PROSPECTUS

HAVILA

HAVILA SHIPPING ASA

(A public limited liability company incorporated under the laws of Norway)

FRN Senior Secured Callable Bonds 2010/2016

ISIN NO 0010590441 (HAVI04)

Senior Secured Callable Bonds 2011/2017

ISIN NO 0010605033 (HAVI07)

This prospectus (the "**Prospectus**") relates to and has been prepared in connection with the continued listing (the "**Continued Listing**") on the Oslo Stock Exchange of the following bonds issued by Havila Shipping ASA ("**Havila Shipping**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**"):

(i) the FRN senior secured callable bonds 2010/2016 with ISIN NO 0010590441 issued on 8 November 2010 and listed on the Oslo Stock Exchange on 1 December 2010 (the "**HAVI04 Bonds**") governed by the bond terms dated 5 November 2010 as amended by the bond amendment agreement dated 27 February 2017 (the "**BAA I -04**") and to be further amended and restructured to become partly convertible to shares in the Company pursuant to the bond amendment agreement expected to be entered into by the course of May 2020 (the "**BAA II -04**", and together with the HAVI04 bond terms dated 5 November 2010, the "**HAVI04 Bond Terms**"); and

(ii) the senior secured callable bonds 2011/2017 with ISIN NO 0010605033 issued on 30 March 2011 and listed on the Oslo Stock Exchange on 14 June 2011 (the "**HAVI07 Bonds**") governed by the bond terms dated 28 March 2011 as amended by the bond amendment agreement dated 27 February 2017 (the "**BAA I -07**") and to be further amended and restructured to become partly convertible to shares in the Company pursuant to the bond amendment agreement expected to be entered into by the course of May 2020 (the "**BAA II -07**", and together with the HAVI07 bond terms dated 28 March 2011, the "**HAVI07 Bond Terms**").

In this Prospectus, the "**Bonds**" collectively refers to the HAVI04 Bonds and the HAVI07 Bonds, and the "**BAA II**" collectively refers to the BAA II -04 and the BAA II -07. The "**Bond Terms**" collectively refers to the HAVI04 Bond Terms and the HAVI07 Bond Terms.

The Continued Listing of the Bonds is expected to commence after the execution of the BAA II.

THIS PROSPECTUS IS A LISTING PROSPECTUS FOR THE BONDS ALREADY ISSUED BY HAVILA SHIPPING AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO BUY, SUBSCRIBE OR SELL THE SECURITIES DESCRIBED HEREIN. NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT TO THIS PROSPECTUS IN ANY JURISDICTION.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, Section 2 "*Risk factors*" beginning on page 11 when considering an investment in the Company.

Sole manager

ARCTIC SECURITIES

29 April 2020

IMPORTANT INFORMATION

This Prospectus is prepared solely in connection with the Continued Listing of the Bonds and in order to provide information about the Bonds, the Group and its business. For definitions of certain terms used throughout this Prospectus, see Section 12 "*Definitions and Glossary of Terms*".

This Prospectus is prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as implemented in Norway (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language.

The Company has engaged Arctic Securities AS (the "**Manager**") as Manager in connection with the Restructuring and the Continued Listing.

The information contained herein is as of the date of this Prospectus and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Shares and which arises or is noted between the date of this Prospectus and before the Continued Listing, will be presented in a supplement to this Prospectus. Neither the publication nor the distribution of this Prospectus shall 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.

An investment in the Bonds involves inherent risks. Potential investors should carefully consider the risk factors set out in Section 2 "*Risk Factors*" in addition to the other information contained herein before making an investment decision. An investment in the Company or its securities is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of their entire investment. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal adviser, business adviser and tax adviser as to legal, business and tax advice. In the ordinary course of their respective businesses, the Manager and certain of their respective affiliates have engaged, and will continue to engage, in investment and commercial banking transactions with the Group. The Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Bonds for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by the Oslo Stock Exchange and distributed through its information system.

The distribution of this Prospectus and the offer and sale of the Bonds in certain jurisdictions may be restricted by law. The Company and the Manager require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase any securities in any jurisdiction. Furthermore, the restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to the Prospectus that are not known or identified by the Company and the Manager at the date of this Prospectus may apply in various jurisdictions as they relate to the Prospectus. The Company has not registered the Bonds under the U.S. Securities Act or the securities laws of any other jurisdictions than Norway and the Company does not expect to do so in the future. The Bonds may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act), except for pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities law, or pursuant to an effective registration statement.

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1 SUMMARY

SECTION A | INTRODUCTION AND WARNINGS

(i) The securities:

The Bonds are registered in book-entry form with the VPS under ISIN NO 0010590441 (the HAVI04 Bonds) and ISIN NO 0010605033 (the HAVI07 Bonds). The Company's register of bondholders in the VPS is administrated by DNB Bank ASA, with registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway. The HAVI04 Bonds and the HAVI07 Bonds have been admitted to trading on the Oslo Stock Exchange since 1 December 2010 and 14 June 2011, respectively.

The Company has one class of Shares, and all Shares are equal in all respects. The Shares are registered in the VPS with ISIN NO 0010257728.

(ii) The identity and contact details of the issuer:

Havila Shipping ASA with business registration number 882 811 972 and LEI code 5967007LIEEXZXFJ8876, and registered business address Mjølstadnesvegen 24, 6092 Fosnavåg, Norway

(iii) Competent authority:

The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registered business address Revierstredet 3, P.O. Box 1187 Sentrum, 0107 Oslo, Norway

(iv) The date of approval of the Prospectus:

29 April 2020

(v) Warning

- This summary should be read as an introduction to the Prospectus
- Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by a prospective investor
- A prospective investor could lose all or part of the invested capital
- Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.
- 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.

SECTION B | KEY INFORMATION ON THE ISSUER

(i) Who is the issuer of the securities?

The Company is a Norwegian public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with business registration number 882 811 972.

The principal activities of Havila Shipping and its subsidiaries are to engage in shipping worldwide 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). As manager for all the vessels in the Group, Havila Shipping provides services such as chartering, organizing- and managing of the vessels' operations and functions, supervision of the repair- and maintenance regime and crew management.

The Group is involved in the operation of 23 vessels, including (i) five AHTS vessels whereof three vessels are laid up; (ii) 14 PSVs whereof four are owned externally and one is 50% owned; (iii) one rescue recovery vessel (bareboat) and (iv) three subsea vessels.

In addition to the Bonds, the Company's shares are listed on the Oslo Stock Exchange with ISIN NO 0010257728 (the "**Shares**"). The following table sets forth information on the Company's shareholders, as of 27 April 2020, who are estimated to have a shareholding in the Company which is notifiable under the Norwegian Securities Trading Act, i.e. above 5% of the Company's share capital.

Shareholder	No. of Shares	% of voting rights held
Havila Holding AS	12,116,566	50.96%
Sparebank 1 SMN Invest AS	1,454,880	6.12%
DNB Bank ASA	1,203,732	5.06%

The Company's executive management team (the "**Management**") consists of three individuals. The names of the members of the Management as of the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Position
Njål Sævik	Chief Executive Officer
Arne Johan Dale	Chief Financial Officer
Olav Haug Vikebakk	Deputy Managing Director

The Company's independent auditor is PricewaterhouseCoopers AS, with business registration number 987 009 713 and registered business address Dronning Eufemias gate 71, 0194 Oslo, Norway.

(ii) What is the key financial information regarding the issuer?

The following summary of consolidated financial data has been derived from the Company's audited consolidated financial statements as of and for the year ended 31 December 2018 with comparable figures for the financial period ended 31 December 2017, prepared in accordance with IFRS, and the unaudited interim consolidated financial statements as of and for the three months' period ended 31 December 2019 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the EU.

<u>Consolidated statement of comprehensive income</u>

(all figures in NOK 1,000)	Year ended 31 December			For the three months' ended 31 December	
	2019 *(unaudited)*	**2018** *(audited)*	**2017** *(audited)*	**2019** *(unaudited)*	**2018** *(unaudited)*
Total operating income	747 102	605 388	594 848	195 778	157 851
Operating result	-77 145	-931 000	-249 309	-38 559	-54 670
Profit / (Loss)	-320 598	-1 140 286	774 630	-71 070	-126 192

Consolidated balance sheet

(all figures in NOK 1,000)	As per 31 December		
	2019 *(unaudited)*	**2018** *(audited)*	**2017** *(audited)*
Total assets	3 473 689	3 532 402	4 796 488
Total equity	-1 034 573	-712 544	423 136
Total liabilities	4 508 262	4 244 946	4 373 351

Consolidated cash flow statement

(all figures in NOK 1,000)	Year ended 31 December		
	2019 *(unaudited)*	**2018** *(audited)*	**2017** *(audited)*
Net cash flows from operations	96 331	-35 237	-227 129
Net cash flows from investments	-55 747	-48 719	68 814
Net cash flows from financing	-23 827	-79 278	-150 314

Pro forma financial information

Not applicable. The Prospectus does not contain any pro forma financial information.

Description of any qualifications in the audit report relating to the historical financial information

There are no qualifications in the independent auditor's statement to the annual financial statements for 2018.

(iii) What are the key risks that are specific to the issuer?

- Since the Restructuring Agreements do not extend beyond five (or six) years, the Group is dependent on being able to obtain new refinancing through negotiations with its lenders
- If the Restructuring, expected to take place by the course of May 2020, is significantly delayed or not completed, the Company must find an alternative restructuring solution prior to November 2020 when the financial runway agreed under the 2017 Restructuring expires
- As a consequence of low fleet utilization and rates achieved, many of the Group's vessels have been laid up or generated revenue with low margins after deduction of cost which in turn has had a material effect on the Group's liquidity situation and financial results
- A continued downturn in the market will have a material adverse effect on the Group's business, financial condition, results of operations and cash flow
- Under the terms of the Restructuring Agreements, the Group will be subject to restrictions related to investments in upgrades of its current fleet, and thus the Group may not be able to keep pace with the general technological developments which could have a material adverse effect on the Group's business
- Fluctuation in vessel values may result in impairment charges or cause the Group to be unable to sell vessels at a reasonable value, either of which could have a material adverse effect on the Group's business, financial condition and results of operations

- The Group's contract coverage estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be timely converted to revenues in any particular fiscal period, if at all, or be indicative of the Group's actual operating results for any future period
- The Group derives a significant portion of its revenue from its top five customers, and the loss of any such customers or default by any of these customers could result in a significant loss of revenue and adversely affect the Group's cash flow
- The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues
- The Group is highly exposed to counterparty risks, inter alia and in particular under the Group's charter contracts
- The Group may not be able to renew or obtain new and favourable contracts for vessels whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition
- The Group is exposed to foreign exchange risk

SECTION C | KEY INFORMATION ON THE SECURITIES

(i) What are the main features of the securities?

The Bonds comprise the Company's (i) FRN senior secured callable bond issue 2010/2016 with ISIN NO 0010590441 issued on 8 November 2010 pursuant to the bond terms dated 5 November 2010 (the "**HAVI04 Bonds**"), and (ii) the senior secured callable bond issue 2011/2017 with ISIN NO 0010605033 issued on 30 March 2011 pursuant to the bond terms dated 28 March 2011 (the "**HAVI07 Bonds**" and together with the HAVI04 Bonds, the "**Bonds**"), both of which were amended on 27 February 2017 by the BAA I -04 and the BAA I -07 respectively, and which will be further amended and restructured to become partly convertible into Shares by the BAA II -04 and the BAA II -07 respectively, expected to be entered into by the course of May 2020.

The Bonds shall be senior debt of the Company. The Bonds rank at least *pari passu* with all other obligations of the Company (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and rank ahead of subordinated debt. There are no guarantors for the Bonds.

Investors wishing to invest in the Bonds after the Issue Date must pay the market price for the Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of the Company, the price of the Bonds may have increased (above par) or decreased (below par). If the price has increased, the yield for the purchaser in the secondary market will be lower than the Interest Rate of the Bonds and vice versa. If the Bonds are bought and sold at par value the yield will be the same as the Interest Rate.

The coupon rate for the HAVI04 Bonds is 3 months NIBOR + 3.75% p.a. quarterly interest payment as per the Waterfall (as defined in Section 5.2.1.1), while the coupon rate for the HAVI07 Bonds is 3 months NIBOR + 4.50% p.a. quarterly interest payment as per the Waterfall. Any unpaid interest not covered through the Waterfall shall be capitalized under Tranche B under each of the HAVI04 Bonds and the HAVI07 Bonds. The current and historical level of NIBOR 3 months is available at https://most.referanserenter.no/nibor-rates.html.

Tranche A of both the HAVI04 Bonds and the HAVI07 Bonds shall be repaid as follows:

i) with quarterly instalments pursuant to a 12 year linear repayment profile, save for one Vessel which has an 11 year linear repayment profile (any unpaid amortization under the 12 or 11 year profile, as the case may be, as per the Waterfall shall be capitalized under Tranche B)

ii) with a balloon equal to the remaining Outstanding Bonds on the Maturity Date for the HAVI04 Bonds and the HAVI07 Bonds, respectively, save for the option to extend Maturity Date by one year from the Maturity Date

Tranche B of both the HAVI04 Bonds and the HAVI07 Bonds shall be repaid as follows:

i) with amortization only of amounts in excess of the 12 year profile of Tranche A as per the Waterfall

ii) any remaining Outstanding Bonds at maturity shall be converted to equity

All claims under the Bonds, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18 1979 no. 18.

The Bonds are registered in book-entry form with the VPS. The Company's register of bondholders in the VPS is administrated by DNB Bank ASA, with registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway. The HAVI04 Bonds and the HAVI07 Bonds have been admitted to trading on the Oslo Stock Exchange since 1 December 2010 and 14 June 2011, respectively.

The Bonds have been issued in NOK and will be quoted and traded in NOK.

The Company will apply to continue the listing of the Bonds on the Oslo Stock Exchange.

(ii) Where will the securities be traded?

The Bonds are, and will continue to be, traded on the Oslo Stock Exchange with ticker code "HAVI04" and "HAVI07", respectively.

(iii) What are the key risks that are specific to the securities?

- The Bonds will be restructured to be convertible to Shares in whole or in part
- The Bondholder may not receive cash interest depending on market rates as any cash interest will only be paid during the Restructuring Period if the respective Vessel earnings are sufficient to cover OPEX and CAPEX
- The Bondholders may not be able to act if the financial condition of the Company materially deteriorates
- The Bonds may be subject to purchase and transfer restrictions

SECTION D | KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

(i) Under which conditions and timetable can I invest in this security?

There will be no public offering of the Bonds.

There are no proceeds from the Continued Listing other than the conversion of NOK 1.1 billion of the Group's debt to a Tranche B which will be convertible to Shares at the end of the Restructuring Period, as further described in Section 5.2.1.2 below.

All directly attributable costs in connection with the Continued Listing that will be borne by the Company are estimated to approximately NOK 2 million. The aforementioned costs are mainly related to financial and legal assistance and other professional services costs, including relating to the preparation of expert statements in connection with the conversions.

The Company will not charge any expenses directly to any investor in connection with the Continued Listing.

(ii) Why is this Prospectus being produced?

The main purpose of the Restructuring is to create a stable platform for the Group with respect to available liquidity, sufficient runway and industrial anchoring, with the following main components:

i) Reduce the Group's outstanding interest bearing debt with NOK 1.1 billion, from approximately NOK 4.2 billion to NOK 3.1 billion (the "**Tranche A Debt**" which term shall include all tranche A debt under the Restructuring Agreements);

ii) introduce a new non-amortizing, zero-coupon "recovery" tranche B debt of NOK 1.1 billion (the "**Tranche B Debt**" which term shall include all tranche B debt under the Restructuring Agreements), to be converted to a 47% ownership of the Shares in the Company at the end of a period of five years commencing on 2 January 2020, which may be extended by one year (the "**Restructuring Period**");

iii) ensure that the Group has adequate liquidity and financial runway for an extended period of time, as well as free flow of liquidity; and to

iv) continue to ensure industrial backing for the Company with the Anchor Shareholder.

If the execution of the Restructuring Agreements is significantly delayed or the Restructuring is not completed, the Company will be required to find an alternative restructuring solution prior to November 2020 when the financial runway agreed under the 2017 Restructuring expires.

The Manager and its affiliates may have interests in the Continued Listing as they have provided from time to time, and may provide in the future, services to the Company 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 Manager, its respective employees and any affiliate may currently own Shares in the Company. The Manager does 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.

Furthermore, the Chief Executive Officer, Njål Sævik, and the Board Member Hege Sævik Rabben, are associated with the Anchor Shareholder, and thereby have an interest in the agreement for the Liquidity Loan (as described in Section 5.2.2.5) being entered into on favourable terms to the Anchor Shareholder. For further details on any conflict of interest, please refer to Section 8.4.

Beyond the abovementioned, the Company is not aware of any interest, including conflicting ones, of natural and legal persons involved in the Continued Listing.

2 RISK FACTORS

2.1 General

An investment in the Bonds issued by Havila Shipping ASA ("**Havila Shipping**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**") involves inherent risks. In this Section 2, a number of risk factors are illustrated, both general risks pertaining to the Group's business operations and risks relating to the Shares. If any of these risks or uncertainties would materialise, the business, prospects, financial position, reputation and results of operations of the Group could be materially and adversely affected and the Company could be unable to pay interest, principal or other amounts on or in connection with the Bonds.

Prospective investors should note that the inability of the Company or the Guarantors to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered significant by the Company based on the information currently available to it, or which it may not currently be able to anticipate.

Prospective investors should carefully consider the information set out in this Prospectus (including any information deemed to be incorporated by reference therein) and the risk factors set out in this Section and reach their own views before making an investment in the Bonds.

An investment in the Bonds 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 their investment. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Bonds and the suitability of investing in such Bonds in light of their particular circumstances.

Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, where the materiality has been determined based on the probability of occurrence and expected magnitude of negative impact of the risk. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

2.2 Risk factors specific and material to the Company and the Group

2.2.1 Risks related to the Restructuring and the financial situation of the Group going forward

If the Group is unable to obtain new refinancing within five (or six) years, the Group will default its obligations under its loan agreements

Under the terms of the Restructuring, there will be a mandatory amortisation of 5/12 of the Group's secured debt during the period of five years commencing on 2 January 2020, which may be extended by one additional year (the "**Restructuring Period**"). Since the BAA II and the GAA II (as defined below; the "**Restructuring Agreements**") will not extend beyond those five (or six) years, the Group is dependent on being able to finance the Vessels through negotiations with its lenders. If the Group is unable to obtain such financing, the Group will default its obligations under its loan agreements with a risk of insolvency of the Company and/or one or several of the Group companies.

No execution of the Restructuring Agreements or completion of the Restructuring

The signing of the Restructuring Agreements and completion of the Restructuring are expected to take place by the course of May 2020. The Restructuring Agreements may not be executed and the Restructuring may not be completed, or may not be completed as described in this Prospectus, if certain conditions to such execution and completion are not satisfied or waived, one of them being that the Liquidity Loan is granted. Should the Restructuring be significantly delayed or not be completed, the Company will be required to find an alternative restructuring solution prior to November 2020 when the financial runway agreed under the 2017 Restructuring expires.

2.2.2 Risks related to the Group and its operations

Risks related to low fleet utilization and rates achieved
Although the offshore market has recovered slightly in the last years after its downturn in 2014, the market for offshore vessels is still characterised by an imbalance between supply and demand. As a consequence of low fleet utilization and rates achieved, many of the Group's vessels have been laid up or generated revenue with low margins after deduction of cost which in turn has had a material effect on the Group's liquidity position and financial results. Although the debt service obligations under the Restructuring Agreements will be limited to the cash flow available for each Vessel, a continued downturn in the market may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow.

Under the terms of the Restructuring Agreements, the Group will be subject to restrictions related to investments
The market for the Group's services is characterized by continual and rapid technological developments that have resulted in, and will likely continue to result in, continuous improvements in equipment functions and performance. During the Restructuring Period, the Group cannot lease new vessels and may only maintain the Vessels and make investments in the ordinary course of business related to requirements of applicable law or classification society. Furthermore, any investment to comply with any requirements of an employment contract shall be approved by the lender(s). Accordingly, the Group may not be able to keep pace with the general technological developments and the average age of the fleet will increase, which could have a material adverse effect on the Group's business.

The market value for the Group's vessels may decrease
As of the date of this Prospectus, the Group owns 17 construction support vessels ("**CSVs**"); five anchor handling tug supply vessels ("**AHTS**'"); nine platform supply vessels ("**PSVs**") and three subsea vessels. The fair market value of the Group's vessels may increase or decrease depending on a number of factors such as:

- 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.

At each balance sheet date, the Group assesses whether there is any indication that a vessel may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the vessel, and write down the vessel or revere previous write down to the recoverable amount through the consolidated statement of comprehensive income. Fluctuation in vessel values may result in impairment charges or cause the Group to be unable to sell vessels at a reasonable value, either of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's contract coverage estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations
The Group's order book (or backlog) represents those estimated future revenues relating to projects for which a customer has executed a contract and has a scheduled start date for the project. Order book estimates are based on a number of assumptions and estimates such as assumptions related to foreign exchange rates, to be received by the Group as payment under certain agreements. The realization of the Group's order book is affected by the Group's

performance under its contracts. Consequently, there is a risk that the full contract value may not be obtained if the contract is terminated prior to completion. As a result, even if contracts are included in the order book, there can be no assurance that such contracts will be wholly executed by the Group, generate actual revenue or not be renegotiated at a lower price, or even that the total costs already incurred by the Group in connection with the contract would be covered in full pursuant to any cancellation clause. Even where a project proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to the Group. Material delays, payment defaults and cancellations could reduce the amount of order book currently reported, and consequently, could inhibit the conversion of that order book into revenues which in turn could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Group derives a significant portion of its revenue from its top five customers

The Group has a high customer concentration, where the top five customers represents a considerable part of the Group's future income. Consequently, if the Group loses one of its top five customers or either of them fails to pay for its services, the Group's revenue could be adversely affected. Moreover, the Group's customers may terminate its contracts in certain circumstances, including if a vessel do not fulfil technical requirements according to contract and the Group do not manage to do the outmost to repair the vessel; outbreak of war occurs or the vessel's flag state becomes engaged in hostilities. If a customer terminates its charter agreement with the Group prior to expiry of the contract term or otherwise, the Group may be unable to re-employ the related vessel on terms as favourable to the Group, if at all. If the Group is unable to re-employ a vessel, it will not receive any revenue from this vessel, but the Group would still have to pay expenses as necessary to maintain the vessel in operating condition.

The loss of a significant customer, or a decline in rates under the Group's contracts with significant customers, will affect its revenue and cash flow, and could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Operating revenues will fluctuate as a function of changes in supply and demand for the Group'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 Group 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 Group 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.

The Group is exposed to contractual (counterparty) risks

The Group is highly exposed to counterparty risks, inter alia and in particular under the Group's charter contracts. For various reasons, including adverse market conditions, decrease in demand, increase in competition, cost saving schemes and governmental or political restrictions, any of the Group's counterparties may seek to cancel or renegotiate chartering contracts, or invoke suspension of periods, at their discretion. A continued downturn in the offshore market may result in an increase in occurrences of renegotiations, suspension or termination of charter contracts. The Group's cash flows and financial conditions may be materially adversely affected should its counterparties terminate, renegotiate or suspend their obligations towards the Group under such contracts.

The Group may not be able to renew or obtain new and favourable contracts for vessels whose contracts are expiring or are terminated

A considerable portion of the Group's income are dependent on contracts. As of the date of this Prospectus, four of the Group's vessels are on contracts with a remaining fixed period of more than one year. For some of the contracts there are optional periods where the charterer can extend the contract on agreed terms. Another six of the vessels are on contracts with remaining firm period of up to one year. The Group's results of operations and cash flows could be materially adversely affected if any of its customers fail to compensate the Group 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 Group and the Group is unable to enter into contracts with new customers at comparable day rates.

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

Currently, four of the Group's 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 Group is exposed to foreign exchange risk

The Group's operations in foreign countries expose it to risks related to foreign currency movements, including in relation to sales and purchases that are denominated in a currency other than the functional currency of the Group, NOK. Although the Group currently has a limited number of hedging arrangements in place to minimize these risks, the Group will not be able to fully avoid these risks. Currency exchange rates are determined by forces of supply and demand in the currency exchange markets. These forces are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. For instance, it is expected that the oil price from time to time will have considerable impact on the value of NOK against other currencies. Changes in currency exchange rates relative to the NOK may affect the NOK value of the Group's assets and thereby impact the Group's total return on such assets. Changes in currency may also affect the Group's costs, e.g. related to salaries paid in local currency. The Group's expenses are primarily in USD, GBP, EUR and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market which may have a material adverse effect on the Group's business, result of operations, cash flow, financial condition and/or prospects.

2.3 Risk factors specific and material to the Bonds

The Bonds will be restructured to be convertible to shares in whole or in part

Upon completion of the Restructuring, NOK 55.6 million of the outstanding amount under the HAVI04 Bonds and NOK 215.6 million of the outstanding amount under the HAVI07 Bonds will be classified as debt convertible into shares. The Tranche B amount will increase or decrease during the Restructuring Period, depending on the respective Vessel's ability to service its debt. Unless there is a significant upswing in the Group's profitability, the outstanding amounts under Tranche B will increase with a corresponding decrease in the outlook for repayment under the Bonds.

The Bondholder may not receive cash interest depending on market rates

During the Restructuring Period, any cash interest will only be paid if the respective Vessel earnings are sufficient to cover OPEX and CAPEX. Any residual, non-paid interest arising from lower than expected earnings will be capitalized under Tranche B as per the Restructuring Agreements.

The Bondholders may not be able to act if the financial condition of the Company materially deteriorates

Since any inability of the Company to service Tranche A of the Bonds has the effect that the unserved part is transferred to Tranche B, there is a significant risk that the Bondholders will be unable to accelerate the maturity date of the Bonds, or take other actions against the Company to preserve their investments, even if the financial condition of the Company and the Group materially deteriorates.

The Bonds may be subject to purchase and transfer restrictions

Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to their nationality, residency, registered address, place(s) for doing business or similar), including specific transfer restrictions applicable to Bondholders located in the United Kingdom and the United States. The Company relied upon exemptions from registration under the U.S. Securities Act, applicable state securities laws and UK and EU securities laws in the placement of the Bonds. As a result, the Bonds may be transferred or resold only in a transaction registered under or exempt from the registration requirements of such legislation. Consequently, investors may not be able to sell their Bonds at their preferred time or price. The Company cannot assure investors as to the future liquidity of the Bonds and as a result, investors bear the financial risk of their investment in the Bonds, and each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.

2.4 Risk factors specific and material to the Shares

The trading price of the Shares has fallen significantly in the last years and may continue to fluctuate

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 Group's control, including 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 in this Section 2 materializing or the anticipation of such risk materializing. 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 major shareholder, Havila Holding AS, may exert significant influence over the Group over the coming years

As of the date of this Prospectus, Havila Holding AS controls 50.1% of the share capital of the Company. A concentration of ownership may have the effect of delaying, deterring or preventing a change of control of the Company, which in turn could have a material and adverse effect on the fair market value of the Shares. Further, the interests of shareholders exerting a significant influence over the Company's management and affairs and over matters requiring shareholder approval, including the election of the Company's Board of Directors and approval of significant corporate transactions, may not in all matters be aligned with the interests of the Company and the other shareholders of the Company. Major Shareholders may also decide to sell large blocks of Shares, thereby reducing the market price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Continued Listing.

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, after having taken all reasonable care to ensure that such is the case, that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Fosnavåg, 29 April 2020

The Board of Directors of Havila Shipping ASA

Jostein Sætrenes
(Chairperson)

Helge Aarseth
(Director)

Hege Sævik Rabben
(Director)

Nina Skage
(Director)

Jogeir Romestrand
(Director)

4 GENERAL INFORMATION

4.1 Information sourced from third parties

In this Prospectus, the Company has used industry and market data from independent industry publications and market research as well as other publicly available information. These include IEA and BP Statistical Review (2019), Rystad Energy (March 2020), IHS Petrodata (March 2020) and Arctic Securities Research Department (March 2020). 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. The Company cautions prospective investors not to place undue reliance on the abovementioned data. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

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. However, by source references to websites the websites shall not be deemed as incorporated by reference to this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "*Risk factors*" and elsewhere in this Prospectus.

4.2 The approval of the Prospectus by the Norwegian Financial Supervisory Authority of Norway

This Prospectus has on 29 April 2020 been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*; the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval shall not be considered as an endorsement of the Company that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds. The Prospectus is valid for a period of 12 months from the date of approval by the Norwegian FSA.

4.3 Partly simplified prospectus procedure in accordance with the EU Prospectus Regulation

For the purpose of the registration document for the Company, forming part of the Prospectus, the Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the EU Prospectus Regulation.

4.4 Statutory auditor

The Company's statutory auditor is PricewaterhouseCoopers AS, a limited liability company registered in Norway with business registration number 987 009 713 and registered business address Dronning Eufemias gate 71, 0194 Oslo, Norway ("**PwC**"). PwC is a member of the Norwegian Institute of Public Accountants (*Nw.: Den Norske Revisorforening*).

The historical financial information relating to the Group for the financial year ended 31 December 2018 has been audited by PwC. The audit has been conducted in accordance with International Financial Reporting Standards ("**IFRS**") and interpretations set by the International Accounting Standards Board and endorsed by the European Union.

A statement of audited historical financial information is given by PwC in the annual report for 2018, pages 128-133, available at the Company's website, https://www.havilashipping.no/investor-relations/reports-and-presentations. Please refer to Section 11.2 "*Cross Reference List*" for complete references.

4.5 Forward-looking statements

This Prospectus includes forward-looking statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. When used in this document, the words "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should", "seek to" or, in each case, their negative, or other variations or similar expressions, as they relate to the Company, its subsidiaries or its Management, are intended to identify forward-looking statements. Such statements are included in Section 2 "*Risk Factors*", Section 6 "*Description of the market in which the Group operates*" and Section 7 "*Business overview*" of this Prospectus. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries will operate.

Prospective investors in the Bonds 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 it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Group cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. These forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Prospectus.

The Company undertakes no obligation to update or 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 Group or to persons acting on the Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5 THE RESTRUCTURING

5.1 Background for the Restructuring

The industry for offshore service vessels has been characterized by great uncertainty and low utilization of the fleet since 2015. The oil price has remained volatile and has yet to stabilize above USD 60/bbl (before a sudden drop in the last two months), and as a consequence the major oil companies have continued to prioritize shareholder distributions over capital spending. Exploration and development activity in the oil and gas sector have thus continued at a depressed level since 2015, and the markets for platform supply vessels (PSVs), anchor-handling, tug, supply vessels (AHTS') and construction services vessels (CSVs) have continued to be characterized by overcapacity and weak earnings for the fleet.

On 28 February 2017, the Group completed a restructuring of its debt and equity pursuant to (i) a global amendment agreement dated 27 February 2017 between the Company and those Group companies which are borrowers under each of the Facility Agreements (as defined below) on the one side and the relevant bank lenders on the other side (the "**GAA I**"); (ii) a bond amendment agreement dated 27 February 2017 for the HAVI04 Bonds (the "**BAA I -04**") and (iii) a bond amendment agreement dated 27 February 2017 for the HAVI07 Bonds (the "**BAA I -07**"). Under these agreements, the Group was provided with a financial runway until November 2020 by a reduction of debt amortization, injection of new risk capital, sale of non-core vessels, discounted debt repurchase and conversion of debt to equity (the "**2017 Restructuring**").

Absent a necessary upswing in the market for the Group's services after February 2017, there is a need for a new restructuring of the Group's debt and equity ahead of the expiry of the above referred financial runway. Therefore, the Company is currently in discussions with its main stakeholders, namely the secured bank lenders (the "**Banks**"); the secured bondholders in the HAVI04 Bonds and in the HAVI07 Bonds (the "**Bondholders**") and Havila Holding AS (the "**Anchor Shareholder**"), the terms of a proposed second restructuring of the Group's debt and equity (the "**Restructuring**"). The Restructuring is expected to be completed by the course of May 2020 (the "**Closing**").

The Restructuring shall be governed by (i) a new global amendment agreement between certain Group companies and bank lenders (the "**GAA II**"); (ii) a new bond amendment agreement pertaining to the HAVI04 Bonds, replacing the BAA I -04 (the "**BAA II -04**", and together with the HAVI04 bond terms dated 5 November 2010, the "**HAVI04 Bond Terms**") and (iii) a new bond amendment agreement pertaining to the HAVI07 Bonds, replacing the BAA I -07 (the "**BAA II -07**", and together with the HAVI07 bond terms dated 28 March 2011, the "**HAVI07 Bond Terms**"). The GAA II, the BAA II -04 and the BAA II -07 (together referred to as the "**Restructuring Agreements**") are expected to be entered into by the course of May 2020.

The HAVI04 Bond Terms and the HAVI07 Bond Terms are together referred to as the "**Bond Terms**".

The main purpose of the Restructuring is to create a stable platform for the Group with respect to available liquidity, sufficient runway and industrial anchoring, with the following main components:

i) Reduce the Group's outstanding interest bearing debt with NOK 1.1 billion, from approximately NOK 4.2 billion to NOK 3.1 billion ("**Tranche A Debt**", which term shall include all tranche A debt under the Restructuring Agreements);
ii) introduce a new non-amortizing, zero-coupon "recovery" tranche B debt of NOK 1.1 billion (the "**Tranche B Debt**" which term shall include all tranche B debt under the Restructuring Agreements), to be converted to a 47% ownership of the Shares in the Company at the end of a period of five years commencing on 2 January 2020, which may be extended by one additional year (the "**Restructuring Period**");

iii) ensure that the Group has adequate liquidity and financial runway for an extended period of time, as well as free flow of liquidity; and to
iv) continue to ensure industrial backing for the Company with the Anchor Shareholder.

Should the execution of the Restructuring Agreements be significantly delayed or the Restructuring not be completed, the Company will be required to find an alternative restructuring solution for the Group prior to November 2020 when the financial runway agreed under the 2017 Restructuring expires.

5.2 Key components of the Restructuring

5.2.1 Restructuring of the Company's liabilities

Immediately prior to Closing, the total liabilities of the Group, being the aggregate outstanding amounts under the Facility Agreements (as defined below) and the Bond Terms, amount to approximately NOK 4.2 billion (the "**Total Liabilities**"), all of which are secured debt with first priority mortgages in each relevant Vessel managed or owned by a Group company that has been financed under the Facility Agreements (the "**Vessels**"), as set out below:

(In NOK 1,000)	**Outstanding amount**
Bank debt	3,506,710
HAVI04 Bonds	166,526
HAVI07 Bonds	497,542
Parent company	29,296
Total Liabilities	**4,200,074**

For a majority of the Vessels, the estimated utility value is lower than the secured debt pertaining to such Vessels. To facilitate the Restructuring, each Vessel, the financing of which is governed by either one of the Facility Agreements or by one of the Bond Terms, will be "ring-fenced" so that any debt service shall solely be funded by the net cash flow from the Vessel in question.

The facility agreements comprise the following agreements entered into for the purpose of financing the Vessels, as at all times amended (the "**Facility Agreements**"):

	Facility agreement	**Date**	**Main parties**	**Vessel(s) subject to financing under the agreement**
1)	Borg Agreement	22 Dec 2009	Inter alia Havila Ships AS (as borrower) and SpareBank 1 SMN (as inter alia agent and lender)	Havila Borg
2)	Commander Agreement	16 June 2010	Inter alia Havila Ships AS (as borrower) and DVB Bank SE Nordic Branch (as inter alia agent and lender)	Havila Commander
3)	Crusader Agreement	24 Nov 2010	Inter alia Havila Ships AS (as borrower) and DVB Bank SE Nordic Branch (as inter alia agent and lender)	Havila Crusader
4)	Fanø Agreement	19 May 2015	Havila Ships AS (as borrower) and Islandsbankí HF (as lender)	Havila Fanø
5)	Foresight Agreement	29 Nov 2007	Havila Ships AS (as borrower) and DNB Bank ASA (as lender)	Havila Foresight
6)	Fortune/Aurora Agreement	11 Dec 2012	Inter alia Havila Ships AS (as borrower) and SpareBank 1 SMN (as lender)	Havila Fortune; Havila Aurora

7)	Harmony Agreement	9 Mar 2015	Inter alia Havila Harmony AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Harmony
8)	Herøy/Jupiter Agreement	30 Nov 2009	Inter alia Havila Ships AS and Havila Jupiter (as borrowers) and DNB Bank ASA (as inter alia agent and lender)	Havila Herøy; Havila Jupiter
9)	Mars DNB Agreement	10 Jan 2008	Inter alia Havila Ships AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Mars
10)	Mars/Mercury Agreement	18 Dec 2012	Inter alia Havila Ships AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Mars; Havila Mercury
11)	Mars Eksportfinans Agreement	11 Jan 2008	Havila Ships AS (as borrower) and Eksportfinans ASA (as lender)	Havila Mars
12)	Mercury DNB Agreement	10 Jan 2008	Inter alia Havila Ships AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Mercury
13)	Mercury Eksport-finans Agreement	11 Jan 2008	Havila Ships AS (as borrower) and Eksportfinans ASA (as lender)	Havila Mercury
14)	Neptune Agreement	10 Jan 2014	Inter alia Havila Ships AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Neptune
15)	Phoenix Agreement	10 July 2013	Inter alia Havila Phoenix AS (as borrower) and DNB Bank ASA (as inter alia agent and lender)	Havila Phoenix
16)	Venus Agreement	6 Nov 2008	Inter alia Havila Venus AS (as borrower) and Nordea Bank Abp (as agent and lender)	Havila Venus

The liabilities of each borrower under the relevant Facility Agreement or the Bond Terms, as the case may be, will be restructured as follows:

5.2.1.1 The Tranche A Debt

The Tranche A Debt amounts to a total of NOK 3.1 billion, an amount equal to the estimated, aggregated average debt service capacity of each Vessel during a 5 year period starting 1 January 2021, based on the Company's best knowledge of the end-markets they operate in. Tranche A represents the principal amount of new ordinary debt which is to be serviced for each Vessel through a waterfall mechanism. The Company shall ensure that each relevant borrower applies the actual income generated from the relevant Vessel's operation under employment (classified according to IFRS) per quarter (the "**Gross Revenues Vessel**") for payment in the following order of priority (the "**Waterfall**"):

1) In or towards payment of OPEX and CAPEX for the relevant period;
2) in or towards payment of interest on Tranche A Debt for the relevant Vessel;
3) a cash contribution payable by the relevant borrower to the Company equal to 10% of the remaining proceeds, payable only if the Company's liquidity reserves are less than NOK 175 million;
4) in or towards payment of the Tranche A instalment for the relevant Vessel (see terms below);
5) in or towards prepayment of the Tranche B Debt for the relevant Vessel;
6) if there is no Tranche B for the relevant Vessel, the amount shall be utilised as prepayment under the relevant Tranche A; and
7) if Tranche A and Tranche B financing the relevant Vessel have been repaid in full, in or towards repayment of first any Tranche A Debt and then any Tranche B Debt that is cross-collateralised against the relevant Vessel.

Tranche A will have the following main commercial terms:

Companies	The Company, Havila Ships AS, Havila Phoenix AS, Havila Harmony AS, Havila Jupiter AS, Havila Venus AS, Havila Subcon AS, Havila Chartering AS and Havila Offshore AS (the "**Borrowers**")
Amount	NOK 3.1 billion
Tenor	5 years + 1 year option to extend
Interest	• Depending on the currency of the facility, LIBOR/NIBOR + a margin ranging between 0.8 - 4.50% per annum paid quarterly. Cash coupon as per the Waterfall. Any unpaid interest not covered through the Waterfall shall be capitalized under Tranche B for the relevant Vessel
Amortisation and cash sweep mechanism	• Quarterly instalments pursuant to a 12 year linear repayment profile, expect for one Vessel which has an 11 year linear repayment profile • Any unpaid amortization under the 12-year profile as per the Waterfall shall be capitalized under Tranche B for the relevant Vessel on a quarterly basis
Status	Senior secured
Security	First lien pledge over all shares in Vessel owning companies and over all Vessels, non-recourse to the Company
Covenants	Minimum consolidated cash of NOK 50,000,000

5.2.1.2 The Tranche B Debt

The Tranche B Debt amounts to NOK 1.1 billion in aggregate, equal to the difference between the total outstanding liabilities as of 1 January 2020 and Tranche A. The tranche is a non-amortizing, zero coupon instrument which will be equitized at the end of the Restructuring Period. Repayment of outstanding amounts under Tranche B shall solely be funded by Tranche A surplus cash as per the Waterfall.

Tranche B will have the following main commercial terms:

Companies	The Borrowers
Amount	NOK 1.1 billion
Tenor	5 years + 1 year option to extend
Interest	Zero coupon
Amortisation and cash sweep mechanism	• Amortization only of amounts in excess of the 12 year profile of Tranche A as per the Waterfall • Tranche A & B adjustment mechanism: an upward adjustment of Tranche A shall be made to a level equal to 4.25x cash flow available for debt service ("**CADS**") based on the last twelve months of CADS falling six months prior to the expiry of the Restructuring Period (no downward adjustment shall be made) through transferring the relevant amount from Tranche B
Conversion	• Tranche B outstanding at the end of the Restructuring Period shall be converted into 47% ownership in the Company based on a *pro rata* allocation between the lenders with outstanding Tranche B Debt

	• Any Tranche A adjustment will reduce any relevant lender's number of shares by conversion of Tranche B Debt *pro rata*
Status	Senior Secured
Security	First lien pledge over all shares in Vessel owning companies and over all Vessels, non-recourse to the Company
Covenants	Minimum consolidated cash of NOK 50,000,000

5.2.2 Other key elements of the Restructuring Agreements

5.2.2.1 CAPEX Funding

Capex related to class, maintenance and reactivation of Vessels in lay-up are to be covered by each Vessel through the Waterfall through a build-up of reserves. Initially, these reserves shall be based on the average of the ten year class survey and an intermediate two and a half year class surveys, allocated to the respective Vessels over a period of five years. The budgeted CAPEX shall be adjusted to actual incurred costs when applicable.

5.2.2.2 OPEX Guarantee

To the extent OPEX is not covered in full by the Gross Revenues Vessel, the Company shall cover OPEX on Vessels in operation only for a period of up to six subsequent months. Upon expiry of the Group's six months OPEX cover period, the lender(s) for the relevant Vessel(s) shall take over the obligation to cover net OPEX by providing the borrower in question with a limited recourse loan. For Vessels in lay-up, the Group shall cover OPEX for a period of up to eighteen months. Upon expiry of this eighteen months' period referred to above, the relevant lenders are obliged to cover lay-up costs for the relevant Vessel.

5.2.2.3 Exit option

Each lender shall have the right to instruct a sale or assume the ownership of a the relevant Vessel provided that at the date of exercise of the option, the total outstanding Tranche B for the relevant Vessel is higher than it was on 2 January 2020 and there is no employment contract in place for the Vessel.

The exit option may be exercised for the period starting from and including 1 January 2021 and ending on the date falling 15 months prior to expiry of the Restructuring Period (with exemptions for the MV "Havila Commander" and the MV "Havila Crusader" which have an option period equal to the Restructuring Period).

5.2.2.4 Extension mechanism

Each lender shall have the option to elect between the following ways to exit the Restructuring Agreements:

1. An extension of the Restructuring Period by one year
2. A potential upwards adjustment of the outstanding Tranche A Debt with full and final settlement upon expiry of the Restructuring Period

5.2.2.5 Convertible liquidity loan from the Anchor Shareholder

As part of the Restructuring, the Anchor Shareholder is expected to grant the Company an unsecured and fully subordinated zero-interest convertible loan in the amount of NOK 100,000,000 (the "**Liquidity Loan**"), which will be used to secure liquidity for working capital purposes and OPEX/CAPEX funding. The Liquidity Loan shall be convertible so as to give the Anchor Shareholder protection against the dilution which would otherwise result from the conversion of Tranche B Debt to share capital as well as upon completion of the Repair Issue (see below). Upon expiry of the Restructuring Period, the Anchor Shareholder shall therefore have a right as well as an obligation to convert the Liquidity Loan in whole or in part to share capital in the Company so as to maintain its ownership of 50.96%.

Company	Havila Shipping ASA
Amount	NOK 100 million
Tenor	5 years + 1 year option to extend
Interest	Zero coupon
Amortisation and cash sweep mechanism	None
Conversion	(i) The Anchor Shareholder shall have a right as well as an obligation to convert the Liquidity Loan in whole or in part to share capital in the Company to maintain its holding of Shares at 50.96% (neither more nor less). (ii) Conversion price range: NOK 0.10 - NOK 75 per Share
Status	Unsecured
Covenants	Minimum consolidated cash of NOK 50,000,000

5.2.2.6 Future repair issue

Under the Restructuring Agreements, the Company will undertake to launch a repair issue (the "**Repair Issue**") upon expiry of the Restructuring Period whereby those shareholders which have not participated in the conversion of the Tranche B Debt to share capital will be invited to participate. The Repair Issue shall be completed in accordance with market practise. The Company will undertake to take all actions necessary to procure that the Board of Directors is authorised to complete the share capital increase pertaining to the Repair Issue.

5.3 Interests of natural and legal persons involved in the Continued Listing

The Manager and its affiliates may have interests in the Continued Listing as they have provided from time to time, and may provide in the future, services to the Company 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 Manager, its respective employees and any affiliate may currently own Shares in the Company. The Manager does 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.

Furthermore, the Chief Executive Officer, Njål Sævik, and the Board Member Hege Sævik Rabben, are associated with the Anchor Shareholder, and thereby have an interest in the agreement for the Liquidity Loan (as described in Section 5.2.2.5 above) being entered into on favourable terms to the Anchor Shareholder. For further details on any conflict of interest, please refer to Section 8.4 below.

5.4 Proceeds, expenses, and use of proceeds from the Continued Listing

There are no proceeds from the Continued Listing other than the conversion of NOK 1.1 billion of the Group's debt to a Tranche B which will be convertible to Shares at the end of the Restructuring Period, as further described in Section 5.2.1.2 above.

All directly attributable costs in connection with the Continued Listing that will be borne by the Company are estimated to approximately NOK 2 million. The aforementioned costs are mainly related to financial and legal assistance and other professional services costs, including costs relating to the preparation of expert statements in connection with the conversions.

The Company will not charge any expenses directly to any investor in connection with the Continued Listing.

5.5 Information concerning the Bonds

5.5.1 The HAVI04 Bonds

5.5.1.1 General

The HAVI04 Bonds are registered in book-entry form with the VPS under ISIN NO 0010590441. The Company's register of bondholders in the VPS is administrated by DNB Bank ASA, with registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway. The HAVI04 Bonds have been admitted to trading on the Oslo Stock Exchange since 1 December 2010.

The summary below describes the principal terms of Tranche A and Tranche B of the HAVI04 Bonds. Certain of the terms and conditions described below are subject to important limitations and exceptions. The HAVI04 Bond Terms, which are incorporated by reference into the Prospectus according to Section 11.2 below, contain the complete terms and conditions of the HAVI04 Bonds. The HAVI04 bond terms dated 5 November 2010 are, and the BAA II -04 will be, made available on https://www.oslobors.no/markedsaktivitet/#/details/HAVI04.OSE/data.

5.5.1.2 The HAVI04 Bonds – Tranche A

Key terms of Tranche A of the HAVI04 Bonds are as follows:

Issuer	Havila Shipping ASA
ISIN	NO 0010590441
Guarantor	There are no guarantors for the HAVI04 Bonds
Security type	Senior secured bond issue with floating rate
Currency	NOK
Amount	NOK 112,200,000
Nominal Amount	NOK 1.00
Issue price	100% of par value
Issue Date	8 November 2010
Interest bearing from and including	Issue Date
Interest bearing to	Maturity Date
Tenor	5 years, 1 year option to extend
Maturity Date	31 December 2024

Extension Option	Option to extend Maturity Date by one year from the Maturity Date
Interest Payment Date	Interest on the HAVI04 Bonds will start to accrue on 2 January 2020 and shall be payable quarterly in arrears on the interest payment day on 31 March, 30 June, 30 September and 31 December. Day count fraction for the coupon is actual/360. Any adjustments will be made according to the Business Day Convention
Coupon rate	3 months NIBOR + 3.75% p.a. quarterly interest payment as per the Waterfall. Any unpaid interest not covered through the Waterfall shall be capitalized under Tranche B. The current and historical level of NIBOR 3 months is available at https://most.referanserenter.no/nibor-rates.html.
Business Day	Any day on which Norwegian commercial banks are open for general business, and when Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank's settlement system is open.
Business Day Convention	If the relevant Interest Payment Date falls on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (Modified Following Business Day Convention).
Yield	Investors wishing to invest in the HAVI04 Bonds after the Issue Date must pay the market price for the HAVI04 Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of the Issuer, the price of the HAVI04 Bonds may have increased (above par) or decreased (below par). If the price has increased, the yield for the purchaser in the secondary market will be lower than the Interest Rate of the HAVI04 Bonds and vice versa. If the HAVI04 Bonds are bought and sold at par value the yield will be the same as the Interest Rate.
Limitation of claims	All claims under the HAVI04 Bonds, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18 1979 no. 18.
Amortisation and cash sweep mechanism	The HAVI04 Bonds shall be repaid as follows: • with quarterly instalments pursuant to a 12 year linear repayment profile, save for one Vessel which has an 11 year linear repayment profile (any unpaid amortization under the 12 or 11 year profile, as the case may be, as per the Waterfall shall be capitalized under Tranche B) • with a balloon equal to the remaining Outstanding Bonds on the Maturity Date, save for the Extension Option
Tranche A Adjustment Mechanism	An upward adjustment of Tranche A shall be made to a level equal to 4.25x CADS based on the last twelve months of CADS falling six months prior to the expiry of the Restructuring Period (no downward adjustment shall be made) through transferring the relevant amount from Tranche B to Tranche A If the Extension Option is exercised, no Tranche A adjustment is to be made.
Outstanding Bonds	Any HAVI04 Bonds not redeemed or otherwise discharged
Exit Option	Bondholders shall have the right to instruct sale or assume ownership of the relevant Vessel (or alternatively the shares in the single purpose company owning the Vessel, as relevant) as long as the following criteria have been met: a) Any Tranche B is outstanding on the option date, and the total outstanding Tranche B for the relevant Vessel is higher on the option date than what it was on 2 January 2020 b) The sale or assumption of ownership cannot be completed as long as there is an employment contract in place c) The exit option may be exercised for the period starting from and including 1 January 2021 and ending on the date falling 15 months prior to expiry of the Restructuring Period

Status	The HAVI04 Bonds shall be senior debt of the Issuer. The HAVI04 Bonds rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and rank ahead of subordinated debt.
Security	Assignment of Intercompany Loan, the Mortgage, the Assignment of Earnings, the Assignment of Insurances, the Factoring Agreement, and the Earnings Account Pledge, all terms as defined in the HAVI04 bond terms.
Covenants	Minimum cash of NOK 50,000,000
Restrictions on the free transferability	a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations, and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense. b) A Bondholder who has purchased HAVI04 Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the HAVI04 Bonds pursuant to the HAVI04 bond terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.
Purpose/use of proceeds	There are no proceeds in connection with the Continued Listing, see Sections 5.1 and 5.2 above.
Bondholders' Meeting	The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the HAVI04 Bonds and has the power to make all decisions altering the terms and conditions of the HAVI04 Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the HAVI04 Bonds into other capital classes. The Bondholders' Meeting may inter alia resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal. If a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders and prevail for all the HAVI04 Bonds. At the Bondholders' Meeting each Bondholder may cast one vote for each HAVI04 Bond owned on the relevant record date (as defined in the HAVI04 bond terms). The chair of the Bondholders' Meeting may, in its sole discretion, decide on accepted evidence of ownership of the HAVI04 Bonds. The HAVI04 Bonds do not carry any voting rights. The chair of the Bondholders' Meeting shall determine any question concerning whether any HAVI04 Bonds will be considered HAVI04 Bonds. In order to form a quorum, at least 50% of the HAVI04 Bonds must be represented at a Bondholders' Meeting. As a main rule, resolutions shall be passed by simple majority of the HAVI04 Bonds represented at the Bondholders' Meeting. However, a majority of at least 2/3 is required for any waiver or amendment of any terms of the HAVI04 bond terms. For further details on the Bondholders' Meeting, please refer to Clause 16 of the HAVI04 bond terms.
Taxation	The Issuer is responsible for withholding any withholding tax imposed by Norwegian law on any payments to the Bondholders. The tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the HAVI04 Bonds.
Events of Default	Please refer to clause 15.1 of the HAVI04 bond terms
Listing	The HAVI04 Bonds, as restructured, will be admitted to trading on the Oslo Stock Exchange after the execution of the BAA II -04, expected to take place by the course of May 2020.

Approvals	The Restructuring will be completed in accordance with (i) the approval by the Bondholders' Meeting on 27 April 2020, please see https://newsweb.oslobors.no/message/503838, and (ii) the approval by the Company's extraordinary general meeting on 28 April 2020, please see https://newsweb.oslobors.no/message/503941. The Norwegian FSA has on 29 April 2020 approved the Prospectus under the EU Prospectus Regulations (see Section 4.2 for duties and responsibility of the Norwegian FSA). The Prospectus will also be sent to Oslo Børs ASA in relation to the application for the Continued Listing of the HAVI04 Bonds on the Oslo Stock Exchange.
Fees and expenses relating to the issuance of the Bonds and the Continued Listing	Prospectus fee to the Norwegian FSA: NOK 97,000 Registration fee to the Oslo Stock Exchange: NOK 66,900 (NOK 33,450 for each Bond) Restructuring fee to the Oslo Stock Exchange: NOK 24,600 (NOK 12,300 for each Bond) Legal fees (estimated): Approx. NOK 500,000 Former manager's fee in connection with the issuance of the Bonds: Approx. NOK 1 million Manager's fees in connection with the Continued Listing: Approx. NOK 50,000
Bond Trustee	Nordic Trustee AS, with registered address Kronprinsesse Märthas plass 1, 0160 Oslo, Norway
Calculation Agent	The Bond Trustee
Legislation	Norwegian Law

5.5.1.3 *The HAVI04 Bonds – Tranche B*

Key terms of Tranche B of the HAVI04 Bonds are the same as for Tranche A (see above) save for the following:

Amount	NOK 55,598,327
Interest	Zero coupon
Amortisation and cash sweep mechanism	Tranche B shall be repaid as follows: • with amortization only of amounts in excess of the 12 year profile of Tranche A as per the Waterfall • any remaining Outstanding Bonds at maturity shall be converted to equity
Conversion mechanism and price	The outstanding Tranche B of the HAVI04 Bonds shall on the last day of the Restructuring Period (or the extended Restructuring Period, as the case may be) be converted to Shares pursuant to the following conditions: (i) Aggregate Tranche B of the HAVI04 Bonds outstanding as of the expiry of the Restructuring Period shall be converted into up to approximately 47% shareholding in the Company based on a pro rata allocation between the Lenders with outstanding Tranche B of the HAVI04 Bonds at the end of the Restructuring Period before any Tranche A Adjustment (ii) the number of new Shares and the subscription price per Share shall be set as to ensure that the aggregate shareholding of the converting creditors is maximum 47%, and that the Existing Shareholders (other than the Anchor Shareholder) maintain 2.00% ownership in the Company

5.5.2 *The HAVI07 Bonds*

5.5.2.1 General

The HAVI07 Bonds are registered in book-entry form with the VPS under ISIN NO 0010605033. The Company's register of bondholders in the VPS is administrated by DNB Bank ASA, with registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway. The HAVI07 Bonds have been admitted to trading on the Oslo Stock Exchange since 14 June 2011.

The summary below describes the principal terms of Tranche A and Tranche B of the HAVI07 Bonds. Certain of the terms and conditions described below are subject to important limitations and exceptions. The HAVI07 Bond Terms, which are incorporated by reference into the Prospectus according to Section 11.2 below, contain the complete terms and conditions of the HAVI07 Bonds. The HAVI07 bond terms dated 28 March 2011 are, and the BAA II -07 will be, made available on https://www.oslobors.no/markedsaktivitet/#/details/HAVI07.OSE/data.

5.5.2.2 The HAVI07 Bonds – Tranche A

Key terms of Tranche A of the HAVI07 Bonds are as follows:

Issuer	Havila Shipping ASA
ISIN	NO 0010605033
Guarantor	There are no guarantors for the HAVI07 Bonds
Security type	Senior secured bond issue with floating rate
Currency	NOK
Amount	NOK 282,120,000
Nominal Amount	NOK 1.00
Issue price	100% of par value
Issue Date	30 March 2011
Interest bearing from and including	Issue Date
Interest bearing to	Maturity Date
Tenor	Five years, one year option to extend
Maturity Date	31 December 2024
Extension Option	Option to extend Maturity Date by one year from the Maturity Date
Interest Payments	Interest on the HAVI07 Bonds will start to accrue on 2 January 2020 and shall be payable quarterly in arrears on the interest payment day on 31 March, 30 June, 30 September and 31 December. Day count fraction for the coupon is actual/360. Any adjustments will be made according to the Business Day Convention
Coupon rate	3 months NIBOR + 4.50% p.a. quarterly interest payment as per the Waterfall. Any unpaid interest not covered through the Waterfall shall be capitalized under Tranche B.

	The current and historical level of NIBOR 3 months is available at https://most.referanserenter.no/nibor-rates.html.
Business Day	Any day on which Norwegian commercial banks are open for general business, and when Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank's settlement system is open.
Business Day Convention	If the relevant Interest Payment Date falls on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (Modified Following Business Day Convention).
Yield	Investors wishing to invest in the HAVI07 Bonds after the Issue Date must pay the market price for the HAVI07 Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of the Issuer, the price of the HAVI07 Bonds may have increased (above par) or decreased (below par). If the price has increased, the yield for the purchaser in the secondary market will be lower than the Interest Rate of the HAVI07 Bonds and vice versa. If the HAVI07 Bonds are bought and sold at par value the yield will be the same as the Interest Rate.
Limitation of claims	All claims under the HAVI07 Bonds, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18 1979 no. 18.
Amortisation and cash sweep mechanism	The HAVI07 Bonds shall be repaid as follows: • with quarterly instalments pursuant to a 12 year linear repayment profile, save for one Vessel which has an 11 year linear repayment profile (any unpaid amortization under the 12 or 11 year profile, as the case may be, as per the Waterfall shall be capitalized under Tranche B) • with a balloon equal to the remaining Outstanding Bonds on the Maturity Date, save for the Extension Option
Tranche A Adjustment Mechanism	An upward adjustment of Tranche A shall be made to a level equal to 4.25x CADS based on the last twelve months of CADS falling six months prior to the expiry of the Restructuring Period (no downward adjustment shall be made) through transferring the relevant amount from Tranche B to Tranche A If the Extension Option is exercised no Tranche A adjustment is to be made
Outstanding Bonds	Any Bonds not redeemed or otherwise discharged
Exit Options	Bondholders shall have the right to instruct sale or assume ownership of the relevant Vessel (or alternatively the shares in the single purpose company owning the Vessel, as relevant) as long as the following criteria have been met: a) Any Tranche B is outstanding on the option date, and the total outstanding Tranche B for the relevant Vessel is higher on the option date than what it was on 2 January 2020 b) The sale or assumption of ownership cannot be completed as long as there is an employment contract in place c) The exit option may be exercised for the period starting from and including 1 January 2021 and ending on the date falling 15 months prior to expiry of the Restructuring Period Bondholders shall have the right to instruct sale or assume ownership of the relevant Vessel (or alternatively the shares in the single purpose company owning the Vessel, as relevant) as long as the following criteria has been met: a) The Profit Split as determined under the relevant charter party shall be lower than NOK 5,000,000 for the second operating year as measured from the start-up of the relevant charter party
Status	The HAVI07 Bonds shall be senior debt of the Issuer. The HAVI07 Bonds rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy,

	insolvency, liquidation or other similar laws of general application) and rank ahead of subordinated debt.
Security	The Mortgage, the Assignment of Insurances, the Bareboat Charterer Assignment of Earnings, the Bareboat Charterer Earnings Account Pledge, the Bareboat Charterer Factoring Agreement, the Owning Company Assignment of Earnings, the Owning Company Factoring Agreement, the Owning Company Earnings Account Pledge, the Assignment of Intercompany Loan Claims, the Assignment of Charter, and the Assignment of Management Agreement, all terms as defined in the HAVI07 bond terms.
Covenants	Minimum cash of NOK 50,000,000
Restrictions on the free transferability	a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations, and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense. b) A Bondholder who has purchased HAVI07 Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the HAVI07 Bonds pursuant to the HAVI07 bond terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.
Purpose/use of proceeds	There are no proceeds in connection with the Continued Listing, see sections 5.1 and 5.2 above.
Bondholders' Meeting	The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the HAVI07 Bonds and has the power to make all decisions altering the terms and conditions of the HAVI07 Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the HAVI07 Bonds into other capital classes. The Bondholders' Meeting may inter alia resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal. If a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders and prevail for all the HAVI07 Bonds. At the Bondholders' Meeting each Bondholder may cast one vote for each HAVI07 Bond owned on the relevant record date (as defined in the HAVI07 bond terms). The chair of the Bondholders' Meeting may, in its sole discretion, decide on accepted evidence of ownership of the HAVI07 Bonds. The HAVI07 Bonds do not carry any voting rights. The chair of the Bondholders' Meeting shall determine any question concerning whether any HAVI07 Bonds will be considered HAVI07 Bonds. In order to form a quorum, at least 50% of the HAVI07 Bonds must be represented at a Bondholders' Meeting. As a main rule, resolutions shall be passed by simple majority of the HAVI07 Bonds represented at the Bondholders' Meeting. However, a majority of at least 2/3 is required for any waiver or amendment of any terms of the HAVI07 bond terms. For further details on the Bondholders' Meeting, please refer to Clause 16 of the HAVI07 bond terms.
Taxation	The Issuer is responsible for withholding any withholding tax imposed by Norwegian law on any payments to the Bondholders. The tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the HAVI07 Bonds.
Events of Default	Please refer to clause 15.1 of the HAVI07 bond terms
Listing	The HAVI07 Bonds, as restructured, will be admitted to trading on the Oslo Stock Exchange after the execution of the BAA II -07, expected to take place by the course of May 2020.

Approvals	The Restructuring will be completed in accordance with (i) the approval by the Bondholders' Meeting on 27 April 2020, please see https://newsweb.oslobors.no/message/503838, and (ii) the approval by the Company's extraordinary general meeting on 28 April 2020, please see https://newsweb.oslobors.no/message/503941. The Norwegian FSA has on 29 April 2020 approved the Prospectus under the EU Prospectus Regulations (see Section 4.2 for duties and responsibility of the Norwegian FSA). The Prospectus will also be sent to Oslo Børs ASA in relation to the application for the Continued Listing of the HAVI07 Bonds on the Oslo Stock Exchange
Fees and expenses relating to the issuance of the Bonds and the Continued Listing	Prospectus fee to the Norwegian FSA: NOK 97,000 Registration fee to the Oslo Stock Exchange: NOK 66,900 (NOK 33,450 for each Bond) Restructuring fee to the Oslo Stock Exchange: NOK 24,600 (NOK 12,300 for each Bond) Legal fees (estimated): Approx. NOK 500,000 Former manager's fee in connection with the issuance of the Bonds: Approx. NOK 1 million Manager's fees in connection with the Continued Listing: Approx. NOK 50,000
Bond Trustee	Nordic Trustee AS, with registered address Kronprinsesse Märthas plass 1, 0160 Oslo, Norway
Calculation Agent	The Bond Trustee
Legislation	Norwegian Law

5.5.2.3 The HAVI07 Bonds – Tranche B

Key terms of Tranche B of the HAVI07 Bonds are the same as for Tranche A (see above) save for the following:

Amount	NOK 215,628,885
Interest	Zero coupon
Amortisation and cash sweep mechanism	The HAVI07 Bonds shall be repaid as follows: • with amortization only of amounts in excess of the 12 year profile of Tranche A as per the Waterfall • any remaining Outstanding Bonds at maturity shall be converted to equity
Conversion mechanism and price	The outstanding Tranche B of the HAVI07 Bonds shall on the last day of the Restructuring Period (or the extended Restructuring Period, as the case may be) be converted to Shares pursuant to the following conditions: (i) Aggregate Tranche B of the HAVI07 Bonds outstanding as of the expiry of the Restructuring Period shall be converted into a 47% shareholding in the Company based on a pro rata allocation between the lenders with outstanding Tranche B of the HAVI07 Bonds at the end of the Restructuring Period before any Tranche A Adjustment (ii) the number of new Shares and the subscription price per Share shall be set as to ensure that the aggregate shareholding of the converting creditors is maximum 47% and that the Existing Shareholders (other than the Anchor Shareholder) maintain 2.00% ownership in the Company

5.6 Advisors in connection with the Continued Listing

Arctic Securities AS is acting as manager for the Company in connection with the Continued Listing and as financial advisors to the Company in the Restructuring. Wikborg Rein Advokatfirma AS is acting as legal advisor to the Company in relation to the Continued Listing and the Restructuring.

6 DESCRIPTION OF THE MARKET IN WHICH THE GROUP OPERATES

6.1 Introduction

The oil and oil services markets have had their fledgling recovery from the 2015 crisis disrupted by one of the biggest economic shocks ever. The COVID-19 virus, commonly called the corona virus, has triggered a plunge in economic activity and oil demand, starting in the first quarter of 2020 but intensifying sharply in the second quarter, resulting in a collapse in oil prices. The price of Brent crude has dropped from around $60\barrel in early March to near $10 in mid-April 2020. Counter-reactions from the supply side of the market have begun, led by a new agreement between Opec producers and Russia to cut output, but are still in the early stages.

Given the ongoing and dynamic spreading and responses to the Corona virus all prior forecast for oil market fundamentals are up in the air and uncertainty remains extremely high.

6.1.1 Oil supply and demand

The International Energy Agency (IEA) and Energy Information Administration (EIA) both expect a historically large drop in oil demand in 2020 of as much as 10 mbd. The thrust of the downturn is expected in the second quarter, when as much as half of the global population (IEA) will be under some kind of lockdown, making people and businesses unable to go about life and business in a normal manner. On a positive note, the downturn in economic activity is being met with fiscal stimulus packages and rate cuts from policymakers with the aim of bringing the economy back to normal as quickly as possible once the corona situation begins to improve. Sharply lower oil prices are expected to also help in this regard. The virus situation has come under control in China and other countries in Asia and activity is rebounding, which may indicate that the situation in Europe and the US will start improving in Q3. Uncertainty is very high, however.

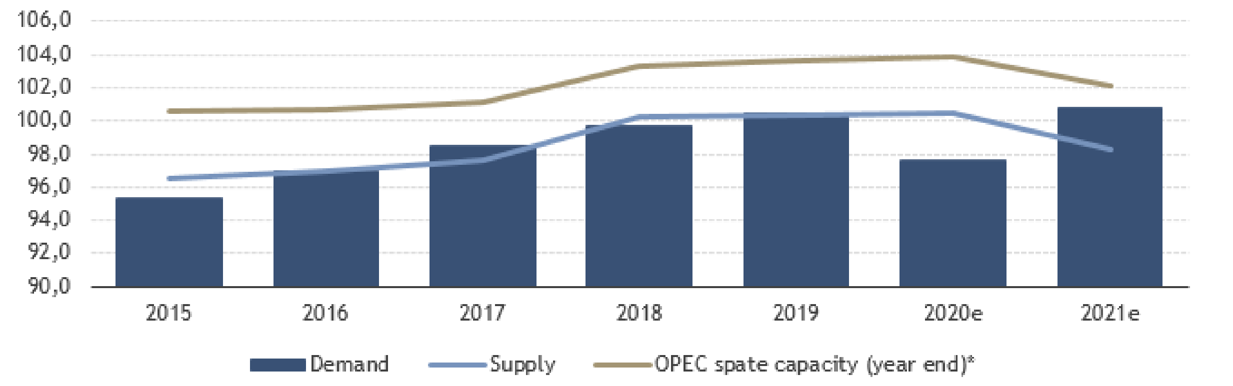
The outlook is also changing rapidly on the supply side of the market. In early April, Saudi Arabia and Russia decided to resume their cooperation on supply management, along with other Opec- and selected non-Opec producers. The breakup of this alliance in early March, which was immediately followed by Saudi Arabia's announcement that it would increase its oil production to a maximum, contributed greatly to the collapse in oil prices during the month. Under the new agreement the "Opec +" group is set to reduce oil production by 9.7 mbd in May and June and to maintain cuts of 6.3 mbd, from July and to April 2021, i.e. nearly two years.

Oil production among non-Opec producers not part of this alliance is also being affected. The current low level of prices means capital expenditures are being cut back sharply. Several major oil companies have announced spending cuts of on average around 30% for 2020. As Arctic has been expecting, such cuts look very likely to quickly impact production, particularly in the US, which has a majority of short-cycle shale oil projects. In its latest forecast the EIA cuts its forecast for US oil production by 1.2 mbd for 2020 and by 2.0 mbd for 2021. Output in other non-Opec countries like Canada and Brazil is also being impacted as the current crisis is hitting an oil industry still recovering from the 2015 crises.

The IEA's April forecast showed that non-Opec production (ex Russia) was expected to decline by -1.2 mbd in 2021, a sharp downward revision from the +2.0 mbd increase which it was predicting in its March analysis. Furthermore, the agency has long been expecting a sharp slowdown in non-Opec production growth from 2022 onwards, as the capex cuts from the previous industry downturn in 2015\16 lead to fewer project start-ups from 2021. The outlook for this period has clearly deteriorated on the back of the latest price collapse. While the IEA's forecast for average annual growth in oil demand to 2025 of + 1.1% p.a. may be revised down in the wake of the corona crisis, Arctic is optimistic that a majority of the demand loss will turn out to have been merely suppressed and not destroyed, and thus will recover. This implies increased market share, and hence pricing power, for Opec producers.

While the current market situation indeed is dire, periods of very low oil prices during the past twenty five years have proven to be relatively short-lived as the pressure to increase revenue eventually has become too great for key producers and they have lowered output in order to achieve that objective. The Opec+ deal to call off the war for market share and shelve any plans to raise output is thus an important first step in a dynamic market rebalancing process. What is clear is that at current price levels, the oil industry is unable to sustain planned investments in new capacity. Hence a supply squeeze looks increasingly likely once oil demand starts to improve following the COVID-19 crisis.

Figure 6.1: Global oil balance summary (million barrels per day)



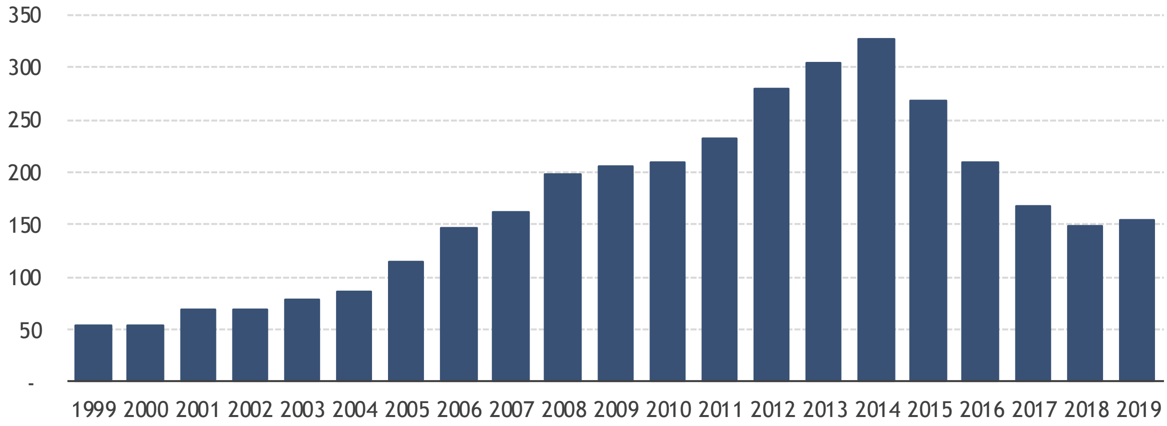
Source: Manager's Research, based on IEA and BP statistical review (2019)
*) Iran theoretical spare capacity of 1.8 mbd not included

6.1.2 *Oil service market drivers*

At the onset of the cyclical downturn in 2014, oil and gas companies reduced their upstream offshore exploration and production spending to adjust for the new reality. This was the start of a five-year downturn, where capital preservation, cost reductions and increased efficiency moved to the top of the oil and gas companies agenda. The global offshore exploration and production spending was USD 325 billion at peak in 2014. Since that it has declined by ~50% to around USD 155 billion in 2019. During these years, there has been a complete shift in mentality in the oil and gas industry, especially within the cost aspect. Break even oil prices have in some cases declined more than 50%, and third party data now expects offshore fields to be competitive towards US shale.

Over the past year the optimism in the offshore industry has been gradually growing, however this came to a sudden stop during the first months of 2020 as the spread of the COVID-19 virus became a global pandemic. The oil market is currently massive oversupplied by oil due to supressed demand and still strong production, but as discussed in the previous chapter, massive cuts have been agreed upon; which, coupled with a gradually opening of the global economy, could improve the market imbalance the comping months somewhat. The oil companies' response to this has been swift and brutal, and early indication points to 2020 investment budgets having been reduced by 25% from the original plans, resulting in a year over year decline of around 20%. This is based on communicated response from around 27 offshore focused oil and gas companies. This will obviously impact the global oil service industry as the general activity level is set to decline, but the magnitude and the duration of this is too early to conclude on.

Figure 6.2: Global offshore E&P spending (USD billion)



Source: Manager's Research, based on Rystad Energy (March 2020)

6.2 Offshore vessel market

The offshore service market can be divided into several sub-segments, where the largest asset-heavy segments include seismic, FPSO, offshore drilling, subsea and offshore support. Of these, Havila Shipping operates vessels within the offshore support and subsea segments. The former includes offshore support vessels ("**OSV**"), which comprises platform supply vessels ("**PSV**") and anchor handling tug supply vessels ("**AHTS**"). The vessels operating in the subsea space is often called offshore construction vessels ("**OCV**") and are divided in the following assets classes: inspection, maintenance and repair vessels ("**IMR**"), diving support vessels ("**DSV**"), heavy construction vessels ("**heavy OCV**") and field development ship ("**FDS**"). Havila Shipping's offering comprise PSVs, AHTS, IMR and heavy OCV.

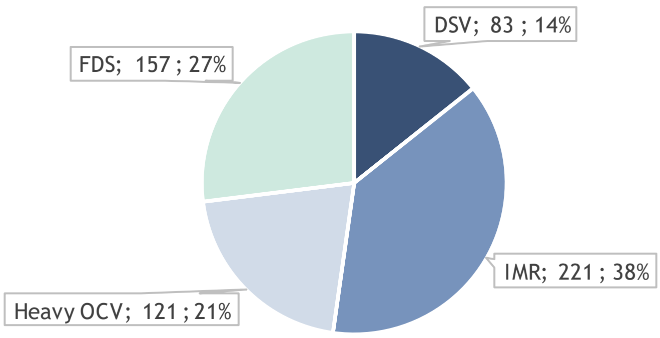
6.2.1 Offshore Construction vessels

Offshore construction vessels are used for installation, maintenance and inspection of subsea equipment, as well as related offshore structures, e.g. platforms and buoys. OCVs perform work related to, installation of mooring systems, laying of pipe and construction of offshore structures as well as removal of such equipment. The subsea vessels are also engaged in work related to other offshore installations such as electrical cables and offshore wind turbines.

OCV are often chartered out to subsea contractors, such as Subsea 7, Technip and Saipem, on long-term contracts. Ship owners typically supply the vessel and marine crew, while the remaining crew and equipment (e.g. ROVs) are provided by the subsea contractor. The subsea contractors offers the vessels with full crew and all equipment to the end-user, normally oil companies. Subsea vessels on long-term charters (up to 10 years) are often modified to meet the contractor's requirements, while the smaller vessels can often be charted to the subsea contractors on a project-by-project basis.

The global fleet of OCVs consist of approximately 600 vessels, comprising 14% DSVs, 38% IMRs, 21% heavy OCVs and 27% FDSs as shown in the figure below. Following the downturn in the oil service industry the past five-six years, new vessel orders have decreased to a minimum. The order book currently consists of approximately 20 vessels which are scheduled for delivered over the next years (source: Manager's Research, based on IHS Petrodata (March 2020)).

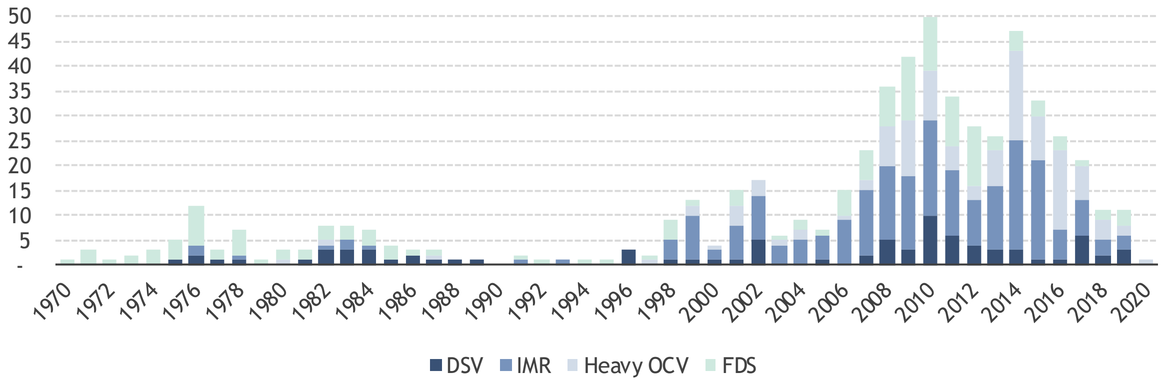
Figure 6.3: Global subsea fleet by year of construction



Source: Manager's Research, based on IHS Petrodata (March 2020)

The following graph illustrates the age profile of the current fleet and shows that the fleet average age is around 15 years. The oldest vessel group is the FDS with an average age of ~20 years (skewed by some very old heavy lift barges operating in benign waters), the IMR and heavy OCV fleet is considerably younger at 12 and 9 years respectively, while the average age for the DSV fleet is 17 years.

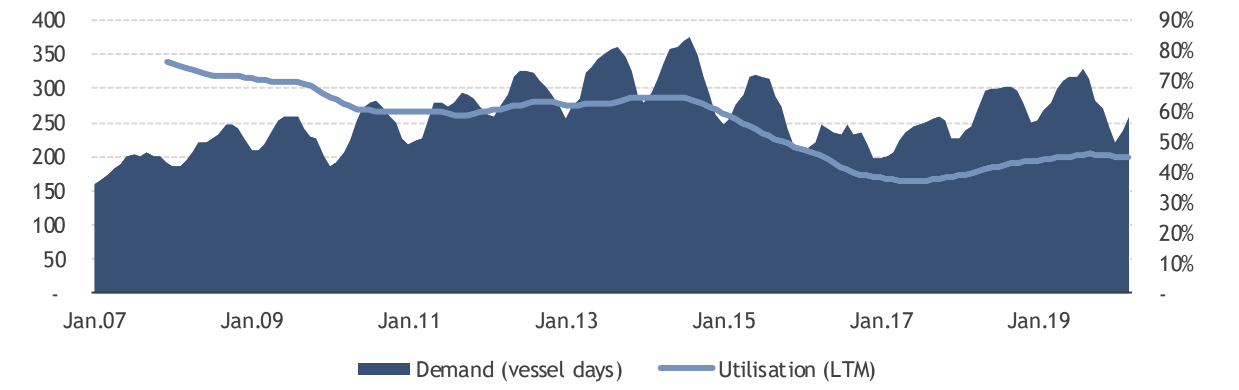
Figure 6.4: Global subsea fleet by year of construction



Source: Manager's Research, based on IHS Petrodata (March 2020)

As the graph below illustrates, the OSV activity has also fallen significantly after the cyclical downturn started in 2014. Before the downturn the industry utilisation stood at 60-70%, this declined to south of 40% at the bottom in 2017; not just as a reflection of declining activity, but also due to newbuildings that was ordered before the downturn. As the graph illustrates, the activity has started to rise, and the industry last twelve months ("**LTM**") utilisation has increased to 45% year to date. However, as discussed above, with the COVID-19 pandemic and ongoing the oil market crisis it is fair to assume that the activity will come down from the current levels due less activity from the E&P companies. The magnitude and the duration of the fall are too early to conclude on, but operations that are most exposed are greenfield development not yet sanctioned and brownfield services not related to mandatory maintenance.

Figure 6.5: Global OCV activity (l.h) and utilisation (r.h)



Source: Manager's Research, based on IHS Petrodata (March 2020)

Havila Shipping owns a fleet of 3 OCVs, with an average age of approximately 12 years. All three are charted out on long-term contracts.

6.2.2 Anchor handling tug supply vessels

AHTS vessels are specially designed vessels for anchor handling and towing offshore platforms. Furthermore, some AHTS vessels are equipped for firefighting, rescue operations and oil recovery. The vessels normally also have supply capacities like the PSVs but with less capacity, e.g. in terms of free deck space and number of tanks.

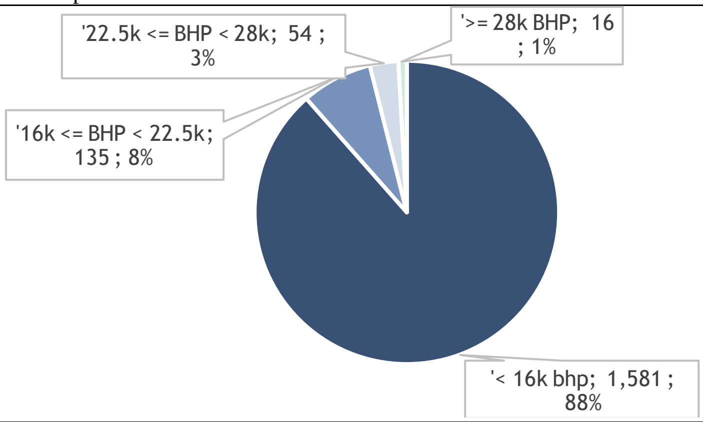
AHTS vessels are designed with high power engines to tow offshore assets and perform anchor handling operations. Over the past decades, drilling activity has moved further offshore and into deeper waters, which has increased the demand for high-end AHTS vessels with higher horsepower to handle the heavier gear required to operate in deeper waters. In the offshore service vessel fleet, new larger, high-horsepower AHTS vessels have evolved to move these large new sophisticated drilling rigs, handle their anchors, chain and mooring lines, and meet all kinds of service demands of the new generation of deepwater rigs and production platforms.

AHTS vessels are in general classified mainly according to their towing capacity (bollard pull in tons), but other parameters are also considered: Engine (break horse power) winch capacities (tons), dynamic positioning systems, cargo carrying capacity (tanks and deck space), rescue characteristics and fire-fighting and oil recovery capabilities.

Break horse power ("BHP") is the most common yardstick for categorising of AHTS vessels. The fleet is normally divided into four categories: less than 16,000 BHP (small), 16,000 ≤ BHP < 22,500 (medium sized), 22,500 ≤ BHP < 28,000 (large) and BHP above 28,000 (very large).

The global fleet of AHTS currently counts ~1,800 vessels, where the lion share is smaller vessels predominantly operating in shallow waters and benign conditions (~90%). Havila Shipping and its Scandinavian competitors mostly focus on vessels with above 16,000 BHP which is a considerably more consolidated market. The medium, large and very large vessel segments total approximately 200 vessels; equivalent to ~10% of the total AHTS market. The newbuilding book currently counts ~60 vessels, where the majority is smaller vessels.

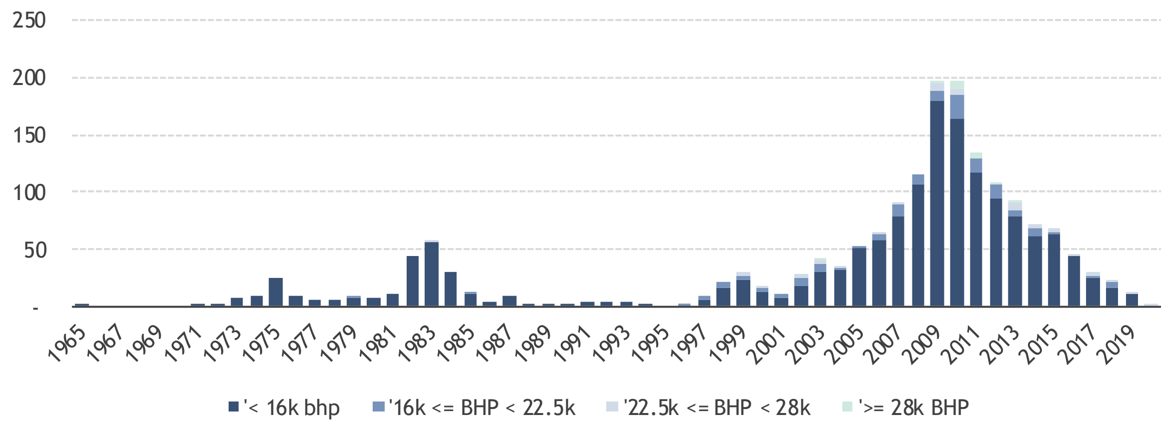
Figure 6.6: AHTS fleet composition



Source: Manager's Research, based on IHS Petrodata (March 2020)

The graph below illustrates the age profile of the current fleet. The average age is currently ~15 years, while the age profile moves from the smallest vessels being the oldest (~15 year) to the largest being the youngest (~10 years). The normal lifetime of an AHTS vessel is generally considered to be around 25-30 years.

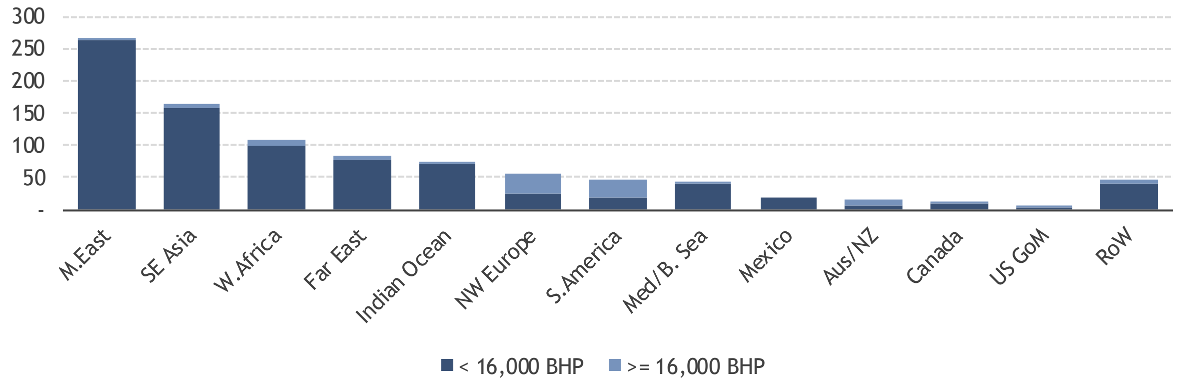
Figure 6.7: Global AHTS fleet by year of construction



Source: Manager's Research, based on IHS Petrodata (March 2020)

The graph illustrates the geographical distribution of AHTS activity for 2019, based on vessels larger than 16,000 BHP and vessels with less than 16,000 BHP. The most important high-end markets includes the North Sea, South America and Australia/New Zealand.

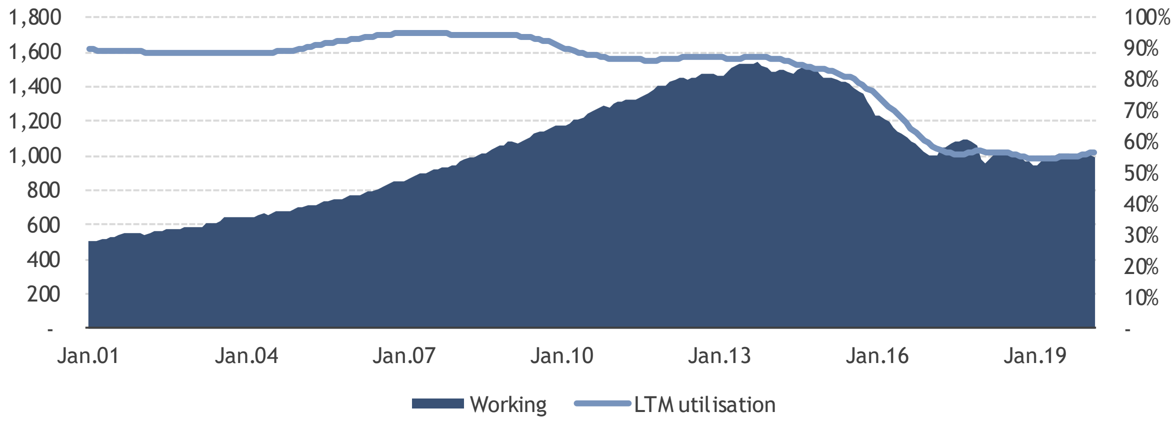
Figure 6.8: Global AHTS activity for 2019 by region



Source: Manager's Research, based on IHS Petrodata (March 2020)

As the graph illustrates, both the AHTS activity and utilisation have flattened out over the past years after falling significantly in 2015 and 2016. The industry utilisation averaged at ~90% in the years before the downturn, while 2019 came in at a mere 56%. LTM utilisation currently stands at 57%. Given the onset of the COVID-19 and oil market crises, we believe E&P companies will delay and cancel their exploration campaign to reduce capital spending. This will impact the AHTS demand, as a large part of the fleet are supporting these. Further, we believe new greenfield projects will be delayed, which also could lead to less demand for AHTS vessels, both in terms of less production drilling, and hook-up and commissioning services. However, the impact of this is too early to conclude on.

Figure 6.9: Global AHTS activity (l.h.) and utilisation (r.h.)



Source: Manager's Research, based on IHS Petrodata (March 2020)

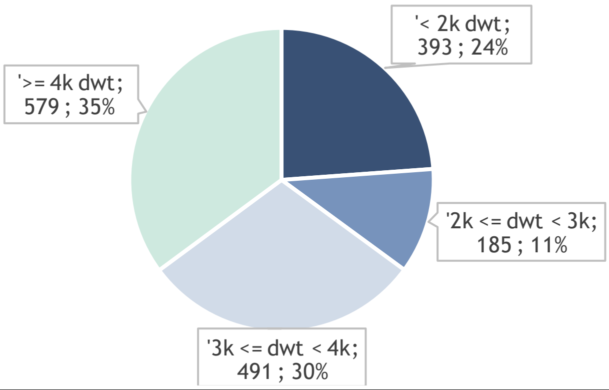
Havila Shipping owns a total of 5 AHTS vessels. All are larger AHTS (all above 16,000 BHP) designed for operations in all regions but are mainly located in the North Sea. Average age for the larger AHTS vessels is approximately 12 years.

6.2.3 Platform supply vessels

PSVs are specially designed for transport of supplies to and from offshore installations. On deck the vessels carry containers, equipment and pipes. Under deck the vessels transport a variety of different fluids in separate tanks, like mud & brine, cements or other dry bulk, water, fuel and drill-cuttings. Furthermore, some vessels have tanks for special fluids, e.g. methanol.

PSVs are classified according to their carrying capacities, i.e. size of free deck space (m^2), total carrying capacity in dead weight tons ("DWT") and type and capacity of special tanks. We divide the PSV fleet into four categories, less than 2,000 DWT (small), 2,000 ≤ DWT < 3,000 (medium), 3,000 ≤ DWT < 4,000 (medium+) and larger than 4,000 dwt (large). In terms of deck area this corresponds to approximately 600-800 m^2 for medium-sized vessels, and above 1000 m^2 for large vessels. The total PSV currently counts about 1,650 vessels, where ~25% are small vessels, ~40% are medium sized vessels and 35% are large PSVs. The current newbuilding book stands at ~65 vessels; primarily vessels with more than 3,000 dwt.

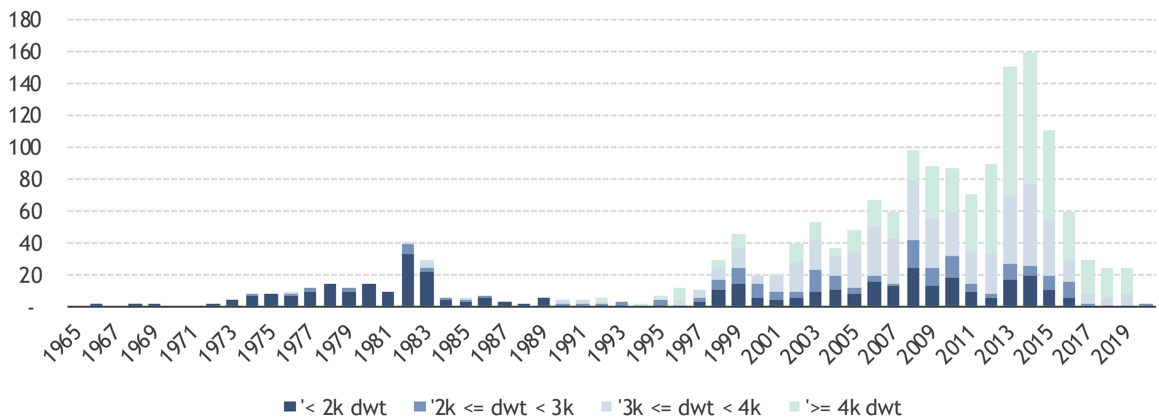
Figure 6.10: Global PSV fleet composition



Source: Manager's Research, based on IHS Petrodata (March 2020)

The figure below summarizes the world fleet of PSVs by year of construction. The growth in the PSV fleet has been significant over the last 10 years with increased degree of specialization in the OSV market. As vessels are becoming larger, more powerful and costs more, one wishes to use these more expensive vessels for the tasks for which they were built for (e.g. subsea work) and leave the cargo duties primarily to the PSVs. Consequently, the average age for the smaller vessels are the oldest at 23 years, while the medium sized vessels are 10-15 years, and the larger vessels are on average about 8 years.

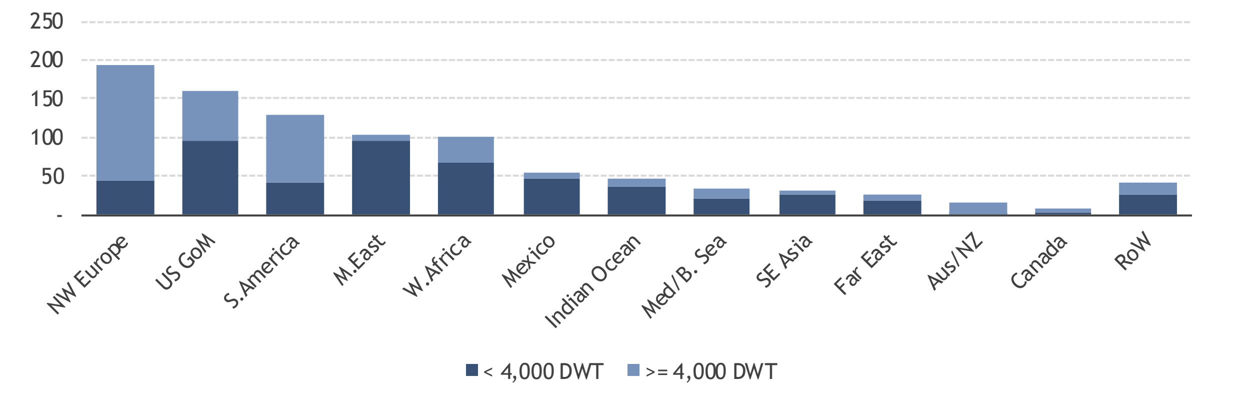
Figure 6.11: Global PSV fleet by year of construction



Source: Manager's Research, based on IHS Petrodata (March 2020)

The graph illustrates the geographical distribution of PSV activity for 2019, based on vessels larger than 4,000 DWT and vessels with less than 4,000 DWT. The most important high-end markets include the North Sea, South America and US Gulf of Mexico.

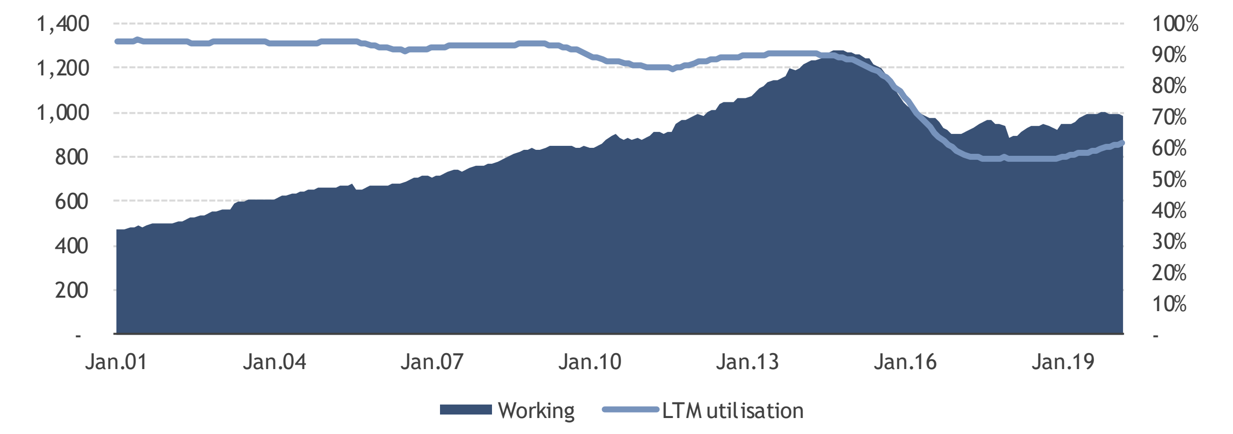
Figure 6.12: Global PSV activity for 2019 by region



Source: Manager's Research, based on IHS Petrodata (March 2020)

The PSV activity has since 2001 increased steadily, but this came to a sudden halt as the oil and gas downturn started in 2014/2015. After a 30% fall from the peak, activity has over the past few years recovered somewhat, and average 2019 activity was ~10% higher versus the bottom in February 2018. Consequently, utilisation has also improved; 2019 utilisation ended at 61%, and LTM stands at 62%, which indicates a positive trend from the trough. The PSV segment is Havila Shipping's most resilient segment to the current crises the industry is facing. That said, we see less demand for support for the drilling campaigns due to less drilling, while the support services to the producing facilities is expected to be relatively resilient. As for the other segments, it is still too early to conclude on the impact of the challenges the industry currently is facing.

Figure 6.13: Global PSV activity (l.h.) and utilisation (r.h.)



Source: Manager's Research, based on IHS Petrodata (March 2020)

Havila Shipping owns 9 PSVs, with an average age of 11 years. Six of Havila Shipping's PSVs are large vessels with carrying capacity of 4,000 DWT or more.

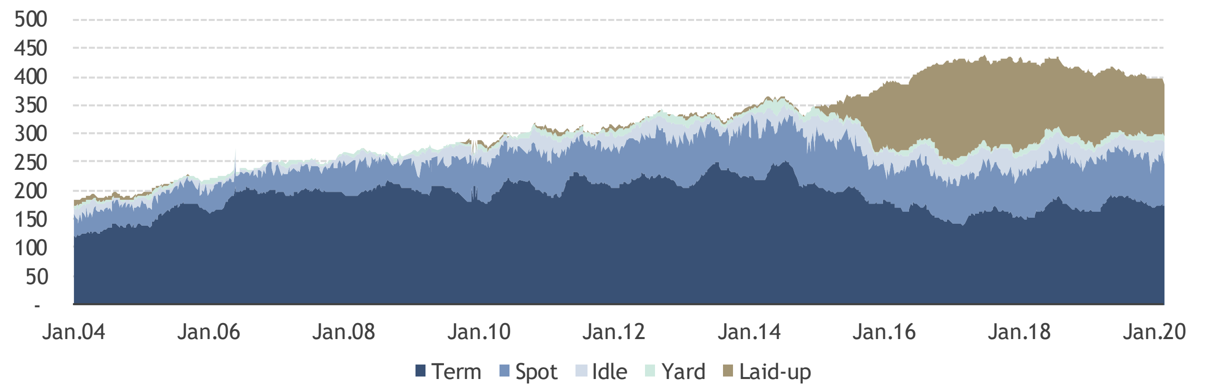
6.3 Principal markets for Havila Shipping

The principal markets in which Havila Shipping operates is currently the North Sea, but the Company has historically also traded vessels steadily in Brazil. Other regions have been served opportunistically.

6.3.1 *The North Sea*

The North Sea is the largest market for high-end OSV tonnage in the world and has the only well-functioning spot market for these kinds of vessels world-wide. The total fleet counts approximately 400 vessels, of which approximately 250 are considered to be "high-end". Demand consists predominantly of longer term, multi-year contracts (60-70% of total demand), but there is also a liquid spot market in the North Sea where short-term work can be found. As this is the home region for many of the Norwegian OSV companies, their idle vessels globally are often moved back home when their firm contract expires, this is clear in the graph below from 2015 and onwards.

Figure 6.14: North Sea OSV activity (number of vessels)

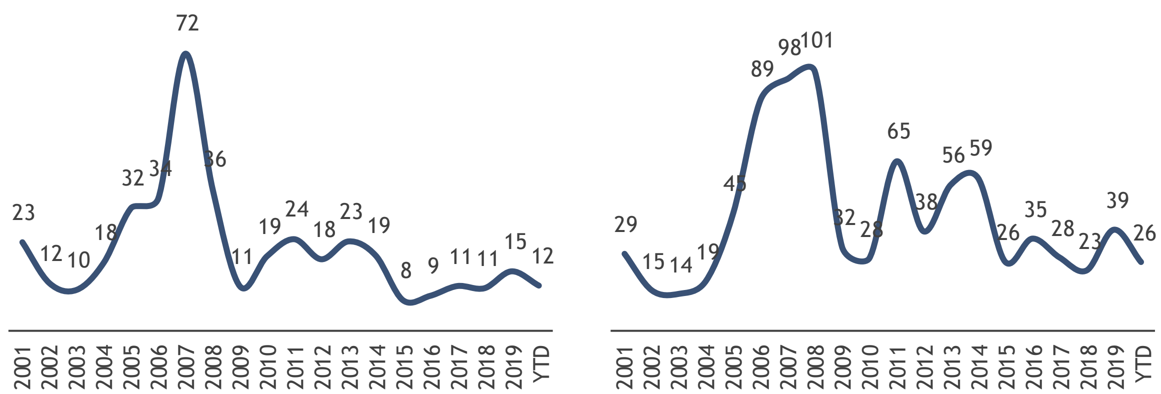


Source: Manager's Research, based on IHS Petrodata (March 2020)

Day rates in the spot market are highly volatile, and e.g. AHTS day rates can move from USD 10,000 per day in a slow market to over USD 120,000 per day in just one day if the spot market gets tight and demand surpasses supply. The existence of this spot market in the North Sea has made it "the heart" of the global OSV market since vessel owners can use the North Sea spot between longer term charters and move vessels in and out of the market quite easily. As a result, the day rates in the North Sea spot sets the agenda for the other offshore basins around the world.

The largest clients in the North Sea are Equinor, Shell and Aker BP as well as smaller companies like Wintershall, Maersk and EnQuest. YTD day rates for larger AHTS tonnage has been USD 26,000 per day, while PSVs have been trading around USD 12,000 per day.

Figure 6.15: North Sea spot day rates for large PSVs to the left and large AHTSs to the right (USD k/d)

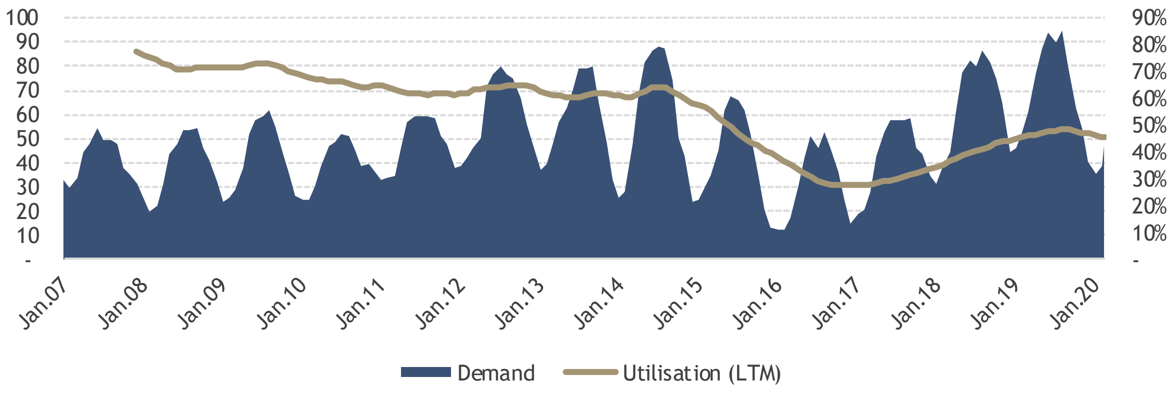


Source: Manager's Research, based on IHS Petrodata (March 2020)

Demand for offshore construction vessels (OCVs) in the North Sea has been steadily rising over the last 15 years due to increasing appetite for subsea field developments, and especially subsea tie-backs have been attractive in the North Sea. This increasing installed base of subsea trees demands maintenance, which in turn results in demand for IMR (Inspection, Maintenance, Repairs) vessels in addition to the larger OCVs performing installation, pipe-laying and hook-up work. The North Sea market for OCVs is dominated by longer term charters to Tier 1 and Tier 2 subsea companies, which again tend to charter in vessels from vessel providers (offshore supply companies) when their own fleet is sold out. Some spot-like work is also available, but to a lesser extent.

As the graph below illustrates, the demand for OCV in the North Sea is highly seasonal, but adjusting for this, we find that the number of working vessel days has increased over 100% since the bottom in late-2016.

Figure 6.16: North Sea OCV activity (number of vessels)



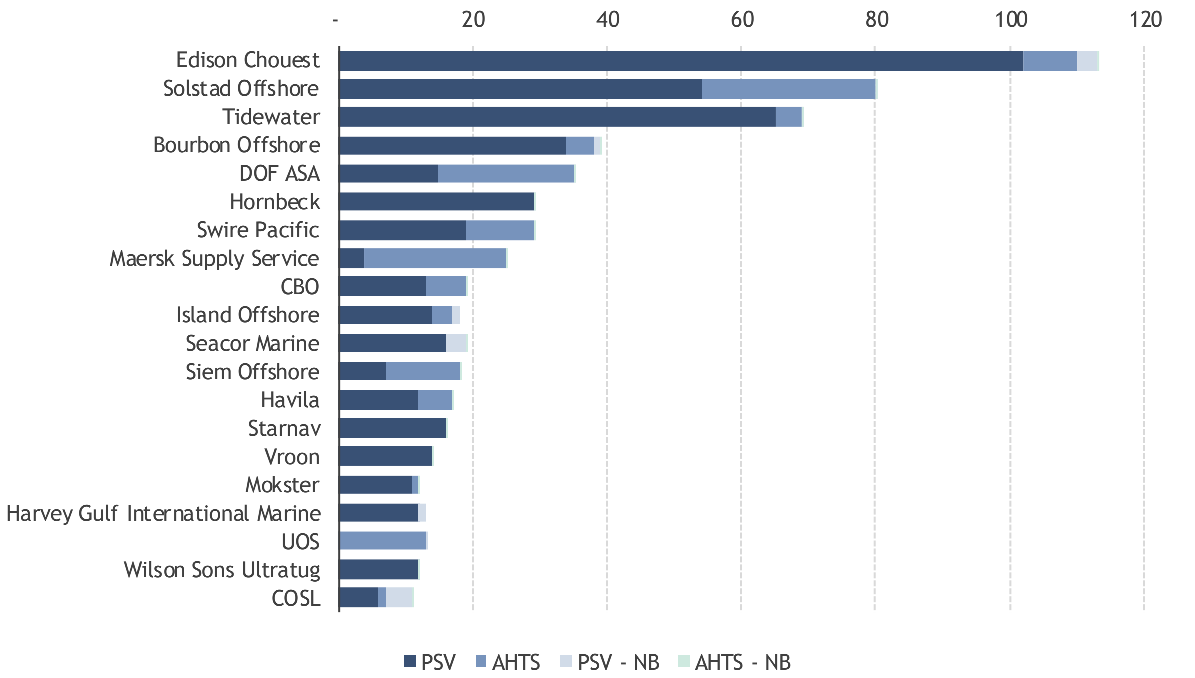
Source: Manager's Research, based on IHS Petrodata (March 2020)

Havila Shipping is a leading operator in the North Sea with predominantly high-end vessels and is among the leading OSV and subsea vessel players by number of high-end vessels. Havila Shipping currently has 3 vessels in operation in this region.

6.4 Competitors

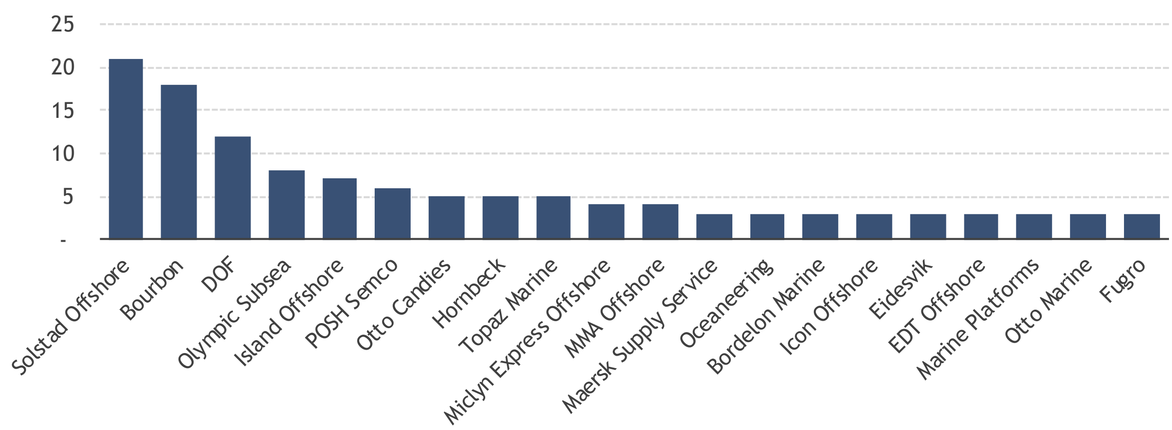
Both the OSV and subsea vessel markets are highly competitive markets, with many vessel operators in all regional markets. Although number of operators vary between regions from ~20 to >100, no regional market is really consolidated sufficiently to have any kind of price discipline. Below is an overview of the 20 largest OSV players (by number of high-end OSVs) and the 20 largest subsea vessel players (by number of IMR vessels) globally:

Figure 6.17: Number of high-end OSVs



Source: Manager's Research, based on IHS Petrodata (March 2020)

Figure 6.18: Number of light subsea vessels



Source: Manager's Research, based on IHS Petrodata (March 2020)

Main competitors to Havila Shipping are the other OSV and subsea vessel operators with a global presence and focus. In the subsea vessel segment this is Solstad Offshore, Bourbon, DOF Subsea, Siem, Olympic Shipping, and Maersk. In the OSV segment this is DOF, Solstad Offshore, Maersk, Siem Offshore, Bourbon, Tidewater, Edison Chouest and Swire.

7 BUSINESS OVERVIEW

7.1 Key principal activities of the Group

7.1.1 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).

The Company is the manager for all the vessels in the Group. As manager for the vessels, Havila Shipping provides services such as chartering, organizing- and managing of the vessels' operations and functions, supervision of the repair- and maintenance regime and crew management.

The Group is involved in the operation of 23 vessels, including (i) five AHTS vessels whereof three vessels are laid up; (ii) 14 PSVs whereof four are owned externally and one is 50% owned; (iii) one rescue recovery vessel (bareboat) and; (iv) three subsea vessels.

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, two PSV of the owned vessels are on firm contracts in the Danish sector, two on firm contract in the Norwegian sector, two on firm contract in the UK sector and two on firm contract in Egyptian waters. One PSV is operated in the spot market both in UK and Norwegian sector. Of the AHTS vessels, three vessels are laid up and two vessels are operated in the North Sea Spot market. The RRV vessel are on firm contract in Norwegian sector. The Subsea vessels are on firm contract or frame (pay as you go) contracts operating world-wide.

The Group has around 460 maritime employees and 33 administrative staff. The business is organized mainly through the 100% owned shipowning companies Havila Harmony AS, Havila Jupiter AS, Havila Phoenix AS, Havila Ships AS, Havila Subcon AS and Havila Venus AS. The seafarers are employed by Havila Shipping as the parent company of the Group and in Havila Marine Guernsey Ltd or hired through crewing companies. The administration is employed in Havila Management AS.

The Company has an office with one employee in Aberdeen, Scotland.

7.1.2 The vessels

As of the date of this Prospectus, the Group's fleet consists of the following vessels:

#	Vessel name	Type	Built	BHP	DWT	Deck (m^2)	DP class	Cabin capacity	Owner	Charterer	Place of registration
1)	Havila Jupiter	AHTS	2010	25,000	3,866	750	2	60	Havila Jupiter AS	Spot	Fosnavåg
2)	Havila Mars	AHTS	2007	18,000	3,671	664	2	33	Havila Ships AS	Laid up from October 2015	Fosnavåg
3)	Havila Mercury	AHTS	2007	18,000	3,671	664	2	33	Havila Ships AS	Laid up from December 2017	Fosnavåg
4)	Havila Neptune	AHTS	2008	17,500	3,000	520	2	30	Havila Ships AS	Laid up from November 2015	Fosnavåg
5)	Havila Venus	AHTS	2009	25,000	3,866	750	2	60	Havila Venus AS	Spot	Fosnavåg

6)	Havila Aurora	PSV	2009	n/a	3,205	683	2	31	Havila Ships AS	Axxis Geo Solutions ASA	Nassau
7)	Havila Borg	PSV	2009	n/a	3,787.4	800	2	23	Havila Ships AS	Spot	Fosnavåg
8)	Havila Charisma [1)]	PSV	2012	n/a	4,976	1,082.4	2	27	Havila Charisma AS	Equinor Energy AS	Fosnavåg
9)	Havila Clipper	PSV	2011	n/a	4,000	805	2	25	Havila Ships AS	Equinor Energy AS	Fosnavåg
10)	Havila Commander	PSV	2010	n/a	5,486	1,005	2	23	Havila Ships AS	Total E&P UK Limited	Nassau
11)	Havila Crusader	PSV	2010	n/a	5,433	1,005	2	23	Havila Ships AS	Shell UK	Fosnavåg
12)	Havila Fanø	PSV	2010	n/a	4,000	805	2	25	Havila Ships AS	Total DK	Fosnavåg
13)	Havila Foresight	PSV	2008	n/a	4,800	1,046	2	30	Havila Ships AS	Equinor Energy AS	Fosnavåg
14)	Havila Fortune	PSV	2008	n/a	3,205	683	2	31	Havila Ships AS	Axxis Geo Solutions ASA	Nassau
15)	Havila Herøy	PSV	2009	n/a	4,000	805	2	25	Havila Ships AS	Total DK	Fosnavåg
16)	Havila Troll [2)]	RRV	2003	n/a	2,335	n/a	2	20	Sydvestor Troll AS	Equinor Energy AS	Fosnavåg
17)	Havila Harmony	Subsea	2005	n/a	1,974	816	2	86	Havila Harmony AS	Reach Subsea AS (frame work agreement)	Fosnavåg
18)	Havila Phoenix	Subsea	2009	n/a	8,743	1,450	2	140	Havila Phoenix AS	DeepOcean 1 UK Limited	Nassau
19)	Havila Subsea	Subsea	2011	n/a	8,552	600	2	78	Havila Subcon AS	Reach Subsea AS	Fosnavåg

1) Havila Charisma is managed for 50% owned company
2) Havila Troll is on bareboat lease into the Group

Under the Restructuring Agreements, the Group will be allowed to make any investments in its ordinary course of business in order to comply with any requirements of applicable law or the classification society. The Group can also make investment in order to comply with any requirements of an employment contract which has been approved by the relevant lender.

The Group shall not make any material changes to contracts for employment of Vessels without prior written approval of the relevant lender or enter into a new employment contract for vessels for a duration of more than three months without prior written consent from the relevant lender.

Vessels under management by the Group are set out below:

#	Vessel name	Type	Built	BHP	DWT	Deck (m^2)	DP class	Cabin capacity	Owner	Charterer	Place of registration
1)	Alegria	PSV	1998	n/a	4,627	902	2	20	Offshore Equipment Chartering	Allseas Group	Fosnavåg
2)	Felicity	PSV	1999	n/a	4,679	902	2	20	Offshore Equipment Chartering	Allseas Group	Fosnavåg
3)	Fortress	PSV	1996	n/a	4,500	902	2	20	Tog More Transport Chartering	Allseas Group	Fosnavåg
4)	Polarsyssel	MPSV	2014	n/a	3,700	850	2	30	Fafnir Offshore hf	Governor of Svalbard	Fosnavåg

7.1.3 Contract overview

Please see below an overview of the current contract coverage of the Group's fleet, including of which vessels that currently are laid up:

	Vessel name	Type	Firm until	Options
1)	Havila Jupiter	AHTS	Spot	-
2)	Havila Mars	AHTS	Lay up	-
3)	Havila Mercury	AHTS	Lay up	-
4)	Havila Neptune	AHTS	Lay up	-
5)	Havila Venus	AHTS	Spot	-
6)	Havila Aurora	PSV	May 2020	2 x 3 months
7)	Havila Borg	PSV	Spot	-
8)	Havila Charisma	PSV	December 2020	3 x 1 year
9)	Havila Clipper	PSV	November 2020	4 x 2 months
10)	Havila Commander	PSV	Oktober 2021	-
11)	Havila Crusader	PSV	About year-end 2020	About two years
12)	Havila Fanø	PSV	August 2020	3 x 1 year
13)	Havila Foresight	PSV	January 2021	3 x 1 year
14)	Havila Fortune	PSV	June 2020	2 x 3 months
15)	Havila Herøy	PSV	September 2020	3 x 1 month
16)	Havila Troll	RRV	November 2024	5 + 1 year
17)	Havila Harmony [1]	Subsea	Frame work August 2021	2 x 1 year
18)	Havila Phoenix	Subsea	May 2023	2 x 1 year
19)	Havila Subsea [1]	Subsea	Frame work April 2021	1 x 1 year

1) For Havila Harmony and Havila Subsea the charter contract is based on pay as you go. The charterer obligation to pay hire for the vessel is limited to use of the vessel. For both vessels there are a minimum of days payable per year.

7.2 Significant changes impacting the Group's operations and principal activities since 31 December 2019

Since 31 December 2019, the Group has not introduced any significant new products or services, nor is the Group in the process of developing any such new products or services.

Since 31 December 2019, the Company has not experienced any material changes in the Group's regulatory environment.

7.3 Material investments since 31 December 2019

Since 31 December 2019, the Group has not made or committed to make any material investments other than related to the vessel maintenance program required to maintain classification certificates, to comply with applicable law and to keep the vessels up to date. Such investments have been financed by the cash liquidity and the cash surplus from operation of the Group's vessels.

7.4 Trend information

Since 31 December 2019, there has been a significant negative shock to oil prices, impacting earnings for the end-clients of Havila Shipping negatively. While still early, several oil companies have announced new and lower investment budgets for the year, likely to reduce OSV and subsea vessel demand somewhat. Reduced demand will have a negative effect on achievable rates for the vessels going forward. The current backlog of the Company might also be impacted negatively by project delays. In addition, the currently unfolding COVID-19 pandemic is likely to impact operations negatively (e.g. crew transfer and travelling). It is however too early to estimate the total potential financial impact these events might have for the Group.

The recent events in the oil markets alongside the pandemic have also resulted in a significant depreciation of the NOK exchange rate against USD, EUR and GBP. Some of the Group's vessels trade in these currencies on a regular basis. The immediate effect of the depreciation of the NOK against other currencies is the increased value of debt nominated in USD. As of 31 December 2019 approximately 19% of the Group's interest bearing debt was USD loans. 30% depreciation of NOK value against USD will have a negative impact on the Company result and equity of about NOK 240 million.

The Group's income from operation of vessels are in NOK, USD, EUR and GBP. The relative portion of income in foreign currencies will vary, but is estimated to be between 60% and 80% of the operational income. Depreciation of NOK against foreign currencies will increase the relative portion of income from foreign currencies, and the income nominated in NOK as accounting currency. If the depreciation of NOK should last for a long period, it will have a positive effect of the Group's operating income.

The operating expenses are partly also in NOK, USD, EUR and GBP, but with less impact than the income at the current level of expenses compared with the income. As a result, all other elements kept unchanged, a depreciation of the NOK against other currencies will have a positive effect of the operating result.

Following the challenging situation, the Norwegian Government has launched some remedies to mitigate effects of the market turmoil. The Group is currently considering if some of the measures can mitigate some of the challenges the Group possibly will have to deal with.

The Central Bank of Norway (Norges Bank) has reduced the interest policy rate twice. On 13 March 2020 the reduction was 0.5 percentage point and on 20 March 2020 the policy rate was reduced by 1.0 percentage point to 0.25%.

After the implementation of the Restructuring Agreements, the Group's interest bearing debt as of 2 January 2020 will be NOK 3.1 billion. 100% of the interest bearing debt will be at floating rate based on NIBOR and LIBOR as reference rate. A 1 percentage point lower reference rate will have a positive impact on the Group's interest expenses amounting to about NOK 30 million for 2020.

Other than as set out above, and to the best of the Company's knowledge, there have been no material changes in recent trends as regards the operations of the Group since 31 December 2019 and until the date of this Prospectus.

7.5 Significant changes in the Group's financial position since 31 December 2019

As described in Section 7.4 above, the immediate effect of a 30% depreciation of NOK against USD will be a negative effect of NOK 240 million on the Group's equity: Increased value in NOK of charter income in foreign currencies will have a positive effect on Group's operating result as long as the situations persist. Other than this and the effects of the Restructuring as described in Section 5 above, there have been no significant changes in the Group's financial position or performance since 31 December 2019.

7.6 Related party transactions since 31 December 2019

Other than the establishment of the Liquidity Loan expected to take place as a part of the Restructuring (as described in Section 5.2.2.5 above), neither the Company nor any other Group company has entered into any related party transactions since 31 December 2019.

8 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

8.1 Corporate information

The legal and commercial name of the Company is Havila Shipping ASA. The Company is a public limited liability company incorporated on 3 October 2000 under the laws of, and domiciled in, Norway with business registration number 882 811 972. The Company's legal entity identifier ("**LEI**") code is 5967007LIEEXZXFJ8876. The Company's business office is at Mjølstadnesvegen 24, 6092 Fosnavåg, Norway. The Company's phone number is +47 700 80 900 and its website is www.havilashipping.no.

This Prospectus is published at the Company's website. Information presented at the Company's website does not form part of the Prospectus, and prospective investors should not rely on such information. However, as an exception from the above, the information incorporated by reference into the Prospectus according to Section 11.2 below, which is available at the Company's website, is part of the Prospectus.

8.2 Board of Directors

The Articles of Association provide that the Company's board of directors (the "**Board of Directors**") shall consist of minimum 3 and maximum 7 Board Members. The names and positions of the Board Members as of the date of this Prospectus, as well as the principal activities performed by them outside of the Company are set out in the table below.

Name	Position	Principal activities performed outside of the Company	
		Currently	**Preceding five years**
Jostein Sætrenes	Chairman	Shipsinvest AS (CEO), Scanguard I AS (CEO, chairman), Fianseiendommen AS (director), Øytank AS (chairman), Johan R Sunde AS (director), IMF Sunnmøre Holding AS (director), Teigebris AS (chairman), Frøysund AS (chairman), Magda Sæviks Stiftelse (chairman), Aido AS (director), Sun Equity II AS (CEO, chairman), Kriss AS (director), Grand Canyon Operation 2 AS (director), Grand Canyon Operation AS (director), Sufh Bygg AS (director), Volstad Construction AS (director), Sydvestor Troll AS (CEO, chairman), Fylling og Bjørge Eigedom AS (director), Seacor Grant AS (director), Sydvestor AS (director), Nordvestor Aktiv AS (director), Sun Equity AS (owner, chairman)	Finanseiendommen AS (CEO), Finanseiendomen KS (CEO), Intership AS (director), Roy Kristian AS (CEO, chairman), Shipsinvest Lfc AS (CEO, chairman), Christine AS (CEO, chairman), Inter Caledonia AS (CEO, chairman), Magda Sæviks Stiftelse (director), Frøysund AS (director), Teigenes AS (chairman), Teigebris I AS (chairman), Teigebris II AS (chairman), World Wide Supply Holding AS (CEO, director)
Helge Aarseth	Board member	Lawfirm Larhammer Aarseth AS (attorney at law), Nesbakk AS (director), Jacob Bjørge AS (director), Bjørge & Co AS (director), Opplysningsvesenets Fond (director)	-
Hege Sævik Rabben	Board member	Havila Holding AS (director), Havyard Group ASA (director), Havila Kystruten AS (director), Havilafjord Holding AS (director), Havila Hotels AS (director), HSR Invest AS (CEO, chair), Siva Sunnmøre AS (director), Havila Ariel AS (director)	Fosnavaag Wellboat AS (director), Green Enviro AS (director), Havblikk Investering AS (director), HK Ship II AS (director), Selje Næringspark AS (director)
Nina Skage	Board member	Vest Corporate Advisors (partner), Festspillene i Bergen (director), Grieghallen (director), Dyrket.no AS (director), Eiendomskreditt AS (director), Cloud	-

		Communication Tool AS (director), Axxis Geo Solution ASA (director), Podtown AS (director), Fjord1 ASA (member of nomination committee), American Scandinavian Foundation (overseas advisory trustee), St. Cloud State University (member of the international advisory board to the president)	
Jogeir Romestrand	Board member	Evotec AS (CEO, chairman), Rome AS (CEO, chairman), North Energy ASA (director), Servitech AS (chairman), Brimer AS (chairman), North Energy Capital AS (chairman), BGS AS (chairman)	-

The Company's registered business address at Mjølstadnesvegen 24, 6092 Fosnavåg, Norway, serves as the business address for the members of the Board of Directors in relation to their directorship of the Company.

8.3 Management

The Group's management team consists of 3 individuals (the "**Management**"). The names of the members of the Management as of the date of this Prospectus, their respective positions and the principal activities performed by them outside of the Company, are presented in the table below:

Name	**Position**	**Principal activities performed outside of the Company**	
		Currently	**Preceding five years**
Njål Sævik	Chief Executive Officer	Havila Holding AS, Havilafjord Holding AS, Havila Service AS, Emini Invest AS and Havila AS (chairman); Axxis Geo Solutions ASA, Axxis Multi Client AS, Volstad Seismic AS, Volstad Maritime Holding AS, Volstad Maritime Eiendom AS, Volstad Maritime AS, Volstad Subsea AS, Volstad Maritime DIS I AS, Volstad Management AS, Volstad Construction AS, Volstad Offshore AS, Volantis Operation AS, Hotell Ivar Aasen AS, Deep Cygnus AS, Deep Cygnus Operation AS, Deep Cygnus KS, Geo Caspian AS, Geo Caspian Operation AS, Havilafjord AS, Havila Kystruten AS, Havila Hotels AS, Havila Invest AS, Havila Ariel AS, Havborg 1 Eiendom ANS, Havborg 1 Invest AS, Havblikk Eiendom AS, Grand Canyon Operation AS, Grand Canyon 2 AS, Grand Canyon Operation 2 AS, Grand Canyon 2 KS, Grand Canyon Operation 3 AS, Grand Canyon 3 AS, Grand Canyon 3 KS, Endeavour Operation AS, Eiendom Hornindal AS, HK Ship I AS, HK Crew AS, Geiranger Fjord Hotels AS, Geiranger Hotelldrift AS, Raftevold Hotel AS, Sæviking AS, SæVard DA, KS ARTUS OHI Eiendom AS, Neptun Invest AS, Tangen 7 Invest AS, NextJob AS, Nordic MediaTech AS, Fosnavåg Ocean Academy AS, NI Tankers AS (director); Bratholm AS, Hareid Fastlandsamband AS Sunnmørsbadet Fosnavåg AS, ÅKP AS and Volstad Maritime DIS II AS (deputy director) and Emini Invest AS (CEO)	Havila Kystruten AS and Stiftelsen Herøy Næringsforum (chairman); Axxis Geo Solutions AS, Havblikk Investering AS, HK Ship II AS, Norwegian Hull Club – Gjensidige Assuranseforening, Ola Volstad Holding AS and Sunnmørsbladet Fosnavåg AS (director); Fjord1 AS, Skipsrevyen AS, ÅKP Blue Innovation Arena AS and Ålesund Kunnskapspark AS (deputy director)

Arne Johan Dale	Chief Financial Officer	Fosnavåg Konserthus AS (deputy chairman), Ajour Invest AS (chairman), SunSoft AS (chairman), Norwegian Group AS (chairman), Volda Maskin AS (chairman)	Dale Vindu og Interiør AS (chairman)
Olav Haug Vikebakk	Deputy Managing Director	Teigane Vekst AS (chairman)	-

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.

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.

Olav Haug Vikebakk — Deputy Managing Director
Mr. Vikebakk was appointed Deputy CEO of the Company in May 2018. Mr. Vikebakk is educated from BI Norwegian Business School. Mr. Vikebakk has previously held different leading positions in Rolls Royce, the last position as Senior Vice President Customer & Service, Africa and Europe.

Members of the Management are not engaged in any principal activities outside of the Company where these are significant with respect to the Company.

The Company's registered business address at Mjølstadnesvegen 24, 6092 Fosnavåg, Norway, serves as the business address for the members of the Management in relation to their employment with the Group.

8.4 Conflicts of interest etc.

The Company's Chief Executive Officer, Njål Sævik, and the Deputy Managing Director, Olav Haug Vikebakk, served as board member and deputy board member respectively in the board of directors of Fosnavåg Ocean Academy AS, which was declared bankrupt on 9 January 2020. Other than this, and during the five years preceding the date of this Prospectus, none of the members of the Board of Directors or the Management have, or had, as applicable:

i) any convictions in relation to fraudulent offences;

ii) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was 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

iii) been declared bankrupt or been associated with any bankruptcy, receivership or liquidation or companies put into administration in his or her capacity as a founder, member of the administrative or supervisory body, director or senior manager of a company.

The Chairman of the Board, Jostein Sætrenes, is the Chief Executive Officer and chairman of the board of directors in Sydvestor Troll AS, which is the owner of the RRV vessel Havila Troll. There is a 5 year bareboat charter contract between Sydvestor Troll AS as owner and Havila Ships AS as charterer. Havila Ships AS is a wholly-owned subsidiary of the Company. Furthermore, Sætrenes is the Chief Executive Officer of Shipsinvest AS which is the manager for the vessel owning company and the owner of 100% of the shares in Sydvestor Troll AS. Sætrenes has also a 5.308% ownership in Shipsinvest AS through the 100% owned company Sun Equity AS. Accordingly, Sætrenes indirectly owns 5.308% of the single purpose ship owning company and the vessel Havila Troll.

Both the Chief Executive Officer, Njål Sævik, and Board Member, Nina Skage, are members of the board of directors of Axxis Geo Solutions ASA in which the Anchor Shareholder holds 26.44% of the shares. Axxis Geo Solutions ASA is the charterer of Havila Aurora and Havila Fortune.

Each of Chief Executive Officer, Njål Sævik, and the Board Member, Hege Sævik Rabben (sister of Njål Sævik), indirectly owns 30% of the Anchor Shareholder.

Other than the above, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members or the members of the Management, including any family relationships between such persons.

Other than the above and to the Company's knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any of the members of the Board of Directors or Management were elected as a member of the Board of Directors or the Management.

8.5 Major shareholders

8.5.1 Notifiable shareholders

Shareholders owning 5% or more of the Shares or other notifiable securities have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. Other than as set out below, there are, to the Company's knowledge, as of 27 April 2020, no other persons or entities that has a shareholding in the Company which is notifiable pursuant the Norwegian Securities Trading Act.

Shareholder	No. of Shares	% of voting rights held
Havila Holding AS	12,116,566	50.96%
Sparebank 1 SMN Invest AS	1,454,880	6.12%
DNB Bank ASA	1,203,732	5.06%

As the owner of 50.96% of the Company's share capital, Havila Holding AS (the Anchor Shareholder) has decisive influence of the outcome of matters submitted for the vote of the Shares, and as such, the Company is dependent on Havila Holding AS making the right decisions in terms of business strategy, etc.

Other than as set out above, and as far as the Company is aware, the Company is not directly or indirectly owned by any person. To the Company's knowledge there are no arrangement which may, at a subsequent date, result in a change of control in the Company.

8.5.2 Differences in voting rights

There are no differences in voting rights between the Company's major shareholders.

8.6 Share capital

The Company's registered share capital is NOK 23,776,300 divided by 23,776,300 Shares, each with a par value of NOK 1.

The Shares have been created under the Norwegian Public Limited Liability Companies Act and are registered in book-entry form with the VPS under ISIN NO 0010257728. The Company's register of shareholders in the VPS is administrated by DNB Bank ASA, with registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway.

The Shares have been admitted to trading on the Oslo Stock Exchange since 2005 and are freely transferable.

8.7 Other financial instruments

The Bonds, as restructured, and the Liquidity Loan will be convertible into Shares as set out in Section 5 above.

In connection with the 2017 Restructuring (as defined in Section 5.1), the Company issued 4,999,964 warrants (ISIN NO 0010787062) giving the holders right to purchase one Share per warrant at a price of 15.60 per Share. The warrants will be unaffected by the Restructuring and can be exercised until 5 January 2022.

The Anchor Shareholder has further granted the Company an anti-dilution protection loan of NOK 37,929,916.19 (ISIN NO 0010787682) and a shareholder loan of NOK 15,024,648.87 (ISIN NO 0010787674) which give conversion rights to Shares in the Company. These conversion rights will lapse upon Closing, and the loans will be converted to equity without any issuance of new Shares.

Except for the above, neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares in the Company or its subsidiaries.

8.8 Authorisation to issue Shares

At the Company's annual general meeting in 2018, the Board of Directors was authorised to increase the share capital by up to NOK 11,051,900, equivalent to 50% of the share capital at the time of the annual general meeting. The authorisation may only be used to issue Shares in connection with conversion of loss arising as a result of sale of non-performing core vessels (as defined in a term sheet entered into by the Company on 8 November 2016). The authorisation expires on 30 May 2020.

Other than as set out above, there are no acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the share capital of the Company.

8.9 Certain aspects of Norwegian corporate and securities law

The Company has one class of Shares in issue and, in accordance with the Norwegian Limited Companies Act, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Shares carries one vote. Certain rights attaching to the Shares are described below:

8.9.1 Dividend rights

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

i) Section 8-1 of the Norwegian Limited Companies Act provides that the Company may distribute dividend to the extent that the Company's net assets following the distribution covers (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealised gains. The total par value of treasury shares which the Company has acquired for ownership or as security prior to the balance sheet date, as well as credit and security which, pursuant to Section 8-7 to Section 8-10 of the Norwegian Limited Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

ii) The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial 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 resolved 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.

iii) Divided can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

The Norwegian 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.

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, however, receive a letter asking them to provide their foreign bank details for receiving the dividend. The dividend will then be transferred into their local bank account in their local currency, as exchanged from the NOK amount distributed through the VPS. The exchange rate(s) that is applied will be DNB Bank ASA's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts without the need for shareholders to present documentation proving their ownership of the Shares.

8.9.2 Voting rights

Each of the Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. 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% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account. A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such nominee account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

8.9.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the 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 amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting 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% 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 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 existing shareholders or by increasing the par value of the 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.

8.9.4 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

8.9.5 Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed 10% of the outstanding share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares.

8.9.6 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 company listed on a Norwegian regulated market (with the exception of certain foreign companies) 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 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 by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. 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 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, 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 runs 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 company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group 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 group 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.

8.9.7 Compulsory acquisition

Pursuant to the Norwegian Limited Companies Act a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% 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% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, through a voluntary offer in accordance with the 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 what 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% 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 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 object to the offered price within a specified deadline of not less than two months, such minority shareholder may request that the price is 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 an objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

9 CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the Group's historical financial information and related notes, incorporated by reference hereto, see Section 11.2 "*Cross Reference List*".

As of the date of this Prospectus, the Restructuring has not been completed. The Restructuring Agreements, which will set out the main terms for the Restructuring, are expected to be entered into by the course of May 2020.

9.1 Statement of capitalisation

The following table sets forth information about the Group's consolidated capitalisation as of 31 December 2019 and adjusted to reflect the below-mentioned material changes:

Capitalisation				
(In NOK 1,000)	**As of 31 December 2019** (a)	**Adjustments** (b)	**As adjusted** (c)	**Notes**
Indebtedness				
Total current debt	*4,387,742*	*- 4,077,943*	*309,799*	
- Guaranteed and secured	4,222,093	- 4,077,943	144,150	1
- Guaranteed but unsecured	-	-	-	
- Secured but unguaranteed	-	-	-	
- Unguaranteed and unsecured	165,649	-	165,649	
Total non-current debt	*120,521*	*4,177,943*	*4,298,464*	
- Guaranteed and secured	-	4,077,943	4,077,943	1
- Guaranteed but unsecured	-	-	-	
- Secured but unguaranteed	-	-	-	
- Unguaranteed and unsecured	120,521	100,000	220,521	2
Total indebtedness	**4,508,262**	**100,000**	**4,608,262**	
Shareholders' equity				
Share capital	23,776	-	23,776	
Other contributed capital	933,704	52,955	986,659	3
Other reserves	52,955	-52,955	-	3
Retained earnings	(2,045,008)	0	(2,045,008)	1
Non-controlling interests	-	-	-	
Total shareholders' equity	**(1,034,573)**	**0**	**(1,034,573)**	1
Total capitalisation	**3,473,689**	**100,000**	**3,573,689**	

<u>Notes to the capitalisation table above</u>:

1) According to IFRS 9, the market value of the debt will be estimated by calculating the net present value of the estimated cash flow for Tranche A and B. The effect will reduce the value of the debt and will be booked as financial income in the interim financial statements for the second quarter of 2020. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying

amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss. The terms are determined substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. As a result of the Restructuring Agreements, the debt will be reclassified as non-current debt, which will reduce the current debt by NOK 4,222,093 thousand. First year instalment of NOK 144,150 thousand will remain classified as current debt. The net reduction of current debt amounts to NOK 4,077,943 thousand, which will be reclassified as non-current debt at Closing. The new loan (tranche A and B) will initially be recognised at fair value and subsequently at amortised cost using the effective interest rate method. The average forward looking effective interest rate is expected to be significantly higher than the average effective interest rates realised in 2019 and 2018. The conversion option in tranche B has been determined to constitute an embedded derivative classified as debt, which will also be measured at fair value at initial recognition. Subsequent to initial recognition this embedded derivative will be measured at fair value through profit or loss, while tranche B, exclusive of the conversion option, will be measured at amortised cost.

2) The Anchor Shareholder is expected to grant the Company a NOK 100 million convertible Liquidity Loan (see Section 5.2.2.5 above). The Liquidity Loan shall be converted to Shares in full or in part at the end of the Restructuring Period for the Anchor Shareholder to maintain 50.96% ownership in the Company. The Liquidity Loan may also be used to maintain the 50.96% ownership following a contemplated Repair Issue (see Section 5.2.2.6 above).
3) The anti-dilution protection loan of NOK 37,929,916.19 and the shareholder loan of NOK 15,024,648.87, both granted the Company by the Anchor Shareholder (see Section 8.7 above), will at Closing be converted to equity without any issuance of new Shares.

9.2 Statement of indebtedness

The following table sets forth information about the Group's net indebtedness as of 31 December 2019 and adjusted to reflect the below-mentioned material changes:

Net indebtedness					
(In NOK 1,000)		**As of 31 December 2019** (d)	**Adjustments** (e)	**As adjusted** (f)	**Notes**
(A)	Cash	101,009	100,000	201,009	2
(B)	Cash equivalents	-	-	-	
(C)	Trading securities	-	-	-	
(D)	Liquidity (A)+(B)+(C)	101,009	100,000	201,009	
(E)	**Current financial receivables**	-	-	-	
(F)	Current bank debt	-	-	-	
(G)	Current portion of non-current debt	4,222,093	- 4,077,943	144,151	1

(H)	Other current financial debt	165,649	-	165,649	
(I)	**Current financial debt (F)+(G)+(H)**	**4,387,742**	**-4,077,942**	**309,799**	
(J)	**Net current financial indebtedness (I)-(E)-(D)**	**4,286,732**	**-4,177,943**	**108,790**	
(K)	Non-current bank loans	-	3,413,875	3,413,875	1
(L)	Bonds issued	-	664,068	664,068	1
(M)	Other non-current loans	120,521	100,000	220,521	2
(N)	**Non-current financial indebtedness (K)+(L)+(M)**	**120,521**	**4,177,943**	**4,298,464**	
(O)	**Net financial indebtedness (J)+(N)**	**4,407,253**	**100,000**	**4,407,254**	

Notes to the indebtedness table above:

1) Please refer to note 1) to the table in Section 9.1 above. Of the total amount of NOK 4,077,943 thousand to be reclassified as non-current debt, NOK 3,413,875 thousand will be calculated on the bank debt and NOK 664,068 thousand to the Bond debt.
2) Please refer to note 2) to the table in Section 9.1 above regarding the NOK 100 million Liquidity Loan expected to be granted by the Anchor Shareholder to the Company.

9.3 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, and for the period covering at least 12 months from the date of this Prospectus.

10 LEGAL MATTERS

10.1 Legal and arbitration proceedings

Neither the Company nor any other company in the Group has been involved in any legal, governmental or arbitration proceeding during the course of the preceding twelve months, which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

10.2 Material contracts outside the ordinary course of business

Save for the Restructuring Agreements as defined in Section 5.1 above, neither the Company nor any of its subsidiaries have entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus or entered into any other contract outside the ordinary course of business that contains any provision under which the Company or any of its subsidiaries has any obligation or entitlement that is material to the Company as of the date of this Prospectus.

10.3 Regulatory disclosures by the Company in the last 12 months

Please find below a summary of the information disclosed by the Company under the Norwegian Securities Trading Act over the last 12 months which is relevant as of the date of the Prospectus.

10.3.1 Financial reports

Date of announcement	Key content
22.04.2020	Changes to financial calendar
28.02.2020	Interim report Q4 2019/ Preliminary accounts for 2019
23.12.2019	Financial calendar
29.11.2019	Interim report Q3 2019
28.08.2019	Interim report Q2 2019
22.05.2019	Interim report Q1 2019
29.04.2019	Annual report 2018

10.3.2 Regulatory disclosures regarding the Group's business

Date of announcement	Subject	Key content
02.04.2020	Contract award	Contract with Total E&P UK for the PSV Havila Commander commencing mid-April 2020 in direct continuation of existing contract for a firm period of 18 months
19.03.2020	Contract extension, contract award	Contract extension with Axxis Geo Solution ASA for the PSV Havila Aurora until end of May 2020 and Havila Fortune until mid-June 2020, each with two optional periods each of 3 months. Contract with major UK oil company for the PSV Havila Borg commencing in June 2020 for a period of 40 days plus options.
13.02.2020	Contract award	Contract with Equinor Energy AS for the PSV Havila Clipper for a period of 8 months with 4 optional periods each of 2 months
15.01.2020	Contract award	Contract for the AHTS Havila Jupiter for a period of 70 days with optional periods of up to 35 days
15.01.2020	Contract award	Contract with major UK oil company for the PSV Havila Crusader for an estimated period of one year plus options

23.12.2019	Contract extension	Contract extension with Total E&P Danmark for the PSV Havila Herøy for a period of 9 months with 3 optional periods each of one month
07.05.2019	Contract award	Contract with Axxis Geo Solution AS for the PSV Havila Aurora for a firm period of 6 months with 4 optional periods of 3 months thereafter

10.3.3 Regulatory disclosures regarding the Company's securities

Date of announcement	Subject	Key content
28.04.2020	General meeting	The proposals pertaining to the Restructuring were approved by the general meeting with the requisite majority
27.04.2020	Bondholders meeting	The proposal pertaining to the Restructuring was approved by the bondholders meeting for the HAVI04 Bonds and the HAVI07 Bonds with the requisite majority
07.04.2020	General meeting	Notice of extraordinary general meeting pertaining to the Restructuring
07.04.2020	Bondholders meeting	Notice of bondholders meeting for the HAVI04 Bonds and the HAVI07 Bonds pertaining to the Restructuring
07.04.2020	Restructuring of debt	Conditional agreement with lenders about the Restructuring
22.05.2019	General meeting	Annual general meeting held
29.04.2019	General meeting	Notice of annual general meeting
26.04.2019	New interest rate	New interest rate for the HAVI04 Bonds of 5.0437 for the period 08.11.2018 - 08.05.2019

10.4 Dividend and dividend policy

There will be no dividends or other distributions to shareholders during the Restructuring Period. No dividend was paid by the Company in 2019.

11 DOCUMENTS AVAILIBLE AND CROSS REFERENCE LIST

11.1 Documents available

For the terms of the Prospectus, the up to date memorandum and articles of association of the Company can be inspected at the website of the Company, https://www.havilashipping.no/investor-relations/articles-of-association.

11.2 Cross reference list

References to the below mentioned documents are limited to the information given in "*Details*", e.g. that the non-incorporated parts are either not relevant for the investor or covered elsewhere in the Prospectus.

Reference in Prospectus:	Refers to:	Details:
Section 1	Interim report for the fourth quarter 2019, available at: https://www.havilashipping.no/prod_images/doc_240_26.pdf	The Group: Condensed statement of comprehensive income: Page 5 Condensed statement of financial position: Page 6 Statement of cash flow: Page 10 Statement of changes in equity: Page 9 Notes: Page 11
	Interim report for the third quarter 2019, available at: https://www.havilashipping.no/prod_images/doc_238_26.pdf	The Group: Condensed statement of comprehensive income: Page 5 Condensed statement of financial position: Page 6 Statement of cash flow: Page 10 Statement of changes in equity: Page 9 Notes: Page 11
	Interim report for the second quarter 2019, available at: https://www.havilashipping.no/prod_images/doc_237_26.pdf	The Group: Condensed statement of comprehensive income: Page 5 Condensed statement of financial position: Page 6 Statement of cash flow: Page 10 Statement of changes in equity: Page 9 Notes: Page 11
	Interim report for the first quarter 2019, available at: https://www.havilashipping.no/prod_images/doc_235_26.pdf	The Group: Condensed statement of comprehensive income: Page 5 Condensed statement of financial position: Page 6 Statement of cash flow: Page 10 Statement of changes in equity: Page 9 Notes: Page 11
Section 1; Section 4.4	Annual report for 2018, available at: https://www.havilashipping.no/prod_images/doc_233_26.pdf	The Company: Profit and loss accounts: Page 94 Balance Sheet: Page 95 Statement of cash flow: Page 97 Notes: Page 99 The Group: Statement of comprehensive income: Page 34 Statement of financial position: Page 36 Statement of changes in equity: Page 38 Statement of cash flow: Page 40 Notes: Page 43 Independent auditor's report: Page 122
Section 1; Section 4.4	Annual report for 2017, available at: https://www.havilashipping.no/prod_images/doc_222_26.pdf	The Company: Profit and loss accounts: Page 94 Balance Sheet: Page 95

		Statement of cash flow: Page 97 Notes: Page 99 The Group: Statement of comprehensive income: Page 34 Statement of financial position: Page 36 Statement of changes in equity: Page 38 Statement of cash flow: Page 39 Notes: Page 40 Independent auditor's report: Page 126
Section 5.5.1	The HAVI04 bond terms dated 5 November 2010, available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI04.OSE/data	Entire document
Section 5.5.1	The bond amendment agreement dated 27 February 2017 (the BAA I -04, terminated and replaced by the BAA II -04 on Closing), available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI04.OSE/data	Entire document
Section 5.5.1	The bond amendment agreement expected to be entered into by the course of May 2020 (the BAA II -04), to be made available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI04.OSE/data	Entire document
Section 5.5.2	The HAVI07 bond terms dated 28 March 2011, available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI07.OSE/data	Entire document
Section 5.5.2	The bond amendment agreement dated 27 February 2017 (the BAA I -07, terminated and replaced by the BAA II -07 on Closing), available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI07.OSE/data	Entire document
Section 5.5.2	The bond amendment agreement expected to be entered into by the course of May 2020 (the BAA II -07), to be made available at https://www.oslobors.no/markedsaktivitet/#/details/HAVI07.OSE/data	Entire document

12 DEFINITIONS AND GLOSSARY OF TERMS

2017 Restructuring	The restructuring of the Group's debt and equity completed on 28 February 2017, under which the Group was provided with a financial runway until November 2020 by a reduction of debt amortization, injection of new risk capital, sale of non-core vessels, discounted debt repurchase and conversion of debt to equity
AHTS	Anchor handling tug supply vessel
Anchor Shareholder	Havila Holding AS, with business registration number 979 366 256
Articles of Association	The articles of association of Havila Shipping, as amended and restated from time to time
BAA I	The BAA I -04 and the BAA I -07, jointly
BAA I -04	The bond amendment agreement dated 27 February 2017 governing the HAVI04 Bonds, to be terminated on Closing
BAA I -07	The bond amendment agreement dated 27 February 2017 governing the HAVI07 Bonds, to be terminated on Closing
BAA II	The BAA II -04 and the BAA II -07, jointly
BAA II -04	The bond amendment agreement pertaining to the HAVI04 Bonds, expected to be entered into by the course of May 2020, replacing the BAA I -04 on Closing, under which the HAVI04 Bonds will be made partly convertible into Shares
BAA II -07	The bond amendment agreement pertaining to the HAVI07 Bonds, expected to be entered into by the course of May 2020, replacing the BAA I -07 on Closing, under which the HAVI07 Bonds will be made partly convertible into Shares
Banks	Havila Shipping's secured lending banks
BHP	Break horse power
Board; **Board of Directors** or **Board Member(s)**	The board of directors of Havila Shipping, as constituted from time to time
Bondholders	The bondholders in the HAVI04 Bonds and the HAVI07 Bonds, jointly
Bonds	The HAVI04 Bonds and the HAVI07 Bonds, jointly
Bond Terms	The HAVI04 Bond Terms and the HAVI07 Bond Terms, jointly
Borrowers	The Company, Havila Ships AS, Havila Phoenix AS, Havila Harmony AS, Havila Jupiter AS, Havila Venus AS, Havila Subcon AS, Havila Chartering AS and Havila Offshore AS
CADS	Cash flow available for debt service
CET	Central European Time
Closing	Completion of the Restructuring which is expected to take place by the course of May 2020
Company; **Issuer** or **Havila Shipping**	Havila Shipping ASA, with business registration number 882 811 972
Continued Listing	The continued listing on the Oslo Stock Exchange of the HAVI04 Bonds and the HAVI07 Bonds, to commence after the execution of the BAA II, expected to take place by the course of May 2020
CSV	Construction service vessel

DSV	Diving support vessels
DWT	Dead weight tons
EU	The European Union
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/ECText with EEA relevance.
EUR	Euro, the currency introduced at the start of the third stage of the Economic and Monetary Union to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union
E&P	Exploration and production
Facility Agreements	The facility agreements set out in Section 5.2.1, as at all times amended
FDS	Field development ship
Forward-looking statements	Statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives
GAA I	The global amendment agreement dated 27 February 2017 between the Company and those Group companies which are borrowers under each of the Facility Agreements on the one side and the bank lenders under each Facility Agreement on the other side, entered into as part of the 2017 Restructuring
GAA II	The new global amendment agreement expected to be entered into by the course of May 2020 between certain Group companies and bank lenders as further detailed in Section 5.1, for the purpose of the Restructuring
GBP	British Pound Sterling, the lawful currency of the United Kingdom
Gross Revenues Vessel	The actual income generated from the relevant Vessel's operation under employment (classified according to IFRS) per quarter for payment in the Waterfall
Group	Havila Shipping together with its consolidated subsidiaries
HAVI04 Bonds	The FRN senior secured callable bonds 2010/2016 with ISIN NO 0010590441 issued on 8 November 2010 and listed on the Oslo Stock Exchange on 1 December 2010, as governed by the HAVI04 Bond Terms
HAVI04 Bond Terms	The bond terms for the HAVI04 Bonds dated 5 November 2010, to be amended and restructured by the BAA II -04 to become partly convertible into Shares
HAVI07 Bonds	The senior secured callable bonds 2011/2017 with ISIN NO 0010605033 issued on 30 March 2011 and listed on the Oslo Stock Exchange on 14 June 2011, as governed by the HAVI07 Bond Terms
HAVI07 Bond Terms	The bond terms for the HAVI07 Bonds dated 28 March 2011, to be amended and restructured by the BAA II -07 to become partly convertible into Shares
heavy OCV	Heavy offshore construction vessels
IEA	International Energy Agency
IFRS	International Financial Reporting Standards as adopted by EU
IMR	Inspection, maintenance and repair vessels

ISIN	Securities number in the Norwegian Registry of Securities (VPS)
LEI	Legal Entity Identifier
Liquidity Loan	The unsecured and fully subordinated zero-interest convertible loan in the amount of NOK 100 million expected to be granted by the Anchor Shareholder to the Company, which will be used to secure liquidity for working capital purposes and OPEX/CAPEX funding, as further described in Section 5.2.2.5
LTM	Last twelve months
Management	The executive management team of the Company
Manager	Arctic Securities AS
NOK	Norwegian kroner, the lawful currency of the Kingdom of Norway
Norwegian FSA	The Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*)
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (Nw.: *allmennaksjeloven*).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw. *verdipapirhandelloven*)
OCV	Offshore construction vessels, the vessels operating in the subsea space, which are divided in the following assets classes: IMR; DSV; heavy OCY and FDS
OPEC	Organization of Petroleum Exporting Countries
Oslo Stock Exchange	Oslo Børs, a regulated marked owned and operated by Oslo Børs ASA
OSV	Offshore support vessel
Prospectus	This Prospectus dated 29 April 2020
PSV	Platform supply vessel
PwC	The Company's statutory auditor, PricewaterhouseCoopers AS, a limited liability company registered in Norway with business registration number 987 009 713 and registered business address Dronning Eufemias gate 71, 0194 Oslo, Norway
Registrar / VPS Registrar	DNB Bank ASA
Repair Issue	The repair issue to be launched by the Board of Directors upon the expiry of the Restructuring Period, whereby those shareholders which have not participated in the conversion of the Tranche B Debt to share capital will be invited to participate
Restructuring	The contemplated restructuring of the Group's debt and equity as further detailed in Section 5.1
Restructuring Agreements	The BAA II and the GAA II, jointly
Restructuring Period	The period of five years commencing on 2 January 2020 (initially expiring on 2 Januar 2025), which may be extended by one additional year
RRV	Rescue and recovery vessel
Share(s)	The shares of the Company, each with a nominal value of NOK 1.00, or any one of them

Total Liabilities	The total liabilities of the Group immediately prior to Closing, amounting to approximately NOK 4.2 billion, being the aggregate outstanding amounts under the Facility Agreements and the Bond Terms, all of which are secured debt with first priority mortgages in each relevant Vessel
Tranche A	The principal amount of new ordinary debt which is to be serviced for each Vessel through the Waterfall
Tranche A Debt	NOK 3.1 billion of the Group's debt, an amount equal to the estimated, aggregated average debt service capacity of each Vessel during a five year period starting 1 January 2021, based on the Company's best knowledge of the end-markets they operate in
Tranche B Debt	The new non-amortizing, zero-coupon "recovery" debt of the Group, amounting to NOK 1.1 billion, to be converted to a 47% ownership of the Shares in the Company at the end of the Restructuring Period
UK	The United Kingdom
U.S. or the **United States**	The United States of America
USD or **$**	The United States Dollar, the lawful currency of the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
Vessel(s)	Any vessel managed or owned by a Group company that have been financed under the Facility Agreements
VPS/VPS Register	The Norwegian Central Securities Depository (Nw.: *Verdipapirsentralen*).
Waterfall	The waterfall mechanism described in Section 5.2.1.1

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