

PROSPECTUS



Havila Shipping ASA

(i) Listing of 615,663,840 new shares to be issued in connection with the Cash Private Placement

(ii) Listing of 561,340,560 new shares to be issued in connection with the Conversion Private Placement and

(iii) Offering and listing of up to 240,000,000 new shares offered in the Subsequent Offering in Havila Shipping ASA at a subscription price of NOK 0.125 per share, with subscription rights for eligible shareholders as of the end of 4 January 2017

Subscription Period: From and including 6 March 2017 to 20 March 2017 at 16:30 hours (CET)

The information contained in this prospectus (the "**Prospectus**") relates to Havila Shipping ASA ("**Havila Shipping**" or the "**Company**", and, together with its consolidated subsidiaries, the "**Group**") and (i) the listing of 615,663,840 new shares in the Company (the "**Cash Private Placement Shares**") to be issued in connection with a private placement to be completed on or about 28 February 2017 (the "**Cash Private Placement**"), (ii) the listing of 561,340,560 new shares in the Company resulting from the conversion of debt (the "**Conversion Private Placement Shares**") to be issued in connection with a private placement to be completed on or about 28 February 2017 (the "**Conversion Private Placement**") and (iii) the offer for and listing of up to 240,000,000 new shares in the Company (the "**Offer Shares**") offered in a subsequent offering (the "**Subsequent Offering**") at a subscription price of NOK 0.125 per Offer Share (the "**Subscription Price**") with non-tradable Subscription Rights (the "**Subscription Rights**") for eligible shareholders of the Company as of the end of 4 January 2017, as appearing in the Norwegian Central Securities Depository (the "**VPS**") on 6 January 2017 (the "**Record Date**"), subject to applicable securities laws and the terms described in this Prospectus. The Company's shares (the "**Shares**") are listed on the Oslo Stock Exchange under the ticker code "HAVI".

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.

The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares (pursuant to the exercise of Subscription Rights) may lawfully be made and, for other jurisdictions than Norway, would not require any filing, registration or similar action. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and the Offer Shares are being offered and sold: (i) in the United States only to QIBs as defined in Rule 144A or in other transactions exempt from registration requirements under the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S. The Subsequent Offering will not be made to persons who are residents of Australia, Canada, Japan, Hong Kong, Singapore or in any jurisdiction in which such offering would be unlawful. For more information regarding restrictions in relation to the Subsequent Offering pursuant to this Prospectus, see Section 8 "Selling and Transfer Restrictions".

Investing in the New Shares involves certain risks. See Section 2 (Risk Factors) beginning on page 18.

Managers



The date of this Prospectus is 27 February 2017

Important information

This Prospectus has been prepared in order to provide information about the Private Placements, the Subsequent Offering, the New Shares and the Group and its business in connection with the listing of the Private Placement Shares and the offering and listing of the Offer Shares and to comply with the Norwegian Securities Trading Act of June 29, 2007 no 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the "**EU Prospectus Directive**") as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended) (hereafter "**EC Regulation 809/2004**").

This Prospectus has been reviewed and approved by the Norwegian Financial Supervisory Authority (the "**NFSA**") on 27 February 2017 in accordance with sections 7-7 and 7-8, cf. section 7-3 of the Norwegian Securities Trading Act. The NFSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the NFSA only relates to the Company's descriptions pursuant to a pre-defined check list of disclosure requirements for companies with reduced market capitalisation. The NFSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. This Prospectus is valid for a period of 12 months from the date of approval by the NFSA.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorised to give any information about, or to make any representations on behalf of, the Company in connection with the listing of the New Shares or the Subsequent Offering. If any such information is given or made, it must not be relied upon as having been authorised by the Company.

The information contained herein is as of the date hereof and is subject to change, completion and amendment without further notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of listing of the New Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor any sale of Offer Shares made hereunder, shall under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Prospectus, the Subsequent Offering and sale of the Offer Shares may be restricted by law in certain jurisdictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of Offer Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. For further information on the manner of distribution of the New Shares and the selling and transfer restrictions to which they are subject, see

Section 8 “Selling and Transfer Restrictions”.

Any reproduction of this Prospectus, in whole or in part is prohibited.

This Prospectus and the terms and conditions of the Subsequent Offering as set out herein shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Subsequent Offering or this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UNITED STATES

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares. The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. All offers and sales in the United States will be made only to QIBs as defined in Rule 144A or in other transactions exempt from registration requirements under the U.S. Securities Act. All offers and sales outside the United States will be made in reliance on Regulation S. **Prospective purchasers are hereby notified that the Company may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. See Section 8.2.1 “United States”.**

Any Offer Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 8.2.1 “United States”.

The securities offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Further, the foregoing authorities have not passed upon the merits of the Subsequent Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each

offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Offering Shares.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the “**UK**”) or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Managers have represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the UK.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the “**EEA**”) that has implemented the EU Prospectus Directive, other than Norway (each, a “**Relevant Member State**”), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or the Managers to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- a) it is a qualified investor as defined in the EU Prospectus Directive; and
- b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) such Offer Shares acquired by it in the Subsequent Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus

Directive in that Relevant Member State, and the expression “EU Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

See Section 8 “Selling and Transfer Restrictions” for certain other notices to investors.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company incorporated under the laws of Norway. As a result, the rights of holders of the Company's Shares will be governed by Norwegian law and the Company's articles of association (the “**Articles of Association**”). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of the Company's board of directors (the “**Board members**” and the “**Board of Directors**”, respectively) and the members of the Company's senior management (the “**Management**”) are not residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its Board members and members of Management in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons, including judgments based on the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters.

TABLE OF CONTENTS

1	SUMMARY	6
2	RISK FACTORS	18
2.1	General	18
2.2	Risks relating to the industry in which the Company operates	18
2.3	Operational risk factors	23
2.4	Financial risks	26
2.5	Risks factors relating to the shares	28
3	RESPONSIBILITY STATEMENT	30
4	GENERAL INFORMATION	31
4.1	Important investor information	31
4.2	Presentation of financial and other information	31
4.3	Industry and market data	32
4.4	Cautionary note regarding forward-looking statements	32
5	THE RESTRUCTURING PLAN AND BACKGROUND FOR THE PRIVATE PLACEMENTS AND THE SUBSEQUENT OFFERING; USE OF PROCEEDS	34
6	THE PRIVATE PLACEMENTS	36
6.1	Background	36
6.2	The Cash Private Placement	36
6.3	The Conversion Private Placement	38
7	THE SUBSEQUENT OFFERING	42
7.1	Overview	42
7.2	Resolution regarding the Subsequent Offering	42
7.3	Subscription Rights and Offer Shares	43
7.4	Application Period	44
7.5	Offer Price	44
7.6	Application procedures	44
7.7	Financial Intermediaries	45
7.8	Allocation of Offer Shares	46
7.9	Payment for the Offer Shares	47
7.10	Publication of information relating to the Subsequent Offering	47
7.11	VPS registration of the Offer Shares	48
7.12	Delivery and listing of the Offer Shares	48
7.13	Share capital following the Subsequent Offering	48
7.14	Transferability of the Offer Shares	48
7.15	Expenses and net proceeds	48
7.16	Dilution	49
7.17	Shareholders' rights attached to the Offer Shares	49
7.18	Interest of natural and legal persons	49
7.19	Managers and advisor	50
8	SELLING AND TRANSFER RESTRICTIONS	51
8.1	General	51
8.2	Selling restrictions	51
8.3	Transfer restrictions	53
9	INDUSTRY OVERVIEW	57
9.1	Introduction	57

9.2	Demand and key drivers	57
9.3	The Offshore Support Vessel market	60
9.4	Rate development and utilisation.....	63
9.5	Orderbook	68
10	COMPANY OVERVIEW.....	71
10.1	Corporate information	71
10.2	History and development	71
10.3	Group legal structure.....	72
10.4	Business description	73
10.5	The fleet	75
11	BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES	78
11.1	Board of Directors	78
11.2	Management.....	82
11.3	Pensions	83
11.4	Loans and guarantees	83
11.5	Conflicts of interests etc.	84
11.6	Corporate governance.....	84
11.7	Employees	84
12	SELECTED FINANCIAL INFORMATION	86
12.1	Introduction	86
12.2	Summary of accounting policies and principles.....	86
12.3	Selected consolidated financial information	87
12.4	Segment information.....	90
13	INVESTMENTS, CAPITAL RESOURCES AND BORROWINGS	91
13.1	Property, plant and equipment.....	91
13.2	Principal investments	91
13.3	Working capital statement.....	92
13.4	Significant changes, trends and other factors affecting results	92
13.5	Capitalization and indebtedness	93
13.6	Capital resources	97
14	SHARES, SHARE CAPITAL AND SHAREHOLDERS MATTERS.....	101
14.1	Description of the Shares and share capital.....	101
14.2	Stock Exchange listing.....	101
14.3	Historical development in share capital and number of shares	101
14.4	Major Shareholders	102
14.5	Authorisations, warrants and convertible loans	104
14.6	Shareholders rights.....	107
14.7	Limitations on the right to own and transfer Shares.....	107
14.8	Dividend policy and payment of dividends.....	107
14.9	General meetings.....	107
14.10	Voting rights	108
14.11	Additional issuances and preferential rights	109
14.12	Regulation of dividends	109
14.13	Minority rights	110
14.14	Rights of redemption and repurchase of Shares	110
14.15	Shareholder vote on mergers and demergers	111
14.16	Liability of directors	111
14.17	Distribution of assets on liquidation	111

14.18	Summary of the Company's Articles of Association	111
15	SECURITIES TRADING IN NORWAY	113
15.1	Trading and settlement.....	113
15.2	Information, control and surveillance	113
15.3	The VPS and transfer of Shares	114
15.4	Shareholder register	114
15.5	Foreign investment in Norwegian shares	114
15.6	Payment of dividends to foreign investors.....	114
15.7	Disclosure obligations	115
15.8	Insider trading	115
15.9	Mandatory offer requirement	115
15.10	Compulsory acquisition.....	116
15.11	Foreign exchange controls.....	117
16	NORWEGIAN TAXATION	118
16.1	Taxation of dividends	118
16.2	Taxation of capital gains on realization of shares	119
16.3	Taxation of subscription rights	120
16.4	Net Wealth Tax	120
16.5	Inheritance Tax	120
16.6	VAT and transfer taxes	120
17	ADDITIONAL INFORMATION	121
17.1	Related party transactions	121
17.2	Disputes	121
17.3	Incorporation by reference.....	121
17.4	Documents on display	122
18	DEFINITIONS AND GLOSSARY OF TERMS.....	123

APPENDICES

APPENDIX 1:	ARTICLES OF ASSOCIATION.....	A1
APPENDIX 2:	SUBSCRIPTION FORM.....	A2

1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Although an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Consent to the use of the prospectus by financial intermediaries	<p>Not applicable; no consent is granted by the Company to the use of the Prospectus for subsequent resale or final placement of the Shares.</p>

Section B – Issuer and any guarantor		
B.1	Legal and commercial name	Havila Shipping ASA (the " Company " or " Havila Shipping ").
B.2	Domicile/ Legal form/ Legislation/ Country of incorporation	The Company is a public limited liability company incorporated and registered in Norway under the Norwegian Public Limited Companies Act with business organisation number 882 811 972.
B.3	Key factors of operations and principal activities	<p>Havila Shipping and its subsidiaries engage in shipping from its Norwegian head office in Fosnavåg and operate within the vessel business areas Anchor Handling Tug Supply (AHTS), Platform Supply Vessel (PSV), Rescue Recovery Vessel (RRV) and Subsea Operations (Subsea). The Company's vessels operate worldwide, but the main market is the North Sea. The Asia Pacific Region, South America, West Africa and the Indian Ocean/South China Sea have also been operation areas during 2016 for some of the vessels. The Group has around 450 maritime employees and 41 administrative staff. The business is organized mainly through the 100 % shipowning companies Havila Ships AS and Havila Subcon AS. The seafarers are employed in the parent company Havila Shipping ASA and in Havila Marine Guernsey Ltd, and the administration is employed in Havila Management AS. The Company has offices in Singapore through the 50 % owned company POSH Havila Pte Ltd. The Company also has offices in Brazil with three employees and Aberdeen with one employee.</p> <p>The Company is involved in the operation of 26 vessels, including: (i) nine AHTS vessels (four of which are operated by the 50 % owned company Posh Havila Pte Ltd in Singapore); (ii) 14 PSVs (one of which is owned externally and one of which is 50 % owned); (iii) one rescue recovery vessel (bareboat) and; (iv) three subsea vessels. The Company does not have any newbuild contracts.</p> <p>The Group's AHTS vessels are organized and operate under the Group's business area for Anchor Handling Tug Supply. The AHTS vessels are mainly being used for moving of rigs, putting out of anchors, as well as for supply services. The vessels are normally larger and more expensive than for instance PSV-vessels, and equipped with winches and cranes. The North-Sea is dominated by larger AHTS vessels, between 12,000-35,000 BHP (Brake Horse Power).</p> <p>The Group's PSVs are organized and operate under the Group's business area for Platform Supply Vessel Service. The PSVs carry goods, water, drilling mud, chemicals, etc. to and from the offshore installations. The PSVs has a larger share of vessels on longer, firm contracts.</p> <p>The Group's rescue recovery vessel is organized and operated under the Group's business area for Rescue Recovery Vessel Service. Such vessels cover security services, such as oil spill preparedness, fire protection and operation of rescue- and recovery vessels at the oil installations. The Group's rescue recovery vessel is a specially built vessel, equipped with</p>

		<p>larger pickup boats, helipad, firefighting equipment and hospital inside.</p> <p>The Group's subsea vessels are organized and operated under the Group's business area for Subsea Operations. These vessels used for under water construction work, as well as for support for under water operations. The Group's subsea vessels are equipped with larger cranes, dynamic positioning system (DP), helipad and with a high degree of manning capacity and are often divided into the following categories:</p> <ul style="list-style-type: none"> • MPSV – Multi-purpose supply vessel. Larger PSV's, with extra equipment, adapted to different under water operations. • OCV – Offshore construction vessel. Larger offshore construction vessels, normally equipped with large crane capacity and a larger deck area. • DSV - Dive support vessel. A diving vessel, which, in addition to the crane capacity also has a diving system and a ROV (a remote controlled minisubmarine).
B.4a	Significant recent trends affecting the Issuer and the industry in which it operates	<p>The Company has not experienced any changes or trends that are considered significant to the Group since 30 September 2016 and to the date of this Prospectus. Havila Shipping believes that the following material factors may have effect on results:</p> <ul style="list-style-type: none"> • The Group's business depends on the demand and supply for tonnage providers such as Havila Shipping. The level of activity in the oil service industry, and consequently, the Group's profitability, are directly related to factors such as a long term decline in the oil price as it results in a decline in the offshore oil and gas exploration activity and the commencement of new production. In addition, increased competition for tonnage providers may result in a decline in demand for the Group's services, or, alternatively, result in significant price competition. • The Group operates in a capital intensive industry and has significant amounts of debt. The Group's existing debt arrangements are mainly long-term loans at a floating interest. A significant increase in interest rates will thus have certain effects on the Company's cash flow and financial condition
B.5	Description of group	<p>Havila Shipping (the parent company) is a holding company, and the operations of the Group are carried out by the Group's operating subsidiaries as described below.</p> <p>Except for POSH Havila Pte Ltd (50 %), Havila Charisma IS (50 % owned), all companies in the Group are wholly owned by Havila Shipping.</p> <p>The following chart shows the subsidiaries of the Company and the legal structure of the Group:</p>

B.6	<p>Notifiable voting rights</p> <p>Different voting rights</p> <p>Control</p>	<p>As at the date of this Prospectus, the following shareholders directly or indirectly have a shareholding in the Company above 5 %:</p> <ul style="list-style-type: none"> Havila Holding AS, 51.0 %. <p>Following completion of the Restructuring, it is expected that the following will have above 5 %:</p> <ul style="list-style-type: none"> Havila Holding AS, 52.3 % DNB Bank ASA, 10.0 % GIEK 6.1 % Swedbank AB (publ) 5.3 % <p>As far as the Company is aware of, there is no other natural or legal person other than the above mentioned, which directly or indirectly has a shareholding in the Company above 5 per cent which is noticeable under Norwegian Law. Shareholders with ownership exceeding 5 per cent must comply with disclosure obligations according to the Norwegian Securities Trading Act section 4-2.</p> <p>All Shares and shareholders have equal rights, including voting rights.</p> <p>Havila Holding AS has the ability to significantly influence the outcome of matters submitted for vote by the shareholders of the Company.</p>

B.7	Selected historical key financial information	<p>The recent downturn in the offshore market and expected continuing fall in market values and activities within the shipping and offshore sector going forward have had a major impact on the Company's financial position.</p> <p>The selected condensed financial information set forth in this Prospectus should be read in conjunction with the relevant financial statements and the notes to those statements which can be found on the Company's webpage, www.havilashipping.no.</p> <p>The selected financial data presented in this section has been derived from the Company's unaudited consolidated financial statements for the three and nine months ended 30 September 2016 and 2015 and the audited consolidated financial statements for the years ended 31 December 2015 and 2014. The presented data is in accordance with IFRS.</p>
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Consolidated statement of comprehensive income

	For the three months ended 30Sept		For the nine months ended 30 September		For the year ended 31 December	
	2016	2015	2016	2015	2015	2014
<i>NOK 1,000</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Total operating income and profit on sale of fixed assets	253 433	377 689	848 537	1 204 514	1 566 775	1 690 796
Total operating expenses	-140 870	-199 818	-476 823	-623 263	-818 386	-836 294
Operating income before depreciation. ...	112 563	177 871	371 714	581 251	748 389	854 502
Depreciation	-79 745	-82 908	-242 553	-247 275	-327 129	-268 689
Impairment	0	0	0	0	-1 388 300	0
Operating result	32 818	94 963	129 160	333 976	-967 040	585 813
Net financial items	-71 809	-153 056	-214 170	-383 351	-511 260	-549 477
Result from joint venture companies	-13 834	-7 170	-24 916	-17 103	-30 632	3 278
Profit before tax	-52 824	-65 263	-109 926	-66 478	-1 508 932	39 615
Taxes	-12 499	-7 047	-8 071	-17 159	-17 729	-36 023
Profit	-65 323	-72 311	-117 997	-83 638	-1 526 661	3 592
Total comprehensive income	-68 558	-78 418	-116 642	-88 357	-1 519 699	498
Earnings and diluted earnings per share (NOK)	-3.91	-2.77	-2.16	-2.40	-50.59	0.12

Consolidated balance sheet

Assets	30 September 2016	30 September 2015	31 December 2015	2014
<i>NOK 1,000</i>	Unaudited	Unaudited	Audited	Audited
Intangible assets	0	6 404	2 448	6 404
Tangible fixed assets	5 609 929	7 299 238	5 842 851	7 471 737
Investments in joint venture company	67 824	64 759	63 079	63 278
Other non-current assets	47 101	12 958	10 748	16 171
Total fixed assets	5 724 854	7 383 360	5 919 126	7 557 590
Bank deposit	446 676	310 259	204 649	465 352
Other current assets	277 359	468 772	410 453	350 811
Total current assets	724 035	779 032	615 102	816 163
Total assets	6 448 889	8 162 391	6 534 228	8 373 754

Equity and liabilities

	30 September 2016	30 September 2015	2015	31 December 2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Total equity	385 762	1 933 747	502 405	2 022 103
Liabilities to joint venture	58 664	19 850	32 978	0
Non-current debt to credit institution	0	4 398 615	0	5 011 592
Other non-current liabilities	100 549	124 964	98 764	128 787
Total non-current liabilities	159 207	4 543 429	131 742	5 140 379
Current debt to credit institutions	5 556 296	1 328 997	5 640 366	898 759
Other current liabilities	347 624	356 218	259 715	312 512
Total current liabilities	5 903 920	1 685 215	5 900 081	1 211 271
Total liabilities	6 063 127	6 228 644	6 031 823	6 351 650
Total equity and liabilities	6 448 889	8 162 391	6 534 228	8 373 754

Consolidated statement of cash flow

	For the three months end 2016	2015	For the nine months ended 30 September 2016	2015	For the year ended 31 December 2015	2014
NOK 1,000	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Cash flow from operating activity	102 888	85 667	288 678	283 637	361 710	376 724
Cash flow from investing activity	272	-8 940	-8 530	-73 266	-83 852	-219 560
Cash flow from financing activity	0	-88 738	-14 127	-255 390	-431 118	-219 181
Net changes in cash and cash equivalents	103 160	-12 011	266 020	-45 019	-153 260	-62 018
Cash and cash equivalents at start of period	359 393	319 545	204 649	350 812	350 812	402 696
Net currency exchange differences	-15 876	2 725	-23 993	4 466	7 097	10 134
Cash and cash equivalents at end of period	446 676	310 259	446 676	310 259	204 649	350 812

		Other than the Private Placements, as described in Section 6, and the other effects of the Restructuring Plan, as summarized in Section 5 with further references, there has not been any significant change to the Group's financial or trading position since 30 September 2016 through to the date of this Prospectus
B.8	Pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate is made.
B.10	Audit report qualifications	<p>The audit report included in the financial statements for the financial year ended 31 December 2015 contains the following "emphasis of matter" (Norwegian: "presisering") (see page 127 of the statements):</p> <p><i>Emphasis of matter</i></p> <p><i>Without qualifying our opinion, we draw the attention to the Board of Directors report and note 4.3 to the financial statements, which states that the Company is dependent on an agreement with its creditors to postpone instalments and/or injection of new equity to continue as a going concern. The financial statements</i></p>

		<p><i>do not reflect impairment charges or provisions that might be required if the Company was liquidated or the assets sold in a distressed situation.</i></p> <p>The Company has addressed the need for an agreement with its creditors as described through the Restructuring Plan as further described in this Prospectus.</p> <p>Other than the above, there are no qualifications in the audit reports.</p>
B.11	Working Capital	<p>As per the date of this Prospectus, the Company does not have sufficient working capital for its present requirements. Without the Restructuring Plan in place, the Company would most likely be obliged to file for bankruptcy within short time.</p> <p>The implementation of the Restructuring Plan is moving forward according to plan with closing scheduled to take place on 28 February 2017 (the Restructuring Implementation Date). Requirements have so far been met according to plan, and the Company is not aware of any material circumstances which may prevent closing of the transaction.</p> <p>The combined effect of the various elements of the Restructuring Plan will be, once closed, that the Company will have sufficient working capital for at least the next twelve months. This is achieved primarily through amended amortisation, but also through (i) new capital (equity and convertible loans), (ii) amended maturities, (iii) amended interest payments, (iv) full and final settlement of unsecured debt and (v) amended financial covenants, all as further described in Section 13.6.3.</p>

Section C – Securities		
C.1	Type and class of securities	New ordinary shares of the Company with ISIN NO 0010257728.
C.2	Currency	Norwegian kroner (NOK)
C.3	Number of issued shares and par value	<p>At the date of the Prospectus the Company's issued share capital is NOK 15,089,799.50 divided into 30,179,599 Shares, each with a par value of NOK 0.50. All the issued Shares are fully paid.</p> <p>Following completion of the Restructuring, expected to take place on or about 28 February 2017, the Company's share capital will be NOK 12,071,839.99, divided into 1,207,183,999 shares, each with a nominal value of NOK 0.01.</p> <p>Assuming full subscription under the Subsequent Offering, an additional 240,000,000 Shares will be issued in March 2017, increasing the total number of Shares to 1,447,183,999 Shares. Further Shares may also be issued in connection with the exercising of warrants (see Section 14.5.3) and the conversion of convertible loans (see Section 14.5.4).</p>

C.4	Rights attached to the shares	All Shares carry equal and full shareholder rights in all respects (including, but not limited to voting rights and dividend rights) and no Shares have different rights. Each Share gives one vote at the Company's general meeting.
C.5	Restriction on the free transferability of the shares	The Shares of the Company are freely transferable. The Offer Shares will be freely transferable, subject to local regulatory transfer restrictions.
C.6	Application for admission to trading on a regulated market	The Shares of the Company are listed on the Oslo Stock Exchange and the New Shares will also be admitted to trading once issued.
C.7	Dividend policy	The Company's stated dividend policy is to distribute dividends when this is warranted by the Company's equity situation and agreed commitments. As part of the Restructuring Plan, the Company may not distribute any dividends to any of its shareholders until expiry of the restructuring period, ending on 7 November 2020.

Section D – Risk Factors		
D.1	Key risks relating to the issuer and its business	<ul style="list-style-type: none"> • The offshore market in which the Company operates is currently experiencing a downturn, which has had a significant impact on the Company. If the downturn in the market continues, this will have a material adverse effect on the Company's business, financial condition, results of operations and cash flow • The Company's business, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production • The Company's business involves numerous operational hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Company's results of operations, cash flows and financial condition • The Company may be subject to litigation that could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters

		<ul style="list-style-type: none"> • Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Company operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc. • Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Company's operations, increase the Company's operating costs, reduce demand for the Company's services and restrict the Company's ability to operate its vessels or otherwise • The market value for the Company's current vessels and those it acquires in the future may decrease, which could cause the Company to incur losses if it is decided to sell them following a decline in their market values • The Company may fail to estimate effectively risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Company • The market balance for offshore support vessels has recently been negatively influenced by excessive newbuild activity, which has led to a stronger growth in supply of vessels than in the demand for vessels. This may consequently have a material adverse impact on the Company's results of operations, financial condition and the asset values of the Group • The Company may not be able to respond effectively to the time frames associated with bidding and winning short-term contracts • The Company's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues • The Company's future contracted revenue for its vessels may not be ultimately realized • The Company may not be able to renew or obtain new and favorable contracts for vessels whose contracts are expiring or are terminated, which could materially adversely affect the Company's results of operation, cash flows and financial condition • The Company engages in contracts with state-owned companies that can be subject to different risks due to political shifts and difficulties in enforceability than contracts with other international companies • If the Restructuring Plan is unsuccessful or the market downturn continues longer than expected and/or affects the Company more severely than expected, the Company may further need significant additional funding. • The Company's loan agreements includes terms, conditions and covenants that may impose restrictions on the operations of the Company. A failure to comply with the conditions and covenants may have a material and adverse effect on the Company
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		<ul style="list-style-type: none"> • The Company is exposed to the risk of contractual default by a counterparty • The Company is exposed to changes in interest rates and exchange rates, which may adversely impact the Company's cash flows and financial condition
D.3	Key risks relating to the shares	<ul style="list-style-type: none"> • The trading price of the Shares has fallen significantly in the last years and may continue to fluctuate. There can be no guarantee that investors subscribing for or acquiring Shares in the Private Placements or in the Subsequent Offering will be able to sell their shares in the future at a price exceeding the subscription price • Future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares • No due diligence investigations have been conducted prior to the Private Placements or the Subsequent Offering, and the Company may be subject to material losses or claims which neither the Company nor the Managers are aware of at the date of this Prospectus • As a majority shareholder controlling more than 50 % of the outstanding shares, Havila Holding AS has the ability to significantly influence the outcome of matters to be resolved at the Company's general meetings, including election of members of the Board of Directors

Section E – Offer		
E.1	Proceeds and expenses	<p>The gross proceeds in the Cash Private Placement and the Subsequent Offering (once completed, and assuming full subscription) will amount to about NOK 77 million and NOK 30 million respectively. The Conversion Private Placement will result in a reduction of debt in the amount of about NOK 135 million.</p> <p>The total costs related to the above described transactions will be approximately NOK 10 million. The costs are related primarily to fees to financial and legal advisors and shall be borne by the Company.</p>
E.2a	Reasons for the offer and use of proceeds	<p>The purpose of the Restructuring Plan has been to find a refinancing solution which will allow the Company to maintain a sufficient liquidity buffer to operate through 2020 despite the current downturn in the offshore market.</p> <p>The gross proceeds from the Cash Private Placement, the Anti-Dilution Protection Loan and the Convertible Loan, amounting to a total of about NOK 164 million, will all be used for amortization of existing unsecured debt as further described in Sections 13.5 and 13.6.</p> <p>Short term non-interest bearing debt will be reduced by NOK 355.8 million while interest bearing debt - which is classified as short term as a consequence of the ongoing Restructuring - will be reduced by NOK 1,285.9 mill. Total interest bearing debt is thus reduced from NOK 5.6 billion to about 4.3 billion.</p>

E.3	Terms and conditions of the offer	<p>First, there will be a reduction of the Company's share capital of NOK 14,788,003.51 from NOK 15,089,799.50 to NOK 301,795.99 by reducing the nominal value of the shares with NOK 0.49 per share, from NOK 0.50 to NOK 0.01, to be completed and registered on or about 28 February 2017.</p> <p>Under the Cash Private Placement, the Company's principal shareholder, Havila Holding AS, shall make an equity contribution of NOK 76,957,980. The price per share is NOK 0.125, following which the Company, upon completion, shall issue 615,663,840 new shares to Havila Holding AS by which the share capital will be increased by NOK 6,156,638.40. Completion is expected on or about 28 February 2017.</p> <p>Under the Conversion Private Placement, 561,340,560 new shares shall be subscribed by and issued to certain secured creditors of the Company with settlement in the form of reduction of debt / set off against accrued, but unpaid, interest in the amount of about NOK 135 million by which the share capital will be increased by NOK 5,613,405.60. Completion is expected on or about 28 February 2017.</p> <p>The combined effect of the Private Placements is to increase the Company's share capital from 301,795.99 to NOK 12,071,839.99 and the number of shares from 30,179,599 to 1,207,183,999.</p> <p>The Subsequent Offering will be directed towards eligible shareholders in Havila Shipping, being the holders of Shares as at the end of trading on 4 January 2017, as registered in the VPS as of 6 January 2017, who were not invited to participate in the Private Placements and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action. The Subsequent Offering will only be completed if and to the extent the Private Placements are completed.</p> <p>The Application Period in the Subsequent Offering is from and including 6 March 2017 to 16:30 (CET) on 20 March 2017, and the subscription price is NOK 0.125.</p>
E.4	Interests material to the offer	<p>The Managers or its affiliates have provided from time to time, and may provide in the future, services to Havila Shipping and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, its employees and any affiliate may currently own existing Shares in Havila Shipping. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.</p> <p>The Managers will receive a success fee of a fixed percentage of the gross proceeds raised in the Subsequent Offering as well as in the Private Placements and, as such, have an interest in the Subsequent Offering and in the Private Placements. The Managers are also compensated for their services related to the other elements of the Restructuring, cf. Section 5.</p> <p>Other than as set out above, the Company is not aware of any interest of any natural and legal persons involved in the Private Placements or the Subsequent Offering that is material to any of the transaction.</p>
E.5	Selling entity	No entity is selling any Shares in connection with the transactions described in this

	and lock-up agreements	Prospectus, and no Shares are or will be subject to lock-up.
E.6	Dilution	<p>The Private Placements will result in a dilution of the shareholders of the Company not participating in the Private Placements of approximately 97.5 %.</p> <p>Adding the dilutive effect of the Subsequent Offering, assuming that it is fully subscribed, the total dilution for those shareholders not participating in either of the Private Placements or the Subsequent Offering will be approximately 97.9 %, assuming full subscription in the Subsequent Offering.</p> <p>Further dilution may result from the conversion of convertible loans and the exercise of warrants, see Sections 14.5.3 and 14.5.4.</p>
E.7	Expenses charged to the investor	Not applicable. No expenses or taxes will be charged by the Company or the Managers to the subscribers in the Private Placements and the Subsequent Offering.

2 RISK FACTORS

2.1 General

Investing in Havila Shipping involves inherent risks. Prospective investors should consider carefully all of the information set forth in this Prospectus, and in particular, the specific risk factors set out below. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.

If any of the risks described below materialize, individually or together with other circumstances, they may have a material adverse effect on the Company's business, financial condition, results of operations and cash flow, which may cause a decline in the value and trading price of the Shares that could result in a loss of all or part of any investment in the Shares.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

2.2 Risks relating to the industry in which the Company operates

The offshore market is currently experiencing a downturn

The offshore market in which the Company operates is currently experiencing a downturn, which has 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 revenue below operating expenses. The Company expects that vessel valuations, in general, will extend its decline. If the downturn in the market continues, this will have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The Company's business, results of operations, financial condition and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a further decline in offshore oil and gas exploration, development and production

Oil and gas prices are volatile and are affected by numerous factors beyond the Company's control, including, but not limited to, the following:

- worldwide demand for natural gas and oil;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production and impact pricing;
- level of world-wide production;
- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts; and

- the development and exploitation of alternative energy sources.

The demand for the Company's services depends on the level of activity and expenditure in the oil and gas industry, which are directly affected by trends in oil and gas prices. Any prolonged reduction in oil and gas prices could lead to reduced levels of exploration, development and production activity, which may in turn have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The Company operates in a marine environment, which is subject to the forces of nature as well as environmental and climatological risks that could cause damage to, loss of, or suspension of operations by the Company's vessels and could result in reduced levels of offshore activity

The Company's vessels are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in the Company being named as a defendant in lawsuits asserting large claims. Moreover, the loss of any one vessel could result in the Company's inability to meet contract deadlines or improve vessel utilization, which could damage its relationships with key customers, result in opportunity costs to the Company and have a material adverse effect on the Company's business, results of operations, cash flows, financial condition or prospects.

Furthermore, adverse weather conditions usually result in low levels of offshore activity. Additionally, during certain periods of the year, the Company's vessels may encounter adverse weather conditions such as hurricanes or storms. During periods of curtailed activity due to adverse weather conditions, the Company could continue to incur operating expenses, but its revenues from operations may be delayed or reduced.

Stricter safety and environmental protection requirements could lead to increased costs of compliance, additional regulatory oversight and control with respect to offshore activities, a potential ban or restriction on oil and gas exploration in certain offshore areas, particularly deepwater drilling as a result of the Deepwater Horizon incident in the Gulf of Mexico, and an increase in insurance premiums for casualty insurance that may be more difficult to obtain. Any such development could reduce exploration activity and thus demand for the Company's services in the area.

Risk of terrorist attacks, civil wars, acts of piracy, revolutions and natural disasters may limit or disrupt the Company's operations or cause disruption to financial and commercial markets

Terrorist attacks, civil wars, acts of piracy, revolutions and natural disasters have among other things caused instability in the world's financial and commercial markets, which in turn has contributed to high levels of volatility in prices for among other things oil and gas. Continuing instability may cause further disruption to financial and commercial markets and contribute to even higher level of volatility in prices. In addition, acts of terrorism, civil war, acts of piracy, revolutions and natural disasters could limit or disrupt the Company's operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets, and thereby have a material adverse effect on the Company's business, results of operations, cash flow and financial condition. Increased incidents of such events may also lead to higher insurance premiums for the Company's vessels.

The Company's vessels may suffer damage in the course of loading, transporting or discharging cargo, which could cause suspension of operations and have a material adverse effect on the Company's results of operations, cash flows and financial condition

The Company's standard contract for its transportation services provides for “knock-for-knock” liability, meaning that any damage done to any of the Company's vessels during the execution of a contract is at the Company's risk and cost. Some of the damage that could be incurred by the Company may not be covered by the Company's insurance against damage to its vessels' hull and machinery. Furthermore, the Company is, in general, not insured for any consequential damages, such as loss of revenue or inability to perform a later contract because of a vessel requiring repairs. If one or more of the Company's vessels suffers damage, sinks or becomes temporarily or permanently inoperable that is at the Company's risk and cost and may not, or may only partially, be covered by the Company's insurance. In such event, the Company's business, results of operations, cash flows, financial condition or prospects could be materially adversely affected.

The Company could face additional supply of vessels in the offshore supply services industry that could materially adversely affect the Company's competitive position and the rates it can charge for its services

The Company operates in the offshore supply services industry, which is a highly competitive and fragmented industry that includes several large companies that compete in the markets the Company serves, or will serve, as well as numerous small companies that compete with the Company on a local basis. The Company's larger competitors may have greater resources which could allow them to better withstand industry downturns, compete more effectively on the basis of technology and geographic scope and retain skilled personnel. The Company's operations may be materially adversely affected if its current competitors or new market entrants introduce new products or services with better features, performance, prices or other characteristics than the Company's products and services, or expand into service areas where the Company operates. Competitive pressures or other factors may also result in significant price competition, particularly during industry downturns, which could have a material adverse effect on the Company's results of operations and financial condition. In addition, competition among vessel services and equipment providers is affected by each provider's reputation for safety and quality.

The Company's business involves numerous operational hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Company's results of operations, cash flows and financial condition

The Company's operations are subject to hazards inherent in the industry where it operates, service down time on its vessels, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by employees, third parties or customers and suspension of operations. The operation of the Company's vessels is also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal conditions, failure of subcontractors to perform or supply goods or services or personnel shortages.

Damage to the environment could also result from the Company's operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires.

The Company currently maintains insurance coverage for property damage, loss of hire, occupational injury and illness, general and marine third-party liabilities and war risk. Pollution and environmental risks are generally not totally insurable. As of the date of this Prospectus, the Company's vessels are covered by existing insurance policies. Although the Company carries protection and indemnity insurance, all risks may not be adequately insured against, any particular claim may not be paid and its insurance coverage will not in all situations provide sufficient funds to protect the Company from all liabilities that could result from its operations. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

The Company may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have in the past led to increased costs, and in the future may result in the lack of availability, of insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Company's business and financial condition. In addition, the Company's insurance may be voidable by the insurers as a result of certain of the Company's actions, such as the Company's ships failing to maintain certification with applicable maritime self-regulatory organizations.

The amount of the Company's insurance cover may be less than the related impact on enterprise value after a loss. The Company's coverage includes policy limits. As a result, the Company retains the risk through self-insurance for any losses in excess of these limits. Any such lack of reimbursement may cause the Company to incur substantial costs. In addition, the Company could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Company has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Company's insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Company's financial position, results of operations or cash flows.

The Company may be subject to litigation that could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters

The operating hazards inherent in the Company's business may expose the Company to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients or other contract counterparties, intellectual property litigation, tax or securities litigation, and maritime lawsuits including the possible arrest of the Company's vessels. The Company is currently not involved in any litigation. However, the Company may in the future be involved in litigation matters from time to time. The Company cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have a material adverse effect on the Company's business, financial position, results of operations and the Company's ability to pay dividends because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

Uncertainty relating to the development of the world economy may reduce demand for the Company's services or result in contract delays or cancellations

The Company depends on its existing and prospective customers' willingness and ability to make operating and capital expenditures to explore, develop and produce oil and gas. Limitations on the availability of capital or higher costs of capital for financing, or the desire to preserve liquidity, may cause these to make additional reductions in future capital budgets and outlays. Such adjustments could reduce demand for the Company's products and services and increase the Company's cost of capital, which could adversely affect its results of operations, cash flows and present value of future cash flows.

Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Company operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.

The Company operates worldwide, but the main markets are the North Sea, the Asia Pacific Region, South America, West Africa and the Indian Ocean/South China Sea. The Company will from time to time operate in various jurisdictions and such international operations involve additional risks, including risks of:

- terrorist acts, war, civil disturbances and acts of piracy;
- seizure, nationalization or expropriation of property or equipment;
- political unrest;
- labor unrest and strikes;
- third party claims resulting from alleged breach of patented and other intellectual property;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- impositions of embargos;
- import–export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond the Company's control;
- regulatory or financial requirements to comply with foreign bureaucratic actions; and
- change in taxation policies.

In addition, international operations are subject to the various laws and regulations in various countries and jurisdictions, including laws and regulations relating to:

- the vessels and the equipment requirements;
- repatriation of foreign earnings;
- oil and gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel;
- customs duties on the importation of vessels and related equipment;
- requirements for local registration or ownership of vessels by nationals of the country of operations in certain countries; and
- the use and compensation of local employees and suppliers by foreign contractors.

Some foreign governments favor or effectively require (i) the awarding of contracts to local contractors or to vessels owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may materially adversely affect the Company's ability to compete in those regions.

Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Company's operations, increase the Company's operating costs, reduce demand for the Company's services and restrict the Company's ability to operate its vessels or otherwise

The Company's services are affected by governmental laws and regulations. The industry in which the Company operates is dependent on demand for services from the oil and gas industry and, accordingly, is indirectly also affected by changing laws and regulations relating to the shipping oil and gas business and/or the energy business in general. The laws and regulations affecting the Company's business and services include laws and regulations relating to protection of the environment; quality, health and safety; import–export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions; and taxation.

The Company and its customers are required to invest financial and managerial resources to comply with these laws and regulations. The Company cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Company's expenditures in the future. Existing laws or regulations or adoption of new laws or regulations limiting exploration or production activities by gas companies or imposing more stringent restrictions on such activities could adversely affect the Company by increasing its operating costs, reducing the demand for its services and restricting its ability to operate its vessels. Further, failure to comply with applicable laws and regulations may subject the Company to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets.

2.3 Operational risk factors

The market value for the Company's current vessels and those it acquires in the future may decrease, which could cause the Company to incur losses if it is decided to sell them following a decline in their market values

The fair market value of the vessels currently owned by the Company or those the Company may acquire in the future may increase or decrease depending on a number of factors, including:

- general economic and market conditions affecting the offshore industry, including competition from other offshore companies;
- types, sizes and ages of the vessels;
- supply and demand for vessels;
- cost of new buildings;
- prevailing and expected level of contract day rates; and
- technological advances.

Should the Company sell any vessels when prices have fallen, the sale may be at a loss. Such loss could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be unable to attract a sufficient number of customers, which may have a material adverse effect on the Company's business, results of operations, financial condition and prospects

The Company may in the future not be able to attract a sufficient number of customers to generate adequate revenues to cover its operating expenses and/or service its debts. Inability to attract a sufficient number of customers may have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company may fail to estimate effectively risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Company

The success of the Company will depend on identifying key issues and risks with respect to potential projects and ensuring that the contractual arrangements in relation to each project adequately safeguard the Company against such risks. The Company must continue to manage risks efficiently as well as adapt to developing circumstances during the life of a project. Such issues and risks may include, but are not limited to, labor costs, wage inflation and the cost of capital maintenance or replacement of assets. Unanticipated increases in costs in relation to these and other areas may reduce operating profit to the extent that such increases cannot be passed on to customers. Significant financial consequences may be imposed on the Company if its services are not delivered in accordance with the contract. While the identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts are inherent parts of the Company's business, the length and complexity of such projects may imply that management's estimates can be particularly difficult to make and could turn out to be potentially inaccurate. If the risk management strategies employed by the Company fail to identify key risks or accurately estimate costs and timetables, or do not adapt quickly enough to new risks or other changes in the market, this could lead to breach of contract from the Company's side or a claim for damages by a customer, decrease the operational margin and financial result of the project, and may also have a material adverse impact on the Company's results of operations and financial condition.

New capacity entering the market

It typically takes approximately 12-18 months from the time an offshore support vessel is ordered until it is delivered, depending on its complexity and the order backlog at the shipyards. The market balance for offshore support vessels has recently been negatively influenced by excessive newbuild activity, which has led to a stronger growth in supply of vessels than in the demand for vessels. This may consequently have a material adverse impact on the Company's results of operations, financial condition and the asset values of the Group.

The Company may not be able to respond effectively to the time frames associated with bidding and winning short-term contracts

As a result of the current recession, many of the global oil companies have increasingly focused on managing their supplier costs. The focus on costs has led to tighter time frames to respond to tenders for new contracts made by such oil companies. The Company has faced and may continue to face reduced time to respond to tenders. The Company's fleet size gives it flexibility relative to its competitors, but with a shift to the short-term market, the Company has experienced and may continue to experience reduced visibility with regard to future mandates in its pipeline. The reduced time frames for new mandates may affect the Company's ability to efficiently utilize its vessels and may, together with any inability by the Company to timely respond to tenders for its services, result in loss of revenue for the Company. These circumstances could materially adversely affect the Company's business, results of operations, financial condition or prospects.

The Company's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues

Operating revenues may fluctuate as a function of changes in supply and demand for the Company's services, which in turn affect charter rates. In addition, equipment maintenance costs fluctuate depending upon the type of activity each vessel is performing. In connection with new assignments, the Company might incur expenses relating to preparation for operations under a new contract. The expenses may vary based on the scope and length of such required preparations and the duration of the firm contractual period over which such expenditures are amortized. In a situation where a vessel faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare vessels for stacking and maintenance in the stacking period. Should vessels be idle for a longer period, the Company may seek to redeploy crew members who are not required to maintain the vessels to active units to the extent possible in an attempt to reduce its costs. However, there can be no assurance that such attempt will be successful. Moreover, in times of lower demand for the

Company's services, the Company may incur increased costs for docking idle vessels, which will increase the Company's operating costs without a corresponding increase in revenue.

The Company's future contracted revenue for its vessels may not be ultimately realized

The Company may not be able to perform under its current contracts due to events beyond its control or due to default of the Company, and any of the Company's customers may seek to cancel or renegotiate contracts for various reasons, including adverse conditions, or invoke suspension periods, at their discretion, resulting in lower day rates. The Company's inability or the inability of its customers to perform obligations under these contracts may have a material adverse effect on the Company's business, results of operations and financial condition.

The operation of vessels requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the vessels performance of the services as required in customer contracts. While efforts are made to continuously identify the need for critical spare parts and equipment, there exists a risk of unpaid downtime resulting from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spares. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the vessels may be situated in remote locations. Complications in the vessels' maintenance or repair may lead to increased periods of downtime and higher repair costs, which may affect the Company's business, results of operations and financial conditions.

The Company may not be able to renew or obtain new and favorable contracts for vessels whose contracts are expiring or are terminated, which could materially adversely affect the Company's results of operation, cash flows and financial condition

All or a considerable portion of the Company's income will be dependent on contracts. As of the date of this Prospectus, the majority of the Company's vessels are currently on medium- to long-term contracts, including contracts that have not yet commenced. The Company's results of operations and cash flows could be materially adversely affected if any of its customers fail to compensate the Company for its services, were to terminate the contract with or without cause, fail to renew the existing contract or refuse to award new contracts to the Company and the Company is unable to enter into contracts with new customers at comparable day rates.

Further, the Company's ability to extend or renew these contracts, or to obtain new contracts, will depend on the prevailing market conditions. In cases where the Company is not able to obtain new contracts in direct continuation, or where new contracts are entered into at day rates substantially below the existing day rates or on terms less favorable compared to existing contracts terms, the Company's business, results of operations, cash flows and financial condition could be materially adversely affected.

Some vessels are trading in the short-term contract market ("spot market"), where day rates fluctuates significantly and predictability is low as to future revenues.

The Company may fail to keep pace with technological changes

The market for the Company's services is characterized by continual and rapid technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance. As a result, the Company's future success and profitability will be dependent in part upon its ability to:

- improve existing services and related equipment;
- address the increasingly sophisticated needs of its customers; and

- anticipate changes in technology and industry standards and respond to technological developments on a timely basis.

If the Company is not successful in acquiring new equipment or upgrading its existing equipment on a timely and cost-effective basis in response to technological developments or changes in standards in the industry, this could have a material adverse effect on the Company's business.

The Company engages in contracts with state-owned companies that can be subject to different risks due to political shifts and difficulties in enforceability than contracts with other international companies

The Company enters into contracts with state-owned oil and gas companies. Contracts with these state-owned businesses can pose certain difficulties, such as political shifts in power or national security issues that are different than those which arise in dealings with international businesses. State-owned businesses have at times behaved, and may continue to behave, in ways that are not commercially expected. Changes in political regimes can lead to the new regime seeking to unwind, frustrate or unilaterally modify the terms of contracts. Any difficulty in managing these differences could have a material adverse effect on the Company's business, results of operations, cash flows, financial condition or prospects.

The Company may not be successful in attracting and retaining sufficient skilled employees which may adversely affect the Company's operations

The Company's success depends, to a significant extent, on the continued services of the individual members of its management team and other employees, who have substantial experience in the industry in which the Company operates. The Company's ability to continue to identify and develop opportunities depends on the management's knowledge of and expertise in the industry and on its external business relationships. There can be no assurance that any management team member will remain with the Company. Any loss of the services of members of the management team could have a material adverse effect on the Company's business and prospects.

The Company's vessels require a technically skilled officer staff with specialized training. As the world fleet continue to grow, the demand for technically skilled officers and crew has been increasing, which has led to a shortfall of such personnel. Increases in the Company's historical vessel operating expenses have been attributable primarily to the rising costs of recruiting and retaining officers for the Company's fleet. If the Company is unable to employ technically skilled staff and crew, the Company will not be able to adequately staff its vessels. A material decrease in the supply of technically skilled officers or an inability of the Company to attract and retain such qualified officers could impair the Company's ability to operate or increase the cost of crewing the Company's vessels, which would materially adversely affect the Company's business, results of operation and financial condition.

2.4 Financial risks

The Company may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be required

The Company's business is capital intensive and, to the extent the Company does not generate sufficient cash from operations, the Company or its subsidiaries may need to raise additional funds through public or private debt or equity financing to execute the Company's growth strategy and to fund capital expenditures, e.g. through acquisition of new vessels.

The Company foresees severe financial challenges for the period 2016-2018, and has several debt maturities coming up in the near future. 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. While these challenges to a certain extent are mitigated by the Restructuring Plan (as described in Section 5 with further references), and the Company on this basis expects to maintain a sufficient liquidity buffer to operate through 2020, no assurances can be made that the Restructuring Plan will be successful. In particular, the various elements of the Restructuring Plan are dependent upon each other and should any one of them be unsuccessful this may affect the entire Restructuring Plan. If the Restructuring Plan is unsuccessful or the market downturn continues longer than expected and/or affects the Company more severely than expected, the Company may further need significant additional funding.

Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. If the Company raises additional funds by issuing additional shares or other securities, the holdings of existing shareholders may be diluted. If funding is insufficient at any time in the future, the Company may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Company's financial condition and results of operations.

The Company's loan agreements include terms, conditions and covenants that may impose restrictions on the operations of the Company. A failure to comply with the conditions and covenants may have a material and adverse effect on the Company

If the Company is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default under the terms of those agreements. The Company's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on the Company's future performance and may be affected by events beyond its control. Following the Restructuring Plan (as further described in section 5 below with further references), the main covenants are minimum free liquidity, minimum fair market value on secured vessel financing and positive working capital. Please refer to section 13.6 for further information on the Company's financing agreements. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed as due and payable. If any of these events occur, the Company cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Company may be unable to find alternative financing. Even if the Company could obtain alternative financing, that financing might not be on terms that are favorable or acceptable to the Company.

The Company is exposed to the risk of contractual default by a counterparty

The Company routinely executes a fairly large volume of transactions involving daily settlements of substantial amounts, many of which expose the Company to the risk of contractual default by a counterparty. A general continued downturn in financial markets and economic activity may result in a higher volume of late payments, outstanding receivables and payment defaults. The Company's cash flows and financial condition may be materially adversely affected should its counterparties fail to fulfill their payment obligations towards the Company.

The Company is exposed to changes in interest rates and exchange rates, which may adversely impact the Company's cash flows and financial condition

The Company has incurred, and may in the future incur, significant amounts of debt. The Company's existing debt arrangements are mainly long-term loans at a floating interest. Movements in interest rates could therefore have certain effects on the Company's cash flow and financial condition.

Further, fluctuations in currency exchange rates may have a material impact on the Company's financial performance. A significant part of the Company's vessels operate in an international market and are exposed to

foreign exchange rate risk in relation to American dollars (USD), British pounds (GBP) and the Euro (EUR). The Company uses Norwegian kroner (NOK) as its operating currency.

Depending on area of operation, the Company may experience currency exchange losses when revenue is received and expenses are paid in nonconvertible currencies or when the Company does not hedge an exposure to a foreign currency. The Company may also incur losses as a result of an inability to collect revenue because of a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

2.5 Risks factors relating to the shares

The trading price of the Shares has fallen significantly in the last years and may continue to fluctuate. There can be no guarantee that investors subscribing for or acquiring Shares in the Subsequent Offering will be able to sell their shares in the future at a price exceeding the Subscription Price

The trading price of the Shares has fallen significantly in the last years and could continue to fluctuate significantly in response to a number of factors beyond the Company's control, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, or any other risk discussed herein materializing or the anticipation of such risk materializing.

In recent years, the global stock markets have experienced high levels of price and volume volatility. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Company's Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Shares.

Furthermore, limited liquidity in the trading market for the Shares could have a negative impact on the market price and ability to sell Shares. The Company's Shares are currently listed on Oslo Stock Exchange. This, however, does not imply that there will always be a liquid market for the Company's Shares, which have also historically had a relatively low liquidity. An investment in the Shares may thus be difficult to realise. In the case of low liquidity of the Shares, or limited liquidity among the Company's shareholders, the share price can be negatively affected and may not reflect the underlying asset value of the Company. Investors may, on disposing of the Shares, realise less than their original investment or lose their entire investment.

Future sales of shares by the Company's major shareholder or any of its primary insiders may depress the price of the shares

The market price of the Shares could decline as a result of sales of a large number of Shares in the market after the Subsequent Offering or the expectation that these sales could occur, or any sale of Shares by any of the Company's primary insiders from time to time. These sales, or the possibility that these sales may occur, might also make it more difficult for the Company to sell equity securities in the future at a time and at a price it deems appropriate.

Future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares

It is possible that the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities, liquidity needs, continued downturn in the Company's markets or expenses or for any other purposes, see Section 2.2 Risk Factors – Risks relating to the Company and the industry in which the Company operates". If the Company raises additional

funds by issuing additional equity securities, holdings of existing shareholders may be diluted. Future subscription of shares may be limited to certain nationals outside the United States.

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state or territory securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and other applicable securities laws. See Section 8 "Selling and Transfer Restrictions". In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway

The rights of shareholders under a law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The Company's directors are not residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process, or otherwise obtain personal jurisdiction, on the Company or its directors and executive officers in the United States or to enforce in the U.S. judgments obtained in U.S. courts against the Company or those persons, including judgments based on the civil liability provisions of the securities laws of the United States or any state or territory within the United States. The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters.

No due diligence investigations have been conducted prior to the Private Placements or the Subsequent Offering, and the Company may be subject to material losses or claims which neither the Company nor the Managers are aware of at the date of this Prospectus

A due diligence is a process of evaluating a prospective business decision by getting information and evaluating the financial situation, the legal obligations and other matters in the acquired company. The lack of a due diligence may lead to not having identified important matters related to the Subsequent Offering.

The Company has one major shareholder

Havila Holding AS currently controls, and will following completion of the Private Placements and the Subsequent Offering control, more than 50 % of the shares in the Company. As a majority shareholder controlling more than 50 % of the outstanding shares, Havila Holding AS has the ability to significantly influence the outcome of matters to be resolved at the Company's general meetings, including election of members of the Board of Directors.

3 RESPONSIBILITY STATEMENT

This Prospectus has been prepared by Havila Shipping ASA in connection with the Private Placements and the Subsequent Offering as described herein.

The Board of Directors of Havila Shipping ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Fosnavåg, 27 February 2017

The Board of Directors of Havila Shipping ASA

Per Sævik
(Chairman of the Board)

Hege Sævik Rabben
(Director)

Janicke Westlie Driveklepp
(Director)

Helge Aarseth
(Director)

Nina Skage
(Director)

4 GENERAL INFORMATION

4.1 Important investor information

In making an investment decision, each investor must rely on its own examination, and analysis of, and enquiry into the Company and the terms of the Subsequent Offering, including the merits and risks involved. None of the Company or the Managers, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. There may have been changes affecting the Company or the Group subsequent to the date of this Prospectus. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of listing of the New Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor any sale of Offer Shares made hereunder, shall under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Unless indicated otherwise, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional adviser should be consulted. The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers. The Managers disclaim, to the fullest extent permissible by applicable law, any and all liability, whether arising in tort or contract or otherwise, which they might otherwise have in respect of this Prospectus or any such statement.

In the ordinary course of their respective businesses, the Managers and certain of their respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company.

4.2 Presentation of financial and other information

In this Prospectus, all references to "NOK" are to the lawful currency of Norway, and all references to "USD", are to the lawful currency of the United States of America.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly.

The Group's audited financial statements as of and for the years ended 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Group's unaudited financial statements as of and for the three months ended 30 September 2016 and 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The financial statements for the years ended 31 December 2015 and 2014 have been audited by Ernst & Young AS.

The Company prepares its financial statements in NOK (presentation currency).

4.3 Industry and market data

In this Prospectus, the Company has used industry and market data obtained from independent industry publications, market research, and other publicly available information. While the Company has compiled, extracted and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. Thus, the Company takes no responsibility for the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above mentioned data.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

4.4 Cautionary note regarding forward-looking statements

This Prospectus contains certain forward-looking information and statements, including, but not limited to, certain statements set forth under Section 1 - "Summary", Section 2 - "Risk Factors", Section 10 - "Company Overview", Section 14.8 - "Dividend policy and payment of dividends" and elsewhere in this Prospectus. Such forward-looking information and statements are based on the current, estimates and projections of the Company or assumptions based on the information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this Prospectus and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements.

Some of the risks that could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk factors", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk factors" for a more complete discussion of the factors that could affect the Group's

future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as of the date on which they are made. Save as required according to Section 7-15 of the Norwegian Securities Trading Act, the Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5 THE RESTRUCTURING PLAN AND BACKGROUND FOR THE PRIVATE PLACEMENTS AND THE SUBSEQUENT OFFERING; USE OF PROCEEDS

The recent downturn in the offshore market and expected continuing fall in market values and activities within the shipping and offshore sector going forward have had a major impact on the Company's financial position.

Negotiations with creditors have been ongoing for some time, and in December 2015, the Company entered into an agreement with its secured and unsecured bank lenders to reduce amortisation, postpone maturities and replace existing financial covenants. The scheme did not, however, obtain the required support from all involved parties.

Following further extended negotiations, the Company agreed to a term sheet on 8 November 2016 with its secured creditors, major shareholder and other stakeholders for a financial restructuring of the Company (the "**Restructuring Plan**"). The Restructuring Plan has thereafter been approved by all parties, and final and binding detailed agreements have been or are in the process of being concluded.

The purpose of the Restructuring Plan has been to find a refinancing solution which will allow the Company to maintain a sufficient liquidity buffer to operate through 2020 despite the current downturn in the offshore market. The Private Placements (see Section 6) and the Subsequent Offering (see Section 7), each of which trigger the obligation to issue and publish this Prospectus, are important elements in the Restructuring Plan.

The Restructuring Plan covers the following elements:

- 1) A share capital reduction of NOK 14,788,003.51 from NOK 15,089,799.50 to NOK 301,795.99 by reducing the nominal value of the shares with NOK 0.49 per share, from NOK 0.50 to NOK 0.01, to be completed and registered on or about 28 February 2017.
- 2) The Cash Private Placement: a private placement of 615,663,840 new shares subscribed and paid by Havila Holding AS at a subscription price of NOK 0.125 per share, with total gross proceeds of NOK 76,957,980. The new shares are expected to be admitted to trading on or about 1 March 2017. Please see section 6.2 for further details.
- 3) The Anti-Dilution Protection Loan: a convertible loan from Havila Holding AS in the amount of NOK 41,242,020, the purpose of which is to provide the Company with cash as well as protect Havila Holding AS' shares under the Cash Private Placement against dilution. See Section 14.5.4 for further details.
- 4) The Conversion Private Placement: a private placement of 561,340,560 new shares subscribed by and issued to certain secured creditors of the Company with settlement in the form of reduction of debt / set off against accrued, but unpaid, interest in the amount of about NOK 135 million. The new shares are expected to be admitted to trading on or about 1 March 2017. See Section 6.3 for further details.
- 5) The Convertible Loan: a convertible loan from Havila Holding AS in the amount of NOK 46,200,000, the purpose of which is to provide the Company with cash as well as provide dilution protection for Havila Holding AS following completion of certain possible subsequent equity transactions. See Section 14.5.4 for further details.
- 6) The Subsequent Offering: an offering of up to 240,000,000 new shares at a subscription price per share of NOK 0.125 with maximum gross proceeds of NOK 30,000,000. The subscription period is from 6 March to 20 March 2017, with 3 April 2017 being the expected first day of trading of the new shares. Please see Section 7 for further details.

- 7) The issuing of the Warrants, comprising the 318,410,324 NCV I Warrants and the 113,145,766 NCV III Warrants, subscribed by certain secured creditors as settlement for debt; such warrants may be exercised if losses are suffered in connection with the sale of certain non-core vessels. See Section 14.5.3 for further details.
- 8) The issuing of the 500,000,000 Unsecured Warrants to certain unsecured creditors as partial settlement of debt. See Section 14.5.3 for further details.
- 9) Future conversion to Shares of Non-Performing Core Vessel Debt; in case any such vessels do not generate a defined minimum EBTIDA, the creditor(s) having financed such vessel(s) may in certain cases initiate a sales process in respect of such vessel(s) accepting that any shortfall may be remitted or converted to equity. See Section 14.5.3 for further details.
- 10) Amendments of inter alia amortization schedules, maturity and covenants under the existing financing agreements as further detailed in Section 13.6.3.

Among the elements listed above, numbers 2, 4 and 6 have triggered the obligation to publish this Prospectus.

The total expenses incurred by the Company in connection with the above transactions are described in Section 7.15 below. These expenses have been covered by available cash with the Company.

The gross proceeds from the Cash Private Placement, the Anti-Dilution Protection Loan and the Convertible Loan, amounting to a total of about NOK 164 million, will all be used for amortization of existing unsecured debt as further described in Sections 13.5 and 13.6.

Short term non-interest bearing debt will be reduced by NOK 355.8 million while interest bearing debt - which is classified as short term as a consequence of the ongoing Restructuring - will be reduced by NOK 1,285.9 mill. Total interest bearing debt is thus reduced from NOK 5.6 billion to about 4.3 billion.

6 THE PRIVATE PLACEMENTS

6.1 Background

The Cash Private Placement and the Conversion Private Placement (together, the "**Private Placements**") are elements of the Restructuring Plan as described in Section 5.

6.2 The Cash Private Placement

6.2.1 Background

As a condition under the Restructuring Plan, the Company's principal shareholder, Havila Holding AS, shall make an equity contribution of NOK 76,957,980. The price per share is NOK 0.125, following which the Company, upon completion, shall issue 615,663,840 new shares (the "**Cash Private Placement Shares**") to Havila Holding AS (the "**Cash Private Placement**").

The extraordinary general meeting held in the Company on 4 January 2017 resolved, i.a., to carry out the Cash Private Placement as detailed below in section 6.2.2. The shares were subscribed by Havila Holding AS on 31 January 2017, and payment shall be made no later than 20 February 2017. Delivery of the new shares in VPS and first day of trading is expected on or about 1 March 2017.

To facilitate the Cash Private Placement and to allow the Company access to the equity within a short timeframe, the pre-emptive rights of the other shareholders were set aside. The subscription price was set following extended negotiations with relevant parties, see Section 5.

6.2.2 Resolution to issue the Cash Private Placement Shares and Conditions for Completion

The Cash Private Placement was resolved by the Company's extraordinary general meeting on 4 January 2017, on the following terms (office translation):

1. *The share capital is increased by NOK 6,156,638.40, from NOK 301,795.99 to NOK 6,458,434.39, by subscription of 615 663 840 shares with a nominal value of NOK 0.01. The number of shares after completion of the share capital increase will be 645,843,439.*

The share capital and number of shares of the articles of association § 4 are amended accordingly.
2. *There will be paid NOK 0.125 per share, in total NOK 76,957,980.00, giving a premium of NOK 0.115 per share, in total NOK 70,801,341.60.*
3. *The new shares shall be subscribed by Havila Holding AS.*

The shareholders' pre-emptive rights pursuant to the Norwegian Public Limited Liability Companies Act section 10-4 first paragraph to subscribe for the new shares is consequently waived, cf. the Norwegian Public Limited Liability Companies Act section 10-5.
4. *The subscription period is from 9 January 2017 to 31 January 2017. The shares shall be subscribed on a separate subscription form.*
5. *The contribution shall be settled by 20 February 2017, by payment to the Company's account: 4202.24.48506 in Sparebank 1 SMN.*
6. *The Board of Directors shall be authorized to extend the subscription period and the deadline for settlement according to this resolution, however latest to 28 February 2017.*
7. *The new shares shall be ranked equal with the existing shares and carry dividend rights from the registration of the capital increase in the Norwegian Register of Business Enterprises.*

8. *The Company may use the contribution before the capital increase is registered in the Register of Business Enterprises.*
9. *The Company estimates the costs relating to the private placement to be up to NOK 50,000.*
10. *The resolution made under this item 5 is conditional upon the general meeting adopting the resolutions proposed by the Board of Directors under items 4 – 12 on the agenda.*
11. *Completion of the share capital increase according to this item 5 on the agenda is conditional upon (i) the Restructuring Plan obtaining formal approval from the Company's bank lenders and bondholders; (ii) the Share Capital Reduction as further described in item 4 on the agenda being completed; and (iii) the remaining equity transactions as set out in the Term Sheet and evident from the agenda is completed as contemplated.*

In accordance with the above referred resolution, the Cash Private Placement Shares were subscribed for by Havila Holding AS on 31 January 2017. The new Shares will be delivered in VPS and admitted to trading on or about 1 March 2017.

The gross proceeds in the Cash Private Placement, once completed, will amount to NOK 76,957,980. Costs attributable to the Cash Private Placement shall be borne by the Company. Please see Section 7.15 regarding total costs and net proceeds from the transactions described in Section 5.

The net proceeds will be used as indicated in Section 5.

6.2.3 *The rights attached to the Cash Private Placement Shares*

Upon completion of the Cash Private Placement, the Cash Private Placement Shares will be ordinary shares in Havila Shipping, issued in accordance with the Norwegian Public Limited Companies Act with a nominal value of NOK 0.01 each.

The Cash Private Placement Shares will rank pari passu in all respects with other Shares and carry full and equal shareholder rights in Havila Shipping. Havila Holding AS will be entitled to receive dividend on the Cash Private Placement Shares from and including the date of registration of the share capital increase in the Norwegian Register of Business Enterprises. All Shares, including the Cash Private Placement Shares, will have equal voting and dividend rights and other rights and obligations in accordance with the Public Limited Companies Act, and are governed by Norwegian law. Please refer to Section 14.1 for a more detailed description of the Shares.

6.2.4 *Settlement, VPS registration and listing*

The share capital increase pertaining to the Cash Private Placement will be registered in the Norwegian Register of Business Enterprises and delivered in VPS as soon as possible following completion, expected on or about 1 March 2017. Upon registration, the Company's share capital will be increased with NOK 6,156,638.40 from NOK 301,795.99 to NOK 6,458,434.39, divided into 645,843,439 Shares, each with a nominal value of NOK 0.01.

The Cash Private Placement Shares will be issued electronically in registered form with the VPS under the same ISIN as Havila Shipping's other Shares (i.e. NO 0010257728) and become listed and tradable on the Oslo Stock Exchange upon registration in the VPS.

The Company's registrar is DNB BANK ASA, Dronning Eufemias gate 30, Oslo, Norway.

6.2.5 *Transferability of the Cash Private Placement Shares*

Subject to any applicable securities laws, the Cash Private Placement Shares will be freely transferable.

6.2.6 *Dilution*

Please see Section 7.16 for details on the dilutive effect of the Private Placements.

6.2.7 *Advisors*

Swedbank Norge and Fearnley Securities are acting as managers for Havila Shipping in connection with the Cash Private Placement. Wikborg Rein Advokatfirma AS is acting as legal advisor.

6.2.8 *Interest of natural and legal persons*

Please see Section 7.18.

6.3 **The Conversion Private Placement**

6.3.1 *Background*

Due to the challenging market conditions and the stressed financial position of the Group, the Company agreed with its secured creditors not to pay interest accruing between 16 February 2016 and 30 September 2016. During this period, interest in the total amount of about NOK 135 million accrued.

It is a condition under the Restructuring Plan that this debt shall be converted to share capital. The share capital shall thus be increased by NOK 5,613,405.60, from NOK 6,458,434.39 to NOK 12,071,839.99, by subscription of 561,340,560 shares (the "**Conversion Private Placement Shares**") with a par value of NOK 0.01 (the "**Conversion Private Placement**"). The conversion price per share is NOK 0,240519961714507.

The extraordinary general meeting held in the Company on 4 January 2017 resolved, i.a., to carry out the Conversion Private Placement as detailed below in Section 6.3.2 below. The shares were subscribed on 31 January 2017, and payment shall be made by 20 February 2017. Delivery of the new shares in VPS and first day of trading is expected on or about 1 March 2017.

To facilitate the Conversion Private Placement and to allow the Company access to the equity within a short timeframe, the pre-emptive rights of the other shareholders were set aside. The subscription price was set following extended negotiations with relevant parties, see Section 5.

6.3.2 *Resolution to issue the Conversion Private Placement Shares and Conditions for Completion*

The Conversion Private Placement was resolved by the Company's extraordinary general meeting on 4 January 2017 on the following terms:

1. *The share capital is increased by NOK 5,613,405.60, from NOK 6,458,434.39 to NOK 12,071,839.99, by subscription of 561 340 560 shares with a par value of NOK 0.01. The number of shares after completion of the share capital increase will be 1 207 183 999.*

The share capital and number of shares of the articles of association § 4 are amended accordingly.

2. *There will be paid NOK 0.240519961714507 per share, in total NOK 135,013,610.00, giving a premium of NOK 0.230519961714507 per share, in total NOK 129,400,204.40.*

3. *The new shares shall be subscribed by the following investors:*

- a) *DNB Bank ASA*
- b) *Sparebank 1 SMN*
- c) *Garanti-Instituttet for Eksportkreditt*
- d) *Nordea Bank Norge ASA*
- e) *DVB Bank SE, Nordic Branch*

- f) Sparebank 1 Søre Sunnmøre
- g) Islandsbanki HF
- h) Sparebank 1 SR-Bank ASA
- i) Swedbank AB (publ)
- j) Danske Bank, Norwegian Branch
- k) Nordic Trustee ASA pva obligasjonseiere i lån FRN Havila Shipping ASA Senior Secured Callable Bond Issue 2010/2016 ("HAVI04")
- l) Nordic Trustee ASA pva obligasjonseiere i lån FRN Havila Shipping ASA Senior Secured Callable Bond Issue 2011/2017 (ISIN NO 001 060502.5/001 060503.3) ("HAVI06/07")

The board of directors is authorised to set the exact distribution following agreement with the investors.

The shareholders' pre-emption rights pursuant to the Norwegian Public Limited Liability Companies Act section 10-4 first paragraph to subscribe for the new shares, is consequently waived, cf. the Norwegian Public Limited Liability Companies Act section 10-5.

4. *The subscription period is from 9 January 2017 to 31 January 2017. The shares shall be subscribed on a separate subscription form. The Board of Directors is authorized to extend the subscription period.*
5. *The contribution shall be settled by the above mentioned investors setting off their respective receivables against the Company in the Company's claim for share deposit. The receivables relate to accrued, but unpaid interests on loans granted by the investors to the Company (or its subsidiaries, as subsequently transferred to the Company). Such set-off is declared upon subscription and involves immediate settlement of share deposit and that the receivables are reduced accordingly. A further description of the share contribution is set out in the auditor's statement, Appendix 4.*
6. *The new shares shall be ranked equal with the existing shares and carry dividend rights from the registration of the capital increase in the Norwegian Register of Business Enterprises.*
7. *The Company may use the share contribution before the capital increase is registered in the Register of Business Enterprises.*
8. *The Company estimates the costs relating to the private placement to be up to NOK 50,000.*
9. *The resolution made under this item 7 is conditional upon the general meeting adopting the resolutions proposed by the Board of Directors under items 4 – 12 on the agenda.*
10. *Completion of the share capital increase according to this item 7 on the agenda is conditional upon (i) the Restructuring Plan obtaining formal approval from the Company's bank lenders and bondholders; (ii) the Share Capital Reduction as further described in item 4 on the agenda being completed; and (iii) the remaining equity transactions as set out in the Term Sheet and evident from the agenda is completed as contemplated.*

In accordance with the above referred resolution, the Conversion Private Placement Shares were subscribed for by the investors on 31 January 2017. The shares were subscribed as follows:

<i>Investor</i>	<i>Number of shares</i>
Danske Bank, Norwegian branch	34,802,091
DNB Bank ASA	120,373,283
DVB Bank SE, Nordic branch	23,764,734
GIEK	73,537,702
Islandsbanki HF	44,432,302
Nordea Bank Norge ASA	20,743,993

Sparebank 1 SMN	45,181,547
Sparebank 1 SR-Bank ASA	18,493,453
Sparebank 1 Søre Sunnmøre	7,645,901
Swedbank AB (publ)	64,433,787
HAVI04 ¹	20,676,329
HAVI06/07 ¹	87,255,438

¹ To be distributed among individual bondholders.

The new Shares will be registered on or about 1 March 2017.

Investors who will have more than 5 % of the Company's issued shares as per delivery of the shares are listed in Section 14.4.

The gross proceeds in the Conversion Private Placement, once completed, is reduction of debt in the amount of about NOK 135 million. Costs attributable to the Conversion Private Placement shall be borne by the Company. Please see Section 7.15 regarding total costs and net proceeds from the transactions described in Section 5.

The net proceeds will be used as indicated in Section 5.

6.3.3 *The rights attached to the Conversion Private Placement Shares*

Upon completion of the Conversion Private Placement, the Conversion Private Placement Shares will be ordinary shares in Havila Shipping, issued in accordance with the Norwegian Public Limited Companies Act with a nominal value of NOK 0.01 each.

The Conversion Private Placement Shares will rank pari passu in all respects with other Shares and carry full and equal shareholder rights in Havila Shipping. Havila Holding AS will be entitled to receive dividend on the Conversion Private Placement Shares from and including the date of registration of the share capital increase in the Norwegian Register of Business Enterprises. All Shares, including the Conversion Private Placement Shares, will have equal voting and dividend rights and other rights and obligations in accordance with the Public Limited Companies Act, and are governed by Norwegian law. Please refer to Section 14.1 for a more detailed description of the Shares.

6.3.4 *Settlement, VPS registration and listing*

The share capital increase pertaining to the Conversion Private Placement will be registered in the Norwegian Register of Business Enterprises and delivered in VPS as soon as possible following completion, expected on or about 1 March 2017. Upon registration, the Company's share capital will be increased with NOK 5,613,405.60, from NOK 6,458,434.39 to NOK 12,071,839.99, divided into 1,207,183,999 Shares, each with a nominal value of NOK 0.01.

The Conversion Private Placement Shares will be issued electronically in registered form with the VPS under the same ISIN as Havila Shipping's other Shares (i.e. NO 0010257728) and become listed and tradable on the Oslo Stock Exchange upon registration in the VPS.

The Company's registrar is DNB BANK ASA, Dronning Eufemias gate 30, Oslo, Norway.

6.3.5 *Transferability of the Conversion Private Placement Shares*

Subject to any applicable securities laws, the Conversion Private Placement Shares will be freely transferable.

6.3.6 *Dilution*

Please see Section 7.16 for details on the dilutive effect of the Private Placements.

6.3.7 *Advisors*

Swedbank Norge and Fearnley Securities are acting as managers for Havila Shipping in connection with the Conversion Private Placement. Wikborg Rein Advokatfirma AS is acting as legal advisor.

6.3.8 *Interest of natural and legal persons*

Please see Section 7.18.

7 THE SUBSEQUENT OFFERING

7.1 Overview

The Subsequent Offering will be directed towards eligible shareholders in Havila Shipping, being the holders of the shares as at the end of trading on 4 January 2017, as registered in the VPS as of 6 January 2017 (the "**Record Date**") who were not invited to participate in the Private Placements and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the "**Eligible Shareholders**"). Therefore, the Subsequent Offering will only be completed if and to the extent the Private Placements are completed. For a description of the conditions for completion of the Private Placements, please refer to Sections 6.2.2 and 6.3.2.

Eligible Shareholders will, based on their registered holding of Shares in VPS at the end of the Record Date, be granted non-tradable subscription rights providing a preferential right to apply for and be allocated Shares in the Subsequent Offering ("**Subscription Rights**"). The Company will issue 16.28 tradable Subscription Rights per 1 (one) Share held on the Record Date.

Assuming full subscription, a total of 240,000,000 new Shares will be issued with a subscription price of NOK 0.125 per share, giving gross proceeds of NOK 30,000,000.

The below timetable sets out certain key dates for the Subsequent Offering :

Last day of trading in the Shares incl. Subscription Rights	4 Jan 2017
First day of trading in the Shares excl. Subscription Rights	5 Jan 2017
Record Date	6 Jan 2017
Distribution of Subscription Rights	3 Mar 2017
Start of Application Period	6 Mar 2017
End of Application Period	20 Mar 2017
Allocation of Offer Shares	21 Mar 2017
Allocation letters distributed	22 Mar 2017
Payment Due Date for the Offer Shares	24 Mar 2017
Registration of share capital increase	On or about 3 Apr 2017
Listing and first day of trading of the Offer Shares	On or about 3 Apr 2017

The above dates are indicative and subject to change. No action will be taken to permit a public offering of the Subscription Rights and the Offer Shares in any jurisdiction outside Norway.

7.2 Resolution regarding the Subsequent Offering

The Offer Shares will be issued pursuant to a resolution by the Board of Directors based on the following authorisation to increase the share capital of Havila Shipping granted by the extraordinary general meeting in Havila Shipping held on 4 January 2017:

1. *The board is authorised to carry out increase in the share capital with an aggregate increase amount of up to NOK 2,400,000, by subscription of an aggregate of up to 240 000 000 shares each with a par value of NOK 0.01.*

The authorisation may only be applied in connection with issuance of shares in connection with a subsequent repair issue directed towards the shareholders of Havila Shipping ASA (excl. Havila Holding AS) as of the date of the extraordinary general meeting.
2. *The subscription price is NOK 0.125 per share, in total an aggregate of NOK 30,000,000.*

The Board of Directors will be authorised to resolve the other subscription conditions.
3. *The authorisation is in force until 31 December 2017.*
4. *The shareholders' pre-emption rights pursuant to the Norwegian Public Limited Liability Companies Act section 10-4 first paragraph to subscribe for the new shares is consequently waived, cf. the Norwegian Public Limited Liability Companies Act section 10-5.*
5. *The authorisation only applies to issuance of shares against cash payment. The authorisation does not apply to mergers, cf. the Norwegian Public Limited Liability Companies Act section 13-5.*
6. *The Board of Directors shall be authorised to amend the Company's articles of association in order to reflect the new number of shares and new share capital following capital increase according to the authorisation.*
7. *The resolution made under this item 12 on the agenda is conditional upon the general meeting adopting the resolutions proposed by the Board of Directors under items 4 – 12 on the agenda.*
8. *Registration of the authorisation to increase the share capital according to this item 12 on the agenda is conditional upon (i) the Restructuring Plan obtaining formal approval from the Company's bank lenders and bondholders; (ii) the Share Capital Reduction as further described in item 4 on the agenda being completed; and (iii) the remaining equity transactions as set out in the Term Sheet and evident from the agenda is completed as contemplated.*

7.3 Subscription Rights and Offer Shares

Eligible Shareholders will receive non-transferable Subscription Rights equal to their pro rata shareholding in Havila Shipping as of the Record Date. Havila Shipping will issue 16.28 non-tradable Subscription Rights per 1 (one) Share held in Havila Shipping on the Record Date. The number of Subscription Rights issued to each Eligible Shareholder will be rounded down to the nearest whole number of Subscription Rights. Each Subscription Right grants the owner the right to apply for and be allocated one (1) Offer Share in the Subsequent Offering. Application for more Offer Shares than the number of Subscription Rights held by applicant is permitted.

The Subscription Rights will be distributed free of charge, and the recipient of Subscription Rights will not be debited any cost. The Subscription Rights will be registered in the VPS under ISIN NO0010782725 and will be distributed to each Eligible Shareholder's VPS account on or about 3 March 2017.

The Subscription Rights will be non-transferable and hence not listed on the Oslo Stock Exchange during the Application Period.

After the expiry of the Application Period, the Subscription Rights will be of no value and will automatically lapse without compensation to the holder. Eligible Shareholders not utilizing their Subscription Rights will have no further subscription rights after expiry of the Application Period.

Subscription Rights to shareholders who are resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to Havila Shipping's assessment, prohibits or otherwise restricts application or subscription for Offer Shares ("**Ineligible Jurisdiction**") will initially not be credited to such persons' ("**Ineligible Shareholders**") VPS accounts. If the relevant Ineligible Shareholder by 16:30 CET on 15 March 2017 documents to Havila Shipping a right to receive the Subscription Rights, the Managers will distribute the relevant Subscription Rights to the VPS account of the relevant Ineligible Shareholder.

7.4 Application Period

The Application Period in the Subsequent Offering will commence on 6 March 2017 and expire on 20 March 2017 at 16:30 CET. The Application Period may not be extended or shortened.

7.5 Offer Price

The offer price for one (1) Offer Share is NOK 0.125 (the "**Offer Price**"). The Offer Price is equal to the subscription price in the Cash Private Placement (as further described in section 6.2). The applicant will not incur any costs related to the application for, or allocation of, the Offer Shares.

7.6 Application procedures

Applications for Offer Shares must be made on the Application Form for the Subsequent Offering, attached as Appendix 2 hereto.

Applicants who are Norwegian citizens may also apply for Offer Shares by following the link on www.swedbank.no or on www.fearnleysecurities.no, which will redirect the applicant to the VPS online application system. In order to use the online application system, the applicant must have, or obtain, a VPS account number. All online applicants must verify that they are Norwegian citizens by entering their national identity number (Norwegian: "*personnummer*").

Online applications must be submitted, or accurately completed Application Forms must be received by the Managers, by 16:30 CET on 20 March 2017. Neither Havila Shipping nor the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all by the Managers. Application Forms received after the end of the Application Period and/or incomplete or incorrect Application Forms and any application that may be unlawful may be disregarded at the sole discretion of Havila Shipping and/or the Managers without notice to the applicant.

Properly completed and signed Application Forms may be faxed, mailed or delivered to the Managers at the address set out below:

Swedbank Norge	Fearnley Securities
Filipstad Brygge 1	Grev Wedels plass 9
0252 Oslo	0107 Oslo, Norway
Fax: +47 23 11 80 11	Fax: +47 2293 6360
Tel: +47 23 23 80 00	Tel: +47 2293 6000
E-mail: emisjon@swedbank.no	E-mail: tegninger@fearnleys.no

All applications in the Subsequent Offering will be treated in the same manner regardless of whether it is placed by delivery of an Application Form to the Managers or through the VPS online application system.

Applications are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the Managers. The applicant is responsible for the correctness of the information filled into the Application Form. By signing and submitting an Application Form, the applicants confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

By making an application, the applicant irrevocably confirms its order to purchase and subscribe, at the Offer Price, the number of Offer Shares allocated to such applicant up to the relevant application amount, and irrevocably authorises and instructs the Managers (or someone appointed by it) to formally subscribe for any Offer Shares allocated to such applicant and take all actions required to ensure delivery of the Offer Share to such applicant in the VPS, on behalf of the applicant.

There is no minimum application amount for which application in the Subsequent Offering must be made. Application for more Offer Shares than the number of Subscription Rights held by the applicant entitles the applicant to be allocated is permitted.

Multiple applications (i.e., applications on more than one Application Form) are permitted. Please note, however, that two separate Application Forms submitted by the same applicant with the same number of Offer Shares applied for on both Application Forms will only be counted once unless otherwise explicitly stated in one of the Application Forms. In the case of multiple applications through the VPS online application system or applications made both on an Application Form and through the VPS online application system, all applications will be counted.

Havila Shipping is not aware of whether any other major shareholders, member of Havila Shipping's Management or Board of Directors intends to apply for Offer Shares in the Subsequent Offering, or whether any person intends to apply for more than 5 % of the Offer Shares.

7.7 Financial Intermediaries

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e., brokers, custodians and nominees) should read this section. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

Havila Shipping is not liable for any action or failure to act by a financial intermediary through which Havila Shipping shares or Subscription Rights are held.

If an Eligible Shareholder held Havila Shipping shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Havila Shipping shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Ineligible Shareholders holding their Shares through a financial intermediary will not be entitled to exercise their Subscription Rights.

The time by which notification of exercise instructions for applications of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Application Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Havila Shipping shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

Any Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the shareholders of their exercise instructions.

Please refer to section 8 for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Offer Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Offer Price in accordance with the instructions in this Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Managers in accordance with section 7.9 no later than the Payment Due Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Due Date.

7.8 Allocation of Offer Shares

Allocation of the Offer Shares is expected to take place on or about 21 March 2017.

The following allocation criteria will be used for allocation of Offer Shares in the Subsequent Offering:

1. Offer Shares shall be allocated on the basis of exercised Subscription Rights.
2. In the event that not all Subscription Rights are used and the Subsequent Offering is over-subscribed by Eligible Shareholders, the Offer Shares not allocated based on exercised Subscription Rights will be allocated to Eligible Shareholders who have applied for more Offer Shares than the number of Subscription Rights held by such applicant on a pro rata basis based on the number of Subscription Rights held by each subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by drawing of lots.
3. No fractional Offer Shares will be allocated. The Company may round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights in accordance with the allocation criteria. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

General information regarding the result of the Subsequent Offering is expected to be published on or about 21 March 2017 in the form of a stock exchange release through www.newsweb.no.

All applicants being allocated Offer Shares will receive a letter from the Managers confirming the number of Offer Shares allocated to the applicant and the corresponding amount which will be debited the applicant's account. This letter is expected to be mailed on or about 22 March 2017. Investors with access to VPS Investor Services will also be able to see their allocated Offer Shares through such service from 22 March 2017.

7.9 Payment for the Offer Shares

The payment for Offer Shares allocated to an applicant falls due on 24 March 2017 (the "**Payment Due Date**") or on such later date as decided by the Company. Payment must be made in accordance with the requirements set out below.

Applicants who have a Norwegian bank account must, and will by signing the Application Form, provide the Managers with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the applicant.

The specified bank account is expected to be debited on or after the Payment Due Date. The Managers are only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Due Date.

The applicant furthermore authorises the Managers to obtain confirmation from the applicant's bank that the applicant has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in the applicant's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the applicant, the applicant's obligation to pay for the Offer Shares will be deemed overdue. If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the applicant, and the Board of Directors reserves the right, at the risk and cost of the applicant, to cancel the application in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the applicant liable for any loss, cost or expense suffered or incurred in connection therewith. The original applicant remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the applicant and the applicant's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Application Form, will apply, provided, however, that applicants who apply for an amount exceeding NOK 5 million by signing the Application Form provide the Managers with a one-time irrevocable authorisation to directly debit the specified bank account for the entire application amount.

Applicants who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Due Date.

Prior to any such payment being made, the applicant must contact the Managers for further details and instructions.

Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50 % per annum. If an applicant fails to comply with the terms of payment, the Offer Shares will not, subject to the restrictions in the Public Limited Companies Act and at the discretion of the Managers, be delivered to the applicant.

7.10 Publication of information relating to the Subsequent Offering

Publication of information related to any changes in the Subsequent Offering and the results of the Subsequent Offering, will be published on www.newsweb.no under Havila Shipping's ticker "HAVI", and will also be available on Havila Shipping's website www.havila.no. The announcement regarding the results of the Subsequent Offering is expected to be made on or about 22 March 2017.

7.11 VPS registration of the Offer Shares

The Offer Shares will be registered with VPS under ISIN NO 0010257728.

The Offer Shares will not be delivered to the applicants' VPS accounts before they are fully paid, registered with the Norwegian Register for Business Enterprises and registered in the VPS. See section 14.1 for information regarding Havila Shipping's VPS registrar.

7.12 Delivery and listing of the Offer Shares

All applicants applying for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares. Assuming that payments from all applicants are made when due, it is expected that the share capital increase will be registered in the Norwegian Register of Business Enterprises on or about 3 April 2017 and that the delivery of the Offer Shares will take place on or about 3 April 2017. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering in the Norwegian Register of Business Enterprises, and hence for the subsequent delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Application Period (i.e., 20 June 2017).

All of the Offer Shares will be admitted to trading on the Oslo Stock Exchange. The Shares will not be sought or admitted to trading on any other regulated market than the Oslo Stock Exchange.

7.13 Share capital following the Subsequent Offering

The final number of Offer Shares to be issued in connection with the Subsequent Offering will depend on the number of Offer Shares applied for. The maximum number of Offer Shares to be issued is 240,000,000 Shares, each with a nominal value of NOK 0.01, which will give a further increase in Havila Shipping's total number of issued Shares after completion of the Cash Private Placement, the Conversion Private Placement and the Subsequent Offering from 1,207,183,999 Shares to a maximum of 1,447,183,999 Shares, each with a nominal value of NOK 0.01 per Share.

See section 14 for a further description of Havila Shipping's share capital.

7.14 Transferability of the Offer Shares

The Offer Shares may not be transferred or traded before they are fully paid, the share capital increase has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. The Offer Shares are expected to be delivered to the applicants' VPS accounts on or about 3 April 2017. For further details on selling and transfer restrictions, please refer to Section 8.

7.15 Expenses and net proceeds

The gross proceeds in the Subsequent Offering, once completed, and assuming full subscription, is NOK 30 million. Costs attributable to the Subsequent Offering shall be borne by the Company.

The total costs for the implementation of the Private Placements and the Subsequent Offering will amount to approximately NOK 10 million. The gross proceeds from the Cash Private Placement is about NOK 77 million, while the gross proceed from the Subsequent Offering is NOK 30 million, in total NOK 107 million. The net proceeds will thus amount to approximately NOK 97 million. Costs attributed to the Conversion Private Placement are being paid in cash.

The costs will primarily be fees to financial and legal advisors.

The net proceeds from the Subsequent Offering will be used as indicated in Section 5.

7.16 Dilution

The table below shows the percentage split of the Company's share capital following the Cash Private Placement, the Conversion Private Placement and the Subsequent Offering, on the basis that the latter is fully subscribed:

Pre-Private Placements share capital	2.1%
Cash Private Placement share capital	42.5%
Conversion Private Placement share capital	38.8%
Subsequent Offering share capital	16.6%

The Cash Private Placement and Conversion Private Placement will result in a dilution of the shareholders of the Company not participating in the Private Placements of approximately 97.5 %.

Adding the dilutive effect of the Subsequent Offering, assuming that it is fully subscribed, the total dilution for those shareholders not participating in either of the Private Placements or the Subsequent Offering will be approximately 97.9 %, assuming full subscription in the Subsequent Offering.

Further dilution may result from the conversion of convertible loans and the exercise of warrants, see Sections 14.5.3 and 14.5.4.

7.17 Shareholders' rights attached to the Offer Shares

The rights attached to the Offer Shares will be the same as those attached to Havila Shipping's existing Shares. The Offer Shares will initially be issued electronically as ordinary Shares in Havila Shipping in accordance with the Norwegian Public Limited Companies Act and will rank *pari passu* with existing Shares in all respects from such time as the share capital increase in connection with the issuance of the Offer Shares are registered in the Norwegian Register of Business Enterprises. The holders of the Offer Shares will be entitled to dividend from and including the date of registration of the share capital increase in the Norwegian Register of Business Enterprises. The Offer Shares will be listed on the Oslo Stock Exchange following the registration of the share capital increase and delivery to the applicants.

The Company's registrar is DNB BANK ASA, Dronning Eufemias gate 30, Oslo, Norway.

Please see Section 15 on more details regarding shareholding in a Norwegian Public Limited Company.

7.18 Interest of natural and legal persons

The Managers and its affiliates have provided from time to time, and may provide in the future, services to Havila Shipping and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, its employees and any affiliate may currently own existing Shares in Havila Shipping. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Managers will receive a success fee of a fixed percentage of the gross proceeds raised in the Subsequent Offering as well as in the Private Placements and, as such, have an interest in the Subsequent Offering and in the Private Placements. The Managers are also compensated for their services related to the other elements of the Restructuring, cf. Section 5.

Other than what is set out above, there are no other interests (including conflict of interests) of natural and legal persons involved in the Subsequent Offering.

7.19 Managers and advisor

The Managers for the Subsequent Offering are Swedbank Norge, P.O. Box 1441 Vika, 0115 Oslo, and Fearnley Securities, P.O. Box 1158, Sentrum, 0107 Oslo, Norway.

Wikborg Rein Advokatfirma AS is acting as legal advisors to Havila Shipping in relation to the Subsequent Offering.

8 SELLING AND TRANSFER RESTRICTIONS

8.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

For the avoidance of doubt, the restrictions mentioned in this Section 8 shall also apply to the granting, trading and exercising of any Subscription Rights to the extent relevant and applicable.

8.2 Selling restrictions

8.2.1 United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 8.3.1 "United States".

Any offer or sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Subsequent Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Subsequent Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

8.2.2 United Kingdom

Each Manager has represented, warranted and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- b) it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

8.2.3 *European Economic Area*

In relation to each Relevant Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that Relevant Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive (as implemented in Norway), except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to legal entities which are qualified investors as defined in the EU Prospectus Directive;
- b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- c) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

8.2.4 *Additional jurisdictions*

8.2.4.1 *Canada*

This Prospectus is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

8.2.4.2 *Hong Kong*

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance

(Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

8.2.4.3 *Singapore*

This Prospectus has been prepared on the basis that any offer of the Offer Shares in Singapore will be made pursuant to the exemptions from the requirement to publish a prospectus for the offer of the Offer Shares in the Company under (i) Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This Prospectus and any other document or material in connection with the offer of sale, or invitation for subscription or purchase, of the Offer Shares may not be issued, circulated or distributed. This Prospectus or any other offering material relating to this offer of the Offer Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore.

The Offer Shares may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Neither the Company or the Managers have made any offer of the Offer Shares or will make any offer of the Offer Shares or will circulate or distribute this Prospectus or any other offering document or material relating to the Offer Shares which are the subject of any offer contemplated in this Prospectus either directly or indirectly, in Singapore, other than in circumstances under which such offer, sale, circulation or distribution are permitted under the SFA.

The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. In the event of any doubt about any of the contents of this Prospectus or as to your legal rights and obligations in connection with the offer of the Offer Shares, please obtain appropriate professional advice.

8.2.4.4 *Other jurisdictions*

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Subsequent Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

8.3 Transfer restrictions

8.3.1 *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Terms defined in Rule

144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case

- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that the Company, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

8.3.2 *European Economic Area*

Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

- a) it is a qualified investor as defined in the EU Prospectus Directive; and
- b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU

Prospectus Directive in that Relevant Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

9 INDUSTRY OVERVIEW

This section discusses the industry in which the Company operates, which is the offshore supply vessel industry. Certain parts of the information in this section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organizations, consultants and analysts; in addition to market data from other external and publicly available sources, and the Company's knowledge of the markets, see section 4.3 "General Information—Industry and Market Data". The following discussion contains forward-looking statements, see section 4.4 "General Information—Cautionary Note Regarding Forward-Looking Statements". Any forecast information and other forward-looking statements in this section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, see section 2 "Risk Factors" for further details.

9.1 Introduction

Offshore support vessels perform a wide range of services related to construction and decommissioning work, pipe laying, support of drilling rigs and floating and fixed installations. Offshore service vessels can be divided into three main segments; AHTS vessels, PSVs, and various types of construction support vessels (CSVs), which are further described in section 9.3—"The Offshore Support Vessel Market". The Company owns vessels in all of the above-mentioned segments. In addition, there are various niche segments being more specialized, such as rescue and recovery vessels (RRVs).

Demand for PSVs are mainly related to support of offshore platforms, rigs and floating production units, with respect to transporting cargo between such installations/units and supply bases onshore. PSVs have liquid tanks, dry bulk tanks and deck area for transportation of various cargoes such as mud, brine, cement, water, oil, diesel, pipes food, and other supplies related to production/operation of the offshore rigs/platforms.

AHTS vessels can perform the same duties, but are equipped with winches and towing capacity, enabling them to lift and position anchors, tow rigs and floating production units that either cannot propel themselves, or where towing is more economical due to fuel costs. Towing of new fixed platforms or cargo barges are also relatively frequent tasks for these vessels. A large portion of AHTS vessels' duties is related to anchoring up offshore rigs and floating production units. Even though many new rigs have dynamic positioning ("DP") systems that enable them to hold their position using navigation systems and own thrusters, and thus do not necessarily require the use of anchors, such DP systems require the constant use of the rig's engines it is often more economical to be anchored up, especially if the rig is expected to be in the same position for several weeks.

CSVs comprise of pipelay vessels, dive support vessels, heavylift / derrick barges, offshore construction vessels, subsea vessels, seismic support vessels, well intervention vessels and survey vessels. These types of vessels are normally utilized in the installation, light construction, inspection, maintenance and decommissioning of subsea equipment related to the development of oil and gas offshore. The vessels may also be utilized within certain non-oil and gas related segment, e.g. the offshore wind industry.

9.2 Demand and key drivers

The key demand driver for offshore support vessels is the level of activity and investments in the oil and gas sector. The oil companies' exploration and production activities, normally referred to as "E&P spending", are based on the world's demand for oil and gas. Furthermore, demolition of old platforms and installations and remedial work (e.g. in the US Gulf after hurricane damages) are new important areas of work for offshore supply vessels. Together with a growing maintenance requirement on existing drilling units, installations and pipelines

worldwide due to ageing and corrosion and need for repair and upgrading, this also has great influence on the demand for offshore support vessels.

The below chart shows the Brent oil price development since 2010 as well as the forward curve:

Brent oil price (USD/bbl)



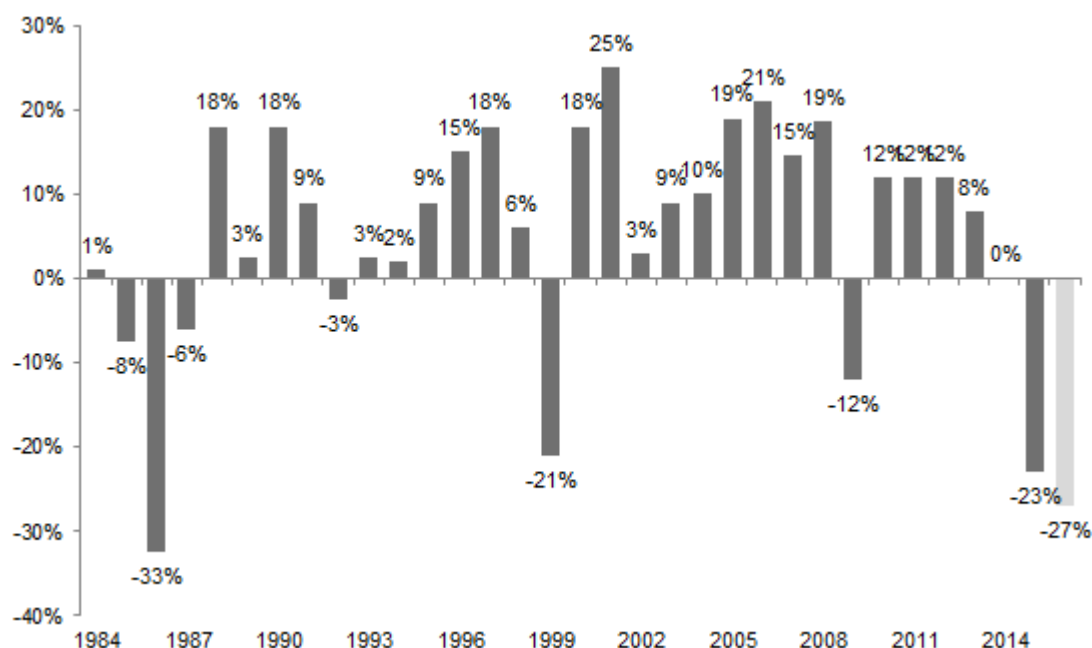
Source: Macrobond (series: Crude Oil, Brent, Spot, FOB North Sea, ICE, Close, USD), Bloomberg (series: Brent oil forward curve, consensus estimates) (Both series from December 2016. The data is not freely available to the public, and require a valid account at Macrobond and Bloomberg respectively). Note: Dotted lines show average actual Brent price for the year

In the years 2011 to 2013, oil prices (Brent) traded in the USD 90/bbl to USD 120/bbl range, with yearly averages being stable around USD 110/bbl. This was a supportive level for an increasing spending environment. In mid 2014 the oil price peaked at around USD 115/bbl and from there the oil price saw a dramatic fall amid an oversupplied global oil market due to, among other thing, a rapid growth in US shale oil production. Oil price bottomed out at around USD 28/bbl in January 2016, and have for the last 3 months traded in the USD 45/bbl to USD 55/bbl range.

The forward curve indicates a flat development for oil prices over the next years, with an average price of USD 56.5, 56.7 and 56.4/bbl for 2017, 2018 and 2019 respectively. The level of E&P spending is a function of the prevailing oil prices. Naturally, the dramatic fall in the oil price forced oil companies to reduce their investments and overall offshore activity. With years of stable oil prices above USD 100/bbl, the oil companies budgeting prices increased and hence, when the oil price dropped many projects that previously were profitable came under review and were postponed. The low oil price environment during 2015 and 2016 has increased focus on cost efficiency among oil companies and suppliers, leading to reduced break-even prices on many projects. Combined with increasing oil prices, this should provide support for increased investment activity.

The table below shows the historic global E&P spending growth:

Global E&P spending growth



Source: Manager's Research, based on Schlumberger, Citigroup, and WoodMac (December 2016). Please note that the above chart has been compiled for illustrative purposes only, and may not perfectly depict the actual development in global E&P spending. The Managers research analysts have used a number of sources, including annual and quarterly reports from Schlumberger (the world's largest oilfield services company) which are freely available at the company's investor website: <http://investorcenter.slb.com/phoenix.zhtml?c=97513&p=irol-reportsannual>. Additionally, part of the data has been based on industry research published by Citigroup analysts. Some data has also been gathered from the Wood Mackenzie database, which is not freely available, and can only be accessed through a valid account.

As seen in the above chart one saw strong growth in E&P spending in the years prior to the financial crisis with annual growth rates of 15-21% in the period 2005-2008. Following the financial crisis E&P spending saw a 12% decline in 2009 before bouncing back to double digit growth in the period between 2010-2012. In 2014 E&P spending growth was flat, 2015 saw a decline of approximately 23%, while 2016 is expected to show a decline of approximately 27%.

Going forward, E&P spending growth is naturally dependent on the development in oil prices. The recent sharp oil price drop combined with the market's expectations of a more modest recovery supports an increasing focus on preserving cash flow for oil companies, and heightened cost focus on new projects. The sharp capex cut in 2015 and 2016 is therefore likely to be followed by a single digit reduction of E&P spending also in 2017. This view is underpinned by already announced capex guidance from the top ten deepwater operators.

Another key driver for the offshore support vessel market is the offshore drilling activity. The demand for drilling rigs witnessed a sharp increase in the years leading up to the peak in 2014, but has declined substantially since the sudden oil price drop. The decline accelerated during 2015 and has continued over the last months. The prolonged weakness in demand for drilling rigs provides a challenging market backdrop for offshore support vessels.

9.3 The Offshore Support Vessel market

9.3.1 General introduction

The offshore support vessel (OSV) market can be divided into several categories and segments. The main categories are platform supply vessel (PSV), anchor-handling tugs supply (AHTS) and construction support vessels (CSV). In addition, there are various niche segments being more specialized. The Company owns and operates vessels within all these categories. The market for offshore support vessels is fragmented across segments and regions, with many owners owning/controlling fleets that can be characterized small to medium in terms of both size and global reach.

9.3.2 Regional overview

The North Sea area consists mainly of the continental shelves of Norway, the United Kingdom, Denmark and Netherlands. Due to the large number of oil companies and limited distances in the region (Barents Sea being an exception), the market has seen a large spot market both within the PSV and AHTS segment develop since the 80s. In addition, the market provides opportunities for various term contract lengths varying from months to several years. While Statoil has a large share of the market in Norway, the market is well diversified in terms of oil- and service-companies. With the well functioning spot market, the region is often referred to as a reasonable proxy on the overall global supply/demand balance since idle vessels in other regions (mainly Med', West-Africa and Brazil) tend to migrate into the region.

Brazil is one of the key markets for offshore support vessels. The market is characterized by the national oil company Petrobras being the dominant player and historically offering long-term contract opportunities in various segments, attracting operators on a global basis. The region has a limited spot market and term contracts have been in the range of 1-8 years. The country offers preference towards locally built tonnage both on contract duration and by differentiating tender processes. Brazil is also highly regulated in terms of local content requirements. Brazilian flagged vessels are also in a position to block foreign flagged vessels when these are up for their annual "Certification of Charter Authorization" renewal. Given the declining activity in the region and an increasing number of Brazilian flagged vessels becoming available, a number of foreign flagged vessels have seen their contracts cancelled over the last year. The Company had four term contracts with Petrobras cancelled during 2016.

The US Gulf of Mexico is characterized by the Jones Act regulation for the PSV and AHTS segment, which means operators need to comply with this act to be able to qualify for operations in this region. Consequently, the region is only served by US operators. With the Jones Act follows also a large domestic shipbuilding industry. The region holds a large spot market as well as a term market with various contract durations.

West Africa holds various regional markets related to each country in the region, the largest markets being Angola and Nigeria. Each market is unique in terms of local content requirements. The region offers smaller spot markets, but by nature is characterized as various terms markets. The region may offer certain challenges related to logistics, including dry-docking and maintenance of vessels/equipment.

Asia is similar to West Africa in terms of various local/regional markets. While the port of Singapore provides a regional hub for vessels standing idle or in-between contracts, there is no single spot market in the region and also term markets are characterized by the country of operation. The market is also characterized by being the largest new build market in the offshore support vessel industry with the key build country being China.

9.3.3 Platform Supply Vessels

The supply vessel market is usually divided into two main areas, namely vessels for towing and anchor handling, and for general supply to offshore units (rigs, barges, fixed installations or shore bases), in the industry called

general supply duties. Such tasks can be carried out by both AHTS vessels and PSVs. However, the operations of a PSV is as a main rule limited to carry out storage duties and supply duties. Both categories of vessels can be divided further into sub segments according to their capabilities, as a number of such vessels do have cross-over capacities into other categories and related segments. Oil Recovery, Fire Fighting, ROV Surveys and Standby ERRV services are some examples of such capacities.

The market for offshore vessels was very strong in most of 2005-2008, reaching record levels in the North Sea. The market has been more volatile since 2009 with generally lower and more fluctuating fleet utilization, and as a result, also fluctuating day rates for the vessels.

PSVs are specifically designed for transport of all required supplies, either as deck cargo or under deck in dedicated tank systems to and from offshore installations. On deck the vessels may carry containers, drill pipes and other equipment. Under deck the vessels may carry a variety of different fluids in separate tanks, like mud & brine, cement or other dry bulk, fresh water, fuel and/or special products like methanol and drill cuttings for the drilling program.

PSVs are mainly classified according to the following capacities:

- Size of free deck area
- Total carrying capacity in dead weight tons (dwt)
- Type and capacity of special tanks carrying mud & brine, fuel, dry bulk, methanol etc.

Historically, a PSV with dwt above 2,000 has been considered large. However, as the trend continues towards larger and larger vessels, PSVs with dwt between 3,000 and 4,000 are now considered medium-sized and vessels with a carrying capacity above 4,000 dwt are considered large.

Classified by deck area, this corresponds to approximately 500-800 m² for medium-sized vessels, and above 800 m² for large vessels.

The Company currently has thirteen PSVs in operation or lay-up, of which four can be classified as medium size, and nine are classified as large. The PSV segment has seen substantial contracting of new builds in the years leading up to the oil price collapse in 2014, and there is quite a large number of vessels scheduled for delivery in 2017. However, the low delivery rates in 2015/2016 emphasize the fact that the order book remains overstated and it is also worth mentioning that a substantial part of the order book consists of smaller and less advanced vessels mainly under construction in the Far East. A significant part of these vessels may be subject to significant delays as well as potential cancellations. Potentially mitigating the order book is the relatively significant number of vessels built in the 1980s still in service. We have already seen an increasing number of older vessels being phased out and given the current challenging market, this trend is likely to continue.

9.3.4 *Anchor Handling Tug-Supply vessels*

AHTS vessels are specifically designed for towing and anchor handling operations of rigs and other offshore units. Furthermore, the vessels are often prepared for fire fighting (FiFi), rescue operations (standby) and oil recovery (ORO) capabilities, as well as additional opportunities like crane for ROV operations, A-frame, large AHC crane for construction and deepwater work. The AHTS is, like a PSV, also used for general supply service between shore bases and platforms, transporting different types and grades of cargo both on deck, as well as under deck in tank systems. In the case where the oil activity is in deeper waters, the anchor handling operations become heavier and focus is put on the power of the AHTS vessels, station keeping and winch capabilities, in

addition to the vessels' stability, capacities and functionality in general. A general trend for the segment has been to provide for safer and more efficient operations in more challenging conditions, as well as various HSE issues for safer operations for the vessels crew.

As oil activity has moved into deeper waters, the main focus has been on the vessels' winch and engine capacities, in order to offer the oil companies a safe and efficient operation in the challenging conditions of the deepwater area. AHTS vessels are classified mainly according to their towing capacity, but other parameters are also considered:

- Bollard pull (tons)
- Engine (brake horse power)
- Winch capacities (tons)
- Cargo carrying capacity (tanks and deck space)
- Dynamic positioning systems, Rescue characteristics and Fire-fighting and oil recovery capabilities

Brake horse power (BHP) is the most common parameter for categorizing AHTS vessels. The AHTS fleet is normally divided into vessels with less than 12,000 BHP (small sized), between 12,000 and 16,000 BHP (medium size), between 16,000 and 20,000 BHP (large) and above 20,000 BHP (very large). Owners have traditionally focused on vessels with between 12,000 and 18,000 BHP, but with a push in recent years for the larger vessels above 20,000 BHP due to the fact that the offshore industry has increased its presence in deeper water and outer areas where more and special capacity are required. Norwegian players mostly focus on vessels with above 15,000 BHP.

The Company currently has nine AHTS vessels in operation or lay-up, of which four can be classified as small size, three are classified as large and two are classified as very large size. Similar to the PSV market, there are also quite a number of AHTS vessels under construction. However, a large number of the AHTS vessels are smaller and less sophisticated vessels being built in the Far East where one should expect delays and potential cancellations. There are also a large number of AHTS vessels that are built from mid 1970s to mid 1980s, which are obvious phase out candidates under the current market environment. The normal lifetime of an AHTS vessel is generally considered to be around 30 years.

9.3.5 *Construction Support Vessels*

Construction support vessels are utilized in the installation, light construction, inspection and maintenance of subsea equipment related to the extraction of oil and gas offshore. The vessels may also be utilized within certain non-oil and gas related segment, e.g. the offshore wind industry. CSVs are normally equipped with larger cranes, dynamic positioning system (DP), helipads and with a high degree of manning capacity. The CSVs can further be divided into the following subcategories:

- Pipelay Vessels
- Dive Support Vessels
- Heavylift/Derrick Barges
- Offshore Construction Vessels

- Seismic Support Vessels
- Subsea vessels
- Well Intervention Vessels
- Survey Vessels
- Multi-purpose supply vessel

The Company currently has three vessels within the CSV category, including one vessel operating in the IMR (Inspection, maintenance and repair) along with two MPSVs (Multi-purpose supply vessels). IMR vessels are built to perform surveys and light construction works in the North Sea and other parts of world, while the multi-purpose supply vessels are basically larger PSV's, with extra equipment, adapted to different subsea operations.

The CSV segment in today's form is a relatively new segment as the majority of vessels have been ordered since the mid 2000s following the oil companies focus on subsea solutions. There are however quite a few older vessels, but these are generally less sophisticated and not comparable to standards seen on modern vessels.

9.3.6 *Rescue- and Recovery Vessels*

Rescue- and recovery vessels (RRV) covers security services, such as oil spill preparedness, fire protection and operation of rescue- and recovery at the oil installations; often specially built vessels, equipped with larger pickup boats, helipads and fire fighting equipment. The Company currently has one RRV in operation.

The RRV segment is characterized by highly specialized vessels. The Company's only RRV vessel, Havila Troll, is among the largest vessels within the segment and has been leased out to Statoil on a long term contract expiring in December 2016 with an optional period of 3 years up to December 2019. The option for the first year has already been exercised by Statoil, extending the firm period until November 2017. Comparable vessels are equipped with fire pumps (FiFi), helicopter deck, emergency tow and oil spill equipment and are usually on long term contracts. With increasing focus on HSEQ performance and strict regulations, one can expect that the demand for these vessels are less affected by the industry downturn due to the longer contract period and highly specialized equipment and design.

In addition to the before mentioned vessels, there are a number of smaller RRV vessels operating on the Norwegian and United Kingdom continental shelf. However, these vessels are not directly comparable to Havila Troll due to the smaller size and less specialized equipment and design.

9.4 **Rate development and utilisation**

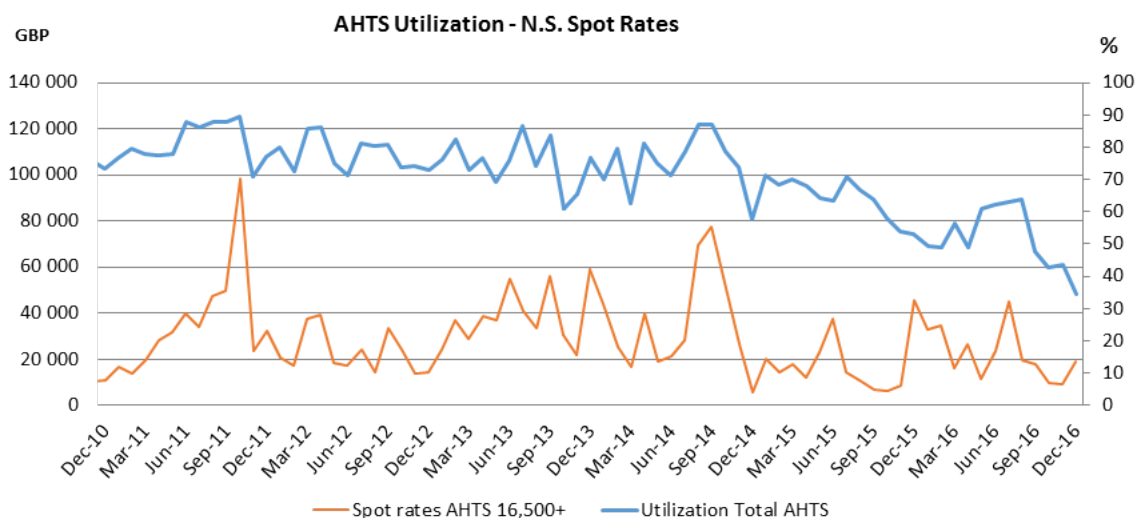
The offshore support vessel market is cyclical, and spot market rates in the North Sea region are characterized by significant volatility. This relates mostly to the underlying cyclicity of the business, but also to variations between summer and winter season and to changes within shorter time periods. In particular, the summer season is generally characterized by high activity levels. To a large extent, this can be attributed to the weather conditions in the North Sea Region. The current spot rates for PSVs in the North Sea are very low and insufficient to cover costs. The weak market has triggered several operators to lay up vessels in order to cut losses. Rates for longer contracts generally fluctuate less, but is highly correlated with the spot market. As mentioned above, the regions outside the North Sea do not have as visible and efficient spot market. The development and status in the North Sea region gives a good indication of the conditions of charters elsewhere in the world. Other regions are characterized more by medium to long term charters, but facing the same negative trends on both rates and utilization as seen in the North Sea area.

While the industry trend has been operators having preference for newer and more efficient vessels (both fuel and operational) and consequently improving utilization vs. older tonnage, the weak market trends are seen across vessel segments (size and age).

The following chart shows monthly average spot rates for AHTS and PSV vessels:

AHTS North Sea spot dayrates (monthly average, GBP/d) and utilization

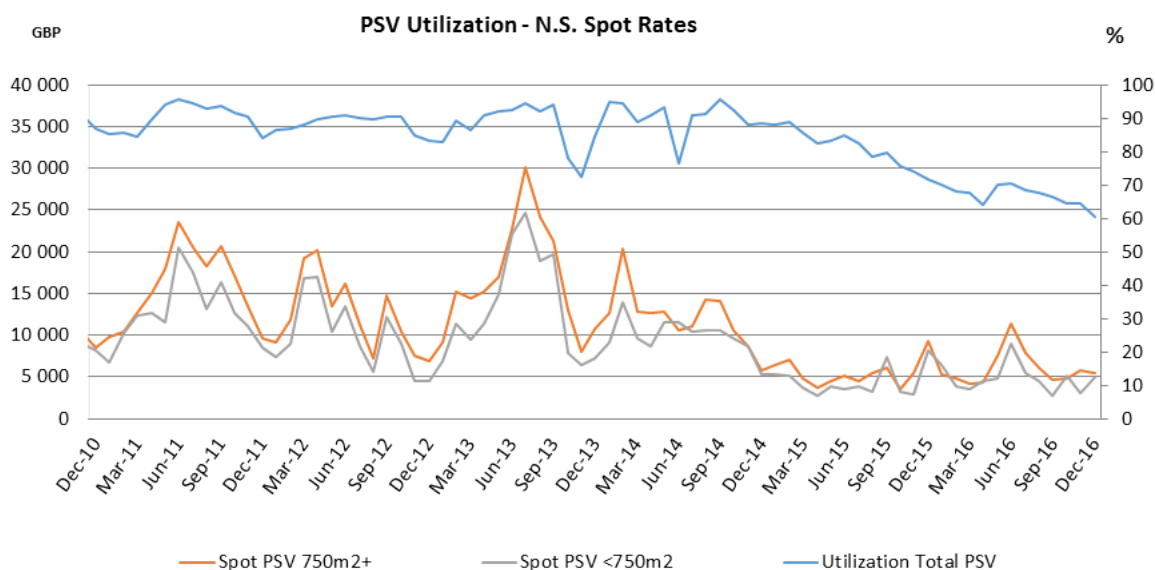
© Fearnley Offshore Supply



North Sea AHTS rates have seen large fluctuations in recent years with a gradually softening since late 2014. Shorter periods of tightness are still observed, but this is only possible due to the large amount of vessels in lay-up as shown through the dramatic fall in fleet utilization.

PSV spot dayrates (monthly average, GBP/d)

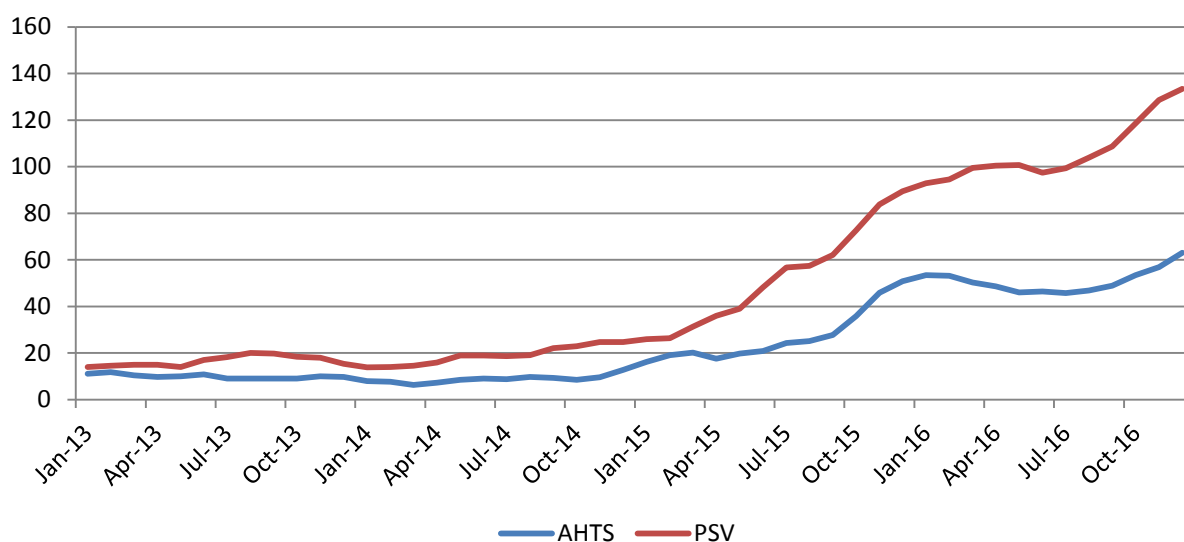
© Fearnley Offshore Supply



The PSV spot market has been weak since late 2014 and North Sea PSV rates have bottomed out at a level barely covering operating expenses.

With softer activity levels, market participants cut costs by stacking vessels there is no employment for / cover its own costs. The figure below shows North Sea AHTS and PSV layup activity since 2013:

North Sea layups (Number of vessels)



Source: Fearnley Securities Research

As shown in the figure above, the number of North Sea AHTS vessels in layup remained relatively stable until mid/late 2015 due to completion/termination of several rig contracts. The development is similar within the PSV segment, but layups in the AHTS fleet lag the PSV fleet, suggesting a different recovery (see also Orderbook). Spot rates have stabilized since vessels started piling up, but an immediate recovery in day rates is expected to be offset by vessels being taken out of layup.

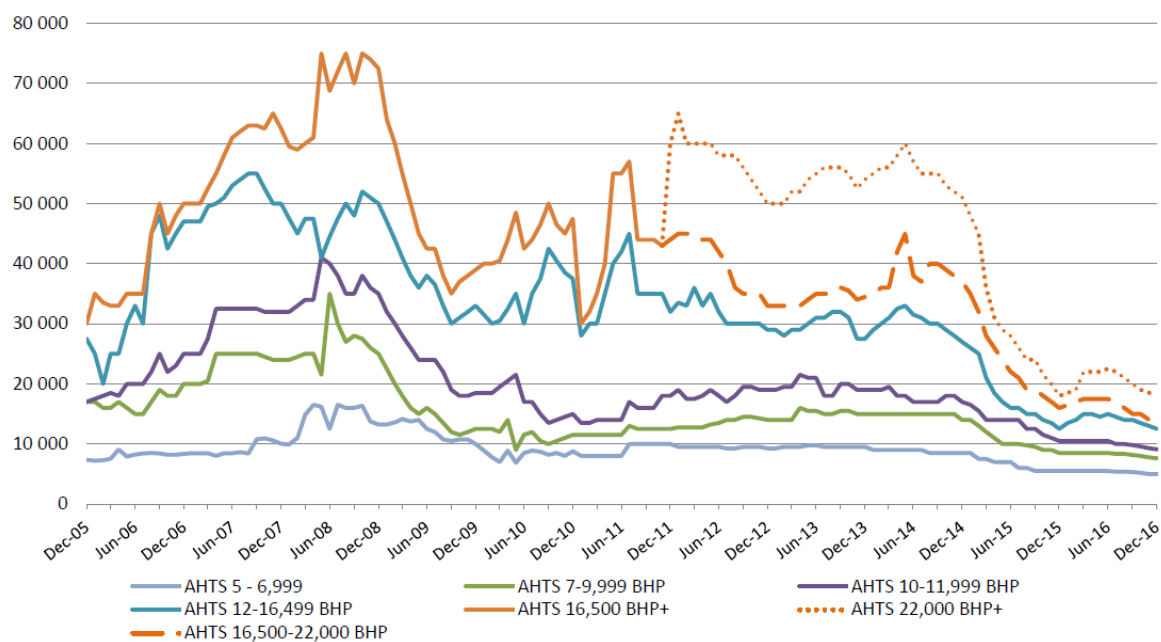
The figure below shows the corresponding term rate development for AHTS and PSV vessels world wide:

AHTS term fixture rates (monthly average, USD/d)

© Fearnley Offshore Supply

Term fixture rates - AHTS

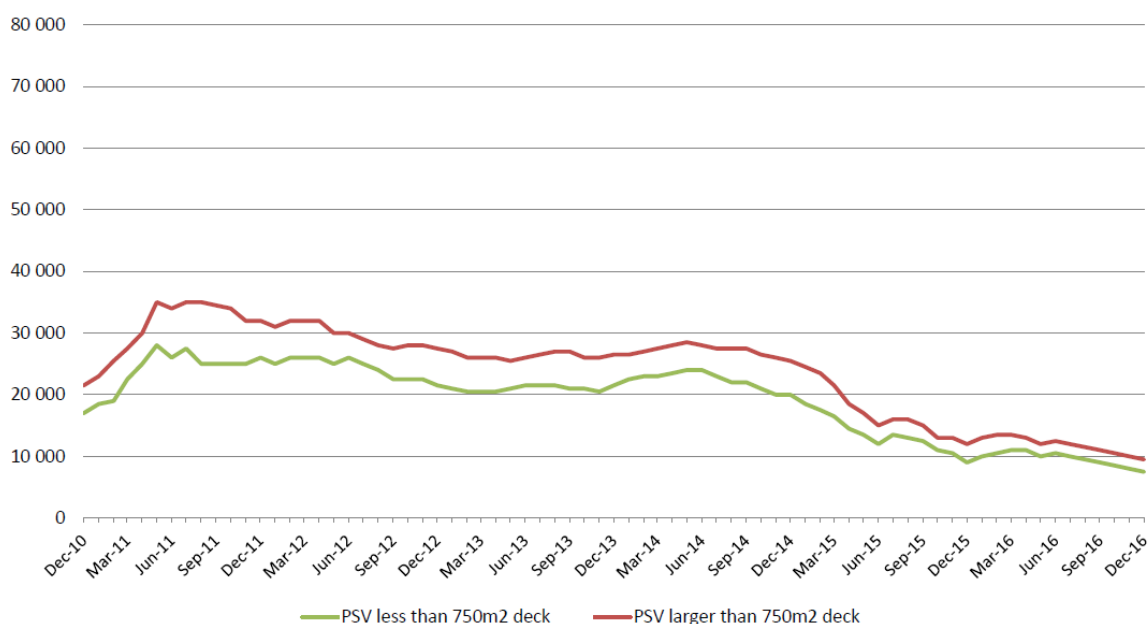
World Wide (US\$)

*PSV term fixture rates (monthly average, USD/d)*

© Fearnley Offshore Supply

Term fixture rates - PSV

World Wide (US\$)

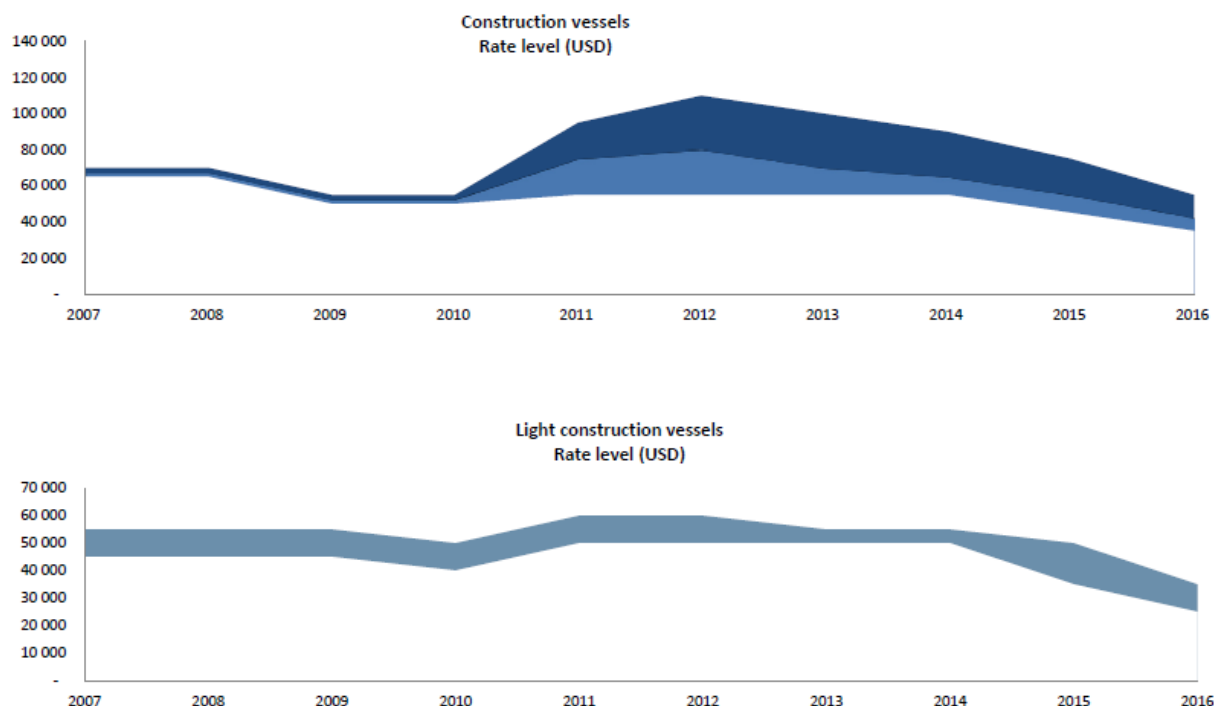


The challenging market conditions are also weighing on the market for long term contracts. In general, PSV contracts that extend throughout 2016 and 2017 have a very low EBITDA-margin. This is similar for the AHTS segment, although some good contracts have been entered into in specific markets (for example Brazilian

flagged vessels which, as a general rule, have priority over foreign vessels in Brazilian jurisdictional waters under the Brazilian Shipping Act (Brazilian Law 9.432/97). However, this should be viewed as a special case since the law of supply and demand does not necessarily work in such situations). However, the overall picture is that utilization and rates are down across the board, regardless of the segment and region.

The following chart shows rate development for vessels employed within subsea construction:

Rate development CSV (USD/d)



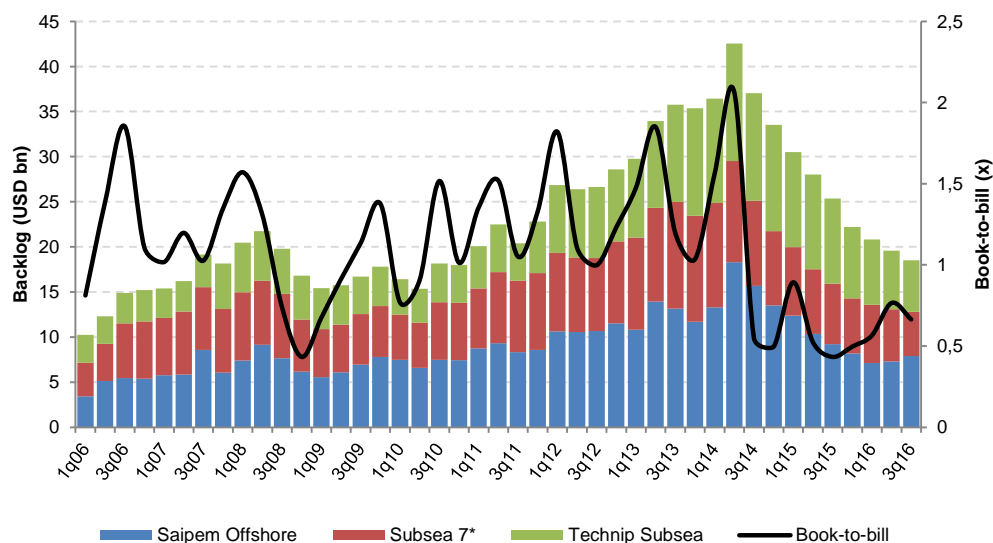
Source: Fearnley Offshore Supply

Dayrates for subsea/construction tonnage have generally held up well for the vessels that have been able to find work due to the more specialized / fit for purpose nature of the business and generally healthier supply/demand balance than the commoditized AHTS/PSV segments.

The below graphs illustrate the development in activity level for the largest subsea contractors.

Subsea activity

Subsea installation: Backlog



Source: Fearnley Securities Research

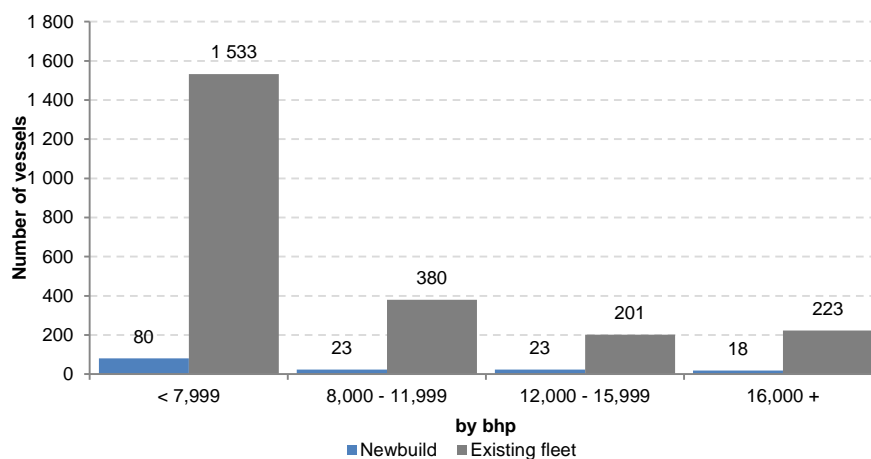
According to Fearnley Securities the combined backlog of the three largest subsea contractors are down for seven consecutive quarters, with backlog for execution next year down 42% year over year.

However, on the back of cost savings of 20-30% for subsea equipment/ installation and a 50% drop in rig rates, Fearnley Securities see increased deepwater economics with new projects expected to be sanctioned in early 2017. Offshore installation campaigns for projects in tender stage are now mainly for late 2017/ 2018. Subsea tie-back and maintenance activity is expected to pick up during 2h/16 and into 2017, coming from an absolute minimum activity level.

9.5 Orderbook

The orderbook for AHTS vessels is fairly limited with the majority of newbuilds being smaller vessels, less than 10,000bhp, targeted for the SE Asia market. We count only 18 vessels with bhp >16,000.

AHTS orderbook

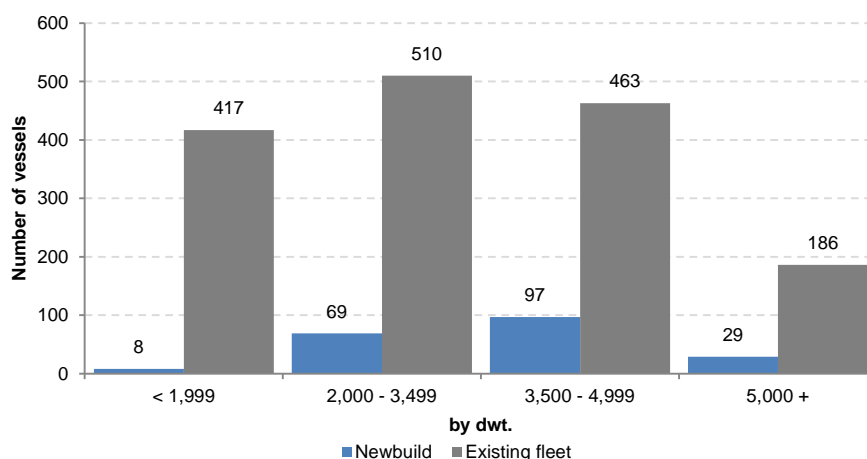


Source: Fearnley Offshore Supply

The PSV orderbook on the other hand remains at a very elevated level. Chinese yards now account for 58% of the orderbook. The reality of many of these orders is questioned and significant delays compared to “official” delivery schedules - as well as cancelations by owners - are expected.

Most newbuild deliveries continue to be delayed due to the challenging market conditions as very few of the vessels have long-term contracts attached to them.

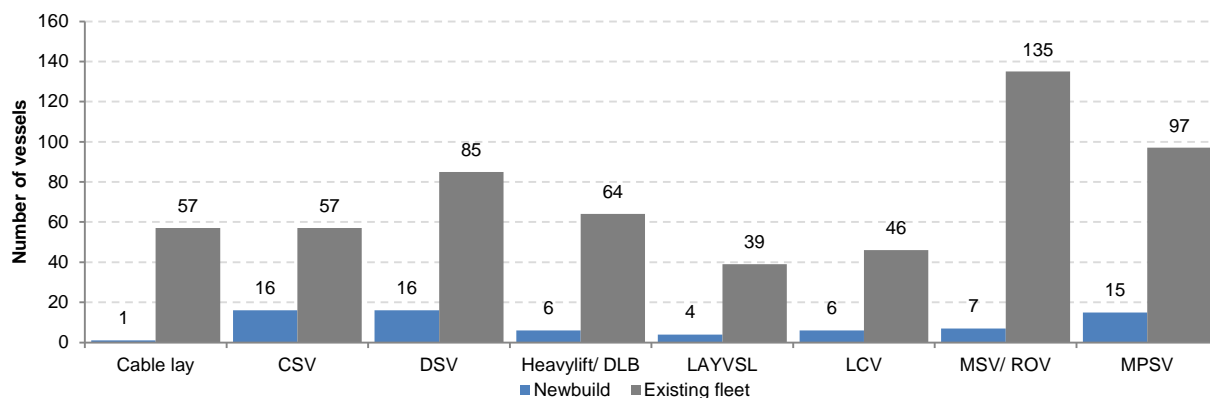
PSV orderbook



Source: Fearnley Offshore Supply

Within the subsea space, the construction vessel fleet (CSV) have the largest relative orderbook, with 16 vessels under construction compared to 57 in operation. Also this segment sees a significant part of the orderbook related to Chinese yards, with uncertain delivery schedule. Of the 16 vessels we find no single vessel firmly backed by a contract.

Subsea orderbook



Source: Fearnley Offshore Supply

Definitions:

Cable lay (CLV) – vessels equipped for installation of subsea power/fiber cables

Construction vessels (CSV) – subsea crane of 250 – 400t, LOA > 120m

Diving support vessel (DSV) – saturation diving spread, moon pool, LOA 85 – 130m

Heavylift/ Derrick lay barge (DLB) – large cranes (600t +) for installation of heavy structures such as jackets, barges with large cargo deck and lay spread for flex or rigid pipe

Lay vessel (LAYVSL) – construction vessels equipped with vertical or horizontal lay spread

Light construction (LCV) – subsea crane of 140 – 240t, typical LOA of 90-120m

Multipurpose (MSV)/ ROV support – multipurpose with subsea crane (0 – 130t) or ROV
MPSV – PSV with subsea features, such as ROV deck or subsea crane (typical 0 -150t)

10 COMPANY OVERVIEW

10.1 Corporate information

Havila Shipping ASA is a Norwegian public limited liability company organized under the Norwegian Public Limited Companies Act, with business registration number 882 811 972. The Company's registered office is at Havilahuset, 6092 Fosnavåg, Norway, and its telephone number is +47 70 08 09 00. The legal and commercial name of the Company is Havila Shipping ASA. The Company was incorporated under the laws of Norway on 3 October 2000. The Company's shares are listed on the Oslo Stock Exchange under the ticker "HAVI".

Through the Company's principal shareholder, Havila Holding AS, the Company has a long tradition and high competency in the maritime sector and over the past 30 years the Company has been an important player in the supply sector.

The objective of Havila Shipping is to be a leading long-term provider of quality-assured supply services to the offshore industry, nationally as well as internationally.

10.2 History and development

The most significant events in the history of the Group are the following:

Year	Event
1904	The Sævik family started its long history of maritime activity by acquiring its first fishing vessel.
1981	Entered the offshore market with Sævik Supply.
1996	Bought 12 PSV and AHTS from Viking Supply Ships in Kristiansand. Sævik Supply ASA was listed on the Oslo Stock exchange.
1997	Sævik Supply ASA was acquired by Trico for USD 289 million, at a significant gain for the shareholders.
1998	Havila Supply ASA was established. Listed at Oslo Stock Exchange with a fleet of 12 vessels and 3 newbuildings.
2003	Groupe Bourbon acquired Havila Supply ASA and renamed this part of its operations.
2003	In July, the Sævik family acquired the rescue vessel fleet from Havila Supply ASA. The new offshore company, consisting of 10 vessels, was named Havila Shipping ASA.
2005	Havila Shipping acquired 5 PSV and 1 AHTS vessels from the Seacor Group in March.
2005	Listed at Oslo Stock Exchange in May.
2007-2011	New building program – 13 vessels delivered from Norwegian yards, 12 vessels from Havyard – Four vessels operated out of Singapore.
2011	Havila Shipping acquired 5 PSVs and carried out a share issue with gross proceeds of approximately NOK 368 million.
2012	The Company entered into an agreement with Subsea 7 for the sale of its 50 % interest in the joint venture Acergy Havila Limited, which is the ship owning entity of the Diving Support Vessel "Seven Havila". The PSV vessel Havila Charisma was delivered. The Company carried out a private placement with gross proceeds of approximately NOK 200 million and the repurchase of the ownership interests in the two AHTS vessels MV Havila Mars and MV Havila Mercury.

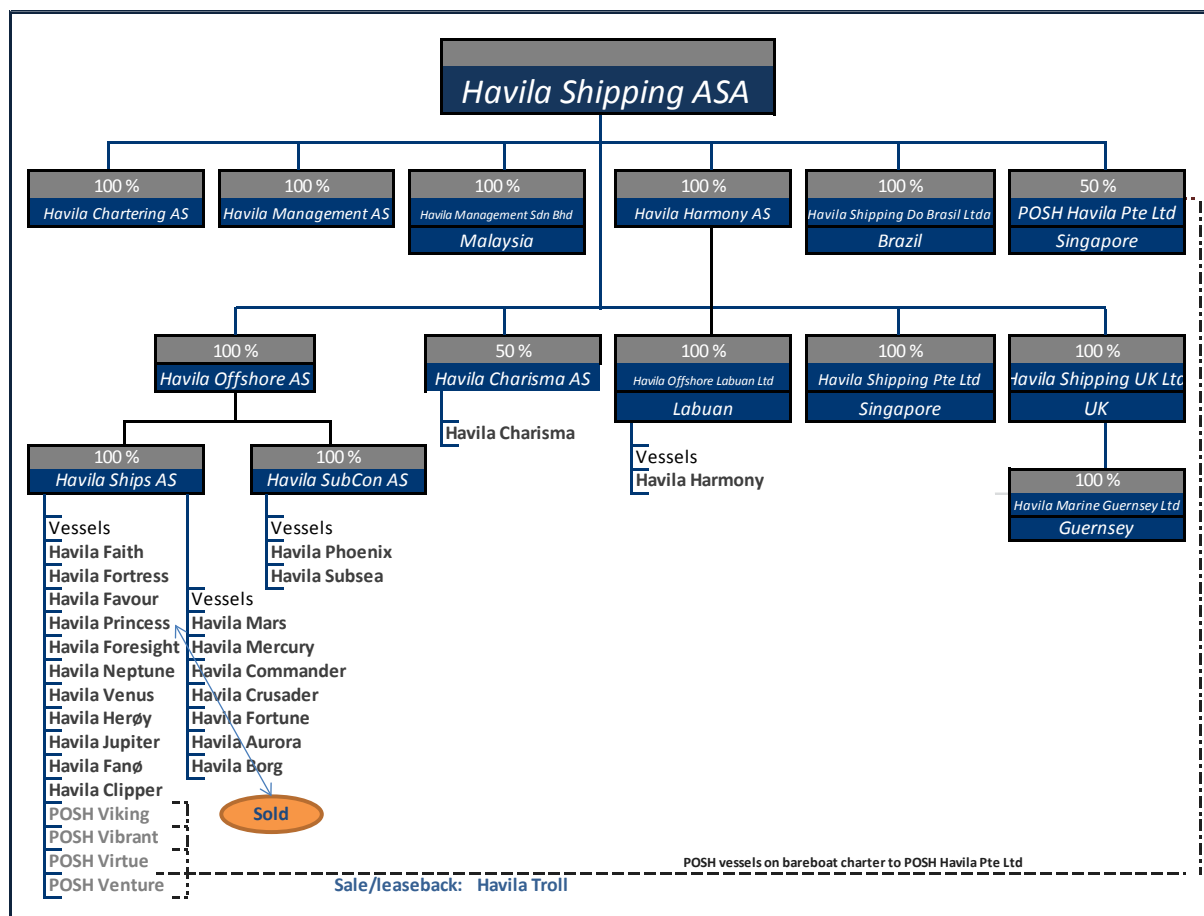
Year	Event
2013	The Company conducted a repair issue with gross proceeds of approximately NOK 10 million. The RRV vessel Havila Runde was sold.
2014	Reconstruction of Havila Phoenix and commencement of a 7 years contract with 4 years options.
2015	Two vessels were cold stacked: Havila Mars from October and Havila Neptune from November. Two year work secured for Havila Crusader with Premier Oil UK. Shell declared option for Havila Borg for one year. The Company entered into an agreement with its secured and unsecured bank lenders on 31 December to reduce amortisation for three years, postpone maturities and replace existing financial covenants, subject to certain conditions (the " Master Agreement ").
2016	On 16 February, the Company announced that the Master Agreement did not receive the required approvals. The Company agreed with its secured creditors not to pay interest accruing between 16 February 2016 and 30 September 2016. During this period, interest in the total amount of about NOK 135 million accrued. Following extended continued negotiations, a term sheet for the Restructuring Plan was entered into on 8 November 2016, cf. Section 5 above. Amendments to the Company's bond issues were approved by the requisite majority of bondholders in the Company's outstanding bonds on 13 December. The dayrate for Havila Phoenix reduced for a period in exchange of a contract extension of two years. Eight vessels were cold stacked: Havila Subsea from January, Havila Princess from February, Havila Faith from April, Havila Fortress from May, Havila Favour from October and Havila Mercury, Havila Fortune and Havila Borg from December. One of the laid up vessels, Havila Princess, was sold in November.
2017	An extraordinary shareholders meeting approved the Restructuring Plan on 4 January. Closing of the Restructuring Plan is expected to take place on 28 February 2017.

10.3 Group legal structure

Havila Shipping (the parent company) is a holding company, and the operations of the Group are carried out by the Group's operating subsidiaries as described below.

Except for POSH Havila Pte Ltd (50 %), Havila Charisma IS (50 % owned), all companies in the Group are wholly owned by Havila Shipping.

The following chart shows the subsidiaries of the Company and the legal structure of the Group:



10.4 Business description

10.4.1 General

Havila Shipping and its subsidiaries engage in shipping from its Norwegian head office in Fosnavåg and operate within the vessel business areas Anchor Handling Tug Supply (AHTS), Platform Supply Vessel (PSV), Rescue Recovery Vessel (RRV) and Subsea Operations (Subsea).

Havila Shipping ASA is the manager for all the vessels in the Group except from four of the AHTS vessels (Posh-vessels) which are rented out on bareboat charter to the 50 % owned company Posh Havila Pte Ltd in Singapore. The other vessels are on timecharter contracts with the charterer. As manager for the vessels, Havila Shipping ASA provides services such as chartering, organizing- and managing of the vessel's operations and functions, supervision of the repair- and maintenance regime and crew management.

The Company's vessels operate worldwide, but have their main operation in the Norwegian, Danish and UK sector of the North Sea. As of today, the eight PSV vessels and the one RRV vessel which are on firm contracts operate in the Norwegian, Danish and UK sector with three vessels in each sector. One of the subsea vessels has operated in the UK and German sector this year and one has operated in Malaysia, Australia and the Indian Ocean/South China Sea. The two spot vessels (AHTS) operate both in the Norwegian and UK sector. The nine vessels which are laid-up have operated in the North Sea, Brazil and West Africa,

The Group has around 450 maritime employees and 41 administrative staff. The business is organized mainly through the 100 % owned shipowning companies Havila Ships AS and Havila Subcon AS. The seafarers are

employed in the parent company Havila Shipping ASA and in Havila Marine Guernsey Ltd, and the administration is employed in Havila Management AS.

The Company has offices in Singapore through the 50 % owned company POSH Havila Pte Ltd. The Company also has offices in Brazil with three employees and Aberdeen with one employee. In October 2013, an office in Labuan was established with one employee. This office was closed down in 2016.

The Company is involved in the operation of 26 vessels, including: (i) nine AHTS vessels (four of which are operated by the 50 % owned company Posh Havila Pte Ltd in Singapore, two of which are laid-up since November 2015, one of which has been laid-up since December 2016); (ii) 14 PSVs (one of which is owned externally and one of which is 50 % owned, one of which has been laid-up since April 2016, one since May 2016, one since October 2016, two since December 2016); (iii) one rescue recovery vessel (bareboat) and; (iv) three subsea vessels.

10.4.2 Anchor Handling Tug Service

The Group's AHTS vessels are organized and operate under the Group's business area for Anchor Handling Tug Supply. The AHTS vessels are mainly being used for moving of rigs, putting out of anchors, as well as for supply services. The vessels are normally larger and more expensive than for instance PSV-vessels, and equipped with winches and cranes. The North-Sea is dominated by larger AHTS vessels, between 12,000-35,000 BHP (Brake Horse Power).

The Group currently has nine AHTS vessels in operation and no newbuild contracts for AHTS vessels. Two of the vessels are operating in the spot market, three vessels are laid-up and four vessels are rented out on bareboat charter to the 50 % owned company Posh Havila Pte Ltd in Singapore. See Section 10.5 "Company overview – The fleet" for particulars on the AHTS vessels and Section 10.5.2 "Company overview – The fleet – Contract status" for further information on the contracts under which the Group's AHTS vessels are operating.

10.4.3 Platform Supply Vessel Service

The Group's PSVs are organized and operate under the Group's business area for Platform Supply Vessel Service. The PSVs carry goods, water, drilling mud, chemicals, etc. to and from the offshore installations. The PSVs has a larger share of vessels on longer, firm contracts.

The Group currently has 14 PSVs and no newbuild contracts. The Group's PSVs operate on contracts with charterers such as Mærsk, Statoil, Premier Oil and Total. See Section 10.5 "Company overview – The fleet" for particulars on the Group's PSVs and Section 10.5.2 "Company overview – The fleet – Contract status" for further information on the contracts under which the Group's PSVs are operating.

10.4.4 Rescue Recovery Vessel Service

The Group's rescue recovery vessel is organized and operated under the Group's business area for Rescue Recovery Vessel Service. Such vessels cover security services, such as oil spill preparedness, fire protection and operation of rescue- and recovery vessels at the oil installations. The Group's rescue recovery vessel is a specially built vessel, equipped with larger pickup boats, helipad and firefighting equipment and hospital inside.

The Group currently has one rescue recovery vessel in operations and no newbuild contracts. See Section 10.5 "Company overview – The fleet" for particulars on the Group's rescue recovery vessels and Section 10.5.2 "Company overview – The fleet – Contract status" for further information on the contract under which the Group's rescue recovery vessel is operating.

10.4.5 Subsea Operations vessels

The Group's subsea vessels are organized and operated under the Group's business area for Subsea Operations. These vessels used for under water construction work, as well as for support for under water operations. The Group's subsea vessels are equipped with larger cranes, dynamic positioning system (DP), helipad and with a high degree of manning capacity and are often divided into the following categories:

- MPSV – Multi-purpose supply vessel. Larger PSV's, with extra equipment, adapted to different under water operations.
- OCV – Offshore construction vessel. Larger offshore construction vessels, normally equipped with large crane capacity and a larger deck area.
- DSV - Dive support vessel. A diving vessel, which, in addition to the crane capacity also has a diving system and a ROV (a remote controlled minisubmarine).

The Group currently has three vessels categorized as subsea vessels, with two of them in operations, one has been laid-up since January 2016 and no newbuild contracts. See Section 10.5 "Company overview – The fleet" for particulars on the Group's subsea vessels and Section 10.5.2 "Company overview – The fleet – Contract status" for further information on the contracts under which the Group's subsea vessels are operating.

10.4.6 Competition facing the Group

Havila Shipping is one of largest suppliers of offshore service vessels for Statoil and Maersk¹. As of today, Havila Shipping has long term contracts for three vessels with both Statoil and Maersk.

The Company considers its main competitors to be Farstad Shipping ASA, Solstad Offshore ASA, Olympic Shipping AS and DOF ASA.

10.5 The fleet

10.5.1 Overview

Havila Shipping operates 26 vessels within subsea construction, anchor handling, platform supply vessels and multi-field rescue recovery vessels. Four of the vessels are operated by the joint-venture company in Singapore, Posh Havila Pte. Ltd. As of the date of this Prospectus, the Group has no newbuilds.

The table below sets out an overview of the 26 vessels which are managed, leased or owned directly or indirectly by the Group as of the date of this Prospectus. In addition, the Company operates another vessel through a management agreement – see Section 10.5.2 "Management agreements".

Vessel name	Type of vessel	Charterer	Built	Size
Havila Fanø	PSV	Maersk Olie og Gas AS	2010	4,000 dwt
Havila Herøy	PSV	Maersk Olie og Gas AS	2009	4,000 dwt
Havila Princess	PSV	Cold stacked from February 2016 and sold November 2016	2005	3,691 dwt
Havila Foresight	PSV	Statoil Petroleum AS	2008	4,800 dwt
Havila Fortress	PSV	Cold stacked from May 2016	1996	4,500 dwt
Havila Favour	PSV	Cold stacked from October 2016	1999	4,679 dwt
Havila Faith	PSV	Cold stacked from April 2016	1998	4,627 dwt
Havila Commander	PSV	Total E&P UK Limited	2010	4,900 dwt

¹ Source: Company

Havila Clipper	PSV	Maersk Olie og Gas AS	2011	4,000 dwt
Havila Crusader	PSV	Premier Oil UK Limited	2010	4,900 dwt
Havila Charisma	PSV	Statoil Petroleum AS	2012	4,976 dwt
Havila Aurora	PSV	Total E&P UK Limited	2009	3,205 dwt
Havila Borg	PSV	Cold stacked from December 2016	2009	4,000 dwt
Havila Fortune	PSV	Cold stacked from December 2016	2008	3,205 dwt
Havila Harmony	Subsea	Being marketed for work.	2005	93 meters
Havila Phoenix	Subsea	DeepOcean 1 UK Limited	2009	110 meters
Havila Subsea	Subsea	Cold stacked from January 2016 to March 2017. Contract with Reach Subsea AS with start-up 1-10 March 2017.	2011	98 meters
Havila Troll	RRV	Statoil Petroleum AS	2003	2,335 dwt
Havila Mercury	AHTS	Cold stacked from December 2016	2007	18,000 BHP
Havila Mars	AHTS	Cold stacked from Oct 2015	2007	18,000 BHP
Havila Jupiter	AHTS	Spot	2010	25,000 BHP
Havila Venus	AHTS	Spot	2009	25,000 BHP
Havila Neptune	AHTS	Cold stacked from Nov 2015	2008	17,500 BHP
POSH Viking	AHTS	Posh Havila Pte Ltd - bareboat	2008	8,000 BHP
POSH Vibrant	AHTS	Posh Havila Pte Ltd - bareboat	2008	8,000 BHP
POSH Virtue	AHTS	Posh Havila Pte Ltd- bareboat	2009	8,000 BHP
POSH Venture	AHTS	Posh Havila Pte Ltd - bareboat	2009	10,000 BHP

10.5.2 Management agreements

The Company is the manager for the vessel "Polarsyssel" owned by Fafnir Offshore hf. The management agreement covers technical, crew and commercial management. The manager receives a monthly market based fixed fee for the service. The contract period is one year from 20 April 2016 plus options to be agreed. The management agreement can be terminated with two months' notice.

10.5.3 Contract status

As of the date of this Prospectus, the Group's fleet contract status is as follows:

Vessel name	Type of vessel	Built	Design	Firm until	Options *1)
Havila Fanø	PSV	2010	Havyard 832	30/08/2020	3 x 1 year
Havila Herøy	PSV	2009	Havyard 832	07/12/2019	3 x 1 year
Havila Princess	PSV	2005	VS 470	SOLD	
Havila Foresight	PSV	2008	VS 483	01/07/2017	4 x 6 months
Havila Fortress	PSV	1996	VS 483	Lay up	
Havila Favour	PSV	1999	VS 483	Lay up	
Havila Faith	PSV	1998	VS 483	Lay up	
Havila Commander	PSV	2010	VS 485	14/04/2017	2 x 1 year
Havila Clipper	PSV	2011	Havyard 832	01/06/2017	
Havila Crusader	PSV	2010	VS 485	30/06/2017	1 year
Havila Charisma	PSV	2012	Havyard 833 L	12/12/2017	3 x 1 year
Havila Aurora	PSV	2009	MT 6009 MKII	15/05/2017	6 x 1 month
Havila Borg	PSV	2009	Havyard 832	Lay up	
Havila Fortune	PSV	2008	MT 6009 MKII	Lay up	
Havila Harmony	Subsea	2005	MT 6010	Being marketed for work	
Havila Phoenix	Subsea	2009	Havyard 858	06/05/2023	2 x 1 year
Havila Subsea	Subsea	2011	Havyard 855	1-10/03/2020	2 x 1 year
Havila Troll	RRV	2003	UT 527	23/11/2017	1 + 2 years
Havila Mercury	AHTS	2007	UT 786	Lay up	
Havila Mars	AHTS	2007	UT 786	Lay up	
Havila Jupiter	AHTS	2010	Havyard 845	Spot	
Havila Venus	AHTS	2009	Havyard 845	Spot	
Havila Neptune	AHTS	2008	Havyard 842	Lay up	

POSH Viking	AHTS	2008	Focal Marine	31/12/2018 (bareboat)	
POSH Vibrant	AHTS	2008	Focal Marine	31/12/2018 (bareboat)	
POSH Virtue	AHTS	2009	Focal Marine	31/12/2018 (bareboat)	
POSH Venture	AHTS	2009	Focal Marine	31/12/2018 (bareboat)	

*1) The Charterer have the option to extend the charter period in direct continuation for the firm period.

In the period from 1 January 2014 to the date of this Prospectus, the following vessels have been laid-up:

- Havila Mars was laid up in October 2015 and remains in lay-up as of the date of this Prospectus.
- Havila Neptune was laid up in November 2015 and remains in lay-up as of the date of this Prospectus.
- Havila Subsea was laid up in January 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Princess was laid up from February 2016 until she was sold in November 2016.
- Havila Faith was laid up in April 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Fortress was laid up in May 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Favour was laid up in October 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Mercury was laid up in December 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Fortune was laid up in December 2016 and remains in lay-up as of the date of this Prospectus.
- Havila Borg was laid up in December 2016 and remains in lay-up as of the date of this Prospectus.

11 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

11.1 Board of Directors

11.1.1 Overview of the Board of Directors

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders by its articles of association or Norwegian law. The articles of association provide that the Company's Board of Directors shall consist of between three and seven Directors. The Directors are elected by the shareholders at the annual general meeting or any extraordinary general meeting called for that purpose.

Havila Shipping's current Board of Directors is composed of five members, all of which are elected by the shareholders. The names, positions and term of the members of the current Board of Directors are set out in the table below.

Name	Position	Served since	Term expires
Per Sævik	Chairman	2003	2017
Nina Skage.....	Director	2015	2017
Janicke W. Driveklepp..	Director	2003	2017
Hege Sævik Rabben.....	Director	2003	2017
Helge Aarseth	Director	2005	2017

The composition of the Company's Board of Directors is in compliance with the independence requirements of the current Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board on 30 October 2014 (the "**Corporate Governance Code**"). The Corporate Governance Code provides that a director is generally considered to be independent when he or she does not have any business, family or other relationships that might be assumed to affect his or her views and decisions.

All shareholder-elected directors are independent of the Company's significant business relations and large shareholders (shareholders holding more than 10 % of the Shares), except for Per Sævik and Hege Sævik Rabben, who represent the controlling shareholder Havila Holding AS, ref. Section 11.5 "Conflicts of interests, etc."

The Company's business address at Havilahuset, 6092 Fosnavåg, Norway, serves as c/o addresses for the members of the Board of Directors in relation to their directorships of the Company.

11.1.2 Brief Biographies of the members of the Board of Directors

Set out below are brief biographies of the members of the Board of Directors of the Company, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Board of Directors is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

Per Sævik, Chairman

Per Sævik (born 1940) has over 35 years experience in operation and management of fishing- and supply vessels. He is currently chairman and board member of several external companies, in addition to several companies in the Havila Group. Mr. Sævik was member of the Norwegian Parliament for a period of 4 years. Mr. Sævik is a Norwegian citizen and resides in Remøy, Norway.

Current directorships and management positions: Havila AS (MD), Pison AS (MD/C), Bratholm AS (C), Sæviking AS (C), Fosnavåg Parkering AS (C), Brattholm Invest AS (C), Sævard DA (C), Vestland Psv I AS (D), Drammenseiendommene AS (D), Hardhaus AS (AD), Havgapet AS (AD), Fosnavåg Vekst AS (C), Shincon AS (D), Kystruten AS (D), Vestlands Psv II AS (D), Norseia PSV AS (D), Innidimman AS (AD), Norminor AS (AD), Pantheon Eiendom AS (AD), P/F 6. September 2006 (D), P/F Skansi Offshore (D), P/F Eldborg (D), P/F Fridborg (AD), P/F Hotel Hafnia (D), P/F Havborg (D), Havyard Ship Invest AS (C)

Previous directorships and management positions last five years: Havyard Group AS (C), Havyard Ship Technology AS (C)

Nina Skage, Director

Nina Skage (born 1962) is managing director of the Norwegian School of Economics (NHH) in Bergen. From 1988 to 2013 Nina Skage held various leading positions in the Norwegian food industry group Rieber & Søn ASA. Skage has her education in business administration from St. Cloud State University, Minnesota. Ms. Skage is a Norwegian citizen and resides in Bergen, Norway.

Current directorships and management positions: Norwegian School of Economics (NHH) (MD), SiB-The Student Welfare Organization in Bergen (D), CCT Cloud Communication Tool (D), Bergen International Festival (D)

Previous directorships and management positions last five years: Orkla/Rieber & Son ASA (Business Development /Integration, D), Rieber & Son ASA (Personnel and organizational Development, D)

Janicke W. Driveklepp, Director

Janicke Westlie Driveklepp (born 1968) holds a Master in Science of Business, and is currently Chief Financial Officer at Vartdal Plastindustri AS. She has previously held positions as Vice President Organization in SafeRoad Group, Financial Manager/Executive Vice President at ScanaVolda AS in addition to being a senior associate of Ernst & Young AS in Oslo (1993-1997). She also holds a board position in Mesta AS. Ms. Westlie Driveklepp is a Norwegian citizen and resides in Volda, Norway.

Current directorships and management positions: Vartdal Plastindustri AS (Chief Financial Manager), Mesta AS (D), Fjord1 AS (D), VD Transport (C), Bakkane Invest AS (D) Norvestforum (AD)

Previous directorships and management positions last five years: SafeRoad Group (Vice President Organization), Volda og Ørsta Sparebank (AD), Høgskulen i Volda (D)

Hege Sævik Rabben, Director

Hege Sævik Rabben (born 1971) is now working for Havila AS. She is a trained children's nurse and has worked in a day care centre as a children's nurse. She is a member of several boards in the Havila Group. Ms. Sævik Rabben is a Norwegian citizen and resides in Remøy, Norway.

Current directorships and management positions: Havila AS (D), Hsr Invest AS (MD/C), Tangen 7 Invest AS (C), Havila Invest AS (C), Havborg I Eiendom ANS (C), Havblikk Investering AS (D), Sævard DA (D), Havborg 1 Invest AS (C), Ohi Eiendom AS (C), Nordic Mediatech AS (D), Havila Ariel AS (D), Havblikk Eiendom AS (D), Havyard Group ASA (D), Siva Sunnmøre AS (D), Sæviking AS (D), Frøystad Eiendom AS (D), Havila Holding AS (D), Havilafford AS (D), Fjord1 AS (AD)

Previous directorships and management positions last five years: Frøystad Fiskevegn AS (D), Arivest AS (AD), Bio Invest AS (AD), Biohus AS (C), Drammensveien 144 AS (C), Drammensveien 144 Eiendom AS (D), Drammensveien 144 Holding AS (D), Drammensveien 144 Holding AS (C), Drammensveien 144 Holding KS (C), Drammensveien 144 II AS (C), Fanafford AS (C), Fanafford KS (C), Fosnavåg Wellboat AS (D), Global Enviro AS (D), Global Enviro Eiendom AS (D), Havvåg AS (D), Havyard Power & Systems AS (D), Havyard Ship Technology AS (D), Stat Invest AS (AD)

Helge Aarseth, Director

Helge Aarseth (born 1947) is an attorney-at-law and holds a degree in law from the University of Oslo. He has worked in his private law firm since 1978. Previously he has been a consultant for the Finance Ministry and held the position as a lecturer at the University of Oslo. He also has held several board positions, among other president of the Norwegian Bar Association and chairman of Romsdals Fellesbank and Sparebanken Møre. Mr. Aarseth is a Norwegian citizen and resides in Molde, Norway.

Current directorships and management positions: Larhammer Aarseth Advokatfirma AS (MD/C), AS Bjørge & CO (C), Opplysningsvesenets Fond (AD), Jacob Bjørge AS (D), Micalsén Eiendom AS (AD)

Previous directorships and management positions last five years: Helse Nordmøre og Romsdal Hf (C), Sparebanken Møre (C), Norwegian Court Administration (DD), Romsdal Fellesbank ASA (C)

11.1.3 Remuneration and Benefits

The remuneration paid to the Board of Directors in 2016 was a total of NOK 1.38 million. The table below sets out the total remuneration paid to the members of the Board of Directors in 2016 (in NOK) for work performed in 2015.

Name	Position	Remuneration paid in 2016
Per Sævik	Chair	300,000
Helge Aarseth.....	Deputy chair	180,000
Janicke W. Driveklepp.....	Director	180,000
Roger Granheim.....	Director	180,000
Hege Sævik Rabben.....	Director	180,000
Nina Skage	Director	180,000
Kjartan Medle	Director	180,000

In the annual general meeting of the Company held on 9 May 2016, it was resolved that the remuneration to the Board members and members of the Audit Committee for 2015 shall be as follows:

Chairman of the Board.....	NOK 300,000
Deputy chairman of the Board	NOK 180,000
Members of the Board	NOK 180,000
Chairman of the audit committee	NOK 15,000
Members of the audit committee	NOK 10,000

None of the members of the Board of Directors or the Audit Committee have entered into any service contracts with the Company or any of its subsidiaries providing benefits upon termination of their employment.

11.1.4 Shares and options held by members of the Board of Directors and the Audit Committee

As of the date of this Prospectus, the members of the Board of Directors and the Audit Committee have the following shareholdings in the Company:

Name and position	Number of Shares
Per Sævik (Chairman) ¹⁾	0
Nina Skage (Director)	0
Janicke W. Driveklepp (Director).....	0
Hege Sævik Rabben (Director) ¹⁾	0
Helge Aarseth (Director).....	0

1)Per Sævik and Hege Sævik Rabben own 10 % and 30 % each of Havila Holding AS, which in turn owns 15,379,717 Shares.

As of the date of this Prospectus, none of the members of the Board or the Audit Committee holds any options for Shares in the Company.

11.1.5 Audit Committee

The Board of Directors has elected an audit committee amongst the members of the Board of Directors. The audit committee comprises directors Per Sævik (chairman), Janicke Driveklepp and Helge Aarseth, whereof the two latter are independent of the Company's main shareholder, Havila Holding AS. The primary task of the Audit Committee is to prepare the Board of Director's follow-up of the financial reporting process in accordance with laws and regulations, and to monitor the systems for internal control and risk management.

The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

11.2 Management

11.2.1 Overview

The management of the Company and each individual's number of shares held in the Company as of the date of this Prospectus are listed in the table below:

Name and position	Position	Number of Shares
Njål Sævik ¹⁾	CEO	0
Arne Johan Dale.....	CFO	21,000
Kjell Rabben	COO	0

1) Njål Sævik owns 30 % of Havila Holding AS, which in turn owns 15,379,717 Shares.

The Company has no share option schemes for the members of the management.

The Company's business address at Havilahuset, 6092 Fosnavåg, Norway, serves as c/o addresses for the members of the management in relation to their positions in the Company.

11.2.2 Brief biographies of the members of management

Set out below are brief biographies of the management of the Company, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

Njål Sævik — Chief Executive Officer

Mr. Sævik is a trained ship master and was educated in administration and management at Ålesund Maritime College, graduating in 1994. He has been the Chief Executive Officer of Havila Shipping since the Company was set up in 2003.

Current directorships and management positions: Emini Invest AS (D/C), Sæviking AS (D), Neptun Invest AS (C), Skipsrevyen AS (AD), (AD), Havila AS (C), KS Artus (D), Norwegian Hull Club – Gjensidig Assuranseforening (D), Sævard DA (D), Hareid Fastlandsamband AS (AD), Bratholm AS (AD), Offshore Service Vessel Group, Norwegian Shipowner Association (C), Norwegian Shipowner Association (DD), Ni Tankers AS (D), FOAS (D)

Previous directorships and management positions last five years: Odin ASA (D/C), Capital Partners AS (D), Havyard Group AS (D) Maritim Forum Nordvest (C, Havyard Ship Technology AS (AD)

Arne Johan Dale — Chief Financial Officer

Mr. Dale was appointed CFO of the Company in spring 2008. Mr. Dale is educated from Bankakademiet and different specialized fields from BI. Mr. Dale has previously held the position as Finance Manager of Glitnir

Bank ASA, former KredittBanken ASA in Ålesund, where he was a part of the leadership that established the bank in 1992.

Current directorships and management positions: Ajour Invest AS (C), Sunsoft AS (C), Dale Vindu og Interiør AS (C), Norwegian Group AS (C), Fosnavåg Konserthus AS (D)

Previous directorships and management positions last five years: none

Kjell Rabben — Chief Operating Officer

Mr. Rabben is a trained engineer from Møre og Romsdal University College, graduating in 1992. He has been the technical director of Havila Shipping since 2003 and since 2007 he has been holding the position as COO. Mr. Rabben has previous experience from offshore-related industries and held the position as technical director in Havila Supply ASA from 1998 to 2003.

Current directorships and management positions: Hsr Invest AS (AD), Fosnavåg Ocean Academy AS (AD)

Previous directorships and management positions last five years: Havyard Design & Engineering AS (D), Havyard Powertec AS (D), Fosnavåg Ocean Academy AS (D)

11.2.3 Remuneration and benefits upon termination of employment

The table below sets out the total remuneration paid to the members of the management in 2016 (in NOK million).

Name	Salary	Bonus paid	Pensions¹	Other remuneration²	Total remuneration
Njål Sævik (CEO)	2.051	0	0.159	0.288	2.498
Arne Johan Dale (CFO)	1.434	0	0.159	0.199	1.792
Kjell Rabben (COO)	1.520	0	0.159	0.020	1.699

¹ Defined contribution scheme

² Includes benefits such as company car, telephone and insurance.

None of the members of the management have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

11.3 Pensions

The accrued pension reserves excluding payments into funded pension schemes in respect of the members of the group management during 2016 amounted to approximately NOK 2.7 million. None of the members of the Board of Directors is entitled to any pension benefits from the Company.

11.4 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its directors or to any member of the management team of the Group.

11.5 Conflicts of interests etc.

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

The Chairman of the Board of Directors Per Sævik, director Hege Sævik Rabben and CEO Njål Sævik are, through their ownership in Havila Holding AS, indirectly the controlling shareholders of the Company. In addition, Hege Sævik Rabben and Per Sævik work for Havila AS. Havila AS is a 100 % owned subsidiary of Havila Holding AS.

Other than this, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors or the management has been selected and there are currently no other actual or potential conflicts of interest between the duties to the Company and the private interests or other duties of any of the members of the Board of Directors or management of the Company.

Per Sævik is the father of Hege Sævik Rabben and Njål Sævik, and Kjell Rabben is married to Hege Sævik Rabben. Other than this, there are no family relationships between any of the members of the Board of Directors or the management.

11.6 Corporate governance

The Board of Directors of Havila Shipping has adopted the current Corporate Governance Code of 30 October 2014. With the exceptions set out below, the Company's corporate governance principles are based on, and comply with, the Corporate Governance Code.

- Deviation from Section 9 of the Corporate Governance Code "*The work of the Board of Directors*" – the Board of Directors has not appointed a remuneration committee, which is due to the composition of the Board of Directors and the management of the Company.
- Deviation from Section 14 of the Corporate Governance Code "*Take-overs*" – due to the current shareholder structure the Company has not established guiding principles for how it will act in the event of a take-over-bid.

11.7 Employees

As of the date of this Prospectus, the Havila Group has a total of approximately 490 employees.

The table below reflects a breakdown of the number of employees of the Company and their geographic location as of 30 September 2016 and 31 December 2015 and 2014.

Location	30/9/2016	31/12/2015	31/12/2014
Fosnavåg	37	38	39
Rio de Janeiro	3	8	4
Labuan	0	1	1
Aberdeen	1	1	1
Offshore	450	750	800
Total	491	798	845

12 SELECTED FINANCIAL INFORMATION

12.1 Introduction

The selected consolidated financial data for the Company set forth in this section has been derived from the Company's financial statements for the three and nine month periods ended 30 September 2016 and 2015 (unaudited) and for the years ended 31 December 2015 and 2014 (audited). The selected consolidated financial data set forth in this section should be read in conjunction with the financial statements as incorporated by reference in this Prospectus (ref. Section 17.3 "Incorporation by reference"). The Company's financial statements may also be inspected at the Company's website www.havila.no or be obtained, free of charge, at the offices of the Company at Havilahuset, NO-6092 Fosnavåg, Norway.

The Company's financial statements for the financial years ended 31 December 2015 and 2014, and for the three and nine month periods ended 30 September 2016 and 2015, have been prepared in accordance with IFRS, as adopted by the EU.

The Company's auditor is Ernst & Young AS, Thormøhlens gate 53D, 5006 Bergen, Norway. Ernst & Young AS and its auditors are members of The Norwegian Institute of Public Accountants (*Norwegian: Den Norske Revisorforening*). The Company's consolidated financial statements for the financial years ended 31 December 2015 and 2014 have been audited by Ernst & Young AS. The consolidated financial statements for the three month periods ended 30 September 2016 and 2015 are unaudited.

The audit report included in the financial statements for the financial year ended 31 December 2015 contains the following "emphasis of matter" (*Norwegian: "presisering"*) (see page 127 of the statements):

Emphasis of matter

Without qualifying our opinion, we draw the attention to the Board of Directors report and note 4.3 to the financial statements, which states that the Company is dependent on an agreement with its creditors to postpone instalments and/or injection of new equity to continue as a going concern. The financial statements do not reflect impairment charges or provisions that might be required if the Company was liquidated or the assets sold in a distressed situation.

The Company has addressed the need for an agreement with its creditors as described through the Restructuring Plan as further described in this Prospectus.

The amounts from the financial statements are presented in NOK, rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statement information may not add up to the total of that row or column.

The selected consolidated financial data set forth below may not contain all of the information that is important to a potential purchaser of shares in the Company, and the data should be read in conjunction with the relevant consolidated financial statements and the notes to those statements.

Certain financial data in the tables below have been rounded. As a result of this, the totals of data presented in the tables below may vary slightly from the actual arithmetic totals of such data.

12.2 Summary of accounting policies and principles

Please refer to note 2 of the annual report for 2015, as incorporated by reference into this Prospectus for a full summary of the Company's accounting policies.

12.3 Selected consolidated financial information

12.3.1 Consolidated statement of comprehensive income

The table below summarizes the consolidated statement of comprehensive income for the Company for the years ended 31 December 2015 and 2014, and the three and nine month periods ended 30 September 2016 and 2015.

	For the three months ended 30Sept		For the nine months ended 30 September		For the year ended 31 December	
	2016	2015	2016	2015	2015	2014
<i>NOK 1,000</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Freight income	248 081	391 589	830 933	1 188 072	1 543 699	1 698 716
Net foreign currency gain/loss	-880	-24 549	518	-8 734	-7 605	-37 342
Other income	6 231	10 650	17 086	25 177	30 681	29 423
Profit on sale of fixed assets	0	0	0	0	0	0
Total operating income and profit on sale of fixed assets	253 433	377 689	848 537	1 204 514	1 566 775	1 690 796
Crew expenses	-76 906	-117 221	-266 901	-366 721	-480 979	-476 948
Vessel expenses	-24 729	-37 509	-81 669	-116 968	-144 194	-183 731
Hire expenses	-17 617	-23 923	-64 286	-70 367	-94 938	-73 111
Other operating expenses	-21 618	-21 165	-63 966	-69 207	-98 275	-102 503
Total operating expenses	-140 870	-199 818	-476 823	-623 263	-818 386	-836 294
Operating income before depreciation ..	112 563	177 871	371 714	581 251	748 389	854 502
Depreciation	-79 745	-82 908	-242 553	-247 275	-327 129	-268 689
Writedown of fixed assets/Impairment	0	0	0	0	-1 388 300	0
Operating result	32 818	94 963	129 160	333 976	-967 040	585 813
Financial income	25 226	1 764	71 895	11 526	13 143	7 251
Financial expenses	-97 034	-154 820	-286 065	-394 877	-524 403	-556 727
Net financial items	-71 809	-153 056	-214 170	-383 351	-511 260	-549 477
Result from joint venture companies	-13 834	-7 170	-24 916	-17 103	-30 632	3 278
Profit before tax	-52 824	-65 263	-109 926	-66 478	-1 508 932	39 615
Taxes	-12 499	-7 047	-8 071	-17 159	-17 729	-36 023
Profit	-65 323	-72 311	-117 997	-83 638	-1 526 661	3 592
Profit distributed by:						
Controlling interest	-65 323	-72 311	-117 997	-83 638	-1 526 661	3 592
Total	-65 323	-72 311	-117 997	-83 638	-1 526 661	3 592
Earnings per share	-2.16	-2.40	-3.91	-2.77	-50.59	0.12
Diluted earnings per share	-2.16	-2.40	-3.91	-2.77	-50.59	0.12
Actuarial gains and losses, net of tax, will not be reclassified to profit and loss....	0	0	0	0	6 628	-4 642
Other comprehensive income that will not be reclassified to profit or loss, net of tax	0	0	0	0	0	0
Exchange differences on translation of foreign operations, will be reclassified to profit and loss	-3 235	-6 107	1 355	-4 719	335	1 548
Total comprehensive income	-68 558	-78 418	-116 642	-88 357	-1 519 699	498
Total profit distributed by:						
Controlling interest	-68 558	-78 418	-116 642	-88 357	-1 519 699	498
Total	-68 558	-78 418	-116 642	-88 357	-1 519 699	498

12.3.2 Consolidated balance sheet

The table below summarizes the consolidated balance sheet for the Company as at 31 December 2015 and 2014 and as of 30 September 2016 and 2015.

Assets	30 September		31 December	
	2016	2015	2015	2014
<i>NOK 1,000</i>	Unaudited	Unaudited	Audited	Audited
Fixed assets				
Intangible assets				
Deferred tax assets	0	6 404	2 448	6 404
Total intangible assets	0	6 404	2 448	6 404
Tangible fixed assets				

Assets	30 September		31 December	
	2016	2015	2015	2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Vessels	5 604 700	7 293 600	5 837 000	7 467 143
Buildings, movables and fixtures	5 229	5 638	5 851	4 594
Total tangible fixed assets	5 609 929	7 299 238	5 842 851	7 471 737
Financial fixed assets				
Investments in joint venture company	67 824	64 759	63 079	63 278
Derivatives	0	0	0	0
Shares	356	5 205	1 326	5 205
Long term receivables	46 745	7 753	9 422	10 966
Total financial fixed assets	114 925	77 718	73 827	79 450
Total fixed assets.....	5 724 854	7 383 360	5 919 126	7 557 590
Current assets				
Fuel and other stocks	17 222	18 713	16 459	18 564
Trade receivables and other receivable	259 704	444 592	393 994	446 649
Derivatives	433	5 467	0	139
Bank deposit.....	446 676	310 259	204 649	350 812
Total current assets	724 035	779 032	615 102	816 163
Total assets.....	6 448 889	8 162 391	6 534 228	8 373 754

The values of the Group's vessels are accounted for on the basis of historic cost minus provisions for depreciation.

Equity and liabilities	30 September		31 December	
	2016	2015	2015	2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Equity				
Paid in equity				
Share capital	15 090	377 245	377 245	377 245
Share premium	344 351	344 351	344 351	344 351
Total paid in equity.....	359 441	721 596	721 596	721 596
Retained earnings				
Retained earnings	26 321	1 212 151	-219 191	1 300 507
Total retained earnings	26 321	1 212 151	-219 191	1 300 507
Total equity	385 762	1 933 747	502 405	2 022 103
Liabilities				
Provision for liabilities				
Deferred tax.....	66 601	83 625	63 681	83 625
Pension liabilities	4 407	10 002	4 407	10 002
Liabilities to joint venture.....	58 664	19 850	32 978	0
Other liabilities	3 966	0	4 788	0
Total provisions for liabilities.....	133 639	113 477	105 854	93 627
Other-non-current liabilities				
Borrowings.....	0	4 398 615	0	5 011 592
Derivatives	5 459	18 917	15 258	22 827
Other non-current liabilities	20 109	12 420	10 630	12 333
Total other non-current liabilities	25 568	4 429 952	25 888	5 046 752
Total non-current liabilities	159 207	4 543 429	131 742	5 140 379
Current liabilities				
Trade payable	33 852	86 160	65 034	77 038
Tax payable.....	7 365	16 679	25 909	34 481
Derivatives	9 443	40 018	29 113	50 001
Other liabilities.....	979	5 926	981	7 302
Current liabilities of long term debt.....	5 556 296	1 328 997	5 640 366	898 759
Other current liabilities	295 986	207 434	138 677	143 690
Total current liabilities.....	5 903 920	1 685 215	5 900 081	1 211 271
Total liabilities	6 063 127	6 228 644	6 031 823	6 351 650
Total equity and liabilities.....	6 448 889	8 162 391	6 534 228	8 373 754
Equity and liabilities	30 September	30 September	31 December	31 December
	2016	2015	2015	2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Equity				
Paid in equity				

Equity and liabilities	30 September 2016	30 September 2015	2015	31 December 2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Share capital	15 090	377 245	377 245	377 245
Share premium	344 351	344 351	344 351	344 351
Total paid in equity	359 441	721 596	721 596	721 596
Retained earnings				
Retained earnings	26 321	1 212 151	-219 191	1 300 507
Total retained earnings	26 321	1 212 151	-219 191	1 300 507
Total equity	385 762	1 933 747	502 405	2 022 103
Liabilities				
Provision for liabilities				
Deferred tax	66 601	83 625	63 681	83 625
Pension liabilities	4 407	10 002	4 407	10 002
Liabilities to joint venture	58 664	19 850	32 978	0
Other liabilities	3 966	0	4 788	0
Total provisions for liabilities	133 639	113 477	105 854	93 627
Other-non-current liabilities				
Borrowings	0	4 398 615	0	5 011 592
Derivatives	5 459	18 917	15 258	22 827
Other non-current liabilities	20 109	12 420	10 630	12 333
Total other non-current liabilities	25 568	4 429 952	25 888	5 046 752
Total non-current liabilities	159 207	4 543 429	131 742	5 140 379
Current liabilities				
Trade payable	33 852	86 160	65 034	77 038
Tax payable	7 365	16 679	25 909	34 481
Derivatives	9 443	40 018	29 113	50 001
Other liabilities	979	5 926	981	7 302
Current liabilities of long term debt	5 556 296	1 328 997	5 640 366	898 759
Other current liabilities	295 986	207 434	138 677	143 690
Total current liabilities	5 903 920	1 685 215	5 900 081	1 211 271
Total liabilities	6 063 127	6 228 644	6 031 823	6 351 650
Total equity and liabilities	6 448 889	8 162 391	6 534 228	8 373 754

12.3.3 Condensed consolidated statement of changes in equity

The table below summarizes the condensed consolidated statement of changes in equity for the Company for the years ended 31 December 2015 and 2014 and nine month ended 30 September 2016 and 2015.

	30 September 2016	30 September 2015	For the year ended 31 December 2015	2014
NOK 1,000	Unaudited	Unaudited	Audited	Audited
Equity at the beginning of period	502 405	2 022 103	2 022 103	2 021 605
Profit	-117 997	-83 637	-1 526 661	3 592
Actuarial gains and losses	0	0	6 628	-4 642
Exchange differences on translation of foreign operations, will be reclassified to profit and loss	1 355	-4 719	335	1 548
Other comprehensive income that will not be reclassified to profit or loss, net of tax	0	0	0	0
Total comprehensive income	-116 642	-88 356	-1 519 699	498
Private placement	0	0	0	0
Issue expenses	0	0	0	0
Equity at the end of period	385 762	1 933 747	502 405	2 022 103

12.3.4 Condensed consolidated cash flow statement

The table below summarizes the condensed consolidated cash flow statement for the Company for the years ended 31 December 2015 and 2014 and for the three and nine month periods ended 30 September 2016 and 2015.

<i>NOK 1,000</i>	For the three months ended 30 September		For the nine months ended 30 September		For the year ended 31 December	
	2016	2015	2016	2015	2015	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Cash flow from operating activity	102 888	85 667	288 678	283 637	361 710	376 724
Cash flow from investing activity	272	-8 940	-8 530	-73 266	-83 852	-219 560
Cash flow from financing activity	0	-88 738	-14 127	-255 390	-431 118	-219 181
Net changes in cash and cash equivalents	103 160	-12 011	266 020	-45 019	-153 260	-62 018
Cash and cash equivalents at start of period	359 393	319 545	204 649	350 812	350 812	402 696
Net currency exchange differences	-15 876	2 725	-23 993	4 466	7 097	10 134
Cash and cash equivalents at end of period	446 676	310 259	446 676	310 259	204 649	350 812

12.4 Segment information

The following table sets forth the Company's turnover (inclusive profit from sale of assets) divided between the six main segments of activities:

<i>NOK 1,000</i>	30 September	30 September	For the year ended 31 December	
	2016	2015	2015	2014
	Unaudited	Unaudited	Audited	Audited
AHTS – anchor handling tug service	156 843	189 658	239 006	499 834
AHTS – anchor handling tug service Asia	36 336	57 325	69 804	61 570
PSV – platform supply vessel	374 479	585 040	744 793	733 810
RRV – rescue recovery vessel	49 032	47 758	65 131	49 418
Subsea operations vessel	213 971	313 495	427 492	363 562
Non-allocated (incl. management costs)	17 876	11 238	20 549	-17 398
Total	848 537	1 204 514	1 566 775	1 690 797

13 INVESTMENTS, CAPITAL RESOURCES AND BORROWINGS

13.1 Property, plant and equipment

The Company operates five AHTS vessels, 14 PSVs, three subsea vessels and one rescue vessel. Four vessels are operated by others. One of the PSVs is owned by an external company and one is 50 % owned. The rescue vessel is leased. The other vessels are recognized in the financial statements as "Vessels". For further details of the Group's vessels in operation, see Section 10.5 "Company description — The Fleet".

The Company has a system in place for continuous and ongoing measurement of emissions into the environment. The Company has a focus on establishing measures that will improve the impact that its products and services have on the environment. The Company's newest vessels are equipped with catalysts to reduce NOx emissions, and existing tonnage is modified with new and improved incineration technology for the main machinery. Eco-friendly incinerators for burning waste onboard have also been installed. Designs for the newest vessels are developed with a vision of optimal hull shapes with minimal water resistance to reduce fuel consumption. The Company has also carried out measures to try to use chemicals that are more eco-friendly wherever possible. The Company has implemented the aforementioned measures to comply with applicable environmental laws and to meet the demands of its customers.

13.2 Principal investments

13.2.1 Historical investments

The Group has, in the period from 1 January 2014 to the date of this Prospectus, invested in required periodical maintenance and classification for the vessels and a reconstruction of a vessel related to a seven years contract (firm contract amended to nine years) with total invested amount as described below.

Below is a summary of the Group's principal investments carried out in 2014, 2015, 2016 and to the date of this Prospectus.

2014:

- Reconstruction of a vessel in the amount of NOK 117 million related to a 7 year contract
- Periodical maintenance and classification costs for 13 vessels in the amount of NOK 89 million
- Vessel improvements for one vessel in the amount of NOK 5 million
- Improvements on vessels in the amount of NOK 8 million related to new contracts
- Refund related to NOx-reducing measures in the amount of NOK 1 million

2015:

- Periodical maintenance and classification costs for 11 vessels in the amount of NOK 76 million
- Vessel improvements for one vessel in the amount of NOK 8 million

2016

- Periodical maintenance and classification costs for 3 vessels in the amount of NOK 9.6 million

2017 until the date of this Prospectus

- So far no periodical maintenance has been completed.

The table below shows the historical investments of the Group for the period 2014 to 2016:

<i>In NOK millions</i>	30 September	31 December	
	2016 (unaudited)	2015	2014
Vessels.....	9	84	218
Fixture and fittings.....	1	2	1
Joint venture company.....	0		0
Shares.....	0		5
Lending.....	0		2
Total.....	10	86	226

The table below shows sale of assets in the same period as for investments above. See Section 12.3.4 "Selected financial information – Selected consolidated financial information – Cash flow statement" for information on net cash flow from investing activity:

<i>In NOK millions</i>	30 September	31 December	
	2016 (unaudited)	2015	2014
Vessels.....	0	0	0
Fixture and fittings.....	0	0	0
Joint venture company.....	0	0	0
Repayment of loans.....	0	0	0
Interest income.....	1	3	6
Total.....	1	3	6

13.2.2 *Investments in progress and future principal investments*

As of the date of the Prospectus, the Company has no investments in progress or any plans for further investments other than operationally required in the ordinary course of business. Such investments will depend on customers' needs for changes or reconstruction of equipment onboard a particular vessel. Each potential investment will be considered based on obtainable commercial terms and profitability. Considering also the extensive diversification of each vessel's operations, the extent of the need for future investments is highly uncertain.

Some of the Group's loan agreements contain restrictions on investments.

13.3 **Working capital statement**

As per the date of this Prospectus, the Company does not have sufficient working capital for its present requirements. Without the Restructuring Plan in place, the Company would most likely be obliged to file for bankruptcy within short time.

The implementation of the Restructuring Plan is moving forward according to plan with closing scheduled to take place on 28 February 2017 (the Restructuring Implementation Date). Requirements have so far been met according to plan, and the Company is not aware of any material circumstances which may prevent closing of the transaction.

The combined effect of the various elements of the Restructuring Plan will be, once closed, that the Company will have sufficient working capital for at least the next twelve months. This is achieved primarily through amended amortisation, but also through (i) new capital (equity and convertible loans), (ii) amended maturities, (iii) amended interest payments, (iv) full and final settlement of unsecured debt and (v) amended financial covenants, all as further described in Section 13.6.3.

13.4 **Significant changes, trends and other factors affecting results**

Other than the implementation of the Restructuring Plan, as described in Section 5 with further references, the Company has not experienced any changes or trends that are considered significant to the Group since 30

September 2016 and to the date of this Prospectus. The effects of the Restructuring Plan on the Company's financial position are described below in Sections 13.5 and 13.6.

Havila Shipping believes that the following material factors may have effect on results:

- The Group's business depends on the demand and supply for tonnage providers such as Havila Shipping. The level of activity in the oil service industry, and consequently, the Group's profitability, are directly related to factors such as a long term decline in the oil price as it results in a decline in the offshore oil and gas exploration activity and the commencement of new production. In addition, increased competition for tonnage providers may result in a decline in demand for the Group's services, or, alternatively, result in significant price competition.
- The Group operates in a capital intensive industry and has significant amounts of debt. The Group's existing debt arrangements are mainly long-term loans at a floating interest. A significant increase in interest rates will thus have certain effects on the Company's cash flow and financial condition.

13.5 Capitalization and indebtedness

13.5.1 Overview

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 12.3 "Selected financial information" and the financial statements and related notes, incorporated into this Prospectus by reference.

The following tables sets forth information about the Group's unaudited consolidated capitalization and indebtedness as of 30 September 2016. Below the tables are included comments reflecting the expected effects of significant changes having occurred thereafter:

<i>(In NOK millions)</i>	30 September 2016 <i>(Unaudited)</i>	Calculated effects of the Restructuring <i>(Unaudited)</i>	As adjusted <i>(Unaudited)</i>
Indebtedness			
Total current debt	5,904 ¹	-1,640.8 ²	4,263.2
Guaranteed	-	-	-
Secured.....	4,599	- 335.0	4,264.0
Unguaranteed/unsecured	1,305	- 1,301.1	3.9
 Total non-current debt (excluding current portion of long term debt).....	 159 ³	 -	 159
Guaranteed	-	-	-
Secured.....	-	-	-
Unguaranteed/unsecured	159	-	159
Total indebtedness	6,063⁴	-1,640.8	4,422.2
 Shareholders' equity			
Share capital	15	- 2.0	13
Legal reserve	-	-	-
Other reserves	371	1,530.8	1,901.8
Total equity	386⁵	1,528.8⁶	1,914.8
Total capitalization	6,449	-112⁷	6,337.0

¹ Q3 2016 accounts: Total current liabilities

² See Section 13.5.3, subsections 2e and 3h

³ Q3 2016 accounts: Total non-current liabilities. Note that this amount is considered non-current assuming completion of the Restructuring.

⁴ Q3 2016 accounts: Total liabilities

⁵ Q3 2016 accounts: Total equity

⁶ See Section 13.5.3, subsection 4j

⁷ See Section 13.5.3, subsection 1g

Apart from the effects of the Restructuring, the prolonged weakness of the underlying market for the Company's services has also given rise to an ongoing assessment of the carrying value of the Company's assets. It is likely that this assessment will result in a material revaluation of the assets on the Company's balance sheet which is expected to be reported in the Company's accounts for the fourth quarter of 2016. While this will have a severe negative impact on the booked equity value, it will not have any impact on liquidity nor on the Company's operations, nor will it give rise to any requirement for extraordinary debt repayment under the Company's amended terms of financing following the Restructuring.

The secured debt is secured by pledges over the Group's vessels and to some extent also by assignment of earnings and assignment of insurances.

<i>(In NOK millions)</i>	Calculated effects of the		
	30 September 2016	Restructuring	As adjusted
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net indebtedness			
(A) Cash	-	-	-
(B) Cash equivalents (detail)	447 ¹	- 112 ²	335.0
(C) Trading securities	-	-	-
(D) Liquidity (A) + (B) + (C)	447	- 112	335.0
(E) Current financial receivables	277³	-	277
(F) Current bank debt	-	-	-
(G) Current portion of non-current debt	5,557 ⁴	- 1,285.0 ⁵	4,272.0
(H) Other current financial debt	347 ⁶	- 355.8 ⁷	-8.8
(I) Current financial debt (F) + (G) + (H)	5,904	- 1,640.8	4,263.2
(J) Net current financial indebtedness (I) - (E) - (D)	5,176	1,738.1	3,437.9
(K) Non-current bank loans	-	-	-
(L) Bonds issued	-	-	-
(M) Other non-current loans	159 ⁸	-	159
(N) Non-current financial indebtedness (K) + (L) + (M)	159	-	159
(O) Net financial indebtedness (J) + (N)	5,335	- 1,738.1	3,596.9

¹ Q3 2016 accounts: Bank deposit

² See Section 13.5.3, subsection 1g

³ Q3 2016 accounts: Fuel and other stock + trade receivables

⁴ Q3 2016 accounts: Current liabilities of long term debt

⁵ See Section 13.5.3, subsection 3h

⁶ Q3 2016 accounts: Total current liabilities minus Current liabilities of long term debt

⁷ See Section 13.5.3, subsection 2e

⁸ Q3 2016 accounts: Total non-current liabilities

13.5.2 Comments

Following the date of the last published financial information (30 September 2016), the Restructuring Plan and its effects imply certain material changes which should be taken into consideration:

1. Equity issue: the Cash Private Placement towards Havila Holding AS will increase the equity and cash position by NOK 77 million.
2. The Anti-Dilution Protection Loan: Raising of this convertible shareholder loan will increase the equity and the cash position by NOK 41.2 million.
3. The Convertible Loan: Raising of this convertible loan will increase the equity and the cash position by NOK 46.2 million.
4. ROR Interest
 - a. The Restructuring Term Sheet addresses treatment of interest accrued before, under and after the ROR interest period (16 February to 30 September 2016).
 - b. Interest accrued before the ROR period started 16 February 2016 shall be added to the principal amount for each facility at the Restructuring Implementation Date. The calculated interest amount is NOK 31.3 million and will when effectuated increase long term debt (after reclassification of the debt) and reduce the other short term debt accordingly.
 - c. Interest calculated under the ROR interest period ended 30 September 2016 shall be converted to equity by issuing new shares for a total amount of NOK 135.2 million (the Conversion Private Placement). The conversion of accrued interest will increase the equity with NOK 135.2 million and reduce other short term debt accordingly.
 - d. Interest calculated for the period between 1 October 2016 and up to the Restructuring Implementation Date shall be paid in cash at the Restructuring Implementation Date. The after ROR interest amount is calculated to NOK 89.9 million and will reduce the cash position and reduce other short term debt accordingly. The after ROR interest amount is accrued after 3rd quarter accounts.
5. Unsecured debt
 - a. Unsecured debt amounting to NOK 950 million including accrued interest shall be repaid in full by issuing 500 million warrants and a cash payment equal to 15 % of the principal claims.
 - b. The value of the warrants is calculated to NOK 19.5 million and will be booked as a reduction of short term debt and will increase equity accordingly at the Restructuring Implementation Date.
 - c. The unsecured lenders will receive NOK 142.5 million in cash. The amount will reduce the cash position and the short term debt accordingly at the Restructuring Implementation Date.
 - d. The accrued interest booked as interest expenses and other short term debt amounting to NOK 65.1 million at end of 3rd quarter, will increase to NOK 99.4 million at the Restructuring Implementation Date.
 - e. In total, short term debt will be reduced by principal amount of NOK 950 million, whereof the warrants with a calculated value of NOK 19.5 million and NOK 142.5 million as cash payment are accepted as full settlement, while the remaining NOK 788.0 million is waived (settled). Other short term debt by accrued interest amount of NOK 99.4 million. Cash position will be reduced by NOK 142.5 million as cash payment, and the equity will increase with NOK 906.9 million as the net of principal amount, accrued interest, minus value of warrants and cash payment.
6. Non-Core Vessels I and III
 - a. As a part of the Restructuring the lenders of Non-Core Vessels I will on the Restructuring Implementation Date receive NOK 44 million as partly repayment of debt related to the four vessels. The amount will reduce the cash balance and the future long term debt accordingly.
 - b. The Company issues warrants to the banks financing Non-Core Vessels I and III (see Section 14.5.3). The warrants can be declared, and when declared, each warrant will give one Share in the Company at a price of NOK 0.981 per Share by converting remaining debt on sold vessels

to equity. The maksimum amount that can be converted to equity is NOK 312.4 million related to Non-Core Vessels I and NOK 111.0 million related to Non-Core Vessels III, equal to the remaining debt including any accrued and unpaid interest on the actual vessels.

- c. The debt related to the Non-Core Vessels will be kept as debt until sale of vessels. The debt will accrue interest, and for Non-Core Vessels III debt the interest will be paid. When a Non-Core Vessel is sold, the sales proceeds will be used as partly repayment of the related debt. The remaining debt on the actual vessel will be converted to equity by the lenders' execution of related warrants. The estimated loss will on Restructuring Implementation Date be booked as reduction of the related debt and increase of equity accordingly. The estimated loss on Non Core Vessel I is NOK 266.3 million. Estimated loss on Non Core Vessel II is estimated to NOK 56.0 million.

13.5.3 Summary of effects (references are to the Comments above)

					Reference
1.	Cash position				
a.	Cash Private Placement	NOK	+ 77.0	million	1
b.	Anti-Dilution Protection Loan	NOK	+ 41.2	million	2
c.	Convertible Loan	NOK	+ 46.2	million	3
d.	After ROR Interest payment	NOK	- 89.9	million	4 d
e.	Cash payment unsecured debt	NOK	- 142.5	million	5 c
f.	Cash payment Non-Core Vessels I	NOK	- 44.0	million	6 a
g.	Net effect on cash position reduced	NOK	- 112	million	
2.	Other short term debt				
a.	Before ROR Interest added to debt	NOK	- 31.3	million	4 b
b.	ROR Interest conversion	NOK	-135.2	million	4 c
c.	After ROR Interest payment	NOK	- 89.9	million	4 d
d.	Accrued interest on unsecured debt	NOK	- 99.4	million	5 d
e.	Reduction of other short term debt	NOK	- 355.8	million	
3.	Current liability of long term debt				
a.	Before ROR Interest added to debt	NOK	+ 31.3	million	4 b
b.	Estimated value of Warrants to unsec	NOK	- 19.5	million	5 b
c.	Cash offer unsecured debt	NOK	- 142.5	million	5 c
d.	Settled unsecured debt	NOK	- 788.0	million	5 e
e.	Cash payment Non-Core Vessels I	NOK	- 44.0	million	6 a
f.	Estimated value of NCV I warrants	NOK	- 266.3	million	6 c
g.	Estimated value of NCV III warrants	NOK	- 56.0	million	6 c
h.	Reduction of short term debt	NOK	- 1,285.0	million	
4.	Equity				
a.	Cash Private Placement	NOK	+ 77.0	million	1
b.	Anti-Dilution Protection Loan	NOK	+ 41.2	million	2
c.	Convertible Loan	NOK	+ 46.2	million	3
d.	Conversion Private Placement	NOK	+ 135.2	million	4 c
e.	Unsecured debt warrants	NOK	19.5	million	5 b
f.	Accrued interest unsecured debt	NOK	+ 99.4	million	5 d
g.	Settled unsecured debt (cash and warrants)	NOK	+ 788.0	million	5 e

h.	Estimated value of NCV I warrants	NOK	+ 266.3	million	6 c
i.	Estimated value of NCV III warrants	NOK	+ 56.0	million	6 c
j.	Increased equity	NOK	+ 1,528.8	million	

In summary, short term non-interest bearing debt will be reduced by NOK 355.8 million while interest bearing debt - which is classified as short term as a consequence of the ongoing Restructuring - will be reduced by NOK 1,285.9 mill. Total interest bearing debt is thus reduced from NOK 5.6 billion to about 4.3 billion.

Other than described in this Section 13.5, there have not been any significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published (i.e. since 30 September 2016).

13.6 Capital resources

13.6.1 Introduction

The Group's main source of capital resources is bank and bond market funding of vessels and for general purposes together with operating revenues generated by the vessels.

As of 30 September 2016, the Group's cash and cash equivalents amounted to NOK 446 million. The Group did not have any undrawn commitments under existing bank facilities. The Group had NOK 5.6 billion in interest bearing debt as of 30 September 2016, considered as short term following the ongoing restructuring process.

As of 30 September 2016, the Group had a booked equity ratio of 5.9 %.

The cash inflows from the vessels are in GBP, EUR, USD and NOK. The Group uses financial derivatives to hedge against the currency risk. Foreign exchange forward contracts are used to ensure rates of exchange for future cash inflows in foreign currencies.

Net cash flow from operation was NOK 362 million in 2015. Net cash flow from investing activities was NOK - 84 million in 2015, mainly related to periodical maintenance and classification costs. Net cash flow from financing activities was NOK -431 million in 2015, consisting of new long-term loans of NOK 733 million and repayment of loans of NOK 1,164 million.

Net cash flow from operation was NOK 289 million between 1 January and 30 September 2016. Net cash flow from investing activities was NOK -9 million, mainly related to periodical maintenance and classification costs. Net cash flow from financing activities was NOK -14 million, consisting of payment of instalments.

The earnings have been lower in 2016 compared to 2015, but the paid interests to the financial creditors are also lower since the Group has not paid any interests since February 2016. The costs related to periodical maintenance and classification are lower in 2016 compared to 2015, mainly because scheduled maintenance and classification work is postponed for the laid-up vessels. Repayment of loans and payment of instalments are lower in 2016 compared to 2015, because the Group has not repaid any loans or paid any instalments to the financial creditors since February 2016.

13.6.2 Existing debt arrangements

As of 30 September 2016, the Group had long term financing of vessels at about NOK 5.6 billion. The lenders for most of the vessels are Norwegian commercial and savings banks. For two of the vessels the long term financing is obtained by issuing secured bond loans.

As per the terms of the Restructuring Plan, all secured debt shall mature on 7 November 2020 while unsecured debt shall be repaid in full upon completion of the Restructuring Plan (cf. Section 13.6.3 below).

All vessels have NOK financing except four vessels which have USD. The long term vessel funding is margin based at different levels linked to a reference interest rate for the actual period.

The vessels have been pledged as security for the loans.

The Company's financing agreements contain cross-default clauses. Cross-default clauses put the borrower in default if the borrower (or relevant subsidiaries) defaults on certain other obligations.

Following completion of the Restructuring Plan there will be no change of control clauses in the Company's financing agreements. Consequently, there is no requirement for mandatory prepayment if Havila Holding AS directly or indirectly reduces its ownership interest in the Company below its current shareholding.

As per the terms of the Restructuring Plan, the main restrictive covenant under the facilities is minimum cash covenant of NOK 50 million on a consolidated basis (see Section 13.6.3 below). There are no limitations on transfer of funds to the Company from its subsidiaries under the Group's loan agreements.

13.6.3 Amendments to the Company's financing agreements

The Restructuring Plan contains the following main elements relevant for the Company's financing agreements:

(i) Amended amortisation:

- There shall be no fixed amortization, repayment or prepayment on the secured debt, with the exception of:
 - certain events of total loss and similar;
 - minimum annual amortization in the amount of USD 0.5 million in each of 2017, 2018, 2019 and 2020 on the debt facilities funding MV "Havila Jupiter" and MV "Havila Venus"; and
 - minimum amortization on the debt facility funding MV "Havila Phoenix" in the amounts of USD 0.5 million in Q4 2016, USD 2.2 million in 2017 and USD 2.9 million in 2018.
- Repayment of NOK 44 million on a debt facility funding Non-Core Vessels group I (see Section 13.5.2 subsection 6(a)) on the Restructuring Implementation Date.
- Amortization (sweep) on secured debt related to each of the Core Vessels shall be equal to 50 % of any positive net cash flow by the respective Core Vessel, provided that no cash sweep shall occur if and to the extent (i) such cash sweep would bring the Company below a cash sweep threshold of NOK 125 million in free and available cash (on a consolidated basis) (the "**Cash Sweep Threshold**") and (ii) the Company's (consolidated) normal costs, interest and amortization for the first following month would (had cash sweep occurred) bring the Company below the Cash Sweep Threshold. However, the limitations set forth in (i) and (ii) above shall not apply to the 50 % cash sweep from the net cash flow from MV "Havila Jupiter" and MV "Havila Venus".
- Interest and fixed amortisation during the runway period until 7 November 2020:

	2017	2018	2019	2020
Havila Phoenix Q4 2016	USD 500,000			
Havila Phoenix	USD 2,200,000	USD 2,900,000		
Havila Jupiter	USD 500,000	USD 500,000	USD 500,000	USD 500,000
Havila Venus	USD 500,000	USD 500,000	USD 500,000	USD 500,000
All core vessels	Minimum 50% of any net positive cash flow limited by the Cash Sweep Threshold For Havila Jupiter and Havila Venus the instalments are not limited by the Cash Sweep Threshold			
Interest	NOK 230,000,000 ¹ (accrues in 2017) + NOK 59,900,000 (accrued in 2016)	*	*	*

¹ Based on the current interest levels, assumes continued ownership in 2017 to Non Core Vessels (amount will be reduced to the extent vessels are sold).

* Payable interest for the years 2018-2020 will decrease from 2017 levels (i.e. from NOK 230,000,000) to the extent that (i) vessels are sold during the year in question, (ii) instalments are being paid as described in the table above, (iii) changes in interest levels and (iv) changes in applicable exchange rates.

(ii) Amended maturities:

- All secured debt shall mature on 7 November 2020.
- All unsecured debt to be repaid in full, see subsection (iv) below.

(iii) Amended interest payments:

- The ROR Interest shall be settled by conversion to equity by issuance of the Conversion Private Placement Shares, see Section 6.3.
- The debt pertaining to Non-Core Vessels group I shall accrue PIK interest of 5 per cent. p.a. from the Restructuring Implementation Date.
- The bonds under bond issue Havila Shipping ASA Senior Secured Callable Vond Issue 2011/2017, with ISIN NO 001 060502.5 and ISIN NO 001 060503.3 shall be merged into one tranche which shall have an interest rate of 3 months NIBOR + 450 bps p.a.

- Interest accruing on financial indebtedness financing a vessel which is classified as a "non-performing vessel" will be at 5 % and subject to PIK payment as of the date following which it was classified as a "non-performing vessel".
 - Save as set forth above, interest shall be paid in cash as per the applicable secured loan facilities and secured bonds.
- (iv) Unsecured debt – full and final settlement:
- All outstanding unsecured debt (bank and bonds, principal and accrued/unpaid interest) shall be repaid in full by (i) the unsecured creditors' receipt of an aggregate of 500,000,000 warrants in the Company (see Section 14.5.3 for details) and (ii) cash payment of an amount equivalent to 15 % of outstanding principle claims under each of the unsecured debt facilities; see Section 13.5.2, subsection 5a.
- (v) Amended financial covenants:
- Minimum cash covenant of NOK 50 million (on a consolidated basis).
 - The abovementioned cash covenant shall be the only financial covenant under the secured debt or under any other agreement relating to financial indebtedness.
- (vi) New capital (equity and convertible loans):
- Completion of the Cash Private Placement, see Section 6.2.
 - Raising of the Anti-Dilution Protection Loan, see Section 14.5.4.
 - Raising of the Convertible Loan, see Section 14.5.4.
 - Completion of the Subsequent Offering, see Section 7.
- (vii) Dividend and other distributions:
- The Company may not distribute any dividends during the restructuring period, ending 7 November 2020.

14 SHARES, SHARE CAPITAL AND SHAREHOLDERS MATTERS

The following is a summary of certain information relating to the Shares and certain shareholder matters, including summaries of certain provisions of the Company's articles of association and applicable Norwegian law in effect as of the date of the Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's articles of association and Norwegian law.

14.1 Description of the Shares and share capital

Havila Shipping's registered share capital is NOK 15,089,799.50, divided into 30,179,599 shares, each with a nominal value of NOK 0.50. All the Shares are authorized, issued and fully paid in compliance with the Norwegian Public Companies Act. The Shares are registered in the VPS under ISIN NO 0010257728.

Following completion of the Restructuring, expected to take place on or about 28 February 2017, the Company's share capital will be NOK 12,071,839.99, divided into 1,207,183,999 shares, each with a nominal value of NOK 0.01.

After completion of the Subsequent Offering, assuming full subscription, an additional 240 million Shares will be issued, increasing the Company's share capital to NOK 14,471,839.99, divided.

The Company holds no Shares in treasury as of the date of this Prospectus.

The Company's registrar is DNB BANK ASA, Dronning Eufemias gate 30, Oslo, Norway.

14.2 Stock Exchange listing

The Shares are listed on the Oslo Stock Exchange under ticker "HAVI". The New Shares will be listed under the same ticker on the Oslo Stock Exchange. They are not listed (and no application has been filed for listing) on any other stock exchange or regulated market than the Oslo Stock Exchange.

14.3 Historical development in share capital and number of shares

The table below sets forth the historical development of the Company's share capital and the number of issued and outstanding Shares for the period between 1 January 2014 and the date of this Prospectus, assuming also completion of the Restructuring.

Date	Type of change	Capital increase/decrease (NOK)	Number of shares issued	Total number of Shares	Share capital	Par value (NOK)	Price per share (NOK)
1 Jan 14	-	-	-	30,179,599	377,244,987.50	12.50	N/A
31 Dec 14	-	-	-	30,179,599	377,244,987.50	12.50	N/A
1 Jan 15	-	-	-	30,179,599	377,244,987.50	12.50	N/A
31 Dec 15	-	-	-	30,179,599	377,244,987.50	12.50	N/A
1 Jan 16	-	-	-	30,179,599	377,244,987.50	12.50	N/A
10 Mar 16 ¹	Capital decrease	362,155,188	N/A	30,179,599	15,089,799.50	0.50	N/A
31 Dec 16	-	-	-	30,179,599	15,089,799.50	0.50	N/A
1 Jan 16	-	-	-	30,179,599	15,089,799.50	0.50	N/A
28 Feb 17 ²	Capital decrease	14,788,004	N/A	30,179,599	301,795.99	0.01	N/A
28 Feb 17 ³	Capital increase	6,156,638	615,663,840	645,843,439	6,458,433.99	0.01	0.125
28 Feb 17 ⁴	Capital increase	5,613,406	561,340,560	1,207,183,999	12,071,839.99	0.01	0.240

¹ Capital decrease was carried out by way of a reduction of the par value of the shares, in order to facilitate future capital increase

² As part of the Restructuring; capital decrease to be carried out by way of a reduction of the par value of the shares in order to facilitate future capital increase; completion expected on or about 28 February 2017.

³ As part of the Restructuring; capital increase in connection with the Cash Private Placement, completion expected on or about 28 February 2017

⁴ As part of the Restructuring; capital increase in connection with the Conversion Private Placement, completion expected on or about 28 February 2017

Assuming full subscription under the Subsequent Offering, an additional 240,000,000 Shares will be issued in March 2017, increasing the total number of Shares to 1,447,183,999 Shares. Further Shares may also be issued in connection with the exercising of warrants (see Section 14.5.3) and the conversion of convertible loans (see Section 14.5.4).

Apart from this, there have not been any changes in the Company's share capital since 1 January 2014 until the date of this Prospectus (i.e. in the period covered by the historical financial information included in this Prospectus).

In the period from 1 January 2014 to the date of this Prospectus, more than 10 % of the Shares have been paid for with assets other than cash, cf. section 6.3 regarding the Conversion Private Placement.

14.4 Major Shareholders

The 30 largest shareholders in Havila Shipping registered by the VPS on 27 February were:

Shareholder	No. of shares	Percentage
HAVILA HOLDING AS	15 379 717	50.96%
TORGHATTEN ASA	1 223 100	4.05%
NORDNET BANK AB	941 059	3.12%
JEKI PRIVATE LIMITED	500 000	1.66%
CARVALLO INTERNATIONAL LTD	394 726	1.31%
SILKA INTERNATIONAL AS	300 000	0.99%
HENRIKSEN SVEIN OLAV	249 519	0.83%
NORDEA BANK AB	238 670	0.79%
TØMMERDAL SVEIN	228 827	0.76%
DANSKE BANK A/S	203 431	0.67%
GUNVALDSEN SVEN	202 700	0.67%
VEGEM FINN BJØRN	200 000	0.66%
PACIFIC CARRIERS LTD	185 926	0.62%
BERNHD. BREKKE AS	150 000	0.50%
NORDNET LIVSFORSIKRING AS	135 353	0.45%
ØSTBY ELSE MARIE	100 000	0.33%
ABUSDAL OLE TOM	100 000	0.33%
DROME AS	100 000	0.33%
WALBERG TORE EUGEN	100 000	0.33%
AVANZA BANK AB	97 558	0.32%
BREIMOEN MAGNAR	90 000	0.30%
HÅLAND ALF-INGE RASDAL	90 000	0.30%
TVEITÅ OLAV MAGNE	80 000	0.27%
MØRE INVEST AS	76 581	0.25%
UBS SWITZERLAND AG	75 855	0.25%
FARSUND & NAUSTHELLER A/S	70 000	0.23%
TRÆLAND ØRJAN	70 000	0.23%
OTTERHOLM EDIN	66 000	0.22%
WESSEL AS	64 974	0.22%

ERDAL JON BJARNE	63 000	0.21%
TOP 30	21 776 996	72.16%
Other	8 402 603	27.84%
TOTAL	30 179 599	100,00%

The Sævik family intends to maintain its current proportionate shareholding in the Company going forward by benefiting from the anti-dilution protection mechanisms of the Anti-Dilution Protection Loan and the Convertible Loan (see Section 5), initially securing 51 % ownership.

In accordance with the disclosure obligation under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over more than 5 % of the share capital of a company listed on the Oslo Stock Exchange must notify the stock exchange immediately.

As follows from the above included table of shareholders, Havila Holding AS (51 %) holds more than 5 % of the Shares as per the date of this Prospectus.

The Company is not aware of any other persons or entities who, directly or indirectly, have an interest of 5 % or more of the Shares as of the date of the Prospectus. There are no differences in voting rights.

Following completion of the Restructuring, the following shareholders will own more than 5 % of the Company's shares:

Shareholder	No. of shares	Percentage
Havila Holding AS	631,043,557	52.27%
DNB	120,373,283	9.97%
GIEK	73,537,702	6.09%
SWEDBANK	64,433,787	5.34%

The table above reflects the Company's anticipation that no individual bondholder under the Company's bond loans will receive Conversion Private Placement Shares that together with existing shareholdings, if any, will give an ownership above 5 %. Furthermore, it is assumed that no subscribers of Conversion Private Placement Shares, other than bondholders under the above mentioned bond loans, already owns or controls Shares or owns bonds under those bond loans prior to completion of the Restructuring. In both cases such subscribers may be obliged to notify the market thereof, given a resulting total holding of Shares exceeding the 5 % threshold.

Following completion of the Restructuring, the following investors will hold Unsecured Debt Warrants (see Section 14.5.3 below) which, if exercised, will result in such investor owning more than 5 % of the Company's shares:

Investor	No. of warrants	Percentage
Arion	157,894,737	11.6%
Islandsbanki	78,947,368	6.1%

The table above assumes that no further shares are issued between closing of the Restructuring and the exercising of the warrants. The warrants may be exercised during the period two to five years after completion of

the Restructuring (which is scheduled to occur on 28 February 2017. It is also assumed that no individual bondholders will receive a number of warrants which, if exercised, will result in a shareholding exceeding 5 %.

The Company is not aware of any arrangements that may result in, prevent, or restrict a change in control of the Company. The Company is not aware of any measures in place to ensure that such control is not abused.

14.5 Authorisations, warrants and convertible loans

14.5.1 Authorization to the Board to issue shares

In connection with the Subsequent Offering, the Board of Directors was authorized on 4 January 2017 to issue up to 240,000,000 new Shares at a subscription price per share of NOK 0.125 with maximum proceeds of NOK 30,000,000. Further details regarding the authorization are included in Section 7.2. The authorization will be registered and made effective on or about 28 February 2017 and can be used only for the purpose of the Subsequent Offering.

In order to facilitate completion of the Non-Performing Core Vessel Debt Conversion (see Section 14.5.3 (iv) below), the Board will need to be authorized in the future to complete the required conversion of debt to share capital. The conversion will at the earliest be completed after 24 months after the Restructuring Implementation Date. Under Norwegian law an authorization to the Board cannot be granted for a period of more than two years. Thus, the required authorization cannot yet be given. On the basis of this the Board resolved on 13 December 2016 to in the future propose that the shareholders of the Company adopt resolution(s) necessary to complete the Non-Performing Core Vessel Debt Conversion (e.g by granting the Board an authorization to issue new shares), whereby the required number of shares pursuant to the the Non-Performing Core Vessel Debt Conversion is issued at the agreed subscription price.

There are no other Board authorisations to issue Shares in effect as of the date of this Prospectus.

14.5.2 Authorisation to the Board to acquire Shares

The Board is currently not authorized to acquire its own Shares.

14.5.3 Warrants

As partial settlement for debt, the Company has issued warrants (*Norwegian: frittstående tegningsretter*) to its creditors. The Company's resolution to issue such warrants is included in the minutes from the shareholders' meeting on 4 January 2017 (announced the same day and available on the Company's web pages), and separate agreements have been entered into with the creditors in question. The Unsecured Debt Warrants (see Section 14.5.3 (iii) below) shall be freely tradable, but there are currently no plans to list those warrants. The NCV I Warrants and the NCV III Warrants (see Section 15.5.3 (i) and (ii) below) may only be sold, transferred, assigned or otherwise disposed of to (a) persons nominated by or behalf of the holders or (b) between the holders. The main terms of the warrants are as follows:

(i) The NCV I Warrants

Under the Restructuring Plan, certain vessels have been categorized as Non-Core Vessel (NCV) Group I and shall be marketed for sale. To the extent the sale of these vessels implies losses towards the debt on the sold vessels, such losses are convertible to shares in the Company. For this purpose, the Company's general meeting has issued 318,410,324 warrants to the creditors for these vessels, each giving the right to subscribe for one Share (the "**NCV I Warrants**"). The maximum number of warrants which may be exercised is (a) 254,841,998 if and to the extent the losses suffered are not finally confirmed within 28 August 2018 (equivalent to 18 months from the last possible date for the Restructuring Implementation Date) or (b) 318,410,324 if the loss is finally

confirmed within said date. Based on the above, issuance of the NCV I Warrants will result in discharge of debt to the lenders in question in the amount of minimum NOK 250,000,000 and maximum NOK 312,360,528.

Exercise of all warrants will thus result in an increase of the share capital by a minimum of NOK 2,548,419.98 and a maximum NOK 3,184,103.24. The warrants will lapse unless exercised by 28 August 2018.

(ii) The NCV III Warrants

Other vessels have been categorized as Non-Core Vessel (NCV) Group III and shall also be marketed for sale. To the extent the sale of these vessels implies losses towards the debt on the sold vessels, such losses are convertible to shares in the Company. For this purpose, the Company's general meeting has issued 113,145,766 warrants to the creditors for these vessels, each giving the right to subscribe for one Share (the "**NCV III Warrants**"). Issuance of the NCV III Warrants will result in discharge of debt to the lenders in question in the amount of maximum NOK 110,995,996.

Exercise of all warrants will thus result in an increase of the share capital by a NOK 1,131,457.66. The warrants will lapse unless exercised by 28 August 2018.

(iii) The Unsecured Debt Warrants

Unsecured debt amounting to NOK 950 million shall be repaid in full on the Restructuring Date by issuing 500 million warrants (the "**Unsecured Debt Warrants**") and 15 % of the principal claims in cash. Each warrant gives the right to subscribe for one Share.

The Unsecured Debt Warrants will be exercisable at any time from and including the date falling two years after the Restructuring Implementation Date and until the date falling five years after the date of which the general meeting resolved to issue such warrants (meaning 4 January 2022). However, the general meeting of the Company may, if so requested by the holders of the warrants, extend the exercise period until the date falling five years after the Restructuring Implementation Date.

If the Company resolves to issue new Shares against cash consideration other than as contemplated by the Restructuring Plan for a total consideration of more than NOK 100 million, the holders of the Unsecured Debt Warrants have a preferential right of subscription as if the Unsecured Debt Warrants had been Shares (and on equal terms as other shareholders in the Company).

(iv) Non-Performing Core Vessel Debt Conversion

Under the Restructuring Plan, certain vessels have been categorized as Core Vessels and if any of such vessels are declared Non-Performing Vessels after a Core Vessel Performance Test (*meaning that generated EBITDA on a Core Vessel during the six months' period starting on the date falling 18 months from the Restructuring Implementation Date is less than 2.0 % of outstanding secured debt related to such Core Vessel(s)*), the creditor(s) having financed such vessel(s) has the right to (a) assume ownership of such vessel(s) (with full remission of debt associated with the relevant vessel) or (b) initiate a sales process in respect of such vessel(s) accepting that any shortfall may be remitted or converted to equity. Any part of such shortfall not converted to shares shall be remitted in full.

14.5.4 Convertible loans

The Company has issued two convertible loans as follows:

(i) The Anti-Dilution Protection Loan

The Anti-Dilution Protection Loan is a convertible loan from Havila Holding AS in the amount of NOK 41,242,020. Other than to provide the Company with cash, the purpose of the loan is to protect Havila Holding AS in respect of the Cash Private Placement Shares against the dilutive effect of the possible exercise of the NCV I Warrants and the NCV III Warrants (see section 14.5.3 above), and thereby secure that Havila Holding AS is holding 51 % of the Shares following any such conversion. Upon expiry of the Restructuring Period (meaning 7 November 2020), the balance of the Anti-Dilution Protection Loan (if any) shall be converted to one Share.

Havila Holding AS will have the right to convert the Anti-Dilution Protection Loan to Shares at the following subscription prices:

- (a) The par value of the Shares in the Company (from time to time) in the event of issuance of Shares pursuant to the exercise of NCV I Warrants and the NCV III Warrants (see section 14.5.3 above);
- (b) The amount equal to the remaining balance of the Anti-Dilution Protection Loan at the final maturity date of the Anti-Dilution Protection Loan (meaning 7 November 2020) in the event of any remaining balance of such loan at this date. Thus, the remaining balance of the Anti-Dilution Protection Loan will be converted to one Share.

Conversion of the Anti-Dilution Protection Loan in its entirety will result in an increase of the share capital by NOK 41,242,020.00 and the issuance of 4,124,202,000 shares at a subscription price of NOK 0.01 each Share. However, it is most unlikely that the Anti-Dilution Protection Loan will be converted to the maximum number of Shares allowed to obtain, since it can only be used to protect Havila Holding AS's share interest in the Company as described in the section above.

(ii) The Convertible Loan

The Convertible Loan is a loan from Havila Holding AS in the amount of NOK 46,200,000. Other than to provide the Company with cash, the purpose of the loan is to protect Havila Holding AS in respect of the Cash Private Placement Shares against the possible dilutive effect of the Subsequent Offering (see Section 7 above), the Non-Performing Core Vessel Debt Conversion (see Section 14.5.3 above) and any other share issues in the Company (other than those contemplated by the Restructuring Plan), and thereby secure that Havila Holding AS is holding 51 % of the Shares following any such conversion or equity issues.

Havila Holding AS will have right to convert the Convertible Loan to Shares at the following subscription prices:

- (a) NOK 0.125 if used in connection with the Subsequent Offering;
- (b) NOK 0.125 if used in connection with the Non-Performing Core Vessel Debt Conversion; and
- (c) Equal to the subscription price in any new equity issue(s) (other than those contemplated by the Restructuring Plan) if used in connection with such new equity issue(s).

Havila Holding AS may require the loan to be converted in whole or in part to Shares until the date falling five years after the date on which the general meeting resolved to issue such loan (meaning 4 January 2022). However, the Company shall propose that the shareholders of the Company at the next ordinary general meeting resolve to extend the conversion period so that it ends on the date falling five years after the Restructuring Implementation Date. The Company shall in such case, subject to prior consent from certain secured creditors,

have the right to settle the loan in whole or in part in cash at a value equivalent to that received by Havila Holding AS if the conversion had taken place. In such event, the amount of which the loan shall be reduced will depend on the number of Shares to which Havila Holding AS would be entitled and the conversion price. Other than exercising the cash settlement option, the Company may not without prior consent from the secured creditors in question prepay the loan in whole or in part.

14.6 Shareholders rights

The Shares are equal in all respects and there are no different voting rights or classes of shares. Each Share carries one vote at the Company's general meeting. The Company has only one class of Shares.

14.7 Limitations on the right to own and transfer Shares

The Shares are freely transferable. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares, and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

14.8 Dividend policy and payment of dividends

14.8.1 Dividend policy

The Company's stated dividend policy is to distribute dividends when this is warranted by the Company's equity situation and agreed commitments. As part of the Restructuring Plan, the Company may not distribute any dividends to any of its shareholders until expiry of the restructuring period, ending on 7 November 2020.

14.8.2 Dividend payments per share

The Company has not paid any dividends to its shareholders since 2008.

14.9 General meetings

The shareholders of the Company exercise supreme authority over the Company through a general meeting.

Written notice of general meetings for listed companies shall be sent to all shareholders with known addresses at least three weeks prior to the date of the meeting. The Company's Articles of Association require shareholders who wish to attend a general meeting to give notice to the Company no later than two days before the meeting. Shareholders who have not given notice of attendance may be denied entrance.

A shareholder may attend a general meeting either in person or by proxy appointed at their own discretion. As a company listed on the Oslo Stock Exchange, the Company must send proxy forms to its shareholders for the general meeting, or alternatively state to where such proxy form is electronically available on the Company's website. Appendices and attachments to the notice for the general meeting are not sent to the shareholders physically, but are made available at the Company's website. Nevertheless, any shareholder may request that such documents be sent to him or her free of charge.

The annual general meeting of the Company shall, according to applicable law, be held no later than 30 June each year.

The following matters must be discussed and decided at the annual general meeting of a listed company:

- approval of the annual accounts and annual report, including the distribution of any dividend, use of profits and the coverage of any deficit
- the statement of the Board of Directors with regard to remuneration and other benefits to the Company's senior management
- the Board of Directors' report on Corporate Governance

- election of members to the Board of Directors that are up for election
- any other business required to be discussed at the general meeting pursuant to the Company's Articles of Association

In addition to the annual general meeting, an extraordinary general meeting of shareholders may be held if deemed necessary by the Company's Board of Directors. An extraordinary general meeting must also be convened if a written request is put forward by the Company's auditor or shareholders representing a total of at least 5 % of the share capital to consider a specific matter.

A shareholder is entitled to have a matter discussed at a general meeting if such shareholder provides the Board of Directors with notice of the matter in question at least seven days prior to the deadline for the notice of the general meeting. A shareholder is entitled to propose resolutions for items listed on the agenda at the general meeting.

14.10 Voting rights

Each outstanding Share represents one vote at the Company's general meeting. No shareholders have different voting rights. No voting rights can be exercised with respect to shares held in treasury by the Company.

In general, decisions that shareholders are entitled to make may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes are elected. However, certain resolutions require the approval of at least two-thirds of the votes cast, as well as two-thirds of the share capital represented at the general meeting, including but not limited to resolutions seeking:

- 1) to authorize an increase or reduction of the Company's share capital
- 2) to waive preferential rights in connection with a share issue
- 3) to approve a merger or demerger
- 4) to amend the Company's Articles of Association

Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90 per cent of the share capital represented at the general meeting of the Company's shareholders in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In order to be entitled to vote, a shareholder must be registered as the owner of Shares in the VPS (see Section 15.3), or, alternatively, report and show evidence of the shareholder's share acquisition to the Company prior to the general meeting. The Company may include in its Articles of Association the latest date by which the owner of the Shares must be registered in the VPS in order to vote in the general meeting. The Company has not included such provisions in its Articles of Associations. A beneficial owner of Shares registered through a VPS-registered nominee may be refused to vote unless ownership is re-registered in the name of the beneficial owner prior to the relevant general meeting.

There are no quorum requirements for general meetings.

14.11 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

At a general meeting the Company's shareholders may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50 per cent of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve, and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company if deemed appropriate by the Company.

14.12 Regulation of dividends

Dividends may be paid in cash or, in some instances, in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends applicable to the Company:

- Pursuant to section 8-1 of the Norwegian Public Limited Companies Act the Company may only distribute dividend to the extent that the Company's net assets following the distribution covers (i) the Company's share capital, (ii) the reserve for valuation differences and (iii) the reserve for unrealized gains. In the amount that may be distributed, a deduction shall be made for the aggregate nominal value of treasury shares that the Company has purchased for ownership or as security before the balance day. A deduction for credit and collateral etc. shall also be made according to sections 8-7 to 8-10 from before the balance day which after these provisions shall lie within the scope of the funds the company may distribute as dividend. A deduction shall however not be made for credit and collateral etc. that is reimbursed or settled before the time of decision, or credit to a shareholder to the extent that the credit is settled by a netting in the dividend.
- The calculation of the distributable equity shall be made on the basis of the balance sheet in the approved annual accounts for the last fiscal year, however so that the registered share capital as of the date of the resolution to distribute dividend shall apply. Following the approval of the annual accounts for the last fiscal year, the general meeting may also authorise the Board of Directors to declare dividend on the basis of the Company's annual accounts.
- Dividend may also be distributed by the general meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a

balance sheet date not further into the past than six months before the date of the general meeting's resolution.

- Dividend may only be distributed to the extent that the Company after the distribution has a sound equity and liquidity.
- Distribution of dividends is resolved by a majority vote at the general meeting of the shareholders of the Company and on the basis of a proposal from the board of directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the board of directors. The general meeting may grant the board of directors the authority to distribute dividends.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 16 "Taxation".

14.13 Minority rights

The Norwegian Public Limited Companies Act contains regulations regarding the rights of minority shareholders, including but not limited to those described in this and preceding and subsequent sections. Any shareholder may petition Norwegian courts to have a decision of the Company's Board of Directors or general meeting declared invalid on grounds that it is in conflict with the Norwegian Public Limited Companies Act, the Articles of Associations or, for instance, unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions. Shareholders holding in the aggregate 5 % or more of a Norwegian Public Limited Company's share capital have a right to demand in writing that the Company holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand in writing that the Company places an item on the agenda for a general meeting if the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least two weeks remain before the general meeting is to be held.

The Articles of Association do not contain stricter provisions than the Norwegian Public Limited Companies Act with respect to actions necessary to change the rights of shareholders.

14.14 Rights of redemption and repurchase of Shares

A Company's share capital may be reduced by reducing the par value of the shares or by a redemption of shares. Such decision requires the approval of two-thirds of the votes cast at a general meeting, as well as two-thirds of the share capital represented in the general meeting. Redemption of individual shares requires the consent of the holders of the shares to be redeemed.

A Norwegian Public Limited Company may purchase its own shares if the Board of Directors is so authorized by the shareholders at a general meeting with the approval of two-thirds of the votes cast at the general meeting, as well as two-thirds of the share capital represented at the general meeting. The aggregate nominal value of treasury shares so acquired and held by the Company may not exceed 10 % of the Company's share capital. Treasury shares may only be acquired if the Company's distributable equity, according to the latest approved balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the shareholders at the general meeting cannot be given for a period exceeding two years. A Norwegian Public Limited Company may not subscribe for its own shares.

14.15 Shareholder vote on mergers and demergers

A decision to merge with another company or to demerge requires a resolution of the Company's shareholders at a general meeting passed by two-thirds of the votes cast, as well as two-thirds of the share capital represented at the general meeting. A merger plan or demerger plan signed by the Board of Directors along with certain other required documentation must be sent to all shareholders and registered with the Norwegian Register of Business Enterprises at least one month prior to the general meeting.

14.16 Liability of directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the directors act in the best interests of the Company when exercising their powers as directors, and that they generally show loyalty and care towards the Company. The principal task of the directors, in their capacity as directors, is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the shareholders at general meetings to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided to the shareholders when resolving upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting of the Company's shareholders with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10 % of the share capital or, if there are more than 100 shareholders, more than 10 % of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds that the Company receives as a result of the action. If the decision to discharge any of the directors from liability or not to pursue claims against the directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders cannot pursue such claim in the Company's name.

14.17 Distribution of assets on liquidation

According to the Norwegian Public Limited Companies Act, a Company may be wound up by a resolution of the Company's shareholders in a general meeting passed by the same number of votes as are required with respect to amendments to the Articles of Association. In the event of liquidation, the Shares rank equally in the event of a return on capital by the Company, if any.

14.18 Summary of the Company's Articles of Association

The following is a summary of certain provisions of the Company's Articles of Association, some of which have not been addressed in the preceding Sections. The Company's Articles of Association are included in Appendix 1 to this Prospectus.

14.18.1 Objective

The business of the Company is, pursuant to Section 3 of the Articles of Association, *“Ship Owning and related activities, including owning of shares in companies with similar or related business.”*

14.18.2 Provisions with respect to the members of the administrative, management and supervisory bodies

The Board of Directors shall consist of minimum three and maximum seven members. The chairman of the board is elected by the general meeting. In the event of equal vote in the Board of Directors, the Chairman of the Board has the decisive vote.

The members of the Board of Directors are elected for a period of up to one year at a time. Board members may be re-elected.

14.18.3 General meetings

Pursuant to Section 8 of the Articles of Association, the annual general meeting shall deal with the following matters: *"(i) adoption of the annual accounts and the annual report, hereunder distribution of dividends, (ii) adoption of the remuneration to the board and adoption of the remuneration to the auditor, (iii) election of chairman of the board, board members and auditor, and (iv) other matters according to law or these articles of association which pertain to the general meeting."*

The general meeting is to be led by the chairman of the Board, unless another representative is elected.

Documents concerning matters to be considered at the general meeting that have been made available for the shareholders on the Company's website, do not have to be sent to the shareholders. This also applies to documents which by law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents concerning matters to be considered at the general meeting be sent to him or her by mail free of charge.

Shareholders or their representatives wishing to attend and vote at the general meeting must inform the Company no later than two days before the meeting. Shareholders who have failed to give such notice within the time limit can be denied admission.

15 SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on the Oslo Stock Exchange, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by Norwegian law.

15.1 Trading and settlement

The Oslo Stock Exchange comprise two separate regulated trading markets for trading in equities, Oslo Børs and Oslo Axess, as well as one unregulated market, Merkur Market, all operated by Oslo Børs ASA.

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 9:00 a.m. CET and 4:30 p.m. CET each trading day, with pre-trade period between 08:15 a.m. CET and 9:00 a.m. CET, a closing auction from 4:20 p.m. CET to 4:25 p.m. CET, and a post-trade period from 4:25 p.m. CET to 5:30 p.m. CET.

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

15.2 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly release any inside information (that is, precise information about financial instruments, the issuer thereof or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Stock Exchange may levy fines on companies violating these requirements.

15.3 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly owned by Oslo Stock Exchange VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an on-going basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.4 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the NFSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners, see Section 14.10 (Voting Rights) above.

15.5 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

15.6 Payment of dividends to foreign investors

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will be manually handled by the Company's registrar (currently DNB Bank ASA, Registrar's Department, N-0021 Oslo, Norway). If foreign bank details (IBAN and BIC or equivalent) are provided on the investor's VPS account, the dividend will be transferred to the bank account. If no bank details are provided, a check will be issued in the local currency of the investor, as exchanged from the NOK amount distributed through the VPS. If it is not practical, in the sole opinion of the Company's registrar, a check will be issued in USD or EUR. The issuing and mailing of checks will be executed

in accordance with the standard procedures of DNB Bank ASA. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, by check, without the need for shareholders to present documentation proving their ownership of the Shares.

15.7 Disclosure obligations

If a person's, entity's or consolidated Company's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5 per cent, 10 per cent, 15 per cent, 20 per cent, 25 per cent, 1/3, 50 per cent, 2/3 or 90 per cent of the share capital or the voting rights of that company, the person, entity or Company in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

15.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

15.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange, in its capacity as Take-over Authority of Norway, before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of the Company's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 40 per cent, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 50 per cent or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated Company sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated Company that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

15.10 Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90 per cent or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90 per cent or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90 per cent of the total number of issued shares, as well as 90 per cent or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90 per cent of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it

follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

15.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

16 NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Shares. The statements below regarding Norwegian taxation are based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to purchase, own or dispose of shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The summary only applies to shareholders who are beneficial owners of the shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

16.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders at an effective tax rate of 29.76% to the extent the dividend exceeds a tax-free allowance (i.e. dividends received, less the tax free allowance, shall be multiplied by 1.124 which are then included as ordinary income taxable at a flat rate of 24%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 29.76%).

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: "*statskasseveksler*") with three months maturity increased by 0.5%. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("*excess allowance*") may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at rate of 0.72% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 24%).

Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 %. The withholding tax rate of 25 % is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (please see "*Taxation of dividends – Norwegian Personal Shareholders*" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 %. The withholding tax rate of 25 % is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25 % unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

16.2 Taxation of capital gains on realization of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 29.76%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.24 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 24%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 29.76%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.1.1 "*Taxation of dividends — Norwegian Personal Shareholders*" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

16.3 Taxation of subscription rights

Subscription for shares in the Company pursuant to a subscription right to shares in the Company is not subject to Norwegian taxation. Costs related to subscription for shares will be added to the cost price of the shares. Gain or loss from the sale/realisation of subscription rights are taxed in the same manner as shares in the company.

16.4 Net Wealth Tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

16.5 Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

16.6 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

17 ADDITIONAL INFORMATION

17.1 Related party transactions

17.1.1 General

Havila Shipping is 51.0 % owned by Havila Holding AS, and is consolidated into Havila Holding AS' accounts. Havila Holding AS is the ultimate parent for the Havila Shipping Group, Havila Ariel Group and the Havyard Group. The Havila Shipping Group has transactions with both the Havila Ariel Group and the Havyard Group. See the overview of transactions below for a further description.

17.1.2 Material related party transactions for the Group in the period from 1 January 2017 and to the date of the Prospectus

The Group has implemented different transactions with related parties. Havila Holding AS owns 51.0 % of the shares in the Company. All transactions are undertaken as part of the ordinary business and at arm's length prices. The most important transactions in this period are all related to the Restructuring Plan and are the Anti-Dilution Protection Loan, see section 14.5.4 and the Convertible Loan, see section 14.5.4; both agreements were signed on 31 January 2016. Under the agreements, drawdown shall take place on the closing date for the Restructuring, expected on 28 February 2017. Provided that drawdown takes place on such date, the following is a quantification of these transactions:

Overview of transactions	Outstanding at 28 February 2017
a) Convertible loan	NOK 41,242,020
b) Convertible loan	NOK 46,200,000

17.2 Disputes

As of the date of this Prospectus, the Company is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on the Company or the Group's financial position or profitability.

17.3 Incorporation by reference

The Norwegian Securities Trading Act and the Norwegian Securities Trading Regulations, implementing Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, allow the Company to incorporate by reference information into this Prospectus that has been previously filed with Oslo Børs or the Norwegian Financial Supervisory Authority in other documents. The Company's consolidated financial statements as of and for the years ended 31 December 2015 and 2014 and the audit reports in respect of these financial statements, and the Company's unaudited consolidated financial statements as of and for the three and nine months ended 30 September 2016 and 2015, are by this reference incorporated as a part of this Prospectus. Accordingly, this Prospectus is to be read in conjunction with these documents.

The information incorporated by reference in this Prospectus should be read in connection with the following cross-reference table. References in the table to "Annex" and "Items" are references to the disclosure requirements as set forth in the Norwegian Securities Trading Act cf. the Norwegian Securities Trading Regulations by reference to such Annex (and Item therein) of Commission Regulation (EC) no. 809/2004.

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Section 12	Unaudited interim and other financial information (Annex XXV, Item 20.6)	Unaudited financial statements for the three and nine months ended 30 September 2016: http://www.havila.no/prod_images/doc_205_26.pdf	P 7
Section 12	Audited historical financial information (Annex XXV, Item 20.1)	Financial statements 2015: http://www.havila.no/prod_images/doc_197_26.pdf Director's report 2015: http://www.havila.no/prod_images/doc_197_26.pdf Financial statements 2014: http://www.havila.no/prod_images/doc_172_26.pdf Director's report 2014: http://www.havila.no/prod_images/doc_172_26.pdf	P 34 P 22 P 36 P 26
Section 12	Audit report (Annex XXV, Item 20.1)	Auditor's report 2015: http://www.havila.no/prod_images/doc_197_26.pdf Auditor's report 2014: http://www.havila.no/prod_images/doc_172_26.pdf	P 124 P 130
Section 12	Accounting policies (Annex XXV, Item 20.1)	Accounting principles (annual report 2015 and financial statements for the three and nine months ended 30 September 2016): http://www.havila.no/prod_images/doc_197_26.pdf	P 42

17.4 Documents on display

Copies of the following documents will be available for inspection at Havila Shipping's registered office during normal business hours on Monday to Friday each week (except for public holidays) for a period 12 months from the date of this Prospectus:

- the Memorandum of Incorporation and the Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus;
- the audited financial statements of the Company for the years ended 31 December 2015 and 2014;
- the unaudited financial statements of the Company for the three and nine month periods ended 30 September 2016 and 2015;
- the audited financial statements of the Company's subsidiaries for the years ended 31 December 2015 and 2014; and
- this Prospectus.

18 DEFINITIONS AND GLOSSARY OF TERMS

AHC:	Active heave compensation.
AHTS:	Anchor Handling Tug Supply vessels
Anti-Money Laundering Legislation:.....	The Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009, collectively.
Articles of Association:.....	The Company's articles of association dated 4 January 2017
bbl:.....	Barrel.
BHP:	Brake horse power.
Board of Directors or Board:	The board of directors of the Company
Bond Issues:.....	The Company's bond issues Havila Shipping ASA 11/17 8,60 % C – ISIN NO0010605025 (HAVI06), Havila Shipping ASA 11/17 FRN C – ISIN NO0010605033 (HAVI07), Havila Shipping ASA 10/16 FRN C – ISIN NO0010590441 (HAVI04) and Havila Shipping ASA 12/16 FRN – ISIN NO0010657174 (HAVI08 PRO).
bps:	Basis point, a unit of percentage measure equal to 0.01 %.
Cash Private Placement:	The offer to Havila Holding AS to subscribe for the Cash Private Placement Shares against settlement in cash, to be completed on or about 28 February 2017, as further described in section 6.2
Cash Private Placement Shares	The 615,663,840 new shares to be issued in the Cash Private Placement
CET:	Central European Time.
Conversion Private Placement	The offer to certain creditors to subscribe for the Conversion Private Placement Shares against settlement in cash, to be completed on or about 28 February 2017, as further described in section 6.3
Conversion Private Placement Shares	The 561,340,560 new shares to be issued in the Conversion Private Placement
Core Vessels:	Means each of the 17 vessels named Havila Mars, Havila Mercury, Havila Neptune, Havila Venus, Havila Jupiter, Havila Foresight, Havila Herøy, Havila Fanø, Havila Clipper, Havila Commander, Havila Crusader, Havila Aurora, Havila Borg, Havila Fortune, Havila Harmony, Havila Phoenix and Havila Subsea.
Corporate Governance Code:.....	The Norwegian Code of Practice for Corporate Governance published on 30 October 2014 by the Norwegian Corporate Governance Board.
Company:	Havila Shipping ASA, business registration number 882 811 972.
CSVs:.....	Construction support vessels.
DP:.....	Dynamic positioning
DSVs:	Dive support vessel.
dwt:.....	Deadweight tonnage.
EBITDA:	Earnings Before Interest, Taxes, Depreciation and Amortization.
EEA:	The European Economic Area.
E&P spending:.....	The oil companies' exploration and production activities, which is normally referred to as "E&P spending"
ERRV:	Emergency Response and Rescue Vessels.
EU:	The European Union.
EU Prospectus Directive:	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
EUR:.....	The lawful common currency of the EU member state who have adopted the Euro as their sole national currency (the Euro area).
Eligible Shareholders:.....	Registered holders of the Shares as appearing in the Company's shareholder register in the VPS as of 6 January 2017 and are not resident in a jurisdiction where such offering would be unlawful.
Fearnley Securities	Fearnley Securities AS
FiFi:	Fire fighting.
Forward-looking statements:.....	Statements made that are not historic and thereby predictive as defined in section 4.4 of this Prospectus. Such statements are identified by forward-looking terms such as "aim", "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will" and

	"could" or similar words or phrases.
FSMA:	The UK Financial Services and Markets Act (2000)
GBP:	Great British Pounds, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
Group:	Havila Shipping together with its consolidated subsidiaries.
Havila Shipping:	The Company.
HSE:	Health, Safety and Environment.
HSEQ:	Health, Safety, Environment and Quality.
IFRS:	International Financial Reporting Standards, as adopted by the EU.
IMR:	Inspection, Maintenance and Repair.
Ineligible Shareholders:	Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares.
IAS:	International Accounting Standard
ISIN:	International Securities Identification Number.
Jones Act:	U.S. Merchant Marine Act of 1920, as amended.
Lenders:	The Company secured and unsecured bank lenders.
Management:	Members of the Company's senior management
Managers:	Swedbank Norway and Fearnley Securities
Master Agreement:	The refinancing agreement entered into between the Company and the Lenders dated 31 December 2015.
MPSVs:	Multi-purpose supply vessel.
New Shares:	The Cash Private Placement Shares, the Conversion Private Placement Shares and the Offer Shares
NFSA:	Norwegian Financial Supervisory Authority.
Non-Norwegian Corporate Shareholders:	Shareholders who are limited liability companies (or certain similar entities) not resident in Norway for tax purposes.
Non-Core Vessels Group I:	Means the vessels Havila Fortress, Havila Faith, Havila Favour and Havila Princess
Non-Core Vessels Group III:	Means the vessels POSH Vibrant and POSH Virtue
Non-Norwegian Personal Shareholders:	Shareholders who are individuals not resident in Norway for tax purposes.
Non-Norwegian Shareholders:	Shareholders who are not resident in Norway for Norwegian tax purposes.
Non-Performing Core Vessel Debt Conversion	Shall have the meaning ascribed to such term in Section 14.5.3.
Norwegian Corporate Shareholders:	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian kroner or NOK:	Norwegian kroner, the lawful currency of Norway.
Norwegian Personal Shareholders:	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act:	The Norwegian Public Limited Companies Act of 13 June 1997 No. 45 (<i>Norwegian: "allmennaksjeloven"</i>).
Norwegian Securities Trading Act:	Norwegian Securities Trading Act of 29 June 2007 no. 75.
NOx:	Nitrogen oxide.
OCVs:	Offshore construction vessels.
Offer Shares:	The up to 240,000,000 new shares of the Company to be issued in the Subsequent Offering.
ORO:	Oil recovery.
OSVs:	Offshore support vessels.
Payment Due Date:	24 March 2017, the date on which payment for the Offer Shares falls due.
Private Placement Shares:	The Cash Private Placement Shares and the Conversion Private Placement Shares
Private Placements:	The Cash Private Placement and the Conversion Private Placement
Prospectus:	This prospectus dated 27 February 2017
PSVs	Platform Supply Vessels

Record Date:	6 January 2017, the date for determining the list of existing shareholders as per 4 January 2017.
Relevant Implementation Date:.....	In relation to each Relevant Member State, the date on which the Prospectus Directive is implemented in that Relevant Member State
Relevant Member State.....	Each Member State of the European Economic Area which has implemented the Prospectus Directive.
Restructuring	The restructuring of the Group's equity and debt as further described in the Restructuring Term Sheet
Restructuring Implementation Date	The date, selected by the Company and scheduled to be 28 February 2017, on which the transactions set forth in the Restructuring Plan shall be implemented, such date not to be later than the 28 February 2017.
Restructuring Plan	The plan to restructure the Group's equity and debt as further described in Section 5.
Restructuring Term Sheet	Term Sheet dated 8 November 2016 setting out the main principles of the Restructuring Plan.
ROR Interest	Accrued and unpaid interest under certain secured loan facilities in the period from (and including) 16 February 2016 to (and including) 30 September 2016, in total approximately NOK 135 million.
ROVs:	Remotely operated vehicles.
RRVs:	Rescue- and recovery vessels.
Share(s):	The shares in the capital of Havila Shipping, each having a nominal value of NOK 0.01 and "Share" means any one of them.
Shareholder:	Shareholders in the Company
Spot market:	The short-term contract market.
Subscription Form:	The form attached hereto as Appendix 2.
Subscription Period:	The period during which the Offer Shares can be subscribed for, beginning on 6 March 2017 and expiring at 16:30 hours (CET) on 20 March 2017.
Subscription Price:	NOK 0.125 per Offer Share, the price for each Offer Share to be issued by the Company in the Subsequent Offering
Subscription Rights:	Subscription Rights granted to Eligible Shareholders providing preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price.
Subsequent Offering:	The offering of up to 240,000,000 Offer Shares in the Company at a subscription price of NOK 0.125 per Offer Share with Subscription Rights for Eligible Shareholders, as further described in Section 7 "The Subsequent Offering".
Swedbank Norge	Swedbank Norway, branch of Swedbank AB (publ)
UK:	United Kingdom
U.S. Securities Act:	United States Securities Act of 1933, as amended.
U.S. dollars or USD:	U.S. dollars, the lawful currency of the United States of America.
VPS:	The Norwegian Central Securities Depository.
2010 PD Amending Directive:	Directive 2010/73/EU.

APPENDIX 1: ARTICLES OF ASSOCIATION FOR HAVILA SHIPPING ASA

(office translation, original version in Norwegian)

§ 1

The name of the Company is Havila Shipping ASA.

§ 2

The Company's office is in Herøy municipality.

§ 3

The Company's business is: Ship owning and related activities, including owning of shares in companies with similar or related business.

§ 4

The share capital of the Company is NOK 12,071,839.99 divided into 1,207,183,999 shares each with a nominal value of NOK 0.01 per share.

§ 5

The Company's board shall consist of 3 – 7 members. The board is elected for 1 year at a time. The chairman of the board is to be elected by the general meeting. Board members may be re-elected. In the event of equal vote in the board, the chairman of the board has a double-vote.

§ 6

The power of signature for the company is exercised by the chairman of the board or the managing director alone. The board may grant proxy.

§ 7

The ordinary general meeting shall be held within the expiry of the month of June.

The notice shall describe the issues to be resolved. Any suggestions from shareholders must, in order to be comprised by the general meeting, be notified in writing to the board in due time in order to be comprised by the general meeting. Any suggestions which are set forth later than two weeks before the general meeting date cannot be resolved unless each and all of the shareholders concur.

Documents regarding matters to be discussed in General Meeting of the company, also applying documents that, pursuant to law, shall be including in, or attached to the notice of the General Meeting of Shareholders, can be made available at the Company's homepage. The requirement regarding physical distribution shall then not apply. A shareholder may request to have documents that shall be discussed at the General Meeting sent by mail

The general meeting is to be led by the chairman of the board in the event no other representative is elected.

Each share holds 1 vote at the general meeting. Shareholders may be represented by power at attorney with a written authorization.

Shareholders that wish to attend a General Meeting have to give notice to the company no later than 2 days before the meeting. Shareholders that not have noticed the company can be denied entrance to the General Meeting.

§ 8

An ordinary general meeting shall deal with the following matters.

1. Adoption of the annual accounts and the annual report, hereunder distribution of dividends.
2. Adoption of the remuneration to the board and adoption of the remuneration to the auditor.
3. Election of chairman of the board, board members and auditor.
4. Other matters according to law or these articles of association which pertain to the general meeting.

§ 9

An extraordinary general meeting may be held at the discretion of the board. The board shall issue notice to hold an extraordinary general meeting in the event the auditor or shareholder which represents more than 5% of the share capital in a written demand to resolve a specific topic. The board shall provide that such general meeting is to be held within a month subsequent to such demand. The notice to the general meeting shall be sent two weeks before the meeting date at the latest. The extraordinary meeting shall only deal with the issues as mentioned in the notice, unless each and all shareholders agree otherwise.

§ 10

The Company shall have a Nomination Committee consisting of 3 members.

APPENDIX 2: SUBSCRIPTION FORM – THE SUBSEQUENT OFFERING

General information: The terms and conditions of the subsequent offering (the "**Subsequent Offering**") of up to 240,000,000 new common shares (the "**Offer Shares**") in Havila Shipping ASA (the "**Company**") pursuant to a resolution by the Company's extraordinary general meeting on 4 January 2017 are set out in the prospectus dated 27 February 2017, which was approved by the Norwegian Financial Supervisory Authority on 27 February 2017 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this application form (the "**Application Form**").

Subscription procedure: The subscription period is from and including 6 March 2017 to 20 March 2017 at 16:30 hours (CET) (the "**Subscription Period**"). Correctly completed Application Forms must be received by one of the Managers no later than 20 March 2017 at 16:30 hours (CET) at one of the following addresses or email addresses: Swedbank: P.O. Box 1441 Vikta, N-0115 Oslo, Norway or email: emisjon@swedbank.no or Fearnley Securities, P.O.Box 1158 Sentrum, N-0107 Oslo or email: tegninger@fearnleys.no. The subscriber is responsible for the correctness of the information inserted on the Application Form. Application Forms received after the end of the Subscription Period and/or incomplete or incorrect Application Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

Subscribers who are Norwegian residents with a Norwegian personal identity number (Nw.: personnummer) are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.swedbank.no or www.fearnleysecurities.no which will redirect the subscriber to the VPS online subscription system).

None of the Company or the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by one of the Managers. Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after being received by one of the Managers or, in the case of subscriptions through the VPS online subscription system, the online subscription registration. By signing and submitting this Application Form, the subscriber confirms and warrants to have read the Prospectus and to be eligible to subscribe for Offer Shares under the terms set forth therein.

Subscription Price: The subscription price in the Subsequent Offering is NOK 0.125 per Offer Share (the "**Subscription Price**").

Subscription Rights: Eligible Shareholders of the Company as of 4 January 2017 (and being registered as such in the VPS on 6 January 2017 pursuant to the two days' settlement procedure (the "**Record Date**")) will be granted subscription rights (the "**Subscription Rights**") in the Subsequent Offering that, subject to applicable law, provide preferential right to subscribe for, and be allocated, Offer Shares at the Subscription Price. Each Eligible Shareholder will be granted 16.28 Subscription Rights for each Common Share registered as held by such Eligible Shareholder as of the Record Date rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering. Over-subscription is permitted. Shareholders allocated shares in the Private Placements will not receive Subscription Rights or be allocated Offer Shares. Funds which are under management by the same company, group of companies, fund manager(s) or similar will be treated as one shareholder when applying these limitations. **Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in the Prospectus. The Subscription Rights are non-transferable.**

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. No fractional Offer Shares will be allocated. Fractions will not be compensated, and all fractions will be rounded down to the nearest integer that provides issue of whole numbers of said securities to each participant. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 22 March 2017.

Payment: The payment for Offer Shares allocated to a subscriber falls due on or about 24 March 2017 (the "**Payment Due Date**"). By signing this Application Form, subscribers having a Norwegian bank account irrevocably authorise the Managers to debit the bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber. The Managers are only authorised to debit such account once, but reserve the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment due Date. The subscriber furthermore authorises the Managers to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Payment by direct debiting is only available for investors that are allocated Offer Shares for an amount below NOK 5 million and who have a Norwegian bank account. By signing the Application Form, subscribers who subscribe for an amount exceeding NOK 5 million provide the Managers with a one-time irrevocable authorisation to directly debit the specified bank account for the entire subscription amount. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Due Date. Prior to any such payment being made, the subscriber must contact one of the Managers on telephone number +47 23 23 80 00 (Swedbank) or +47 22 93 60 00 (Fearnleys) for further details and instructions.

PLEASE SEE PAGE 2 OF THIS APPLICATION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	Number of Subscription Rights	Number of Offer Shares applied for	(For broker: Consecutive no.)
SUBSCRIPTION RIGHTS' SECURITIES NUMBER: ISIN NO001 0782725		Subscription Price per Offer Share	Maximum subscription amount to pay
		X NOK 0.125	= NOK _____

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 0.125).	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>											
(Norwegian bank account no.)												

In accordance with the terms and conditions set out in the Prospectus and this Application Form, I/we hereby irrevocably subscribe for the number of Offer Shares specified above and grant the Managers authorisation to debit (by direct debiting or manually as described above) the specified bank account for the payment of the Offer Shares allocated to me/us. By signing this Application Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Application Form.

Place and date
Must be dated in the Subscription Period

Binding signature. The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be attached.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First given name	
Family/Surname	
Full legal name of non-individual	
Street address	
Postal code/Zip code/Country	
Personal ID number/ organization number	
Nationality	
E-mail address	
Daytime telephone number	

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

General: No due diligence (neither legal, financial, commercial nor technical) has been carried out by the Managers or by any other parties in connection with the Private Placements or the Subsequent Offering.

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive (MiFID) of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect the Managers must categorise all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Managers will be categorised as non-professional clients. Subscribers can by written request to one of the Managers ask to be categorised as a professional client if the subscriber fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation, the Subscriber may contact one of the Managers. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to Section 8 of the Prospectus "Selling and transfer restrictions". The making or acceptance of the Subsequent Offering to persons who have registered addresses outside Norway, or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Subsequent Offering to satisfy himself/herself/itself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and the Offer Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. The Subscription Rights and the Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Singapore, Hong Kong or Japan and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Singapore, Hong Kong or Japan except pursuant to an applicable exemption from applicable securities laws. This Application Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, the Prospectus will not be distributed in the United States, Australia, Canada, Singapore, Hong Kong or Japan. Except as otherwise provided in the Prospectus, the Subscription Rights and the Offer Shares may not be transferred, sold or delivered in the United States, Australia, Canada, Singapore, Hong Kong or Japan. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid.

Execution Only: The Managers will treat the Application Form as an execution-only instruction. None of the Managers are required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of each of the Managers, as well as between the Managers and other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Subsequent Offering.

Information Barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers' respective corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from the Managers' corporate finance departments by information walls. The subscriber acknowledges that the Managers' respective analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions of the Shares, including the Offer Shares, as a consequence of such information walls.

VPS Account and Mandatory Anti-Money Laundering Procedures: The Subsequent Offering is subject to the Norwegian Money Laundering Act No. 11 of March 6, 2009 and the Norwegian Money Laundering Regulations No. 302 of March 13, 2009 (collectively, the "**Anti-Money Laundering Legislation**"). Subscribers who are not registered as existing customers with one of the Managers must verify their identity to one of the Managers in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Application Form are exempted, unless verification of identity is requested by one of the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Application Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the European Economic Area (the "**EEA**"). Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Financial Supervisory Authority. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum as of the date of the Prospectus. If a subscriber fails to comply with the terms of payment or should payments not be made when due, the Offer Shares will not be delivered to the subscriber, and the Company reserves the right, at the risk and cost of the subscriber, to cancel the subscription in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding. For further information of overdue and late payments, see section 5.2.10 "Payment for the Offer Shares" of the Prospectus.