

*Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon, vennligst kontakt Nordic Trustee ASA.*

To the bondholders in:

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

Oslo, 29 November 2016

## Summons to Bondholders' Meetings

### 1 PARTIES

Nordic Trustee ASA (formerly Norsk Tillitsmann ASA) (the "**Bond Trustee**") acts as trustee for the holders of the bonds (the "**Bondholders**") in the bond issues HAVI04, HAVI06/07 and HAVI08 (the "**Bonds**" or the "**Bond Issues**") issued by Havila Shipping ASA (Norwegian company registration number 882 811 972) (the "**Issuer**" or the "**Company**").

All capitalised terms used herein shall, unless otherwise defined in this summons, have the meanings assigned to them in the bond agreements dated 5 November 2010 for HAVI04, 28 March 2011 for HAVI06/07 and 27 August 2012 for HAVI08 (each as amended from time to time) (the "**Bond Agreements**" and each a "**Bond Agreement**").

References to Clauses and paragraphs are references to Clauses and paragraphs of each of the Bond Agreements.

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

### 2 BACKGROUND

Reference is made to previous information concerning the Company's financial situation. Amongst others, reference is made to the press release issued by the Company on 5 January 2016, to the summons to Bondholders' Meetings dated 5 January and 12 February 2016, and to the notices of cancellation dated 19 January and 16 February 2016, and subsequently to the press release and summons to Bondholders' Meetings dated 9 November 2016.

Through 2016 the Company's financial position has been and remains highly challenging. The Company has continued negotiations with its financial creditors with the aim to reach an agreement that will enable the Company to come through the current market downturn. After a period of negotiations, the Company wishes to put forward the proposal described in this summons. Subject to the Restructuring Term Sheet (as defined below) and final documentation, the proposal includes contributions from key stakeholders and the Company, including:

- (i) commitment from the main shareholder to contribute new cash in the form of equity and a shareholder loan to the Company;
- (ii) commitment from the secured lenders to convert accrued but unpaid interest and certain principal amounts to equity in the Company and to accept amendments to interest payment terms, amortisation profiles and certain other amendments to the terms of their loan and guarantee facilities;
- (iii) commitment from the unsecured Bondholders and unsecured bank lenders to accept full repayment at discounted levels; and
- (iv) commitment from the Company to sell certain vessels, make changes to its corporate and operational structure and implement certain other changes to its business.

The terms and conditions for (a) the proposed amendments to HAVI04, HAVI06/07 and HAVI08 (the "**Bond Amendments**") and (b) the contributions and support from other relevant stakeholders are set out and described in the term sheet dated 8 November 2016 attached hereto as Schedule A (the "**Restructuring Term Sheet**"). The Bond Amendments and the other parts of the restructuring shall be implemented at the latest by 28 February 2017.

The Proposal is supported by the Company's largest shareholder, Havila Holding AS, and subject to final credit committee approval, by the Company's secured bank lenders and the Company's unsecured bank lenders. The Issuer has informed that Bond Trustee that the Proposal is also supported by holders of more than 2/3 of each of the Bond Issues.

On this basis, the Company has requested the Bond Trustee to convene a Bondholders' Meeting for each of the Bond Issues in order to formalize consents and approvals for the Proposal (as defined below).

### **3 PROPOSAL**

Based on the above, the Issuer has approached the Bond Trustee in accordance with Clause 16.2.1 of each of the Bond Agreements, and requested a Bondholders' Meeting to be convened to consider the Proposal (as defined below).

The Issuer proposes that the Bondholders of each of the Bond Issues resolve the following (the "**Proposal**"):

- (i) To approve the Bond Amendments on the terms as described in the Restructuring Term Sheet, authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Bond Amendments, including without limitation to (a) prepare, finalise and enter into the necessary amendment agreements and other documentation it deems appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to this summons, (b) to subscribe for shares, warrants or any other financial instruments to be issued under the Restructuring Term Sheet on behalf of the Bondholders, and (c) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and give effect to the Proposal, including the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depository (VPS));
- (ii) To agree that the Bond Trustee may consent and agree to further amendments of the Bond Amendments and the terms in the Restructuring Term Sheet where such amendments (a) are of minor or technical nature, (b) are otherwise consistent with the principles of the Bond Amendments, or (c) in the opinion of the Bond Trustee do not have an adverse and material effect on the rights and interests of the Bondholders;
- (iii) To agree that the Bond Trustee may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in this summons (including without limitation waive any time periods or deadlines); and
- (iv) To waive any breaches of clauses in the Bond Agreements that is reasonably necessary in order to implement and complete the Bond Amendments.

#### **4 CONDITIONS**

Implementation of the Proposal in each of the Bond Issues shall be subject to approval of the Proposal by the required majority of Bondholders in each of the Bond Issues as well as the other conditions set out in the Restructuring Term Sheet.

#### **5 COUPON CLAIMS**

The Issuer announced on 17 February 2016 that they would not pay its financial creditors, including the scheduled interest payments and amortizations on the Bonds. Separate coupon claims have since then been established in relation to the scheduled Interest Payment Dates, and registered in the Norwegian Central Securities Depository (VPS) as separate coupon claims ("**Coupon Claims**"). The new bonds, shares, cash and warrants (as applicable) delivered to each Bond Issue will be allocated pro rata to the holders of the principal claim ("**Principal Claims**") and Coupon Claims (both including relevant accrued interest and default interest). Allocations shall be made to the registered holders of Principal Claims and Coupon Claims in VPS on the record date (Restructuring Implementation Date) with settlement two Business Days thereafter.

The Coupon Claims can be traded independent of the principal claim in VPS. However, the Coupon Claims do not have an ISIN and cannot be traded within the ordinary settlement system. Settlement of trades of the Principal Claims in VPS will by default not include the Coupon Claims unless it is manually transferred account-to-account. Any disputes with respect to the future distributions to the Coupon Claims need to be settled between the parties of the transaction assisted by the broker of the transaction. Particular care needs to be taken with respect to the Coupon Claims when trading the Bonds in the period prior to the Restructuring Implementation Date.

## **6 NON-RELIANCE, EVALUATION AND FURTHER INFORMATION**

### **6.1 Non-reliance**

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

### **6.2 Further information**

The Issuer has engaged Swedbank Norway and Fearnley Securities as the Issuer's financial advisors (the "**Advisors**") with respect to the Proposal. Accordingly, Bondholders may contact Swedbank Norway at + 47 23 11 62 60 or Fearnley Securities at + 47 22 93 63 77 for further information.

The Advisor is acting solely for, and relying on information from, the Issuer in connection with the Proposal, and does not assume any liability in connection with the Proposal or the information herein.

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

Bondholders may also contact the legal advisors of the Bond Trustee in Advokatfirmaet BA-HR DA. Please contact Peter Bugge Hjorth at [pch@bahr.no](mailto:pch@bahr.no) or +47 22 01 66 55.

## **7 SUMMONS FOR BONDHOLDERS' MEETINGS**

Bondholders are hereby summoned to a Bondholders' Meeting:

**Time: 13 December 2016 at 10:00 (Oslo time)**

**Place: The premises of Nordic Trustee ASA,**

**Haakon VII's gt 1, 0161 Oslo - 6<sup>th</sup> floor**

### **Agenda:**

- (i) Approval of the Summons.
- (ii) Approval of the Agenda.
- (iii) Election of two persons to co-sign the minutes together with the chairman.

(iv) Consent to the Proposal as set out in section 3 above.

**It is proposed that the Bondholders' Meetings resolve the following:**

The Bondholders' Meeting hereby adopt the resolution set out in the Proposal as described in section 3 of the summons for this Bondholders' Meeting.

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To approve the Proposal, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least half of the Voting Bonds must be represented at the meeting. If the Proposal is not adopted, the Bond Agreements will remain unchanged.

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

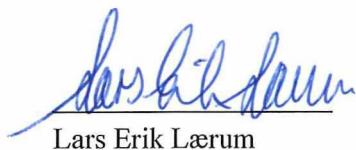
The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meetings, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail ([mail@nordictrustee.com](mailto:mail@nordictrustee.com)) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely

**Nordic Trustee ASA**



Lars Erik Lærum

Enclosed:

Schedule (A) – Restructuring Term Sheet

Schedule (B) – Bondholder's Form

## **Schedule A**

Restructuring Term Sheet dated 8 November 2016



**HAVILA SHIPPING ASA  
RESTRUCTURING TERM SHEET**

This restructuring term sheet (the "**Term Sheet**") dated 8 November 2016 sets out the key terms for the proposed financial restructuring (as described more particularly herein, the "**Restructuring**") of the capital structure and certain liabilities of Havila Shipping ASA (the "**Company**" as further defined below) and the Company's subsidiaries from time to time (together, the "**Group**").

This Term Sheet is not an offer to issue or sell, or a solicitation of an offer to acquire or purchase, securities in Norway, Canada, the United Kingdom, the U.S. or any other jurisdiction. Such offer or solicitation will only be made in compliance with all applicable securities laws.

The Term Sheet shall be binding on each of the parties hereto according to the terms and provisions as set out herein.

Capitalised terms used in this Term Sheet shall have the meaning ascribed to such terms in Schedule 1 (Definitions). The summary of the restructuring below shall be for information purposes only and in case of contradictions the other parts of the Term Sheet shall prevail.



## SUMMARY OF THE RESTRUCTURING

### On the Restructuring Implementation Date the following shall take place:

- NOK 118.2 million of new equity and NOK 46.2 million of convertible shareholder loan to be provided from Sævik (new equity to benefit from certain anti-dilution protection going forward initially securing 51% ownership).
- Secured Creditors to convert to Shares approximately NOK 135 million of accrued interest from and including 16 February 2016 up to and including 30 September 2016.
- Repair issue of NOK 30 million towards existing shareholders (excluding Sævik) to be launched.
- All unsecured debt (totalling NOK 950 million) will be repaid in full by (a) 15% of outstanding principal amount in cash and (b) certain warrants which may be exercised for Shares in a period of 5 years at NOK 0.156 per share in cash and with a face value of NOK 0.01.
- Vessels divided into two categories labelled "core vessels" and "non-core vessels", with the latter category divided into three sub-groups (named I, II and III). All non-core vessels to be marketed for sale going forward.
- Secured Creditors on the Non-Core Vessels 'Group I' Debt will receive NOK 44 million of already pledged cash.

### Amendments to surviving debt implemented on the Restructuring Implementation Date:

- All fixed amortisations on Secured Debt to be cancelled, except for certain fixed amortisation on Havila Phoenix, Havila Jupiter and Havila Venus. Cash sweep of 50% of cash flow on core vessels net of *inter alia* costs and fixed amortisation.
- All Secured Debt shall mature on the date falling four (4) years from 7 November 2016.
- Certain amendments to interest rates, including (a) the Subsea Bonds to be merged into one tranche with an interest rate of 3M NIBOR + 450 bps p.a. and (b) Non-Core Vessels 'Group I' Debt to accrue interest at 5% PIK.
- Financial covenants suspended except minimum cash of NOK 50 million (consolidated).

### Subsequent conversions and amendments:

- Non-Core Vessels 'Group I' Debt and Non-Core Vessels 'Group III' Debt not covered after sale of the relevant vessels is converted to Shares at a conversion price of NOK 0.981 per Share (which equals a conversion rate of 12.7%) and with a face value of NOK 0.01.
- If vessels in the Non-Core Vessel "Group I" are not sold within 18 months, a fixed amount of NOK 250 million will be converted at a conversion price of NOK 0.981 per Share (which equals a conversion rate of 12.7%) and the remaining debt to be left until such vessels are sold.
- Non-Core Vessels 'Group II' Debt not covered on a sale of the relevant vessels will be secured in the vessel Havila Venus.
- Relevant Secured Creditors to cover all costs relating to the respective non-core vessels from the date falling 18 months after the Restructuring Implementation Date.
- Core vessels which, in the period of 18 to 24 months after the Restructuring Implementation Date, generates less EBITDA than 2% of Secured Debt on that vessel, may, by the relevant Secured Creditor, be taken over (against discharge of all secured debt) or sold (against conversion of any deficit to Shares at a conversion price of NOK 0.981 per Share (which equals a conversion rate of 12.7%)). If no right is exercised, interest on that vessel shall be PIKed and, from the date falling 30 months from the Restructuring Implementation Date, the relevant Secured Creditor shall cover all net costs relating to that vessel. Upon payment of outstanding interest and 1/10 of outstanding



principal debt (which amount shall be raised as new equity), a Non-Performing Vessel may be re-declared as a Core Vessel.

## EQUITY ISSUES AND CONVERSION RIGHTS

1	<p><b>New Equity and ROR Interest Conversion</b></p>	<p>The Shares will have a face value of NOK 0.01 immediately prior to the equity issues and execution of the conversion rights as set out herein.</p> <p>Equity issues in the Company shall be made by way of (a) injection of new capital from Sævik and (b) conversion of ROR Interest ((a) and (b) together, the "<b>Equity Issues</b>"). The details of the Equity Issues shall be as follows:</p> <p>(a) New Equity:</p> <ul style="list-style-type: none"> <li>(i) The Company shall conduct an offering of new Shares raising NOK 118.2 million in gross proceeds to the Company directed towards Sævik (the "<b>New Equity</b>") which Sævik shall accept. The New Equity will give a right to 615 663 840 Shares each with a face value of NOK 0.01 and a subscription price estimated to NOK 0.125; and</li> <li>(ii) A part of the New Equity may, without reducing the number of shares stated in (i) above, be provided to the Company by way of a subordinated convertible loan (the "<b>Anti-Dilution Protection Loan</b>") or similar instruments. The sole purpose of the Anti-Dilution Protection Loan shall be to provide protection for Sævik in respect of the Shares subscribed for by the New Equity from the dilutive effect of the Non-Core Vessel Group I Conversion and the Non-Core Vessel Group III Conversion referred to in clauses 3 and 4, and thereby secure that Sævik is holding 51 % of the Shares post conversion of debt to Shares as set out in clauses 3 and 4. Upon expiry of the Restructuring Period, the balance of the Anti-Dilution Protection Loan (if any) shall be converted to one Share. The Anti-Dilution Protection Loan shall not accrue interest and shall not be repaid (other than through conversion). The Anti-Dilution Protection Loan shall further be fully subordinated to all other debt.</li> </ul> <p>(b) ROR Interest Conversion:</p> <p>The Secured Creditors will convert the amount of ROR Interest (approximately NOK 135 million) into 561 340 560 new Shares in the Company each with a face value of NOK 0.01 and a subscription price of NOK 0.240 (the "<b>ROR Interest Conversion</b>").</p> <p>(c) The completion of the Equity Issues, the Anti-Dilution Protection Loan and the ROR Interest Conversion will take place on the Restructuring Implementation Date.</p> <p>(d) Following the New Equity and the ROR Interest Conversion, the then existing Shares in the Company will be held as follows:</p> <ul style="list-style-type: none"> <li>(i) Sævik: 51% of the Shares;</li> </ul>
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		<p>(ii) the Secured Creditors: 46.5% of the Shares; and</p> <p>(iii) Existing Shareholders: 2.5% of the Shares.</p> <p>It is understood that, save as otherwise explicitly stated herein, these shareholdings are subject to further dilution in accordance with this Term Sheet.</p>
2	<b>Shareholder Loan</b>	<p>Sævik shall provide an additional cash contribution by way of granting a 5 year unsecured subordinated (to the Secured Creditors only) convertible shareholder loan in the amount of NOK 46.2 million (the "<b>Shareholder Loan</b>"). The Shareholder Loan shall be documented by a separate term sheet and, <i>inter alia</i>, have the following main terms:</p> <p>(a) Maturity date 5 years after the Restructuring Implementation Date.</p> <p>(b) No interest (in cash or in kind).</p> <p>(c) Pre-payable at par in whole or in part at the option of the Company at any time, subject to such repayment being approved by the Secured Facility Lenders.</p> <p>(d) Convertible at Sævik's option upon:</p> <p>(i) any conversion in accordance with clause 5 below. Conversion shall be at the same share price as the subscription price in the New Equity (cf. item 1 (a) (i) above);</p> <p>(ii) the completion of the Repair Issue. Conversion shall be at par value of the Shares; and</p> <p>(iii) any new equity issue in the Company (other than those contemplated by this Term Sheet). Conversion shall be at the same share price as the subscription price in such new equity issue.</p>
3	<b>Non-Core Vessel Group I Conversion</b>	<p>The Secured Creditors having financed vessels pertaining to Non-Core Vessel Group I shall convert a part of such financing to equity in the Company. The conversion rights shall be granted by the issue of warrants (the "<b>NCV I Warrants</b>") in the Company with the following terms:</p> <p>(a) The conversion shall occur (by exercise of the NCV I Warrants) (i) upon each completion of a sale of a vessel in the Non-Core Vessel Group I, and (ii) (if applicable) on the date falling 18 months from the Restructuring Implementation Date.</p> <p>(b) Nothing shall be payable upon subscription of the NCV I Warrants. The total amount to be converted to equity upon exercise of the NCV I Warrants shall be as follows:</p> <p>(i) in the case of conversion due to the sale of a vessel in the Non-Core Vessel Group I, the NCV I Loss on that vessel; and</p> <p>(ii) on the date falling 18 months from the Restructuring Implementation Date, if not all vessels in the Non-Core Vessel Group I have been sold and less than NOK 250 million of NCV I Loss has been converted, such amount of the Non-Core Vessels 'Group I' Debt</p>

		<p>required for the aggregate amount converted to reach NOK 250 million,</p> <p>with the subscription price per Share upon exercise of each NCV I Warrant to be NOK 0.981 (which equals a conversion rate of 12.7%) (so that the amount of NCV I Loss determines the number of shares that may be subscribed for in total under this clause 3).</p> <p>(c) The NCV I Warrants, if not exercised, shall lapse without compensation to the holder at the expiry of the <i>Restructuring Period</i>.</p> <p>(d) The NCV I Warrants may be held by a party nominated by and on behalf of the relevant Secured Creditors and shall be transferrable together with the relevant part of debt between the relevant Secured Creditors (but not to any third party).</p> <p>(e) Upon exercise of NCV I Warrants by a Secured Creditor pursuant to this clause 3, Sævik shall be entitled to convert such part of the Anti-Dilution Protection Loan required in order for the dilutive effect on the Shares subscribed for by New Equity to be neutralized and consequently securing that Sævik thereafter is holding 51% of the Shares (but subject to any potential dilution pursuant to clause 5 below).</p>
4	<b>Non-Core Vessel Group III Conversion</b>	<p>The Secured Creditors having financed vessels pertaining to Non-Core Vessel Group III shall convert a part of such financing to equity in the Company. The conversion shall be granted by the issue of warrants (the "<b>NCV III Warrants</b>") in the Company with the following terms:</p> <p>(a) The conversion shall occur (by exercise of the NCV III Warrants) upon each completion of a sale of a vessel in the Non-Core Vessel Group III.</p> <p>(b) Nothing shall be payable upon subscription of the NCV III Warrants. Upon exercise of the NCV III Warrants each such warrant shall give a right to 1 Share and NOK 0.981 (which equals a conversion rate of 12.7%) shall be payable per Share by conversion of NCV III Loss (so that the amount of NCV III Loss determines the number of shares that may be subscribed for in total under this clause 4).</p> <p>(c) The NCV III Warrants, if not exercised, shall lapse without compensation to the holder at the expiry of the day falling 18 months after the Restructuring Implementation Date.</p> <p>(d) The NCV III Warrants may be held by a party nominated by and on behalf of the relevant Secured Creditors and shall be transferrable between the relevant Secured Creditors (but not to any third party).</p> <p>(e) Upon exercise of NCV III Warrants by a Secured Creditor pursuant to this clause 4, Sævik shall be entitled to convert such part of the Anti-Dilution Protection Loan required in order for the dilutive effect on the Shares subscribed for by New Equity to be neutralized and consequently securing that Sævik thereafter is holding 51% of the Shares (but subject to any potential dilution</p>

		pursuant to clause 5 below).
5	<b>Non-Performing Core Vessel Debt Conversion</b>	<p>The Secured Creditors having financed Core Vessels which have been declared as Non-Performing Vessels and which incur a Non-Performing Sale Shortfall shall have the right to convert such loss to equity in the Company as follows:</p> <ul style="list-style-type: none"> <li>(a) The subscription price per Share shall be NOK 0.981 (which equals a conversion rate of 12.7%). The subscription price may only be settled through conversion of the Non-Performing Sale Shortfall.</li> <li>(b) Upon a conversion as described in this clause 5, Sævik shall be entitled to convert the Shareholder Loan (in whole or in part) to equity in accordance with Clause 2 (d) above in order to reduce or prevent the dilutive effect of the conversion.</li> </ul>
6	<b>Unsecured debt warrants issue</b>	<p>The Unsecured Creditors shall, in consideration for accepting to be fully repaid in accordance with clause 8 (<i>Cash Offer</i>) below, have a right to subscribe for warrants in the Company (the "<b>Unsecured Debt Warrants</b>"). The Unsecured Debt Warrants shall be issued as follows:</p> <ul style="list-style-type: none"> <li>(a) 500 million Unsecured Debt Warrants will be issued, each giving a right to one Share. The warrants shall be allotted to the Unsecured Creditors pro rata in relation to the principal amount of debt outstanding at the Restructuring Implementation Date, and shall be freely transferable.</li> <li>(b) Nothing shall be payable for the Unsecured Debt Warrants upon subscription. Upon exercise of the warrants, NOK 0.156 shall be payable in cash for each Share.</li> <li>(c) The Unsecured Debt Warrants shall be issued on the Restructuring Implementation Date to the relevant Unsecured Creditors (except for the Unsecured Bondholders). For the Unsecured Bondholders the Restructuring Implementation Date will be the record date with distribution of the Unsecured Debt Warrants on the day falling two business days thereafter.</li> <li>(d) The Unsecured Debt Warrants will be exercisable from and including the date falling 2 years after the Restructuring Implementation Date and at any time thereafter until they lapse.</li> <li>(e) The Unsecured Debt Warrants will lapse, without any compensation to the holders, on the expiry of the date falling 5 years after the Restructuring Implementation Date.</li> <li>(f) If the Company resolves to issue new Shares against cash consideration (other than as contemplated by this Term Sheet) for a total consideration of more than NOK 100 million, the holders of the Unsecured Debt Warrants shall 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). There shall be no adjustment of the price to be paid for each Share upon exercise of the warrants as a consequence of such equity issue.</li> <li>(g) The warrant agreement shall include anti-dilution provisions such as adjustments to deal with</li> </ul>

		recapitalizations (stock splits, reverse splits etc.), reduction in capital, certain new share issuances and dividends.
7	<b>Repair Issue</b>	<p>A repair issue (the "<b>Repair Issue</b>") shall be launched on the Restructuring Implementation Date whereby shareholders pre-restructuring (ex. Sævik) shall have preferential right of subscription.</p> <p>(a) The subscription price in the Repair Issue shall be NOK 0.125 and the face value NOK 0.01 per share.</p> <p>(b) A total of up to 240 334 046 new Shares shall be issued by the Company in the Repair Issue, for a total consideration of up to NOK 30 million.</p> <p>(c) Upon completion of the Repair Issue, Sævik shall be entitled to convert the Shareholder Loan (in whole or in part) to equity in accordance with Clause 2 (d) above, in order to reduce or prevent the dilutive effect of the Repair Issue.</p>
<b>UNSECURED CREDITORS</b>		
8	<b>Cash Offer</b>	<p>The total outstanding amount (principal and accrued/unpaid interest) of the Unsecured Creditors shall be repaid in full by (i) receipt of the Unsecured Debt Warrants and (ii) 15% of their total outstanding principal claims (not including interest) as follows:</p> <p>(a) Islandsbanki will be paid MNOK 22.5 in cash (equal to 15% of the outstanding amount) under the Islandsbanki Facility.</p> <p>(b) Arion will be paid MNOK 45.0 in cash (equal to 15% of the outstanding amount) under the Arion Facility.</p> <p>(c) the Unsecured Bondholders and holders of any related coupon claims will be paid MNOK 75.0 in cash (equal to 15% of par value of the Unsecured Bonds, such amount to be distributed pro rata between the Bonds and any accrued, but unpaid interest on the Bonds).</p> <p>(d) The Unsecured Creditors shall accept the above payments (together with the Unsecured Debt Warrants) as full and final settlement of the Company's debts under and in relation to the Unsecured Loan Facilities and the Unsecured Bonds (including interest and any other amounts) and the relevant debt shall thereby be considered redeemed and discharged in full.</p> <p>(e) Payment under the Cash Offer shall take place on the Restructuring Implementation Date as regards Islandsbanki and Arion, and, as regards the Unsecured Bondholders, with the Restructuring Implementation Date as the record date and payment to be made two business days thereafter.</p>

### SECURED CREDITORS

9	<b>Non-Core Vessels 'Group I'</b>	<p>(a) On the Restructuring Implementation Date, the Company shall pay (as repayment of principal) to SB1 SMN as agent under the Faith/Favour/Fortress/Princess Facility NOK 44 million in cash which is currently pledged and held on the Company's retention account (the "<b>Pledged Cash Payment</b>").</p> <p>(b) The remaining amount of outstanding debt under the Faith/Favour/Fortress/Princess Facility (after the Pledged Cash Payment) shall accrue PIK interest of 5% p.a.</p> <p>(c) The vessels pertaining to Non-Core Vessels 'Group I' shall from the Restructuring Implementation Date be marketed for sale in consultation and agreement with the relevant Secured Facility Lenders.</p> <p>(d) Prior to the date falling 18 months after the Restructuring Implementation Date, upon each completion of a sale of a vessel in the Non-Core Vessel Group I, the relevant Secured Facility Lenders shall exercise the NCV I Warrants as set out in clause 3 and convert any remaining Non-Core Vessels 'Group I' Debt related to that vessel (calculated based on an equal distribution of debt between the vessels in the group prior to that sale) (the "<b>NCV I Loss</b>") to equity.</p> <p>(e) On the date falling 18 months from the Restructuring Implementation Date, if any of the vessels pertaining to the Non-Core Vessels 'Group I' have not been sold and the aggregate amount of NCV I Loss converted is less than NOK 250 million, the relevant Secured Facility Lenders shall exercise the NCV I Warrants as set out in clause 3 and convert such amount of the Non-Core Vessels 'Group I' Debt in order for the total conversion amount to reach NOK 250 million. Any remaining debt under the Faith/Favour/Fortress/Princess Facility shall remain, except that it shall be reduced with net sales proceeds upon any subsequent sale of any vessel in the Non-Core Vessel 'Group I'.</p> <p>(f) The Secured Facility Lenders under the Non-Core Vessels 'Group I' Debt will cover all costs related to the vessels pertaining to Non-Core Vessels 'Group I' from the date falling 18 months following the Restructuring Implementation Date.</p>
10	<b>Non-Core Vessels 'Group II'</b>	<p>(a) Each of POSH Viking and POSH Venture shall be placed in separate SPVs (subject to any legal restrictions) and share pledges shall be created over such new SPV shares in favour of the relevant Secured Facility Lender(s). The secured debt pertaining to each such vessel shall be assumed by such SPV.</p> <p>(b) The vessels pertaining to Non-Core Vessels 'Group II' shall from the Restructuring Implementation Date be marketed for sale in consultation and agreement with relevant Secured Facility Lenders.</p>



		<p>(c) Any amount of Secured Debt relating to a vessel pertaining to the Non-Core Vessels 'Group II' not covered by the sales proceeds from such vessel, shall be secured by Havila Venus.</p> <p>(d) The Secured Facility Lenders under the Non-Core Vessels 'Group II' Debt will cover all costs related to the vessels pertaining to Non-Core Vessels 'Group II' from the date falling 18 months following the Restructuring Implementation Date. Interest shall be paid in cash on the Non-Core Vessels 'Group II' Debt from the Restructuring Implementation Date on existing terms as per the applicable Secured Loan Facilities.</p>
11	<b>Non-Core Vessels 'Group III'</b>	<p>(a) The vessels pertaining to Non-Core Vessels 'Group III' shall from the Restructuring Implementation Date be marketed for sale in consultation and agreement with relevant Secured Facility Lenders.</p> <p>(b) Upon each completion of a sale of a vessel pertaining to Non-Core Vessels 'Group III', the relevant Secured Facility Lenders shall exercise the NCV III Warrants as set out in clause 4 and convert any remaining Non-Core Vessels 'Group III' Debt on the vessel sold (the "<b>NCV III Loss</b>") to equity.</p> <p>(c) Any debt not converted after the date falling 18 months after the Restructuring Implementation Date shall remain, except that it shall be reduced with net sales proceeds upon any subsequent sale of any vessel in the Non-Core Vessel 'Group III'.</p> <p>(d) The Secured Facility Lenders under the Non-Core Vessels 'Group III' Debt will cover all costs related to the vessels pertaining to Non-Core Vessels 'Group III' from the date falling 18 months following the Restructuring Implementation Date.</p> <p>(e) Interest shall be paid in cash on the Non-Core Vessels 'Group III' Debt from the Restructuring Implementation Date on existing terms as per the applicable Secured Loan Facilities.</p>
12	<b>Core Vessels Debt</b>	<p>(a) Interest shall be paid in cash on Core Vessel Debt as per the applicable Secured Loan Facilities and Secured Bonds. There shall be no change in margins on any Core Vessel Debt, except (i) the Subsea Bond Amendment set out in clause 13 below and (ii) in relation to any classification of a Core Vessel as a Non-Performing Vessel as set out in clause 21 below.</p> <p>(b) Amortization (sweep) on Secured Debt related to each Core Vessel 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 the Cash Sweep Threshold or (ii) the Company's (consolidated) normal costs, interest and amortisation 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) shall not apply to the 50% cash sweep from the</p>

		Net Cash Flow from Havila Jupiter and Havila Venus.
13	<b>Subsea Bonds</b>	The Subsea Bonds shall be merged into one tranche which shall have an interest rate of 3M NIBOR + 450 bps p.a. from the Restructuring Implementation Date (the " <b>Subsea Bond Amendment</b> ").
14	<b>Havila Jupiter &amp; Havila Venus</b>	<p>(a) Notwithstanding section 12 (b), Havila Ships shall under any circumstances pay a minimum annual amortization in the amount of USD 0.5 million in each of 2017, 2018, 2019 and 2020 on each of the Havila Venus Facility (for the Havila Venus) and the Herøy/Jupiter Facility (for the Havila Jupiter).</p> <p>(b) It is the intention that each of Havila Jupiter and Havila Venus shall be placed in separate SPVs (subject to any legal restrictions) and share pledges shall be created over such new SPV shares in favour of the relevant Secured Facility Lender. The secured debt pertaining to each such vessel shall be assumed by such SPV.</p>
15	<b>Havila Phoenix</b>	<p>(a) Notwithstanding section 12 (b), Havila Subcon shall under any circumstances pay a minimum amortization on the Phoenix Facility (for the Havila Phoenix) in the amount of:</p> <p>(i) USD 0.5 million in Q4 2016;</p> <p>(ii) USD 2.2 million in 2017; and</p> <p>(iii) USD 2.9 million in 2018.</p> <p>(b) It is the intention to transfer Havila Phoenix to a separate SPV (subject to any legal restrictions) wholly owned by Havila SubCon subsequent to the Restructuring Implementation Date and share pledges shall be created over such new SPV.</p> <p>(c) [Redacted]*</p>
16	<b>No principal impairment on the Restructuring Implementation Date</b>	The Secured Lenders shall not be required to write down any of their respective claims against the Group on the Restructuring Implementation Date.
17	<b>Fixed amortization</b>	Except as specifically stated in this Term Sheet, there shall be no fixed amortization, repayment or prepayment on the Secured Debt (exceptions for Total Loss etc. (not exceeding net proceeds from sale/insurance proceeds) to be agreed in final documentation).
18	<b>Secured Debt Maturity</b>	All Secured Debt shall mature on the date falling four (4) years from 7 November 2016.
19	<b>ROR Interest</b>	<p>ROR Interest accrued from and including 1 October 2016 and until the Restructuring Implementation Date shall be paid in cash to the relevant Secured Lenders on the Restructuring Implementation Date. Any interest or fees accrued but unpaid up to the period of accrual of ROR Interest (if any), shall be added to the principal amount of the relevant secured facility on the Restructuring Implementation Date.</p> <p>For the avoidance of doubt, no default interest or penalty shall be calculated and paid on the loans provided by the Secured</p>

		Loan Facilities.
20	<b>Financial covenants</b>	<p>(a) The Company shall, on a consolidated basis, have no less than NOK 50 million in free and available cash during the Restructuring Period.</p> <p>(b) There shall be no other financial covenants under the Secured Debt or under any other agreement relating to financial indebtedness.</p>
21	<b>Non-Performing Vessels</b>	<p>(a) If generated EBITDA on a Core Vessel during the 6 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 that Core Vessel (the "<b>Core Vessel Performance Test</b>"), the Core Vessel will be classified as a non-performing vessel (a "<b>Non-Performing Vessel</b>").</p> <p>(b) The relevant Secured Creditor to a Non-Performing Vessel has the right to:</p> <p>(i) assume ownership of the Non-Performing Vessel (with full remission of debt associated with such Non-Performing Vessel); or</p> <p>(ii) initiate a sales process in respect of the Non-Performing Vessel accepting that any shortfall (a "<b>Non-Performing Sale Shortfall</b>") may be remitted or converted to shares in accordance with clause 5 above. Any part of the Non-Performing Sale Shortfall not converted to equity shall be remitted in full. The final sales decision and price shall be approved by relevant Secured Creditor.</p> <p>(c) The Company will continue to market the Non-Performing Vessels for sale and for employment at its own cost for up to 6 months after a vessel has been classified as Non-Performing Vessel.</p> <p>(d) Interest accruing on financial indebtedness secured in a mortgage over a vessel which is classified as a Non-Performing Vessel will be at 5% p.a. and subject to PIK payment as of the date following which it was classified as a Non-Performing Vessel.</p> <p>(e) If any Non-Performing Vessel is not disposed of within 6 months of the Core Vessel Performance Test, the relevant Secured Creditor(s) shall cover all operational costs (i.e. OPEX, stacking cost, SG&amp;A, etc.) associated with such vessel(s).</p>
22	<b>Re-Performing Vessel</b>	<p>(a) The Company can declare a Non-Performing Vessel a re-performing vessel (a "<b>Re-Performing Vessel</b>") if all outstanding interest and a minimum 1/10 of the outstanding principal debt related to the Non-Performing Vessel is paid with funds raised as new equity in the Company.</p> <p>(b) [Redacted]*</p>
23	<b>Board composition</b>	The Secured Lenders shall have a right to appoint one director in the Company.

24	<b>Stock Exchange listing</b>	The Company shall use its best efforts to remain listed on Oslo Stock Exchange throughout the Restructuring Period.
25	<b>No Change of Control</b>	There shall be no change of control provisions on Sævik's ownership of Shares in the Company.
<b>MISCELLANEOUS</b>		
26	<b>Conversion of intra-group claims</b>	If the conversion of ROR Interest to equity in the Company as contemplated by clause 1 above leads to a recourse claim from the Company against the original debtor under the relevant Secured Loan Facility on which the ROR Interest accrued, then such recourse claim shall be converted to shares in the relevant subsidiary.
27	<b>Lock-up</b>	As between the parties to this Term Sheet, there shall be no lock-up restrictions applicable to Shares contemplated to be issued as part of the Restructuring.
28	<b>Interconditionality</b>	All parts of the Restructuring as set out in this Term Sheet shall be conditional upon each other so that if a part of the Restructuring is not completed for any reason within the Implementation Long Stop Date, then no other part shall be completed and all transactions and actions already performed shall be reversed unless consented to by each party effected by the part not being completed.
29	<b>Mandatory offer</b>	In the event that any transactions contemplated by this Term Sheet triggers or results in an obligation for Sævik (directly or indirectly) or any related party to Sævik to make a mandatory offer to acquire all outstanding Shares in the Company in accordance with chapter 6 of the Norwegian Securities Trading Act, each party to this Term Sheet (for the avoidance of doubt not including unsecured bondholders) undertakes not to accept such offer with respect to Shares held by such party at commencement of or during the offer period.
30	<b>Havila Troll</b>	Rate payable on Havila Troll shall be sought adjusted in accordance with the principles of, and to facilitate, the Restructuring as set out herein.
31	<b>Costs</b>	The documented costs and expenses of the Secured Facility Lenders, the Unsecured Facility Lenders, Nordic Trustee ASA and their respective advisers in preparing and agreeing this Term Sheet and the summons, respectively, shall be paid by the respective debtors of the Secured Debt (pro rata according to outstanding amount of Secured Debt) on the Restructuring Implementation Date. The Parties acknowledge and agree that the Company will also pay its own advisors on or following that date.
32	<b>Announcements</b>	[Intentionally deleted.]
33	<b>Final Documentation</b>	When amending the Secured Loan Facilities, these shall be aligned to include similar provisions on financial reporting and on covenants, undertakings and Events of Default (including but not limited to restrictions on dividend, new debt, financial support, and merger/demerger).

34	<b>Amendments</b>	No amendments may be made to this Term Sheet without the prior approval of all the Secured Facility Lenders, the Unsecured Facility Lenders, the Unsecured Bondholders, the Company and Havila Holding.
<b>CONDITIONS PRECEDENT</b>		
35	<b>Conditions Precedent for effectiveness</b>	<p>This Term Sheet shall not be binding on any party unless and until the following conditions precedent have been fulfilled:</p> <ul style="list-style-type: none"> <li>(i) approval of the Restructuring by the board of directors of the Company;</li> <li>(ii) approval of the Cash Offer and the Unsecured Debt Warrants by a duly convened bondholders' meeting in the Unsecured Bonds in accordance with the terms of the relevant Bond Agreement;</li> <li>(iii) approval of the Cash Offer and the Unsecured Debt Warrants from each of the Unsecured Facility Lenders;</li> <li>(iv) approval of the Restructuring by a duly convened bondholders' meeting in the Subsea Bonds in accordance with the terms of the relevant Bond Agreement;</li> <li>(v) approval of the Restructuring by a duly convened bondholders' meeting in the Clipper Bonds in accordance with the terms of the relevant Bond Agreement;</li> <li>(vi) approval of the Restructuring by the respective credit committees in each of the Secured Facility Lenders; and</li> <li>(vii) approval of the Restructuring by the respective credit committees in each of the Unsecured Facility Lenders.</li> </ul> <p>If any of the above conditions precedent has not been fulfilled by the Approval Long Stop Date, no party shall be bound by the terms set out herein.</p>
36	<b>Conditions Precedent for the Restructuring Implementation Date</b>	<p>The occurrence of the Restructuring Implementation Date shall be conditional upon satisfaction of the following conditions precedent by the Implementation Long Stop Date:</p> <ul style="list-style-type: none"> <li>(i) the Required Shareholder Resolutions having been passed;</li> <li>(ii) the term sheet for the Shareholder Loan to be agreed between the parties thereto and to be in a form and with content acceptable to the Secured Facility Lenders;</li> <li>(iii) agreement on final terms and definitive legal documentation evidencing the transactions contemplated by the Restructuring;</li> <li>(iv) confirmation from the Company that it has not entered into any bankruptcy, liquidation, administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary;</li> <li>(v) confirmation from the Company that no enforcement or acceleration or debt recovery action has been taken by or on behalf of any of the other creditors and/or suppliers of the Company under or in connection with any other indebtedness or due amounts of the Company;</li> <li>(vi) confirmation from the Company that no material change to contracts for employment of the Vessels have occurred</li> </ul>

		(unless such changes have been approved by the Company and the Secured Facility Lenders), and (vii) CP list to be extended as necessary.
<b>GOVERNING LAW</b>		
37	<b>Governing Law</b>	This Term Sheet and any non-contractual obligations arising out of or in connection with it shall be governed by Norwegian law, with Oslo City Court (No: " <i>Oslo tingrett</i> ") as legal venue. The Norwegian courts shall have non-exclusive jurisdiction with respect to any disputes arising out of or in connection with this Term Sheet.

\* Please note that certain clauses (15 and 22) of the full term sheet have been redacted from public view as such information is deemed business sensitive in relation to the Company's contracting parties. Certain of the Company's vessels may under the terms of the term sheet be placed in separate SPV's, the debt pertaining to such vessel assumed by such SPV, and share pledges may be created over the shares issued by such SPV.

## **Schedule 1 – Definitions**

<b>Definitions</b>	<p><b>"Approval Long Stop Date"</b> means 31 January 2017.</p> <p><b>"Arion"</b> means Arion Bank hf, with registered address 105, Borgartún 19, Reykjavík, Iceland.</p> <p><b>"Bond Agreements"</b> means the bond agreements governing the Secured Bonds and the Unsecured Bonds.</p> <p><b>"Bondholders"</b> means the Secured Bondholders and the Unsecured Bondholders, collectively.</p> <p><b>"Bonds"</b> means the Secured Bonds and the Unsecured Bonds, collectively.</p> <p><b>"Cash Sweep Threshold"</b> means free and available cash equal to NOK 125 million on a consolidated basis for the Company.</p> <p><b>"Clipper Bonds"</b> means FRN Havila Shipping ASA Senior Secured Callable Bond Issue 2010/2016, with ISIN NO 001 059044.1.</p> <p><b>"Company"</b> means Havila Shipping ASA, entity no. 882 811 972, with registered address at Havilahuset, 6092 Fosnavåg, Herøy, Norway.</p> <p><b>"Core Vessel Debt"</b> means all financial indebtedness related to the Core Vessels being the Phoenix Facility, Harmony Facility, Foresight Facility, Herøy/Jupiter Facility, Fortune/Aurora Facility, Mars DNB Facility, Mercury DNB Facility, Mars/Mercury Facility, Mars Eksportfinans Facility, Mercury Eksportfinans Facility, Borg Facility, Neptune Facility, Venus Facility, Commander Facility, Crusader Facility, Fanø Facility, the Clipper Bonds and the Subsea Bonds.</p> <p><b>"Core Vessel Performance Test"</b> has the meaning ascribed to it in section 21 of this Term Sheet.</p> <p><b>"Core Vessels"</b> 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.</p> <p><b>"DNB"</b> means DNB Bank ASA, Entity No. 984 851 006, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway.</p> <p><b>"DVB"</b> means DVB Bank SE Nordic Branch, Entity No. 993 205 699, with registered address Haakon VII's gate 1, 0161 Oslo, Norway.</p> <p><b>"Equity Issues"</b> shall have the meaning as set out in section 1 of this Term Sheet.</p> <p><b>"Existing Shareholders"</b> means the shareholders in the Company immediately prior to the Restructuring Implementation Date and the Equity Issues.</p> <p><b>"GIEK"</b> means Garantiinstituttet for Eksportkreditt, entity no. 974 760 908, with registered address Støperigata 1, 0250 Oslo, Norway.</p> <p><b>"Havila Holding"</b> means Havila Holding AS, entity no. 979 366 256, with registered address at Mjølstadnesvegen 24, 6092 Fosnavåg, Norway.</p> <p><b>"Implementation Long Stop Date"</b> means 28 February 2017.</p> <p><b>"Íslandsbanki"</b> means Íslandsbanki HF, a banking institution incorporated under the laws of Iceland with entity no. 491008-0160 and registered address at Kirkjusandi 2, 105 Reykjavik, Iceland.</p> <p><b>"Net Cash Flow"</b> means, with respect to a vessel, the revenue</p>
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generated by that vessel, less OPEX, Stacking Cost, SG&A, interest cost and fixed/minimum amortization (if any) in each case related to that vessel.

**"Non-Core Vessels 'Group I'"** means the vessels Havila Fortress, Havila Faith, Havila Favour and Havila Princess.

**"Non-Core Vessels 'Group I' Debt"** means all financial indebtedness, save for accrued ROR Interest, related to the Non-Core Vessels 'Group I' in a total approximate amount of MNOK 362.5<sup>1</sup> being the Faith/Favour/Fortress/Princess Facility.

**"Non-Core Vessels 'Group II'"** means the vessels POSH Viking and POSH Venture.

**"Non-Core Vessels 'Group II' Debt"** means all financial indebtedness, save for accrued ROR Interest, related to the Non-Core Vessels 'Group II' in a total approximate amount of MNOK 102.0 being the Posh Viking/Venture Facility.

**"Non-Core Vessels 'Group III'"** means the vessels POSH Vibrant and POSH Virtue.

**"Non-Core Vessels 'Group III' Debt"** means all financial indebtedness, save for accrued ROR Interest, related to the Non-Core Vessels 'Group III' in a total approximate amount of MNOK 107.7 being the Posh Vibrant Facility and Posh Virtue Facility.

**"Non-Performing Sale Shortfall"** shall have the meaning ascribed to such term in clause 21.

**"Non-Performing Vessel"** means a vessel which has failed the Core Vessel Performance Test and which has not been declared by the Company as a Re-Performing Vessel.

**"Nordea"** means Nordea Bank Norge ASA, entity no. 911 044 110, with registered address Essendrops gate 7, 0368 Oslo, Norway.

**"Repair Issue"** shall have the meaning as set out in section 7 of this Term Sheet.

**"Re-Performing Vessel"** has the meaning ascribed to it in section 22 of this Term Sheet.

**"Required Shareholder Resolution"** means the resolutions required by the general meeting of the Company to approve the Restructuring and the matters contemplated by this Term Sheet.

**"Restructuring Implementation Date"** means the date, selected by the Company, on which the Restructuring shall be implemented, such date not to be later than the Implementation Long Stop Date.

**"Restructuring Period"** means the period commencing on the Restructuring Implementation Date and expiring on the date falling 4 years after 7 November 2016.

**"ROR Interest"** means all accrued and unpaid interest under each of the Secured Loan Facilities and the Secured Bonds in the period from (and including) 16 February 2016 to (and including) 30 September 2016.

**"SB1 SMN"** means Sparebank 1 SMN, entity no. 937 901 003, with registered address Søndre gate 4, 7011 Trondheim, Norway.

**"SB1 SR-B"** means Sparebank 1 SR-Bank ASA, entity no. 937 895 321, with registered address Bjergsted Terrasse 1, 4007 Stavanger, Norway.

**"SB1 SS"** means Sparebank 1 Søre Sunnmøre, entity no. 937 899

<sup>1</sup> To be adjusted for the net proceeds from the sale of Havila Princess.

785, with registered address Gymnasvegen 2, 6102 Volda, Norway.

**"Secured Bondholders"** means the holders of the Secured Bonds from time to time.

**"Secured Bonds"** means the following bonds issued by the Company:

- (i) the Clipper Bonds; and
- (ii) the Subsea Bonds.

**"Secured Creditors"** means the Secured Facility Lenders and the Secured Bondholders, collectively.

**"Secured Debt"** means the financial indebtedness owed by the Company and the Group under the Secured Loan Facilities and the Secured Bonds.

**"Secured Facility Lenders"** means the respective lenders under the Secured Loan Facilities.

**"Secured Loan Facilities"** means, respectively:

- (i) the **"Phoenix Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Subcon AS (as borrower) and DNB (as, *inter alia*, agent and lender) dated 10 July 2013 (as at all times amended) for the purpose of financing MV "Havila Phoenix";
- (ii) the **"Harmony Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Offshore Labuan Ltd. (as borrower) and DNB (as, *inter alia*, agent and lender) dated 9 March 2015 (as at all times amended) for the purpose of financing MV "Havila Harmony";
- (iii) the **"Foresight Facility"**, a certain facility agreement entered into by and between Havila Ships AS (as borrower) and DNB (as lender) dated 29 November 2007 (as at all times amended) for the purpose of financing MV "Havila Foresight";
- (iv) the **"Faith/Favour/Fortress/Princess Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and SB1 SMN (as, *inter alia*, agent and lender) dated 16 December 2013 (as at all times amended) for the purpose of financing MV "Havila Faith", MV "Havila Favour", MV "Havila Fortress" and MV "Havila Princess";
- (v) the **"Herøy/Jupiter Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DNB (as, *inter alia*, agent and lender) dated 30 November 2009 (as at all times amended) for the purpose of financing MV "Havila Herøy" and MV "Havila Jupiter";
- (vi) the **"Fortune/Aurora Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and SB1 SMN (as lender) dated 11 December 2012 (as at all times amended) for the purpose of financing MV "Havila Fortune" and MV "Havila Aurora";
- (vii) the **"Mars DNB Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DNB (as, *inter alia*, agent and lender) dated 10 January 2008 (as at all times amended) for the purpose of partly financing MV "Havila Mars";
- (viii) the **"Mercury DNB Facility"**, a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as

- borrower) and DNB (as, *inter alia*, agent and lender) dated 10 January 2008 (as at all times amended) for the purpose of partly financing MV "Havila Mercury";
- (ix) the "**Mars/Mercury Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DNB (as, *inter alia*, agent and lender) dated 18 December 2012 (as at all times amended) for the purpose of partly financing MV "Havila Mars" and MV "Havila Mercury";
  - (x) the "**Mars Eksportfinans Facility**", a certain facility agreement entered into by and between Havila Ships AS (as borrower) and Eksportfinans ASA (as lender) dated 11 January 2008 (as at all times amended) for the purpose of partly financing MV "Havila Mars";
  - (xi) the "**Mercury Eksportfinans Facility**", a certain facility agreement entered into by and between Havila Ships AS (as borrower) and Eksportfinans ASA (as lender) dated 11 January 2008 (as at all times amended) for the purpose of part financing MV "Havila Mercury";
  - (xii) the "**Borg Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and SB1 SMN (as, *inter alia*, agent and lender) dated 22 December 2009 (as at all times amended) for the purpose of financing MV "Havila Borg";
  - (xiii) the "**Neptune Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DNB (as, *inter alia*, agent and lender) dated 10 January 2014 (as at all times amended) for the purpose of financing MV "Havila Neptune";
  - (xiv) the "**Venus Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and Nordea (as agent and lender) dated 6 November 2008 (as at all times amended) for the purpose of financing MV "Havila Venus";
  - (xv) the "**Posh Viking/Venture Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and Nordea (as lender) dated 18 December 2013 (as at all times amended) for the purpose of financing MV "Posh Viking" and MV "Posh Venture";
  - (xvi) the "**Posh Virtue Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DVB (as lender) dated 15 October 2010 (as at all times amended) for the purpose of financing MV "Posh Virtue";
  - (xvii) the "**Commander Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DVB (as, *inter alia*, agent and lender) dated 16 June 2010 (as at all times amended) for the purpose of financing MV "Havila Commander";
  - (xviii) the "**Crusader Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and DVB (as, *inter alia*, agent and lender) dated 24 November 2010 (as at all times amended) for the purpose of financing MV "Havila Crusader";
  - (xix) the "**Posh Vibrant Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and SB1 SS (as lender) dated 30 April 2009 (as

at all times amended) for the purpose of financing MV "Posh Vibrant";

(xx) the "**Fanø Facility**", a certain facility agreement entered into by and between, *inter alia*, Havila Ships AS (as borrower) and Islandsbankí HF (as lender) dated 21 March 2014 (as at all times amended) for the purpose of financing MV "Havila Fanø"; and

(xxi) the "**Søre Overdraft Facility**", a certain overdraft facility agreement dated 30 June 2015 / 28 September 2015 entered into between the Company and SB1 SS.

"**Shares**" means the ordinary shares of the Company with the current nominal value of NOK 0.50.

"**Subsea Bonds**" means the Havila Shipping ASA Senior Secured Callable Bond Issue 2011/2017, with ISIN NO 001 060502.5 and ISIN NO 001 060503.3.

"**Swedbank**" means Swedbank AB (PUBL), entity no. 502017-7753, with registered address Landsvägen 40, SE - 105 34 Stockholm, Sweden.

"**Sævik**" means the Sævik family (which at the date of this Term Sheet (directly or indirectly) owns in aggregate 50.96% of the Shares in the Company), including any company over which any member of the Sævik family has (directly or indirectly) a determining influence.

"**Unsecured Bondholders**" means the holders of the Unsecured Bonds from time to time.

"**Unsecured Bonds**" means the Bonds issued by the Company named "FRN Havila Shipping ASA Senior Unsecured Bond Issue 2012/2016", with ISIN NO 001 0657174.

"**Unsecured Creditors**" means the Unsecured Facility Lenders and the Unsecured Bondholders, collectively.

"**Unsecured Facility Lenders**" means Islandsbankí and Arion Bankí HF as the respective lenders under the Unsecured Loan Facilities.

"**Unsecured Loan Facilities**" means respectively:

(i) the "**Islandsbanki Facility**", a certain unsecured facility agreement entered into by and between Havila Shipping ASA (as borrower) and Islandsbankí (as lender) dated 21 March 2014; and

(ii) the "**Arion Facility**", a certain unsecured facility agreement entered into by and between Havila Shipping ASA (as borrower) and Arion (as lender) dated 16 June 2014.