average remaining useful life of the Group's vessels is 14 years.

The Group's total current assets as of 31 December 2017 amounted to USD 169.9 million. Current assets consist mainly of cash and cash equivalents of USD 164.3 million. Based on the terms of the senior secured bond, USD 45.2 million in cash are restricted bank balance held in an escrow account as of 31 December 2017. Releases of funds from the escrow account are subject to vessel acquisitions and fulfilment of all conditions precedent.

The Group's total equity as of 31 December 2017 amounted to USD 340.5 million. The equity ratio was 75.5%. On 2 February 2018, the Group completed a bond tap issue of USD 100 million in its senior secured bond, which reduced the equity ratio of the Group. The total nominal amount of bonds outstanding after the tap issue and as of the date of this Prospectus is USD 200 million. On 7 February 2018, the Group completed the Private Placement with net proceeds of approximately USD 73 million, which enhanced the equity base of the Group.

The Group's total liabilities as of 31 December 2017 amounted to USD 110.6 million. The Group's total non-current liabilities as of 31 December 2017 amounted to USD 102.1 million. Non-current liabilities consist of the senior secured bond. The Group's total current liabilities as of 31 December 2017 amounted to USD 8.5 million.

### *9.3.3 Capital resources*

The principal sources of funds for the Group's liquidity needs are cash flows from operations, capital contributions from shareholders and borrowings.

Consolidated cash and cash equivalents of the Group as of 31 December 2017 amount to an equivalent of USD 164.3 million and are primarily held in USD. Significant changes in the Group's capital resources from the period ended 31 December 2017 and up to the date of this Prospectus are the USD 100 million bond tap completed on 2 February 2018 and the Private Placement executed on 7 February 2018 in which the Company raised USD 75 million before equity offering costs.

The Group has entered into hedging instrument contracts to manage interest rate risk associated with the floating interest rate of the senior secured bond; see 9.5 "Borrowings".

The Group aims at maintaining a capital structure that facilitates a stable development of the Group, taking into account future market uncertainties, investment and vessel maintenance requirements as well as financial covenants.

## **9.4 Investments**

### *9.4.1 Principal investments*

The below table shows the Group's principal investments carried out from the date of incorporation to the date of this Prospectus. Please see Section 6.4.1 for further information about the Group's vessels listed below.

Vessel	Ship-owning entity <sup>1), 2)</sup>	Purchase price	Interest	Takeover
AS Carinthia	C&C <sup>4)</sup> SFG mbH & Co. KG	USD 5.1m	50%	12.04.2017
Cardonia	C&C <sup>4)</sup> SFG mbH & Co. KG	USD 5.4m	50%	12.04.2017
AS Laetitia	"AS LAETITIA" ShipCo C.V.	USD 4.8m	100%	27.04.2017
AS Laguna	"AS LAGUNA" ShipCo C.V.	USD 4.8m	100%	05.05.2017
AS Paulina	"AS PAULINA" ShipCo C.V.	USD 9.5m	100%	18.05.2017
Carpathia	2. Bluewater "CARPATHIA" SFG mbH & Co. KG	USD 6.3m	50%	31.05.2017
Cordelia	2. Bluewater "CORDELIA" SFG mbH & Co. KG	USD 6.1m	50%	31.05.2017
AS Fiona	"AS FIONA" ShipCo C.V.	USD 5.1m	100%	12.06.2017
Cimbria	2. Bluewater "CIMBRIA" SFG mbH & Co. KG	USD 5.6m	50%	15.06.2017
AS Petronia	"AS PETRONIA" ShipCo C.V.	USD 8.7m	100%	15.06.2017
AS Fortuna	"AS FORTUNA" ShipCo C.V.	USD 7.5m	100%	22.06.2017
AS Constantina	"AS CONSTANTINA" ShipCo C.V.	USD 7.9m	100%	23.06.2017
AS Clara	"AS CLARA" ShipCo C.V.	USD 8.8m	100%	04.07.2017
AS Angelina	"AS ANGELINA" ShipCo C.V.	USD 5.4m	100%	09.08.2017
AS Fatima	"AS FATIMA" ShipCo C.V.	USD 8.0m	100%	01.09.2017
AS Faustina	"AS FAUSTINA" ShipCo C.V.	USD 7.4m	100%	07.09.2017
AS Floretta	"AS FLORETTA" ShipCo C.V.	USD 7.4m	100%	07.09.2017
AS Fabrizia	"AS FABRIZIA" ShipCo C.V.	USD 7.7m	100%	08.09.2017
AS Fiorella	"AS FIORELLA" ShipCo C.V.	USD 8.6m	100%	21.09.2017
AS Columbia	"AS COLUMBIA" ShipCo C.V.	USD 8.9m	100%	28.09.2017
Rio Teslin OpCo	Rio Teslin OpCo GmbH & Co. KG	USD 8.0m	80%	29.09.2017
Rio Thelon OpCo	Rio Thelon OpCo GmbH & Co. KG	USD 8.0m	80%	29.09.2017
AS Clarita	"AS CLARITA" ShipCo C.V.	USD 8.9m	100%	20.10.2017
AS Petulia	"AS PETULIA" ShipCo C.V.	USD 9.3m	50%	23.11.2017
AS Frida	"AS FRIDA" ShipCo C.V.	USD 6.2m	100%	05.12.2017
AS Christiana	AS CHRISTIANA SFG mbH & Co. KG	USD 10.6m	100%	21.12.2017
AS Carlotta	AS CARLOTTA SFG mbH & Co. KG	USD 10.6m	100%	21.12.2017
AS California	"AS CALIFORNIA" ShipCo C.V.	USD 11.5m	100%	21.12.2017
AS Cleopatra	AS CLEOPATRA SFG mbH & Co. KG	USD 10.6m	50%	21.12.2017
AS Lauretta	"AS LAURETTA" ShipCo C.V.	USD 8m	100%	09.01.2018
AS Filippa	"AS FILIPPA" ShipCo C.V.	USD 6.2m	100%	11.01.2018
AS Sophia	"AS SOPHIA" ShipCo C.V.	USD 9.5m	100%	16.01.2018
AS Serafina	AS SERAFINA SFG mbH & Co. KG	USD 15.5m	100%	19.01.2018
AS Serena	"AS SERENA" ShipCo C.V.	USD 9.5m	100%	23.01.2018
AS Leona	AS LEONA SFG mbH & Co. KG	USD 8.1m	100%	26.01.2018
AS Savanna	"AS SAVANNA" ShipCo C.V.	USD 12.8m	100%	30.01.2018
AS Samanta	AS SAMANTA SFG mbH & Co. KG	USD 13.9m	100%	30.01.2018
AS Svenja	AS SVENJA SFG mbH & Co. KG	USD 15.0m	100%	05.02.2018
AS Sabrina	AS SABRINA SFG mbH & Co. KG	USD 13.5m	100%	12.02.2018
AS Susanna	AS SUSANNA SFG mbH & Co. KG	USD 15.3m	100%	21.02.2018
AS Rosalia	"AS ROSALIA" ShipCo C.V.	USD 9.8m	100%	22.02.2018
AS Federica	"AS FEDERICA" ShipCo C.V.	USD 8.5m	100%	23.02.2018
AS Clementina	"AS CLEMENTINA" ShipCo C.V.	USD 11.0m	100%	26.02.2018
AS Carolina	AS CAROLINA SFG mbH & Co. KG	USD 10.6m	100%	26.02.2018
AS Fabiana	"AS FABIANA" ShipCo C.V.	USD 8.5m	100%	26.02.2018
AS Floriana	"AS RICCARDA" ShipCo C.V.	USD 8.8m	100%	26.02.2018
AS Felicia	"AS FLORIANA" ShipCo C.V.	USD 8.3m	100%	27.02.2018
AS Riccarda	"AS RICCARDA" ShipCo C.V.	USD 10.5m	100%	28.02.2018
AS Ragna	"AS RAGNA" ShipCo C.V.	USD 9.8m	100%	28.02.2018
AS Romina	"AS ROMINA" ShipCo C.V.	USD 9.5m	100%	28.02.2018
AS Patria	"AS PATRIA" ShipCo C.V.	USD 11.5m	100%	01.03.2018
AS Carelia	"AS CARELIA" ShipCo C.V.	USD 11.5m	100%	01.03.2018
AS Cypria	"AS CYPRIA" ShipCo C.V.	USD 11.5m	100%	02.03.2018

AS Sara	AS SARA SFG mbH & Co. KG	USD 13.5m	100%	05.03.2018
AS Sicilia	"AS SICILIA" ShipCo C.V.	USD 10.0m	100%	05.03.2018
AS Sevilla	"AS SEVILLIA" ShipCo C.V.	USD 10.0m	100%	09.03.2018
AS Franziska	"AS FRANZISKA" ShipCo C.V.	USD 6.6m	100%	12.03.2018
AS Palatia	"AS PALATIA" ShipCo C.V.	USD 11.5m	100%	13.03.2018
AS Camellia	AS CAMELLIA SFG mbH & Co. KG	USD 11.0m	100%	22.03.2018
Sima Sapphire	"AS ROBERTA" SFG mbH & Co. KG	USD 8.7m	100%	10.04.2018
Sima Prestige	"AS FLORA" ShipCo C.V.	USD 8.0m	100%	19.04.2018

All acquisitions of vessels listed in the table above are funded by the Company.

#### 9.4.2 Future commitments

The main particulars of the vessels to be taken over by the Group after the date of this Prospectus are set forth in the table below:

Vessel	Purchase price	Expected takeover	Funding	Ownership interest	Place of registration
Sima Perfect	USD 8.0m	05-06/2018	Existing funds	100%	Liberia
Sima Pride	USD 7.6m	05/2018	Existing funds	100%	Liberia
Sima Sadaf	USD 9.7m	05-06/2018	Existing funds	100%	Liberia
SITC Makassar	USD 9.9m	05/2018	Existing funds	50%	Liberia

Apart from the obligations under the Group's bond and bank financing (and associated risk management instruments), as well as agreements to acquire vessels as described above, the Group has not entered into agreements that imply significant financial commitments. The remaining four committed acquisitions are based on funds already raised and do not require additional future funding. Future commitments will be financed by the Group's operating cash flows and borrowings, as further described in Section 9.5 below.

As of the date of this Prospectus, the Group has made the deposit payments on the vessels to be taken over. The remaining purchase prices become due upon physical takeover of the respective vessels during the second quarter of 2018.

The Group does not have any newbuilding obligations.

The operation of the vessels owned by the Group requires continuous investments, including, but not limited to, periodical dry-dockings of the vessels.

## 9.5 Borrowings

As of the date of this prospectus, the Group's interest-bearing debt consists of a bank debt facilities and a senior secured first lien bond placed on 22 September 2017 by MPC Container Ships Invest B.V. (the "**Bond Issuer**", together with its subsidiaries the "**Bond Issuer Group**") and secured by the Company, amongst others.

#### 9.5.1 Bank debt

On 28 November 2017, Sao Paulo Project Holding GmbH & Co. KG, together with its subsidiaries, attained a senior secured, amortizing loan in the amount of USD 6.0 million from M.M. Warburg & CO KGaA. The debt facility is without recourse to the Company and matures on 30 September 2021. The loan agreement contains terms customary for such agreements, including financial maintenance covenants and dividend distribution restrictions.

On 20 December 2017, 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG, together with its subsidiaries, attained a senior secured, amortizing loan in the amount of USD 12.5 million from Ostfriesische Volksbank eG. The debt facility is without recourse to

the Company and matures on 31 October 2021. The loan agreement contains terms customary for such agreements, including financial maintenance covenants and dividend distribution restrictions. Given the equity consolidation of 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG, the bank debt attained at this level is not expected to be consolidated in the Group's financial statements.

#### *9.5.2 Bond facility*

The following is a summary of material information relating to the terms of the bond, which does not purport to be complete.

##### *9.5.2.1 Description*

The Bond Issuer, a fully-owned subsidiary of the Company, has issued a bond with par value of USD 100 million on a floating coupon of 3 month LIBOR for the relevant (quarterly) interest period plus a margin of 4.75% per annum. The bond was issued on 22 September 2017 with a total borrowing limit of USD 200 million and is non-amortizing with a maturity of five years from the issue date. On 2 February 2018, the Bond Issuer completed a bond tap issue of USD 100 million in the bond. The total nominal amount of bonds outstanding after the tap issue and as of the date of this Prospectus is USD 200 million.

The security package comprises market standard first lien security instruments, including, but not limited to, mortgages over the vessels, guarantees, share/interest pledges, assignments of insurances, a parallel debt agreement and pledges over accounts.

##### *9.5.2.2 Parent guarantee*

The Company has given a parent guarantee to the bondholders, represented by Nordic Trustee AS in its capacity as bond trustee, to ensure the performance of the Bond Issuer's and the other obligors' obligations under the finance documents of the bond. This parent guarantee contains customary undertakings for these types of financing transactions, including the following:

- the Company shall not change its type of organization or jurisdiction of incorporation, other than the change from a Norwegian private limited liability company into a Norwegian public limited liability company;
- the Company shall maintain direct ownership of 100% of the shares in the Bond Issuer;
- the Company shall not incur, create, permit to subsist or provide guarantee for any unsecured debt under any bond or debt capital markets transaction, unless such indebtedness is non-amortising and with a maturity after the maturity date of the bond.

##### *9.5.2.3 Covenants*

Amongst others, the Bond Issuer is subject to the following main covenants under the bond agreement, all of which are in line with common practice for the sector.

##### *Financial and LTV covenants*

The Bond Issuer has, at all times, to comply with the following financial maintenance covenants:

- the loan-to-value ("**LTV**") ratio of the vessels owned by the Bond Issuer Group shall not exceed 75.0%; and
- maintenance of a minimum liquidity on a consolidated basis in an amount of no less than the USD equivalent of 5.0% of the consolidated financial indebtedness of the Bond Issuer Group.

In addition, the consolidated book equity ratio of the Group shall at all times be higher than 40%.

#### *Change of control covenant*

The terms of the senior secured bond include a change of control clause, pursuant to which the bond becomes payable at 101% of par value by the Bond Issuer in case of a change of control in the Company, which is defined as:

- any person, or group of persons under the same decisive influence, or two or more persons acting in concert obtains decisive influence over the Company, other than MPC Group or its affiliates or other parties acting in concert with MPC Group or its affiliates; or
- a de-listing of the Company's shares from the Merkur Market or another internationally recognized stock exchange (if applicable) that does not occur in connection with a listing of the Company's shares on another internationally recognized stock exchange.
- provided that if MPC Group or its affiliates or other parties acting in concert with MPC Group or its affiliates acquire decisive influence or even 100% of the shares in the Company, and following such acquisition the shares of the Company are de-listed as described above, such de-listing shall not constitute a change of control event as long as the Company is listed on a reputable exchange simultaneously with a Merkur Markets delisting and remains listed until the final maturity date.

#### *Distribution restrictions*

Distributions from the Bond Issuer to the Company, such as payment of dividend on shares, repurchase of own shares, redemption of share capital, repayment of group loans or any other similar distribution, are only possible subject to (a) the LTV ratio of the Bond Issuer Group being below 50% (tested pro-forma after any distribution) and (b) the following conditions being met:

- the distribution does not exceed 75% of the Bond Issuer's consolidated "**Adjusted Net Profit**" for the previous calendar year (and where any unutilized portion of such Adjusted Net Profit may not be carried forward). Adjusted Net Profit means the Bond Issuer's consolidated net profit after tax according to the latest financial report, after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising from any vessel disposal, any loss or gain against book value arising from any total loss event including insurance proceeds resulting from such total loss event, and any appreciation made on the vessels;
- the distribution by the Bond Issuer, following a vessel disposal, in an amount not exceeding (a) the amount of the relevant transaction value received as a result of such disposal, less (b) any amounts prepaid in accordance with the relevant prepayment provisions of any financial indebtedness and (c) any transaction and tax cost payable by the Issuer Group in connection with such disposal; and
- the distribution by the Bond Issuer, following a total loss event, in an amount not exceeding the (a) insurance proceeds received as a result of such total loss event, less (b) any amounts prepaid in accordance with the relevant prepayment provisions of any financial indebtedness and (c) any cost payable by the Bond Issuer Group in connection with such total loss event.

#### *9.5.3 Maturity information*

The expected maturity of debt obligations of the Group and its joints venture investments are set out in the table below:

<i>in USD thousands, unless otherwise stated</i>	<b>2018</b> (unaudited)	<b>2019</b> (unaudited)	<b>2020</b> (unaudited)	<b>2021</b> (unaudited)	<b>2022</b> (unaudited)
<b><u>Group</u></b>					
Repayment	-600	-600	-600	-4 050	-200 000
Interest payment	-14 633	-15 227	-15 183	-15 106	-11 104
<b>Total</b>	<b>-15 233</b>	<b>-15 827</b>	<b>-15 783</b>	<b>-19 156</b>	<b>-211 104</b>
<b><u>2. Bluewater Holding Schiffahrtsgesellschaft mbH &amp; Co. KG</u></b>					
Repayment	-1 063	-1 063	-1 063	-9 313	0
Interest payment	-608	-608	-551	-408	0
<b>Total</b>	<b>-1 671</b>	<b>-1 671</b>	<b>-1 614</b>	<b>-9 721</b>	<b>0</b>

Future debt obligations are expected to be paid from future revenues.

## 9.6 Recent developments and changes

In the period after 31 December 2017 and up to the date of this Prospectus, the following significant changes in the Group's financial condition have occurred:

On 30 January 2018, the Group entered into purchase agreements (memoranda of agreements) for the acquisition of two feeder container vessels with a total purchase price of USD 21.6 million.

On 31 January 2018, the Group entered into a purchase agreement (memoranda of agreements) for the acquisition of a feeder container vessel with a total purchase price of USD 11 million.

On 2 February 2018, the Company completed, through its fully owned subsidiary MPC Container Ships Invest B.V. (the Bond Issuer), a bond tap issue of USD 100 million in the senior secured bond issued on 16 February 2018.

On 7 February 2018, the Group completed the Private Placement of 11,750,000 new Shares with gross proceeds of USD 75 million. The Shares were issued at an Offer Price of NOK 50 per share. Issuance of the shares was completed on 8 December 2017. See Section 15 for more information about the Private Placement.

On 20 February 2018, the Group acquired a fleet of 14 feeder container vessels with a total purchase of USD 139.5 million.

On 9 March 2018, the Group entered into a purchase agreement for the acquisition of a feeder container vessel with a total purchase price of USD 6.6 million.

On 16 March 2018, the Group acquired a fleet of five feeder container vessels with a total purchase of USD 41.9 million.

In total, the Group has entered into agreements to acquire 24 vessels with a total purchase price of USD 230.7 million after 31 December 2017. As of the date of this Prospectus, 20 of these vessels have been taken over and all commitments from the purchase agreements are settled. The remaining four vessels with a total committed purchase price of USD 35.2 million are expected to be taken over by the Group during the second quarter of 2018; see Section 9.4.2 "Future Commitments".

Given the fact that the Company seeks to expand its business activity by acquiring further container ships, various transactions are under negotiation as of the date of this Prospectus.

Except for the above, there have been no significant changes in the Group's financial condition in the period after 31 December 2017 and up to the date of this Prospectus.



## **10. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE**

### **10.1 Introduction**

The General Meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested in the Company's Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer (the "**Managing Director**") is responsible for keeping the Company's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the Managing Director must according to Norwegian law brief the Board of Directors about the Group's activities, financial position and operating results at least once a month.

### **10.2 Board of directors**

#### *10.2.1 Overview*

The Company's Articles of Association provide that the Board of Directors shall consist of between three and seven Board Members.

MPC Capital AG has the right to elect 40% of the members of the board of directors (rounded down). If the aggregate share ownership of MPC Capital AG and affiliates falls below 20% of the total number of shares in the Company, MPC Capital AG shall only have the right to elect one board member. If neither MPC Capital AG nor any MPC Affiliates owns any shares in the Company, MPC Capital AG shall not have the right to elect any board member.

The other members of the Board of Directors shall be elected by the General Meeting.

The names, positions and number of shares and options in the Company of the Board Members as at the date of this Prospectus are set out in the table below.

<b>Name</b>	<b>Position</b>	<b>Served since</b>	<b>Term expires</b>
Ulf Holländer	Chairman	April 2017	January 2020
Dr. Axel Schroeder	Director	May 2017	January 2020
Darren Maupin	Director	May 2017	January 2020
Laura Carballo	Director	January 2018	January 2020
Ellen Hanetho	Director	January 2018	January 2020

Ulf Holländer, Dr. Axel Schroeder and Laura Carballo are not considered to be independent from the Company's major shareholders and the Company's management due to their positions in MPC Capital AG, the MPC Group and STAR Capital Partnership LLP. Ulf Holländer

holds the position as Chief Executive Officer of MPC Capital AG, Dr. Axel Schroeder is Managing Director of MPC Holding and Laura Carballo is associated with STAR Capital Partnership LLP.

Except from the above, the members of the Board of Directors are independent from the Company's major shareholders and management.

Accordingly, as of the date of this Prospectus, the composition of the Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance, dated 30 October 2014 (the Corporate Governance Code), meaning that (i) the majority of the shareholder-elected Board Members are independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder-elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10% of the Shares in the Company), and (iii) no members of the Company's Management serves on the Board of Directors.

The Board of Directors has one sub-committee, the Audit Committee; see Section 10.9.3 "Audit Committee".

The Company's registered office, in Dronning Mauds gate 3, 0250 Oslo, Norway serves as the business address for the Board of Directors and Management in relation to their positions in the Company.

#### *10.2.2 Brief biographies of the Board of Directors*

Set out below are brief biographies of the members of the Board of Directors, including their relevant expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a director is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

##### **Ulf Holländer, Chairman**

Ulf Holländer (born 1958) completed a commerce degree at the University of Hamburg. From 1984 to 1987 he worked as an audit assistant and auditor at Dr. W Schlage & Co Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in Hamburg. Before joining MPC Capital AG, he held various positions at the shipping company Hamburg Süd in Australia and the U.S. from 1987 to 2000. After three years in finance and accounting at headquarters in Hamburg, Ulf Holländer worked as a financial controller at Columbus Overseas Services Pty. Ltd. from 1990 to 1992, and then as a commercial director at Columbus Line USA Inc. from 1992 to 1996. Finally, Ulf Holländer took on the role of head of Hamburg Süd's finance and accounting department from 1997 to 2000. Ulf Holländer has worked for the MPC Capital Group since 2000, firstly as Chief Financial Officer from July 2000 until April 2015, and since then as the Chief Executive Officer of MPC Capital AG.

Current directorships and senior management positions.....	MPC Capital AG (chief executive officer), Metall Chemie Holding GmbH (member of the advisory board), Verwaltungsgesellschaft Oil Rig Plus mbH (managing director), Verwaltung Achte Sachwert Rendite-Fonds Holland GmbH (managing director), Verwaltung Fünfte Sachwert Rendite-Fonds Holland GmbH (managing director), Verwaltung SHV Management Participation GmbH (managing director), MPC Real Estate Holding GmbH (managing director), Verwaltung Asien Opportunity Real Estate Investor GmbH (managing director), Verwaltungsgesellschaft Achte MPC Global Equity mbH (managing director), Verwaltungsgesellschaft Elfte MPC Private Equity mbH (managing director), Verwaltungsgesellschaft Neunte Global Equity mbH (managing director), Verwaltungsgesellschaft Siebte MPC Global Equity mbH (managing director), Beteiligung MPC Global
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Maritime Opportunity GmbH (managing director), MIG Maritime Invest Verwaltungsgesellschaft mbH (managing director), Verwaltung "Rio Montevideo" Schifffahrtsgesellschaft mbH (managing director), Verwaltung Beteiligungsgesellschaft "Rio D-Schiffe" mbH (managing director), Verwaltung Beteiligungs-gesellschaft MS "SANTA -B Schiffe" mbH (managing director), Verwaltung MPC Global Maritime Opportunity Private Placement GmbH (managing director). MPC Achte Vermögens-verwaltungsgesellschaft mbH (managing director), MPC Erste Vermögensverwaltungsgesellschaft mbH.

Previous directorships and senior management positions last five years .....	MPC Venture Invest AG (chairman), MPC Capital AG (chief financial officer), Ferrostaal GmbH (member of the supervisory board), Ferrostaal GmbH (member of the advisory board), MPC Capital Austria AG (chairman).
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### ***Dr. Axel Schroeder, Director***

Dr. Axel Schroeder (born 1965) studied economics and social sciences at the University of Hamburg from 1985 to 1990, before completing a doctorate there in 1993. Dr. Axel Schroeder has been working both in Germany and abroad for the MPC Group, of which the MPC Capital AG is also a part, since as early as 1990. He has been actively involved in shaping the destiny of MPC Capital AG since its inception in 1994. He took on the position of Chief Executive Officer of MPC Capital AG in 1999 and led it to its listing on the stock exchange in 2000. After serving as Chief Executive Officer of MPC Capital AG until 2015, Dr. Axel Schroeder has been appointed as Chairman of the Supervisory Board of MPC Capital AG in April 2015. Since July 2015, he has been focusing in his capacity as managing partner of MPC Münchmeyer Petersen & Co. GmbH on developing the MPC Group. Dr. Axel Schroeder is managing partner of MPC Participia GmbH.

Current directorships and senior management positions.....	MPC Münchmeyer Petersen & Co. GmbH (managing director), MPC Capital AG (chairman of the supervisory board), Ahrenkiel Steamship GmbH & Co. KG (member of the advisory board), Haldor Topsoe AS (member of the advisory board), MPC Investments GmbH (managing director), MPC Participia GmbH (managing director), Quintance GmbH (managing director), SIG Santos Investments Verwaltung GmbH (managing director), Palmaille Immobilienholding GmbH (managing director), Verwaltung CSI Container Ships Investment GmbH (managing director), CCC Industries GmbH (managing director), MPC Marine GmbH (chairman of the advisory board), MPC Münchmeyer Petersen Capital Stiftung (chairman).
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Previous directorships and senior management positions last five years .....	MPC Capital AG (chief executive officer), CSI Beteiligungsgesellschaft mbH (managing director), MPC Capital Austria AG (managing director), Ferrostaal GmbH (member of the advisory board), Ahrenkiel Steamship GmbH & Co. KG (member of the advisory board).
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### ***Darren Maupin, Director***

Darren Maupin (born 1976) earned a BA in Economics & Finance from Boston College and also studied at the London School of Economics and Beijing Language and Culture University. He worked as an Analyst and International Diversified Fund Manager at Fidelity Investments in Boston, London, and Hong Kong from 1998 to 2007. Since 2009 Mr Maupin is the founder and a director of the Pilgrim Global ICAV, its predecessors, and associated value-oriented investment funds. He is also a founder and executive director of Anglo International Shipping Co Ltd, a Dry Bulk shipping company. He has served as a non-executive director of both private and publicly listed companies in a variety of industries.

Current directorships and senior	Pilgrim Global ICAV (director), Pelerin Global Corp (director), Anglo
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management positions..... International Shipping Operations Ltd (director)

Previous directorships and senior management positions last five years ..... n/a

### ***Laura Carballo, Director***

Laura Carballo (born 1976) holds a B.S. in Economics from Duke University and an MBA from INSEAD. Laura worked at Merrill Lynch from 1998 to 2000 before joining Compass Partners International, a European private equity fund manager. In April 2004, Laura Carballo joined STAR Capital Partners Limited, a European Private Equity fund manager, and the predecessor of the STAR Capital Partnership LLP. At STAR Capital Partnership LLP she has been involved in various investments across a range of sectors including transportation, healthcare and cable TV. Laura is currently a Partner and Head of Portfolio Management at STAR Capital Partnership LLP.

Current directorships and senior management positions..... STAR Mayan Limited (director).

Previous directorships and senior management positions last five years ..... CARE Europe 2 S.a.r.l (director), Eversholt Investment Group (Luxembourg) S.a.r.l (director), Pepcom GmbH (director).

### ***Ellen Hanetho, Director***

Ellen Hanetho (born 1964) is the CEO of Frigaard Invest AS, an Oslo based investment company within Frigaardgruppen. Prior to her current position, Ellen was an investment manager and later a partner in Credo Partners AS from 2003 to 2012, and she was an analyst and later a senior associate in the Investment Banking division of Goldman Sachs International Ltd from 1997 to 2002. Ellen holds an MBA from Solvay Business School and a BSBA in Business and Administration from Boston University. She currently serves on the board of directors of NextGenTel Holding ASA, Kongsberg Automotive ASA and Fearnley Securities AS.

Current directorships and senior management positions..... Frigaard Invest AS (chief executive officer), NextGenTel Holding ASA (director), Fearnley Securities AS (director) and Kongsberg Automotive ASA (director).

Previous directorships and senior management positions last five years ..... Credo Kapital AS (Managing Partner), Agasti Holding ASA (director), Crudecorp ASA (director), ScanArc ASA(director).

### ***10.2.3 Shares held by the Board of Directors***

None of the Board of Directors holds any shares or warrants in the Company as of the date of this Prospectus<sup>6</sup>.

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<sup>6</sup> Non-controlling, beneficial economic interests are held in entities that own shares and warrants in the Company.

## 10.3 Management

### 10.3.1 Overview

The Company's executive management team consists of the Managing Director, Mr. Constantin Baack. Constantin Baack has been the Company's Managing Director since April 2017.

MPC Capital AG, and its subsidiaries, have entered into a service agreement with the Company in order to perform parts of the operational business of the Company, in particular with respect to administrative management tasks; for instance, financial reporting and corporate accounting.

### 10.3.2 Brief biography of the Managing Director

Set out below is a brief biography of the Managing Director, including relevant management expertise and experience and an indication of any significant principal activities performed by him outside the Company and names of companies and partnerships of which a member of the management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

#### **Constantin Baack, Managing Director**

Constantin Baack (born 1979) studied business administration at the University of Hamburg and the University of Sydney and received a Graduate Diploma and a Master of Science in international business from the University of Sydney. Prior to joining the MPC Group he worked for the shipping company Hamburg Süd in Sydney and the auditing company Ernst & Young in Hamburg and Shanghai. Constantin Baack joined the MPC Group in April 2008 and since then held various managerial positions in Germany and abroad, including managing director of Ahrenkiel Steamship and Head of Shipping of the MPC Group. He was appointed as the Chief Financial Officer of MPC Capital AG in April 2015.

Current directorships and senior management positions.....	MPC Capital AG (chief financial officer), Njord Handy AS (director), Verwaltung Bluewater Investments GmbH (managing director), MPC Maritime Holding GmbH (managing director), 2. Bluewater Holding Verwaltung GmbH (managing director), MPC CCEF Participation GmbH (managing director), Verwaltung MPC Capital Beteiligungs-gesellschaft mbH (managing director), Palmaille Ship Invest GmbH (managing director), Stiftung Maritime Forschung (advisory board).
Previous directorships and senior management positions last five years .....	Verwaltung MPC Shipping Beteiligungsgesellschaft mbH (managing director), Verwaltung Ahrenkiel Steamship GmbH (managing director), Sao Paulo Project Holding Verwaltungs GmbH (managing director), MT Rio Durango Cooperatief U.A. (managing director), MPC Global Maritime Opportunities S.A. SICAF (director), Verwaltung Trevamare Fleet 2 GmbH (managing director), Verwaltung Trevamare Fleet 1 Holding GmbH (managing director), Verwaltung Ahrenkiel Steamship Asset Holding GmbH (managing director), Verwaltung MT AS Danubia GmbH (managing director), Verwaltung Trevamare Fleet 2 Borrower GmbH (managing director), Ahrenkiel Verwaltungs- und Beteiligungs GmbH (managing director), Trevamare Management Holding GmbH (managing director), Verwaltung Trevamare Fleet 3 Borrower GmbH (managing director), Verwaltung Trevamare Fleet 3 Holding GmbH (managing director), Treva Asset Holding Verwaltungsgesellschaft mbH (managing director), Rio Teslin OpCo Verwaltungs GmbH (managing director).

### 10.3.3 Shares held by the members of the management

The Managing Director holds no shares, options or warrants in the Company.

## 10.4 Service contracts to the Board of Directors and the members of the executive management

The Company and its subsidiaries have not entered into any service contracts with members of the Management or the Board of Directors of the Company.

## 10.5 Remuneration and benefits

### 10.5.1 Remuneration of the Board of Directors

The total amount of remuneration paid to the board members since incorporation of the Company until the date of this Prospectus is NOK 500,000. The table below sets out the remuneration paid to the Board Members:

Name	Position	Director's fee	Other remuneration	Total remuneration
Ulf Holländer	Chairman	NOK 100,000	-	NOK 100,000
Dr Axel Schroeder	Director	NOK 100,000	-	NOK 100,000
Robert Knapp <sup>7</sup>	Director	NOK 100,000	-	NOK 100,000
Darren Maupin	Director	NOK 100,000	-	NOK 100,000
Dr Ottmar Gast <sup>8</sup>	Director	NOK 100,000	-	NOK 100,000
Laura Carballo <sup>9</sup>	Director	-	-	-
Ellen Hanetho <sup>10</sup>	Director	-	-	-

### 10.5.2 Remuneration of the Management

The CEO has not received remuneration since incorporation of the Company until the date of this Prospectus. As of 31 December 2017, the CEO was entitled to a compensation of NOK 500,000 from the Company.

## 10.6 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its Directors or to any member of the executive management team of the Group.

## 10.7 Employees

### 10.7.1 Overview

As of the date of this Prospectus, four persons are direct employees in the Group which perform day-to-day financial and asset management tasks. The Company will employ additional qualified personnel in due course.

### 10.7.2 Arrangements for involving the employees in the capital of the Company

The Company has not initiated any share-based or option-based incentive programs for its employees.

<sup>7</sup> Resigned as member of the Board of Directors at the extraordinary general meeting on 16 January 2018.

<sup>8</sup> Resigned as member of the Board of Directors at the extraordinary general meeting on 16 January 2018.

<sup>9</sup> Elected at the extraordinary general meeting on 16 January 2018.

<sup>10</sup> Elected at the extraordinary general meeting on 16 January 2018.

## **10.8 Pension and retirement benefits**

As of the date of this Prospectus, the Company has two full-time Norwegian employees who have mandatory pension scheme.

No members of the Company's Board of Directors or Management are provided with any benefits upon termination of service.

## **10.9 Board committees**

### *10.9.1 Nomination committee*

The Company has not established a nomination committee.

### *10.9.2 Remuneration committee*

The Company has established a remuneration committee consisting of Ulf Holländer (chairman), Darren Maupin and Paul Gough.

### *10.9.3 Audit committee*

The Board of Directors has established an audit committee composed of three Board Members. The current members of the audit committee are Ulf Holländer (chairman), Laura Carballo and Ellen Hanetho.

The primary purposes of the audit committee is to act as a preparatory and advisory committee for the Board of Directors in questions concerning accounting, audit and finance. In particular, the audit committee shall:

- Monitor, amongst others, the financial reporting and risk management process, and the statutory audit of the annual and consolidated accounts,
- Monitor and review the independent auditor's qualifications and independence and the Company's internal accounting function; and
- Monitor the Group's compliance with applicable legal and regulatory requirements, and the Group's compliance with its governance policies.

The audit committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

## **10.10 Conflicts of interest**

MPC Capital AG, and its subsidiaries, will continue to conduct business in the merchant shipping industry, including the container shipping segment. The Company holds a right of first refusal on all transactions in the Company's target container shipping segment presented by MPC Capital AG and its subsidiaries. The Company's Chairman of the Board of Directors and the Managing Director continue to be employed by MPC Capital AG. Dr. Axel Schroeder is Chairman of the Supervisory Board of MPC Capital AG.

See Section 11 "Related Party Transactions" for a description of service arrangements with close associates.

Other than as described above, there are no potential conflicts of interest between any duties to the Company of the members of the Board or the Company's Management, and their private interests or other duties.

There are, at the date of this Prospectus, no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons.

### **10.11 Convictions for fraudulent offences, bankruptcy**

None of the members of the Board of Directors or the Management have during the last five years preceding the date of this Prospectus:

- experienced any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company or partner of a limited partnership.

### **10.12 Corporate governance**

The Company has, with effect from the Listing, adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 30 October 2014, save for the following deviations:

- The Company has not appointed a nomination committee; see Section 10.9.1 "Nomination Committee". This represents a deviation from section 4 of the Corporate Governance Code. The Board of Directors aims to ensure that the interests of the shareholder base are taken into account regarding the composition of the Board of Directors.
- MPC Capital AG has the right to elect 40% of the members of the Board of Directors (rounded down). If the aggregate share ownership of MPC Capital AG and affiliates falls below 20% of the total number of shares in the Company, MPC Capital AG shall only have the right to elect one board member. If neither MPC Capital AG nor any MPC Affiliates owns any shares in the Company, MPC Capital AG shall not have the right to elect any board member. The reason for this deviation from the Code is that MPC Capital AG is both the founder of the Company and responsible for important management functions, and it has been considered important to ensure that MPC Capital AG has a presence on the Board of Directors.
- The Board of Directors might not make arrangements for an independent chairperson for General Meetings as the Company believes that the Chairman of the Board of Directors can act independently and in the interests of shareholders.
- The Board of Directors may not deem it appropriate for all board members and the auditor to participate on all General Meetings.

The Company will on an annual basis provide statements on its compliance with the Corporate Governance Code.



## **11. RELATED PARTY TRANSACTIONS**

### **11.1 Introduction**

Below is a summary of the Group's related party transactions for the periods covered by the historical financial information and up to the date of this Prospectus. For further information on related party transactions of the Group, please refer to note 19 of the Audited Financial Statements, attached as Appendix B in this Prospectus.

All related party transactions have been concluded as a part of the Group's ordinary course of business and at arm's length.

### **11.2 Service agreements**

To provide the Group with access to important and required knowledge and resources, the Group has entered into agreements with the following related parties: MPC Capital AG, MPC Maritime Investments GmbH, Ahrenkiel Steamship and Contchart regarding, respectively, administrative services, technical ship management services, and commercial ship management services. MPC Capital AG and its subsidiaries are regarded as related parties in view of the affiliation to Directors and Management of the Company.

#### *11.2.1 Administrative and corporate management*

The Company has entered into a service agreement with MPC Capital AG and Maritime Investments GmbH in order to perform parts of the administrative tasks of the Company, in particular with respect to corporate management (e.g. financial reporting, legal) and asset management (e.g. asset sourcing, investment process).

The fee is subject to an annual evaluation and the agreement can be terminated by both parties with six months' notice. See Section 6.5.3 "Corporate and administrative management" for further information about the fees and the service agreement in general.

#### *11.2.2 Technical sub-management agreements with Ahrenkiel Steamship*

The Company is responsible for the technical management (including crew management) of the vessels owned by the Group. In order to utilize the capacity and competence of specialized ship managers, performance of technical and nautical services is subcontracted to Ahrenkiel Steamship, a subsidiary of MPC Capital AG, and other third party ship managers on arm's length terms.

The Company and 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG have entered into technical ship management and crewing sub-agreements for 54 vessels with Ahrenkiel Steamship who has the right to subcontract services to other ship managers; see Section 6.5 "Operations of the Group". The technical managers are remunerated based on a fixed fee per year, ranging between USD 130,000 p.a. and USD 150,000 p.a. See Section 6.5.1 "Technical ship management" for further information about the remuneration for the technical managers and the management agreements in general.

The technical ship management agreements contain provisions customary for such agreements.

The Company has entered into a framework agreement in order to define the terms and conditions for all agreements with respect to the sub-contracting of ship management services with Ahrenkiel Steamship, a subsidiary of MPC Capital AG.

### *11.2.3 Commercial management agreements with Contchart*

All vessel owning subsidiaries of the Company have entered into commercial management agreements with Contchart, a subsidiary of MPC Capital AG.

The commercial ship management agreements contain provisions customary for such agreements. See Section 6.5.2 "Commercial ship management" for further information about the remuneration for the technical managers and the management agreements in general.

The Company has entered into a framework agreement in order to set the terms and conditions for all agreements with respect to commercial ship management with Contchart.

### *11.2.4 Overview of related party service transactions*

The following table outlines the value of service agreements between the Group and related parties for the period from incorporation to 31 December 2017.

<i>in USD thousands</i>	<b>Period from incorporation to 31 December 2017</b>
MPC Capital AG	33
MPC Maritime Investments GmbH	67
Ahrenkiel Steamship	836
Contchart	261

## **11.3 Vessel acquisitions**

### *11.3.1 Acquisition of AS LAETITIA*

The Company entered into an agreement dated 16 May 2017 to acquire the partnership interest in the vessel-owning entity of the vessel AS LAETITIA from a subsidiary of MPC Capital AG. In order to secure the acquisition of the vessel AS LAETITIA prior to the initial capital raising the Company, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Capital AG, acquired and warehoused the vessel and transferred the ship-owning entity to the Group at cost. The purchase price of AS LAETITIA was USD 4.8 million.

### *11.3.2 Acquisition of AS LAGUNA*

The Company entered into an agreement dated 16 May 2017 to acquire the partnership interest in the vessel-owning entity of AS LAGUNA from a subsidiary of MPC Capital AG. In order to secure the acquisition of AS LAGUNA prior to the initial capital raising of the Company, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Capital AG, acquired and warehoused the vessel and transferred the ship-owning entity to the Group at cost. The purchase price of AS LAGUNA was USD 4.8 million.

### *11.3.3 Acquisition of AS PAULINA*

In order to secure the acquisition of AS PAULINA prior to the initial capital raising of the Company, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Capital AG, acquired and warehoused the vessel. The vessel was transferred to a subsidiary of the Company at cost. The purchase price of AS PAULINA was USD 9.5 million.

### *11.3.4 Establishment of 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG*

In order to secure the establishment of the joint venture project company 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG prior to the initial capital raising of the Company, MPC Capital AG, via a subsidiary, entered into the joint venture.

The Company entered into an agreement dated 16 May 2017 to acquire the partnership interests in 2. Bluewater Holding Schifffahrtsgesellschaft mbH & Co. KG from MPC Capital AG, via a subsidiary, in order to accede to the joint venture. Given that MPC Capital AG, via a subsidiary, made a capital contribution to 2. Bluewater Holding Schifffahrtsgesellschaft mbH & Co. KG in the amount of USD 7.0 million, the partnership interests in 2. Bluewater Holding Schifffahrtsgesellschaft mbH & Co. KG were transferred to the Company at a price of USD 7.0 million in cash. The partnership interests in 2. Bluewater Holding Schifffahrtsgesellschaft mbH & Co. KG were transferred to the Company immediately upon signing, with economic effect as of 11 April 2017.

## **12. CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL**

*The following is a summary of material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.*

### **12.1 General corporate information**

The legal and commercial name of the Company is MPC Container Ships ASA. The Company was founded on 9 January 2017 and converted to a public limited liability company on 16 January 2018. The Company is a Norwegian public limited liability company incorporated under the laws of Norway and is governed by the Norwegian Public Limited Liability Companies Act. The Company is registered with the Norwegian Register of Business Enterprises under the organisation number 918 494 316.

The Company's registered office is at Dronning Mauds gate 3, 0250 Oslo, Norway. The Company's main telephone number is +47 477 95 246. The Company's website can be found at [www.mpc-container.com](http://www.mpc-container.com). The content of [www.mpc-container.com](http://www.mpc-container.com) is not incorporated by reference into or otherwise forms part of this Prospectus.

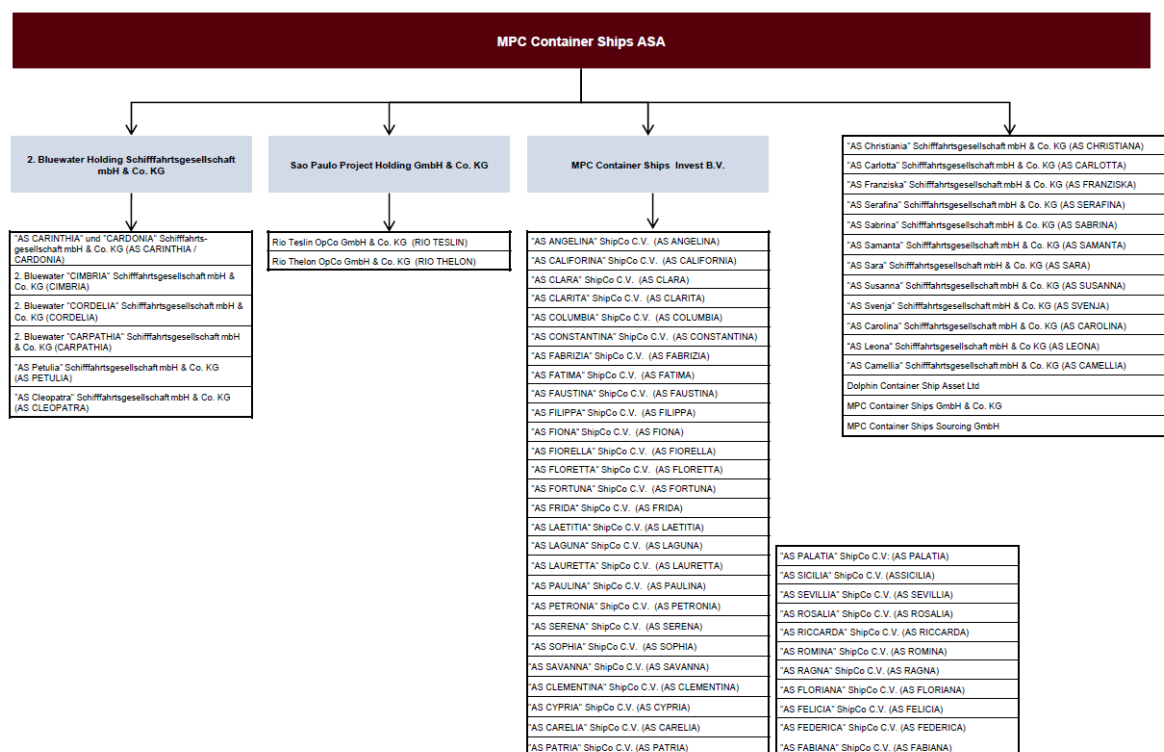
### **12.2 Legal structure**

The Group is organised with MPC Container Ships ASA as the parent company. As of the date of this Prospectus, the Company holds ownership interest in a fleet of 65 container vessels, in particular via the following intermediate holding companies:

- *Bond Issuer Group:* The Company holds a 100% interest in MPC Container Ships Invest B.V., which holds 99.9% of the shares/partnership interests in the relevant vessel-owning subsidiaries. MPC Container Ships Invest B.V. and its subsidiaries are incorporated and registered in the Netherlands. As of the date of this Prospectus, 22 container vessels have been acquired in this part of the Group. MPC Container Ships Invest B.V., together with its subsidiaries, is referred to as the Bond Issuer Group; see Section 9.5 "Borrowings". In the process of structuring the senior secured bond issued by the Bond Issuer, the vessels now owned by the Bond Issuer Group were transferred from German limited partnerships to Dutch limited partnerships by virtue of cross-border absorptions of the German ship-owning SPVs by the Dutch SPVs.
- *Sao Paulo Vessels:* The Company has acceded to and assumed an 80% limited partnership interest in the holding company under the name Sao Paulo Project Holding GmbH & Co. KG is incorporated in Germany and has its registered seat in Hamburg, Germany. As of the date of this Prospectus, two container vessels belong to this part of the Group.
- *Bluewater Joint Venture:* The Company further holds a 50% limited partnership interest in the joint venture holding company under the name 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG is incorporated in Germany and has its registered seat in Hamburg, Germany. The remaining shares in Bluewater Holding Schiffahrtsgesellschaft mbH & Co are held by WLR/TRF Shipping S.a.r.l. As of the date of this Prospectus, seven container vessels have been acquired in this part of this joint venture. 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG and its subsidiaries are accounted for as a joint venture and are not subsidiaries to the Company.

The following chart shows the corporate structure of the Group as of the date of this Prospectus:

## Group structure



Note: General partner companies and non-operating companies (e.g. shelf companies for future vessel acquisitions) have been omitted from this illustration.

Below is a description of the companies in which the Company has a direct or indirect ownership interest in as of the date of this Prospectus.

Subsidiaries	Domicile	Function <sup>1)</sup>	Interest held
MPC Container Ships Invest B.V.	Netherlands	Holding entity	100.0%
MPC Container Ships GmbH & Co. KG	Germany	Holding entity	100.0%
MPC Container Ships Sourcing GmbH	Germany	Asset acquisition entity	100.0%
Sao Paulo Project Holding GmbH & Co. KG	Germany	Holding entity	80.0%
Rio Teslin OpCo GmbH & Co. KG	Germany	Ship-owning entity	80.0%
Rio Thelon OpCo GmbH & Co. KG	Germany	Ship-owning entity	80.0%
"AS LAETITIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS LAGUNA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS LAURETTA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FIONA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FRIDA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FABRIZIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FAUSTINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FIORELLA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FLORETTA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FATIMA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FILIPPA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FORTUNA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS SOPHIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS SERENA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS SAVANNA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS ANGELINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS PAULINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS PETRONIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CONSTANTINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CLARA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS COLUMBIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CLARITA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CALIFORNIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CLEMENTINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
AS LEONA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SERAFINA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SAMANTA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SVENJA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SARA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SABRINA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS SUSANNA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS CHRISTIANA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS CARLOTTA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS CAROLINA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
AS CAMELLIA Schifffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
"AS SICILIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS SEVILLIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS PATRIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS PALATIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%

"AS CYPRIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS CARELIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FABIANA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FEDERICA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FLORIANA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS RICCARDA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS RICCARDA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS RAGNA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS ROMINA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS ROSALIA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS FRANZISKA" ShipCo C.V.	Netherlands	Ship-owning entity	100.0%
"AS ROBERTA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.0%
"AS FLORA" ShipCo C.V.	Germany	Ship-owning entity	100.0%
Dolphin Container Asset Ltd.	Liberia	Ship-owning entity	100.0%

<sup>1)</sup> The Dutch limited partnerships are represented by their respective general partner entities.

Note: General partner companies and non-operating companies (shelf companies for future vessel acquisitions) have been omitted from this table. 2. Bluewater Holding Schiffahrtsgesellschaft mbH & Co. KG and its subsidiaries are accounted for as a joint venture and are not subsidiaries to the Company.

### 12.3 Share capital and share capital history

At the date of this Prospectus, the Company's share capital is NOK 770,030,000 represented by 77,003,000 Shares each with a par value of NOK 10.00. All issued Shares have been fully paid and issued.

All Shares have been created under the Norwegian Public Limited Liability Companies Act, and are validly issued and fully paid.

The Shares are registered in book-entry form in the Norwegian Central Securities Depository (VPS). The Company's registrar is DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway. The Shares are registered under ISIN number NO 001 0791353.

The Shares issued in the Private Placement are temporary registered in VPS with ISIN NO0010816002 and temporary traded on Merkur Market. Upon approval of the Prospectus, these Shares will be registered under the Company's ordinary ISIN number NO 001 0791353 and listed on Oslo Børs in connection with the Listing. See Section 15.4 for more information about the Private Placement Shares.

The table below shows the development in the Company's share capital from the date of incorporation to the date of this Prospectus:

Date	Type of change	Change in issued share capital (NOK)	New share capital (NOK)	New number of Shares	Nominal value per share (NOK)	Issue price (NOK)
9 January 2017	Incorporation	30,000	30,000	300	100	-
20 April 2017	Share split	-	-	3,000	10	-
20 April 2017 <sup>1)</sup>	Issuance	200,000,000	200,030,000	20,003,000	10	42.63
19 June 2017 <sup>2)</sup>	Issuance	150,000,000	350,030,000	35,030,000	10	43
11 December 2017 <sup>2)</sup>	Issuance	302,500,000	652,530,000	65,253,000	10	47.50
16 February 2018	Issuance	117,500,000	770,030,000	77,003,000	10	50

<sup>1)</sup> USD-denominated share capital increase against consideration in cash.

<sup>2)</sup> NOK-denominated share capital increase against consideration in cash.

Other than the above-mentioned share capital increases, no other changes in the Company's share capital have occurred as of the date of this Prospectus.

#### **12.4 Shareholder rights**

The Company has one class of shares. All the Shares rank in parity with one another. In accordance with the Norwegian Public Limited Liability Companies Act, all Shares carry one vote and are otherwise equal in all respects, including the right to any dividends.

The Company's shareholders do not have any redemption or conversion rights. Shareholders of a Norwegian public limited liability company, have pre-emptive rights to new Shares, which can be waived with 2/3 majority of the votes cast at a shareholders' meeting.

There are no limits restricting foreign ownership of the Shares. There are no special voting arrangements in place for the major shareholders, apart from the right of MPC Capital AG and affiliates to members of the board (see Section 10.2 "Board of Directors") and the shareholder agreements mentioned in Section 12.11 "Shareholder agreements".

As described in Section 10.12 "Corporate governance", the Company applies with the Corporate Governance Code which entails, inter alia, equal treatment of shareholders. Apart from the aforesaid, there are no specific measures in place regulating the exercise of the influence which follows from holding the Shares in the Company.

#### **12.5 Listing on Oslo Børs**

The Company applied for admission to trading of its Shares on Oslo Børs on 21 February 2018 and board of directors of Oslo Børs approved the listing application on 21 March 2018 subject to the Company having in excess of 500 shareholders, each holding Shares with a value of more than NOK 10,000. The Company expects to satisfy this condition in connection with the Offering.

The Company expects commencement of trading in the Shares on Oslo Børs on or around 3 May 2018 under the ticker symbol "MPCC".

Prior to the Listing, the Shares of the Company have been trading on Oslo Axess. The Company's Shares are not listed on another stock exchange or regulated market, and no application has been made for listing, on any stock exchange or regulated market other than Oslo Børs.

#### **12.6 Shareholders**

As of the date of this Prospectus, and to the best of the Company's knowledge, the Company has approximately 387 shareholders, of which approximately 300 hold shares worth more than NOK 10,000.

Shareholders with ownership exceeding 5% must comply with disclosure obligations according to the Norwegian Securities Trading Act section 4-3. As of the date of this Prospectus, and to the best of the Company's knowledge, the following shareholders have holdings in excess of the statutory thresholds for disclosure requirements of 5%:

- A total of 14,670,500 Shares, equal to 19.05% of the Shares, are held by Spike Star Limited and managed by Star Capital Partnership LLP (in its capacity as an investment manager).
- A total of 10,343,000 Shares, equal to 13.43% of the Shares, are held by CSI Beteiligungsgesellschaft mbH, representing the founding shareholders (MPC Group).



- A total of 5,257,000 Shares, equal to 6.83% of the Shares, are managed by State Street Bank and Trust Company (in its capacity as an investment manager for shareholders).
- A total of 4,633,662 Shares, equal to 6.01% of the Shares, are managed by J.P. Morgan Securities LLC (in its capacity of investment manager for shareholders).

The Company is not aware of any persons or entities that, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. As of the date of this Prospectus, to the best knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change of control in the Company.

## **12.7 Holdings in the Company's own shares**

Neither the Company nor any of its subsidiaries directly or indirectly owns treasury shares in the Company. As of the date of this Prospectus, the Board of Directors does not have any authority to cause the Company to acquire its own shares.

## **12.8 Outstanding authorisations**

On 16 January 2018, an extraordinary General Meeting of the Company passed a resolution to confer authority to the Board of Directors to allot ordinary shares in the Company up to an aggregate nominal amount of NOK 163,132,500. The authority may only be used to issue shares as consideration in connection with vessel acquisitions, to issue shares in connection with the exercise of options to subscribe for shares in the Company and to raise new equity in order to finance vessel acquisitions or to strengthen the Company's capital. The authority is valid until the Company's annual General Meeting in 2019, but not later than 30 June 2019. The pre-emptive rights of the shareholders may be set aside in such increase of the Company's share capital. On 9 February 2018, the Company's Board of Directors resolved to approve the issuance of shares in the Private Placement completed on 7 February 2018 by increasing the Company's share capital by NOK 117,500,000. As of the date of this Prospectus, the authority to the Board of Directors to allot ordinary shares in the Company is consequently up to an aggregate nominal amount of NOK 45,632,500.

On 16 January 2018, an extraordinary General Meeting of the Company passed a resolution to confer authority to the Board of Directors to take up convertible loans with an aggregate principal amount of up to NOK 1,000,000,000. Upon conversion of loans taken up pursuant to this authorization, the Company's share capital may be increased by up to NOK 163,132,500. The authority is valid until the Company's annual General Meeting in 2019, but not later than 30 June 2019. The pre-emptive rights of the shareholders may be set aside in such increase of the Company's share capital. On 9 February 2018, the Company's Board of Directors resolved to approve the bond tap issue in the amount of USD 100,000,000 of the bond facility issued on 22 September 2017. As of the date of this Prospectus, the authority to the Board of Directors to take up convertible loans in the Company is consequently up to an aggregate principal amount of up to approximately NOK 216,000,000.

## **12.9 Warrants**

MPC Capital AG, through its subsidiary MPC Capital Beteiligungsgesellschaft mbH & Co. KG has been granted warrants (*Norwegian*: frittstående tegningsretter) to subscribe for additional Shares in the Company. The total number of independent subscription rights granted as of the date of this Prospectus is 2,121,046. Each of such warrants give the holders the right, but no obligation, to subscribe for one share in the Company at the exercise price of the NOK-equivalent of USD 5.00 per share ("**Exercise Price**"), given that the below vesting conditions are met.

Conditions for exercise of the warrants are structured in three tranches (each an "**Exercise Level**"): 1/3 of the warrants may be exercised at any time after the Company's share price has exceed the NOK equivalent of USD 6.25, the next 1/3 of the warrants may be exercised at any time after the share price has exceed the NOK equivalent of USD 7.25 and the last 1/3 of the warrants may be exercised at any time after the share price has exceeded the NOK equivalent of USD 8.25. The first Exercise Level has been met. The Exercise Level is only tested if the cumulative trading volume is above the NOK equivalent of USD 1 million for 10 consecutive trading days, whereas trading days without trading are not taken into account.

The Exercise Price and Exercise Level are subject to customary adjustments in case of split, reverse splits, merger or similar. The warrants held by MPC Capital Beteiligungsgesellschaft mbH & Co. KG are subject to similar transfer restrictions as the lock-up of the founder's shares; see Section 12.14 "Free transferability of shares".

The warrants are registered in the VPS and are valid for a period of 5 years from 20 April 2017.

### **12.10 Rights to subscribe or acquire shares**

Other than as described in Section 12.9 "Warrants", neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or the subsidiaries.

### **12.11 Shareholder agreements**

The Company is aware of the following shareholders' agreement in relation to the Shares:

On 4 December 2017, CSI Beteiligungsgesellschaft mbH, MPC Capital AG and Star Capital Partnership LLP entered into a shareholders' agreement, which includes all Shares in the Company held by these parties and their affiliates. Each of the parties to this agreement undertakes to use their best efforts to ensure that one member nominated by each of the parties is appointed to the Board of Directors of the Company. In particular, the parties agreed to vote in their capacity as shareholders in the Company in favour of the member of the Board of Directors nominated by the other party in the Company's General Meeting. Subject to any applicable requirements under Norwegian company law, the parties also agreed to use their best efforts to ensure that one observer nominated by Star Capital Partnership LLP may attend the meetings of the Board of Directors. The shareholder's agreement has an indefinite term and either party can terminate the agreement with at least six months' notice; however, not prior to 31 December 2020.

### **12.12 Public takeover bids**

The Shares have not been subject to any public takeover bids.

### **12.13 Mandatory takeover bids, squeeze-out and sell-out rules**

The Shares have not been subject to any mandatory takeover bids, squeeze-out or similar.

### **12.14 Free transferability of shares**

The Shares controlled by the founding shareholders amounting to 13.43% of the Company's Shares are subject to a lock-up. The lock-up agreement is governed by Norwegian law on terms customary for such agreements. The lock-up period is until 29 July 2018, which is six months after admission to trading on Oslo Axess on 29 January 2018. The Shares subject to lock-up may not be sold without the consent of the Managers.

The Managers have given their consent to the Selling Shareholder that the Offer Shares may be sold in the Offering, please see Section 16.15.

To the Company's knowledge, there are no other lock-up agreements relating to the admission to listing on Oslo Børs nor provisions in the Articles of Association, or resolutions passed by the General Meeting, that may restrict free trading in the shares.

## **12.15 The Articles of Association**

The Company's Articles of Association are attached as Appendix A to this Prospectus. Below is a summary of the provisions in the Articles of Association.

### *12.15.1 Objective of the Company*

Pursuant to § 3 of the Company's Articles of Association, the company's business activity is to (i) invest in maritime assets (vessels, shares in ship-owning companies, loans secured by vessels and/or shares in ship-owning companies) with a main focus on small-size container ships between 1,000 and 4,500 TEU, (ii) chartering-out the vessel per time-charter agreements, operate and sell them as well as (iii) working-out the acquired maritime loans in order to take over the securing assets.

### *12.15.2 Registered office*

The Company's registered office is in the municipality of Oslo, Norway.

### *12.15.3 Share capital and par value*

The Company's share capital is NOK 770,030,000 divided into 77,003,000 shares, each of a nominal value of NOK 10.00.

The Company's Shares shall be registered in the Norwegian Central Securities Depository (VPS).

### *12.15.4 Board of directors*

The Company's Board of Directors shall consist of a minimum of three and a maximum of seven Board Members.

MPC Capital AG shall have the right to elect 40% of the members of the board of directors (rounded down). If the aggregate share ownership of MPC Capital AG and affiliates falls below 20% of the total number of shares in the Company, MPC Capital AG shall only have the right to elect one board member. If neither MPC Capital AG nor any its affiliates own any shares in the Company, MPC Capital AG shall not have the right to elect any board member.

The other members of the Board of Directors shall be elected by the General Meeting. The term of office may not exceed four years.

### *12.15.5 Restrictions on transfer of Shares*

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors. Thus, the applicable provisions in the Public Limited Liability Companies Act apply to any transfer of the Shares.

### *12.15.6 General Meetings*

Documents relating to matters to be dealt with by the Company's General Meeting, including documents which by law shall be included in or attached to the notice of the

General Meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the General Meeting are sent to him/her.

## **12.16 Dividend policy**

The Company has not distributed any dividends since its incorporation.

The Company's intention is to pay regular dividends in support of its objective of maximising returns to shareholders. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, capital requirement, distribution and other legal restrictions, investment opportunities, and other factors. Dividends will be proposed by the Board of Directors for approval by the General Meeting. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Liability Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

There are no current estimates regarding the potential future dividend level or timing of dividend payments and there can be no certainty that dividends will be proposed or declared in any given period.

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by cheque in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB Bank ASA, being the Company's VPS registrar, to issue a cheque in a local currency, a cheque will be issued in USD. The issuing and mailing of cheques will be executed in accordance with the standard procedures of DNB Bank ASA. The exchange rate(s) that is applied will be DNB Bank ASA's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by cheque, without the need for shareholders to present documentation proving their ownership of the Shares.

## **12.17 Certain aspects of Norwegian corporate law**

### *12.17.1 The General Meeting of the shareholders*

Under Norwegian law, a company's shareholders exercise supreme authority in the Company through the General Meeting.

In accordance with Norwegian law, the annual General Meeting of the Company's shareholders is required to be held each year on or prior to 30 June. The following business must be transacted and decided at the annual General Meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend;
- the Board of Directors' declaration concerning the determination of salaries and other remuneration to senior executive officers;
- any other business to be transacted at the General Meeting by law or in accordance with the Company's Articles of Association.

In addition to the annual General Meeting, extraordinary General Meetings of shareholders may be held if deemed necessary by the Board of Directors. An extraordinary General Meeting must also be convened for the consideration of specific matters at the written request of the Company's auditors or shareholders representing a total of at least 5% of

the share capital.

Norwegian law requires that written notice of General Meetings needs be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting. The notice shall set forth the time and date of the meeting and specify the agenda of the meeting. It shall also name the person appointed by the board of directors to open the meeting. A shareholder may attend General Meetings either in person or by proxy. The Company will include a proxy form with its notices of General Meetings.

A shareholder is entitled to have an issue discussed at a General Meeting if such shareholder provides the Board of Directors with notice of the issue within seven days before the mandatory notice period, together with a proposal to a draft resolution or a basis for putting the matter on the agenda.

The shareholders of the Company as of the date of the General Meeting are entitled to attend the General Meeting.

#### *12.17.2 Voting rights*

Under Norwegian law and the Articles of Association, each Share carries one vote at General Meetings of the Company. No voting rights can be exercised with respect to any treasury Shares held by the Company.

In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes are elected. However, as required under Norwegian law, certain decisions, including resolutions to set aside preferential rights to subscribe in connection with any share issue, to approve a merger or demerger, to amend the Company's Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants or to authorise the board of directors to purchase shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a General Meeting.

Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any Shares or class of Shares, receive the approval by the holders of such Shares or class of Shares as well as the majority required for amending the Articles of Association. Decisions that (i) would reduce the rights of some or all shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of shares, require that at least 90% of the share capital represented at the general meeting of shareholders in question vote in favour of the resolution, as well as the majority required for amending the articles of association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the articles of association. There are no quorum requirements for general meetings.

In general, in order to be entitled to vote at a General Meeting, a shareholder must be registered as the owner of Shares in the Company's share register kept by the VPS.

Under Norwegian law, a beneficial owner of Shares registered through a VPS registered nominee may not be able to vote the beneficial owner's Shares unless ownership is re-registered in the name of the beneficial owner prior to the relevant general meeting. Investors should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account. A shareholder must, in order to be eligible to register, meet and vote for such Shares at the General Meeting, transfer the Shares from the nominee account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the

date of the General Meeting.

### *12.17.3 Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus shares (i.e. new Shares issued by a transfer from funds that the Company is allowed to use to distribute dividend), the Company's Articles of Association must be amended, which requires the support of at least (i) two thirds of the votes cast and (ii) two thirds of the share capital represented at the relevant General Meeting.

In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company. Preferential rights may be set aside by resolution in a General Meeting of shareholders passed by the same vote required to approve amendments of the Articles of Association. Setting aside the shareholders' preferential rights in respect of bonus issues requires the approval of the holders of all outstanding Shares.

The General Meeting of the Company may, in a resolution supported by at least (i) two thirds of the votes cast and (ii) two thirds of the share capital represented at the relevant General Meeting, authorise the Board to issue new Shares. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the nominal share capital as at the time the authorisation is registered with the Norwegian Register of Business Enterprises. The shareholders' preferential right to subscribe for Shares issued against consideration in cash may be set aside by the Board only if the authorisation includes the power for the Board to do so.

Any issue of Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under U.S. securities law. If the Company decides not to file a registration statement, these shareholders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided, amongst other requirements, that the transfer is made from funds that the Company is allowed to use to distribute dividend. Any bonus issues may be effectuated either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new Shares being issued, these new Shares must be allocated to the shareholders of the Company in proportion to their current shareholdings in the Company.

### *12.17.4 Minority rights*

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding and following paragraphs. Any shareholder may petition the courts to have a decision of the Board of Directors or General Meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions. Shareholders holding in the aggregate 5% or more of the Company's share capital have a right to demand that the Company convenes an extraordinary General Meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company's Board of Directors is notified within seven days before the deadline for convening the General Meeting and the demand is accompanied with a proposed resolution or a reason for why the item shall be on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for

issuing notice of the General Meeting has not expired.

#### *12.17.5 Rights of redemption and repurchase of shares*

The Company has not issued redeemable shares (i.e. shares redeemable without the shareholder's consent).

The Company's share capital may be reduced by reducing the nominal value of the Shares. According to the Norwegian Public Limited Liability Companies Act, such decision requires the approval of at least two-thirds of the votes cast and share capital represented at a General Meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares if an authorisation to the Board of Directors to do so has been given by the shareholders at a General Meeting with the approval of at least two-thirds of the aggregate number of votes cast and share capital represented. The aggregate nominal value of treasury Shares so acquired may not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the shareholders at the General Meeting cannot be given for a period exceeding two years. A Norwegian public limited liability company may not subscribe for its own shares.

#### *12.17.6 Shareholder vote on certain reorganisations*

A decision to merge with another company or to demerge requires a resolution of the Company's shareholders at a General Meeting passed by at least (i) two-thirds of the votes cast and (ii) two-thirds of the share capital represented at the General Meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be available at the business offices or on the web pages of the Company, at least one month prior to the General Meeting to pass upon the matter. If a shareholder so requires, the Company must also send the documentation to the shareholder free of charge.

#### *12.17.7 Liability of board members*

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the General Meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the General Meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's board members from liability or not to pursue claims against such a person has been passed by a General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

#### *12.17.8 Indemnification of board members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

#### *12.17.9 Distribution of assets on liquidation*

Under Norwegian law, a company may be liquidated by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the company upon liquidation or otherwise.

#### *12.17.10 Compulsory acquisition*

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the issuer has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing 90% or more of the total number of issued shares, as well 90% or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial enterprise authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired 90% or more of the voting shares of an issuer and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory and/or voluntary offer unless specific reasons indicate that another price is the fair price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.



#### *12.17.11 Legal constraints on dividend*

Dividends may be paid in cash, or in some instances, in kind. The Norwegian Public Limited Liability Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets following the distribution cover (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealised gains. The amount of any receivable held by the Company which is secured by a pledge over Shares in the Company, as well as the aggregate amount of credit and security which, pursuant to Section 8-7 to Section 8-10 of the Norwegian Public Limited Liability Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.
- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital, as of the date of the resolution to distribute dividends, shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date no earlier than six months before the date of the General Meeting's resolution.
- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14 "Taxation".

## **13. SECURITIES TRADING IN NORWAY**

### **13.1 Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is operated by Oslo Børs ASA, which also operates the regulated marketplace Oslo Axess.

Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

### **13.2 Trading and settlement**

Trading of equities on Oslo Børs is carried out in the electronic trading system Millenium Exchange. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours Central European Time ("**CET**") and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear Ltd, a company in the Six Group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms being members of Oslo Børs to report all trades in listed securities.

### **13.3 Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance. Under

Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

#### **13.4 The VPS and transfer of shares**

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is generally prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an on-going basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **13.5 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the NFSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the issuer and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote on shares at general meetings on behalf of the beneficial owners.

#### **13.6 Foreign investment in Norwegian shares**

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

### **13.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in an issuer with its shares listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that issuer, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the Company's share capital.

### **13.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### **13.9 Mandatory offer requirements**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian issuer with its shares listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that issuer. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the issuer and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the issuer in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the issuer or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer is subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is required to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in unfulfilled, exercise rights in the issuer, such as voting on shares at general meetings of the issuer's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duty to make a

mandatory offer, Oslo Børs may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian issuer with its shares listed on a Norwegian regulated market is required to make an offer to purchase the remaining shares of the issuer (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the issuer. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the issuer. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, required to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

### **13.10 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian issuer who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

## 14. TAXATION

*The following is a summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of shares by holders that are residents of Norway for purposes of Norwegian taxation ("**Resident Shareholders**") and holders that are not residents of Norway for such purposes ("**Non-resident Shareholders**").*

*The summary is based on applicable Norwegian laws, rules and regulations as they exist in force as of the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the shareholders and does not address foreign tax laws.*

*As will be evident from the description, the taxation will differ depending on whether the investor is a limited liability company or a natural person.*

*Please note that special rules apply for shareholders that cease to be tax resident in Norway or that for some reason are no longer considered taxable to Norway in relation to their shareholding.*

*Each shareholder should consult with and rely upon their own tax adviser to determine the particular tax consequences for him or her and the applicability and effect of any Norwegian or foreign tax laws and possible changes in such laws.*

*For the purpose of the summary below, a reference to a Norwegian or foreign shareholder or company refers to tax residency rather than nationality.*

### 14.1 Taxation of dividends

#### 14.1.1 Resident Shareholders that are corporations

Resident Shareholders that are corporations (i.e. limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities resident in Norway for tax purposes) are generally exempt from tax on dividends received on shares in Norwegian limited liability companies, hereunder public limited liability companies, pursuant to the Norwegian participation exemption method (*Norwegian*: Fritaksmetoden). However, unless the shareholder owns more than 90% of the shares in the distributing company, 3% of dividend income is generally taxable at a rate of 23% (2018), implying that dividends distributed from the Company to Resident Shareholders being corporations are effectively taxed at a rate of 0.69% (2018).

The repayment of paid-up share capital and paid-up share premium on each share is not regarded as dividend for tax purposes and thus not subject to tax.

#### 14.1.2 Norwegian Personal Shareholders

Resident Shareholders being natural persons are in general tax liable to Norway for their worldwide income. Dividends distributed to such personal shareholders are taxable to the extent that the dividends exceed a statutory tax-free allowance (*Norwegian*: Skjermingsfradrag). Dividends distributed to Resident Shareholders who are natural persons are taxed at a rate of 23%, however, based on a tax base adjusted upwards by a factor of 1.33, thus implying an effective tax rate of 30.59% (2018).

The tax-free allowance is calculated on a share-by-share basis, and the allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Norwegian*: Statskasseveksler) with three months maturity with the addition of 0.5 percentage points (2017). The allowance is allocated to the shareholder owning the share on 31 December

in the relevant income year. Resident Shareholders being natural persons who transfer shares during an income year will thus not be entitled to deduct any calculated allowance related to the year of transfer. The Directorate of Taxes announces the risk free-interest rate in January the year after the fiscal year. The risk-free interest rate for 2017 was 0.7%.

Any part of the calculated allowance one year exceeding dividend distributed on the same share ("**excess allowance**") can be carried forward and set off against future dividends received on, or capital gains upon realization of the same share. Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

Any repayment of paid-up share capital and paid-up share premium of each share is not regarded as dividend for tax purposes and thus not subject to tax. Such repayment will lead to a reduction of the tax input value of the shares corresponding to the repayment.

#### *14.1.3 Non-resident Shareholders*

Dividends distributed to Non-resident Shareholders are in general subject to withholding tax at a rate of 25%, unless otherwise provided for in an applicable tax treaty or the recipient is covered by the specific regulations for corporate shareholders tax-resident within the EEA (see the section below for more information on the EEA exemption). The Company distributing the dividend is responsible for the withholding. Norway has entered into tax treaties with approximate 80 countries. In most tax treaties the withholding tax rate is reduced to 15%.

In accordance with the present administrative system in Norway, the Norwegian distributing Company will normally withhold tax at the regular rate or reduced rate according to an applicable tax treaty, based on the information registered with the VPS with regard to the tax residence of the Non-resident Shareholder. Dividends paid to Non-resident Shareholders in respect of nominee-registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced or zero rate from the Central Office for Foreign Tax Affairs ("**COFTA**") (Norwegian: Sentralskattekontoret for utenlandssaker).

Non-resident Shareholders who has received dividends that has been deducted withholding taxes at a higher rate than applicable in the relevant tax treaty or pursuant to the application of the participation exemption, may apply to the Norwegian tax authorities for a refund of the excess withholding tax. The application is to be filed with COFTA.

If a Non-resident Shareholder is engaged in business activities carried out from or managed in Norway, and the shares are effectively connected with such business activities, dividends distributed to such shareholder will generally be subject to the same taxation as that of Resident Shareholders, cf. the description of tax issues related to Resident Shareholders above.

Non-resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the ability to effectively claim refunds of withholding tax.

#### *14.1.4 Non-resident Shareholders tax-resident within the EEA*

Non-resident Shareholders being natural persons tax-resident within the EEA ("**Foreign EEA Personal Shareholders**") are upon request entitled to a refund of an amount corresponding to the calculated tax-free allowance on each individual share. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in an applicable tax treaty or (ii) withholding tax at 25% of taxable dividends after allowance. Foreign EEA Personal Shareholders may carry forward any unused allowance, if the allowance exceeds the dividends.

Non-resident Shareholders that are corporations tax-resident within the EEA for tax purposes ("**Foreign EEA Corporate Shareholders**") are exempt from Norwegian tax on dividends distributed from Norwegian limited liability companies, provided that the Foreign EEA Corporate Shareholder in fact is deemed to be genuinely established and performs real economic activity within the EEA.

## **14.2 Taxation upon realization of shares**

### *14.2.1 Resident Shareholders that are corporations*

Resident Shareholders that are corporations (i.e. limited liability companies, mutual funds, saving banks, mutual insurance companies or similar entities resident in Norway for tax purposes) are generally exempt from tax on capital gains upon the realization of shares in Norwegian limited liability companies, hereunder public limited liability companies. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purposes.

### *14.2.2 Resident Personal Shareholders*

Resident Shareholders being natural persons are taxable in Norway for capital gains upon the realization of shares, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of shares realised. Gains are taxable as ordinary income in the year of realization, and losses can be deducted from ordinary income in the year of realization. Income from shares (gains and losses) distributed to Resident Shareholders who are natural persons are taxed at a rate of 23%, however, based on a tax base adjusted upwards by a factor of 1.33, thus implying an effective tax rate of 30.59% (2018).

The taxable gain or loss is calculated per share as the difference between the consideration received and the cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. Any unused allowance on a share (ref. above) may be set off against capital gains related to the realization of the same share, but may not lead to or increase a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of the share will be lost. Furthermore, unused allowance may not be set off against gains from realization of other shares.

If a Resident Shareholder being a natural person disposes of shares acquired at different times, the shares that were first acquired will be deemed as first sold (the FIFO-principle) when calculating a taxable gain or loss.

### *14.2.3 Non-resident Shareholders*

As a general rule, capital gains generated by Non-resident Shareholders are generally not taxable in Norway. This apply both for Non-resident Shareholders being corporations and natural persons. However, such shareholder will generally be subject to taxation in Norway if:

- (i) the shares are effectively connected with business activities carried out from or managed in Norway (in which case capital gains will generally be subject to the same taxation as that of Resident Shareholders, cf. the description of tax issues related to Resident Shareholders above), or
- (ii) the shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax calculated on the shares at the time of cessation as Norwegian tax resident.



### **14.3 Net wealth tax**

Resident Shareholders that are corporations and certain similar entities are exempt from Norwegian net wealth tax.

For other Resident Shareholders (i.e. Shareholders being natural persons), the shares will be included in the basis for calculation of net wealth tax. The current marginal net wealth tax rate is 0.85% of taxable values.

Listed shares are currently valued at 80% of their quoted value on 1 January in the assessment year (the year following the income year).

### **14.4 Inheritance tax**

Norway does not impose inheritance tax on assignment of shares by way of inheritance or gift. However, the heir acquires the donor's tax input value of the shares based on principles of continuity. Thus, the heir will be taxable for any increase in value in the donor's ownership, at the time of the heir's realization of the shares.

### **14.5 Stamp duty**

There is currently no Norwegian stamp duty or transfer tax on the transfer or issuance of shares.

### **14.6 Tonnage tax**

The Company's vessel-owning subsidiaries are sought to be taxed in accordance with the German or Dutch tonnage tax regime, depending on the country of incorporation of the respective entities. In both tonnage tax regimes, income from qualifying shipping operations is calculated as a lump sum depending on the size (net tonnage) of the respective vessels, independent of the realized earnings. Given the lump sum characteristics under the tonnage tax schemes, the deductibility of tax losses is not possible.

## 15. THE PRIVATE PLACEMENT

### 15.1 Overview

On 7 February 2018, the Company announced a fully subscribed Private Placement of 11,750,000 Private Placement Shares at a subscription price of NOK 50 per Private Placement Share, for gross proceeds of approximately USD 75 million.

The Private Placement was directed towards investors subject to applicable exemptions from relevant prospectus requirements (i) outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act, and (ii) inside the United States to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act.

The proceeds from the Private Placement have been used for acquisition of container vessels and for general corporate purposes, cf. table of principal investments in Section 9.4.1 and table of future commitments in Section 9.4.2.

### 15.2 Resolution to issue the Private Placement Shares

On 9 February 2018, the Board of Directors of the Company passed the following resolution to increase the share capital of the Company through the Private Placement in accordance with the authority granted at the Company's general meeting on 16 January 2018:

- (i) *The share capital of the Company shall be increased by NOK 117,500,000 through the issuance of 11,750,000 new shares, each with a nominal value of NOK 10.*
- (ii) *The new shares are issued at a subscription price of NOK 50 per share.*
- (iii) *The new shares are issued to the persons listed in the appendix to these minutes. The pre-emptive rights of the existing shareholders under § 10-4 of the Public Limited Companies Act are set aside.*
- (iv) *Subscription for the new shares shall be made no later than 13 February 2018 on a separate subscription form.*
- (v) *Payment of the subscription amount shall be made no later than 14 February 2018 to a designated share issue account.*
- (vi) *The new shares shall carry rights to dividends from the date on which the capital increase is registered with the Register of Business Enterprises.*
- (vii) *The Company's estimated costs in connection with the capital increase are NOK 17,000,000.*
- (viii) *Section 4 of the articles of association shall be amended so as to reflect the share capital and number of shares after the share capital increase.*

The existing shareholders' preferential rights to subscribe for the Private Placement Shares were set aside in order to allow for the Private Placement, cf. section 10-5 of the Norwegian Public Limited Liability Companies Act. The Board of Directors was of the view that the Private Placement was in the best interests of the Company and its shareholders since it would allow the Company to raise capital more efficiently than a rights offering would allow. The beneficiaries of the Private Placement and the restriction of the existing shareholders' preferential rights were consequently the investors who were invited to subscribe for the Private Placement Shares.

### **15.3 Completion of the Private Placement**

The share capital increase carried out in connection with the Private Placement was registered with the Norwegian Register of Business Enterprises on 16 February 2018 and delivery of the Private Placement Shares to investors took place on 19 February 2018.

### **15.4 The Private Placement Shares**

The Private Placement Shares have been temporary listed on Merkur Market under the ticker code "MPCB-ME" and registered with the VPS under the separate ISIN NO0010816002 since 19 February 2018. Upon approval of this Prospectus, the Private Placement Shares will be registered in book-entry form with the VPS under the same ISIN number as the Company's existing shares (ISIN NO0010791353) and admitted to trading on Oslo Axess. The Private Placement Shares will then be listed on Oslo Børs in connection with the Listing. Please refer to Section 12.5 "Listing on Oslo Børs" for further information about the listing of the Shares on Oslo Børs.

The Private Placement Shares are ordinary Shares in the Company having a par value of NOK 10 each and are issued electronically in registered form in accordance with the Norwegian Public Limited Liability Companies Act. The Private Placement Shares rank pari passu in all respects with the existing Shares of the Company and carry full shareholder rights in the Company. The Private Placement Shares are freely transferable. DNB Bank ASA is the Company's VPS registrar.

The Private Placement Shares are eligible for any dividends which the Company may declare. All Shares, including the Private Placement Shares, have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Liability Companies Act, and are governed by Norwegian law. See Section 12.4 for a further information about the rights attaching to the Shares.

For information on taxes on the income from the securities, please refer to Section 14.1 and 14.2 above. The Company assumes responsibility for the withholding of taxes at the source according to Norwegian Law.

### **15.5 Share capital following the Private Placement**

The Company's share capital following the completion of the Private Placement is NOK 770,030,000 divided into 77,003,000 Shares of a par value of NOK 10 each.

### **15.6 Advisors**

DNB Markets, a part of DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway and Fearnley Securities AS, Grev Wedels Plass 9, 0107 Oslo, Norway, acted as Managers for the Private Placement. Advokatfirmaet Wiersholm AS, Dokkveien 1, 0250 Oslo, Norway acted as legal counsel to the Company in the Private Placement.

### **15.7 Proceeds and expenses**

The total expenses of the Private Placement was approximately NOK 17,000,000. The net proceeds of the Private Placement was accordingly approximately USD 73 million.

### **15.8 Lock-up**

No lock-up agreements was entered into in connection with the Private Placement.

## **15.9 Interest of natural and legal persons involved in the Private Placement**

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers received a management fee in connection with the Private Placement and, as such, had an interest in the Private Placement.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Private Placement.

### **15.10 Dilution**

The Private Placement resulted in an immediate dilution of approximately 16% for the existing shareholders who did not participate in the Private Placement.

## **16. THE OFFERING**

*This Section 16 "The Offering" sets out the terms and conditions pursuant to which all applications for Offer Shares in the Offering are made. Investing in the Offer Shares involves inherent risks. In making an investment decision, each investor must rely on its own examination, analysis of and enquiry into the Company and the terms of the Offering, including the merits and risks involved. Neither the Company, the Selling Shareholder or the Managers, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality or suitability of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares. This Section 16 "The Offering" should be read in conjunction with the other parts of this Prospectus and in particular Section 2 "Risk factors".*

### **16.1 Background for the Offering and the Listing**

The Listing is an important element in the Company's strategy. The Company believes that the Listing will help to further strengthen the Group's profile in the markets in which it operates. The Offering is being made to invite a broader group of investors to purchase Shares in the Company and to obtain at least 500 shareholders at the first day of listing on Oslo Børs.

### **16.2 Proceeds, expenses and use of proceeds**

The Offering will not result in any proceeds to the Company as the Offer Shares are offered by the Selling Shareholder. The aggregate proceeds to the Selling Shareholder, if the Offer Shares are fully applied for, will amount to approximately NOK 3.3 million. The total costs and expenses related to the Offering, if fully applied for, are expected to be approximately NOK 1 million. The total costs and expenses will be borne by the Company.

No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

### **16.3 Overview of the Offering**

The Offering consists of an offer by the Selling Shareholder to sell up to 75,000 Offer Shares to the public in Norway. Each investor will be offered to subscribe for 250 Offer Shares at an Offer Price of NOK 44 per Offer Share or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share.

The Offering will not consist of an offer of any new Shares in the Company. The Offering will be made to the public in Norway.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see the "Important Information" at the beginning of the Prospectus and Section 17 "Selling and Transfer Restrictions".

### **16.4 The Selling Shareholder**

The Selling Shareholder, CSI Beteiligungsgesellschaft mbH, is a German company incorporated and operating under the laws of Germany with company registration number HRB145386 and registered address Palmaille 67, 22767 Hamburg, Germany.

The Selling Shareholder will retain a shareholding in the Company of at least 13.33% following the Offering assuming that the maximum number of Offer Shares are subscribed for in the Offering.

## **16.5 Timetable**

The timetable set out below provides certain indicative key dates for the Offering (subject to shortening or extensions):

Application Period commences	20 April 2018 at 09:00 hours CET
Application Period ends	27 April 2018 at 16:30 hours CET
Allocation of the Offer Shares	27 April 2018
Publication of the results of the Offering	27 April 2018
Distribution of allocation notes/contract notes	On or about 30 April 2018
Payment Date	On or about 2 May 2018
Listing and commencement trading in the Shares	On or about 3 May 2018
Delivery of the Offer Shares	On or about 4 May 2018

## **16.6 The terms of the Offering**

### **16.6.1 Application Period**

The Application Period during which applications for Offer Shares in the Offering will be accepted will last from 20 April 2018 at 09:00 hours (CET) to 27 April 2018 at 16:30 hours (CET), unless shortened or extended.

The Company and the Selling Shareholder, in consultation with the Managers, may shorten or extend the Application Period at any time, and extension may be made on one or several occasions. The Application Period may in no event expire prior to 16:30 hours (CET) on 26 April 2018 or extended beyond 12:00 hours (CET) on 30 April 2018.

In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

### **16.6.2 Minimum and maximum application**

Applications may only be made for 250 Offer Shares. If two or more identical application forms are received from the same investor, the application form will only be counted once.

### **16.6.3 Application procedures in the Offering**

Norwegian applicants in the Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following website: [www.dnb.no/emisjoner](http://www.dnb.no/emisjoner).

Applicants in the Offering not having access to the VPS online application system must apply using the Application Form attached to this Prospectus as Appendix C "Application Form for the Offering". Application Forms, together with this Prospectus, can be obtained from the Company, the Company's website [www.mpc-container.com](http://www.mpc-container.com), the Managers' websites listed below or the application offices set out below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Offering are:

DNB Markets, a part of DNB Bank ASA

Dronning Eufemias gate 30

P.O Box 1600 Sentrum

0021 Oslo

Norway

Phone: +47 23 26 81 01

Email: retail@dnb.no

Fearnley Securities AS

Grev Wedels Plass 9

P.O Box 1158 Sentrum

0107 Oslo

Norway

Phone: +47 22 93 60 00

Email: tegninger@fearnleys.no

All applications in the Offering will be treated in the same manner regardless of which of the above Managers the applications are placed with. Further, all applications in the Offering will be treated in the same manner regardless of whether they are submitted by delivery of an Application Form or through the VPS online application system.

Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Application Forms must be received by one of the application offices listed above or registered electronically through the VPS application system by 16:30 hours (CET) on 27 April 2018, unless the Application Period is being shortened or extended. Neither the Company, the Selling Shareholder nor any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

All applications made in the Offering will be irrevocable and binding upon receipt of a duly completed Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

#### 16.6.4 Allocation, payment and delivery of Offer Shares in the Offering

The Managers expect to issue notifications of allocation of Offer Shares in the Offering on or about 30 April 2018, by issuing allocation notes to the applicants by mail or otherwise. In registering an application through the VPS online application system or completing a Application Form, each applicant in the Offering will authorise the Managers to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Application Form. Accounts will be debited on or about 2 May 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 2 May 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (expected to be 2 May 2018).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 30 April 2018, or can be obtained by contacting DNB Markets at +47 23 26 81 01 or Fearnley Securities AS at +47 22 93 60 00.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on

Interest on Overdue Payments, which at the date of this Prospectus is 8.50% per annum. The Managers reserves the right (but has no obligation) to make up to three debit attempts through 11 May 2018 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Managers reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Managers may decide (and the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Offering is expected to take place on or about 4 May 2018.

### **16.7 Mechanism of allocation**

No Offer Shares have been reserved for any specific national market.

In the Offering, applications may only be made for 250 Offer Shares and no allocations will be made for any other number of Offer Shares. Multiple applications from the same applicant in the Offering will be treated as one application. The Company and the Managers reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company and the Managers deem this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing regarding the number of shareholders will not be satisfied. If the Company and the Managers should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS' automated simulation procedures and/or other random allocation mechanism.

### **16.8 Trading in allocated Offer Shares**

It is expected that it will be possible to trade allotted Offer Shares through Oslo Børs from and including 3 May 2018. However, delivery of Offer Shares is conditional upon payment being received in accordance with the payment instructions set out in Section 16.6.4 above. Applicants selling Offer Shares from 3 May 2018 and onwards must ensure that payment for such Offer Shares is made within the deadline set out above.

### **16.9 VPS account**

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Application Form for the Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation. For further information see Section 16.10 "Mandatory anti-money laundering procedures" below.

### **16.10 Mandatory anti-money laundering procedures**

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify



their identity to the Manager with whom the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

#### **16.11 The Offer Shares**

The Offer Shares are ordinary Shares of the Company and rank equal in all respects to all other Shares of the Company, including the right to any dividends. The Offer Shares are created under the Norwegian Public Limited Liability Companies Act, are freely transferable and registered in book-entry form with the VPS under ISIN NO 001 0791353. The Offer Shares will be offered and admitted to trading in Norwegian Kroner (NOK). For a description of the Shares, see Section 12 "Corporate Information and description of share capital". For information on taxes on the income from the Offer Shares, please refer to Section 14.1 and 14.2 above. The Company assumes responsibility for the withholding of taxes at the source according to Norwegian law.

#### **16.12 Publication of information related to the Offering**

In addition to press releases at the Company's website, the Company will use Oslo Børs' electronic information system to publish information in respect of the Offering, such as information related to changes to the timetable of the Offering, including the Application Period and the number of Offer Shares.

General information on the result of the Offering, including, the number of Offer Shares allocated and the total amount of the Offering, is expected to be published on or about 27 April 2018 in the form of a release through Oslo Børs' electronic information system.

#### **16.13 Conditions for completion of the Offering**

Completion of the Offering on the terms set forth in this Prospectus is conditional on (i) the Company satisfying the outstanding conditions for listing on Oslo Børs as determined by the board of directors of Oslo Børs and as further described in Section 12.5 "Listing on Oslo Børs" above, and (ii) the Company and the Selling Shareholder, in consultation with the Managers, having approved the allocation of the Offer Shares to eligible investors. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended without any compensation to the Applicants.

#### **16.14 Managers and advisers**

DNB Markets, a part of DNB Bank ASA, and Fearnley Securities AS act as Managers for the Offering. Advokatfirmaet Wiersholm AS acts as Norwegian legal counsel to the Company.

#### **16.15 Lock-up**

10,343,000 Shares controlled by the founding shareholders (the Selling Shareholder) amounting to 13.43% of the Company's Shares are subject to a lock-up. The lock-up agreement is governed by Norwegian law on terms customary for such agreements. The lock-up period is until 29 July 2018 which is six months after admission to trading on Oslo Axess on 29 January 2018. Shares subject to lock-up may not be sold without the consent of the Managers. The Managers have given their consent to the Selling Shareholder to sell the Offer Shares in the Offering.

#### **16.16 Interests of natural and legal persons involved in the Offering**

The Managers or their affiliates have provided from time to time, and may provide in the

future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a fixed management fee in connection with the Offering and, as such, have an interest in the Offering.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

#### **16.17 Dilution**

There will be no dilution of existing shareholders in connection with the Listing since the Offering will not comprise of any issuance of new Shares in the Company.

## 17. SELLING AND TRANSFER RESTRICTIONS

### 17.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company and the Selling Shareholder are not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### 17.2 Selling restrictions

#### 17.2.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Transfer of the Offer Shares will be restricted, as described under Section 17.3.1 "—Transfer restrictions—United States".

Until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Regulation S of the U.S. Securities Act and in connection with any applicable state securities laws.

#### 17.2.2 United Kingdom

This Prospectus and any other material in relation to the Offering described herein is only being distributed to, and is only directed at persons in the United Kingdom who are qualified investors within the meaning of Article 2(1)I of the Prospectus Directive ("**qualified investors**") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom distributions may otherwise lawfully be made (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons). This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not rely on it.

#### 17.2.3 European Economic Area

In relation to each Relevant Member State, an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that

Relevant Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the Prospectus Directive (as implemented in Norway), except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to legal entities which are qualified investors as defined in the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer, or in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

#### 17.2.4 Additional jurisdictions

##### 17.2.4.1 Canada

This Prospectus is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

##### 17.2.4.2 Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

#### 17.2.4.3 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

#### 17.2.5 Other jurisdictions

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

### 17.3 Transfer restrictions

#### 17.3.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Please see Section 17.2.1 regarding the selling restriction of the Offer Shares in the United States.

Terms defined in Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.

- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

#### 17.3.2 European Economic Area

- Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:
- it is a qualified investor as defined in the Prospectus Directive; and
- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.
- For the purposes of this representation, the expression an "**offer**" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

## **18. ADDITIONAL INFORMATION**

### **18.1 Documents on display**

Copies of the following documents will be available for inspection at the Company's offices at Dronning Mauds gate 3, 0250 Oslo, Norway during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- the Company's Articles of Association and certificate of incorporation;
- the Company's audited consolidated financial statements for the period from incorporation up until ended 31 December 2017; and
- this Prospectus.

## 19. DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus.

<b>2010 PD Amending Directive</b> .....	Directive 2010/73/EU amending the Prospectus Directive.
<b>Adjusted Net Profit</b> .....	Consolidated net profit after tax, after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising from any vessel disposals or total losses and any appreciation made on vessels.
<b>Ahrenkiel Steamship</b> .....	Ahrenkiel Steamship GmbH & Co. KG and Ahrenkiel Steamship B.V.
<b>Application Period</b> .....	The application period for the Offering which will commence at 09:00 hours (CET) on 20 April 2018 and close at 16:30 hours (CET) on 27 April 2018.
<b>Articles of Association</b> .....	The articles of association of the Company.
<b>Audited Financial Statements</b> .....	Audited consolidated financial statements for the period from the date of incorporation of the Company (9 January 2017) to 30 September 2017.
<b>BIMCO</b> .....	The Baltic and International Maritime Council.
<b>Board Members</b> .....	The members of the Board of Directors.
<b>Board or Board of Directors</b> .....	The board of directors of the Company.
<b>Bond Issuer</b> .....	MPC Container Ships Invest B.V.
<b>Bond Issuer Group</b> .....	The Bond Issuer and its subsidiaries.
<b>CAGR</b> .....	Compound annual growth rate as a representation of growth on an annualised basis. CAGR is defined as (i) (a) the quotient of the final value divided by the initial value, raised to the power of (b) the quotient of one divided by the time in years between the final and initial values minus (ii) one.
<b>CET</b> .....	Central European time.
<b>Clarksons Research</b> .....	Clarkson Research Services Limited.
<b>COFTA</b> .....	The Norwegian Central Office for Foreign Tax Affairs.



<b>Company</b> .....	MPC Container Ships ASA.
<b>Contchart</b> .....	Contchart Hamburg Leer GmbH & Co. KG and Contchart B.V.
<b>Corporate Governance Code</b> .....	The Norwegian Code of Practice for Corporate Governance dated 30 October 2014.
<b>EEA</b> .....	The European Economic Area.
<b>EU</b> .....	The European Union.
<b>EUR</b> .....	Euro, the lawful currency of the Member States of the EU that have adopted and retain the single European currency.
<b>EY</b> .....	Ernst & Young AS, the auditor of the Company.
<b>FEU</b> .....	Forty-foot equivalent units.
<b>Forward-looking statements</b> .....	All statements other than statements as to historic facts or present facts and circumstances, typically indicated by words such as "believe," "may," "will", "estimate," "continue," "anticipate," "intend," "expect" and similar expressions.
<b>GDP</b> .....	Gross domestic product.
<b>General Meeting</b> .....	The Company's general meeting of shareholders.
<b>Group</b> .....	The Company and its consolidated subsidiaries.
<b>IAS 34</b> .....	International Accounting Standard 34 – "Interim Financial Reporting".
<b>Interest Coverage Ratio</b> .....	Earnings before interest, taxes, depreciation and amortization for a time period divided by interest expenses for the same period.
<b>IFRS</b> .....	International Financial Reporting Standards as adopted by the EU.
<b>IMO</b> .....	International Maritime Organization, as the United Nation's specialized agency devoted to maritime affairs.
<b>ISIN</b> .....	Securities number in the Norwegian Central Securities Depository (VPS).

<b>Listing</b> .....	The listing of all of the Company's Shares on Oslo Børs
<b>LTV</b> .....	Loan-to-value, a term used to express the ratio of a loan to the value of an asset or group of assets.
<b>Management</b> .....	The Group's senior management team.
<b>Managers</b> .....	DNB Markets, a part of DNB Bank ASA, and Fearnley Securities AS.
<b>Managing Director</b> .....	The Company's managing director.
<b>Merkur Market</b> .....	A multilateral trading facility operated by Oslo Børs ASA.
<b>MPC Capital AG</b> .....	MPC Münchmeyer Petersen Capital AG.
<b>MPC Group</b> .....	MPC Münchmeyer Petersen & Co. GmbH and MPC Capital AG and any legal or physical person which is directly or indirectly controlled by them or which is jointly controlled by shareholders of MPC Münchmeyer Petersen Capital AG.
<b>NOK</b> .....	Norwegian Kroner, the lawful currency of Norway.
<b>Non-Norwegian shareholders</b> .....	Shareholders who are not resident in Norway for tax purposes.
<b>Norwegian FSA</b> .....	The Financial Supervisory Authority of Norway (Norwegian: "Finanstilsynet").
<b>Norwegian corporate shareholders</b> .....	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
<b>Norwegian personal shareholders</b> .....	Personal shareholders resident in Norway for tax purposes.
<b>Norwegian Securities Trading Act</b> .....	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Norwegian: "Verdipapirhandelloven").
<b>Offer Price</b> .....	NOK 44 per Offer Share or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share.
<b>Offer Share(s)</b> .....	Up to 75,000 Shares offered in the Offering.

<b>Offering</b> .....	The offering of up to 75,000 Offer Shares.
<b>Order</b> .....	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended.
<b>Oslo Børs</b> .....	Oslo Børs ASA or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
<b>Private Placement</b> .....	The private placement completed on 7 February 2018 raising USD 75 million.
<b>Private Placement Shares</b> .....	The 11,750,000 Shares issued in the Private Placement, each with a nominal value of NOK 10.
<b>Prospectus</b> .....	This prospectus.
<b>Prospectus Directive</b> .....	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and including any relevant implementing measure in each Relevant Member State.
<b>Relevant Member State</b> .....	Each Member State of the EEA which has implemented the Prospectus Directive.
<b>Relevant Persons</b> .....	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities and (iii) other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
<b>Rule 144A</b> .....	Rule 144A under the U.S. Securities Act.
<b>Selling Shareholder</b>	CSI Beteiligungsgesellschaft mbH.
<b>SFA</b> .....	The Securities and Futures Act of Singapore.
<b>Share(s)</b> .....	Shares in the share capital of the Company, each with a nominal value of NOK 10.00 or any one of them.
<b>TEU</b> .....	Twenty-foot equivalent units.
<b>UK</b> .....	United Kingdom.
<b>USD</b> .....	United States Dollar, the lawful currency of the United States of America.

<b>U.S. Exchange Act</b> .....	The United States Securities Exchange Act of 1934, as amended.
<b>U.S. Securities Act</b> .....	The United States Securities Act of 1933, as amended.
<b>VPS</b> .....	The Norwegian Central Securities Depository (Norwegian: " <i>Verdipapirsentralen</i> ").

## VEDTEKTER/ARTICLES OF ASSOCIATION

## FOR

## MPC CONTAINER SHIPS ASA

(sist endret/last amended 09.02.2018)

§ 1	§ 1
Selskapets navn er MPC Container Ships ASA. Selskapet er et allmennaksjeselskap.	The company's name is MPC Container Ships ASA. The company is a public limited liability company.
§ 2	§ 2
Selskapets forretningskontor er i Oslo kommune.	The company's registered and business office is in the municipality of Oslo.
§ 3	§ 3
Selskapets virksomhet er å (i) investere i skipsfartsverdier (skip, andeler i rederier, lån med sikkerhet i skip og/eller andeler i rederier) med hovedvekt på små lasteskip på mellom 1000 og 4500 TEU, (ii) bortbefrakte skip etter tidscertepartiavtaler, samt å selge drive og selge disse og (iii) bearbeide de skipsfartslånene for å kunne ta over sikringsverdiene.	The company's business activity is to (i) invest in maritime assets (vessels, shares in ship-owning companies, loans secured by vessels and/or shares in ship-owning companies) with a main focus on small-size containerships between 1.000 and 4.500 TEU, (ii) chartering-out the vessel per time-charter agreements, operate and sell them as well as (iii) working-out the acquired maritime loans in order to take over the securing assets.
§ 4	§ 4
Selskapets aksjekapital er NOK 770 030 000 fordelt på 77 003 000 aksjer, hver pålydende NOK 10.	The company's share capital is NOK 770,030,000 divided into 77,003,000 shares, each of a nominal value of NOK 10.
Selskapets aksjer skal være registrert i Verdipapirsentralen.	The company's shares shall be registered in the Norwegian Central Securities Depository.
§ 5	§ 5
Selskapet skal ha mellom tre og syv styremedlemmer etter generalforsamlingens nærmere beslutning.	The Company shall have between three and seven board members as the general meeting may decide.
Generalforsamlingen kan fastsette tjenesteperioden for styremedlemmer. Tjenesteperioden kan ikke være lenger enn fire år.	The general meeting may decide the term of office of board members. The term of office may not exceed four years.
§ 6	§ 6
MPC Münchmeyer Petersen Capital AG skal ha rett til å velge 40% av styrets medlemmer (rundet ned).	MPC Münchmeyer Petersen Capital AG shall have the right to elect 40% of the members of the board of directors (rounded down).
Hvis det samlede antall aksjer eid av MPC Münchmeyer Petersen Capital AG og MPC Relaterte Personer faller under 20% av det totale antall aksjer i Selskapet skal MPC Münchmeyer Petersen Capital AG bare ha rett til å velge ett styremedlem.	If the aggregate share ownership of MPC Münchmeyer Petersen Capital AG and MPC Affiliates falls below 20% of the total number of shares in the Company, MPC Münchmeyer Petersen Capital AG shall only have the right to elect one board member.
Hvis verken MPC Münchmeyer Petersen Capital AG eller noen MPC Relaterte Personer eier aksjer i	If neither MPC Münchmeyer Petersen Capital AG nor any MPC Affiliates owns any shares in the

Selskapet, skal MPC Münchmeyer Petersen Capital AG ikke ha rett til å velge noe styremedlem.

"MPC Relaterte Personer" enhver juridisk eller fysisk person som direkte eller indirekte er kontroller av Münchmeyer Petersen Capital AG ellers som er underlagt felles kontroll av aksjonærene i MPC Münchmeyer Petersen Capital AG.

De øvrige medlemmene av styret velges av generalforsamlingen.

#### § 7

Selskapets firma tegnes av daglig leder og ett styremedlem i fellesskap eller av to styremedlemmer i fellesskap. Denne retten kan delegeres i sin helhet.

#### § 8

Den ordinære generalforsamlingen skal behandle følgende saker:

- 1) Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte
- 2) Andre saker som etter lov eller vedtekter hører under generalforsamlingen

Når dokumenter som gjelder saker som skal behandles på generalforsamlinger i selskapet, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, kan styret beslutte at dokumentene ikke skal sendes til aksjeeierne. En aksjeeier kan i så fall kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen. Selskapet kan ikke kreve noen form for godtgjøring for å sende dokumentene til aksjeeierne.

Aksjeeiere kan avgi skriftlig forhåndsstemme i saker som skal behandles på generalforsamlinger i selskapet. Slike stemmer kan også avgis ved elektronisk kommunikasjon. Adgangen til å avgi forhåndsstemme er betinget av at det foreligger en betryggende metode for autentisering av avsender. Styret avgjør om det foreligger en slik metode i forkant av den enkelte generalforsamling. Styret kan fastsette nærmere retningslinjer for skriftlige forhåndsstemmer. Det skal fremgå av generalforsamlingsinnkallingen om det er gitt adgang til forhåndsstemming og hvilke retningslinjer som eventuelt er fastsatt for slik stemmegivning.

I innkalling til generalforsamling kan det fastsettes at aksjeeier som vil delta i

Company, MPC Münchmeyer Petersen Capital AG shall not have the right to elect any board member.

"MPC Affiliates" means any legal or physical person which is directly or indirectly controlled by MPC Münchmeyer Petersen Capital AG or which is jointly controlled by shareholders of MPC Münchmeyer Petersen Capital AG.

The other members of the board of directors shall be elected by the general meeting.

#### § 7

The authority to sign on behalf of the company is held by the Managing Director and a board member jointly or by two board members jointly. They are entitled to delegate the authority to sign on behalf of the company to the full extent.

#### § 8

The annual general meeting shall discuss and decide upon the following:

- 1) Approval of the annual accounts and annual report, including distribution of dividend
- 2) Other matters that according to law or the articles of association are to be decided upon by the general meeting

When documents concerning matters to be discussed at general meetings in the company have been made available to the shareholders on the company's web pages, the Board of Directors may decide that the documents shall not be sent to the shareholders. If so, a shareholder may demand that documents concerning matters to be discussed at the general meeting be sent to him or her. The company cannot demand any form of compensation for sending the documents to the shareholders.

Shareholders may cast a written vote in advance in matters to be discussed at the general meetings of the company. Such votes may also be cast through electronic communication. The access to cast votes in advance is subject to the presence of a safe method of authenticating the sender. The Board of Directors decides whether such a method exists before each individual general meeting. The notice of general meeting must state whether votes in advance are permitted and which guidelines, if any, that have been issued for such voting.

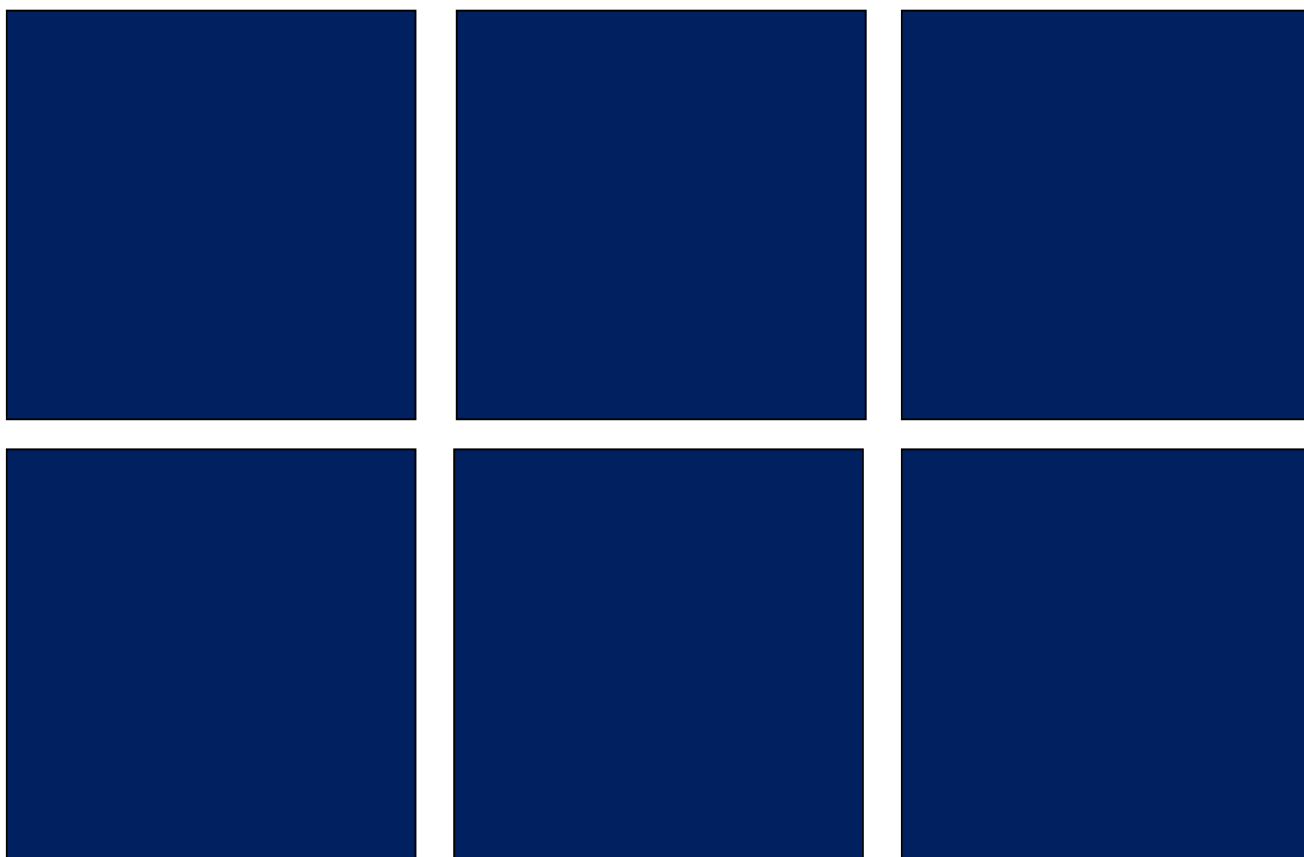
The notice of general meeting may state that shareholders wanting to attend the general meeting must notify the company thereof within a

generalforsamlingen må meddele dette til selskapet innen en bestemt frist. Fristen kan ikke utløpe tidligere enn fem dager før møtet.

Innenfor lovgivningens rammer kan selskapet benytte elektronisk kommunikasjon til å sende meldinger til eller på annen måte kommunisere med aksjonærene.

certain period. This period cannot expire sooner than five days before the meeting.

To the extent permitted by law the company may use electronic communications when providing notices or otherwise communicating with its shareholders.



**MPC CONTAINER SHIPS ASA**  
**ANNUAL REPORT**  
**2017**



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# BOARD OF DIRECTORS' REPORT

## BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

MPC Container Ships ASA (the “Company”, together with its subsidiaries the “Group”) was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company on 16 January 2018. The Group's principal business activity is to invest in and operate maritime assets in the container shipping segment. As a dedicated owner and operator of container ships, the Group has a focus on feeder vessels, mainly between 1,000 and 3,500 TEU, that are chartered out to liner shipping companies and regional carriers.

The following significant events occurred in 2017:

- In April, the Company registered on the NOTC-list, operated by the Norwegian Securities Dealers Association, and issued 20,000,000 new shares at a subscription price of NOK 42.63 per share in an initial private placement. The gross proceeds were USD 100 million.
- In May, the Company uplisted to the Merkur Market at the Oslo Stock Exchange.
- In June, the Company issued 15,000,000 new shares at a subscription price of NOK 43.00 per share in a second private placement. The respective gross proceeds were USD 76 million.
- In September, MPC Container Ships Invest B.V., a wholly-owned subsidiary of the Company, completed the issuance of a new senior secured bond issue of USD 100 million with a five-year tenor, floating interest rate of three-month LIBOR + 4.75% and a borrowing limit of USD 200 million.
- In November, the Company issued 30,250,000 new shares at a subscription price of NOK 47.50 per share in a third private placement. The respective gross proceeds were USD 175 million.

As of 31 December 2017, the Company's share capital is NOK 652,530,000 divided into 65,253,000 shares, each with a nominal value of NOK 10.00. As of the same date, the Group has acquired 36 container vessels between 957 TEU and 2,824 TEU through wholly-owned subsidiaries. Moreover, the Group holds a 50% interest in a joint venture that has taken over five 2,824 TEU container vessels via respective subsidiaries. Of the total 41 vessels, 29 vessels had been taken over as of 31 December 2017.

The following significant events occurred after the balance sheet date:

- In January 2018, the Company converted to a Norwegian public limited liability company (ASA).
- In January 2018, the Company uplisted to Oslo Axess at the Oslo Stock Exchange.
- In January 2018, the Company entered into agreements to acquire three 2,800 TEU container vessels with a total purchase price of USD 32.3 million.
- In February 2018, MPC Container Ships Invest B.V. completed a tap issue of USD 100 million in the above-mentioned senior secured bond.
- In February 2018, the Company issued 11,750,000 new shares at a subscription price of NOK 50.00 per share in a fourth private placement, resulting in gross proceeds of USD 75 million. Following registration of the share capital increase, the Company will have a share capital of NOK 770,030,000 divided into 77,003,000 shares, each with a nominal value of NOK 10.00.
- In February 2018, the Company entered into agreements to acquire a further 14 container vessel between 1,300 TEU and 2,800 TEU with a total purchase price of USD 139.5 million.
- In March 2018, the Company entered into agreements to acquire a further six container vessels between 1,201 TEU and 1,440 TEU with a total purchase price of USD 48.5 million.

## CONSOLIDATED FINANCIAL STATEMENTS

### Income statement

The financial performance of the Group needs to be put into perspective, given that the Group is in the growth phase of its operation. The first vessels were taken over by the Company in April 2017, and the operating result of the Group was impacted by frequent vessel take-overs as well as one-off costs for the start-up phase associated with the establishment and development of the Group throughout the year.

The Group's vessels are chartered out on time charter contracts to global and regional liner shipping companies. Operating revenues during 2017 were USD 21.4 million. Vessel-related expenses were USD -18.9 million, resulting in gross profit from vessel operations of USD 2.5 million.

Administrative expenses, depreciation, impairment and other expenses totalled USD 5.7 million. Other income, mainly relates to a gain from sale of a vessel amounting to USD 0.4 million. The Group thus reported an operating result (EBIT) of USD -2.4 million.

Loss before tax was USD -2.4 million, and income tax expenses were USD 0.1 million, resulting in a loss for the period of USD -2.5 million. The Board of Directors has proposed that the net loss for the period is allocated to retained losses.

### Earnings per share

Basic and diluted earnings per share for the year were negative with USD -0.10 and USD -0.09 per share, respectively.

### Financial position

The Group's total assets amounted to USD 451.1 million at 31 December 2017. Non-current assets in the amount of USD 281.3 million comprise of vessels taken over and operated by the Group as well as the equity investments into joint ventures.

Total equity was USD 340.5 million at 31 December 2017 with minority interest of USD 4.4 million. As at 31 December 2017, the Group had interest-bearing financial liabilities in the amount of USD 102.1 million resulting from the bond issue and a loan facility.

### Cash flow

During 2017, the Group generated a positive cash flow from operating activities of USD 3.2 million. The cash flow from investing activities into vessels and joint venture investments was USD -284.2 million. The positive cash flow from financing activities of USD 445.3 million is due to the net proceeds from three equity private placements and debt financing completed during 2017.

The total net change in cash and cash equivalents from 9 January 2017 through 31 December 2017 was USD 164.3 million.

Cash and cash equivalents as of 31 December 2017 was USD 164.3 million.

## PARENT FINANCIAL STATEMENTS

### Income statement

Revenues during 2017 were USD 1.2 million. Payroll and other operating expenses were USD -2.4 million, resulting in an operating result of USD -1.2 million. Net financial income was USD 2.0 million.

Profit before tax was USD 0.8 million, resulting in a net profit for the period of USD 0.8 million. The Board of Directors has proposed that the net profit for the period is allocated to retained earnings.

### Financial position

The Company's total assets amounted to USD 341.1 million at 31 December 2017. Non-current assets in the amount of USD 239.7 million comprise of vessels taken over and operated by the Company and subsidiaries as well as equity investments into affiliated companies.

Total equity was USD 339.3 million at 31 December 2017. Total liabilities were USD 1.8 million.

### Cash flow

During 2017, the Company generated a positive cash flow from operating activities of USD 1.6 million. The cash flow from investing activities into vessels and joint venture investments was USD -239.7 million. The positive cash flow from financing activities of USD 338.5 million is due to the net proceeds from three equity private placements during 2017.

The total net change in cash and cash equivalents from 9 January 2017 through 31 December 2017 was USD 100.4 million.

Cash and cash equivalents as of 31 December 2017 are USD 100.4 million.

### Dividend considerations

The Company's intention is to pay regular dividends in support of its objective of maximising returns to shareholders. The timing and amount of dividends is at the discretion of the Board of Directors. Any future dividends proposed will depend upon the Group's financial position, earnings, debt covenants, distribution restrictions, capital requirements, investment opportunities, and other factors. Dividends will be proposed by the Board of Directors for approval by the general meeting. Given that the Group is in the growth phase of its operation, there are no current estimates regarding the potential future dividend level or timing of dividend payments.

## GOING CONCERN

In accordance with the Norwegian Accounting Act § 3-3a, the Board of Directors confirm that the financial statements of the Company have been prepared under the assumption of going concern and that this assumption is deemed realistic. This assumption is based on profit forecasts for 2018 and the Group's long-term strategic forecasts. The Group's economic and financial position is deemed sound.

## WORK ENVIRONMENT AND EQUAL OPPORTUNITIES

The Group is in the growth phase of its operation. As per 31 December 2017, the Company employs two people. In early 2018, a further two people were employed by the Group. The working environment is considered to be good, and efforts for improvements are made on an ongoing basis. No leave of absence, incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business, and aims to be a workplace with equal opportunities. This is reflected in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents.

As per 31 December 2017, the Board of Directors comprised five men. As of January 2018, two female directors replaced male counterparts. As such, the current Board of Directors consists of two women and three men.

## INTERNAL CONTROLS AND RISK MANAGEMENT

In accordance with the principles underlying value-based management, the Board of Directors places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's dynamic growth. In addition to identifying existing risk exposures, the Company's management seeks to realize existing opportunities.

Through (i) an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management officer, the Board of Directors aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

## CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors and management of the Group, with a view of achieving long-term growth.

The Board of Directors actively adheres to good corporate governance standards and will ensure that the Company either complies with or explain possible deviations from the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code can be found at [www.nues.no](http://www.nues.no).

As of 31 December 2017, there are no significant deviations between the Code and how the Company complies with the Code. Two deviations under Section 5 on general meetings and one deviation under Section 6 on the nomination committee have been justified and disclosed. Please refer to the 2017 Corporate Governance Report in this Annual Report.

The Group is in the growth phase of its operation, with the first vessels taken over in April 2017. As such, the Company is still in the process of finalizing guidelines and measures relating to our corporate social responsibility which, when completed, will be made available on the Company's web pages.

## CONTAINER MARKET UPDATE

At the start of the year 2017, container shipping markets were at rock bottom, but a series of developments led to the perception among several market participants that the worst could soon be over. In 2016, record scrapping of tonnage and low volumes of newbuilding deliveries had laid the ground for a rebalancing of supply and demand in container shipping. Decent demand growth was required to support the positive development, and 2017 turned out to deliver even stronger than anticipated growth in box trade, resulting in long-awaited market improvements. The Company identified the acquisition of secondhand tonnage in the feeder containership segment (1,000 – 3,000 TEU) as one of the most attractive investment opportunities in shipping. Consequently, the Company began acquiring feeder vessels, trading at a discount-to-newbuilding parity in excess of 50% as of April 2017. Coinciding with the initiation of the Company in the spring of 2017, charter rates for feeder tonnage rose significantly above bottom-cycle levels and well above cash break-even levels. During 2017, both charter rates and asset values for feeder tonnage continued to stabilize and increase further. The year finished off in absence of the typical winter slack season due to continuous demand and tightening supply in the feeder segment, leaving market participants with positive expectations for 2018.

Global economic growth continued to move upwards in 2017 as both advanced and emerging economies have shown accelerated economic activity since 2016. The positive economic environment helped container trade to grow by an estimated 5.2% for the full year 2017, an increase compared to 4.1% in 2016. Box trade growth was driven by a positive development of all major trade routes, with robust growth on Intra-Asian and North-South routes in particular. Intra-Asia is also the largest trading region for feeder containerships with a share of more than 40% of the fleet. On the supply side, total fleet growth is estimated at 3.7% for 2017, above the 1.2% growth seen in 2016, but still low enough for an improvement of the supply-demand balance. Furthermore, the orderbook-to-fleet ratio decreased from 16% to 13% and the idle fleet decreased from 7% to 2% over the course of the year.

As the number of available charter vessels decreased, charter rates in the feeder segment saw substantial gains during 2017. Along with rising earnings and positive sentiment in the market, secondhand prices surged even more. Although the improvements seen year-on-year ("y-o-y") were significant, high upside potential remains compared to historical averages.

Time charter rates (6-12 months) in December 2017:

- 1,000 TEU: USD 6,350 (up 4% y-o-y)
- 1,700 TEU: USD 8,500 (up 37% y-o-y)
- 2,750 TEU: USD 9,350 (up 55% y-o-y)

Secondhand prices (10yr old) in December 2017:

- 1,000 TEU: USD 7.0m (up 65% y-o-y)
- 1,700 TEU: USD 9.0m (up 64% y-o-y)
- 2,750 TEU: USD 10.8m (up 87% y-o-y)

Sale and purchase activity in the secondhand market reached record heights in 2017 with more than one million TEU of capacity changing hands. One of the main reasons for this record year of ship sales was the increased regulatory pressure on ship financing banks to reduce their non-performing shipping portfolios by offloading vessels at market prices. The Group took advantage of this unique window of opportunity to grow its fleet from 0 to 41 vessels at attractive prices within less than nine months. The latest acquisitions by the Company in December 2017 were still done at about 40% discount-to-newbuilding parity.

## OUTLOOK AND STRATEGY

Despite observable increases in secondhand vessel prices, in the view of the Company, the current price level still offers an attractive entry point for further acquisitions. As such, the Group intends to further grow its fleet through accretive acquisitions in 2018.

The Group's chartering strategy is to employ all vessels at fixed time charters with varying short- to mid-term durations, depending on market opportunities. For the year 2018 and including vessels acquired after the balance sheet date, about 24% of the Group's total charter market exposure is managed by a pool. For non-pool vessels, about 30% of the charter market exposure is covered through the respective minimum time charter periods.

Following a year of improving market conditions and against a backdrop of strong economic data, the outlook for 2018 is positive for the shipping industry. Container trade growth is expected to surpass capacity growth, leading to further gains in favor of tonnage providers. While deliveries of larger vessels could slow the recovery for certain segments above 3,000 TEU, the feeder segment is expected to benefit from moderate fleet growth and high demand in intra-regional trades. Due to a number of commercial and physical restrictions, cascading of tonnage above 3,000 TEU onto intra-regional trade routes is expected to remain limited.

## RISK FACTORS

The Group is exposed to a variety of risks. A number of risk factors are described below. However, the description below is not exhaustive, and the sequence of the risk factors is not set out according to their importance.

### Operational risks

#### *Technical risks*

The technical operation of a vessel has a significant impact on the vessels' economic life. Technical risks will always be present. There can be no guarantee that the parties tasked with operating a vessel or overseeing such operation perform their duties according to agreement or satisfaction, even if a monitoring system is established. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses, dry-docking costs and other costs.

The timing and costs of repairs on the Group's ships are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses and repair time may have a material adverse effect on the Group's business, financial condition, results of operation and liquidity. Any operational downtime of the Group's vessels will affect the Group's results. Furthermore, off-hire due to technical or other problems to any vessel could be materially disruptive to the Company's financial results. Inadequate technical maintenance of the Group's vessels may negatively influence the availability of vessels in the charter market, impacting the utilization of the Group's fleet.

Risk from unexpected technical restrictions in vessel availability may result in decreased charter revenue.

#### *Risk relating to accidents and pollution*

The Group's vessels are subject to perils particular to marine operations, including capsizing, grounding, collision and loss and damage from severe weather or storms. The Group's vessels may also be subject to other unintended accidents. Such circumstances may result in loss of or damage to the Group's vessels, damage to property, including other vessels and damage to the environment or persons. Such events may lead to the Group being held liable for substantial amounts by injured parties, their insurer and public governments. In the event of

pollution, the Group may be subject to strict liability. Environmental laws and regulations applicable in the countries in which the Group operates have become more stringent in recent years. Such laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for acts by the Group that were in compliance with all applicable laws at the time such actions were taken.

All vessels carry pollutants. Accordingly, there will always be certain environmental risks and potential liabilities involved in the ownership of commercial shipping vessels.

#### *Reliance on technical and commercial management of assets*

The Company is responsible for the technical management (including the crew management) of the vessels owned by the Group. The performance of technical ship management services is subcontracted to specialized ship managers. The loss of such ship managers' services or their failure to perform their obligations to the Group could materially and adversely affect the results of the Group's operations. The Group's business will be harmed if the service providers fail to perform these services satisfactorily, if they cancel their agreements, or if they stop providing these services to the Group.

Commercial management of the Group's vessels is performed by chartering managers.

Fees payable to the ship managers will be payable regardless of the Group's profitability.

#### *Risks related to maritime claims*

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against one or more of the Group's vessels for unsatisfied debts, claims or damages (even based on doubtful reasons). The arrest or attachment of one or more of the Group's vessels could interrupt the cash flow from the charterer and/or the Group and require the Group to pay a significant amount of money to have the arrest lifted.

#### *International shipping operations*

The Group's vessels operate in a variety of geographic regions. Consequently, the Group may be exposed to political risk, risk of piracy, sanctions and blacklisting, corruption, terrorism, outbreak of war, overlapping and differing tax structures. In addition, the Group's operations are subject to laws and regulations and supervisory rules in the countries where the activity is performed. Changes in the legislative, governmental and economic framework governing the activities of the shipping industry, could also have a material negative impact on the Group's results of operations and financial condition.

The operation of ships involves specific risks which include accidents, collisions, total loss of a ship, environmental damage, fire, explosions, loss of or damage to the cargo, damage caused by material defects, human error, loss of certification of ships or difficult weather conditions.

### **Market risks**

#### *Macroeconomic conditions*

Changes in national and international economic conditions, including, for example interest rate levels, inflation, employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Group – may negatively impact the Group's investment activities, realization opportunities and overall investor returns.



### *Shipping markets*

The container shipping industry is highly cyclical with attendant volatility in charter rates and profitability. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the cargo to be carried. The demand for, and the pricing of the underlying assets are outside of the Group's control and depend, among other factors, on the global and regional economic and political conditions, global trade growth and the distance container cargo products are to be moved by sea. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. No assurances can be made that the Group will be able to successfully employ its vessels in the future or renew existing employment agreements (including charters and pool agreements) at rates sufficient to allow it to meet its obligations. The Group's ability to obtain charters will depend upon the prevailing market conditions. If the Group is unable to employ one or more of its vessels for a longer period of time, revenue will be substantially reduced.

### *Changes in scrap prices*

The scrap value of a vessel is highly dependent on the price of steel which is subject to fluctuations.

### *Competition*

The container shipping industry is highly competitive, resulting in significant price competition, particularly during industry downturns. In addition, new competitors could enter the market for container ships and operate larger fleets through consolidations, acquisitions or purchase of new vessels, and may therefore or for other reasons be able or willing to offer lower charter rates or vessels with superior technical specifications (e.g. newbuildings). If the Company is not able to compete successfully, the Company's earnings could be adversely affected.

## **Legal risks**

### *Changes in legal framework*

Changes in legal, tax and regulatory regimes within the relevant jurisdictions may occur during the life of the Group which may have an adverse effect on the Group.

Over the past 20 years, the shipping industry has faced various legislative changes affecting the industry in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which container vessels operate or are registered, which can significantly affect the ownership and operation of container vessels. There is a risk that new legislative changes will be proposed and ratified which could affect amongst others the economic lives of vessels and their earning potential. The Group may incur additional costs in order to comply with existing and future regulatory obligations. Regulatory requirements include, but are not limited to, compliance with the regulation of carbon and Sulphur dioxide emissions by merchant vessels (e.g. the "IMO 2020" regulation in the emission of Sulphur dioxides).

Managers of alternative investment funds are subject to a registration requirement or a license requirement (depending on the amount of assets under management) pursuant to Directive 2011/61/EU on alternative investment fund managers and the Norwegian act on management of alternative investment funds of 20 June 2015 no. 28. Based on the nature of the operations of the Company and its governance structure, the Company is of the view that it is not an alternative investment fund and is not subject to these rules. If the Company should nonetheless be held to be an alternative investment fund this could result in increased costs and other negative consequences for the Company.

### *Tax risks*

Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Group is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Group's income tax expense is based upon its interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, which is beyond the Group's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's earnings. The vessel-owning companies are expected to be subject to the German or Dutch tonnage tax regime.

From time to time the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates from time to time. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies; or if the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, its effective tax rate on its earnings could increase substantially and the Group's earnings and cash flows from operations could be materially adversely affected.

### **Financial risks**

#### *Liquidity risk*

The shipping market is capital intensive. The Group is dependent on future cash flows in order to be able to meet its obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity at all times to meet its obligations.

#### *Counterparty risks*

The performance of the Group depends heavily on its counterparties' ability to perform their obligations under, for instance, agreed time charter parties. Liner shipping companies have been placed under significant financial pressure, thereby increasing the Group's charter counterparty risk. The Group is consequently exposed to the risk of contractual default by its counterparties. Any default by a counterparty of its obligations under its agreements with an entity within the Group may have material adverse consequences on the financial condition of the Group.

#### *Currency risk*

US Dollar ("USD") is the functional and reporting currency for the Group. Charter hire is normally payable in USD and the value of the vessels is normally denominated in USD. The Group's vessels operate on a worldwide basis. Therefore, the Group is exposed to currency exchange rate fluctuations as a result costs incurred in currencies other than USD. In particular, the Group has a net exposure to EUR and NOK. Thus, currency fluctuations may affect both the Group's and consequently the investors' return, book value and value adjusted equity of subsidiaries in other currencies than USD.

The shares are priced and traded in NOK at Oslo Axess at the Oslo Stock Exchange as of 29 January 2018 and hence there is a foreign exchange risk associated with conversion from the reporting currency to NOK. Any future payments of dividends on the shares will be denominated in NOK.

#### *Interest rate risk*

Any changes in the interest rate would directly affect the returns on the financed investments. Interest rate levels can also indirectly affect the value of the assets at the point of sale. This will impact the value of the Group's portfolio.

### *Covenant Risk*

Loans will typically contain certain covenants, including those related to minimum cash levels, minimum equity ratios, minimum value clauses, vessel related covenants and insurance related covenants, amongst others. The breach of such covenants may lead to a default situation, resulting in capital calls by the creditors and a forced sale of the underlying vessels, which may have a detrimental impact on the financial position of the Group. The compliance with certain debt covenants, including covenants in relation to the market value of the Group's fleet, may be beyond the control of the Group.

### *Hedging transactions*

The Group may engage in certain hedging transactions which are intended to reduce the currency or interest rate exposure. Any such hedging transaction may be imperfect, leaving the Group indirectly exposed to some risk from the position that was intended to be protected. The successful use of hedging strategies depends upon the availability of a liquid market and appropriate hedging instruments and there can be no assurance that the underlying subsidiaries will be able to close out a position when deemed advisable. Like any other financial instrument that is subject to market risks, the derivatives used in hedging activities bear the inherent risk of value loss, leading to considerable liabilities of the Group vis-à-vis the hedging counterparty, due to a variety of factors beyond the Group's control.

### *Risks related to insurance*

Risks may arise for which the Group is not or not adequately insured. Any particular claim may not be paid by the Group's insurers or not paid in time and any claims covered by insurance would be subject to deductibles, the aggregate amount of which could be material. Any uninsured or underinsured loss could harm the Group's business and financial condition and have a material adverse effect on the Group's operations. Furthermore, even if insurance coverage is adequate to cover the Group's losses, the Company may not be able to obtain a replacement ship in a timely manner in the event of a loss.

If the Group fails to comply with applicable regulations, it may be subject to increased liability, which may adversely affect its insurance.


The Group may be subject to premium calls because some of its insurances are obtained through protection and indemnity associations.

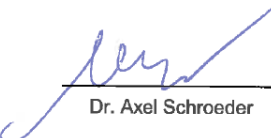
## FORWARD-LOOKING STATEMENTS


Forward-looking statements presented in this report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Container Ships ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Oslo, 26 March 2018

The Board of Directors of  
MPC Container Ships ASA

  
Ulf Holländer (Chairman)

  
Dr. Axel Schroeder

  
Laura Carballo

  
Darren Maupin

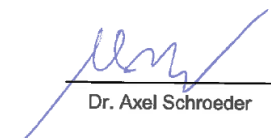

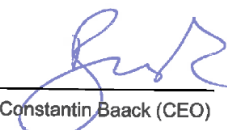
  
Ellen Hanetho

# RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements presented in this report have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm to the best of our knowledge that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Group and a description of risks and uncertainties.

Oslo, 26 March 2018

The Board of Directors and CEO of  
MPC Container Ships ASA

  
Ulf Holländer (Chairman)  
Dr. Axel Schroeder  
Laura Carballo  
Darren Maupin  
Ellen Hanetho  
Constantin Baack (CEO)

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

in USD thousands	Note	9 January 2017 – 31 December 2017
Operating revenue	6	21,390
Commissions		-771
Vessel voyage expenditures		-2,834
Vessel operation expenditures	8	-14,213
Ship management fees		-1,097
<b>Gross profit</b>		<b>2,475</b>
Administrative expenses	9	-2,114
Depreciation and impairment	14	-3,302
Other expenses		-322
Other income		879
<b>Operating result (EBIT)</b>		<b>-2,384</b>
Share of profit or loss from joint venture	12	394
Other finance income		2,076
Finance costs	10, 17	-2,474
<b>Profit/Loss before income tax (EBT)</b>		<b>-2,388</b>
Income tax expenses	11	-146
<b>Profit/Loss for the period</b>		<b>-2,534</b>
Attributable to:		
Equity holders of the Company		-2,639
Non-controlling interest		105
<b>Basic earnings per share – in USD</b>		<b>-0.10</b>
<b>Diluted earnings per share – in USD</b>		<b>-0.09</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


in USD thousands	Note	9 January 2017 – 31 December 2017
Profit/loss for the period		-2,534
<b>Items that may be subsequently transferred to profit or loss</b>		<b>157</b>
Foreign currency effects, net of taxes		0
Other comprehensive profit/loss, net of taxes		157
<b>Items that will not be subsequently transferred to profit or loss</b>		<b>-17</b>
Other comprehensive profit/loss, net of taxes		-17
Other comprehensive profit/loss from joint ventures and affiliates		0
<b>Total comprehensive profit/loss</b>		<b>-2,394</b>
Attributable to:		
Equity holders of the Company		-2,499
Non-controlling interest		105

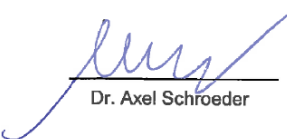
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

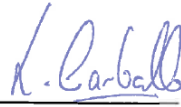
in USD thousands	Note	31 December 2017
<b>Assets</b>		<b>451,125</b>
Non-current assets		281,250
Vessels	14	207,069
Prepayments on vessels	14	57,787
Investment in joint ventures	12	16,394
Current assets		169,875
Inventories		1,675
Trade and other receivables	16	3,877
Cash and cash equivalents	15	164,323
Unrestricted cash		119,171
Restricted cash		45,152
<b>Equity and liabilities</b>		<b>451,125</b>
Equity		340,520
Ordinary shares	20, 22	338,477
Share capital		77,155
Share premium		261,322
Retained losses		-2,534
Other reserves		140
Non-controlling interest	13	4,437
Non-current liabilities		102,108
Interest bearing loans	17	102,108
Current liabilities		8,497
Interest bearing borrowings	17, 24	158
Trade and other payables	18	7,202
Payables to affiliated companies	18, 19	53
Other liabilities		1,083

Oslo, 26 March 2018

The Board of Directors and CEO of  
MPC Container Ships ASA

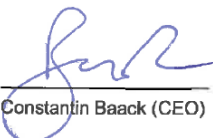
  
Ulf Holländer (Chairman)

  
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Laura Carballo

  
Darren Maupin

  
Ellen Hanetho

  
Constantin Baack (CEO)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in USD thousands	Note	Share capital	Share premium	Retained earnings	Hedge reserves	Other reserves	Non-controlling interest	Total equity
Incorporation		3						3
Share issuance	20	77,152	271,483				4,333	352,968
Share issuance costs			-10,161					-10,161
Result of the period				-2,534			105	-2,430
Other comprehensive income					157	-17		140
<b>Equity as at 31 Dec. 2017</b>		<b>77,155</b>	<b>261,322</b>	<b>-2,534</b>	<b>157</b>	<b>-17</b>	<b>4,437</b>	<b>340,520</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Note	9 January 2017 – 31 December 2017
Profit/Loss before income tax		-2,388
Income tax expenses		-146
Net change in current assets		-5,552
Net change in current liabilities		8,338
Depreciation		3,302
Loss/gain from the disposal of fixed assets		-394
<b>Cash flow from operating activities</b>		<b>3,160</b>
Proceeds from the disposal of tangible assets		394
Purchase of vessels	14	-268,158
Purchase of long-term financial assets	12	-16,394
<b>Cash flow from investing activities</b>		<b>-284,158</b>
Proceeds from share issuance	20	353,232
Share issuance costs		-10,161
Proceeds from debt financing	17	106,024
Debt issuance costs		-3,758
<b>Cash flow from financing activities</b>		<b>445,337</b>
Net change in cash and cash equivalents		164,340
Net foreign exchange differences		-17
Cash and cash equivalents at beginning of period	15	0
<b>Cash and cash equivalents at the end of period</b>	<b>15</b>	<b>164,323</b>



## NOTES

### Note 1 - General information

MPC Container Ships ASA (the "Company") was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company (*Norwegian: allmennaksjeselskap*) on 16 January 2018. The Company has its registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. Operations commenced in April 2017, when the Company acquired its first vessels. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group is the investment in and operation of container vessels.

The shares of the Company are listed at Oslo Axess at the Oslo Stock Exchange as of 29 January 2018 under the ticker "MPCC". On 21 March 2018 the Company's application for transfer of its shares to Oslo Børs was approved by Oslo Stock Exchange with first day of listing no later than 4 May 2018. Shares issued following the private placement in February 2018 are temporarily listed on the Merkur Market at the Oslo Stock Exchange. Upon approval of a listing prospectus by the Financial Supervisory Authority of Norway, these shares will be admitted to trading on Oslo Axess or Oslo Børs and will convert to the regular ISIN number of the Company's existing shares.

The financial statements were approved by the Company's Board of Directors on 26 March 2018.

### Note 2 - Basis of preparation

The consolidated financial statements of the Group are prepared in accordance with the accounting principles prescribed by International Financial Reporting Standards ("IFRS") as adopted by the European Union.

#### *Going concern assumption*

The financial statements are based on the going concern assumption.

#### *Financial statement classification*

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

Current assets are assets that are:

- expected to be realized in the entity's normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

Cash or cash equivalents are classified as current assets unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. The current share of long-term assets or liability will be classified as current. All other assets are non-current.

Current liabilities are those:

- expected to be settled within the entity's normal operating cycle
- held for purpose of trading
- due to be settled within twelve months for which the entity does not have an unconditional right to defer settlement beyond twelve months.

All other liabilities are non-current. If a liability has become payable given a breach of an undertaking under a long-term loan agreement, the liability is classified as current.

The income statement of the Group is presented using the cost of sales method.

The cash flow statement of the Group is prepared using the indirect method.

#### *Basis of measurement*

The consolidated financial statements were prepared on the basis of historical cost.

The Group's financial year corresponds to the calendar year.

#### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of MPC Container Ship ASA and its subsidiaries as at 31 December 2017. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In general, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The consolidation of subsidiaries is carried out from the date at which the Group obtains the control over such companies and subsidiaries continue to be consolidated until the date that such control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, income and expenses, unrealized gains and losses as well as cash flows resulting from intercompany transactions are eliminated in full.

Non-controlling interests represent the portion of comprehensive income and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

The Group has included the subsidiaries listed in Note 26 in the consolidated financial statements.

#### *Functional and presentation currency*

The consolidated financial statements are presented in US Dollar (USD), which is the functional currency of the parent company of the Group. All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated.

#### *New and amended standards and interpretations*

Standards and interpretations that are issued but not yet effective are disclosed below. Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes on its financial statements. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

- IFRS 9 – Financial instruments: Effective for annual periods beginning on or after 1 January 2018. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement. The Group has made a preliminary assessment of the effects of replacing IAS 39 with IFRS 9, and has not identified any material impact on the Group's financial position.
- IFRS 15 – Revenue from contracts with customers: effective for annual periods beginning on or after 1 January 2018. The standard will supersede all current revenue recognition requirements under IFRS. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring transportation services to the customers. The Group foresees no major impact from the new standard except for increased note requirements.
- IFRS 16 – Leases: Effective for annual periods beginning on or after 1 January 2019. The standard will replace existing IFRS leases requirements. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for each party to a contract, i.e. the lessee and the lessor. The new standard requires lessees to recognize assets and liabilities for most leases, as the principal distinction between operating and finance leases is removed. For lessors, however, IFRS 16 maintains the principal accounting requirements in IAS 17 and lessors continue to differentiate operating leases and finance leases. Management has made a preliminary assessment of the effects of replacing IAS 17 with IFRS 16, and has not identified any material impact on the Group's financial position.

#### **Note 3 - Significant accounting policies**

##### *Foreign currency translation*

The consolidated financial statements are presented in USD, which is the functional currency of the parent company of the Group. In accordance with IAS 21, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

##### *Vessels and other property, plant and equipment*

Fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include capitalizable expenditures that are directly attributable to the acquisition of the vessels. Upon acquisition, each component of the vessels, with a cost significant to the total acquisition costs, is separately identified and depreciated over that component's useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Future depreciations are based on depreciation schedules including residual values. Expected useful lives of assets, and residual values, are

reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognized in the carrying amount of the vessels. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance.

Vessels and other property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognized.

#### *Impairment of vessels*

Vessels and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognized, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the net realizable value and its value in use. The net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale and the value in use is the present value of estimated future cash flows expected from the continued use of an asset.

Assets are grouped at the lowest level where there are separately identifiable independent cash flows. The following assumptions have been made when calculating the value in use for container vessels:

- Each vessel is considered to be a separate cash generating unit.
- Future cash flows are based on an assessment of expected development in charter rates and estimated level of operating expense (including maintenance and repair) and dry-docking over the remaining useful life of the vessel plus any residual value.
- The net present value of future estimated cash flows of each cash generating unit is based on a discount rate according to a pre-tax weighted average cost of capital (see Note 14 – Vessels). The weighted average cost of capital is calculated based on the expected long-term borrowing rate and risk-free USD LIBOR rate plus an equity risk premium.

An impairment loss recognized in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

#### *Investment in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for using the equity method, whereas the investment in an associate or a joint venture is initially recognized at cost and thereafter adjusted for the Group's share of post-acquisition profits or losses, movements in other comprehensive income or dividends received. To recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

#### *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

#### *Provisions*

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement.

#### *Trade and other payables*

Trade and other payables represent non-interest-bearing liabilities for goods and services provided to the Group prior to the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### *Trade and other receivables*

Trade receivables and other short-term receivables are measured at fair value upon initial recognition and subsequently measured at amortized cost.

#### *Inventories*

The Group values its inventories, which comprise mainly of lube oils and stores on board the vessels, at the lower of cost and net realizable value. They are accounted for on a first-in/first-out basis.

#### *Cash and cash equivalents*

Cash and short-term deposits in the statement of financial position comprise cash at banks, on hand and short-term deposits with a maturity of three months or less. Cash equivalents represent short-term, liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Cash and cash equivalents are recorded at their nominal values. Liquid funds denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

#### *Share issuance*

Costs related to share issuances are recognized directly in equity.

### *Warrants*

The warrants issued by the Company are classified as equity instruments in accordance with IAS 32. Accordingly, the subscription rights are not recognized in the Group's financial statements at the time they are granted. At the time of the execution, the Company issues shares and receives a cash contribution. The cash contribution is accounted for in share capital and capital reserves (in the amount a premium or discount to the shares' par value).

### *Financial liabilities*

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

### *Derivative financial instruments and hedging*

The Group may use certain hedging instruments, such as forward contracts or options, to manage foreign exchange or interest rate risk, for instance. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss. With respect to option contracts, the initial time value of the respective agreement is amortized to profit or loss over the term of the hedging relationship.

At the inception of a hedging relationship, the Group formally designates and documents the hedge relationship to which the Group applies hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedges: As of 31 December 2017, The Group uses interest rate swaps and interest rate caps as hedges of its exposure to interest rate fluctuations in connection with its bond financing.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to

the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

#### *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices included in Level 1 are directly or indirectly observable.
- Level 3: Inputs are unobservable.

Additional explanations of fair values can be found in Note 18 – Financial instruments.

#### *Leases*

The determination of whether an arrangement contains a lease element is based on the substance of the arrangement at the inception of the lease. Leases are classified as finance leases if the terms of the lease agreement transfer substantially all the risks and benefits related to ownership of the leased item. All other leases are classified as operating leases.

The Group leases its assets to liner shipping companies through time charter contracts.

#### *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

Charter revenues from time charters on operational lease out are recognized on a straight-line basis over the rental periods of such charters, as services are performed.

Revenues for vessels employed in a charter pool are recognized on a straight-line basis over a calculation period of pool revenues. The standard calculation period is one month.

#### *Operating expenses*

Operating expenses are accounted for on an accruals basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalized as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Operating expenses of the Group are expenses related to the operation of vessels, such as (but not limited to) crewing expenses, expenses for maintenance and repair, insurance and lube oil.

### *Interest income*

Interest income is recognized as accrued and is presented in financial income in the statement of comprehensive income.

### *Earnings per share*

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share are calculated by dividing the profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### *Taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities.

The Company is subject to tax on its income in accordance with the general tax rules pertaining to companies tax resident in Norway.

The Company's vessel-owning subsidiaries are expected to be subject to the German or Dutch tonnage tax regime, i.e. taxable income is calculated as a lump sum depending on the net tonnage of the respective vessels, independent of the realized earnings. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according the ordinary taxation rules applicable in the resident country of each respective company. Tonnage tax is classified as an operating cost.

Deferred tax liabilities are classified as non-current assets and are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

### *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers in the Group. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of the Company. The Group has identified one operating segment as it employs one type of vessels: "Container vessels".

### **Note 4 - Significant judgements, estimates and assumptions**

The preparation of consolidated financial statements conforming to IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to these financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis.



### *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognized in the consolidated financial statements:

- **Asset acquisitions:** Judgement is required to determine if a transaction qualifies as a business combination or an asset acquisition, depending on the nature of the transaction. Management makes this determination based on whether the Group has acquired an "integrated set of activities and assets" as defined in IFRS 3 Business Combination, by relevance to the acquisition of underlying inputs, processes applied to those inputs, and resulting outputs. The current and completed vessel acquisitions of the Group are considered as asset acquisitions.
- **Consolidation and joint arrangements:** The Group has determined that it controls and consolidates its subsidiaries. The Group holds a 80% interest in Sao Paulo Project Holding GmbH & Co. KG and the Group has determined that it controls the venture in view of voting majorities and board representation; the entity is consolidated as a subsidiary. In addition, the Group holds a 50% ownership interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG; the Group has determined that it has joint control over the investee and the ownership is shared with the joint venture partner.

### *Assumptions and estimation uncertainties*

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

- **Depreciation of vessels:** Depreciation is based on estimates of the vessels' useful lives, residual values less scrapping costs and the depreciation method, which are reviewed by management at each balance sheet date. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively.
- **Impairment of vessels:** Indicators of impairment of assets are assessed at each reporting date. The impairment assessments demand a considerable degree of estimation. Changes in circumstances and assumptions may significantly affect the estimated recoverable amounts, and a prolonged weak market may result in future impairment losses. The Group's impairment test for operating vessels is based on the value in use as assessed by performing discounted cash flow calculations. Value in use calculations involve a high degree of estimation and a number of critical assumptions such as time charter rates, operational expenses, residual values and discount rates. The key assumptions used in the impairment assessment are disclosed in Note 14.
- **Upon acquisition of each vessel,** management makes an assumption regarding the allocation of vessel purchase prices to residual values of existing time charter contracts and dry-dockings.

### **Note 5 - Segment information**

All of the Group's vessels earn revenue from seaborne container transportation globally. The vessels exhibit similar economic, trading and financial characteristics. The Group is organized in one operating segment, i.e. the container shipping segment.

The chief operating decision makers measure the financial performance based on the consolidated results for the Group's vessels. Further, the assets and liabilities are reviewed at a consolidated basis in a consistent manner with the statement of financial position.

The following customers of the Group represent more than 10% of the Group's total charter revenue: CMA CGM S.A., France (37%) and Maersk Line, Denmark (13%).

The Group's vessels trade globally and are suitable to be deployed in various global trading patterns. Therefore, there is no particular focus on a geographic region. The Company provides geographical data for revenue only, as the Group's revenue predominantly stems from vessels that may be employed globally. Gross revenue specific foreign countries which contribute significantly to total revenue are disclosed below.

in USD thousands	2017
Asia	4,955
South America	6,339
Europe	2,169
Middle East	92
Africa	0
Other geographical locations (worldwide trades)	6,342
<b>Total time charter and pool revenue</b>	<b>19,897</b>

#### Note 6 - Revenue

in USD thousands	2017	Number of vessels
Time charter revenue	14,951	18
Pool charter revenue	4,945	6
Other revenue	1,494	-
<b>Total operating revenue</b>	<b>21,390</b>	<b>24</b>

Pool revenues are based on average revenues across the pool the vessels are employed in.

Contracted revenues based on fixed time charter contracts as of 31 December 2017 are set out below, based on minimum contract periods of vessels held in subsidiaries:

in USD thousands	< 6 months	6 – 12 months	>12 months	Total
Time charter revenue	12,255	4,066	2,020	<b>18,341</b>

#### Note 7 - Voyage expenses

in USD thousands	2017
Bunker expenses	-2,501
Other voyage expenses	-333
<b>Total voyage expenses</b>	<b>-2,834</b>

Bunker expenses relate to periods where the vessels have been idle, repositioning or under maintenance and repair. Bunker expenses are partially compensated by income from sale of bunkers upon delivery into a time charter (see Note 6, other revenue). When the vessels are on time charter contracts bunker consumption is for the charterer's expense.

## Note 8 - Operating expenses

in USD thousands	2017
Crew	-7,649
Lube oil	-813
Maintenance and repair	-3,031
Insurances	-1,169
General Opex	-1,551
<b>Total operating expenses</b>	<b>-14,213</b>

## Note 9 - Administrative expenses

in USD thousands	2017
Legal and advisory services	-1,318
Other administrative expenses	-796
<b>Total administrative expenses</b>	<b>-2,114</b>

The following table details the administrative expenses incurred in relation to audit and related services.

in USD thousands	2017
Audit fee (EY)	-477
Attestation services	0
Tax services	-36
Other non-audit services	-92
<b>Total auditor services</b>	<b>-605</b>

Audit fees include fees for a full audit of the Group's accounts as of 30 September 2017, which was required for listing of the Company's shares at Oslo Axess.

## Note 10 - Finance income and expenses

in USD thousands	2017
Interest income	469
Share of profit or loss from joint venture	394
Other financial income	1,607
<b>Total financial income</b>	<b>2,470</b>
Interest expenses	-1,694
Other financial expenses	-780
<b>Total financial expenses</b>	<b>-2,474</b>

## Note 11 - Income tax

The Company's subsidiaries in which the vessels are held are expected to be subject to German or Dutch tonnage tax, as applicable. Companies subject to tonnage tax are exempt from ordinary tax on income derived from operations in international waters.

The parent company is subject to ordinary corporation tax in Norway:

in USD thousands	2017
<i>Basis for ordinary corporation tax expense</i>	
Loss before taxes	-2,388
Tax at ordinary Norwegian corporation tax rate (24%)	-
<i>Basis for tax on controlled foreign corporation</i>	
Taxable profit of foreign controlled entities	261
Tax at ordinary corporation tax rate (24%)	-64
Other taxes	-82
<b>Total tax expense</b>	<b>-146</b>

In Norway, the Group has an estimated tax loss carried forward amounting to USD 19.7 million. The tax loss relates mainly to transaction cost on capital increase in Norway and can be carried forward indefinitely. Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.

## Note 12 - Interest in joint ventures

The Group has a 50% interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG, Hamburg (Germany), a company owning five 2,824 TEU container vessels through respective fully owned subsidiaries.

In view of the shared control structure in the joint venture, the Group's interest in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG is accounted for using the equity method. Summarized financial information of the joint venture, based on its IFRS financial statements, is set out below:

in USD thousands	31 December 2017
Non-current assets	30,169
Cash and cash equivalents	2,774
Other current assets	948
Non-current liabilities	0
Current liabilities	1,112
<b>Equity</b>	<b>32,779</b>
<b>Group's carrying amount of the investment</b>	<b>16,394</b>
Revenue	10,163
Cost of sales	-8,568
Administrative expenses	-156
Other income	95
Other expenses	-149
Depreciation	-598
Interest income	1
Interest expenses	0
Income tax	0
<b>Profit after tax for the period</b>	<b>787</b>
<b>Total comprehensive income for the period</b>	<b>787</b>
<b>Group's share of profit for the period</b>	<b>394</b>
<b>Dividends received</b>	<b>0</b>

The joint venture had no contingent liabilities or capital commitments. 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG cannot distribute its profits without the consent from the two partners.

#### Note 13 - Non-controlling interests

in USD thousands	31 December 2017
Aggregated information	145
Sao Paulo Project Holding GmbH & Co. KG	4,292
<b>Total non-controlling interests</b>	<b>4,437</b>

The line item "Aggregated information" is the sum of the 0.1% shares of the ship managers hold in the ship-owning entities of the Group, see Note 26 – Group Companies.

Summarized financial information of Sao Paulo Project Holding GmbH & Co. KG, based on its IFRS financial statements, is set out below for the period included in the consolidated financial statements. Sao Paulo Project Holding GmbH & Co. KG owns two feeder container vessels through respective subsidiary (see Note 26 – Group companies):

in USD thousands	31 December 2017
Non-current assets	24,776
Current asset	3,430
Non-current liabilities	5,866
Current liabilities	496
<b>Equity</b>	<b>21,845</b>
Revenue	1,616
Profit after tax for the period	518
<b>Total comprehensive income for the period</b>	<b>518</b>
<b>Dividends received</b>	<b>0</b>

#### Note 14 - Vessels

in USD thousands	31 December 2017
<b>Closing balance previous period</b>	-
Acquisition of fixed assets	199,092
Prepayments	57,787
Capitalized dry-docking and other expenses	11,279
<b>Acquisition cost</b>	<b>268,158</b>
Depreciation	-3,302
Impairment	0
<b>Depreciation and impairment</b>	<b>-3,302</b>
<b>Closing balance</b>	<b>264,856</b>
<i>Depreciation method</i>	<i>Straight-line</i>
<i>Useful life (vessels)</i>	<i>25 years</i>
<i>Useful life (dry-docks)</i>	<i>5 years</i>

As of 31 December 2017, the Group operated 24 vessels in consolidated subsidiaries and 5 vessels through a joint venture arrangement.

Vessel	Built	TEU	Gear	Yard	Consolidation
AS LAETITIA	2007	966	2	Yangfan Group Co. Ltd.	Subsidiary
AS LAGUNA	2008	966	2	Yangfan Group Co. Ltd.	Subsidiary
AS FORTUNA	2009	1,345	2	Jiangsu Yangzijiang Shipbuilding	Subsidiary
AS FLORETTA	2007	1,284	2	Zhejiang Ouhua Shipbuilding Co.	Subsidiary
AS FAUSTINA	2007	1,284	2	Zhejiang Ouhua Shipbuilding Co.	Subsidiary
AS FABRIZIA	2008	1,284	2	Zhejiang Ouhua Shipbuilding Co.	Subsidiary
AS FIORELLA	2007	1,296	2	Zhejiang Ouhua Shipbuilding Co.	Subsidiary
AS FIONA	2003	1,200	0	Peene-Werft GmbH	Subsidiary
AS FATIMA	2008	1,284	0	Zhejiang Ouhua Shipbuilding Co.	Subsidiary
FSL SANTOS	2003	1,200	0	Peene-Werft GmbH	Subsidiary
AS ANGELINA	2007	2,127	3	Aker MTW Werft GmbH	Subsidiary

RIO TESLIN	2004	2,556	4	Hyundai Heavy Industries (Ulsan)	Subsidiary
RIO THELON	2004	2,556	4	Hyundai Heavy Industries (Ulsan)	Subsidiary
RIO TAKU	2004	2,556	4	Hyundai Heavy Industries (Ulsan)	Subsidiary
AS PETRONIA	2004	2,556	4	Hyundai Heavy Industries (Ulsan)	Subsidiary
WUHAN TRADER	2008	2,564	3	Xiamen Shipbuilding Industry Co. Ltd.	Subsidiary
AS CONSTANTINA	2005	2,742	0	Aker MTW Werft GmbH	Subsidiary
AS CLARA	2006	2,742	0	Aker MTW Werft GmbH	Subsidiary
AS COLUMBIA	2006	2,742	0	Aker MTW Werft GmbH	Subsidiary
AS CLARITA	2006	2,846	0	STX Shipbuilding (Jinhae)	Subsidiary
AS CALIFORNIA	2008	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Subsidiary
VILANO	2006	2,742	3	Aker MTW Werft GmbH	Subsidiary
CAP PASADO	2006	2,742	3	Aker MTW Werft GmbH	Subsidiary
CAP BLANCHE	2006	2,742	3	Aker MTW Werft GmbH	Subsidiary
AS CARINTHIA	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Joint venture
CARDONIA	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Joint venture
CORDELIA	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Joint venture
CARPATIA	2003	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Joint venture
CIMBRIA	2002	2,824	0	Hyundai Mipo Dockyard Co. Ltd.	Joint venture

*Vessel acquisitions:* The transaction to acquire the Group's vessels are accounted for as asset acquisitions.

*Impairment:* Given the container market conditions that have been present during the past years, management has performed impairment tests on all vessels in the Group as of 31 December 2017. This assessment did not lead to any impairment charges, given that no impairment indicators have been identified and the recoverable amounts are higher than carrying amounts. The value in use calculations are based on a discounted cash flow model with the following main inputs:

- Weighted average cost of capital: 9.0% p.a. (for remaining useful life of 15 years)
- Growth rate for operating expenses: 2.5% p.a.
- Charter rates: Contractual values and historic long-term as estimates of time charter rates for open periods
- Utilization: 98% of available trading days, not including dry-dockings
- Residual value: Scrap value based on steel price less costs of scrapping

Minor changes in the assumptions applied in the value in use calculations will not lead to impairment charges.

#### Note 15 - Cash and cash equivalents

in USD thousands	31 December 2017
Bank deposits denominated in USD	161,309
Bank deposits denominated in EUR	1,387
Bank deposits denominated in NOK	1,627
<b>Total cash and cash equivalents</b>	<b>164,323</b>

The fair value of cash and cash equivalents at 31 December 2017 is USD 164.3 million. Based on the terms of the senior secured bond, USD 40.8 million in cash are restricted bank balance held in an escrow account as of 31 December 2017; it is expected that the funds will be drawn from the escrow account for vessel acquisitions within less than six months. Release of funds from the escrow account are subject to vessel acquisitions and fulfilment of all conditions precedent. The bond terms include a requirement to list the bonds at Oslo Stock Exchange within twelve months from issuing of the bonds.

Bank deposits earn interest at floating rates based on applicable bank deposit rates. Short-term deposits are made for varying periods, depending on the cash requirements of the Group.

#### Note 16 - Trade and other receivables

in USD thousands	Total	Neither past due / impaired	<30 days	Past due but not impaired 30-60 days	61-90 days	>90 days
31 December 2017	3,877	3,877	3,877	0	0	0

No receivables are past due and no impairment has been required on trade receivables. See Note 24 – Financial risk management regarding management of credit risk.

#### Note 17 - Interest-bearing debt

On 8 September 2017, via the Company's wholly-owned subsidiary MPC Container Ships Invest B.V., the Group issued a USD 100 million senior secured bond with a total borrowing limit of USD 200 million. The bond has a floating interest rate of LIBOR + 4.75% and a 5-year maturity. Settlement of the bond was 22 September 2017 and the bond shall be repaid in full on the maturity date (22 September 2022).

On 2 February 2018, a USD 100 million tap issue on the above-mentioned bond was completed. As such, the total nominal amount of bonds outstanding is USD 200 million as of February 2018.

in USD thousands	31 December 2017
Nominal value of issued bonds	100,000
Debt issuance costs	-3,758
Other debt	5,866
<b>Book value of debt</b>	<b>102,108</b>

The following main financial covenants are defined in the bond terms:

- Vessel loan-to-value ratio of MPC Container Ships Invest B.V. and its subsidiaries shall not exceed 75%;
- MPC Container Ships Invest B.V., together with its subsidiaries, shall maintain a minimum liquidity of 5% of the financial indebtedness of MPC Container Ships Invest B.V. and its subsidiaries; and
- the book-equity ratio of the Group shall at all times be higher than 40%. See Note 25 – Capital management for compliance with this covenant.

The Group is in compliance with all covenants, as per 31 December 2017.

The bond is guaranteed by the Company and all subsidiaries of MPC Container Ships Invest B.V.

See Note 10 for further information on interest income and total interest expenses.



## Note 18 - Financial instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements. The estimated fair value amounts of the financial instruments have been determined using appropriate market information and valuation techniques.

in USD thousands	Level	Carrying value	Fair value
		31 December 2017	31 December 2017
Trade and other receivables	2	3,877	3,877
Derivatives used for hedging	3	157	157
Cash and cash equivalents	1	164,323	164,323
<b>Financial asset</b>		<b>168,357</b>	<b>168,357</b>
Interest-bearing debt	3	102,108	102,108
Trade and other current payables	2	8,497	8,497
<b>Financial liabilities</b>		<b>110,605</b>	<b>110,605</b>

Fair value of trade receivables, cash and cash equivalents and trade payables approximate their carrying amounts due to the short-term maturities of these instruments.

The fair value of interest-bearing debt is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities. Fair value of interest-bearing debt approximates the carrying amounts as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date.

### Cash Flow Hedges

The details of new hedge activities entered into by the Group and hedges with significant changes in value during the year ended 31 December 2017 are described below.

The Group uses interest rate swaps and interest rate caps as hedges of its exposure to interest rate fluctuations in connection with its debt and bond financing.

in USD thousands	31 December 2017	
	Assets	Liabilities
Interest rate swap	110	0
Interest rate caps	47	0
<b>Total</b>	<b>157</b>	<b>0</b>

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the statement of profit or loss. An amount of USD 0.157 is included in OCI. The respective asset position is shown under the position "Derivative financial instruments" in the consolidated statement of financial position.

The swap and option agreements classified as effective cash flow hedges under IAS 39 have maturities of between less than three months and until 2022.

## Note 19 - Related party disclosure

The Group has entered into a corporate service agreement to purchase administrative and corporate services from MPC Münchmeyer Petersen Capital AG and its subsidiaries.

The Company is responsible for the technical ship management of the vessels owned by the Group. Performance of technical ship management services is sub-contracted to Ahrenkiel Steamship GmbH & Co. KG, a subsidiary of MPC Münchmeyer Petersen Capital AG, for 23 of the vessels owned by the Group and joint venture entities.

Commercial ship management of the vessels owned by the Group associated joint ventures is contracted to Contchart Hamburg Leer GmbH & Co.KG, a subsidiary of MPC Münchmeyer Petersen Capital AG.

The following table provides the total amount of service transactions that have been entered into with related parties for the relevant period:

in USD thousands / 2017	Group	2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG
Ahrenkiel Steamship GmbH & Co. KG	-836	-378
Contchart Hamburg Leer GmbH & Co.KG	-261	-127
MPC Maritime Investments GmbH	-67	-
MPC Münchmeyer Petersen Capital AG	-33	-
<b>Total</b>	<b>-1,197</b>	<b>-506</b>

In order to secure vessel acquisitions prior to the final establishment of the Group, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Münchmeyer Petersen Capital AG, temporarily warehoused AS LAETITIA, AS LAGUNA and AS PAULINA and the shares in 2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG prior to the final establishment of the Group.

All transactions with related parties are carried out at market terms.

See Note 22 – Warrants regarding the warrants allocated to the founding shareholders.

### *Directors' and executive management's compensation and shareholding*

	Independent	Shares	Warrants	2017 remuneration
Ulf Holländer (Chairman)	No <sup>1</sup>	-	-	NOK 100,000
Dr. Axel Schroeder	No <sup>2</sup>	-	-	NOK 100,000
Darren Maupin	Yes	-	-	NOK 100,000
Dr. Ottmar Gast (resigned 16 January 2018)	Yes	-	-	NOK 100,000
Robert Knapp (resigned 16 January 2018)	Yes	-	-	NOK 100,000
Laura Carballo (elected 16 January 2018)	No <sup>3</sup>	-	-	-
Ellen Hanetho (elected 16 January 2018)	Yes	-	-	-
Constantin Baack (Managing Director)	-	-	-	NOK 500,000

<sup>1</sup> Ulf Holländer currently serves as the CEO of MPC Münchmeyer Petersen Capital AG, a related party of the Company.

<sup>2</sup> Dr. Axel Schroeder currently serves as Managing Partner at CSI Beteiligungsgesellschaft mbH, one of the larger shareholders of the Company and as Chairman of the Board of MPC Münchmeyer Petersen Capital AG.

<sup>3</sup> Laura Carballo currently serves as Partner and Head of Portfolio Management at STAR Capital Partnership LLP, which through Star Spike Limited is one of the larger shareholders of the Company.

On January 16 2018, the Company's general meeting unanimously resolved that each member of the Board of Directors shall receive NOK 200,000 in remuneration for the fiscal year 2018.

The Company is in the growth phase of its operation. As of 31 December 2017, the CEO was entitled to a compensation of NOK 500,000 from the Company. The Board of Directors will propose management compensation guidelines to the Company's general meeting when applicable and in connection with the yearly assessment of the CEO.

#### Note 20 - Share capital

	Number of shares	Share capital (USD thousands)	Share premium (USD thousands)
9 January 2017	300	3	-
20 April 2017	3,000	3	-
20 April 2017	20,003,000	23,132	73,872
19 June 2017	35,003,000	40,836	130,073
11 December 2017	65,253,000	77,155	261,322
<b>31 December 2017</b>	<b>65,253,000</b>	<b>77,155</b>	<b>261,322</b>

The share capital of the Company consists of 65,253,000 shares at 31 December 2017, with nominal value per share of NOK 10. All issued shares are of equal rights and are fully paid up.

Share issuance costs until 31 December 2017 amounted to USD 10.2 million.

See Note 27 – Subsequent events for information on a capital increase completed after the balance sheet date.

#### Overview of the 20 largest shareholders as of 31 December 2017

Shareholder	No. of shares	in %	Type
Star Spike Limited	12,947,500	19.8%	
CSI Beteiligungsgesellschaft mbH	9,951,000	15.2%	
KAS Bank N.V.	3,044,691	4.7%	Nom
PILGRIM GLOBAL ICAV CLT AC	2,494,000	3.8%	
Morgan Stanley & Co. LLC	2,350,000	3.6%	Nom
J.P. Morgan Securities LLC	2,190,212	3.4%	Nom
State Street Bank and Trust Comp	2,000,000	3.1%	Nom
Credit Suisse Securities (USD) Llc	1,970,000	3.0%	Nom
Brown Brothers Harriman (Lux.) SCA	1,914,500	2.9%	Nom
Euroclear Bank S.A./N.V.	1,773,059	2.7%	Nom
Brown Brothers Harriman (Lux.) SCA	1,625,000	2.5%	Nom
Morgan Stanley And Co Intl Plc	1,400,000	2.1%	
Verdipapirfondet Delphi Norden	1,150,000	1.8%	
Uthalden A/S	1,150,000	1.8%	
Goldman Sachs & Co. LLC	1,118,150	1.7%	Nom
KLP AKSJENORGE	1,110,000	1.7%	
J.P. Morgan Securities Plc	986,000	1.5%	Nom
Songa Trading Inc	932,500	1.4%	
KLP Alfa Global Energi	907,000	1.4%	
Datum AA	905,000	1.4%	
<b>Total</b>	<b>51,918,612</b>	<b>79.6%</b>	

Dr. Axel Schroeder and Ulf Holländer hold indirect ownership interest in the Company through an indirect minority interest in CSI Beteiligungsgesellschaft mbH. Laura Carballo holds indirect ownership interest

in the Company through a fund managed by STAR Capital Partnership LLP. Darren Maupin holds indirect ownership interest in the Company through a minority ownership in Pilgrim Global ICAV.

#### Note 21 - Earnings per share

Profit/(loss) for year attributable to ordinary equity holders – in USD thousands	2017
Profit or loss attributable to equity holders of the Company	-2,639
Weighted average number of shares outstanding, basic	26,273,158
Weighted average number of shares outstanding, diluted	28,300,639
<b>Basic earnings per share – in USD</b>	<b>-0.10</b>
<b>Diluted earnings per share – in USD</b>	<b>-0.09</b>

#### Note 22 - Warrants

On 20 April 2017, the Company has issued 1,700,000 warrants to MPC Capital Beteiligungsgesellschaft mbH & Co. KG as the founding shareholder, corresponding to 8.5% of the shares issued in the private placement in April 2017. Under the same warrant agreement, on 19 June 2017, the Company has issued 421,046 additional warrants to

MPC Capital Beteiligungsgesellschaft mbH & Co. KG considering the equity private placement in June 2017. The total number of independent subscription rights granted to founding shareholders is 2,121,046.

Each warrant gives the holders the right, but no obligation, to subscribe for one share in the Company at the exercise price of the NOK equivalent of USD 5.00 per share, given that the vesting conditions are met. Conditions for exercise are structured in three tranches: 1/3 of the warrants may be exercised at any time after the Company's share price has exceed the NOK equivalent of USD 6.25, the next 1/3 of the warrants may be exercised at any time after the share price has exceed the NOK equivalent of USD 7.25 and the last 1/3 of the warrants may be exercised at any time after the share price has exceed the NOK equivalent of USD 8.25. The warrants are valid for a period of 5 years from 20 April 2017.

The warrants issued to the founding shareholder are recognized as equity instruments in accordance with IAS 32.

#### Note 23 - Commitments

The Group has entered into agreements for the acquisition of 15 secondhand container vessels. The Group is committed to pay the purchase prices upon takeover of the vessels, which is expected for the first half of 2018. Net of deposit payments made as of 31 December 2017, the respective commitment totals USD 116 million.

See Note 27 – Subsequent events for additional vessel acquisitions after the balance sheet date.

#### Note 24 - Financial risk management

This section provides additional information about the Group's policies that are considered most relevant in understanding the operations and management of the Group, in particular objectives and policies of how the Group manages its financial risks, liquidity positions and capital structure.

The Group owns and operates vessels for worldwide transportation of containerized cargo. Through its operation, the Group is exposed to market risk, credit risk, liquidity risk and other risks that may negatively influence the value of assets, liability and future cash flows.

### *Market risk*

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, foreign currency risk, credit risk and price risk.

*Interest rate risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, i.e. interest payable on the bond issued in September 2017 depends with the short-term LIBOR. The Group manages its interest rate risk by using interest rate hedging instruments. To do so, the Group has entered into interest rate swaps and interest rate caps, are accounted for using hedge accounting. Taking into account these hedging instruments, an increase of the short-term LIBOR rate by 50 basis points would cause the Group's annualized interest expenses to increase by USD 0.3 million or 4%.

*Foreign currency risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of most of the entities in the Group is USD, and the Group has only minor currency risk from its operations since all income and all major vessel costs are in USD. However, the Group has exposure to EUR and NOK as parts of administration and vessel operating expenses and a portion of cash and cash equivalents, other short-term assets, trade payables and provisions and accruals are denominated in EUR and NOK. Currently, no financial instruments have been entered into to mitigate this risk. An increase of the USD/EUR exchange rate by 10% would increase cause the vessel operating expenses to increase by approx. 2%.

The Group is subject to *price risk* related to the charter market for feeder container vessel which is uncertain and volatile and will depend upon, among other things, the global and regional macroeconomic developments. In addition, the future financial position of the Group depends on valuations of the vessels owned by the Group. Currently, no financial instruments has been entered into to reduce this shipping market risk. The Group will normally have limited exposure to risks associated with bunker price fluctuations as the bunkers are for the charterers account when the vessels are on time charter contracts.

### *Credit risk*

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

It is the aim of the Group to enter into contracts with creditworthy counterparties only. Prior to concluding a charter party, the Group evaluates the credit quality of the customer, assessing its financial position, past experience and other factors. Charter hire is paid in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognized financial institutions.

### *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. To ensure this, the Group continuously monitors projected cash flows using a liquidity planning tool.

The following table summarizes the contractual maturities of financial liabilities on an undiscounted basis as of 31 December 2017:

in USD thousands	< 1 year	1-5 years	> 5 years	Total
Interest bearing loans and borrowings	600	105,250	0	105,850
Interest payments	7,816	28,717	0	36,533
Trade and other payables	7,202	0	0	7,202
<b>Total</b>	<b>15,617</b>	<b>133,967</b>	<b>0</b>	<b>149,585</b>

<sup>1</sup> The senior secured bond settled 22 September 2017 and 2 February 2018, with maturation on 22 September 2022, in the amount of its nominal value of USD 200 million.

## Note 25 - Capital management

A key objective of the Group's capital management is to ensure that the Group maintains a capital structure in order to support its business activities and maximize the shareholder value. The Group evaluates its capital structure in light of current and projected cash flows, the state of the shipping markets, new business opportunities and the Group's financial commitments. Capital is primarily managed on the Group level.

The Group monitors its capital structure using the book-equity ratio, which stands at 75% at 31 December 2017. The Group is subject to financial covenants under the bond issued in September 2017 (see Note 17 – Interest-bearing debt). The Group aims at maintaining an equity ratio with adequate headroom to the respective covenant requirements.

in USD thousands	31 December 2017
Book equity	340,520
Total assets	451,125
<b>Book-equity ratio</b>	<b>75.5%</b>

The Group's intention is to pay dividends in support of the Group's objective of maximizing returns to shareholders. Any future dividends proposed will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, capital requirements, debt covenants and other factors. There are no current estimates regarding the potential future dividend level or timing of dividend payments

## Note 26 - Group companies

The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the table below:

Name	Country of incorporation	Principal activity	Equity interest	Direct / Indirect
"AS PETULIA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00%	Direct
"AS Cleopatra" Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00%	Direct
"AS Christiana" Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00%	Direct
"AS Carlotta" Schiffahrtsgesellschaft mbH & Co. KG	Germany	Ship-owning entity	100.00%	Direct
Dolphin Container Asset Ltd.	Liberia	Ship-owning entity	100.00%	Direct
MPC Container Ships Invest B.V.	Netherlands	Holding company	100.00%	Direct
Sao Paulo Project Holding GmbH & Co. KG	Germany	Holding company	80.00%	Direct
"AS F-Schiffe" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS ANGELINA" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS CLARA" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS CONSTANTINA" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS PAULINA" OpCo GmbH	Germany	General partner	100.00%	Direct

"AS PETRONIA" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS FORTUNA" OpCo GmbH	Germany	General partner	100.00%	Direct
"AS FIONA" OpCo GmbH	Germany	General partner	100.00%	Direct
MPC Container Ships GmbH & Co KG	Germany	Management Company	100.00%	Direct
"AS LAETITIA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS LAGUNA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS PAULINA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS PETRONIA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS CLARA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS ANGELINA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FATIMA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FLORETTA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FAUSTINA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FABRIZIA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FIORELLA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS COLUMBIA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS CLARITA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FRIDA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS CALIFORNIA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FIONA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS CONSTANTINA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS FORTUNA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS LAURETTA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
"AS SAVANNA" ShipCo C.V.	Netherlands	Ship-owning entity	99.90%	Indirect
Rio Teslin OpCo GmbH & Co. KG	Germany	Ship-owning entity	80.00%	Indirect
Rio Thelon OpCo GmbH & Co. KG	Germany	Ship-owning entity	80.00%	Indirect
"AS LAETITIA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS LAGUNA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS PAULINA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS PETRONIA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS CLARA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS ANGELINA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FATIMA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FLORETTA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FAUSTINA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FABRIZIA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FIORELLA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS COLUMBIA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS CLARITA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FRIDA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS CALIFORNIA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FIONA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS CONSTANTINA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS FORTUNA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS LAURETTA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
"AS SAVANNA" OpCo. B.V.	Netherlands	General partner	100.00%	Indirect
Rio Teslin OpCo Verwaltung GmbH	Germany	General partner	80.00%	Indirect
Rio Thelon OpCo Verwaltungs GmbH	Germany	General partner	80.00%	Indirect
2. Bluewater Holding Verwaltung GmbH	Germany	General partner	50.00%	Indirect
2. Bluewater OpCo GmbH	Germany	General partner	50.00%	Indirect

Ownership rights equal voting rights in all subsidiary entities.

## **Note 27 - Subsequent events**

On 16 January 2018, the Company converted into a Norwegian public limited liability company (Norwegian: *allmennaksjeselskap*). Under a resolution approved by the extraordinary general meeting of the Company held on 16 January 2018, the Board of Directors is authorized to increase the Company's share capital by up to NOK 163,132,500. The pre-emptive rights of the shareholders may be set aside by the Board of Directors. In addition, the Board of Directors is authorized to resolve to take up convertible loans with an aggregate principal amount of up to NOK 1,000,000,000. Upon conversion of loans taken up pursuant to this authorization, the Company's share capital may be increased by up to NOK 163,132,500.

As of 29 January 2018, the shares of the Company are listed at Oslo Axess, Oslo Stock Exchange.

On 30 January 2018, the Group entered into purchase agreements for the acquisition of two feeder container vessels with a total purchase price of USD 21.8 million.

On 31 January 2018, the Group entered into a purchase agreement for the acquisition of a feeder container vessel with a purchase price of USD 10.5 million.

On 2 February 2018, the Group completed a tap issue of USD 100 million in its senior secured bond facility.

On 16 February 2018, the Company issued 11,750,000 new shares at a subscription price of NOK 50.00 per share in a private placement, resulting in gross proceeds of USD 75 million. Shares issued following the private placement in February 2018 are temporarily listed on the Merkur Market at the Oslo Stock Exchange. Upon approval of a listing prospectus by the Financial Supervisory Authority of Norway, these shares will be admitted to trading on Oslo Axess and will convert to the regular ISIN number of the Company's existing shares. Following registration of the share capital increase, the Company has a share capital of NOK 770,030,000 divided into 77,003,000 shares, each with a nominal value of NOK 10.00.

On 20 February 2018, the Group entered into purchase agreements for the acquisition of 14 feeder container vessels with a total purchase price of USD 139.5 million.

On 9 March 2018, the Group entered into purchase agreements for the acquisition of a feeder container vessel with a purchase price of USD 6.6 million.

On 16 March 2018, the Group entered into purchase agreements for the acquisition of five feeder container vessels with a purchase price of USD 41.9 million.

On 21 March 2018, the Company's application for transfer of its shares to Oslo Børs was approved by Oslo Stock Exchange with first day of listing no later than 4 May 2018.



# PARENT FINANCIAL STATEMENTS

## INCOME STATEMENT


in USD thousands	Note	9 January 2017 – 31 December 2017
Revenue	2,10	1,209
<b>Revenue</b>		<b>1,209</b>
Payroll	5	-106
Other operating expenses	12	-2,299
<b>Operating result (EBIT)</b>		<b>-1,196</b>
Finance income	12	4,393
Finance expense	12	-2,352
<b>Profit/Loss before income tax (EBT)</b>		<b>845</b>
Income tax	4	-64
<b>Profit/Loss for the period</b>		<b>781</b>
<b>Transfer of profit to retained earnings</b>	6	<b>781</b>

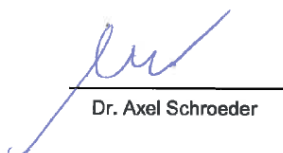
## STATEMENT OF FINANCIAL POSITION


in USD thousands	Note	31 December 2017
<b>Assets</b>		<b>341,072</b>
Non-current assets		239,741
Deferred tax asset	4	0
Investments in Subsidiaries	8	179,238
Loans to Subsidiaries	9	12,900
Investments in affiliated companies	8	16,033
Loans to affiliated companies	9	1,280
Deposit vessels		30,270
Other loans		20
Current assets		101,331
Short-term receivables group	10	834
Other short-term receivables		140
Cash and cash equivalents	3	100,357
<b>Equity and liabilities</b>		<b>341,073</b>
Equity		339,258
Share capital	6,7	77,155
Share premium	6	261,322
Retained earnings	6	781
Current liabilities		1,815
Accounts payable		1,250
Accounts payable Group	10	166
Social security, VAT, etc.	4	22
Other short-term liabilities		313

Oslo, 26 March 2018

The Board of Directors and CEO of  
MPC Container Ships ASA

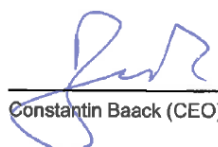
  
Ulf Holländer (Chairman)

  
Dr. Axel Schroeder

  
Laura Carballo

  
Darren Maupin

  
Ellen Hanetho

  
Constantin Baack (CEO)

## STATEMENT OF CASH FLOW

in USD thousands	9 January 2017 – 31 December 2017
Profit/Loss before income tax	845
Income tax expenses	0
Net change in provisions	0
Net change in current assets	-974
Net change in current liabilities	1,751
Depreciation	0
Loss/gain from the disposal of fixed assets	0
<b>Cash flow from operating activities</b>	<b>1,622</b>
Proceeds from the disposal of tangible assets	0
Net change in loans given	-44,470
Purchase of long-term financial assets	-195,271
<b>Cash flow from investing activities</b>	<b>-239,741</b>
Proceeds from share issuance	348,643
Share issuance costs	-10,167
Proceeds from debt financing	0
Debt issuance costs	0
<b>Cash flow from financing activities</b>	<b>338,476</b>
Net change in cash and cash equivalents	100,357
Net foreign exchange differences	0
Cash and cash equivalents at beginning of period	0
<b>Cash and cash equivalents at the end of period</b>	<b>100,357</b>

## NOTES

### Note 1 – Significant accounting policies

MPC Container Ships ASA (the “Company”) was incorporated on 9 January 2017 as a private limited liability company under the laws of Norway, and converted to a Norwegian public limited liability company (Norwegian: *allmennaksjeselskap*) on 16 January 2018.

The financial statements are prepared in accordance with Norwegian Standards (NGAAP) for limited liability companies.

Current assets are assets that are expected to be realized in the Company's normal circle, held primarily for the purpose of trading and that are expected to be realized within twelve months after the reporting period. Current liabilities are liabilities that are expected to be settled within the Company's normal operating cycle. Other assets are classified as non-current assets and other liabilities are classified as non-current liabilities.

Accounts receivable are recognized at fair value after provisions for bad debts.

Long-term investments in shares are recognized at original cost, but are reduced to fair value if the decrease in value is not temporary.

Revenue and expenses from operations are booked in the same period as they occur.

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

All financial information presented in USD has been rounded to the nearest thousand USD, except otherwise indicated. Differences from currency translations are classified as financial income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax liabilities are classified as non-current assets and are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

### Note 2 – Revenue

in USD thousands	2017
Ship management fees	1,127
Corporate management fees	82
<b>Total operating revenue</b>	<b>1,209</b>

### Note 3 – Cash and cash equivalents

in USD thousands	2017
Bank deposits denominated in USD	98,548
Bank deposits denominated in EUR	182
Bank deposits denominated in NOK	1,627
<b>Total cash and cash equivalents</b>	<b>100,357</b>

in USD thousands	2017
Restricted cash	17
Liabilities to be covered by restricted cash	-17
<b>Liabilities not covered by restricted cash</b>	<b>0</b>

### Note 4 – Income tax

The Company is subject to ordinary corporation tax in Norway:

in USD thousands	2017
<i>Basis for ordinary corporation tax expense</i>	
Profit before taxes	-272
Tax at ordinary Norwegian corporation tax rate (24%)	0
<i>Basis for deferred tax</i>	
Taxable profit of foreign controlled entities	261
Tax at ordinary corporation tax rate (24%)	-64

In Norway, the Company has an estimated tax loss carried forward amounting to USD 19.7 million. The tax loss relates mainly to transaction cost on capital increase and can be carried forward indefinitely. Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.

### Note 5 – Payroll expenses, Board of Directors remuneration, compensations, etc.

in USD thousands	2017
Payroll	37
Social security	5
Other personnel expenses	3
Accrued Board of Directors remuneration	61
<b>Total payroll expenses</b>	<b>106</b>

In accordance with Norwegian law, the Company is required to have an occupational pension scheme. The Company's pension scheme was in compliance with Norwegian law as per 31 December 2017.

The CEO performs services for various companies within the Group. For 2017, the CEO was entitled to a compensation of NOK 500,000 for his services. No loans or compensations have been provided to management. Please refer to Note 19 of the consolidated financial statements for the remuneration of the Board of Directors.

*Compensation to auditors (in USD thousand)*

Fees related to audit services	330
Fees related to other services	30
Fees booked towards equity	11

**Note 6 – Equity**

in USD thousands	Share capital	Share premium	Retained earnings	Total
<i>Changes in equity</i>				
Establishment per 9 January 2017	4	0	0	4
Capital increase 20 April 2017	23,132	76,868	0	100,000
Capital increase 19 June 2017	17,700	58,425	0	76,125
Capital increase 4 December 2017	36,319	136,196	0	172,515
Capital increase cost	0	-10,167	0	-10,167
Profit/loss	0	0	781	781
<b>Total equity</b>	<b>77,155</b>	<b>261,322</b>	<b>781</b>	<b>339,258</b>

**Note 7 – Shareholders**

As of 31 December 2017, the share capital of the Company consists of 65,253,000 shares with nominal value per share of NOK 10.00. All issued shares are of equal rights and are fully paid up.

Please refer to Note 20 of the consolidated financial statements for an overview of the 20 largest shareholders of the Company as of 31 December 2017.

**Note 8 – Investments in Subsidiaries and affiliated companies**

*Investments in subsidiaries*

(in USD thousands)	Country	Equity	Profit/Loss	Booked value	Ownership
MPC Container Ships Invest B.V.	Netherlands	124,618	-1,690	126,240	100.00%
"AS PETULIA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	6,346	71	9,425	100.00%
"AS CHRISTIANA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	10,932	7	10,925	100.00%
"AS CARLOTTA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	10,942	17	10,925	100.00%
"AS CLEOPATRA" Schiffahrtsgesellschaft mbH & Co. KG	Germany	11,135	10	11,125	100.00%
"AS ANGELINA" OpCo GmbH	Germany	30	-4	36	100.00%
"AS CLARA" OpCo GmbH	Germany	22	-7	31	100.00%
"AS CONSTANTINA" OpCo GmbH	Germany	24	-6	31	100.00%
"AS PAULINA" OpCo GmbH	Germany	25	-5	31	100.00%
"AS PETRONIA" OpCo GmbH	Germany	24	-5	31	100.00%
"AS FORTUNA" OpCo GmbH	Germany	25	-5	31	100.00%
"AS FIONA" OpCo GmbH	Germany	24	-6	31	100.00%
MPC Container Ships GmbH & Co. KG	Germany	0	0	0	100.00%
Dolphin Container Assets Ltd.	Liberia	260	260	0	100.00%
Sao Paulo Project Holding GmbH & Co. KG	Germany	21,463	48	10,377	80.00%
<b>Total</b>		<b>185,870</b>	<b>-1,316</b>	<b>179,238</b>	

*Investments in affiliated companies*

(in USD thousands)	Country	Equity	Profit/Loss	Booked value	Ownership
2. Bluewater OpCo GmbH	Germany	26	-4	32	50.00%
2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG	Germany	31,917	-68	16,001	50.00%
<b>Total</b>		<b>31,943</b>	<b>-71</b>	<b>16,033</b>	

## Note 9 – Loans to Group and affiliated companies

(in USD thousands)	2017
MPC Container Ships Invest B.V.	12,900
2. Bluewater Holding Schiffahrtsgesellschaft GmbH & Co. KG	1,280

Both loans are due later than one year and are classified as non-current assets in the balance sheet.

## Note 10 – Group transactions

(in USD thousands)	Receivables	Payables	Revenue/ expense (+/-)
Intercompany balances/transactions	834		1,208

Revenue is related to invoiced ship management fees and corporate management fees.

## Note 11 – Currency

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Exchange rates used are according to the National Bank of Norway.

## Note 12 – Specification of P/L records

in USD thousands	2017
<b>Other operating expenses</b>	
Fees from auditors	-360
Ship management fees	-1,018
Legal fees	-182
Other fees	-582
Other operating expenses	-157
<b>Total operating expenses</b>	<b>-2,299</b>
<b>Finance income</b>	
Interest income	285
Income from exchange	1,607
Profit from shares sold	2,501
<b>Total finance income</b>	<b>4,393</b>
<b>Finance expense</b>	
Expense from exchange	-547
Loss from shares sold	-1,805
<b>Total finance expense</b>	<b>-2,352</b>

# **Note 13 – Specification of profit and loss from investments**

(in USD thousands)	Purchase price	Sales price	Profit/Loss (+/-)
"AS ANGELINA" Schiffahrtsgesellschaft mbH & Co. KG	6,769	6,534	-235
"AS CLARA" Schiffahrtsgesellschaft mbH & Co. KG	9,518	9,157	-361
"AS COLUMBIA" Schiffahrtsgesellschaft mbH & Co. KG	8,711	9,137	426
"AS CONSTANTINA" Schiffahrtsgesellschaft mbH & Co. KG	8,385	8,077	-308
"AS FABRIZIA" Schiffahrtsgesellschaft mbH & Co. KG	9,344	9,922	577
"AS FATIMA" Schiffahrtsgesellschaft mbH & Co. KG	8,085	8,446	361
"AS FAUSTINA" Schiffahrtsgesellschaft mbH & Co. KG	9,483	9,644	161
"AS FIONA" Schiffahrtsgesellschaft mbH & Co. KG	5,554	5,312	-242
"AS FIORELLA" Schiffahrtsgesellschaft mbH & Co. KG	8,551	8,935	384
"AS FORTUNA" Schiffahrtsgesellschaft mbH & Co. KG	8,011	7,913	-98
"AS LAETITIA" Schiffahrtsgesellschaft mbH & Co. KG	6,386	5,825	-561
"AS LAGUNA" Schiffahrtsgesellschaft mbH & Co. KG	5,883	5,634	-249
"AS PETRONIA" Schiffahrtsgesellschaft mbH & Co. KG	9,130	9,156	26
"AS PAULINA" Schiffahrtsgesellschaft mbH & Co. KG	9,973	10,700	727
"AS FLORETTA" Schiffahrtsgesellschaft mbH & Co. KG	8,602	8,690	88
<b>Total profit/loss</b>			<b>696</b>



# CORPORATE GOVERNANCE REPORT

Good corporate governance is a prerequisite for cooperation based on trust between the owners, the Board of Directors (the "Board") and management of the Group, with a view of achieving long-term growth.

The Board actively adheres to good corporate governance standards and will ensure that the Company either complies with or explain possible deviations from the Norwegian Code of Practice for Corporate Governance (the "Code").

The Code can be found at [www.nues.no](http://www.nues.no).

As of 31 December 2017, there are no significant deviations between the Code and how the Company complies with the Code. Two deviations under Section 5 on general meetings and one deviation under Section 6 on the nomination committee have been justified and disclosed.

## BUSINESS

The business activity of the Company is engaged is clearly set out in article 3 of its articles of association: "The Company's business activity is to (i) invest in maritime assets (vessels, shares in ship-owning companies, loans secured by vessels and/or shares in ship-owning companies) with a main focus on small-size container ships between 1,000 and 4,500 TEU, (ii) chartering-out the vessels per time charter agreements, operate and sell them as well as (iii) working-out the acquired maritime loans in order to take over the securing assets."

The Company is listed on Oslo Axess with ticker "MPCC".

Deviations from the Code: None

## EQUITY AND DIVIDENDS

### Share capital

All shares issued in the Company are equal in all respects. The Company has one class of shares, each carrying one vote and an equal right to dividend. All Shares are validly issued and fully paid. The shares are issued in accordance with the laws of Norway and registered in the Norwegian Central Securities Depository (VPS) with ISIN NO001 0791353. As of 31 December 2017, the Company's share capital is NOK 652,530,000 divided in 65,253,000 issued shares, each with a nominal value of NOK 10.00.

Any increase of the Company's share capital must be mandated by the general meeting. If a mandate is to be granted to the Board to increase the Company's share capital, such mandate will be restricted to a defined purpose. If the general meeting is to consider mandates to the Board for the issuance of shares for different purposes, each mandate will be considered separately by the general meeting.

MPC Münchmeyer Petersen Capital AG ("MPC Capital"), through its subsidiary MPC Capital Beteiligungsgesellschaft mbH & Co. KG has been granted warrants to subscribe for additional shares in the Company. Please refer to Note 22 of the consolidated financial statements for additional information.

On the Company's general meeting held 16 January 2018, the Board was authorised to increase the Company's share capital by up to NOK 163,132,500. Subject to this aggregate amount limitation, the Board's authority may be used on more than one occasion. The authority may only be used (i) to issue shares as consideration in connection with acquisitions, (ii) to issue shares in connection with the exercise of options to subscribe for shares in the Company and (iii) to raise new equity in order to finance acquisitions or strengthen the Company's capital.

The Board's authority shall remain in force until the annual general meeting in 2019, but not later than 30 June 2019. Pre-emptive rights of existing shareholders may be set aside. The authority covers (i) capital increases against contributions in cash and non-cash, (ii) the right to incur special obligations for the Company and (iii) resolutions on mergers.

### **Equity**

The Company regards its consolidated equity to be at an appropriate level considering the Group's objectives, strategy and risk profile.

### **Dividend policy**

The Company's intention is to pay regular dividends in support of its objective of maximising returns to shareholders. The timing and amount of dividends is at the discretion of the Board. Any future dividends proposed will depend upon the financial position, earnings, debt covenants, distribution restrictions, capital requirements and other factors related to the Company and its subsidiaries. Dividends will be proposed by the Board for approval by the general meeting. Seeing as the Company is still in its infancy, there are no current estimates regarding the potential future dividend level or timing of dividend payments and there can be no assurance that dividends will actually be proposed or declared.

### **Purchase of own shares**

As at 31 December 2017, the Board did not hold a mandate regarding purchase of the Company's own shares.

Deviations from the Code: None

## **EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES**

### **Equal treatment**

Equal treatment of all shareholders is a core governance principle of the Company. The Company has one class of shares, and each share confers one vote at the general meeting. The articles of association contain no restrictions on voting rights and all shares have equal rights.

### **Transactions in own shares**

The Company's transactions in own shares are carried out over the stock exchange or by other means at market price. Should there be an increase in capital which involves a waiver of the existing shareholders' pre-emptive rights, and the Board resolves to carry out such an increase on the basis of a mandate granted by the general meeting, the Board will explain the justification for waiving the pre-emptive rights in the stock exchange announcement.

### **Transactions with close associates**

The Board and management are committed to promoting equal treatment of all shareholders.

In relation to its ordinary business, the Group may enter into transactions with certain entities in which the Group has ownership interests in or entities otherwise deemed as close associates of the Group, its shareholders, Board or executive personnel. Such transactions are carried out on an arm's length basis.

Guidelines regulating loyalty, ethics, impartiality and conflict of interests are stipulated in the Company's Code of Conduct, applicable to all entities controlled by the Company and all employees, directors, officers and agents.

Deviations from the Code: None

## FREELY NEGOTIABLE SHARES

The Company's shares are listed on Oslo Axess and are freely negotiable. The Company has one class of shares, each carrying one vote at the general meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations.

Deviations from the Code: None

## GENERAL MEETINGS

The general meeting of shareholders is the Company's supreme corporate body. It serves as a democratic and effective forum for interaction between the Company's shareholders, Board and management.

According to the Company's articles of association, the annual general meeting shall be held once a year before the end of June. Furthermore, extraordinary general meetings may be convened either by the Board, the auditor or shareholders representing at least 5% of the Company's share capital.

### Notice of meeting

Notice of the general meeting is usually sent with 21 days' notice. All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive a notice of meeting and are entitled to submit proposals and vote directly or via proxy. Agenda papers will also be published on the Company's website.

Pursuant to the Company's articles of association, when documents concerning matters to be discussed at general meetings have been made available to the shareholders on the Company's website, the Board may decide that the documents shall not be sent to the shareholders. If so, a shareholder may demand that documents concerning matters to be discussed at the general meeting be sent to him or her. The Company cannot charge any form of compensation for sending the documents to the shareholders.

The agenda papers must contain all necessary information so that the shareholders can decide on the issues to be addressed. The registration deadline for the general meeting will be as close to the general meeting as practically possible but no sooner than five days prior to the meeting, cf. the Company's articles of association.

### Registration and proxy

Registration should be made in writing, either via mail or e-mail. The Board will facilitate so that as many shareholders as possible are able to participate. Shareholders who are unable to attend in person, are encouraged to appoint a proxy. A special proxy form is available which facilitates separate voting instructions for each issue to be considered by the general meeting and for each of the candidates nominated for election. The Company will nominate one or more persons to vote as proxy for shareholders. Representatives from the Board, management and the auditor will participate in the general meeting.

If shares are registered by a nominee in the Norwegian Central Securities Depository (VPS) and the beneficial shareholder wants to vote for their shares, the beneficial shareholder must re-register the shares in a separate VPS account in their own name prior to the general meeting. If the holder can prove that such steps have been taken and that the holder has a de facto shareholder interest in the Company, the shareholder will be allowed to vote for the shares. Decisions regarding voting rights for shareholders and proxy holders are made by the person opening the meeting, whose decisions may be reversed by the general meeting by simple majority vote.

## Minutes from meeting

The minutes of the general meetings are made available on the Company's website immediately after the meeting.

Deviations from the Code: The Board might not make arrangements for an independent chairperson for general meetings as the Company believes that the Chairman of the Board can act independently and in the interests of shareholders. Similarly, the Board may not deem it appropriate for all Board members and the auditor to participate on all general meetings.

## NOMINATION COMMITTEE

Considering the scope of the Company's operations, the Board considers it reasonable and appropriate that the Company should only have one board committee: the audit committee. The audit committee is made up of Ulf Holländer (Chairman), Laura Carballo and Ellen Hanetho. The Board aims to ensure that the interests of the shareholders are taken into account regarding the composition of the Board.

Deviations from the Code: Contrary to the recommendations of The Code, due to the above considerations, the Company presently does not have a dedicated nomination committee.

## CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Company employs less than 200 people and hence is not required to elect a corporate assembly, cf. the Norwegian Public Limited Liability Companies Act.

Pursuant to the Company's articles of association, the Board shall consist of 3-7 members who are elected by the general meeting for up to four years at a time. MPC Capital has the right to elect 40% of the members of the Board (rounded down). If the aggregate share ownership of MPC Capital and affiliates falls below 20% of the total number of shares in the Company, MPC Capital shall only have the right to elect one Board member. If neither MPC Capital nor any affiliates own any shares in the Company, MPC Capital shall not have the right to elect a Board member.

Board appointments are communicated through the notice of general meetings and the members are elected by majority vote.

As of the date of the Company's annual report, the Board comprises the following members:

### Ulf Holländer (chairman)

*Term of office:* Re-elected on 16 January 2018 for a period of two years.

*Experience:* Commerce degree from the University of Hamburg. Audit assistant and auditor at Dr. W Schlage & Co Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in Hamburg (1984-1987). Various positions at shipping group Hamburg Süd and affiliated companies in Australia and the U.S. (1987-2000) such as financial controller at Columbus Overseas Services Pty. (1990-1992), commercial director at Columbus Line USA Inc. (1992-1996) and head of Hamburg Süd's finance and accounting department (1997-2000). CFO of MPC Capital (2000-2015). CEO of MPC Capital from 2015.

*Other matters:* in 2017, Ulf Holländer participated in 7 Board meetings.

**Dr. Axel Schroeder**

*Term of office:* Re-elected on 16 January 2018 for a period of two years.

*Experience:* Economics and Social Science studies at the University of Hamburg (1985-1990) followed by a doctorate (1993). Various positions within the MPC Group since 1990, including engagements in MPC Capital from its infancy in 1994. CEO of MPC Capital (1999-2015), during which period the company was listed at the Frankfurt Stock Exchange (2000). Chairman of the Supervisory Board of MPC Capital since 2015. Managing partner of MPC Münchmeyer Petersen & Co. GmbH, MPC Participia GmbH and CSI Beteiligungsgesellschaft mbH.

*Other matters:* in 2017, Dr. Axel Schroeder participated in 6 Board meetings.

**Laura Carballo**

*Term of office:* Elected on 16 January 2018 for a period of two years.

*Experience:* B.S. in Economics from Duke University. MBA from INSEAD. Merrill Lynch (1998-2000), Compass Partners International (2000-2004), STAR Capital Partners Ltd. and successor STAR Capital Partnership LLP from 2004.

*Other matters:* Laura Carballo was appointed member of the Board in January 2018 and did not participate in Board meetings during 2017.

**Darren Maupin**

*Term of office:* Re-elected on 16 January 2018 for a period of two years.

*Experience:* BA in Economics and Finance from Boston College. Further studies at the London School of Economics and Beijing Language and Culture University. Analyst and fund manager at Fidelity Investments in Boston, London, and Hong Kong (1998-2007). Founder and a director of the Pilgrim Global ICAV, its predecessors, and associated value-oriented investment funds since 2009. Founder and executive director of Anglo International Shipping Co. Ltd. and non-executive director of both private and publicly listed companies in a variety of industries.

*Other matters:* in 2017, Darren Daupin participated in 5 Board meetings.

**Ellen Hanetho**

*Term of office:* Elected on 16 January 2018 for a period of two years.

*Experience:* MBA from Solvay Business School. BSBA in Business and Administration from Boston University. Analyst and senior associate at the investment bank division of Goldman Sachs International Ltd. (1997-2002). Investment manager and later partner at Credo Partners AS (2003-2012). Currently CEO of Frigaard Invest AS (part of the Frigaard Group) and board member of NextGenTel Holding ASA, Kongsberg Automotive ASA and Fearnley Securities AS.

*Other matters:* Ellen Hanetho was appointed member of the Board in January 2018 and did not participate in Board meetings during 2017.

Ellen Hanetho and Darren Maupin are considered independent of the Company's day-to-day management, majority shareholders and major business connections. The Board does not include executive personnel of the Company.

The Board considers its composition to be diverse and competent with respect to the expertise, capacity and diversity appropriate to attend to the Company's goals, main challenges, and the common interest of all shareholders. Furthermore, the Board deems its composition to be made up of individuals who are willing and able to work as a team, resulting in the Board working effectively as a collegiate body.

Deviations from the Code: None

## THE WORK OF THE BOARD OF DIRECTORS

### The duties of the Board

The Board has overall responsibility for management of the Company and for supervising the day-to-day management and the Company's operations. This involves developing the Company's strategy and following-up that the strategy is implemented. The Board is also responsible for control functions to ensure that the Company has proper operations as well as asset and risk management.

### Instructions for the Board

Pursuant to the provisions of the Norwegian Public Limited Liability Companies Act, the Board has established rules of procedures that provide detailed regulations and guidelines for the Boards' work and administrative procedures and as to the functions and duties of the managing director towards the Board.

### Instructions for the CEO

A clear division of responsibilities and tasks has been established between the Board and executive management. The CEO, appointed by the Board, has a particular responsibility to ensure that the Board receives accurate, relevant and timely information that is sufficient to allow the Board to carry out its duties.

### Financial reporting

The Board receives periodic reports with comments on the Company's financial status. In terms of the annual account which the Board is asked to adopt, the Board may ask the executive management to confirm that accounts have been prepared in accordance with generally accepted accounting practice, that all the information included is in accordance with the actual situation of the Company and that nothing of material importance has been omitted.

### Chairman of the Board

The principal duty of the Chairman is to ensure that the Board operates well and carries out its duties. In addition, the Chairman has certain specific duties in respect of the general meetings. Matters to be considered by the Board are prepared by the CEO in collaboration with the Chairman, who chairs the Board meetings.

In order to ensure an independent approach by the Board, some other member should take the chair when the Board considers matters of a material nature in which the Chairman has, or has had, an active involvement.

### Meeting structure

The Board intends to meet at least four times each year and receives a monthly report on the Company's operations.

In addition, the Board is consulted on or informed about matters of special importance.

### Audit committee

The audit committee shall act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management. Furthermore, the audit committee shall review and discuss with the Company's management and statutory auditor the Company's annual and quarterly financial statements, and assess and monitor the independence of the statutory auditor.

The audit committee shall meet at least four times a year and at such other times as the Chairman of the audit committee deems appropriate.

An audit committee consisting of three members, of which one is independent of the Company's business activities and main shareholders, was established in January 2018.

#### **The Boards' self-evaluation**

The Board conducts an annual evaluation of its performance, way of working and expertise.

Deviations from the Code: None

## **RISK MANAGEMENT AND INTERNAL CONTROL**

In accordance with the principles underlying value-based management, the Board places great importance on systematic risk management. This is done not only to satisfy the requirements set out by law, but also to ensure the Company's dynamic growth. In addition to identifying existing risk exposures, the Company's management seeks to realise existing opportunities.

Through (i) an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, (ii) management guidelines and (iii) the appointment of a dedicated risk management officer, the Board aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

Deviations from the Code: None

## **REMUNERATION OF THE BOARD OF DIRECTORS**

For fiscal year 2017, each Board member received NOK 100,000 in remuneration. For fiscal year 2018, each Board member will receive NOK 200,000 in remuneration. Board remuneration for both fiscal years 2017 and 2018 were approved by the general meeting on 16 January 2018.

The remuneration of the Board is not linked to the Company's performance. Board members have no options to buy shares in the Company, nor do they receive compensation other than the Board remuneration. Board remuneration is based on market terms.

Deviations from the Code: None

## **REMUNERATION OF EXECUTIVE PERSONNEL**

Pursuant to the Norwegian Public Limited Liability Companies Act, the Board prepares guidelines for the remuneration of the Company's CEO and other executive personnel. The guidelines set out the main principles applied in determining the salary and other remuneration of the executive personnel, and helps to ensure convergence of the financial interests of the executive personnel and shareholders.

The Board's statement on executive personnel remuneration is communicated to the annual general meeting in a separate appendix, highlighting which guidelines are advisory and which, if any, are binding.

Any performance-related remuneration such as incentive programmes, share option schemes or similar shall be linked to value-creation for shareholders and results delivered in the Group over time. Such arrangements aim to drive performance and be based on financial, operational and other quantifiable measures over which the employee in question can impact. Performance-related remuneration are subject to limits.

As of 31 December 2017, no executive personnel holds shares in the Company, and the Company does not offer share option schemes to its employees.

For information about remuneration of the Company's CEO and other executive personnel, see Note 19 in the consolidated accounts.

Deviations from the Code: None

## INFORMATION AND COMMUNICATIONS

The Company seeks to treat all participants in the securities market equally through publishing interim reports, annual reports, press releases all relevant information to the market in a timely, efficient and non-discriminating manner. All reports will be available on the Company's website and on the Oslo Stock Exchange's news site, [www.newsweb.no](http://www.newsweb.no).

The Board has adapted an investor relations policy to ensure that the Company's investor relations are carried out in compliance with applicable rules, regulations and recommended practises. The policy shall also ensure awareness of investor relations amongst the management and the Board.

The Company's current financial calendar with dates of important events including the annual general meeting, publishing of quarterly reports and its presentations, etc. are publicly accessible on the Company's website [www.mpc-container.com](http://www.mpc-container.com).

Deviations from the Code: None

## TAKE-OVERS

The Company has implemented guidelines on how to act in the event of a takeover bid.

In the event of a take-over bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to evaluate an offer the Board considers as attractive to the shareholders.

The Board will not seek to prevent any take-over bid unless it believes that the interests of the Company and the shareholders justify such actions.

If a take-over bid is made, the Board will issue a statement with a recommendation on whether such bid should be accepted or not by the shareholders. Such statement shall, inter alia, include information on whether the assessment of the bid is unanimous, and if not, on which basis individual Board members have made reservations regarding the Board's statement.

In the event of a take-over bid, the Board will consider obtaining a valuation from independent experts. If a major shareholder, any member of the Board or executive management, or related parties or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in a take-over bid, the Board will arrange for an independent valuation.

Deviations from the Code: None



## AUDITOR

Under Norwegian law the auditor of the Company is elected by the general meeting. Ernst & Young AS (org. no. 976 389 387) was elected as the Company's auditor on 18 May 2017.

The auditor participates in meetings of the Board that deal with the annual accounts as well as the annual general meeting. At these meetings, the auditor reviews any variations in the accounting principles applied, comments on material accounting estimates and issues of special interest to the auditor, including possible disagreements between the auditor and the management.

At least once a year the auditor and the Board meet without members of the executive management present.

The auditor presents annually to the audit committee the main features of its plan for the audit of the Company, as well as a review of the Company's internal control procedures.

The remuneration of the auditor and all details regarding the fees of the audit work and other specific assignments are presented at the annual general meeting.

The auditor shall annually submit a written confirmation that the auditor continues to satisfy with the requirements for independence and a summary of all services in addition to audit work that has been undertaken for the Company.

Deviations from the Code: None

# AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of MPC Container Ships ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of MPC Container Ships ASA comprising the financial statements of the parent company and the Group.

The financial statements of the parent company comprise the statement of financial position as at 31 December 2017, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the statement of financial position as at 31 December 2017, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations;
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

#### Acquisition and initial recognition of vessels

The Group was established in 2017, and has, since inception, acquired 36 vessels directly and 5 vessels through a joint venture. Of these vessels, 29 vessels have been taken over as at 31 December 2017. Initial recognition of the vessels include management's judgment in establishing assumptions regarding useful life, residual value, decomposition including the docking element, and assessing whether a purchase is a business combination or an asset acquisition. Considering the magnitude of vessels acquired to the financial statements, and management's estimates and judgment involved, initial recognition was a key audit matter.

Our audit procedures included an assessment of the purchase agreements and that ownership of the vessels were transferred to the Group. We further assessed management's judgment of accounting for the vessels as asset acquisitions and not as businesses combinations against the requirements in IFRS. We evaluated management's judgments and estimates related to remaining useful life, residual value, decomposition and depreciation period of the vessels against contracts, technical assessments, industry practice and external market data where available. For the residual value, we assessed the residual value applied against external observable steel prices.

We refer to note 4 in notes to the Groups financial statement for critical estimates and judgment applied.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the 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 Company'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Opinion on the Board of Directors' report and in the statements on corporate governance and corporate social responsibility**

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report – MPC Container Ships ASA

### **Opinion on registration and documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 27 March 2018  
ERNST & YOUNG AS



Jon-Michael Grefsrød  
State Authorised Public Accountant (Norway)

# ALTERNATIVE PERFORMANCE MEASURES

The Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The Group is in the initial phase of operation and performance measures are therefore subject to change.

## EBITDA

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for the Group and is derived directly from the income statement by adding back depreciation and impairments to the operating result (EBIT).

in USD thousands		2017
Operating result (EBIT)		-2,336
Depreciation and impairment		-3,307
<b>EBITDA</b>		<b>971</b>

**MPC Container Ships ASA**

Postbox 1251 Vika  
0111 Oslo, Norway

Org no. 918 494 316

**[www.mpc-container.com](http://www.mpc-container.com)**



## APPLICATION FORM FOR THE OFFERING – MPC CONTAINER SHIPS ASA

**General information:** The terms and conditions for the Offering are set out in the prospectus dated 19 April 2018 (the "**Prospectus**"), which has been issued by MPC Container Ships ASA (the "**Company**") in connection with the offer of existing shares in the Company by CSI Beteiligungsgesellschaft mbH (the "**Selling Shareholder**"), and the listing of the Company's Shares on Oslo Børs. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

**Application procedure:** Norwegian applicants in the Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: [www.dnb.no/emisjon](http://www.dnb.no/emisjon) and [www.fearnleysecurities.no](http://www.fearnleysecurities.no). Applications in the Offering can also be made by using this Application Form (see Section 16.6.3 "Application procedures in the Offering" of the Prospectus). Application Forms must be correctly completed and submitted by the applicable deadline to one of the following application offices:

DNB Markets, a part of DNB Bank ASA  
Dronning Eufemias gate 30  
P.O Box 1600 Sentrum  
N-0021 Oslo  
Norway  
Phone: +47 23 26 81 01  
Email: [retail@dnb.no](mailto:retail@dnb.no)  
[www.dnb.no/emisjon](http://www.dnb.no/emisjon)

Fearnley Securities AS  
Grev Wedels Plass 9  
P.O Box 1158 Sentrum  
N-0107 Oslo  
Norway  
Phone: +47 22 93 60 00  
Email: [tegninger@fearnleys.no](mailto:tegninger@fearnleys.no)  
[www.fearnleysecurities.no](http://www.fearnleysecurities.no)

The applicant is responsible for the correctness of the information filled in on this Application Form. Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any shortening or extension of the Application Period, applications made through the VPS online application system must be duly registered by 16:30 hours (CET) on 27 April 2018, while applications made on Application Forms must be received by one of the application offices by the same time.** None of the Company, the Selling Shareholder or any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any of the application offices. All applications made in the Offering will be irrevocable and binding upon receipt of a duly completed Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

**Price of Offer Shares:** The Offer Price per Offer Share is NOK 44 or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share. Applications may only be made for 250 Offer Shares.

**Allocation, payment and delivery of Offer Shares:** No allocations can be made for any other number of Offer Shares than 250 Offer Shares. Multiple applications from the same applicant in the Offering will be treated as one application. If two or more identical Application Forms are received from the same applicant, the Application Form will only be counted as one application. The Managers expect to issue notifications of allocation of Offer Shares in the Offering on or about 30 April 2018, by issuing allocation notes to the applicants by mail or otherwise. In registering an application through the VPS online application system or by completing and submitting an Application Form, each applicant in the Offering will authorise the Managers to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Application Form. Accounts will be debited on or about 2 May 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 30 April 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 30 April 2018, or can be obtained by contacting DNB Markets at +47 23 26 81 01 or Fearnley Securities at +47 22 93 60 00. The Managers reserve the right (but have no obligation) to make up to three debit attempts through 11 May 2018 if there are insufficient funds on the account on the Payment Date. Should any applicant have insufficient funds on its account, or should payment be delayed for any reason, or if it is not possible to debit the account, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payment" below. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Offering is expected to take place on or about 4 May (or such later date the relevant account is successfully debited).

**Guidelines for the applicant:** Please refer to the second page of this Application Form for further application guidelines.

<b>Applicant's VPS-account (12 digits):</b>	<b>I/we apply for 250 Offer Shares</b>	<b>Applicant's bank account to be debited (11 digits):</b>
<b>OFFER PRICE:</b> NOK 44 per Offer Share or the closing price on 27 April 2018 less a discount of NOK 3 per Offer Share, whichever is lower, but in no event lower than NOK 40 per Offer Share.		
I/we hereby (i) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth in the Prospectus, (ii) irrevocably (a) order the number of Offer Shares allocated to me/us up to the amount specified above subject to the terms and conditions set out in the Prospectus, (b) authorise and instruct each of the Managers (or someone appointed by them) to take all actions required to purchase the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, on my/our behalf, and (c) authorise the Managers to debit my/our bank account set out above for the amount of the Offer Shares allotted to me/us.		
<b>Date and place<sup>(1)</sup>:</b>	<b>Binding signature<sup>(2)</sup>:</b>	

<sup>(1)</sup> Must be dated during the Application Period      <sup>(2)</sup> The applicant must be of age. If the Application Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

<b>DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED</b>	
First name:	Surname / Family name / Company name:
Home address / For companies: registered business address:	Zip code and town:
Identity number (11 digits) / For companies: registration number:	Nationality:
Telephone number (daytime):	E-mail address:

**See next page for additional application guidance.**

## GUIDELINES FOR THE APPLICANT

**THIS APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.**

**Regulatory Matters:** Legislation passed throughout the EEA pursuant to the Markets in Financial Instruments Directive ("MiFID II") implemented in the Norwegian Securities Trading Act and the Norwegian MiFID II Regulation, imposes requirements in relation to business investment. In this respect the Managers must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as Non-professional clients. The applicant can by written request to the Managers ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation the applicant may contact the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

**Execution Only:** As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**About the Managers; Information Barriers:** The Managers are securities firms, offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

**VPS Account; Anti-Money Laundering:** The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager with whom the application is placed in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identification by the relevant VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA.

**Selling Restrictions:** The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 17 "Selling and Transfer Restrictions" of the Prospectus. Neither the Company, the Selling Shareholder nor the Managers assumes any responsibility in the event there is a violation by any person of such restrictions.

**Investment decisions based on full Prospectus:** Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

**Terms and Conditions for Payment by Direct Debiting; Securities Trading:** Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account is being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

**Late or Missing Payments:** Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976, No. 100, which at the date of this Prospectus was 8.50% per annum. The non-paying applicants will remain fully liable for payment of the Offer Shares allocated to them, irrespective of any payment for the Offer Shares allocated to them by any of the Managers. The Offer Shares allocated to such investors will be transferred to a VPS account operated by one of the Managers and will be transferred to the non-paying investor when payment of the relevant Offer Shares is received. The Managers reserve the right, to without further notice cancel at any time thereafter the application or to re-allot the Offer Share, or to sell or assume ownership of such Offer Shares if payment has not been received by the third day after the payment due date. If Offer Shares are sold on behalf of the investor, such sale will be for the applicant's account and risk (however so that the applicant shall not be entitled to profits therefrom, if any) and the applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company, the Selling Shareholder and/or the Managers as a result of or in connection with such sales, and the Company, the Selling Shareholder and/or the Managers may enforce payment of any amount outstanding in accordance with Norwegian law.



MPC Container Ships ASA  
Dronning Mauds gate 3  
0250 Oslo

17 April 2018

## VALUATION REPORT

We refer to your request for vessel valuations for use in a prospectus, and will set forth herein the value estimates prepared by us in connection with our recent report on MPC Container Ships ASA, dated 9 April 2018. This report was prepared on an independent basis by us in our capacity as securities analysts at Fearnley Securities AS, and represents our view of the values at that time.

Our opinion is based on information available in published standard reference works and partly as obtained other sources that we have deemed appropriate, including observations of recent transactions for comparable vessels. We neither vouch for the accuracy of such resource nor have we conducted a physical inspection of the vessels or their classification records. The valuations are given in good faith and are based on charter free delivery, at sea, and on the assumption that the vessels are in good and seaworthy condition with a standard and remaining trading life corresponding to their age and specifications.

All statements made above are statements of opinion as per the date set forth above, and are not to be taken as representations of fact.

Based on the methods described above, we have assumed the following value for each of the vessels for which you have requested a valuation, in each case on 100% basis. We assume that vessels are 100% owned unless separately noted in respect of each vessel.

Name of vessel	Built	TEU	Value (USD mill.)
AS Paulina	2004	2,556	12.1
AS Petronia	2004	2,556	12.1
AS Clara	2006	2,742	12.2
AS Constantina	2005	2,742	10.4
AS Columbia	2006	2,742	11.1
AS Angelina	2007	2,127	11.3
AS Clarita	2006	2,846	10.5
AS Palina (80% owned)	2004	2,556	12.1
AS Petra (80% owned)	2004	2,556	12.1
AS California	2008	2,824	12.5
AS Cleopatra (50% owned)	2006	2,742	10.5
AS Christiana	2006	2,742	10.5
AS Carlotta	2006	2,742	10.5
AS Clementina	2006	2,800	11.1
Camellia	2006	2,800	11.1
AS Carolina	2006	2,800	11.1
AS Patria	2006	2,572	13.3
AS Palatia	2006	2,572	13.3
AS Cypria	2006	2,824	12.2
AS Carelia	2006	2,824	12.2

AS Petulia (50% owned)	2008	2,564	11.8
Cardonia (50% owned)	2003	2,824	9.0
Cimbria (50% owned)	2002	2,824	8.6
Cordelia (50% owned)	2003	2,824	9.0
Carpathia (50% owned)	2003	2,824	9.0
AS Carinthia (50% owned)	2003	2,824	9.0
AS Patricia (50% owned)	2006	2,496	11.2
AS Serafina	2010	1,713	12.9
AS Sophia	2007	1,713	10.5
AS Serena	2007	1,713	10.5
AS Sabrina	2009	1,713	12.2
AS Savanna	2009	1,713	12.2
AS Svenja	2010	1,713	12.9
AS Susanna	2010	1,713	12.9
AS Samantha	2009	1,713	12.2
AS Sara	2010	1,713	12.9
AS Sicilia	2008	1,794	9.0
Sevillia	2008	1,794	9.0
AS Fortuna	2009	1,345	10.8
AS Fiona	2003	1,200	4.8
AS Fatima	2008	1,284	10.4
AS Floretta	2007	1,284	9.4
AS Faustina	2007	1,284	9.4
AS Fabrizia	2008	1,284	10.4
AS Fiorella	2007	1,296	9.4
AS Filippa	2008	1,350	10.4
AS Frida	2003	1,200	5.8
AS Riccarda	2012	1,496	10.6
AS Ragna	2009	1,496	9.4
AS Romina	2009	1,496	9.4
AS Rosalia	2009	1,496	9.4
AS Fabiana	2007	1,296	9.0
AS Federica	2007	1,296	9.0
AS Felicia	2006	1,296	8.1
AS Floriana	2008	1,296	9.9
Sima Sapphire	2006	1,440	8.1
Sima Sidaf	2007	1,440	9.0
Sima Pride	2004	1,201	6.7
Sima Perfect	2005	1,221	7.6
Sima Prestige	2005	1,221	7.6
AS Franziska	2005	1,350	7.6
AS Laguna	2008	966	7.2
AS Laetitia	2007	966	6.6
AS Leona	2008	966	7.2
AS Lauretta	2008	966	7.2

Yours sincerely,  
for Fearnley Securities AS



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