



MPC CONTAINER SHIPS INVEST B.V.

FINANCIAL REPORT

H1 2019

MPC CONTAINER SHIPS INVEST B.V.

SECOND QUARTER AND HALF-YEAR 2019 HIGHLIGHTS

- Total revenues in Q2 2019 were USD 29.2 million (Q1 2019: USD 28.7 million). For H1 2019, total revenues were USD 58.0 million.
- Net loss for Q2 2019 was USD -4.4 million (Q1 2019: net loss of USD -5.1 million). For H1 2019, total net loss was USD -9.6 million.

BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

MPC Container Ships Invest B.V. (the “Company”, together with its subsidiaries the “Group”) is a private limited liability company incorporated and domiciled in the Netherlands, with registered address at Strawinskyiaan 835, World Trade Center, Tower B, 8th floor, Amsterdam 1077 NL, the Netherlands and Dutch enterprise number 69545103. The Company was incorporated on 6 September 2017 and operating activity commenced in September 2017. These consolidated financial statements comprise the Company and its subsidiaries. The principal activity of the Group is the investment in as well as operating and financing container vessels.

The Company is controlled by the MPC Container Ships ASA (the “Parent”), a public limited liability company incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Group is included in the consolidated financial statements of the Parent. The shares of the Parent are listed on the Oslo Stock Exchange under the ticker “MPCC”.

As at 30 June 2019, the Company’s share capital is EUR 1 comprised by 1 share, with a nominal value of EUR 1. As at the same date, the Group is the owner of a fleet of total 39 container vessels between 966 TEU and 2,846 TEU after AS Fortuna was declared as a total constructive loss in H1 2019 and in June 2019 sold and delivered to its new owners.

SECOND QUARTER AND HALF-YEAR 2019 RESULTS

Financial performance

The Group’s vessels are chartered out on time charter contracts to global and regional liner shipping companies. Time charter revenues were USD 29.2 million (Q1 2019: USD 28.7 million). The gross profit from vessel operations was USD 5.5 million (Q1 2019: USD 2.7 million).

The net result for the period was USD -4.4 million (Q1 2019: USD -5.1 million).

Financial position

The Group’s total assets amounted to USD 411.2 million as at 30 June 2019 (USD 414.0 million as at 31 December 2018). Non-current assets in the amount of USD 378.9 million comprise of vessels taken over and restricted cash.

Total equity was USD 205.6 million as at 30 June 2019 (USD 208.3 million as at 31 December 2018) with minority interest of USD 0.7 million. As at 30 June 2019, the Group had interest-bearing financial loans in the amount of USD 194.5 million (USD 193.9 million as at 31 December 2018), the increase relates to amortization of capitalized loan fees.

Cash flow

In the second quarter of 2019, the Group generated a positive cash flow from operating activities of USD 3.9 million (Q1 2019: negative cash flow of USD -5.0 million). The cash flow from investing activities was negative by USD -5.5 million (Q1 2019: positive by USD 5.3 million). The group had a cash flow from financing activities of USD 10.8 million after proceeds from shareholders compared to a cash flow in Q1 2019 of USD 0.0 million.

The total net change in cash and cash equivalents from 31 December 2018 to 30 June 2019 was USD 9.6 million, mainly due to proceeds from shareholders.

Cash and cash equivalents including restricted cash as at 30 June 2019 were USD 28.8 million, compared to USD 19.3 million as at 31 December 2018.

CONTAINER MARKET UPDATE

Charter rates for container ships in the Post-Panamax segment began to rise in March this year. In the following months, this development filtered through into the smaller segments, recently affecting also the feeder market. One determining factor for this development is the installation of exhaust gas cleaning systems (scrubbers) to meet the requirements set forth in the IMO 2020 regulation and the adhering need for replacement tonnage during retrofits. As a result, the idle container fleet grew from a low of 1.3% (April 2019) to 2.5% (August 2019) of the total fleet.

Container ship deliveries in H1 2019 reached a historically low level, while the newbuilding market was equally subdued. Scrapping activity in the feeder segment remained at a comparable high level in Q2 2019 as in the previous quarter.

Various economic and political circumstances had a dampening effect on global container trade, compelling analysts to lower their full-year growth forecasts. However, estimates for global container trade growth for FY 2019 ranges between 3% and 3.5% while growth in active container fleet capacity (fleet development less scrubber retrofits) is estimated to grow only 1.9%.

Demand

Global seaborne box trade was estimated to grow by 2% in H1 2019, but headwinds from the global economy put pressure on certain trade routes. Trade conflicts and other forms of geopolitical tensions, regionalisation and environmental concerns, as well as the combination of these factors have prompted analysts to lower their FY 2019 demand forecasts.

For FY 2019, Clarksons Research expects global container trade to grow by 3.1% (2018: 4.2%). Intra-regional trades are, however, expected to grow by 4.6% (2018: 5.7%). Even in the event of a "domino effect" from other trade lanes due to US-Sino tensions, Clarksons still predict 4.1% growth for FY 2019 (2018: 5.7%). Feeder ships below 3,000 TEU provide the majority of capacity on intra-regional container services. 34% of all container ships and 53% of all feeder container ships are currently deployed on intra-regional trades. What is more, the share of intra-regional trade as a portion of global trade has increased from 33% in 2001 to 42% in 2018.

Other trade lanes carry growth estimates below the aggregate 3.1% estimate for FY 2019. Next to the decreasing effect that the US-China trade conflict has on trade volumes for Transpacific routes, a trade diversion leads to increasing trade flows within Asia, already visible e.g. in the increased export and import volumes to and from Vietnam.

Fleet development

"Active" container ship fleet capacity growth, accounting for vessels being temporarily decommissioned to undergo scrubber retrofits, is estimated at 1.9% for FY 2019, while the overall full-year fleet capacity growth is forecasted at 3.1% (2018: 5.6%). This represents a 30% decline year-on-year and hence the second-lowest fleet growth in history.

Total deliveries during H1 2019 stood at 76 units (0.51m TEU), with vessels larger than 12,000 TEU accounting for 0.39m TEU (76% of the total growth) while ships below 3,000 TEU accounting for remaining 0.07m TEU (14% of total growth).

H1 2019 container ship scrapping stood at 59 units totalling 120,000 TEU, on par with total boxship capacity recycled during all of FY 2018. Feeder container ships of less than 3,000 TEU accounted for more than half of the recycled capacity.

The introduction of low-sulphur fuel regulations in January 2020 may be perceived as creating a competitive advantage for larger vessels and modern eco tonnage. However, due to physical and logistical restrictions, regional trades continue to be dominated by feeder vessels which represent an appealing sub-segment of the overall fleet. Estimates of a slow-down in feeder fleet growth to around 0.3% for 1,000 - 2,000 TEU vessels additionally supports the market perspective of the smaller segment.

The container ship newbuilding market was generally quiet during Q2 2019. Overall, newbuild contracting activity in the first six months of 2019 amounted to 54 vessels totalling 0.26m TEU capacity, a decrease of 60% compared to H1 2018 in TEU terms. At present, the newbuilding orderbook amounts to approximately 11% of the fleet and hence is at its lowest level for years.

Asset prices

Newbuilding prices at the larger-sized container ships (except for special designs) remained stable, while quotes for feeder designs have in general remained unchanged. An impending reduction of the global orderbook across all vessel types will place downward pressure on shipyards' forward cover, the main driver of newbuild prices. Analysts thus expect a slight decline in newbuild prices during H2 2019.

Newbuilding prices in June 2019:

- 1,000 TEU: USD 19.5 million (up 3% year-to-date)
- 1,700 TEU: USD 26.25 million (up 1% year-to-date)
- 2,750 TEU: USD 34.5 million (down 1% year-to-date)
- 4,800 TEU*: USD 53.0 million (up 7% year-to-date)

* wide-beam design

Secondhand container ship values have been trending downwards since mid-2018, albeit based on a limited number of transactions. The recent improvement in charter rates for larger vessels has yet to have a significant impact on these values. At the end of June 2019, prices for most feeder vessels – with the exception of the smallest sizes – were noticeably lower compared to January.

In H1 2019, a total of 66 sales of secondhand tonnage were reported, totalling 0.26 million TEU. This represents a decrease of 46% compared to H1 2018, and secondhand activity remains at its lowest level since late 2016.

Once again, factors outside the secondhand container ship market have adversely affected market sentiment, dampened demand and led to prices dipping below the conventional correlation with earnings for most ship sizes.

Secondhand prices (10-year old) in June 2019:

- 1,000 TEU: USD 6.0 million (up 9% year-to-date)
- 1,700 TEU: USD 8.0 million (down 24% year-to-date)
- 2,750 TEU: USD 11.5 million (down 15% year-to-date)
- 4,300 TEU: USD 9.25 million (down 16% year-to-date)

Charter rates

As of March 2019, rates for the larger vessels have increased due to liner companies needing to cover trade routes while vessels are taken out of service for scrubber installations. Since scrubber systems are less frequently installed on smaller vessels, the dynamic has excluded feeder vessels from rate increases for most of Q2 2019.

At the end of June 2019, demand filtered through into the Panamax segment, and experts pointed towards a top-down support which should increase revenues in the feeder segments. This occurred only recently when the market successfully averted a traditional summer downturn with solid activity and improving rates for the smaller segments as well.

The idle container ship fleet has decreased sharply from 4.0% of total fleet (6.5% of the feeder fleet) in March 2019 to 1.3% (2.6%) in April, a development supported by a brisk Intra-Asian trade where new service offerings were particularly helpful for smaller segments. As per August, total idle fleet jumped to 2.5% on the back of vessels entering shipyards for scrubber retrofits. This trend is expected to continue over the coming months for vessels above 7,500 TEU, placing further pressure on the charter market.

Time charter rates (6 - 12 months) in June 2019:

- 1,000 TEU: USD 6,150 (down 3% year-to-date)
- 1,700 TEU: USD 8,300 (up 11% year-to-date)
- 2,750 TEU: USD 9,150 (down 4% year-to-date)
- 4,300 TEU: USD 9,400 (up 4% year-to-date)

Market outlook

On an overall macroeconomic level, the outlook for H2 2019 and the first months of 2020 will remain influenced by issues relating to IMO 2020, a complex economic situation as well as the associated possibility of escalating US-Sino trade disputes. Financial turmoil in emerging markets and a looming weakening of industrialized economies could all intensify.

The changes that will come along with the introduction of the IMO 2020 regulations in January are already beginning to show effect. Scrubber retrofit works presently being carried out have removed 31 vessels carrying 350,000 TEU from the market, six months before regulation enforcement, increasingly reducing the availability of chartered tonnage. It is expected that a meaningful number of scrubber retrofits will be postponed to Q4 2019 and continue well into H1 2020. As of late, it has become increasingly apparent that in many cases the originally envisaged installation time has been or will be exceeded, further improving the positive effects on the charter market. Adding to this is vessels without scrubbers sailing on lower operating speeds to reduce low-sulphur fuel consumption, and increased recycling of non-competitive vessels.

What is more, the upward trend of the various charter market indices point towards good activity and improving charter rates even during and after the usually quiet summer period. The Howe Robinson Container Index rose in late August to its highest value for the current week in 7 years. Thus far in Q3 2019, the index has risen 13%, the second strongest increase in 10 years.

As the supply side does not appear overly worrisome, with current estimates indicating moderate growth of 3% for 2019 and 2020 (2018: 5.6%), non-feeder vessels dominating the orderbook and feeder orders mainly being replacement tonnage or tailored for the fast-growing Intra-Asian market, a demand-supply rebalancing appears to hold up as a realistic scenario

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 Invest B.V. cannot give assurances that expectations regarding the outlook will be achieved or accomplished

RESPONSIBILITY STATEMENT

Today, the Management Board have resolved the report and the interim condensed consolidated financial statements for MPC Container Ships Invest B.V. per 30 June 2019 and for the first half year of 2019.

The Management Board confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2019 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results for the period. To the best of our knowledge, the Management Board's discussion and analysis for the first half year of 2019 gives a true and fair overview of the main activities in the period.

Amsterdam, 29 August 2019

The Management Board of
MPC Container Ships Invest B.V.



Lammert de Graaf



Constantin Baack



Hans Bouma

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in USD thousands	Notes	Q2 2019 (unaudited)	Q1 2019 (unaudited)	Q2 2018 (unaudited)	H1 2019 (unaudited)	H1 2018 (unaudited)
Operating revenues	3	29,237	28,729	32,974	57,967	52,555
Commissions		-1,095	-993	-1,294	-2,088	-2,085
Vessel voyage expenditures		-2,635	-3,427	-2,032	-6,062	-3,226
Vessel operation expenditures		-18,440	-20,030	-18,403	-38,469	-30,048
Ship management fees		-1,531	-1,534	-1,594	-3,065	-2,534
Gross profit		5,536	2,746	9,651	8,282	14,661
Administrative expenses		-669	-607	-467	-1,276	-756
Depreciation	4	-5,668	-5,777	-4,854	-11,445	-8,081
Gain from disposal of vessels		460	2,669	0	3,129	0
Other expenses		-332	-249	-304	-581	-462
Other income		120	70	277	189	496
Operating result (EBIT)		-553	-1,149	4,303	-1,701	5,859
Finance income		99	123	49	221	166
Finance costs	6	-3,909	-4,094	-3,858	-8,003	-6,580
Profit/Loss before income tax (EBT)		-4,364	-5,119	494	-9,483	-555
Income tax expenses		-80	0	0	-80	0
Profit/Loss for the period		-4,444	-5,119	494	-9,563	-555
Attributable to:						
Equity holders of the Company		-4,443	-5,118	490	-9,562	-561
Minority interest		0	-1	4	-1	6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q2 2019 (unaudited)	Q1 2019 (unaudited)	Q2 2018 (unaudited)	H1 2019 (unaudited)	H1 2018 (unaudited)
Profit/Loss for the period		-4,444	-5,119	494	-9,563	-555
Items that may be subsequently transferred to profit or loss		-2,353	-1,630	388	-3,983	1,767
Cash flow hedge reserve		-2,353	-1,630	388	-3,983	1,767
Foreign currency		0	0	0	0	0
Items that will not be subsequently transferred to profit or loss		0	0	0	0	0
Total comprehensive profit/loss		-6,797	-6,750	882	-13,546	1,212
Attributable to:						
Equity holders of the Company		-6,797	-6,749	878	-13,545	1,206
Non-controlling interest		0	-1	4	-1	6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Note	30 June 2019 (unaudited)	31 March 2019 (unaudited)	31 December 2018 (audited)
Assets		411,159	409,406	414,040
Non-current Assets		378,893	379,208	388,003
Vessels	4	368,579	368,241	376,507
Long-term restricted cash		10,000	10,000	10,000
Other assets		313	966	1,496
Current Assets		32,267	30,198	26,037
Inventories		2,922	2,758	3,545
Trade and other receivables		10,505	17,859	13,240
Cash and cash equivalents		18,840	9,582	9,252
Unrestricted cash		18,840	9,582	9,252
Restricted cash		0	0	0
Equity and Liabilities		411,159	409,406	414,040
Equity		205,570	201,947	208,306
Ordinary shares	5	223,510	213,090	213,090
Share capital		0	0	0
Share premium		223,510	213,090	213,090
Retained losses		-15,666	-11,222	-6,104
Other comprehensive income		-2,965	-612	1,018
Minority interest		691	691	302
Non-current Liabilities		194,459	194,249	193,963
Interest bearing loans	6	194,459	194,249	193,963
Current Liabilities		11,131	13,211	11,771
Trade payables		4,090	5,771	6,419
Payables to affiliated companies		4,178	4,384	2,789
Other liabilities		2,863	3,056	2,562

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in USD thousands	Share capital	Share premium	Retained losses	OCI	Total equity attributable to the equity holders of the Company	Minority interest	Total equity
Equity as at 1 Jan. 2018	0	126,150	-2,951	139	123,338	152	123,490
Contribution in kind		86,940			86,940		86,940
Capital increase from non-controlling interest					0	136	136
Result of the period			-3,153		-3,153	13	-3,140
Cash flow hedge reserve				865	865		865
Foreign currency translation				14	14		14
Equity as at 31 Dec. 2018	0	213,090	-6,104	1,018	208,004	302	208,306
Equity as at 1 Jan. 2019	0	213,090	-6,104	1,018	208,004	302	208,306
Contribution in kind		10,420			10,420		10,420
Capital increase from non-controlling interest					0	390	390
Result of the period			-9,562		-9,562	-1	-9,563
Cash flow hedge reserve				-3,983	-3,983		-3,983
Foreign currency translation					0		0
Equity as at 30 June 2019	0	223,510	-15,666	-2,965	204,880	691	205,570

CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q2 2019 (unaudited)	Q1 2019 (unaudited)	Q2 2018 (unaudited)	H1 2019 (unaudited)	H1 2018 (unaudited)
Profit/Loss before taxes		-4,364	-5,119	494	-9,483	-555
Income tax paid		0	0	0	0	0
Finance expenses, net		3,811	3,971	3,809	7,782	6,414
Interest paid		-3,842	-3,587	-3,625	-7,429	-6,015
Interest received		99	123	49	221	165
Net change in current assets		6,799	-3,831	-1,543	2,967	-5,653
Net change in current liabilities		-2,080	1,440	146	-640	3,408
Cash upfront payment for hedge instruments		-1,700	-1,100	0	-2,800	0
Depreciation		5,668	5,777	4,854	11,445	8,082
Gain from disposal of vessels		-460	-2,669	0	-3,129	0
Cash flow from operating activities		3,931	-4,996	4,184	-1,065	5,845
Proceeds from disposal of vessels		1,709	9,030	0	10,739	0
Purchase of vessels		0	0	-6,509	0	-117,463
Dry-docking and other investments		-7,193	-3,704	-11,818	-10,897	-19,768
Prepayment on vessels		0	0	0	0	0
Cash flow from investing activities		-5,484	5,326	-18,327	-158	-137,231
Proceeds from shareholder's contribution		10,810	0	0	10,810	34
Gross proceeds debt financing		0	0	0	0	100,000
Bond issuing costs		0	0	-474	0	-3,175
Cash flow from financing activities		10,810	0	-474	10,810	96,859
Net change in cash and cash equivalents		9,258	330	-14,617	9,588	-34,527
Net foreign exchange differences		0	0	-8	0	-8
Cash and cash equivalents at beginning of period		19,582	19,252	39,638	19,252	59,548
Cash and cash equivalents at the end of period¹		28,840	19,582	25,013	28,840	25,013

¹ Whereof USD 10 million is restricted as at 30 June 2019 and as at 31 December 2018

NOTES

Note 1 - General information

MPC Container Ships Invest B.V. (the “Company”, together with its subsidiaries the “Group”) is a private limited liability company incorporated and domiciled in the Netherlands, with registered address at Strawinskylaan 835, World Trade Center, Tower B, 8th floor, Amsterdam 1077 NL, the Netherlands and Dutch enterprise number 69545103. The Company was incorporated on 6 September 2017 and operating activity commenced in September 2017. This consolidated financial report comprises the Company and its subsidiaries. The principal activity of the Group is the investment in as well as operating and financing of container vessels.

The Company is controlled by MPC Container Ships ASA (the “Parent”), a public limited liability company incorporated and domiciled in Norway, with registered address at Dronning Mauds gate 3, 0250 Oslo, Norway and Norwegian enterprise number 918 494 316. The Group is included in the consolidated financial statements of the Parent. The shares of the Parent are listed on the Oslo Stock Exchange under the ticker “MPCC”.

Note 2 - Basis of preparation

The unaudited interim financial statements for the period ended 30 June 2019 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union (“EU”). The statements have not been subject to audit. The statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2018. The consolidated financial statements are presented in USD thousands unless otherwise indicated.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

The accounting policies adopted in the preparation of the condensed consolidated interim financial reporting are consistent with those applied in the preparation of the Group’s consolidated financial statements for the period ended 31 December 2018 except for the new standards effective as of 1 January 2019.

The Company implemented IFRS 16 starting 1 January 2019. The new standard is replacing IAS 17 Leases. The Company has implemented the new standard using the modified retrospective approach for the implementation of IFRS 16 where comparative figures are not restated. The Company has used the practical expedients when applying the new standard to leases previously classified as operating leases under IAS 17. As the Group do not charter in any vessels and do not have any other lease agreements exceeding 12 months, there has been no material impacts from the implementation of the new standard.

Note 3 - Revenue

in USD thousands	Q2 2019	Q1 2019
Time charter revenue	16,992	18,190
Pool charter revenue	10,701	9,403
Other revenue	1,544	1,136
Total operating revenues	29,237	28,729

The Group’s time charter contracts are separated into a lease element and a service element. The lease element of the vessel represents the use of the vessel without any associated performance obligations and are accounted for

in accordance with the lease standard. Revenues from time charter services (service element) and other revenue (e.g. bunkers and other services) are accounted for in accordance IFRS 15. The Group's performance obligation is to provide time charter services to its charterers.

in USD thousands	Q2 2019	Q1 2019
Service element	11,106	9,779
Other revenue	1,544	1,136
Total revenue from customer contracts	12,650	10,915
Lease revenue	16,588	17,814
Total operating revenue	29,237	28,729

Note 4 - Vessels

in USD thousands	At 30 June 2019 (unaudited)	31 December 2018 (audited)
Acquisition cost at 1 January	396,851	150,032
Contributions of fixed assets and capitalized investments	0	86,940
Disposals of vessels	-7,361	0
Acquired vessels and capitalized investments	10,879	159,879
Acquisition cost at end of period	400,369	396,851
Accumulated depreciation 1 January	-20,344	-1,646
Depreciation for the year	-11,445	-18,698
Accumulated depreciation at end of period	-31,789	-20,344
Closing balance at end of period	368,579	376,507
<i>Depreciation method</i>	<i>Straight-line</i>	<i>Straight-line</i>
<i>Useful life (vessels)</i>	<i>25 years</i>	<i>25 years</i>
<i>Useful life (dry docks)</i>	<i>5 years</i>	<i>5 years</i>

The disposal of vessel relates to the declaration of AS Fortuna as a total loss after her grounding in September 2018 and the subsequent sale of the vessel in June 2019. These events lead to a gain on disposals in H1 2019 of USD 3.1 million.

Note 5 - Share capital

	Number of shares	Share capital (USD)	Share premium (USD thousands)
1 January 2019	1	1	213,090
Equity injections in H1 2019	0	0	10,420
30 June 2019	1	1	223,510

As at 30 June 2019, the share capital of the Company consists of 1 share with nominal value per share of EUR 1, paid on 13 October, 2017. Share premium represents the additional contributions made by the Parent (substantially through vessels and cash).

Note 6 - Interest-bearing loans

The Company has in 2017 and 2018 issued a senior secured bond with a total outstanding as at 30 June 2019 of USD 200 million. The bond is listed at Oslo Stock Exchange with ticker code "MPCBV". The Group has entered into fixed interest-rate swap agreements for USD 50 million of the bond loan. For the remaining bond loan of USD 150 million, the Group has entered into interest cap and collar agreements.

in USD thousands	At 30 June 2019 (unaudited)	31 December 2018 (audited)
Nominal value of issued bonds	200,000	200,000
Issuance costs	-5,541	-6,037
Interest-bearing debt	194,459	193,963

In addition to customary protection rights for the benefit of the bond holders, the following financial covenants, as defined in the bond terms, are applicable at the level of the Parent's consolidated figures:

- The consolidated book-equity ratio of the Parent shall at all times be higher than 40%.

The following financial covenant, as defined in the bond terms, is applicable at the level of the Company's consolidated figures:

- The Group shall maintain a minimum liquidity of 5% of the consolidated financial indebtedness; and
- Vessel loan to value ratio of the Company and its subsidiaries shall not exceed 75%.

The Group is in compliance with all covenants as at 30 June 2019.

The bond is guaranteed by the Parent and all subsidiaries of the Company.

The bond terms contain voluntary call options to early redeem the bonds, which is currently not expected. In addition, there is also a mandatory put option upon change in controlling shareholder.

Note 7 - Group companies

The Group's consolidated financial statements include the financial reports of the Company and its subsidiaries listed in the table below:

Name	Principal activity	Country of incorporation	Equity interest	Initial consolidation
"AS LAETITIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS LAGUNA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS PAULINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS PETRONIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS CLARA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS ANGELINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FATIMA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FLORETTA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FAUSTINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FABRIZIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FIORELLA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS COLUMBIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS CLARITA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FRIDA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS CALIFORNIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FIONA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS CONSTANTINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS FORTUNA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS LAURETTA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017
"AS SAVANNA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2017

"AS FILIPPA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS SOPHIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS SERENA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS CLEMENTINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS SICILIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS SEVILLIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS PATRIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS PALATIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS CYPRIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS CARELIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS FABIANA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS FEDERICA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS FLORIANA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS RICCARDA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS RICCARDA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS RAGNA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS ROMINA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS ROSALIA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS SARA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS FLORA" ShipCo C.V.	Ship-owning entity	Netherlands	99.9%	2018
"AS LAETITIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS LAGUNA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS PAULINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS PETRONIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS CLARA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS ANGELINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FATIMA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FLORETTA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FAUSTINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FABRIZIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FIORELLA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS COLUMBIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS CLARITA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FRIDA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS CALIFORNIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FIONA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS CONSTANTINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS FORTUNA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS LAURETTA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017
"AS SAVANNA" OpCo B.V.	General partner entity	Netherlands	100.0%	2017

"AS FILIPPA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS SOPHIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS SERENA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS CLEMENTINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS SICILIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS SEVILLIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS PATRIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS PALATIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS CYPRIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS CARELIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS FABIANA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS FEDERICA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS FLORIANA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS RICCARDA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS RICCARDA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS RAGNA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS ROMINA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS ROSALIA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS SARA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018
"AS FLORA" OpCo B.V.	General partner entity	Netherlands	100.0%	2018

Ownership rights equal voting rights in all subsidiaries.

Note 8 - Subsequent events

None.