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Lloyd's List
Maritime intelligence | informa

Daily Briefing
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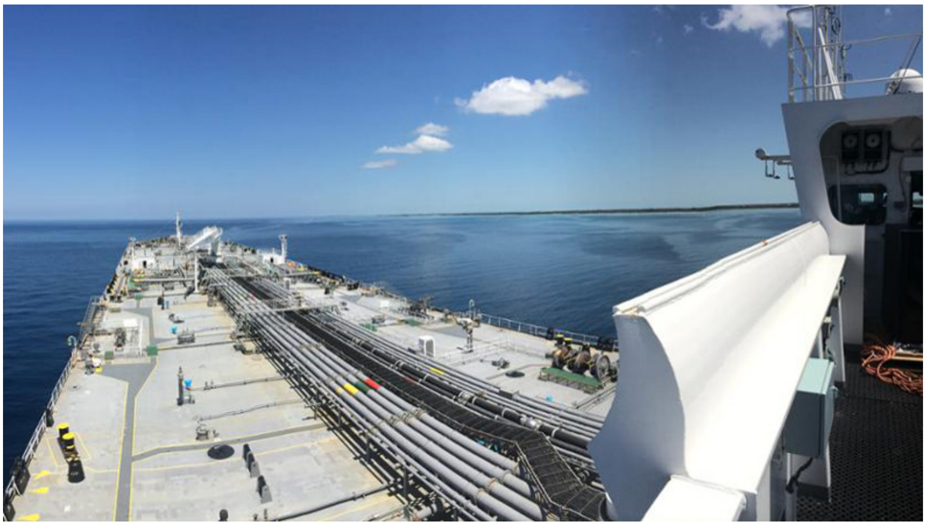
Floating storage at record as coronavirus cripples crude demand



CRUDE OIL STORED on tankers is now the highest in records going back to 2008 as oil prices plunge to a 17-year low and the coronavirus outbreak cripples the global economy.

Some 131.2m barrels is currently tracked on floating storage for the week ending March 20, according to Lloyd's List Intelligence. That eclipses the 130.2m barrels recorded in May 2016, data show.

The record figure incorporates 85 tankers, including 53 very large crude carriers and 18 suezmaxes. All are loaded but have remained at anchor for more than 20 days.

Floating storage is expected to rise even further in coming weeks as record-breaking VLCC rates seen in the past 10 days collapse amid easing demand for tonnage and a tumbling crude price. VLCC rates soared as high as $352,000 per day last week.

Brent crude traded as low as $27.42 per barrel on London's ICE Futures Europe exchange on Friday, further extending the contango pricing structure that promotes floating storage.

The April contract is now $7.42 per barrel below October's value, levels which makes it profitable for traders to charter vessels to buy and store oil for later sale at a profit.

The dramatic and sudden collapse in demand for land and air transport fuels due to the coronavirus outbreak is already straining onshore tanks, adding further incentive for traders to seek vessels for floating storage.

Levels are currently inflated by sanctioned VLCCs owned by Iran's National Iranian Tanker Co. Most of the 38 VLCCS and eight suezmaxes owned by NITC are not transmitting signals to show their location but remain at anchor off Iran's coast or off Malaysia fully laden with crude or condensate cargoes.

The tally also includes four VLCCs that have been tracked at anchor off Chinese ports for more than 20 days, suggesting that onshore tanks there are full or that ports are not able to discharge the cargo.

Unsold Venezuelan oil cargoes are also seen at anchor on tankers off Malaysia's coast, as well as West Africa.

The oil price collapse followed Saudi Arabia's pledge to export as much as an additional 2m barrels per day of crude earlier this month after a three-year agreement with Russia to curb production and maintain prices at profitable levels ended. The market glut coincides with collapsing crude demand, which is forecast to contract for the first time in 11 years and on an unprecedented scale.

US shale producers are adding to oversupply, with record output at 13.1m bpd last week, Energy Information Administration figures show.

The oil market has not been in contango, with the future price higher than the current price, since the two-year period of 2014 to 2016, when floating storage was last recorded at higher levels, boosting earnings.

Floating storage from 2009 and 2010 also helped insulate the tanker market from free-falling rates in other shipping sectors after the global depression triggered by the banking crisis.

WHAT TO WATCH

Maersk suspends guidance on coronavirus fears

MAERSK, the world's largest container line, expects earnings to be decreased to about $1.4bn in the first quarter due to weaker volumes caused by the coronavirus outbreak.

The company had previously guided that earnings before interest, tax, depreciation and amortisation would be about $5.5bn, before restructuring and integration costs were taken into account.

"The global coronavirus pandemic severely impacts the global transport market and supply chains," Maersk said in a statement. "This is leading to material uncertainties and lack of visibility related to the global demand for container transport."

It said that while its global operations are running "as normal", it will suspend the 2020 guidance on ebitda "pending more clarity on the market development and financial implications".

It added that the the full-year guidance for volume growth in its Ocean segment was expected to be in line with or slightly lower than the market growth, but that measures would be taken to reduce capital expenditure in 2020.

Chief executive Søren Skou said that a successful implementation of the sulphur cap strategy, and its success in passing on fuel costs to its customers, would help its results.

"We expect to deliver a first quarter of 2020 that is better than the first quarter of 2019, despite declining volumes across our businesses driven by the coronavirus pandemic," said Mr Skou.

"Because of the current situation with high uncertainties related to global container demand due to the coronavirus pandemic and the measures being taken by governments to contain the outbreak, we have chosen to suspend our 2020 full-year guidance on earnings but will — as soon as we have more clarity — return with an outlook for 2020."

Maersk will publish its first quarter results on May 13.

Coronavirus: Chinese ports deny ban on vessels from infected countries

CHINESE ports have been quick to quash rumours suggesting they were about to impose draconian restrictions on the entry of cargo ships from countries associated with high-level outbreaks of the coronavirus.

Media reports earlier said that several ports, including Shanghai, Ningbo-Zhoushan and Fuzhou, had requested such vessels to complete a mandatory 14-day quarantine before being allowed to berth.

The news comes against the backdrop of information that Beijing is ramping up efforts to control the rapid increase of incoming diagnosed people, which have become the main sources of new infections in China.

Ships from Japan, South Korea, Iran, France, Germany, Spain, Italy, the US and Singapore were said to be affected by the ports' restrictive rules.

The idea, however, was quickly shot down by the China Ports' Association.

"Chinese ports have taken some necessary preventive measures based on the current development of the disease internationally. But no restriction has been caused on the normal operations of vessel calls and supply of ship provisions," the government-backed body said in a statement.

The Port of Ningbo-Zhoushan also denied media reports that it had imposed a draconian level of quarantine. What is more, it went further to clarify that the port had no plan to do so in future as well.

It told Lloyd's List in a statement that the sailing distance to the port from some severely infected regions, such as the Europe, US and Iran, were all above 14 days, while vessels from South Korea and Japan "can berth normally after normal anti-virus inspections".

"With the gradual recovery in port operation in March, calls of containerships are increasing substantially. Port stays for containerships trading both on the main lanes and the feeder routes hinged on South Korea and Japan are within a half-day on average."

An operating manager from the Port of Shanghai said the Chinese ports were now keen to recoup the volume lost earlier as part of an effort to reboot the country's economy.

While bans on crew disembarkment are still in place, isolating vessels, especially at major ports, could now lead to serious congestion and delays in ship schedules, the manager said. "You don't want that to happen."

That said, the draconian move by Maritime Safety Queensland to quarantine foreign ships has still raised concerns that more ports in the region may be struggling to strike a balance between health security and business efficiency.

"Many ports in Asia countries, such as India and the Philippines, raised similar ideas in these days. But all are being put on hold," said an Asia-based container line shipping executive.

The Port of Fuzhou announced some vessel quarantine measures earlier this week but later binned them, the executive said.

In a release on Friday, Fuzhou Port Group said that since the outbreak of the coronavirus, it had been working hard on achieving "zero infection" in the port area, but at the same time it was normalising vessel arrivals and departures.

OPINION

Coronavirus: A message from the Lloyd's List team

AT TIMES like these, the well-being of our subscribers, staff and their families is at the forefront of our minds, *writes Editor Richard Meade.*

No doubt you have been receiving a number of communications from businesses in the past few days, but with the situation around the spread of coronavirus changing rapidly, the Lloyd's List team would like to keep you informed about the steps we are taking to ensure that you continue to receive the best possible service.

As an information provider in these extraordinary times for the shipping industry, we recognise the importance of ensuring you are kept up to date with the very latest data, insight and analysis for your operations.

Therefore, while we have taken steps to ensure the safety of our staff by closing our offices and working from home, it does not mean we are not in regular communication with each other or indeed the leading industry figures and key influencers that make up this exceptional industry.

Over the coming weeks, we will be introducing new content in co-ordination with our colleagues at Lloyd's List Intelligence, Lloyd's List Consulting and Insurance Day to ensure you have the inside track on the industry response to this crisis.

In lieu of in-person events, our digital portfolio will also expand and more details will be forthcoming on these developments soon.

In the meantime, as ever the Lloyd's List editorial team is available should you wish to reach out with your news, views, opinions or business updates and their contact details can be found in the Meet the Team section of the Lloyd's List website. You will find me at: richard.meade@informa.com and @ Lloydslisted.

We hope you stay safe and well.

Container shipping: Cargo supply and demand conundrum

WITH exports out of China returning to normal, and ships that had been temporarily idled coming back into service, it is tempting to conclude that the worst may soon be over for container shipping after a rough start to the year, *writes Janet Porter.*

But what happens when these fully laden vessels start arriving in North America and Europe, where the impact of the coronavirus pandemic is still at an early stage? Already, the economic consequences are severe as country after country goes into lockdown.

So there is real concern in industry circles about whether ports and landside transport networks will be able to cope with this cargo surge.

And perhaps just as importantly, will there be much demand for the merchandise on board these vessels, typically fashion items, electronic goods, furniture, and other household products, as consumers stay away from shopping malls and retail outlets? The same goes for components and semi-manufactures as factory production is scaled back in the west.

So the first question is whether much of what is now being shipped from China will just end up in warehouses, as consumer spending falls away.

Then there is the question of whether there will be sufficient numbers of dockworkers, truck and train drivers, and other personnel needed to keep supply chains functioning.

So far, ports appear to be working normally in Europe and the US, but already there is anecdotal evidence of truck driver shortages in some places, such as France. And although the various restrictions on travel do not apply to cargo, there are reports of huge traffic jams as frontiers are closed across much of Europe, creating serious disruption and delays for the logistics industry.

This was underlined by Hapag-Lloyd chief executive Rolf Habben Jansen, who acknowledged that cross-border trucking delays in Europe are likely to have an impact on the supply chain.

The first hard evidence of what will happen when these heavily laden ships that will soon be heading out of China arrive at their destination ports is likely to be seen in Los Angeles and Long Beach first.

With shorter voyage times from Asia to the US than between Asia and Europe, the two southern Californian ports should soon start to receive the more ships as factories in China return to full production.

So far, both are working normally, but with Californians under a 'stay-at-home' order, will there be sufficient numbers of longshore workers to handle the ships, will there be enough trucks to deliver freight to distribution centres within a 200-mile radius, or railfreight capacity to take cargo to midwest destinations?

In Europe, similar issues apply, but with some local differences as shortsea shipping plays a major role.

With many passenger ferry services suspended, that will also affect ro-ro freight traffic, on which many countries rely heavily, particularly in Scandinavia.

Will fully cellular feederships be able to provide enough capacity to compensate for fewer freight ferries?

The crisis may, hopefully, be coming to an end in China, but it is only just beginning in Europe and North America.

The recovery in volumes out of Asia will be welcome for ocean carriers, but it is the lack of demand on the other side of the world that may prove to be a much bigger problem for the container shipping industry in the long run.

Hong Kong needs more than tax cuts to match its maritime rivals

IN its latest fiscal budget, the Hong Kong Special Administrative Region government provided a new round of financial support to consolidate Hong Kong as an international shipping centre, writes *Edward Liu, legal director at Hill Dickinson Hong Kong.*

It plans to provide tax concessions for ship leasing, include the relief of profit tax for qualified ship lessors, to halve profit tax for qualified ship leasing managers, and halve profit tax for eligible insurance businesses, including maritime insurance.

What is more, the government plans to offer other tax-cutting measures in order to attract more international shipping business operators and clients to settle in Hong Kong.

The 2020-21 Budget is an enhancement to accompany the macro measures put in place to support and enhance the development of high value-added shipping services, which were introduced back in the 2018 policy address two years ago.

If it were not for the time spent on the ongoing domestic socio-political obstacles, which has so far occupied more than six months of the government's time, the long-awaited tax concessions on local and overseas shipping industries would have been gradually implemented as early as last year.

Regardless, over the past year, the Hong Kong shipping industry has achieved a variety of remarkable accomplishments.

In November 2019, the International Chamber of Shipping, one of the world's most influential international shipping associations, which is headquartered in London, set up its Chinese liaison office in Hong Kong, becoming the first overseas branch of the century-old global shipowners' organisation.

In addition, the Copenhagen-based international shipping association the Baltic and International Maritime Council confirmed the following month that Hong Kong would be included in the arbitration clauses of various standard maritime contract forms, which can be deemed as an official recognition of Hong Kong as an international maritime arbitration centre alongside London, New York, and Singapore.

Moreover, the Hong Kong Marine Department has established and gradually begun operating overseas support teams of the ship registry in Shanghai, London, and Singapore in order to provide support services for Hong Kong ships among the world's most important shipping centres.

Objectively speaking, these accomplishments are indispensable to the proactive role of the Hong Kong SAR government in recent years. In the process of actively co-operating with the industry, the government has made use of the close relation between "facilitators" and "promoters".

Unfortunately, Hong Kong has been hit by unexpected crises, first devastated after months of social unrest, it has now been jolted by the coronavirus outbreak.

Although the socio-politically charged movement has slowed activity slightly since the New Year, yet another bout of violence occurred last month in Mongkok, proving again that the circumstances around the deep-seated conflict will erupt once the epidemic is contained.

The financial secretary, Paul Chan Mo-po, stated in a television interview on March 1 that the ongoing violence would raise questions about whether Hong Kong would still be a suitable place for long-term investments. The authorities know the global shipping community may raise further questions about that whether Hong Kong can continue to maintain its status as an international shipping centre.

Efficient governance and a strong rule of law have always been Hong Kong's main advantages under the "One Country, Two Systems" principle, but the continued social unrest will undoubtedly weaken these advantages. More importantly, the most basic aspect for evaluating the business environment, social stability, now seems like a luxury for Hong Kong. Regardless of how many tax cuts the government may decide to implement, where there is no guarantee of social stability, there is also difficulty in attracting the investment of multinational companies.

Therefore, priority should be placed on being able to reach a mutual understanding through communication, in order to explore and resolve the deep-rooted conflicts at the heart of the socio-political movement. The earlier this can be resolved, the faster Hong Kong can set back on track to move forward and ultimately fully restore its reputation as one of the best business environments in the world.

However, what is more pressing at the moment for Hong Kong shipping industry is the lack of a comprehensive and long-term development strategy. As a result, no matter whether domestic or international in nature, the HKSAR government is clueless about the direction of future development of the shipping industry, thereby making it unable to make practical and efficient long-term investment plans in Hong Kong.

In addition to the proposal of eight measures at once in the 2018 policy address, there was also a proposal to encourage more principal stakeholders (such as shipowners, operators, and shipmanagers) in the maritime industry to choose Hong Kong as the base for their business. This encouraging proposal is undoubtedly a step in the right direction. However, a tree simply cannot grow without its roots.

If the traditional maritime shipping business, or the 'roots', continues to stem away from Hong Kong, then the infrastructure of the maritime cluster will be impossible, and the development of a high value-added shipping industry, as the 'tree', will be even more difficult to develop.

It is very regrettable that the budget only continues to add more to this idea, that is, to "demolish walls" through tax redemption and exemptions. It continues to fail to put forward any ground-breaking review and real discussion on the future development of the Hong Kong shipping industry.

By contrast, Hong Kong's regional competitor, Singapore, has in the past decade achieved tremendous achievements in the development of shipping businesses, partially due to its forward-looking policies. In order to build Singapore into the world's top shipping centre, the Singaporean government has long courted global shipping to shift its focus to the Asia Pacific.

From the very beginning, the Singapore authorities developed and established a complete set of maritime industry development plans, and they have centralised marine, maritime, financial, insurance, and legal industries in their planning.

Singapore has also been developing things such as maritime transportation, then maritime insurance, the shipping industry and then the maritime industry, increasing the port throughput and then introducing talents and improving on human factors, first expanding the shipping industry cluster and then developing high-end services and so on.

It is precisely because of the long-term and comprehensive development strategy that Singapore has ranked first in the Xinhua-Baltic International Shipping Centre Development Index for the past six years, surpassing global competitors such as London, Hong Kong and Shanghai.

The conclusion of the budget, which aims to "drive Hong Kong forward", is indeed an appropriate finishing touch. The slogan of Hong Kong Maritime Week, "Propel Hong Kong", is of the utmost importance for the shipping industry. It is necessary to implement a long-term cohesive and comprehensive development strategy as soon as possible, in order to become a figurative nautical chart to guide the future of the Hong Kong shipping industry.

ANALYSIS

Crude rates tank as demand contraction bites

CRUDE tanker rates are tumbling as fast as they rose, as the chartering spree that triggered record-breaking earnings earlier this week abates.

The tonnage fixing frenzy that began 10 days ago led freight costs to increase 12-fold over four days and masked the coronavirus-led impact on global crude demand that saw oil prices crash to a 17-year low.

Market reality now appears to have caught up with spot rates: average very large crude carrier earnings are 45% lower in two days, retreating from the March 16 record of $264,000 daily, Baltic Exchange indices show.

Saudi Arabia's Bahri chartered 25 VLCCs between March 9 and March 12 following the kingdom's pledge to flood the market with oil for export. That led to a chartering panic from other oil traders and companies and an unprecedented spike in rates that cascaded down from the largest tankers to the aframax sector.

At the peak, the Saudi shipping company agreed a rate last Tuesday that equated to record-breaking daily earnings of some $352,000 for the 2012-built *Sea Splendor*, which will load crude for a voyage to Asia on April 2.

Of the 72 VLCCs reported chartered from March 10 by commercial VLCC pool Tankers International, 49 of the deals have gone ahead, 13 remain on subjects (provisionally chartered), and at least nine have failed as of 1430 GMT.

Good timing saw six VLCCs secure sky-high earnings over $200,000 daily, while five deals at earnings above that level have since failed in the past two days.

All eyes are now on VLCC *Princess Mary*, reportedly fixed by India's Reliance on March 13 at Worldscale 400, to see whether this deal is agreed, and subjects lifted. The rate equates to earnings above $400,000 daily.

Suezmax rates are also down 46% over two days, reaching $70,951 per day on March 19, Baltic Exchange data show. The tanker size was benefiting from higher VLCC rates as charterers split cargoes to secure cheaper freight, boosting demand. Aframax earnings are next expected to fall, in line with larger sizes.

MARKETS

Coronavirus: Port of Houston to reopen terminals after virus tests

THE port of Houston's Barbours Cut and Bayport Container terminals were due to reopen on Friday, March 20 after being closed for a day when a dock worker tested positive for the novel coronavirus.

Port of Houston Authority chairman Ric Campo said the man worked for limited times at Barbours Cut over the weekend and nine days ago at the Bayport facility.

The port authority said it has conducted a "thorough investigation" regarding the worker, a member of the International Longshoremen's Association. It said the ILA worker is in hospital under quarantine.

The port said it conducted a joint investigation with the ILA. It found that his exposure to others was "fairly limited" and said other people he was in direct contact with at the port are now in "self-quarantine".

"We have taken prudent steps to ensure we resume operations responsibly and safely," the port said, adding that vessel operations would resume on Thursday evening at 1900 hrs at both container terminals.

It said both container terminals would be open for regular business on Friday morning when customer service staff would return to normal hours.

The port said all decisions on vessel schedules, demurrage, and all others will be determined "as soon as possible" as it continues to monitor the situation.

Updates will be provided "as warranted if this situation changes", it said, noting that "multi-purpose facilities remain open for business".

On Thursday morning the port said the two terminals were closed and operations suspended while authorities investigated after a truck driver, who worked at both terminals, tested positive for the coronavirus.

It said the 52-mile Houston Ship Channel, which links the port to the Gulf of Mexico, remained open, as did the more than 200 private terminals of the greater Port of Houston.

Coronavirus: Vale says it can continue operations at Malaysian terminal

BRAZIL'S mining giant Vale has been allowed to continue operations at its transhipment facility in Malaysia.

"Based on the communications from, and our discussions with, the national and local agencies and authorities, Vale considers, from where the situation stands, that it can continue to operate" the Teluk Rubiah terminal, it said in a statement.

"Vale is in communication with the government and working on a contingency plan to keep the terminal operating, while safeguarding employees and contractors and in compliance with all the requirements made by the Malaysian authorities," it said.

Earlier this week, Vale announced that it may temporarily halt the iron ore terminal due to coronavirus concerns. It also said that other operations may be affected.

The terminal has the capacity to handle some 30m tonnes of iron ore per year.

According to Inchcape, Malaysia has a "Restricted Movement Order" in place.

Any vessel that last called in China, Japan, Korea, Iran or Italy within the last 14 days will be quarantined at pier or anchorage and undergo health inspections, it said.

If all the crew are in good health, the ship will be allowed to carry out cargo operations, it added.

IN OTHER NEWS

Singapore bunker sales slow but still beat forecasts

FEBRUARY's marine fuel sales at Singapore, the world's top bunkering hub, slowed over January on fewer overall vessel arrivals following the coronavirus outbreak.

But the port nation posted year-on-year increases in both its bunker sales and container throughput, beating earlier expectations.

Ships calling at Singapore lifted 3.88m tonnes of bunkers in February, down from 4.51m tonnes during the month before.

Hapag-Lloyd confident of weathering coronavirus storm

HAPAG-Lloyd has joined the ranks of shipping companies admitting that the coronavirus outbreak is likely to have an impact on its business, but is confident that its prudent financial management will see it through the worst of the disruption.

Speaking following the publication the German carrier's 2019 annual results, chief executive Rolf Habben Jansen said the company's earnings outlook for 2020 was subject to considerably more uncertainty that usual.

"It is very difficult to assess the impact of coronavirus over the coming couple of quarters," Mr Habben Jansen said. "We still think that volumes across the entire year could increase slightly. It has been a strong first quarter but visibility beyond that is limited."

Costa Cruises ship anchors off Marseilles with suspected cases

THE 2009-built cruiseship *Costa Luminosa* has anchored in the port of Marseilles and is awaiting testing and investigations by the French authorities after it reported three people infected with coronavirus on board and dozens more recorded as sick.

According to Lloyd's List Intelligence, several cases of coronavirus were detected on board the vessel during its voyage from Florida. Several passengers affected by the virus disembarked in Puerto Rico and the Canaries.

The vessel had sailed from Fort Lauderdale on March 5, before stopping three days later in Puerto Rico, and then heading towards Tenerife. The Carnival Corporation-owned, Costa Crociere-operated *Costa Luminosa* was originally scheduled to sail to Venice in virus-hit Italy before ultimately heading to Marseilles, bypassing several scheduled port stops along the way.

Americas ports group names Mario Cordero as chairman

THE American Association of Port Authorities — which covers ports in North and South America — has elected executive director of the port of Long Beach Mario Cordero to serve as the group's new chairman.

Mr Cordero said he was taking over the role "at a time of tremendous challenges and changes within the goods movement industry".

"I look forward to collaborating with our organisation's members to focus on long-term growth, economic stability, jobs and sustainability so that we can all move toward a successful future," he said.

Guyana starts crude exports to China

CHINA National Offshore Oil Corp is about to lift its first crude cargo from the giant Liza field offshore Guyana.

The Hong Kong-flagged very large crude carrier *New Melody* is expected to arrive at the field's floating production, storage and offshore loading vessel *Liza Destiny* on March 24, Lloyd's List Intelligence data showed.

The 2m barrel capacity *New Melody* is owned by China Merchants Group.

Mexico's rival to the Panama Canal takes shape

MEXICO's plans to develop a land bridge to rival the Panama Canal advanced this week with announcements that Northern Hemisphere Logistics Inc has hired Mirage Energy Corp to participate in the Isthmus Corridor oil and natural gas project.

"The signing of this agreement gives Mirage the right to participate for 30% of the project," the company said, adding that the $6bn facility will give "a faster more economical way of delivering crude oil and refined products to Asia and Mexico but also the west coast of the US".

The company is touting a competitive advantage over the Panama Canal, saying that its locations on southern Mexico's Gulf and Pacific coasts offer shorter distances and less sailing time to key destinations in Asia, the US and Europe.

Shipowners call on Germany to keep trade flowing

GERMANY must keep shipping going to ensure the country continues to be supplied with vital food and medicine, the Verband Deutscher Reeder says.

The trade association has already expressed its concerns about the issue to chancellor Angela Merkel at a recent summit meeting between the government, employers and unions, it added in a statement.

"The urgency not to allow this sea-based logistics chain to be disrupted will prove to be essential in the coming days and weeks, not only for Germany as an economic location, but for every single person," said VDR president Alfred Hartmann.

American Commercial Lines finishes restructuring

AMERICAN Commercial Lines, a bulk carrier, has completed its restructuring after a US bankruptcy court approved its debt plan.

ACL filed for bankruptcy on February 7 after flooding in the Mississippi, Missouri and Arkansas river basin hiked costs for the inland barge industry.

It also struggled with lower demand for soyabeans amid the Sino-US trade war, overcapacity from reduced US coal demand, and diverted supplies to oil pipelines.

Classified notices follow

NOTICE RELATED SALE OF CRUISE VESSEL "ASTORIA"

Lisbon. 19th March 2020

*The Administrator of Insolvency of "Islands Cruises - Transportes Marítimos Unipessoal, Lda.", that runs terms under the Insolvency Proceeding no. 1339/16.9T8FNC of the Judicial Court of the District of Madeira - Funchal Commerce Court - Judge 2, announces that at the time of publication of the sales announcement of "Astoria" (ex-Azores), it was informed the diligence of "opening of proposals for the **6th April 2020, at 15:00 hours** at Av. Conde Valbom, 67, 4º Esq., 1050-067 Lisboa-Portugal.*

It happens that as a result of the Covid-19 pandemic that currently affects the country and has already deserved the declaration by the President of the Republic of the "state of emergency" for the entire national territory, that diligence cannot be carried out, so it is postponed sine die, until the current legal and public health situation changes.

*All other content contained in the sales announcement is maintained, namely the deadline for submitting proposals, which will run until **27th March 2020 (inclusive)***

SALE OF CRUISE VESSEL "ASTORIA"

Please see https://www.youtube.com/watch?v=QeatrJsKLIM

The Insolvency of

"ISLANDS CRUISES - TRANSPORTES MARÍTIMOS UNIPESSOAL, LDA."

Judicial Court of the District of Madeira - Commerce Judge of Funchal - Judge 2

Case No. 1339/16.9T8FNC

1. *The Administrator of Insolvency of "Islands Cruises - Transportes Marítimos Unipessoal, Lda.", announces the sale, in the modality of "Closed Letter with Proposal", of the vessel arrested in the Insolvency Proceeding under no. 1339/16.9T8FNC, which is on sale in the Judicial Court of the District of Madeira - Funchal Commerce Court - Judge 2, that is identified below:*
   - *Cruise ship, named "Astória" (ex Azores), with length over all of 160.07 meters, breadth 21 meters and depth 11.73 meters, with a capacity of 716 passengers, registered in the International Shipping Register of Madeira (MAR), under number 1379, IMO 53383304, registered in the Commercial Registry of the Madeira Free Trade Zone under number 540, equipment and outfitting.*
2. ***Minimum sale price EUR 17,151,225.00***

Conditions:

3. *The parties interested in the purchase of the vessel must send their proposals via registered courier, in closed envelope, to José Pinto Oliveira, Administrator of Insolvency of Islands Cruises - Transportes Marítimos Unipessoal, Lda., office address Av. Conde Valbom, 67, 4º Esq., 1050-067 Lisboa-Portugal, until March 27th, 2020 (inclusive).*
4. *The proposal should mention, on pain of exclusion, the following elements:*
   - *Identification of the bidder - name or corporate name, address, tax identification number, telephone, email and value offered in written in words.*

   It must be accompanied by a certified or bank check, in the amount of 10% of the proposed value, otherwise it will not be accepted to the tender.
5. *The Vessel is sold in its physical and legal condition, free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, being the responsibility of the buyer all costs related to the purchase, namely registration.*
6. *The Vessel is actually under charter, that will end on the September 25th, 2020.*
7. *If the delivery of the Vessel takes place prior to the end of the charter contract, the charter contract shall be transmitted to the buyer.*
8. *The Vessel is subject to a paulian impugnation, which is under the terms of process nr. 32399/15.9T8LSB - Lisbon District Court - Central Instance - 1st Civil Section - J17, whose cancellation is granted and it is the responsibility of the insolvency, which will carry it out prior to the delivery.*
9. *The Insolvency reserves the right to refuse to accept bids if they do not reach the minimum value set.*
10. *After the opening of the proposals, an auction session will start between the bidders.*
11. *The award is dependent on the non-exercise by the mortgageor of the right conferred by Article 164, paragraph 3 of the CIRE, as well as on your exercise of the right of first refusal of the charterer.*
12. *With the adjudication of the Vessel, the promissory-Buyer will proceed, as a sign and principle of payment, to the delivery of 10% of the adjudication value, being the remaining liquidated at the moment of the signature of the sale document (Bill of Sale) that will occur within 60 days counted from date of signature of the sale and purchase contract; being the obligation of the insolvency to notify the Buyer on the date, time and place for the accomplishment of the same, with at least 15 days in advance.*
13. *The Administrator of Insolvency will proceed to the opening of the proposals on the April 6th 2020, at 15:00, at Avenida Conde Valbom, nº 67 – 4º Esq., in Lisbon-Portugal inviting the proponents to be present in that diligence.*
14. *Any event of Buyers' default will determine the loss of the amount already paid, irrespective of the nature of the claim.*
15. *For further information, please contact the Insolvency Administrator via phone (+351 964050780) or email (jose.e.oliveira@aj.caaj.pt)*

The Administrator of Insolvency

(José Pinto Oliveira)