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**To the bondholders in:**

**ISIN: NO 001 0810856 - Gram Car AS 9% Senior Secured USD 21,000,000 bonds 2017/2020**

Oslo, 20 May 2019

**Cancellation of scheduled Bondholders' Meeting – new Summons to Bondholders' Meeting – approval of amendments to the Bond Agreement**

*Nordic Trustee AS (the "Bond Trustee") is appointed as bond trustee for the bond issue with ISIN NO 001 0810856 (the "Bonds") issued by Gram Car AS (the "Issuer") pursuant to the terms of the bond agreement dated 21 November 2017 (the "Bond Terms") between the Issuer and the Bond Trustee (on behalf of itself and the holders from time to time of the Bonds (the "Bondholders")).*

*All capitalised terms used, but not defined in this summons, have the meanings given to them in the Bond Terms.*

*The Issuer has requested the Bond Trustee to summons a Bondholders' Meeting to consider the amendments to the Bond Terms as described in section 2 of this summons.*

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

**1 BACKGROUND**

Reference is made to the summons dated 2 May 2019. Based on the binding pre-acceptance between the Issuer and a qualified majority of Bondholders, an adjustment must be made to the Proposal (as defined below). The adjusted Proposal is set out in Section 2 below. For the avoidance of doubt the summons for the Bondholders' Meeting scheduled for 20 May is withdrawn.

New IMO regulations regarding global limitations on Sulphur Emissions from vessels will change the current global limit for Sulphur content of 3.5% to a new global limit of 0.5%. The new regulations will come into force 1 January 2020.

The Issuer has examined the possibility of installing scrubbers on both MV Arabian Sea and MV Mediterranean Sea. Following an in-depth discussion, the company has decided to retrofit both of its vessels with gas exhaust cleaning systems (the "Scrubber Investment") as per enclosed project description, to ensure full compliance with the IMO 2020 environmental regulations coming into force 1 January 2020.

Given a certain spread between the price of heavy fuel oil (HFO) and Marine gas oil (MGO) / low Sulphur fuel oil (LSFO) the scrubber investment will be economically advantageous for the company since vessels equipped with Scrubbers can continue to burn Heavy fuel oil instead of switching to the more expensive MGO/LFSO. For 2020, the spread is currently trading at about USD 300/ton. In addition, a Scrubber equipped vessel may get a competitive edge towards a non-scrubber fitted vessel when it comes to fixing employment (first in the queue) due to the fact that charterers obtain more flexibility.

A description of the Scrubber Investment, including an aggregated budget showing the total cost of the scrubber investment is attached as Schedule 1 to this summons.

The terms and conditions for the requested amendments to the Bond Terms are further set out in section 2 below.

The Issuer has informed the Bond Trustee that it has received binding pre-acceptance of the Proposal (as defined below) from Bondholders holding an aggregate of 71.4 per cent. of the Outstanding Bonds.

## 2 THE PROPOSAL

Based on the above background, the Issuer proposes that the Bondholders adopt the following proposal (the "**Proposal**"):

The Bondholders approve that:

1. the Maturity Date for the Bonds is extended by 18 months until 28 May 2022;
2. the Issuer may issue additional Bonds in the amount of USD 2,500,000 with settlement no later than by the end of 2019 (the "**Additional Bonds**"), whereby the total outstanding principal under the Bond Issue is increased to USD 23,500,000;
3. the Transaction Security Documents and Guarantees shall be amended in accordance with the new Maturity Date and the issuance of the Additional Bonds;
4. the Bonds shall be amortized by quarterly instalments of USD 375,000 with first instalment due 28 August 2020;
5. amend the Nominal Amount of each Bond to USD 1;
6. the Issuer's Call Option shall be amended to reflect a Call Option at
  - a. 103.0 per cent. of the Nominal Amount to, but not including 28 May 2021;
  - b. 102.0 per cent. of the Nominal Amount from and including 28 May 2021 to, but not including 28 November 2021;
  - c. 102.0 per cent. of the Nominal Amount from and including 28 November 2021 to, but not including the Maturity Date;
7. a definition of the Scrubber Investment shall be included in the Bond Terms as follows: *"Scrubber Investment" means the Issuer's Scrubber program to retrofit both Vessels with exhaust gas cleaning systems ("Scrubbers"), which will include the purchase cost of the Scrubbers in accordance with a series of agreements entered into for the order of Scrubbers, installation / retrofitting, yard work and dry-docking, scanning and design, supervision, riding crew and other related expenses. The Scrubber Investment shall be considered complete once both Vessels are fitted with Scrubbers and have been class approved and certified by MARPOL";*
8. the definition of Market Value shall be amended as follows: *"Market Value" means the fair market value of the Vessels determined as the arithmetic mean of independent valuations obtained from two Approved Shipbrokers. Such valuation shall be made on the basis of sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and willing buyer, on an "as is where is" basis, free of any existing charters or other contracts for employment, and without any*

*regard to the Scrubber Investment. The cost of such determination shall be for the account of the Issuer. The valuation shall be made at least semi-annually, or following an Event of Default, upon the request of the Bond Trustee."*

9. the definition of Vessel LTV Ratio shall be amended as follows: *"Vessel LTV Ratio" means the ratio of the net Financial Indebtedness (Financial Indebtedness less Cash of the Obligors) to the aggregate of (i) the Market Value of the Vessels and (ii) payments made in relation to the Scrubber Investment."*;
10. in consideration of the Bondholders' Meeting's approval of the Proposal an amendment fee shall be payable by the Issuer to the Bondholders in the aggregate of 0.5 per cent. of the maximum Nominal Amount (USD 23,500,000) payable on the settlement date of the Additional Bonds (with Relevant Record Date two Business Days prior). The Bondholders providing the Additional Bonds may deduct the respective Amendment Fee from the amount which is made available for the Issuer (as applicable); and
11. the Bond Agreement is amended to reflect the amendments described herein, with no other amendments than as set out specifically herein and otherwise as necessary to fully implement these amendments.

### **3 NON-RELIANCE**

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 FURTHER INFORMATION**

The Issuer has engaged NRP Finans as its financial advisor (the "**Advisor**") with respect to the Proposal. Accordingly, Bondholders may contact the Advisor for further information:

NRP Finans AS, Haakon VIIs gate 1, 0161 Oslo, Norway

Even Bakke Dimmen, Phone: +4723113975, E-mail: [ebd@nrp.no](mailto:ebd@nrp.no) or

Ragnvald Risan, Phone: +4722008182, E-mail: [r.risan@nrp.no](mailto:r.risan@nrp.no)

The Advisor acts solely for the Issuer and no-one else in connection with the Proposal. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to in respect of the information contained herein).

For further questions to the Bond Trustee, please contact

Lars Erik Lærum, Phone: +47 22 87 94 06, E-mail: [laerum@nordictrustee.com](mailto:laerum@nordictrustee.com)

## 5 BONDHOLDERS' MEETING

The Bondholders are hereby summoned to a Bondholders' Meeting.

Time: 5 June 2019 at 13:00 hours (Oslo time)

Place: The premises of Nordic Trustee AS  
Kronprinsesse Märthas plass 1, 0160 Oslo, 7<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 of the summons to this Bondholders' Meeting.*

*The Bond Trustee is hereby authorized to take the relevant steps on behalf of the Bondholders in connection with the implementation of the Proposal, including without limitation to prepare, finalize and enter into the necessary amendment agreements and other documentation deemed appropriate and take such further actions which are necessary to execute the Proposal. "*

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 resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

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 Nordic 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 to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. 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 Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee AS**

  
Lars Erik Lærum

Enclosed:

Schedule 1: Scrubber Investment Presentation  
Schedule 2: Bondholder's Form



# Scrubber Investment

*Gram Car AS*



May 2019

# Disclaimer

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# Content

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## Background and Legislation

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Sulphur limits for fuel in SECA (E.g. Baltic Sea, North Sea, US & Canadian Coast)	
before 1 July 2010	1.50%
between 1 July 2010 and 1 January 2015	1.00%
after 1 January 2015	0.10%

General Sulphur limits in other sea areas	
before 1 January 2012	4.50%
between 1 January 2012 and 1 January 2020	3.50%
after 1 January 2020	0.50%

New IMO regulations (so called *IMO 2020*) regarding global limitations on Sulphur Emissions from vessels will change the current global limit for Sulphur content of 3.5% to a new global limit of 0.5%. The new regulations will come into force 1 January 2020.

# General Technical Information about Scrubbers

## Description

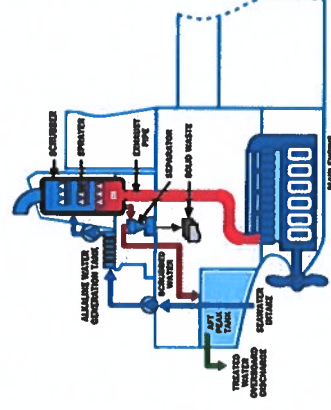
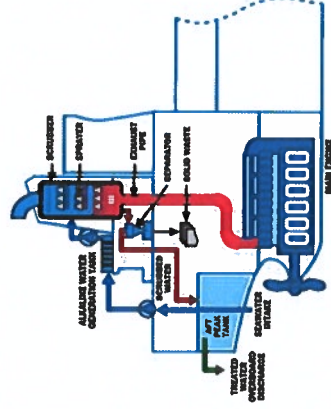
- On board removal of SOx, allowing engines to use High Sulphur (3,5%) fuels.
- Alkaline Water is sprayed into the exhaust gas flow. The water reacts with SOx and ends up as (harmless) substances in the scrubber water.

## Type

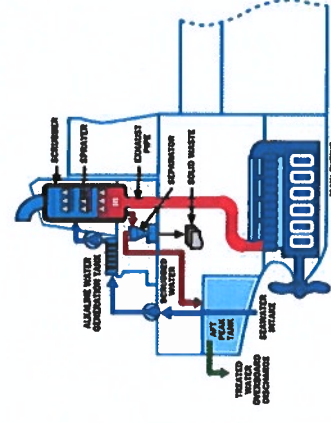
- **Open loop\*** water flow: Scrubber Water is discharged directly to sea.
- **Closed loop** water flow: The scrubber water is reused in a closed loop. Used where any discharge of water is not allowed, and where sea water with a natural alkalinity buffer is not available. Chemicals to make alkaline buffer in the scrubber water are required.
- **Hybrid:** A combination of Open and Closed loop

## Systems

- **In-line scrubbers:** The scrubbers replace the silencer and is normally easier to retrofit than Bypass venturi scrubbers.
- **Bypass venturi scrubbers:** Heavier and bulkier than the in line systems. Do not replace the silencer. In addition, a system of valves is used to control exhaust flow.



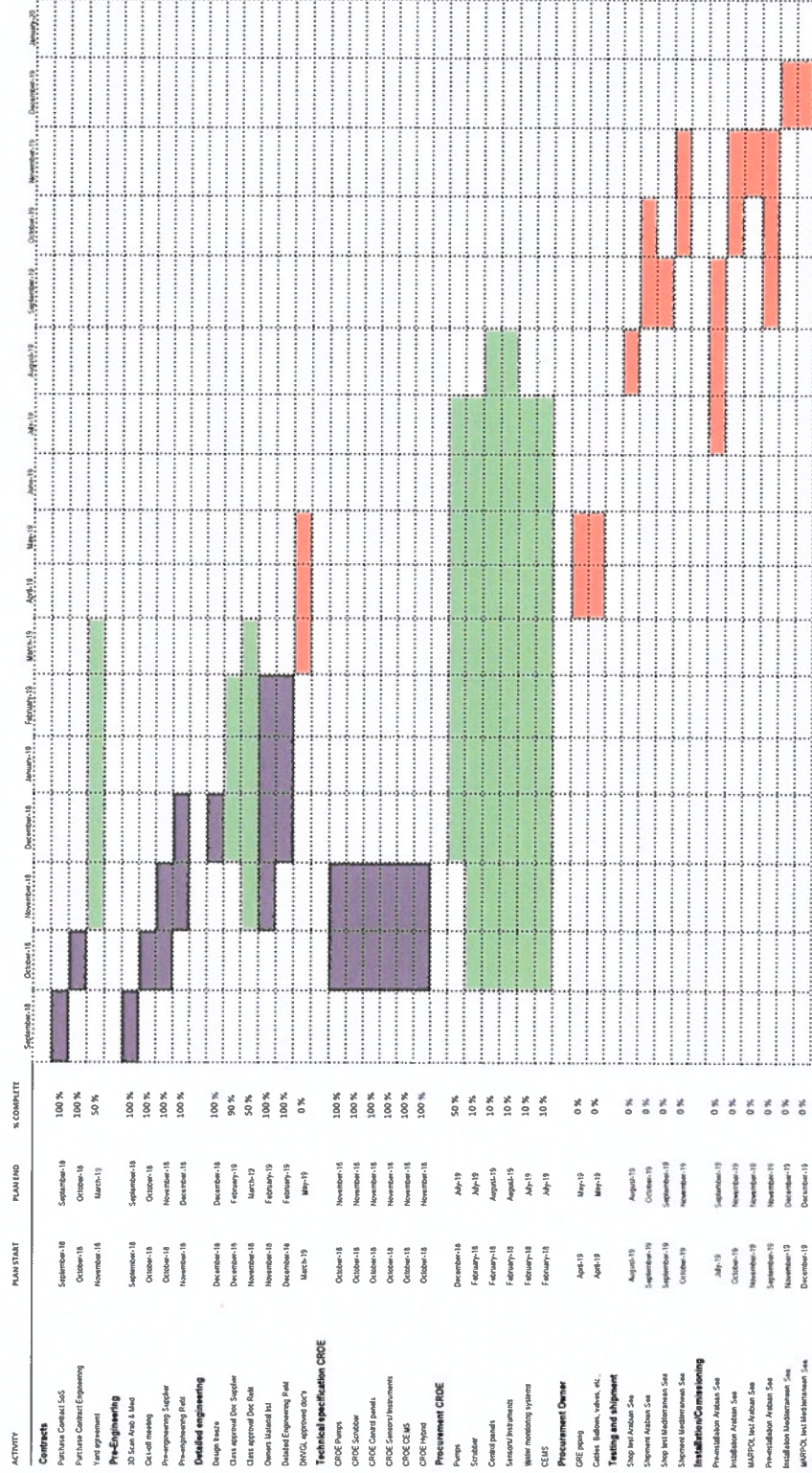
\*Open loop Hybrid Ready



# Scrubber Schedule

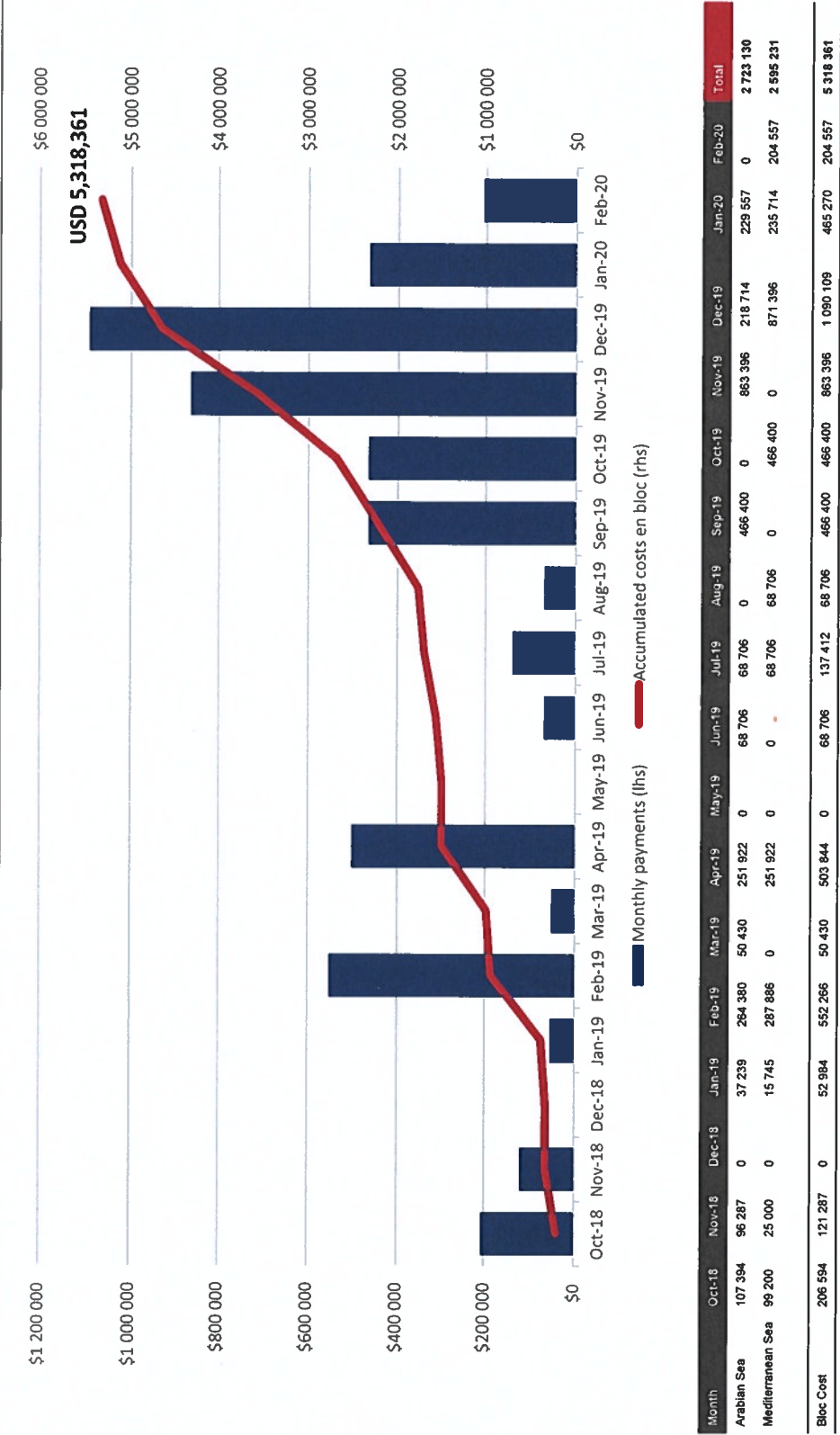


## MV Arabian Sea and MV Mediterranean Sea



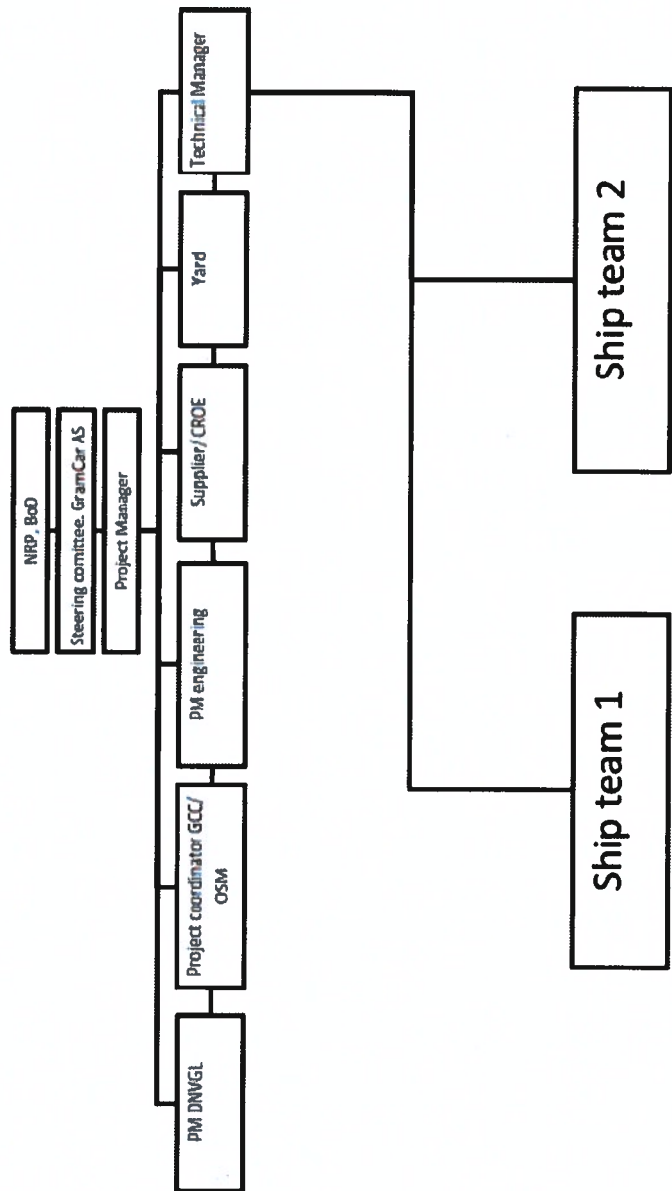


# Monthly Scrubber Payments and Accumulated Cost (en bloc)





# Project Management – roles and parties



Project Manager: Gram Car Carriers (Are Mehus)

Steering Committee: Karl Terjesen (GCC) and Even B. Dimmen (NRP)