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To the bondholders in:

**ISIN NO 0010713274 – FRN Havyard Group ASA Senior Unsecured Bond Issue 2014/2017**

Oslo, 15 March 2017

## **SUMMONS TO BONDHOLDERS' MEETING – APPROVAL OF AMENDMENTS TO THE BOND AGREEMENT**

Nordic Trustee ASA (the "**Bond Trustee**") is appointed as bond trustee for the bond issue with ISIN NO 0010713274 (the "**Havyard Bonds**") issued by Havyard Group ASA ("**Havyard**" or the "**Issuer**") pursuant to the terms of the bond agreement dated 11 June 2014 with respect to the Havyard Bonds, as amended by the amendment agreement dated 30 June 2016, (the "**Bond Agreement**") between Havyard as the bond issuer and the Bond Trustee (on behalf of itself and the holders from time to time of the Havyard Bonds (the "**Bondholders**")).

All capitalised terms used but not defined in this summons have the meanings given to them in the Bond Agreement.

*The information in this summons regarding the Issuer, market conditions and described transactions is provided by the Issuer and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

The purpose of this summons is to convene a Bondholders' Meeting to consider a request by the Issuer for approval in respect of a second amendment agreement and the amendments to the Bond Agreement as described in section 2 of this summons. The Bondholders' Meeting is requested by the Issuer in accordance with Clause 16.2 of the Bond Agreement.

### **1 BACKGROUND**

The Issuer has approached its Bondholders to discuss certain amendments to the Bond Agreement and terms of the Havyard Bonds.

The Issuer has successfully delivered on its project backlog through 2016 and has during the second half of 2016 and into 2017 won several new contract awards, including:

- Equipment package for one well boat to be built for DESS Aquaculture Shipping (MHG/DESS JV)
- Construction contract with Inverlussa Marine Services for a workboat for the sea farming industry
- Reconstruction of two ferries from conventional to hybrid operation for Torghatten

- Delivery of two hybrid electric systems for two new ferries to be built at Remontowa Shipbuilding
- Design and equipment package for two AHTS to be built in Brazil for CBO
- Order for construction of three electric ferries for Fjord 1
- Option declared for a 2<sup>nd</sup> well boat equipment package for DESS Aqua
- Option declared for a 2<sup>nd</sup> workboat for Inverlussa Marine Services

More details are provided in the press releases of 18 August, 28 September, 30 September, 22 November, 19 December and 20 December 2016 as well as 7 February, 16 February and 21 February 2017.

Furthermore, on 1 March 2017, the Issuer announced its subsidiary Havyard MMC had signed an agreement to merge with First Process to strengthen its position as a leading supplier of fish handling equipment. The combined company, to be re-named MMC First Process, will become a total supplier of fish handling equipment, delivering whatever equipment necessary from getting fish out of the sea to the packaging of household portion packs. Havyard Group ASA will hold 75% of the shares in the new company and the transaction is another example of measures taken by the Issuer to increase the competitive position of the Group.

However, competition remains fierce for new shipbuilding contracts and customers have over the last year become increasingly focused on counterparty risk and yards ability to deliver. In order to continue building additional backlog, the Issuer is of the opinion that it will be beneficial to extend any potential refinancing risk beyond the delivery date of potential new shipbuilding contracts currently being discussed.

More specifically, the Issuer proposes to make a one-time cash redemption of NOK 31.4 million and implement a revised instalment schedule of NOK 2.5 million per quarter against an extension of the term of the Bonds to Q2'2020. In addition and as compensation to the Bondholders for resolving the amendments, the interest rate of the Bond Issue is proposed to be increased by 1.25 % to NIBOR 3 Month + 8.25% with effect as from and including the current interest period.

The Issuer has informed the Bond Trustee that it has received support for the Proposal from more than 2/3 of its Bondholders.

For further updates on the Issuer, reference is made to the Issuer's disclosures on [www.newsweb.no](http://www.newsweb.no) under the ticker symbol "HYARD" as well as the Issuer's website [www.havyard.com](http://www.havyard.com).

## 2 THE PROPOSAL

Based on the above background, the Issuer proposes that the Bondholders adopt the following proposal (the "**Proposal**"):

The Bondholders:

1. approve that the current instalment schedule for the Havyard Bonds is changed so that the Issuer pays (i) a one time instalment of NOK 31,414,152 to fall due on 13 June 2017; (ii) quarterly instalments of NOK 2,500,000 starting as from Q1 2018 (with the first such payment to be made 13 March 2018); and (iii) the remainder of the outstanding amount under the Havyard Bonds in full at the Maturity Date;

2. approve that the interest for the Bond Issue is increased by 1.25 % to NIBOR 3 Month + 8.25% with effect as from and including the current interest period starting 13 March 2017;
3. approve that the Maturity Date for the Havyard Bonds is postponed until 13 June 2020;
4. approve the entering into of a second amendment agreement (the "**Second Amendment Agreement**") to the Bond Agreement to implement the amendments under 1, 2 and 3 above, which shall be a Norwegian law-governed Finance Document between the Issuer and the Bond Trustee (for and on behalf of the Bondholders); and
5. authorise and instruct the Bond Trustee to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the matters referred to in this summons, including, without limitation negotiating and approving the final terms of, and entering into, the Second Amendment Agreement and any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in relation thereto.

### **3 NON-RELIANCE**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

### **4 FURTHER INFORMATION**

The Issuer has engaged Fearnley Securities AS as its financial advisor (the "**Advisor**") with respect to the Proposal. Accordingly, Bondholders may contact the Advisor for further information: Per Lauvvang, tel: +47 22 93 63 77, cell: +47 95 11 10 51, email: p.lauvvang@fearnleys.no.

The Advisor acts solely for the Issuer and no-one else in connection herewith. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

For further questions to the Bond Trustee, please contact Lars Erik Lærum at mail@nordictrustee.com or +47 22 87 94 00.

### **5 BONDHOLDERS' MEETING**

The Bondholders are hereby summoned to a Bondholders' Meeting.

Time: 30 March 2017 at 13:00 hours (Oslo time)

Place: The premises of Nordic Trustee ASA  
Haakon VII's gate 1, Oslo – 6<sup>th</sup> floor

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Approval of the Proposal.

It is proposed that the Bondholders' Meeting resolve the following:

*"The Bondholders' Meeting approves the Proposal as described in section 2 of the summons to this Bondholders' Meeting."*

The above mentioned resolution will, according to the Bond Agreement, require a 2/3 majority of the Voting Bonds represented at the Bondholders' Meeting voting in favour and a minimum of 50% of the Voting Bonds being represented at the meeting. The Bondholders may be represented in person or by proxy.

Please find attached a Bondholder's Form from the Security Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Havyard Bonds and of the voting rights at the Bondholders' Meeting. If the Havyard Bonds are held in custody i.e. the owner is not registered directly in VPS – the custodian must confirm; (i) the owner of the Havyard Bonds, (ii) the aggregate nominal amount of the Havyard Bonds and (iii) the account number in VPS on which the Havyard Bonds are registered.

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholders Form, authorising Nordic Trustee ASA to vote, must be returned to the Bond Trustee in due time before the Bondholders' Meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Havyard Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence that the Bond Trustee accepts as sufficient proof of the ownership of the Havyard Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail [mail@nordictrustee.com](mailto:mail@nordictrustee.com) by 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Kind regards,  
Nordic Trustee ASA

  
Lars Erik Lærum

Enclosed: Bondholder's Form