Hunter Group ASA
Third-quarter results 2019

29 November 2019

Highlights

Financial highlights

- Net profit from continuing operations came in at USD -1,586t in Q3 2019 compared to USD 632t in Q3 2018. The reduction was mainly due to costs related to the cancelled bank financing and exchange rate fluctuations.

- Total operating expenses of USD 311t in Q3 2019 were in line with USD 319k in Q3 2018.

Key events in Q3 2019

- The Company successfully took delivery of Hunter Atla, ahead of the original delivery schedule, hence increasing earnings capacity in Q4 by close to 40 days.

- The yard completed steel cutting for H.No. 5466 and H.No. 5467, and successfully launched Hunter Saga (H.No. 5456), H.No. 5457 and Hunter Laga (H.No. 5460).

- The Company entered into a USD 180m Sale and-Leaseback transaction ("SLB") with SFL Corporation Ltd. ("SFL") for it's first three vessels, Hunter Atla, Hunter Laga and Hunter Saga, at highly attractive terms. Following delivery of Hunter Atla to SFL, the Company received USD 60 million, and subsequently bareboat chartered the vessel back for 5 years at a rate of USD 11,500 per day per vessel for the first 6 months. The Company has purchase options for all three vessels, retaining full flexibility. Consequently, the Company cancelled the USD 420m senior secured term loan announced in May 2019.

- The Company selected Tankers International Ltd ("TI") as commercial manager. TI will establish the world's first scrubber-fitted VLCC pool. In addition to the Hunter vessels, the pool will consist of vessels from amongst others Hartree Maritime Partners Ltd., International Seaways Inc., and Oak Maritime (HK) Inc. The Scrubber Pool will consist exclusively of modern scrubber-fitted VLCCs operated and maintained to the highest standards and will, combined with TI's existing VLCC pools, represent the largest VLCC fleet in the world with more than 70 VLCCs on a fully delivered basis.

- Based on the completed financing for the Company's first three vessels, preliminary financing discussions regarding the remaining four vessels, the successful sale of NB No. 5457, as well the current market outlook, the Company does not see the need for any additional equity in order to fulfill it's remaining capital expenditure obligations.

Subsequent events

- Hunter Saga and Hunter Laga were delivered on 19 October 2019 and 1 November 2019, more than 40 and 80 days ahead of the original delivery schedule, respectively, hence significantly improving Q4 2019 earnings power. Following redelivery of the vessels to SFL in accordance with the SLB, the Company received USD 120 million and subsequently bareboat chartered the vessels back on term equal to Hunter Atla.

- As of the date of this report, all three of the delivered vessels have been successfully employed. We have booked ~96%* of available days in Q4 2019 at an average estimated TCE** dayrate of USD ~70,100*.

- On 1 October 2019 the Company entered into a USD 15.0 million revolving credit facility agreement ("RCF") with Apollo Asset Ltd., a company owned by Hunter Group ASA's board member Mr. Arne Fredly. Subsequently, the company has cancelled the outstanding USD 3.0 million RCF. The new facility carries a total interest rate of 5.00% p.a. all inclusive. The facility may be cancelled at any time, by either party, whereupon the outstanding amount will become due and payable. The facility will be used to finance the group's working capital requirements, as well as general corporate purposes. At the time of this report the RCF facility is not drawn upon, and the balance is zero.

- On 31 October 2019 the NB No. 5457 was successfully delivered and subsequently redelivered her to her new owner in accordance with the Memorandum of Agreement. All funds have been transferred and the transaction is complete.

**Includes one vessel currently on Subject. A vessel is available to charterers 14 days after delivery from the yard, after completion of bunkering operations and inspections.*
*** The TCE rate is a non-GAAP measure, and a standard shipping perforamnce figure. TCE is calculated by dividing voyage revenues, net of voyage expenses, by available days for the relevant time period. Voyage expenses primarily consists of fuel and port costs.*

Key financial figures figures

Financial key figures in Q3

- Net profit from continuing operations came in at USD -1,586t in Q3 2019 compared to USD 632t in Q3 2018. The reduction was mainly due to commitment fees related to cancellation of the USD 420m bank financing, as well as unrealized exchange rate losses.

- Total operating expenses of USD 311t in Q3 2019 were in line with USD 319k in Q3 2018.

- Cash flow to investment activities was USD -95.4m in Q3 2019, mainly related to the development of the VLCC contracts, partly financed by a USD 60m sale- and leaseback

- The Company has remaining yard instalments of approx. USD 389m as of 30 September 2019, excluding NB No. 5457, which at the date of this report has been sold.

Financial key figures in Q3 YTD

- Net loss from continuing operations came in at USD -154t in Q3 YTD 2019 compared to USD -1,114t in Q3 YTD 2018, mainly related to reduced other operating expenses.

- Other operating expenses from continuing operations was USD 364t in in Q3 YTD 2019, down from USD 1,947t in Q3 YTD 2018.

- Cash flow from operations was USD 1,820t in Q3 YTD 2019, mainly due to changes in working capital items.

- Cash flow to investment activities was USD -165.7m in Q3 2019, mainly related to the development of the VLCC contracts, partly financed by a USD 60m sale- and leaseback and new equity of USD 79.2m.

Third quarter market review

Benchmark MEG - Far East VLCC earnings averaged USD ~38,000/day and USD ~28,000/day in Q3 2019 for eco and non-eco VLCCs, respectively. An increase of 70% and 124% compared to last quarter.

Net fleet growth slowed to 12 VLCCs in Q3, with 14 newbuilds delivered and two older vessels sold for scrap, compared to 18 in Q2. Adjusting for sanctions placed on COSCO, net fleet growth in Q3 was negative with about 25 VLCCs being affected. Off-hire related to scrubber retrofitting was expected to further limit supply growth, however a large portion of the 32 VLCCs scheduled for retrofitting in Q3 have been delayed into Q4 '19 – Q1 – '20, due to yard congestion, longer lead times and owners postponing scrubber installations due to higher rates.

Tanker demand increased in Q3, with MEG fixtures improving by 5% from Q2, primarily driven by an increase to more than 140 cargos per month in August and September, from approx. 120-130 in Q2, as underlying oil demand remained robust and global refinery outages and maintenance declined. In particular, the MEG-China trade improved significantly with 23% higher activity in Q3 compared to Q2. The impact from the attacks on the Abqaiq and Khurais oil facilities in Saudi Arabia in September, initially believed to reduce seaborne crude oil supply, proved to have limited effects on physical tanker demand, as volumes were quickly brought back online. In the Atlantic basin, Brazil has become a growth driver in the latter part of the year, following oil production growth of ~690kpd the last twelve months to ~3mbpd reported in August. In Q3, exports out of the US accounted for about 45 VLCC loadings, and is expected to increase over the coming quarters as the 900kbd Grey Oak pipeline comes online in Q4.

Market outlook

Tanker rates got off to a strong start in Q4, driven by the COSCO sanctions combined with seasonal demand strength, modest fleet growth and off-hire related to scrubber retrofitting. For a period, several vessels were on subjects for spot voyages implying dayrates in excess of USD 300,000 per day. Although these eventually failed to materialize, it is a testament to tanker market volatility and upside potential in times of limited vessel availability. However, rates have remained at strong levels, with most Q4 fixtures so far observed in the USD 50,000 – 100,000 per day range, signaling strong underlying market fundamentals.

Going forward, we expect the earnings capacity for our vessels to improve further. The spread between HSFO and compliant fuel should continue to widen, driven by a declining HSFO price due to diminishing physical demand as the IMO 2020 deadline approaches. This view is mirrored by a forward market currently pricing HSFO for delivery in January 2020 at around USD 200/ton, compared to USD 260/ton with prompt delivery. Vessel deliveries will continue to remain modest for the foreseeable future, scrubber related VLCC off-hire should reach its peak in December and tanker demand should continue to improve on the back of robust global oil demand growth, a growing share of long-haul voyages and increasing refinery runs.

All three of the Company's delivered vessels will soon have completed their maiden voyages and received all relevant inspection documents, optimally positioning the Company ahead of the IMO 2020 implementation on January 1st 2020.

Anchors aweigh…

Condensed consolidated financial statements for Q3 2019

Consolidated income statement

	Quarters			Year to date		Year
(Unaudited figures in USD 1 000)	**Q3 2019**	**Q3 2018**	**Note**	**30.09.2019**	**30.09.2018**	**31.12.2018**
Continuing operations						
Revenues						
Charter-hire revenue	0	0		0	0	0
Other income	69	0		281	0	52
Total Revenues	**69**	**0**		**281**	**0**	**52**
Operating expenses						
Payroll expenses	136	121		339	363	465
Depreciation and amortisation expense	14	0	7	30	0	0
Other operating expenses	161	198	4	364	1 947	2 352
Total operating expenses	311	319		**732**	**2 310**	**2 816**
Operating profit (loss) continuing operations	**-242**	**-319**		**-451**	**-2 310**	**-2 765**
Interest income	99	386		186	561	874
Finance income	0	567		1 632	1 110	2 432
Other financial income	0	0		0	0	0
Interest expenses	-90	0		-92	0	0
Other financial expenses	-1 423	0		-1 429	-26	-26
Net financial income (loss)	**-1 414**	**953**		**297**	**1 645**	**3 280**
Profit (loss) before taxes from continuing operations	**-1 656**	**633**		**-154**	**-665**	**515**
Tax on ordinary result	70	0		0	-449	-374
Net profit (loss) from continuing operations	**-1 586**	**632**		**-154**	**-1 114**	**142**
Discontinued operations						
Net profit (loss) from discontinued operations	0	0		0	-4 410	-4 410
Net profit (loss)	**-1 586**	**632**		**-154**	**-5 524**	**-4 268**
Earning per share	0,00	0,00		0,00	-0,06	-0,05
Earnings per share diluted	0,00	0,00		0,00	-0,06	-0,05
Earnings per share continuing operations	0,00	0,00		0,00	-0,01	-0,01
Earnings per share diluted continuing operations	0,00	0,00		0,00	-0,01	-0,01

(Unaudited figures in USD 1 000)	**Q3 2019**	**Q3 2018**	**30.09.2019**	**30.09.2018**	**31.12.2018**
Total comprehensive income					
Net profit (loss)	-1 586	633	-154	-5 524	-4 268
Translation differences	0	112	2	7 125	-2 289
Comprehensive income for the period continuing operations	**-1 586**	**745**	**-152**	**1 601**	**-6 557**
Total comprehensive income attributable to:					
Equity holders of the parent	-1 586	745	-152	1 601	-6 557
Total comprehensive income continuing operations	**-1 586**	**745**	**-152**	**1 601**	**-6 557**

Consolidated balance sheet

(Unaudited figures in USD 1 000)	Note	30.09.2019	30.06.2019	30.09.2018	31.12.2018
NON-CURRENT ASSETS					
Property, plant, equipment & machineries	7, 8	158	86	10	10
VLCC vessels	8	84 837	0	0	0
VLCC under construction	5, 8	162 387	151 668	34 591	56 682
Total tangible assets		**247 382**	**151 754**	**34 601**	**56 692**
TOTAL NON-CURRENT ASSETS		247 382	151 754	34 601	56 692
CURRENT ASSETS					
Trade receivables		0	0	0	83
Other short-term receivables		1 217	144	280	147
Total current receivables		**1 217**	**8**	**280**	**231**
Other financial investments		0	0	50 329	24 758
Total other financial investments		**0**	**0**	**50 329**	**24 758**
Cash and cash equivalents	**6**	**9 725**	**45 127**	**37 459**	**35 001**
TOTAL CURRENT ASSETS		10 942	45 127	88 068	59 990
TOTAL ASSETS		**258 323**	**197 026**	**122 670**	**116 681**

Equity and Liabilities

	Note	30.09.2019	30.06.2019	30.09.2018	31.12.2018
EQUITY					
Share capital (575 362 013 shares)	2	82 625	82 625	55 376	55 376
Share premium	2	112 467	112 794	66 842	61 123
Other equity		0	1 432	0	0
TOTAL EQUITY		195 092	196 851	122 218	116 499
LIABILITIES					
Other interest-bearing debt	7, 8	58 730	77	0	0
Total non-current liabilities		**58 730**	**77**	**0**	**0**
Trade creditors		552	61	336	132
Accrued public charges and indirect taxes		16	0	17	9
Debt financial institutions	8	1 440	0	0	0
Other current liabilities	4	2 492	36	99	42
Total current liabilities		**4 500**	**97**	**452**	**182**
TOTAL LIABILITIES		63 230	173	452	182
TOTAL EQUITY AND LIABILITIES		**258 323**	**197 026**	**122 670**	**116 681**

Consolidated cash flow statement

(Unaudited figures in USD 1 000)	Quarters Q3 2019	Q3 2018	Note	Year to date 30.09.2018	30.09.2018	Year end 31.12.2018
Profit (loss) before tax from continuing operations	-1 656	633		-154	-665	142
Profit (loss) before tax discontinued operations	0	0		0	-4 410	-4 410
Profit (loss) before tax	-1 656	633		-154	-5 075	-4 268
Depreciation	30	0		30	1 126	1 126
Net write-down intangible assets and capitalized grants	0	0		0	2 228	2 228
Financial income	-3	-386		-3	-561	-874
Financial expenses	90	0		92	33	33
Change in accounts receivables and accounts payables	491	167		503	287	12
Change in inventory	0	0		0	-571	-571
Change in other receivables and payables and other	1 270	-883		1 351	-1 055	-662
Net cash flow from operating activities	**222**	**-468**		**1 820**	**-3 588**	**-2 978**
Investments in VLCC newbuilds and PP & E	-95 419	-5	5, 8	-190 482	-33 989	-59 672
Investments in other financial investments	0	-50 329		0	-50 329	-81 502
Sale of other financial investments	0	0		24 758	0	55 349
Net cash flow from investment activities	**-95 419**	**-50 335**		**-165 724**	**-84 319**	**-85 825**
Interest received	3	386		3	561	874
Interest paid	-90	0		-92	-33	-33
Proceeds from borrowings financial institution	60 000	0	8	60 000	-84	-84
Installment leasing-debt (IFRS 16)	-14	0		-30	0	0
Capital contribution	0	6 358	2	79 168	92 738	92 738
Transaction cost capital contribution	-104	0	2	-422	-1 954	-1 625
Net cash flow from financing activities	**59 795**	**6 744**		**138 627**	**91 228**	**91 871**
Total net changes in cash flow	**-35 402**	**-44 058**		**-25 277**	**3 322**	**3 068**
Currency effect on cash	0	-188		0	78	-2 125
Cash and cash equivalents beginning of period	45 127	81 706		35 001	34 059	34 059
Cash and cash equivalents end of period	**9 725**	**37 460**		**9 725**	**37 459**	**35 001**

Consolidated statement of changes in equity

(Unaudited figures in USD 1 000)	Note	Share Capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity as of 01.01.2018		**18 869**	**31 726**	**0**	**0**	**50 595**
Net profit 3Q YTD 2018			-5 524	0	0	-5 524
Foreign currency translation adjustment			4 932	0	0	4 932
Total comprehensive income 3Q YTD 2018			-592	0	0	-592
Private placement 9 May 2018	2	10 790	9 064	0	0	19 854
Issuance of shares 14 June 2018	2	23 379	36 471	0	0	59 849
Issuance of shares 19 July 2018	2	2 338	3 647	0	0	5 985
Transactions costs (after tax)			-1 388	0	0	-1 388
Warrants related to VLCC shipbuilding contracts			1 151	0	0	1 151
Distribution in kind, shares in Dwellop AS			-13 236	0	0	-13 236
Equity as of 30.09.2018		**55 376**	**66 842**	**0**	**0**	**122 218**
Net profit 4Q 2018			1 256	0	0	1 256
Foreign currency translation adjustment			-7 221	0	0	-7 221
Total comprehensive income 4Q 2018			-5 965	0	0	-5 965
Transactions costs (after tax)			246	0	0	246
Equity as of 31.12.2018		**55 376**	**61 123**	**0**	**0**	**116 499**
Total comprehensive 3Q YTD 2019			-154	0	0	-154
Private placement 22 May 2019	2	27 249	51 919	0	0	79 168
Transactions costs			-422	0	0	-422
Equity as of 30.09.2019		**82 625**	**112 467**	**0**	**0**	**195 092**

Notes to the Hunter Group condensed consolidated financial statements for Q3 2019

1. Accounting principles

These condensed interim financial statements of Hunter Group where authorized for issue by the Board of Directors on 29 November 2019.

The interim condensed consolidated financial statements for the three and nine months ending 30 September 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

IFRS 16 Leases

Effective from 1 January, 2019, IFRS 16 covers the recognition of leases and related disclosure in the financial statements, and replaces IAS 17 Leases. In the financial statement of lessees, the standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 Property, Plant and Equipment over the shorter of each contract's term and the assets' useful life. The standard consequently implies a significant change in lessees' accounting for leases currently defined as operating leases under IAS 17, both with regard to impact on the balance sheet and the statement of income. With regards to lessor accounting IASB has decided to substantially carry forward the lessor accounting model in IAS 17. The standard requires adoption either on a full retrospective basis, or retrospectively with the cumulative effect of initially recognizing the standard as an adjustment to retained earnings at the date of initial application.

The Company has reviewed its rental agreements for assessing if these will change category from operational to financial lease. The standard impacted the accounting of leasing of premises as the Company rent the buildings it operates its business from.

IFRS 16 was implemented using the modified retrospective method. The effect as per 31.12.18 was not significant. Hunter Group adopted IFRS 16 on 1 January, 2019.

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Vessels and equipment

The net cost of the VLCCs (less estimated residual value) is the basis for a straight-line depreciation over the estimated remaining economic useful lives (25 years). Other equipments (excluding vessel upgrades) are depreciated over its estimated remaining useful life (5 years). The estimated residual value for the VLCCs is calculated by multiplying the lightweight tonnage with the market price of scrap per tonne. The market price of scrap per tonne is based on price of scrap at delivery (USD 350/lwt in Pakistan). Residual values are reviewed annually.

2. Equity transactions

On 9 May 2018, the private placement consisting of 75,000,000 new ordinary shares for gross proceeds of NOK 172.5 million with a subscription price of NOK 2.30 was registered in The Register of Business Enterprises.

On 18 May 2018, issuance of subscription rights to all shareholders in the Company as of 16 May, who were not allocated Offer shares in the Private Placement (NOK 520M) and who are not resident in a jurisdiction where such offering would be unlawful or require a prospectus filing or similar. Subscription price NOK 3.2.

On 30 May 2018, distribution of all the Company's 206,158,013 shares in Dwellop AS as a PIK dividend to all shareholders on record per 18 May 2019.

On 14 June 2018, HUNT has issued 162,500,000 new ordinary shares for gross proceeds of NOK 520.0 million with a subscription price of NOK 3.20, and registered it in The Register of Business Enterprises.

On 19 July 2018, HUNT has issued 16,250,000 new ordinary shares for gross proceeds of NOK 52.0 million with a subscription price of NOK 3.20, and registered it in The Register of Business Enterprises.

On 22 May 2019, HUNT has issued 190,454,000 new ordinary shares for gross proceeds of NOK 695 million (USD 79m) with a subscription price of NOK 3.65, and registered it in The Register of Business Enterprises.

3. Segment information

As the Dwellop-segment was discontinued in 2018, and the Indicator-segment has not had any activity during the last couple of years, the management monitors the operating results in 1 segment which develops and operates the VLCCs.

4. Transactions with related parties

The following table provides the total amount of transactions with related parties controlled by the members of the executive management of Hunter Group for 2019. All related party transactions have been entered into on an arm's length basis.

Transactions with related parties	30.09.2019	31.12.2018
Purchased services in USD 1 000	146	18 440

For the first nine months of 2018, Middelborg AS has invoiced the Company 247t, mainly related to Mr. Vegard Urnes, Investment Manager of Middelborg AS, and former CEO of Hunter Group ASA. The contract was terminated in May 2018.

Gudbrandsneset is owned by the Company's former SVP Business Development (hired on 60% basis) Mr. Eirik Bergsvik. USD 69t were invoiced for consultancy services for the first part of 2018. The contract was terminated in May 2018.

The Group has used the services of the law firm Ro Sommernes DA for legal advice in 2018 and 2019. Ro Sommernes DA has invoiced the Company USD 348t in 2018 and USD 109t as per Q3 2019 YTD. The Company's chairman Henrik Christensen is a partner in Ro Sommernes DA.

From 1 November 2018 the Company rents office space from Dronningen Eiendom AS. The rental agreement is for 36 months. One of the Company's shareholder is also a shareholder of Dronningen Eiendom AS.

On 26 April 2018 Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Apollo Asset Ltd. Is 100% owned by Mr. Arne Fredly, board member and largest shareholder of Hunter Group ASA. As of 30 September 2019, there is drawn USD 2.5 million of the short-term USD 3 million revolving credit facility with Apollo Asset Ltd (insignificant interest cost as per 30 September 2019).

5. VLCC under construction

The Company entered into at total of eight shipbuilding contracts of which one were delivered in September 2019. Another two were delivered in October 2019, of which one were already sold and redelivered her to her new owner. The fourth VLCC were delivered in November 2019. Please see note 9 for further information.

As per 30 September 2019, Hunter Tankers has made installments totaling USD 250m, of which USD 60m were paid as per 31 December 2018.

6. Cash and cash equivalents

Of the USD 9.7m m in cash and cash equivalents as per 30 September 2019, a major part were in USD.

7. IFRS 16 implementation

The IFRS 16 standard regarding Leases was implemented on 1 January 2019. The new accounting standard replaces IAS 17 Leases. IFRS 16 requires that all leases, except for short-term and low-value leases are reflected in the balance sheet as a lease liability and a Right of Use (RoU) asset. Hunter Group has used the modified retrospective method as from 1 January 2019. The Consolidated balance sheet increased by adding lease liabilities and right of use assets with USD 0,1m. Hunter Group's equity has not been impacted from the implementation of IFRS 16. The weighted average discount rate used to calculate the IFRS 16 opening balance lease liability was 5 %. The following line items in the balance sheet have been impacted:

(unaudited figures in USD 1 000)	**31.12.2018**	**adjustments**	**01.01.2019**
Property, plant, equipment & machineries	10	92	101
Other interest-bearing debt	0	92	92

(unaudited figures in USD 1 000)	**2019**
Property, plant, equipment & machineries 01.01	92
Addition 2019	79
Depreciation 2019	-30
Property, plant, equipment & machineries 30.09	141
Other interest-bearing debt 01.01	92
Addition 2019	79
Installments 2019	-31
Other interest-bearing debt 30.09	140
Interest 2019	4

8. Property, plant & equipment

(Unaudited figures in USD 1 000) Per 30 September 2019	IFRS 16 PP&E	Property, plant, equip. & mach.	VLCC under construction	VLCC vessels	Total
Cost at 1 January 2019	92	10	56 749	0	56 850
Additions in the period	79	7	190 475	0	190 561
Transfer to VLCC in operation	0	0	-84 837	84 837	0
Cost at 30 September 2019	171	17	162 387	84 837	247 411
Accumulated depreciations at 30 September 2019	-30	0	0	0	-30
Book value at 30 September 2019	**141**	**17**	**162 387**	**84 837**	**247 382**
This period's depreciation	30	0	0	0	**30**

The Group took delivery of "Hunter Atla" (NB No. 5455), the first of seven identical ECO design VLCC newbuildings on 24 September 2019. Hunter Tankers AS entered 6 September 2019 into a USD 180 million sale-and-leaseback transaction with Ship Finance International Limited ("SFL"), for an initial three VLCCs. The Group will receive net proceeds of USD 60 million per vessel for the sales of Hunter Atla (5455), Hunter Saga (5456) and Hunter Laga (5460), and will subsequently bareboat charter the vessels back for 5 years. The Group will have purchase options for all three vessels, ensuring maximum flexibility in regards to potential future vessel sales. The bareboat rate for Hunter Atla for the first 6 months is $11,500 per day, and Hunter Atla will enter the Tankers International Scrubber Pool, and will commence trading in the spot market.

The acquisition cost of Hunter Atla has as such been transferred from VLCC under construction to VLCC vessels. The depreciation will start when the vessel starts its activity in Q4.

9. Subsequent events

Hunter Saga and Hunter Laga were delivered on 19 October 2019 and 1 November 2019, more than 40 and 80 days ahead of the original delivery schedule, respectively, hence significantly improving Q4 2019 earnings power. Following redelivery of the vessels to SFL in accordance with the SLB, the Company received USD 120 million and subsequently bareboat chartered the vessels back on term equal to Hunter Atla.

As of the date of this report, all three of the delivered vessels have been successfully employed. We have booked ~96%* of available days in Q4 2019 at an average estimated TCE dayrate of USD ~70,100*.

On 1 October 2019 the Company entered into a USD 15.0 million revolving credit facility agreement ("RCF") with Apollo Asset Ltd., a company owned by Hunter Group ASA’s board member Mr. Arne Fredly. Subsequently, the company has cancelled the outstanding USD 3.0 million RCF. The new facility carries a total interest rate of 5.00% p.a. all inclusive. The facility may be cancelled at any time, by either party, whereupon the outstanding amount will become due and payable. The facility will be used to finance the group's working capital requirements, as well as general corporate purposes. At the time of this report the RCF facility is not drawn upon, and the balance is zero.

On 31 October 2019 the NB No. 5457 was successfully delivered and subsequently redelivered her to her new owner in accordance with the Memorandum of Agreement. All funds have been transferred and the transaction is complete.

** Includes one vessel currently on Subject. A vessel is available to charterers 14 days after delivery from the yard, after completion of bunkering operations and inspections.*

Hunter Group ASA
Org. nr. 985 955 107

Address: Dronningen 1, 0287 OSLO
E-mail: Erik A. S. Frydendal, CEO, ef@huntergroup.no