



MPC CONTAINER SHIPS INVEST B.V.

FINANCIAL REPORT

Q1 2020

MPC CONTAINER SHIPS INVEST B.V.

FIRST QUARTER 2020 HIGHLIGHTS

- Total revenues in Q1 2020 were USD 28.8 million (Q4 2019: USD 26.5 million).
- Net loss for Q1 2020 was USD 6.9 million (Q4 2019: net loss of USD 9.4 million).
- The container shipping industry has been impacted and will continue to be impacted by reduced activity level and demand following the COVID-19 virus outbreak. The Group has continued its focus into 2020 on reducing cost and capital spending and thereby continue maintaining an industry low cash break even.

COVID-19 UPDATE

Following the outbreak of COVID-19, the Group and its parent company, the Oslo Stock Exchange-listed feeder containership owner MPC Container Ships ASA ("the Parent") are experiencing significantly reduced charter rates and utilization of their fleet due to lower containerized freight volumes globally. These developments are expected to adversely impact both the Group's and the Parent's liquidity and ability to be in compliance with covenants under some of their debt agreements in the short- to mid-term. Consequently, the Parent and the Company will engage in dialogues with creditors and other stakeholders to address these issues, and have engaged DNB Markets and Pareto Securities to advise the Parent and the Group in this regard.

The Group's financial position has also been affected as the contractual buyer of AS Laretta will not fulfil their legal commitments in the contract and accordingly the sale of the vessel has not been executed. The Group is in the process of taking legal actions against the contractual buyer for any loss occurred due to the cancellation of the contract.

The effects from the weakening charter rates and low fuel spreads are expected to effect the second quarter of 2020 in greater magnitude than in the first quarter of 2020.

FIRST QUARTER 2020 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 in Q1 USD 28.8 million (Q4 2019: USD 26.5 million). The gross profit from vessel operations was USD 4.7 million (Q4 2019: USD 3.9 million).

The net loss for the period was USD 6.9 million (Q4 2019: net loss of USD 9.4 million).

Financial position

The Group's total assets amounted to USD 412.0 million as at 31 March 2020 (USD 412.9 million as at 31 December 2019). Non-current assets in the amount of USD 393.1 million comprise of vessels taken over, prepayments on vessels and restricted cash.

Total equity was USD 192,7 million as at 31 March 2020 (USD 198.2 million as at 31 December 2019) with minority interest of USD 0.7 million. As at 31 March 2020, the Group had interest-bearing financial loans in the amount of USD 195.4 million (USD 195.0 million as at 31 December 2019), the increase relates to amortization of capitalized loan fees.

Cash flow

In the first quarter of 2020, the Group generated a positive cash flow from operating activities of USD 0.1 million (Q4 2019: positive cash flow of USD 6.4 million). The cash flow from investing activities was negative by USD 9.0 million (Q4 2019: negative by USD 13.2 million) mainly due to investments into dry-dockings, other upgrades and part of the remaining obligations for the scrubber program. The group had a cash flow from financing activities of USD 5.8 million after proceeds from shareholders compared to a cash flow in Q4 2019 of USD 4.0 million.

The total net change in cash and cash equivalents from 31 December 2019 to 31 March 2020 was USD -3.1 million.

Cash and cash equivalents including restricted cash as at 31 March 2020 were USD 12.8 million, compared to USD 15.8 million as at 31 December 2019.

CONTAINER MARKET UPDATE: SEVERE IMPACT OF COVID-19

Global Economy

After the first outbreak of COVID-19 in Wuhan (China), the virus turned into a pandemic with severe implications for the world economy and its international trading system. As a consequence, global GDP is expected to contract by 3% in 2020 with economies around the world shrinking at their fastest pace in decades.¹ IMF economists describe the global economic downturn as the strongest recession since the Great Depression in the 1930s.

As the Chinese administration became aware of the extent of the virus at the end of January 2020, it extended Chinese New Year festivities and implemented a lockdown that brought Chinese production, transportation and trade almost to a standstill in February. The immediate stop of trading by Chinese intermediaries disordered global supply chains and production patterns and long-term lasting structural shifts in sourcing strategies and regional trade patterns are expected. Short-term implications turned out to be severe as China has developed into a core production hub during the last two decades. While the Chinese economy was the first that was brought to its knees, European economies and the US followed like domino pieces as soon as stocks were depleted. While the crisis was originally supply-driven, it turned into a demand shock as the lockdown of the western world significantly reduced demand and distorted consumer sentiment. While China returned to work in March, the western economies started to ease economic and social restraints only recently in early May 2020. Until the beginning of May, there were 3.3m COVID-19 infections confirmed worldwide, 1m recoveries observed and 230k deaths recorded.²

During the course of Q1 2020, Global, Chinese, European and US GDP forecasts for the full year were increasingly revised downwards. While global GDP growth in 2020 was still expected to grow by 2% in mid-February, forecasts turned slightly negative in mid-March and reached -3% in April. Current GDP growth forecasts for China are, if ever, only slightly positive for 2020; US and European GDP forecasts reached -6% and below in April.³ With declining GDP, world trade is also expected to shrink significantly in 2020. The WTO expects a decline between 13% and 32%. Regarding seaborne container trade, the latest forecasts assume a decrease of 11% in full year 2020.⁴ After a strong drop in the container vessel market, the economy is expected to normalize in 2021: Global GDP for 2021 is forecasted to increase by 5.8%, international trade by 21.3% and seaborne container trade by 9.6%.⁵ The timing and the extent of the recovery are, however, more than uncertain. Based on demand and supply forecasts the outlook after the expected market recovered is encouraging.

Container Demand

In 2019, a slow economic growth, the US-China trade conflict and geopolitical tensions put already downward

¹ Clarksons Research, Covid-19 Shipping Impact Assessment, Update No. 5, 17 April 2020.

² Johns Hopkins University, COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE).

³ Clarksons Research, Covid-19 Shipping Impact Assessment, Update No. 5, 17 April 2020.

⁴ Clarksons Research, Container Intelligence Monthly, Volume 22 No 4, April 2020.

⁵ Clarksons Research, SIN Online Database, May 2020, Numbers based on statistics from the IMF and the WTO.

pressure on seaborne container demand and kept growth low at 1.8% for the full year, the lowest number since the financial crises in 2008.⁶ At the turn of the year, analysts still presumed an economic recovery in 2020. The COVID-19 implications came along with a dramatic disillusionment and as a consequence 2020 is expected to be much worse than 2019, and in fact one of the worst years on record for container trade.

Clarksons Research expects a decline in container demand growth of -11% for the full year 2020, with the strongest decline on mainline trades. In 2021, container demand is forecasted to increasing by 10%.⁷ A rebound is expected in the second half of 2020 with container demand increasing by 10% in 2021.⁸ Whether these numbers depict a realistic scenario will depend crucially on the timing and the extent of the rebound: They might be realistic if the western economies get out of lockdown during the summer months and if consumer sentiment recovers.

As soon as the situation normalizes, intra-regional trades (i.e. Intra-Asia, Intra-Europe and Intra-Caribbean trades) are expected to contribute with comparable strong growth rates. Until 2024, intra-regional container trade is forecasted to grow by 3.4% p.a.⁹ A possible rethinking of global production patterns towards more diversified structures or “near shoring” can be expected to have positive implications on intra-regional trade flows. This shift in trading patterns may strengthen intra-regional trade flows and call for small flexible container vessels.

Fleet Development

Regarding the supply side of the container vessel market, the global container fleet comprised 5,383 vessels with a total capacity of 23.0 million TEU as per May 2020. The feeder segment fleet (1,000 to 3,000 TEU) amounted to 1,941 vessels with a total capacity of 3.5 million TEU.¹⁰

Due to COVID-19, vessel deliveries and demolitions have been relatively low in Q1 2020. 35 container vessels with a capacity of 149,000 TEU have been delivered since January 2020. Within the same period of 2019, 55 container vessels with 349,000 TEU capacity were delivered. Driven by a large number of deliveries in January, more deliveries could be observed in the feeder segment (1,000 to 3,000 TEU) year-to-date compared with the same period in 2019. Since January 2020, the feeder segment saw 29 new vessels with a capacity of 56,000 TEU. In the same period of 2019, only 22 feeder vessels with a capacity of 40,000 TEU were added to the market.¹¹

With 10.2% of the total fleet (2.3m TEU capacity), the order book is currently at historical low levels. The order book in the feeder segment is only slightly larger with 10.6% (373,000 TEU). Of these 373,000 TEU feeder orders, 220,000 TEU (60%) is scheduled for delivery in 2020. As the COVID-19 disruptions result(ed) in delays both, the delivery of new build tonnage and scrubber retrofit programmes will be delayed. Significant slippage is thus expected for 2020. The uncertain market environment resulted in only 150,000 TEU new orders in 2020 year-to-date, a relative scarce ordering activity. This holds especially for the feeder segment with only 9,000 TEU new orders in 2020 year-to-date. A significant decrease in feeder deliveries is thus expected in 2021, with a shrinking feeder fleet forecasted for the years 2022 to 2024. The order book is expected to remain at low levels at least until the end of 2024.¹²

While the industry hoped for an increase in demolition numbers, that have been relatively low during the previous years, COVID-19 has led to a low number of scrapping thus far in 2020. While only 38,000 TEU have been deleted from the market in 2020 year-to-date, the same period in 2019 saw 94,000 TEU demolished, and the 2019-numbers have already been the lowest for years. Regarding the feeder segment, 16,000 TEU have been taken from the market, compared with 39,000 TEU in the same period of 2019.¹³ As analysts nevertheless expect above 300,000 TEU of total scrapping in 2020 and above 400,000 TEU in 2021, it is expected that numbers will increase significantly

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Maritime Strategies International, Horizon, online data, 12 May 2020.

¹⁰ Clarksons Research, SIN, online data, 12 May 2020.

¹¹ Ibid.

¹² Ibid; Maritime Strategies International, Horizon, online data, 12 May 2020.

¹³ Clarksons Research, SIN, online data, 12 May 2020; MSI Horizon online date, 22 May 2020.

as the situation normalizes.¹⁴ Internal observations show that solely in Q1 2020, 20 vessels with 41,701 TEU capacity and an average age of 23.8 years have been sold for scrapping but could not be deleted until now. Due to the IMO's Ballast Water Management Systems Code as enforced from October 2019, increased demolition activity is expected particularly in the feeder segment, where the average fleet age is relatively old.

As COVID-19 has put a spell on the demand side of the markets, 2020 is expected to see an extensive excess supply situation. In accordance with above-mentioned market numbers, an expected 2.2% supply growth stands against a 10.6% decrease in container demand. In 2021, the total container fleet is expected to increase by 3%. Expected growth rates in the feeder segment are 2.3% in 2020 and 0.5% in 2021.

Charter Market

Thus far in 2020, COVID-19 and its implications have put the time-charter market under exposed pressure. Around 450 sailings have been blanked, most of them on mainlane trades connecting Asia with the US and Europe.¹⁵ Consequently, also smaller vessels that sail mainly on intra-regional trades have been affected as soon as the reduced tonnage arrived at the main hubs in Europe and the US. This has increased the idle statistics to record high numbers and has put time-charter rates under downward pressure across all size segments, but with stronger negative effects for larger tonnage. Open vessels across all size segments are facing difficulties finding new employment.

The idle statistics climbed up to 524 available units (2.6m TEU; 11.3% of the total fleet) as of 11 May 2020. In the feeder segment between 1,000 and 3,000 TEU, 162 vessels are idle. As even more blank sailings are planned for the coming weeks, the idle statistic is expected to increase even further. The number of inactive vessels for scrubber retrofits decreased to 659,600 TEU (25% of the inactive capacity).¹⁶

Time-charter rates have decreased across all size segments. Rates for a 2,000 TEU feeder vessel decreased from 9,300 USD/day at the beginning of the year to 7,000 USD/day at the beginning of May 2020 (-25%). For a 3,500 TEU vessel, 8,300 USD needed to be paid at the beginning of May, whereas the rate was still at 10,800 USD at the beginning of January 2020 (-23% decrease). Time-charter rates for a 4,400 TEU vessel decreased even stronger with 33% from 13,800 USD/day in January 2020 to 9,300 USD at the beginning of May 2020. A 6,800 TEU vessel experienced the strongest decrease in time-charter rates of 35% from 25,000 USD/day at the beginning of 2020 to only 16,300 USD at the beginning of May.¹⁷

Time charter rates (6-12 months) in May 2020¹⁸:

- 1,000 TEU grd: USD 5,500 (-12% since January 2020)
- 2,000 TEU: USD 7,000 (-25% since January 2020)
- 3,500 TEU: USD 8,300 (-23% since January 2020)
- 4,400 TEU: USD 9,300 (-33% since January 2020)
- 6,800 TEU: USD 16,300 (-35% since January 2020)

Asset Prices

Newbuilding prices have remained relatively stable. The price for larger feeder vessels (2,750 TEU gls), decreased slightly from USD 31.5 million to USD 31 million. This price is still 4% above the 10-year average. For a 1,700 TEU grd container vessel, the new build acquisition price was quoted at USD 25.25 million in April 2020, while the assumed price for a 1,000 TEU grd vessel was USD 18.5 million. Those prices also only decreased slightly by 1% and are slightly above their latest 10-year averages (3% for 1,700 TEU grd vessels and 2% for the 1,000 TEU grd

¹⁴ Maritime Strategies International, Horizon, online data, 12 May 2020

¹⁵ Drewry, COVID-19 impact on sailings, 6 May 2020.

¹⁶ Alphaliner, Weekly Newsletter, Volume 2020 Issue 18.

¹⁷ Clarksons Research, SIN, online data, 12 May 2020.

¹⁸ Ibid.

vessels).¹⁹ It is important to note, however, that the observation of prices are based on vessels with traditional forms of propulsion. Consequently, price reductions may have only limited effects on attracting new orders as propulsion uncertainties add additional market entry barriers.

Furthermore, second-hand container vessel prices have stayed more or less unchanged since January 2020. The price for a 10-year old 2,750 TEU gls vessel stayed at USD 9.0 million. Second-hand prices for a 10-year old 1,700 TEU gls decreased from USD 7.75 million in January 2020 to USD 7.0 million in April. Prices for a 10-year old 1,000 TEU grd vessel decreased from USD 4.75 million in January 2020 to USD 4.25 million in April.²⁰

Market Outlook

COVID-19 implications led to a severe global recession in early 2020, affecting all major economies and a wide range of industries. Transportation and logistics sectors are in particular affected by the restrictions and the lockdown the administrations imposed. Seaborne container trade will see a significant drop in 2020 as consumption decreased sharply in the western world. A normalization of the global economy is expected, but the extent and the timing will crucially depend on how long the lockdown in Europe and the US will last and how fast and sustainable consumer confidence can be restored.

Pre COVID-19 the feeder container market was on an upwards trajectory, indicating a tightening supply and demand balance. When the current situation normalizes, the implied container trade growth forecasts are encouraging. Intra-regional trades are forecasted to grow until 2024 by annual 3.4%. Supply growth will be manageable in the feeder segment and the historically low order book and limited new-build orders are expected to keep supply growth low, at least in the mid-term. After an increase of the feeder fleet of 2.3% in 2020, annual growth in feeder capacity is expected to be negative with -0.7% until 2024. The uncertainty surrounding future propulsion technology is an additional boundary for newbuild orders and the age structure of the currently operating fleet points towards an increase in scrapping going forward. Due to logistical challenges, scrapping has proven to be difficult in the midst of the virus and an increase in scrapping activity is expected as soon as the logistical issues are resolved. Our internal observations show that 20 vessels with 41,701 TEU capacity and an average age of 23.8 years have been sold for scrapping in Q1 2020 but could not yet be deleted from the market.

The implications of COVID-19 are also expected to induce a long-term shift in regional trade flows and global sourcing patterns. An increase in nearshoring and more diversified production locations will most likely lead to additional growth for regional trades, what can be assumed to increase the demand for smaller and more flexible container tonnage.

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.

¹⁹ Ibid.

²⁰ Ibid.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in USD thousands	Notes	Q1 2020 (unaudited)	Q4 2019 (unaudited)	Q1 2019 (unaudited)
Operating revenues	3	28,809	26,508	28,729
Commissions		-1,051	-1,050	-993
Vessel voyage expenditures		-4,926	-3,309	-3,427
Vessel operation expenditures		-16,558	-16,858	-20,030
Ship management fees		-1,592	-1,414	-1,534
Gross profit		4,682	3,877	2,746
Administrative expenses		-556	-1,128	-607
Depreciation and impairment	4	-7,327	-8,057	-5,777
Other expenses		-1	-228	-249
Gain from disposal of vessels		0	0	2,669
Other income		106	119	70
Operating result (EBIT)		-3,096	-5,417	-1,149
Other finance income		-19	-1	123
Finance costs	6	-3,796	-3,983	-4,094
Profit/Loss before income tax (EBT)		-6,911	-9,401	-5,119
Income tax expenses		-1	28	0
Profit/Loss for the period		-6,912	-9,374	-5,119
Attributable to:				
Equity holders of the Company		-6,910	-9,368	-5,118
Minority interest		-3	-5	-1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in USD thousands	Notes	Q1 2020 (unaudited)	Q4 2019 (unaudited)	Q1 2019 (unaudited)
Profit/Loss for the period		-6,912	-9,374	-5,119
Items that may be subsequently transferred to profit or loss		-4,609	726	-1,630
Cash flow hedge reserve		-4,609	726	-1,630
Items that will not be subsequently transferred to profit or loss		0	0	0
Total comprehensive profit/loss		-11,521	-8,647	-6,749
Attributable to:				
Equity holders of the Company		-11,518	-8,647	-6,748
Non-controlling interest		-3	0	-1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in USD thousands	Notes	31 March 2020 (unaudited)	31 December 2019 (audited)
Assets		412,046	412,911
Non-current Assets		393,116	391,458
Vessels	4	383,116	380,603
Prepayment on vessels		0	855
Long-term restricted cash		10,000	10,000
Current assets		18,930	21,453
Inventories		3,159	2,501
Trade and other receivables		13,016	13,142
Cash and cash equivalents		2,755	5,810
Equity and liabilities		412,046	412,911
Equity		192,717	198,221
Ordinary shares	5	238,295	232,274
Share capital		0	0
Capital reserves		238,295	232,274
Retained losses		-38,900	-31,987
Other comprehensive income		-7,358	-2,749
Minority interest in equity		680	683
Non-current Liabilities		195,518	195,339
Interest bearing long-term debt	6	195,446	195,094
Other liabilities		72	245
Current Liabilities		23,811	19,352
Trade and other payables		15,153	14,036
Payables to affiliated companies		3,736	4,135
Other liabilities		4,923	1,180

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. 2020	0	232,273	-31,987	-2,749	197,538	683	198,221
Contribution in kind	0	6,022	0	0	6,022	0	6,022
Capital increase from non-controlling interest	0	0	0	0	0	0	0
Result of the period	0	0	-6,912	0	-6,912	-3	-6,915
Cash flow hedge reserve	0	0	0	-4,609	-4,609	0	-4,609
Foreign currency translation	0	0	0	0	0	0	0
Equity as at 31 March 2020	0	238,295	-38,900	-7,358	192,038	680	192,717
Equity as at 1 Jan. 2019	0	213,090	-6,104	1,018	208,004	302	208,306
Contribution in kind	0	19,183	0	0	19,183	0	19,183
Capital increase from non-controlling interest	0	0	0	0	0	390	390
Result of the period	0	0	-25,883	0	-25,883	-9	-25,892
Cash flow hedge reserve	0	0	0	-3,767	-3,767	0	-3,767
Foreign currency translation	0	0	0	0	0	0	0
Equity as at 31 December 2019	0	232,273	-31,987	-2,749	197,538	683	198,221

CONSOLIDATED STATEMENT OF CASH FLOW

in USD thousands	Notes	Q1 2020 (unaudited)	Q4 2019 (unaudited)	Q1 2019 (unaudited)
Profit/Loss before taxes		-6,911	-9,401	-5,119
Income tax paid		0	0	0
Finance expenses, net		3,815	3,984	3,972
Interest paid		-3,394	-3,603	-3,587
Net other Interest received		10	0	122
Net change in current assets		532	2,050	-3,832
Net change in current liabilities		3,615	4,603	1,210
Cash upfront payment for hedge instruments		380	750	-1,100
Repayment of MTM value		-5,243	0	0
Depreciation and impairment		7,327	8,057	5,777
Gain/loss from disposal of vessels		0	0	-2,669
Cash flow from operating activities		131	6,440	-5,226
Proceeds from disposals of vessels		0	0	9,030
Scrubbers, dry-docking and other investments		-8,985	-15,746	-3,474
Prepayment on vessels		0	2,530	0
Cash flow from investing activities		-8,985	-13,216	5,556
Proceeds from shareholder's contribution		6,022	3,813	0
Bond issuing costs		-222	178	0
Cash flow from financing activities		5,800	3,991	0
Net change in cash and cash equivalents		-3,055	-2,785	330
Cash and cash equivalents at beginning of period		15,810	18,595	19,252
Cash and cash equivalents at the end of period²¹		12,755	15,810	19,582

²¹ Whereof USD 10.0 million is restricted as at 31 March 2020 and at 31 December 2019.

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 Oever 5, 3161 GR Rhoon 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 Munkedamsveien 45 A, 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 31 March 2020 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 2019. 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 2019 except for the new standards effective as at 1 January 2020.

Note 3 - Revenue

in USD thousands	Q1 2020 (unaudited)	Q1 2019 (unaudited)
Time charter revenue	18,066	18,190
Pool charter revenue	8,287	9,403
Other revenue	2,456	1,137
Total operating revenue	28,809	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	Q1 2020 (unaudited)	Q1 2019 (unaudited)
Service element	12,106	9,779
Other revenue	2,456	1,136
Total revenue from customer contracts	14,561	10,915
Lease revenue	14,247	17,814
Total operating revenue	28,808	28,729

Note 4 - Vessels and prepayments

in USD thousands	At 31 March 2020 (unaudited)	31 December 2019 (audited)
Acquisition cost at 1 January	427,342	396,851
Contributions of fixed assets and capitalized investments	0	0
Disposals of vessels	0	-7,361
Acquired vessels and capitalized investments	8,985	37,852
Acquisition cost at end of period	435,733	427,342
Accumulated depreciation 1 January	-45,291	-20,344
Depreciation for the year	-7,327	-24,070
Impairment for the year	0	-1,469
Accumulated depreciation at end of period	-52,618	-45,883
Closing balance at end of period	383,116	381,459
<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>
<i>Useful life (scrubbers)</i>	<i>Remaining useful life vessel</i>	

The Group performed an impairment test as at year end 2019. The key assumptions used to determine the recoverable amounts for the different cash generating units were disclosed in the Group's annual financial statements as at 31 December 2019.

As the container market conditions has worsened with the outbreak of COVID'19 and that the Parent's market capitalization has continued to be below the carrying amount of the Parent's equity, management has performed impairment test on all vessels in the Group as at 31 March 2020. As the recoverable amounts are higher than the carrying amounts for all vessels, no impairment charges has been included in the financial results for the first quarter of 2020.

Note 5 - Share capital

	Number of shares	Share capital (USD)	Share premium (USD thousands)
31 December 2019	1	1	232,273
Equity injections in 2020	0	0	6,022
31 March 2020	1	1	238,295

As at 31 March 2020, 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 31 March 2020 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	31 March 2020 (unaudited)	31 December 2019 (audited)
Nominal value of issued bonds	200,000	200,000
Issuance costs	-4,554	-4,906
Interest-bearing debt	195,446	195,094

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 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.

Following the outbreak of COVID-19, the Group is experiencing significantly reduced charter rates and utilization of its fleet due to lower containerized freight volumes globally. These developments are expected to adversely impact the Group's ability to be in compliance with covenants under some of its loan agreements in the short to mid-term. Consequently, the Group intends to engage in dialogue with creditors and other stakeholders to address these issues.

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