

# THE CONTAINERSHIP COMPANY AS (“TCC”)

## MANAGEMENT REPORT 2019

TCC’s liner operations were discontinued in 2012 following the entry into “reconstruction” of the Company’s wholly owned Danish operating subsidiary, TCC A/S, in 2011 and its subsequent bankruptcy. The Company is the largest creditor in the former subsidiary’s bankruptcy estate.

The bankruptcy estate is still working on collecting compensation from shippers regarding lack of cargo volumes (so called MQC-requirements) up until the time TCC A/S went into “reconstruction” and has filed a lawsuit in the US against the shippers. A judge’s decision in 2016 (in the form of a recommendation) went partly in favour of the bankruptcy estate as the judge acknowledged that this company had legitimate claims against the shippers; and partly in its disfavour as the judge expressed the opinion that the vessels were taken out of service too soon to enable shippers to fulfill their obligations. His decision was appealed to The District Court of New York in May 2016.

The District Court rendered its judgment on 17 September 2019 and confirmed the Bankruptcy Court’s findings of facts and conclusions of law. The bankruptcy estate’s American lawyers consider the judgment to be wrong as a matter of law and based on an incorrect understanding of the underlying facts. For instance, the District Court found that the Defendants could all have tendered their remaining cargo on the last four sailings. This completely disregards the fact that the combined space available on those last sailings together was only about 10 % of the combined MQC shortfall, the service contracts expressly required the shippers to tender their MQC evenly as far as possible during the contract term and that containers had to be tendered 14 days in advance and hardly any were tendered on the last vessels.

The bankruptcy estate will now appeal the judgment to the United States Court of Appeals for the Second Circuit.

The extent to which the bankruptcy estate will be able to reclaim amounts outstanding will depend in the first instance on the outcome of the court case, and finally on the shippers’ ability and willingness to pay. The bankruptcy estate’s lawyers is currently, through the estate’s American lawyers, attempting to get clarification on when it is likely that the appeal will be concluded.

During 2019 management has focused on the following areas:

- Finding partners that may benefit from the Company’s listing and thereby realising values for its shareholders
- Liaison with Danish bankruptcy counsel
- Exploring avenues for monetising the claims

These areas continue to define management’s focus in 2020. In the interest of reducing expenses the board will be reduced to comply with the Norwegian company law minimum – one board member and one alternate.