

To the bondholders in:

ISIN: NO0010604705 - 8.0 per cent Cecon 1 AS and Cecon Shipping 2 AS Tranche B Senior Secured Callable and Putable Bond Issue 2011/2016

ISIN: NO0010364250 - 8.0 per cent Cecon Shipping 1 AS and Cecon Shipping 2 AS Tranche C1 Senior Secured Callable and Putable Bond Issue 2011/2016

ISIN: NO0010506728 - 8.0 per cent Cecon Shipping 1 AS and Cecon Shipping 2 AS Tranche C2 Senior Secured Callable and Putable Bond Issue 2011/2016

Oslo, 25 April 2016

### Notice of Default

Nordic Trustee ASA (the "**Bond Trustee**") acts as bond trustee for the Bondholders in the abovementioned bond issues (the "**Bond Issues**"), where Cecon Shipping 2 AS and Cecon Shipping 1 AS are the Issuers, (the "**Issuers**") and which is documented in a second amended and restated bond loan agreement adopted through an amendment and restatement agreement dated 20 February 2013 (as further amended, the "**Bond Agreement**"). Further, *inter alios* the Issuers and the Bond Trustee have entered into an intercreditor agreement dated 20 February 2013 (the "**Intercreditor Agreement**") which sets out certain restrictions on the Bond Trustee's right to take any action to enforce any of its rights and powers under the Bond Agreement on behalf of the Bondholders.

Capitalised terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Agreement and the Intercreditor Agreement.

The Issuers for the Bond Issues with ISIN NO0010364250 ("**Tranche C1 Bonds**") and NO0010506728 ("**Tranche C2 Bonds**") have not redeemed the Bonds on the Maturity Date, being 18 March 2016, in accordance with the Bond Agreement. This constitutes an Event of Default pursuant to Clause 14 (*Events of Default*) in the Bond Agreement.

The Bond Issue with ISIN NO0010604705 ("**Tranche B Bonds**") adopted a proposal to extend the Maturity Date to 18 March 2017 in the Bondholders' Meeting held on 17 March 2016. However, due to the failure to redeem all other outstanding Bond Issues issued by the Issuers, the Tranche B Bonds deems to be in default as of 18 March 2016.

Please be advised that the Bond Trustee today has sent a notice to the Issuers containing a declaration of default for the Tranche C1 Bonds, Tranche C2 Bonds and Tranche B Bonds due to the Issuers' failure to redeem the Tranche C1 Bonds and Tranche C2 Bonds on the Maturity Date, in accordance with the Bond Agreement. Pursuant to Clause 14.2 of the Bond Agreement, the Bond Trustee is, in order to protect the interests of the Bondholders, entitled to declare all Outstanding Bonds, including accrued interest and costs to be in default upon an Event of Default which is continuing.

The Bond Trustee has for now not declared the Bonds to be due for immediate payment. However, all rights and remedies which the Bond Trustee (on behalf of the Bondholders) may have are reserved.

Please further note that, pursuant to the Intercreditor Agreement, the rights of the Bond Trustee to take any action to enforce any of its rights and powers under the Bond Agreement is subject to a 180 days

standstill period. Such period shall not run at any time that the First Security Agent or the First Bondholders are diligently pursuing remedies with respect to the First Security or the applicable Obligor is insolvent or subject to any insolvency, bankruptcy, liquidation or similar proceeding.

The Bond Trustee is currently monitoring the situation and has been informed that the First Bondholders are diligently pursuing remedies with respect to the First Security and the Parent Guarantor is together with certain of the First Bondholders trying to resolve the situation at Davie Yard as well as negotiating a general restructuring of the capital structure of the Group with all stakeholders.

Any questions in relation to the above may be directed to:

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Yours sincerely



**Nordic Trustee ASA**

Vivian Trøsch