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## To the bondholders in:

- **ISIN NO 001 065717.4      FRN Havila Shipping ASA Senior Unsecured Bond Issue 2012/2016**

Oslo, 5 January 2016

## Summons to Bondholders' Meeting

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned bond issue (the "**Bonds**" or the "**Bond Issue**") issued by Havila Shipping ASA as issuer (the "**Company**" or the "**Issuer**").

Capitalised terms used herein shall have the meaning assigned to them in the bond agreement dated 27 August 2012 (the "**Bond Agreement**"), unless otherwise stated.

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

## 1 BACKGROUND

The downturn in the offshore market has, as for other major players in the sector, had a significant impact on the Company. The market for offshore vessels is characterized by supply far exceeding demand. As a consequence of low fleet utilization and rates achieved, many vessels in this segment have generated revenues below operating expenses. Further, vessel valuations are expected in general to extend its decline. The Company has taken measures to adapt to the prevailing market conditions, including as previously reported by lay up of vessels and other cost reducing efforts which will have full effect in the financial statements from Q1 2016 and onwards.

The Company foresees severe financial challenges for the period 2016–2018, and has several debt maturities coming up over the next months, of which it has no readily available means of refinancing. Further, cash flow from operations is not sufficient to serve the current amortisation schedules, and the Company does not expect that the market will improve materially in the short to medium term. On this basis the Company has worked towards a refinancing solution (the "**Refinancing**") which will allow the Company to maintain a sufficient liquidity buffer to operate through 2018 despite the current downturn.

As announced on 5 January 2016, the Company has over the last months been in discussions with its secured and unsecured bank lenders and has entered into a restructuring agreement (the "**Master Agreement**") setting out the main terms and conditions of the Refinancing, consisting of the following main elements:

- (i) Reduced amortisation for 2016, 2017 and 2018
  - The sum of NOK 107,075,573 and USD 5,067,819 in aggregate annual amortization on secured debt, distributed based on a pro-rata downward adjustment of the current amortisation schedule.

Certain adjustments are made to the general principle for two highly leveraged vessels on long term charters.

- Free liquidity in excess of NOK 400 million swept in 2017 and 2018 and applied on a pro-rata basis according to the cumulative deferred instalments of secured debt.
- Secured lenders (including bondholders) to be entitled to a "back-end fee" of 1% of amount of deferred instalments, to be paid on 30 June 2020.

(ii) Amended maturities

- All secured debt with final maturity date and balloon payment prior to 30 June 2020 to mature on 30 June 2020.
- All secured debt with no balloon payment extended to reflect postponed amortization.
- All unsecured debt to mature 31 December 2020.

(iii) Unsecured debt - interest expenses and payment in kind

- The credit margin on unsecured debt shall be set to 550 bps.
- Interest payments falling in the period 2016-2018 shall be paid in kind through increase of principal amount (bank debt) or issuance of additional bonds (bond issue), annually in arrears.
- Interest payments for the period 2019-2020 to be paid in cash if a cash flow budget demonstrates sufficient cash flow to cover interest and instalments on secured debt, otherwise in kind.

(iv) Amended financial covenants

- 100% fair market value covenant for each secured facility from 1 January 2017 (one year cure period).
- Minimum cash covenant of NOK 150 million.
- Positive working capital covenant (current interest bearing debt to be excluded from calculation).
- Above covenants to replace existing financial covenants.

(v) New equity

- NOK 200 million in new equity.
- The Sævik family intends to maintain its current proportionate shareholding and Havila Holding AS has guaranteed a subscription of NOK 102 million, subject to completion of the Refinancing.

The main principle of the Refinancing is for each creditor group to be treated equally and to contribute based on its contractual seniority, regardless of whether such creditor group consists of banks or bondholders. The minimum NOK 200 million equity issue will imply a significant contribution also from shareholders taking into account the current market capitalisation.

The Master Agreement is effective as of 31 December 2015 and subject to the following main conditions to be subsequently satisfied:

- Approval by bondholders of corresponding amendments to the Company's bond agreements as set forth herein no later than 31 January 2016,
- New equity in the minimum amount of NOK 200 million no later than 15 March 2016, and
- Acceptable renegotiation of payment of the bareboat charter hire for "Havila Troll" no later than 31 January 2016.

If and when implemented, the Refinancing will reduce interest payments and amortisations to a more manageable level considering the prevailing circumstances. The Refinancing is intended to be sufficiently robust to sustain also a low case scenario with a minimal risk to covenants through 2018, and more manageable risk of covenant breach thereafter. Postponement of maturities until 30 June 2020 ensures sufficient time for the Company to refinance in an expected recovering market. While the Company is pleased to have reached agreement with its bank lenders and present an outline for the

Refinancing, it is also clear that the conditions set out herein reflect the extremely challenging conditions now facing the Company and all its stakeholders.

Further reference is made to the Issuer's stock exchange announcement of 5 January 2016, and the summons letters dated today for bondholders meetings in the Issuer's two other bond loans, HAVI04 and HAVI06/07. In addition, a presentation providing further details on the Refinancing and other relevant information and updates is attached to this summons as **Appendix B**.

## 2 THE PROPOSAL

Based on the above, the Issuer has approached the Bond Trustee in accordance with Clause 16.2.1 of the Bond Agreement and requested that a Bondholders' Meeting be held to consider the amendments.

The Issuer proposes that the Bondholders' Meeting resolve to approve the Refinancing and the following amendments (and any implicit amendments relating thereto) to the Bond Agreement (the "**Proposal**");

### 2.1 Maturity

In Clause 1.1 (Definitions), the definition of "Maturity Date" shall be deleted in its entirety and replaced by the following:

*"**Maturity Date**" means 31 December 2020 or an earlier maturity date as provided for in this Bond Agreement. Any further adjustment may be made according to the Business Day Convention."*

A new Clause 10.3 (Call Option) shall be included as follows:

#### *"10.3 Call Option*

*10.3.1 The Issuer may at any time redeem the Bond Issue (in whole and in part) at a price equal to 100% of par value plus accrued interests on the redeemed amount.*

*10.3.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty (30) Business Days prior to the settlement date of the Call Option.*

*10.3.3 Partial redemption must be carried out pro rata (in accordance with the procedures of the Securities Depository).*

*10.3.4 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond and any unpaid interest accrued to the settlement date.*

*10.3.5 Bonds redeemed by the Issuer in accordance with this Clause 10.3 shall be discharged against the Outstanding Bonds."*

### 2.2 Interests

In Clause 1.1 (Definitions), the definitions of "Bond Reference Rate" and "Margin" shall be deleted in their entirety and replaced by the following:

*"**Bond Reference Rate**" means the One Year Swap Rate.*

*"**Margin**" means eight point fifty percentage points (8.50%) per annum from and including the Issue Date to and including 31 December 2015 and five point fifty percentage points (5.50%) per annum thereafter.*

*"One Year Swap Rate" means the NOK one year swap rate, as stated by Bloomberg (NKSX1 Currency), two (2) Business Days preceding the relevant annual period. In the event that such page rate is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the relevant interest rate, an alternative page or any other comparable source or benchmarks which in the opinion of the Bond Trustee and the Issuer gives the same interest rate shall be used. If any such rate is below zero, the rate will be deemed to be zero."*

In Clause 9 (Interest), Clause 9.2 shall be deleted in its entirety and replaced by the following:

*"The interest accruing in the period from and including 1 January 2016 to and including 31 December 2018 (the "Interim Period"), shall be paid in kind (PIK) through the issuance of additional Bonds to the Bondholders annually in arrears, and first time 31 December 2016 (the "Additional Bonds"). The Additional Bonds will be allocated pro rata to the Bondholders, provided that the total number of Additional Bonds allocated to a Bondholder shall be rounded to the nearest NOK 1.*

*Payment of interest accruing in the period from and including 1 January 2019 to and including 30 June 2020 shall be made annually in arrears and only be made in cash if and to the extent (i) there is a positive cash flow to service such interest (based on cash flow budget for the relevant period) after servicing interest and instalments in full under the Group's secured facilities, as confirmed by the Group's lenders under the secured debt and (ii) there is no default under the Group's secured debt. The Issuer shall latest by 30 November 2018 (for the period from 1 January 2019 until 30 June 2020) and 30 November 2019 (for the period from 1 January 2020 until 30 June 2020) confirm to the Bond Trustee and the Bondholders whether interest under the Bond Issue for the coming 18 or 6 months' period (as the case may be) shall be paid in cash or not. Any amount of interest which may not be serviced in accordance with this Clause 9.2 shall be accumulated in accordance with the respective principles set forth in the preceding paragraph (PIK)."*

To facilitate interest payments through issuance of Additional Bonds, the par value of each of the Bonds will be reduced to NOK 1.00. Clause 2.2.1 second paragraph shall thus be amended to read:

*"The Bonds will be in denominations of NOK 1.00 each and rank pari passu between themselves."*

## **2.3 Financial covenants and distributions**

In Clause 13.5 (Preservation of equity and Financial Covenants), Clauses 13.5 (a) (Dividends and other distributions), (b) (Market Adjusted Equity Ratio) and (d) (Ratio of Gross Unsecured Interest Bearing Debt to Unencumbered Assets) shall be deleted in their entirety (together with the relevant definitions, update of compliance certificate references etc), and replaced with the following covenants:

*"(a) Dividends and other distributions*

*The Issuer shall not declare or make any dividend payment or other distributions, whether in cash or in kind, repurchase of shares or make other similar transactions (including, but not limited to, total return swaps related to shares in the Issuer or service of any shareholder loans), or other distributions or transactions implying a transfer of value to its shareholders."*

*"(b) Working capital*

*The Issuer shall ensure that the Group on a consolidated basis maintains a positive Working Capital. "Working Capital" shall mean on a consolidated basis and at any*

*given time the sum of the Group's current assets less its current liabilities (current liabilities to exclude the current (short term) portion and any balloons of interest bearing debt) in accordance with GAAP."*

For the avoidance of doubt, the existing Clause 13.5 (c) (Liquidity) shall remain unchanged.

## **2.4 Other covenants**

The following covenants shall be added to the Bond Agreement. In the event of conflict or inconsistency between the Bond Agreement and the undertakings set out herein, the strictest shall apply.

### *Operation and maintenance of Vessels*

The Issuer shall ensure that operation and maintenance of the Vessels shall continue to be done in accordance with the customary and well-reputable routines currently established and in place, and thereby also secure that suppliers and all other creditors rendering service to the Vessels and/or any Group Company being a borrower under any secured or unsecured financial debt facility (together the "**Obligors**" and each an **Obligor**") or any of them are timely paid or settled at the agreed due dates.

### *No new loans, guarantees or financial support*

Unless the prior written consent of the lenders under the Secured Facilities have been obtained prior thereto, neither the Issuer nor any of the Obligors shall take up or accept any new loans nor grant or execute any new guarantees, loans or other financial support, save for letters of credit and/or guarantees relating to the ordinary operation of the Vessels. "**Secured Facilities**" means the secured bank facilities as at the date hereof for which any Group Company is a borrower and the senior secured bond issues HAVI04 and HAVI06/07 issued by the Issuer.

### *No investments*

Neither the Issuer nor the Obligors shall make any investments or acquisitions without the prior written consent of the lenders under the Secured Facilities, save for any capital expenditure or investments related to upgrade (limited to NOK 5,000,000 of aggregate upgrade costs for each Vessel in the period until 31 December 2020 (Maturity)) or maintenance work of the Vessels incurred in the ordinary course of business.

### *No chartering in of vessels*

No Group Company shall accept or enter into charters into the Group for any new vessel(s), nor extend the term of any current charters into the Group, without the prior written consent of the lenders under the Secured Facilities.

### *Strengthening of balance sheet; Cost efficiency*

The Issuer undertakes to use, and shall ensure that each of the Obligors use, its reasonable endeavors to improve the balance sheet and cost efficiency of the Group. For the avoidance of doubt, it is expressly stated that any failure by the Issuer or any Obligor to improve the balance sheet and the cost efficiency of the Group shall not be considered as an event of default.

### *New securities for unsecured debt*

The Issuer undertakes not to, and shall ensure that the Obligors does not, execute and/or grant any securities for any unsecured debt, unless that has been approved prior thereto by the lenders under the Secured Facilities, excluding cash deposit required in connection with the ordinary operation of the Vessels.

### *Notice of default*

The Issuer undertakes to inform the Bond Trustee of any default which has occurred under the Master Agreement and/or any of its or the Obligors' other debt or financial swap agreements.

### *Subordination of intra-group receivables*

Any receivables (including intra-group loans) due to the Issuer from another Obligor shall be

fully subordinated to the rights of the lenders under the Group's secured and unsecured debt facilities, and the Issuer may not enforce any such receivables or take any other action against another Obligor in respect of such receivables, which would compete with, or be in conflict with, the interests of the lenders under such facilities, whether in bankruptcy or otherwise.

## **2.5 Implementation**

Implementation of the Proposal shall be subject to the Conditions in section 3 below. The Bond Trustee shall be authorised to prepare and execute appropriate amendment documents, and may consent and agree to amendments of the terms herein where such amendments (i) are of minor or technical nature, (ii) are otherwise consistent with the principles of the Refinancing and the terms of the Master Agreement and are required in order to implement or give effect to the same and/or the amendments set out above, or (iii) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interests of the Bondholders.

## **3 CONDITIONS**

The completion of the Proposal (and effectiveness of amendment agreements) is conditional upon and subject to (i) approval and implementation of the Refinancing by all the Company's financial creditors, including by the respective bondholders' meetings in all the Company's bonds (as demonstrated to the reasonable satisfaction of the Trustee), (ii) completion of an equity issue with gross proceeds to the Issuer of no less than NOK 200 million, in each case on or before 15 March 2016 or such later date as the Bond Trustee may agree in its sole discretion (the "**Long-Stop Date**") and (iii) the Master Agreement being effective and not being terminated (collectively, the "**Conditions**"). Notwithstanding the above, in order to allow for implementation of the Refinancing, including the equity issue and a reduction of the nominal value of the Company's shares required to facilitate this, the amendments (if approved) covered by the Proposal shall take full effect from fulfilment of the condition in item (i) above, with condition in item (ii) remaining as a condition subsequent to be fulfilled within the Long-Stop Date. If such condition is not fulfilled within the Long-Stop Date, then the amendments covered by the Proposal shall be deemed void and the original terms of the Bond Agreement reinstated.

## **4 EVALUATION AND FURTHER INFORMATION**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by any of the Bond Trustee or the Issuer or any of their respective advisors. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly.

The Issuer has engaged Swedbank Norway as the Issuer's financial advisor with respect to the Proposal. Accordingly, Bondholders may contact Swedbank Norway at + 47 23 11 62 88 for further information. Swedbank Norway is acting solely for, and relying on information from, the Issuer in connection with the Proposal, and does not assume any liability in connection with the Proposal or the information herein.

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

## **5 SUMMONS FOR BONDHOLDERS' MEETING**

The Bondholders are hereby summoned to a Bondholders' Meeting in the Bond Issue:

**Time:** 20 January 2016 at 13:00 hours (Oslo time)

**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's gt 1, 0161 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. Request for adoption of the Proposal:

**It is proposed that the Bondholders' Meeting for the Bonds resolve the following:**

*"The Bondholders' Meeting approves the Refinancing and the Proposal as described in section 2 of the summons for the Bondholders' Meeting, including (i) the amendments to the Bond Agreement as described therein (the "Amendments") and (ii) a temporary waiver of any Events of Default under the Bond Agreements until the earlier of the date of the effective date of the Amendments or the Long-Stop Date, in order to allow for the implementation of the Amendments. The Bond Trustee is authorised to (a) prepare, finalise and enter into the necessary amendment agreements and other documentation deemed appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to the summons, including to consent and agree to further amendments of the terms in the Bond Agreement being (A) of minor or technical nature, (B) are otherwise consistent with the principles of the Refinancing and the terms of the Master Agreement, and (C) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interest of the Bondholders, and (b) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents, and grant any other waivers, that are considered required to complete and give effect to the Proposal. The Bondholders agree that the Bond Trustee may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in the summons to the Bondholders' Meeting (including without limitation waive any time periods or deadlines).*

*The resolutions shall be subject to and conditional upon the Conditions as described in section 3 of the summons."*

\* \* \* \* \*

To approve the Proposal, Bondholders representing more than 2/3 (two-thirds) of the Voting Bonds represented (in person or by proxy) at the Bondholders' Meeting must vote in favour of the Proposal. In order to have a quorum at least ½ of the Voting Bonds must be represented at the Bondholders' Meeting.

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

The individual Bondholder may authorise the Nordic Trustee ASA to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee ASA to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post to [mail@nordictrustee.com](mailto:mail@nordictrustee.com) , +47 22 87 94 10, or Nordic Trustee ASA, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that 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 which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee ASA, to notify Nordic Trustee ASA by telephone or by e-mail



within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**

  
Lars Erik Lærum

Enclosed:

- (A) Bondholder's Form
- (B) Refinancing Presentation