

Havila Shipping ASA  
P.O. Box 214  
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Fosnavaag, Norway

Att: The board of directors

Oslo, 11 November 2016

## HAVILA SHIPPING ASA – HAVI08

Reference is made to the Havila Shipping ASA unsecured Bond Issue FRN Havila Shipping ASA Senior Unsecured Bond Issue 2012/2016, with ISIN NO0010657174 (“**HAVI08**”) and the bond agreement (the “**Bond Agreement**”). Unless otherwise defined herein, terms shall have the meaning ascribed to them in the Bond Agreement. We hereby request that a copy of this letter is provided to the Board of Directors.

We write to you in light of the current financial situation of the Issuer and the Group and on-going efforts to find a viable solution to the challenges. For the sake of good order, we take the liberty of reminding you that (i) the Issuer and its subsidiaries must not enter into any disposals (including sale, transfer and similar) or other arrangements in relation to their assets which may materially adversely effect the Bondholders’ positions without the consent of the Bondholders, and (ii) the Bondholders maintains the expectation, that the board of directors of the Issuer will diligently carry out their responsibilities as directors in relation to the Issuer’s creditors (and cause and ensure the board of directors of each of its Subsidiaries to do the same).

In respect of the board of directors’ responsibilities, we take the liberty of reminding you that the board of directors’ primary responsibility lies in protecting the interest of creditors whom do not have any sufficient security interest and not (i) shareholders where the financial interest in the company is lost and (ii) debt which benefits from actual security and a fair representative value in light of the situation (see inter alia the Norwegian Bankruptcy Act 42(1) and 95(1) where debt which is secured as such is excluded from voting on a restructuring plan or in bankruptcy proceedings and consequently such interest should not be the primary focus for the board of directors in a restructuring process).

Although it is expected that the board of directors of the Issuer will diligently carry out their responsibilities, certain of the Company’s latest statements are concerning:

- The notice published by the Company on 10 November 2016 in connection with the summons to a Bondholders’ Meeting instructed by in excess of 10% of the Bondholders (the “**Bondholder Committee**”) of the HAVI08 bonds (the “**Bondholder Committee’s Proposal**”), stating that *“The proposals as set out under clause 2 and 3, respectively, of the Summons, are not expected to be supported by the Issuer, nor by the majority of the Issuer’s financial creditors, since the Bondholder Group has not advised that it has new equity in form of cash and likewise an alternative financing committed for the Issuer”*.

- The notice issued by the Company 9 November 2016 stating that “*a contingency plan supported by secured bank lenders is in place if the required approval of the Restructuring Plan fails*”.

The Issuer's and its board of directors' statement that the Company is not expected to support the proposal included in clause 2 of Bondholder Committee's Proposal is concerning, particularly in light of the principles set out above and given that the proposal is not conditional upon any new equity from existing shareholders and will ensure the same or even better financial outcome compared to the proposal issued by the Company on 9 November 2016. The reference to that the “*Bondholder Group has not advised that it has new equity in form of cash or likewise an alternative financing committed to the Issuer*” as a factor influencing the non-support by the Issuer to the Bondholders Committee's Proposal is also surprising by way of a comparison to the Company's proposal considering the effects of both proposals:

|  | <b>Company's proposal</b> | <b>Full conversion<br/>NOK 950 mill. proposal</b> |
|--|---------------------------|---|
| Company – new capital                                  | 164                       | 0   |
| Company – to be used as unsecured buy out              | -143                      | 0   |
| Company – net liquidity                                | 22                        | 0/22*   |
| Company – remaining unsecured debt                     | -46                       | 0/-22*  |
| Company secured debt (size/value)                      | Same proposal             | Same proposal                                     |
| Company – secured debt terms<br>(interest/downpayment) | Same proposal             | Same proposal                                     |

\*If required by secured lenders an amount up to NOK 22 mill will be injected as either equity or a shareholder loan on similar terms as in the Company's proposal by Unsecured Lenders.

Consequently, the Bondholder Committee's Proposal should from a Company's perspective be better. As highlighted in the Bondholders' Proposal, the Bondholder Committee is also positive towards new equity from existing shareholders, which if achievable, would make Bondholder Committee Proposal even more attractive from the Company's and the secured lender's perspective.

Even if clause 2 of the Bondholder Committee's Proposal does not receive sufficient support from secured lenders, it is also concerning that the Company is not expected to be supportive of the Bondholder Committee's Proposal included section 3 if approved by the Bondholders' Meeting. Section 3 is based on an equal treatment and opportunity for unsecured creditors. In this respect, an opportunity for all unsecured lenders to convert a portion of their unsecured debt to equity will enable all unsecured creditors to safeguard its interest, and thereby secure the further existence of the Company.

In light of the board of directors' responsibility not resting with the secured lenders it is also concerning that the Company has informed that “*a contingency plan supported by secured bank lenders is in place if the required approval of the Restructuring Plan fails*”. If such plan would e.g. involve assets being sold, transferred or similar from the Company together with secured debt including secured debt that is de facto unsecured, the Company will facilitate a preferential treatment of such (un)secured debt at the expense of other unsecured debt holders. In this respect, any optional

value based on security positions as such is clearly different from the optional value based on a going concern group structure. Such disposal, again, also deprives unsecured creditors from the opportunity to secure its position through partial conversion, which is clearly better compared to such transfer and is also expected to be better compared to a contingency plan primarily focusing on the interest of secured lenders.

Based on the Company's interest, and to prevent further possible losses for creditors, the Bondholder Committee considers that the board of directors will have an obligation to present such partial conversion to the Company's shareholders as an alternative to bankruptcy filing or contingency plans that will deprive unsecured creditors from recovery/optionality, and that the majority shareholder will be required to vote in favour of such proposal, in order to ascertain that the primary interests of the Company and its creditors are protected. Even if the principles outlined in the Bondholder Committee's Proposal are not achievable nor acceptable for the main shareholder or the secured creditors, conversion of a small portion of the unsecured debt to equity, will enable unsecured creditors to take control over the Company, and ensure that its interests are sufficiently protected and safeguard against the interest of the existing shareholders driving the restructuring process, and thereby also securing the future existence of the Company.

The requirements of the Bondholder Committee are both reasonable and proportionate in light of the circumstances and it is not for the Board of Directors to seek a solution which is intended to induce a maximum possible loss on the bondholders by conveniently and dis-proportionally prioritising the interest of any shareholders and/or other stakeholders whom both in a public reorganisation would not have been entitled to vote.

The Bondholder Committee reserves the right to hold the general manager and member of the board of directors liable in accordance with the Norwegian Company's Act Section 17-1 and Norwegian principles of tort, for any loss incurred based on the Company pursuing a restructuring plan that deprives the Bondholder Committee from any recovery including optional value.

**On behalf of the Bondholders Committee**