

*(Dette brevet til obligasjonseierne er kun utarbeidet på engelsk. For ytterligere informasjon vennligst ta kontakt med Nordic Trustee ASA på telefon +47 22 87 94 00.)*

To the bondholders in:

**ISIN NO 001 070820.9 - Harkand Finance Inc. Senior Secured Callable Bond Issue 2014/2019.**

**Oslo, 29 April 2016**

## **SUMMONS TO BONDHOLDERS MEETING**

Nordic Trustee ASA (the “**Bond Trustee**”) acts as bond trustee for the bond issue Harkand Finance Inc. Senior Secured Callable Bond Issue 2014/2019 with ISIN NO 001 070820.9 (the “**Bond Issue**”) issued by Harkand Finance Inc. (the “**Issuer**”) pursuant to the bond agreement dated 27 March 2014 (the “**Bond Agreement**”), and amended and restated on 7 July 2015, between, amongst others, the Issuer and the Bond Trustee.

All capitalised terms used herein shall have the meaning assigned to them in the Bond Agreement unless otherwise stated.

*The information in this summons regarding the Issuer and the Proposal (as defined below) is provided by the Issuer, and the Bond Trustee Expressly disclaims all liability whatsoever related to such information.*

### **1 Background**

The Issuer is part of the Harkand group (the “**Group**”), which is in the business of owning and chartering vessels. The Issuer issued the Bonds to the Bondholder on 28 March 2014 and used the proceeds of the Bonds to finance (in part) the purchase price of the Vessels. The Vessels were acquired by Subsidiaries of the Issuer and are currently on charter to other members of the Group.

On 16 March 2016, the Bond Trustee published a notice announcing that the Bond Trustee had notified the company that the Bonds had been declared to be in default (the “**Default Notice**”), and that the bond trustee had exercised its rights to replace the board of directors of the Issuer and its two subsidiaries Harkand Atlantis Inc. and Harkand Da Vinci Inc.

In the Default Notice the Bond Trustee informed the Issuer that it would continue to discuss with the Issuer a consensual solution that would render the company and its subsidiaries solvent, and that the Bond Trustee at the time of the Default Notice would not declare the bonds to be due for immediate payment but the reserved all rights and remedies.

### **2 The Proposal - Acceleration of the Bonds**

It is hereby proposed that the Bondholders’ Meeting resolve the Bond Trustee (the “**Proposal**”):

- (a) to declare the Outstanding Bonds, including accrued interest, costs and expenses, to be in default and due for immediate payment and take all measures necessary and enforce and assume any rights under the Security Interests (as defined in the Bond Agreement) (the “**Enforcement**”);

- (b) to appoint Advokatfirmaet BA-HR DA, Cadwalader, Wickersham & Taft LLP, HK Law, Maclay Murray and Spens (or other Scottish counsel), Triay & Triay, Watson Farley & Williams LLP and other legal counsel in any relevant jurisdiction as legal advisors, and AMA Capital Partners as financial advisors (the “**Advisors**”);
- (c) to approve and implement remuneration arrangements for the new directors appointed (in their capacity as directors of the Issuer and/or the Vessel Owners);
- (d) to assume the rights under any Management Agreement or to enter into new management agreements regarding management and crewing of the Vessels and to cover any fees, costs and expenses relating thereto (including, without limitation, any bunker expenses) (the “**Management Costs**”);
- (e) to allow for operation/chartering of the Vessels and to use funds to achieve the same.
- (f) to engage appraisers, brokers or advisors regarding sale, operation/chartering, appraisal, lay-up or stacking of the Vessel;
- (g) to enter into any agreement or arrangement regarding sale, lay-up or stacking of the Vessel; and
- (h) to apply any funds standing on the Debt Service Account, Liquidity Account and/or any other bank account subject to a Security Interest or any other recovery amount to cover costs and expenses connected to the Enforcement, including but not limited to payment of fees to the Advisors, Management Costs or fees and costs related to items (d) to (g), and to enter into any agreement with the Issuer for the Issuer to pay such costs and expenses, including without limitations out of funds standing on the Debt Service Account, Liquidity Account and/or any other bank account subject to a Security Interest.

### **3 Evaluation of the Proposal**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

### **4 Summons for Bondholders’ Meeting**

The Bondholders are hereby summoned to a Bondholders’ Meeting:

**Time:** 10 May 2016 at 13:00 hours (Oslo time),

**Place:** The premises of Nordic Trustee ASA,  
Haakon VIIIs gt 1, 01061 Oslo - 6<sup>th</sup> floor

**Agenda:**

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.

4. Approval of the Proposal

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

*"The Bondholders Meeting approves the Proposal as described in section 2 (The Proposal) of the summons to this Bondholders' Meeting.*

*The Bond Trustee is hereby authorized to prepare, negotiate, finalize and enter into the necessary agreements in connection with documenting the decisions made at the Bondholders' Meeting as well as carry out necessary completion work, including agreeing on necessary amendments to the Bond Agreement and any other Finance Document".*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the Proposal. In order to have a quorum, at least 2/3 of the voting Bonds must be represented at the meeting.

If the Proposal is not adopted, the Bond Agreement will remain unchanged and the actions contemplated by the Proposal will not be effected.

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

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

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

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

Kind regards

**Nordic Trustee ASA**



Vivian Trøsch

Enclosed: Bondholder's Form