

Belships ASA: Detailed stock exchange announcement - Belships to merge with Lighthouse

On 6 July 2018, Belships ASA ("**Belships**" or the "**Company**") announced that the Company's largest shareholder, Sonata AS ("**Sonata**"), had accepted an offer from Kontrari AS and Kontrazi AS (being companies controlled by Frode Teigen and family, and together referred to as "**Kontrari**") relating to a contemplated sale of 14,285,714 shares (30.2%) in the Company from Sonata to Kontrari (the "**Share Sale**") and a merger between certain subsidiaries of Kontrari (the Lighthouse Companies, as defined below), and one or more subsidiaries of Belships with consideration in Belships shares (the "**Merger**").

Following satisfactory completion of a mutual due diligence process and final negotiations, Belships and the Lighthouse Companies have today on 4 October 2018 signed a merger plan (the "**Merger Plan**") pursuant to which Belships Chartering AS, a wholly-owned subsidiary of Belships, will assume the assets, rights and obligations of LHS Holdco AS, org no 921 350 775, LHS Holdco II AS, org no 921 350 597, LHN Holdco 1 AS, org no 921 312 474 and LHN Holdco 2 AS, org no 921 312 415 (the "**Lighthouse Companies**") against issuance of consideration shares in Belships.

The key terms of the Merger are as follows:

- The exchange ratio in the Merger is based on an equity value of Belships of USD 37.66 million, corresponding to a price per share of NOK 6.6¹.

- The valuations of the Lighthouse Companies are as set out below:

LHS Holdco AS	USD 61.30 million
LHS Holdco II AS	USD 29.27 million
LHN HoldCo 1 AS	USD 9.80 million
LHN HoldCo 2 AS	USD 2.45 million

Based on these valuations, the following exchange ratios apply in the Merger:

Merger between LHN HoldCo 1 AS and Belships	9.80:37.66
Merger between LHN HoldCo 2 AS and Belships	2.45:37.66
Merger between LHS Holdco AS and Belships	61.30:37.66
Merger between LHS Holdco II AS and Belships	29.27:37.66

The shareholders of the Lighthouse Companies will upon completion of the Merger receive a total of 127,765,993 consideration shares in Belships. The consideration shares are ordinary shares in Belships, and shall be equal to all other issued and outstanding shares in Belships. Further details regarding the valuations and the exchange ratio is included in the Merger Plan which will be attached to the notice for the extraordinary general meeting of Belships, expected to be held on or about 26 October 2018 (the "**EGM**").

- The merger plan and the issuance of the consideration shares in Belships are subject to approval by the EGM with at least two-thirds majority of the votes cast and of the share capital represented at the EGM. Sonata, holding 67.05% of the shares at the time of the EGM, has undertaken to support the resolution to approve the merger plan and to issue the consideration shares.
- The completion of the Merger is also conditional upon satisfaction of a number of closing conditions, including but not limited to approval by the general meetings, necessary consents from third parties, Oslo Børs' approval for a continued listing, expiry of the creditor notice period, absence of material adverse changes, completion of the Share Sale and that the statement from Oslo Børs dated 28 September 2018 stating that a mandatory offer obligation not will be imposed as a consequence of the transaction has not been withdrawn or amended and that no legal steps to challenge the statement have been taken.
- The completion of the Merger and the issuance of the consideration shares are expected to take place shortly after expiry of the creditor notice period, i.e. before year-end 2018, subject to the abovementioned conditions being fulfilled.

¹ Based on USDNOK of 8.1921 (3 October 2018) and excluding treasury shares

- Following the issuance of the considerations shares, there will be 175,117,993 shares outstanding in Belships. The shareholder structure in Belships following completion of the Merger and the Share Sale will be as follows:

Shareholder	Number of shares	%
Kontrari	120,452,246	68.78
Sonata	17,461,778	9.97
Nepa	13,330,834	7.61
LHN employees	8,268,628	4.72
Treasury shares	548,000	0.31
Other shareholders	15,056,507	8.60
Total	175,117,993	100

The Share Sale is expected to be completed three business days after the approval of the merger plan and share capital increase by EGM, subject to certain conditions being fulfilled. The purchase price for the 14,285,714 shares is NOK 100 million.

Strategic rationale

The Merger will increase Belships' fleet from seven to 16 vessels and significantly improve Belships' position within the Supramax and Ultramax segments. The consolidated fleet will have an increased earnings capacity and provide opportunities to realise synergies through improved cost efficiency. The larger fleet will also potentially contribute to improved commercial terms through a stronger negotiation position towards charterers. Further, the merging companies have complementing management operations, with Belships' technical management and manning operation based in Singapore and Lighthouse's commercial management operation based in Bangkok. Following the Merger, Belships will consequently have an operational structure with all key services and functions in-house, and represents an attractive and suited platform for further growth. Further, the Merger will facilitate an improved liquidity in the share, which again can increase the company's access to capital and provide increased flexibility.

Key information regarding Lighthouse

The Lighthouse Companies are holding companies established for the purpose of owning shares in each of Lighthouse Shipholding AS, Lighthouse Shipholding II AS and Lighthouse Navigation Pte. Ltd.:

LHS Holdco AS, org no 921 350 775, Nedre Bekkegate 1, 4371 Egersund. Immediately prior to completion of the Merger, LHS Holdco AS will be owned by Kontrari AS (52%), Kontrazi AS (28%), Nepa Shipholding B.V (13.5%), employees (2.5%), Hans Spliethoff (2%) and Ted van Vees (2%). LHS Holdco AS will own 100% of the shares in Lighthouse Shipholding AS.

LHS Holdco II AS, org no 921 350 597, Nedre Bekkegate 1, 4371 Egersund. Immediately prior to completion of the Merger, LHS Holdco II AS will be owned by Kontrari AS (46.5%), Kontrazi AS (36%) and employees (17.5%). LHS Holdco II AS will own 100% of the shares in Lighthouse Shipholding II AS.

LHN Holdco 1 AS, org no 921 312 474, Nedre Bekkegate 1, 4371 Egersund. Immediately prior to completion of the Merger, LHN Holdco 1 AS will be owned by Kontrari AS (100%). LHN Holdco 1 AS will own 40% of the shares in Lighthouse Navigation Pte. Ltd.

LHN Holdco 2 AS, org no 921 312 415, Nedre Bekkegate 1, 4371 Egersund. Immediately prior to completion of the Merger, LHN Holdco 2 AS will be owned by Kontrazi AS (100%). LHN Holdco 2 AS will own 10.002% of the shares in Lighthouse Navigation Pte. Ltd. The remaining 49.998% of the shares in Lighthouse Navigation Pte. Ltd. are owned by employees.

Lighthouse Shipholding AS and its subsidiaries own a fleet of five Ultramax size dry bulk carriers of Dolphin-64 design. This is a so-called eco design combining high cargo carrying capacity with low fuel consumption. The vessel size is 64,000 DWT, 36,321 GT and 21,598 NT. The vessels were built at Jiangsu Hantong Ship Heavy Industry and delivered between May 2015 and May 2016. Lighthouse Shipholding II AS and its subsidiaries own four Supramax size box-shaped dry bulk carriers of 50,000 DWT, 30,570 GT and 16,966 NT. The ships were built at the PT PAL yard 2006 - 2008. The management of the Lighthouse Companies, Lighthouse Shipholding AS and Lighthouse Shipholding II AS consists of Frode Bjørklund who holds the position as CEO of all companies. The board of directors in Lighthouse Shipholding AS consists of Peter Frølich (chairman), Frode Teigen, Jan Erik Sivertsen, Anders Sødergren and Kai

Einheuser. The board of directors in Lighthouse Shipholding II AS consists of Peter Frølich (chairman), Frode Teigen and Jan Erik Sivertsen. Jan Erik Sivertsen serves as the sole board member of the Lighthouse Companies.

Lighthouse Navigation Pte. Ltd. and its subsidiaries provide commercial management of Lighthouse's owned fleet of five Ultramax and four Supramax vessels, offering customised transportation services for dry bulk charterers. In addition to the owned fleet, Lighthouse navigation operates a significant number of chartered-in tonnage as required by clients. Lighthouse Navigation's liner service, Orient Asia Lines (OAL), runs a regular service from South East Asia to Middle-East and Eastern Mediterranean. Lighthouse Navigation also offers a full and comprehensive port agency service through the agency company Siam Thara. Lighthouse Navigation Pte. Ltd.'s management team consists of Anders Sødergren and Helge Bruns, and the board of directors consists of Helge Bruns, Anders Sødergren, Franciscus Teeuwen, Rudy Tan and Frode Bjørklund.

There are approximately 66 employees in subsidiaries of the Lighthouse Companies. All the employees will indirectly be transferred to Belships as a result of the Merger.

Key financial information for Lighthouse

The Lighthouse Companies are holding companies with limited balance sheets. The main operating entities in the Lighthouse Group are Lighthouse Shipholding AS (100% owned by LHS Holdco AS), Lighthouse Shipholding II AS (100% owned by LHS Holdco II AS) and Lighthouse Navigation Pte. Ltd (50.002% owned by LHN Holdco 1 AS and LHN Holdco 2 AS jointly). Key financial figures for the operating entities are set out below:

Lighthouse Shipholding AS

	Year		
	2017	2016	2015
<i>In USD million</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total operating income	21.0	11.2	3.4
Profit (loss) before tax	11.6	10.7	10.6
Profit (loss) for the period	11.5	10.7	10.9
Total assets	122.8	120.9	88.6
Total Equity	19.8	8.3	15.0
Total Liabilities	103.0	112.6	73.6

Lighthouse Shipholding II AS

	Year	
	2017	2016
<i>In USD million</i>	<i>(audited)</i>	<i>(audited)</i>
Total operating income	7.9	0.3
Profit (loss) before tax	0.5	0.2
Profit (loss) for the period	0.5	0.3
Total assets	16.0	5.5
Total Equity	11.3	5.2
Total Liabilities	4.7	0.2

Lighthouse Navigation Pte. Ltd.

	Year		
	2017	2016	2015
<i>In USD million</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total operating income	96.0	34.8	21.7
Profit (loss) before tax	3.3	0.9	8.4
Profit (loss) for the period	3.3	0.9	8.3
Total assets	26.9	20.4	18.5
Total Equity	16.7	13.4	15.5
Total Liabilities	10.2	7.1	3.0

Other key information relating to the Merger

The Merger will be carried out as a merger pursuant to chapter 13 of the Norwegian Limited Liability Companies Act, whereby Belships Chartering AS will assume the assets, rights and obligations of the Lighthouse Companies as a whole against issuance of consideration shares in the parent company of Belships Chartering AS, Belships. Following registration of the Merger in the Norwegian Register of Business Enterprises, a six week creditor notice period will apply. Following expiry of the creditor notice period and subject to the fulfilment of the conditions for the completion of the Merger, the Merger will be registered as completed in the Norwegian Register of Business Enterprises. The Lighthouse Companies will be dissolved upon completion of the Merger, and the share capital of Belships will be increased at the same time by way of issuance of consideration shares to the shareholders of the Lighthouse Companies.

The head office of Belships will continue to be on Lysaker following completion of the Merger. In connection with the Share Sale, it has been agreed that Kontrari shall be represented on the board of directors, and it has been proposed that Peter Frølich is appointed as a new board member, replacing Christian Rytter.

No agreements have been entered into by Belships in connection with the Merger for the benefit of any Belships or Lighthouse board members or senior employees. However, the CEO of Belships, Ulrich Müller is entitled to a bonus compensation equal to 12 months base salary if a merger is completed, cf. the stock exchange announcement made by the Company on 26 March 2018.

The shares in Belships owned by Kontrari, Sonata, Nepa Shipholding B.V, employees of Lighthouse Navigation Pte. Ltd., Hans Spliethoff and Ted van Vees following completion of the Merger will be subject to a six-month lock up from the date of the issuance of the consideration shares.

Belships intends to continue its listing on the Oslo Stock Exchange following completion of the Merger.

Belships will publish an information memorandum with respect to the Merger in accordance with section 3.5 of Oslo Børs' Continuing Obligations. Belships intends to publish the information memorandum prior to the date of the EGM.

ABG Sundal Collier ASA is acting as financial advisor and Advokatfirmaet Thommessen AS is acting as legal advisor for Belships/Sonata. Wikborg Rein Advokatfirma AS is acting as legal advisor for Kontrari/Lighthouse.

This detailed stock exchange announcement has been prepared and published in accordance with section 3.4 of the Oslo Børs' Continuing Obligations.