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**To the bondholders in:**

- **ISIN NO 001 059044.1**      **FRN Havila Shipping ASA Senior Secured Callable Bond Issue 2010/2016 ("HAVI04")**
- **ISIN NO 001 060502.5**      **Havila Shipping ASA Senior Secured Callable Bond Issue 2011/2017 ("HAVI06/07")**
- **ISIN NO 001 060503.3**
- **ISIN NO 001 065717.4**      **FRN Havila Shipping ASA Senior Unsecured Bond Issue 2012/2016 ("HAVI08")**

Oslo, 12 February 2016

**Summons to Bondholders' Meetings**

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned bond issues (the "**Bonds**" or the "**Bond Issues**") 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 agreements dated 5 November 2010 for HAVI04, 28 March 2011 for HAVI06/07 and 27 August 2012 for HAVI08 (the "**Bond Agreements**" and each a "**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**

Reference is made to the press release issued by the Company on 5 January 2016. Therein, the Company outlined the restructuring agreement with its bank lenders (the "**Master Agreement**") setting out the main terms and conditions of a financial restructuring of the Issuer's group. On the same date, the Company summoned bondholders' meetings in the Bond Issues to approve the restructuring, and certain amendments to the terms of the Bond Issues.

Following the announced restructuring, the Company has been in extensive dialogue with Bondholders in each of the three Bond Issues, which have contributed with constructive and specific suggestions for a revised proposal acceptable to their respective bondholder community. In addition, the Company has facilitated cross-creditor dialogue in order to increase transparency and understanding for all major creditor groups.

The Company's financial position remains highly challenging, and it is imperative for continued operations that the financial restructuring is concluded. In light of this and on the basis of discussions to date, the Company hereby presents a revised restructuring proposal (the "**Restructuring**"). The revised proposal is based on the dialogue with the stakeholders, and although not pre-agreed with qualified majorities across all Bond Issues, it is supported by the largest holders within all Bond Issues, as well as

the bank lenders, which have agreed to a revised Master Agreement, and Havila Holding AS as the largest shareholder and guarantor for the equity issue.

The revised Restructuring proposal versus the original proposal consists of the following main elements (for description of the original proposal, please refer to the summons letter of 5 January 2016):

- NOK 4.5 million of the interest on HAVI08 for each of the years 2016-2018 shall be paid in cash.
- The Company will offer to buy back bonds in HAVI08 (the "**Bond Buy-Back**") up to a total nominal value of NOK 275 million at a price of up to 30% of par value with settlement in cash upon completion of the Restructuring. The Bond Buy-Back will be carried out as a reverse auction, in which the sales price is equal for all sales and will be determined on the basis of sales orders received. If the total volume tendered exceeds NOK 275 million in par value, allocation will be made such that any volume tendered below the sales price is fully repurchased and any volume tendered at the sales price is bought back pro rata based on the amount of Bonds offered (always subject to the total volume bought not exceeding NOK 275 million in par value).
- The equity issue will be increased from minimum NOK 200 million to NOK 300 million to enable cash interest payment on HAVI08 and to facilitate the Bond Buy-Back as described above.
- The Sævik family intends to maintain its current proportionate shareholding and Havila Holding AS has guaranteed a subscription of NOK 153 million.
- The new equity is to be secured through a private placement directed towards existing shareholders and new investors, subject to and in accordance with applicable securities regulations. Bondholders wanting to participate in the equity issue will be given preferred allocation before new investors to the extent possible.

There are no material amendments to the proposal to holders of HAVI04 and HAVI06/07.

The Master Agreement, as revised to reflect the updated Restructuring proposal, remains 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 15 February 2016.
- New equity secured no later than 15 March 2016, and
- Completed renegotiation of payment of the bareboat charter hire for "Havila Troll" no later than 15 February 2016.

The Company has on back of a constructive dialogue with the largest bondholders requested the parties to the Master Agreement for an extension of the deadline with respect to approval from bondholders to reflect the new date for the bondholder meetings (26 February 2016). Although the request has been approved by a vast majority of the parties, 100% approval was unfortunately not obtained which is a requirement for amendments to the Master Agreement to become effective.

In light of the above and in order to comply with the requirements as stipulated in the Master Agreement, the Company is required to have a qualifying majority in the Bond Issues by 15 February 2016. As the bondholder meetings will be held on 26 February 2016, such qualifying majority will have to be obtained through pre-acceptances from bondholders by proxy within the 15 February 2016 deadline. It is therefore critical that complete proxy forms are delivered to the Nordic Trustee (with copy to the advisors) by end of business 15 February 2016. Proxy forms for the respective Bond Issues are attached.

It is clear that the conditions set out herein continue to reflect the extremely challenging conditions now facing the Company and all its stakeholders, which has further deteriorated since the signing of the Master Agreement. Should the Company fail to receive the necessary pre-acceptances from bondholders by 15 February, the Master Agreement will expire. In such case, the board and management of the Company are forced to evaluate the Company's options, including the viability of further negotiations with its creditors.

Negotiations regarding the amendment of the bareboat charter hire for "Havila Troll" are ongoing and is required to be concluded within 15 February 2016.

## 2 THE PROPOSAL

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

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

### 2.1 Amended Bond Terms for HAVI04

#### *Payment of Interest, Maturity and Call Option*

In Clause 1.1 (Definitions) of the HAVI04 Bond Agreement, the definitions of "Bond Reference Rate", "Maturity Date" and "Interest Payment Date" shall be deleted in their entirety and replaced by the following:

*"Bond Reference Rate" means 3 months NIBOR.*

*"Maturity Date" means 30 June 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.*

*"Interest Payment Date" means 8 February, 8 May, 8 August and 8 November each year and the Maturity Date. Any adjustment will be made according to the Business Day Convention."*

In Clause 1.1 (Definitions) of the HAVI04 Bond Agreement, the following definitions shall be added:

*"Aggregated Deferred Instalments" means the aggregated cumulative difference, at the end of each quarter, between the original instalment schedule in effect as of [relevant date to be included], and the Adjusted Instalments for each Secured Facility (each a "Deferred Instalment")."*

*"Repair Amount" means the amount of any shortfall resulting from non-compliance with Clause 13.5 (d) (Market Value of Vessel).*

*"Secured Facilities" means (i) the secured bank facilities as at the date hereof for which any Group Company is a borrower, (ii) the Bond Issue and (iii) the Havila Shipping ASA Senior Secured Callable Bond Issue 2011/2017 (ISINs NO001060502.5 and NO001060503.3), collectively (each a "Secured Facility")."*

Clause 10.1 (Maturity) of the HAVI04 Bond Agreement shall be deleted in its entirety and replaced by the following:

*"The Bonds shall be repaid as follows:*

- (i) with instalments of (a) NOK 1,599,080 on the Interest Payment Date in May 2016 (b) NOK 799,540, on each Interest Payment Date, from and including the Interest Payment Date in August 2016 to and including the Interest Payment Date in November 2018 (the "Adjusted Instalments"); and (b) NOK 3,515,625 on each Interest Payment Date thereafter; and*
- (ii) with a balloon equal to the remaining Outstanding Bonds on the Maturity Date.*

*Partial redemption shall be carried out pro rata between the Bonds (according to the procedures of the Security Register), and shall be made at par value (100%) plus accrued interest."*

In Clause 10.2 (Call Option) of the HAVI04 Bond Agreement, Clause 10.2.1 shall be deleted in its entirety and replaced by the following:

*"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."*

In Clause 10.4 (Mandatory Redemption) of the HAVI04 Bond Agreement, Clause 10.4.1 shall be deleted in its entirety and replaced by the following:

*"Upon a Mandatory Redemption Event occurring the Issuer shall, on or about the day the Issuer is receiving the proceeds following the relevant Mandatory Redemption Event, redeem 100 % of the Outstanding Bonds at a price equal to 100% of par value (plus accrued interest on the redeemed amount), always provided, however, that such redemption amount shall not exceed the net proceeds from Mandatory Redemption Event. Partial redemption shall be carried out pro rata between the Bonds (according to the procedures of the Security Register), and shall be made at par value (100%) plus accrued interest."*

### **Corporate and operational matters**

Clause 13.4 (d) (Subsidiaries' distributions) of the HAVI04 Bond Agreement shall be deleted in its entirety and replaced by the following:

*"The Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or Encumbrance) restricting the right of any Subsidiary to (i) pay any Financial Indebtedness to the Issuer, (ii) make any loans to the Issuer or (iii) transfer any of its assets and properties to the Issuer, except (a) if provided for in this Bond Agreement or (b) subordination of receivables (including intra-group loans) due to the Issuer from another Subsidiary being a borrower under any of the Group's facility agreements in favor of the lenders under such facilities agreements, it being understood that the Issuer may not enforce any such receivables or take any other action against another such Subsidiary in respect to such receivables which would compete with, or be in conflict with, the interest of the lenders under said facilities agreements, whether in bankruptcy or otherwise."*

### **Financial covenants and distributions**

In Clause 13.5 (Preservation of equity, Security Interests and Financial Covenants) of the HAVI04 Bond Agreement, Clauses 13.5 (a) (Consolidated Value Adjusted Equity Ratio), 13.5 (c) (Market Value of the Vessel) and 13.5 (d) (Interest Coverage Ratio) shall be deleted in their entirety (together with the relevant definitions, update of compliance certificate references etc.) and replaced with the following:

#### **"(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 any shareholder loans), or other distributions or transactions implying a transfer of value to its shareholders.*

#### **(c) 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.*

(d) *Market Value of the Vessel*

*The Issuer shall ensure that the Market Value of the Vessel from 1 January 2017 is minimum one hundred per cent (100%) of the Outstanding Bonds.*

*Testing of the Market Value shall be carried out on a quarterly basis, first time as of 31 March 2017. The calculation and supporting documentation shall be disclosed to the Bond Trustee no later than fifteen (15) Business Days after the respective test dates.*

*If and to the extent the Issuer is in breach of this Clause 13.5 (d), the Issuer shall have a twelve (12) months' remedy period effective from and including the relevant test date. Any such remedy shall be made by means of pre-payment of the Bonds with the Repair Amount, such Repair Amount to be paid with one fourth (1/4) quarterly in the remedy period, provided however, that such repair may only be made if the Vessel has generated positive cash flow after covering full opex and service of the Bond Issue for the last three (3) months immediately prior to the relevant test date, and only by an amount equal to such positive cash flow for that three (3) month period. If and to the extent there is a further decrease in the Market Value of the Vessel during said remedy period, the same procedure shall apply for such further or additional shortfall.*

*The Bond Trustee shall not (and similar shall apply for all other lenders under the Secured Facilities) be entitled to declare default for breach of this Clause 13.5 (d) where continued failure to comply or repair this market value covenant due to the above restrictions or if such repair would cause a breach of the minimum Liquidity requirement set out in Clause 13.5 (b)."*

For the avoidance of doubt, the existing Clause 13.5 (b) (Liquidity Reserve) and Clauses 13.5 (e) through (g) shall remain unchanged.

## **2.2 Amended Bond Terms HAVI06/07**

### ***Maturity and Call Option***

In Clause 1.1 (Definitions) of the HAVI06/07 Bond Agreement, the definition of "Maturity Date" shall be deleted in its entirety and replaced by the following:

*""**Maturity Date**" means 30 June 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."*

In Clause 1.1 (Definitions) of the HAVI06/07 Bond Agreement, the following definitions shall be added:

*""**Aggregated Deferred Instalments**" means the aggregated cumulative difference, at the end of each quarter, between the original instalment schedule in effect as of [relevant date to be included], and the Adjusted Instalments for each Secured Facility (each a "**Deferred Instalment**")."*

*""**Repair Amount**" means the amount of any shortfall resulting from non-compliance with Clause 13.5.1 (a) (Market Value of Vessel).*

*""**Secured Facilities**" means (i) the secured bank facilities as at the date hereof for which any Group Company is a borrower, (ii) the Bond Issue and (iii) the FRN Havila Shipping ASA Senior Secured Callable Bond Issue 2010/2016 (ISIN NO0010590441), collectively (each a "**Secured Facility**")."*

In Clause 10.1 (Maturity) of the HAVI06/07 Bond Agreement, Clause 10.1.1 shall be deleted in its entirety and replaced by the following:

*"The Bonds constituting FRN Tranche shall be repaid as follows:*

- (a) with instalments of (i) NOK 852,843 on each Interest Payment Date from and including the Interest Payment Date in March 2016 to and including the Interest Payment Date in December 2018 (the "Adjusted Instalments"); and (ii) NOK 3,750,000 on each Interest Payment Date thereafter; and*
- (b) with a balloon equal to the remaining Outstanding Bonds on the Maturity Date."*

Furthermore, in Clause 10.1 (Maturity) of the HAVI06/07 Bond Agreement, Clause 10.1.3 shall be deleted in its entirety and replaced by the following:

*"The Bonds constituting Fixed Tranche shall be repaid as follows:*

- (a) with instalments of (i) subject to any reduction as set forth below, NOK 852,843 on each Interest Payment Date from and including the Interest Payment Date in March 2016 to and including the Interest Payment Date in December 2018 (the "Adjusted Instalments"); and (ii) NOK 3,750,000 on each Interest Payment Date thereafter; and*
- (b) with a balloon equal to the remaining Outstanding Bonds on the Maturity Date."*

In Clause 10.2 (Call Option) of the HAVI06/07 Bond Agreement, Clause 10.2.1 shall be deleted in its entirety and replaced by the following:

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

In Clause 10.4 (Mandatory Redemption), Clauses 10.4.1 and 10.4.2 shall be deleted in its entirety and replaced by the following:

*"Upon a Mandatory Redemption Event (other than a Total Loss Event) occurring the Issuer shall, on or about the day the Issuer is receiving the proceeds following the relevant Mandatory Redemption Event, redeem 100 % of the Outstanding Bonds at a price equal to 100% of par value (plus accrued interest on the redeemed amount), always provided, however, that such redemption amount shall not exceed the net proceeds from the Mandatory Redemption Event.*

*Upon a Total Loss Event occurring, the Issuer shall redeem 100% of the Outstanding Bonds at 100% of par value (plus accrued interest on redeemed amount) on the earlier of (i) the date falling one hundred and eighty (180) days after the Total Loss Event, and (ii) the date the insurance proceeds are available to the Issuer, always provided, however, that such redemption amount shall not exceed the net proceeds from the insurance proceeds.*

*Partial redemption shall be carried out pro rata between the Bonds (according to the procedures of the Security Register), and shall be made at par value (100%) plus accrued interest."*

## **Interest**

Clause 9.1 (Interest Fixed Tranche) shall be amended to reflect that the Fixed Rate shall apply up to and including 30 March 2017 (being the original Maturity Date), and that the Fixed Tranche thereafter shall have the same floating interest payment as the Floating Tranche. It is therefore proposed that Clause 9.1.1 shall be deleted in its entirety and replaced by the following:

*"The Issuer shall pay interest on the Fixed Tranche from and including the Issue Date to 30 March 2017 (being the original Maturity Date) at a fixed rate of eight point six per cent (8.60%) per annum (the "Fixed Rate") and thereafter pay a floating rate equal to the Floating Rate (and Clauses 9.2.2 through 9.2.5 applying mutatis mutandis and replacing Clauses 9.1.2 through 9.1.5)."*

### ***Financial covenants and distribution***

In Clause 13.3 (General Covenants) of the HAVI06/07 Bond Agreement, Clause 13.3 (a) (Dividends) shall be deleted in its entirety and replaced by the following:

*"(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 any shareholders loan), or other distributions or transactions implying a transfer of value to its shareholders."*

For the avoidance of doubt, the existing Clause 13.3 (b) through Clause 13.3 (l) shall remain unchanged.

In Clause 13.4 (Financial Covenants), Clause 13.4.1 (a) (Market Adjusted Equity Ratio) shall be deleted in its entirety (together with the relevant definitions, update of compliance certificate references etc), and replaced by the following:

*"(a) 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 13.4.1 (b) (Liquidity) shall remain unchanged.

In Clause 13.5, Clause 13.5.1 (a) (Market Value of the Vessel) shall be deleted in its entirety (together with the relevant definitions, update of compliance certificate references etc) and replaced by the following:

*"(a) Market Value of Vessel*

*The Issuer shall ensure that the Asset Coverage Ratio from 1 January 2017 is minimum one hundred per cent (100%).*

*Testing of the Asset Coverage Ratio shall be carried out on a quarterly basis, first time as of 31 March 2017. The calculation and supporting documentation shall be disclosed to the Bond Trustee no later than fifteen (15) Business Days after the respective test dates.*

*If and to the extent the Issuer is in breach of this Clause 13.5 1 (a), the Issuer shall have a twelve (12) months' remedy period effective from and including the relevant test date. Any such remedy shall be made by means of pre-payment of the Bonds with the Repair Amount, such Repair Amount to be paid with one fourth (1/4) quarterly in the remedy period, provided however, that such repair may only be made if the Vessel has generated positive cash flow after covering full opex and service of the Bond Issue for the last three (3) months immediately prior to the relevant test date, and only by an amount equal to such positive cash flow for that three (3) month period. If and to the extent there is a further decrease in the Market Value of the Vessel during said remedy period, the same procedure shall apply for such further or additional shortfall.*

*The Bond Trustee shall not (and similar shall apply for all other lenders under the Secured Facilities) be entitled to declare default for breach of this Clause 13.5.1 (a)*

*where continued failure to comply or repair this market value covenant due to the above restrictions or if such repair would cause a breach of the minimum Liquidity requirement set out in Clause 13.4.1 (b)".*

For the avoidance of doubt, the existing Clause 13.5.1 (b) through Clause 13.5.1 (h) shall remain unchanged.

## **2.3 Amended bond terms for HAVI08**

### ***Maturity***

In Clause 1.1 (Definitions) of the HAVI08 Bond Agreement, 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 in the HAVI08 Bond Agreement 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."*

### ***Interests***

In Clause 1.1 (Definitions) of the HAVI08 Bond Agreement, 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) of the HAVI08 Bond Agreement, 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 as follows: (i) NOK 4.5 million to be paid in cash, with equal parts on each Interest Payment Date in the Interim Period and (ii) the remaining amounts to 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."*

The cash part of the interest payment due on the Interest Payment Date in February 2016, for the period from and including 30 November 2015 to, but excluding, 29 February 2016, shall be paid on the Long-Stop Date (as defined below). No default interest according to Clause 11.4 will accrue.

### ***Financial covenants and distributions***

In Clause 13.5 (Preservation of equity and Financial Covenants) of the HAVI08 Bond Agreement, 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 Amended bond terms for HAVI04 and HAVI06/07**

### ***Fees and expenses***

In Clause 14 (Fees and expenses) of each of the Bond Agreements for HAVI04 and HAVI06/07, a new Clause 14.6 shall be added reading as follows:

*"The Bondholders shall be entitled to a "back-end fee" to be calculated as one (1) per cent of the Aggregated Deferred Instalments (not including the agreed balloon payments according to the Bond Issue), such calculated "back-end fee" to be paid on 30 June 2020 on the basis of the Aggregated Deferred Instalments accumulated in the period from 1 January 2016 through 31 December 2018."*

For the avoidance of doubt, the existing Clause 14.1 through 14.5 shall remain unchanged.

### ***Cash and Cash Equivalents***

The definition of "Cash and Cash Equivalents" in Clause 1.1 of each of the HAVI04 and HAVI06/07 Bond Agreements shall be amended to mirror the same definition in the HAVI08 Bond Agreement, by including (with respect to HAVI04) and amending (with respect to HAVI06/07 as follows: *"However, any amount standing to the credit of any pledged (but not blocked) earnings accounts of the Group shall be regarded as Cash and Cash Equivalents as long as no event of default (however described) has occurred under any finance documents relating to any such Encumbrance."*

## **2.5 Amended bond terms for HAVI04, HAVI06/07 and HAVI08**

The following covenants shall be added to each of the Bond Agreements for HAVI04, HAVI06/07 and HAVI08. In the event of conflict or inconsistency between any of the Bond Agreements 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 Facility or unsecured financial 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 Bondholders (and the other lenders under the Secured Facilities) have been obtained prior thereto, neither the Issuer nor any Obligor 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.

### ***No investments***

Neither the Issuer nor the Obligors shall make any investments or acquisitions without the prior written consent of the Bondholders (and the other 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) 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 Bondholders (and the other lenders under the Secured Facilities).

#### *Cash sweep*

At the end of each quarter from and including Q1 2017 to and including Q4 2018, a cash sweep amount shall be calculated as (i) cash on hand less (ii) any shortfall from compliance with fair market value clauses and less (iii) NOK 400,000,000 (such calculated amount hereinafter referred to as the "**Cash Sweep Amount**"). Any such Cash Sweep Amount shall be deposited immediately on a pledged and blocked account (the "**Cash Sweep Account**") with DNB Bank ASA as security for the Secured Facilities on a pro-rata basis according to Aggregated Deferred Instalments.

If and to the extent the Obligors will be in breach with minimum cash covenants by payment of an adjusted instalments, the Obligors shall be entitled to draw from the Cash Sweep Account to pay such instalments. For each Secured Facility, the distribution to the respective lenders of any part of the Cash Sweep Amount shall be considered an upfront payment of the relevant deferred instalments.

Any amount credited to the Cash Sweep Account on 31 December 2018 shall be distributed to the lenders under the Secured Facilities on a pro-rata basis according to Aggregated Deferred Instalments and be applied for payment of deferred instalments and thereafter against the balloon.

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

The Issuer undertakes to use, and shall ensure that each of the Obligors use, its reasonable endeavours 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 Bondholders (and the other 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.

#### *Cash flow budgets*

Pursuant to the terms of the Master Agreement, the Issuer may pay cash interest on its unsecured facilities accruing after 31 December 2018 to the extent there is a positive cash flow to service such interest, after servicing interest and instalments in full under the Secured Facilities as confirmed by the lenders under the Secured Facilities latest by 30 November 2018 and 30 November 2019 (as the case may be). To facilitate the evaluation of such consent, the Issuer shall at latest on 30 October 2018 present a cash flow budget for the period from 1 January 2019 until 30 June 2020, and on 30 October 2019 for the period from 1 January 2020 until 30 June 2020, such cash flow budgets to include detailed assumptions and be satisfactory to the lenders under the Secured Facilities in their sole discretion. The Bond Trustee, acting reasonably, shall be authorized to grant such consent on behalf of the Bondholders.

#### *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.

## **2.6 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 Restructuring 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 Restructuring by all the Company's financial creditors, including by the respective Bondholders' Meeting for all Bond Issues (as demonstrated to the reasonable satisfaction of the Bond Trustee), (ii) subscription of an equity issue with gross proceeds to the Issuer of no less than NOK 300 million and (iii) arranging the Bond Buy-Back offer (collectively, the "**Conditions**"), in each case on or before 31 March 2016 or such later date as the Bond Trustee may agree in its sole discretion (the "**Long-Stop Date**"). Notwithstanding the above, in order to allow for implementation of the Restructuring, including the equity issue, 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) and (iii) 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 respective 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 and Fearnley Securities AS as the Issuer's financial advisors with respect to the Proposal. Accordingly, Bondholders may contact Swedbank Norway at + 47 23 11 62 88 / +47 99 16 19 15 or Fearnley Securities at +47 22 93 63 65 / +47 90 07 12 85 for further information.

Swedbank Norway and Fearnleys Securities AS are 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 or + 47 22 87 94 00.

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

The Bondholders are hereby summoned to a Bondholders' Meeting in each of the Bond Issues:

**Time:** 26 February 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 each of the Bond Issues resolve the following:**

*"The Bondholders' Meeting approves the Restructuring 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 Agreement 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, agree to minor amendments to terms set out herein as deemed appropriate or required).*

*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 each of 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 for each Bond Issue.

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:  
- Bondholder's Form