



**Nordic Shipholding A/S**

(a Danish limited liability company, registration number (CVR) 76 35 17 16)

**Registration Document**

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The registration document is part of a prospectus for Nordic Shipholding A/S consisting of this registration document, a securities note and a summary.

The prospectus was prepared in connection with an admission for trading and official listing on NASDAQ OMX Copenhagen A/S of 367,211,706 shares with a nominal value of DKK 0.10 each in Nordic Shipholding A/S, issued through VP Securities and registered with the Danish Business Authority on December 19, 2013.

The prospectus has been prepared in accordance with the proportionate disclosure regime for small and medium-sized enterprises and companies with reduced market capitalization as set out in Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012.

The date of this registration document is March 28, 2014.

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## **Risk factors**

*Investing in Nordic Shipholding involves a high degree of risk. You should consider carefully the following risk factors, which Management considers material, in conjunction with other information contained in this Listing Prospectus.*

*These risks are not the only ones Nordic Shipholding faces. They should be taken as an expression of the risk factors, which Management believes are particularly important and relevant for Nordic Shipholding at the Listing Prospectus Date. Should any of the following risks occur, it could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position, and could lead to bankruptcy or other insolvency proceedings. This may cause a fall in the price of the Shares and the shareholder may lose all or part of the investment in the Shares. However, other risks not presently known to Management or that Management currently deems immaterial may also have a material adverse effect on Nordic Shipholding's business operations and development.*

*This Listing Prospectus also contains forward-looking statements that involve risk and uncertainty. Nordic Shipholding's actual results may differ materially from the operating profit forecast included herein, including, but not limited to, as a result of the risks Nordic Shipholding faces as described below and elsewhere in this Listing Prospectus.*

*The risk factors set out below are not listed in any order of priority with regard to significance or likelihood of occurrence. It is not possible to quantify the significance to Nordic Shipholding of each individual risk factor as each of the risk factors mentioned below may materialize to a greater or lesser degree and may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position, and could lead to bankruptcy or other insolvency proceedings.*

### **Risks related to Nordic Shipholding's financial results and financial resources**

#### **Insufficiency of working capital and inability to obtain additional financing in the future**

In connection with completion of the Restructuring, Nordic Shipholding's existing loans were reduced to one secured loan of USD 100 million accompanied by a 364 days working capital facility of USD 4 million (the "Working Capital Facility"). The Working Capital Facility was drawn in full upon completion of the Restructuring to cover *inter alia* late payments from pools, insurance costs/receivable, accrued interest and swap interest payment under the existing loan agreements prior to Restructuring. The Working Capital Facility matures on December 18, 2014. If the Company is not able to fully repay the Working Capital Facility upon expiration, the Company will need to refinance the Working Capital Facility. There can be no assurance that Nordic Shipholding will be able to secure any such alternative financing or rearrangement of debt. Failure to secure alternative financing could have a material adverse effect on Nordic Shipholding's business, operating results, cash flows and financial position. This may lead to Nordic Shipholding's inability to service its debt as and when it falls due and thus trigger an event of default under the Financing Agreements and could lead to bankruptcy or other insolvency proceedings.

If the market conditions weaken, if unanticipated circumstances arise or if the operations do not develop as anticipated, Nordic Shipholding's liquidity may be impacted. The Company does not have any undrawn short-term credit facilities which it can rely on to boost its liquidity and Nordic Shipholding may not be able to make timely repayment of the Working Capital Facility in which case Nordic Shipholding will be in breach of one or more of its Financing Agreements.

Furthermore, Nordic Shipholding's Financing Agreements are subject to strict conditions and covenants. Given the risks and uncertainties relating to Nordic Shipholding's business, including as to the market conditions, Nordic Shipholding considers there are realistic scenarios in which Nordic Shipholding may breach one or both Financing Agreements within 12 months of the Listing Prospectus Date or thereafter.

In any such event the Lending Banks may require repayment of Nordic Shipholding's loans, and Nordic Shipholding will thus have to secure alternative financing or rearrangement of existing debt to meet its obligations and continue operations. There can be no assurance that Nordic Shipholding will be able to secure such alternative financing or rearrangement of debt. Failure to secure alternative financing could

have a material adverse effect on Nordic Shipholding's business, operating results, cash flows and financial position and could lead to bankruptcy or other insolvency proceedings.

**Financing Agreements includes terms, conditions and covenants that may impose restrictions on the operations of the Company and which may trigger accelerated repayment obligations in the event of breach**

As part of the Restructuring, Nordic Shipholding entered into the Financing Agreements. Reference is made to "22.3 Financing Agreements" and "6.1.2 Description of the Restructuring". Under the Financing Agreements, Nordic Shipholding will need to comply with certain restrictions, covenants and other terms, including financial covenants relating to:

- Minimum liquidity levels (from December 19, 2014 onwards);
- Minimum value clause (fair market value of vessels as a percentage of outstanding loan); and
- Minimum equity ratio.

The Company's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on the Company's future performance and may be affected by events beyond its control.

Failure to comply with the Financing Agreements may lead to acceleration of debt repayment obligations, as it will constitute an event of default under the Financing Agreements, and the Lending Banks may decide to exercise their security rights over mortgaged assets (mainly the vessels owned by Nordic Shipholding). If Nordic Shipholding is unable to honor such accelerated payment obligations, it could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position, and could lead to bankruptcy or other insolvency proceedings.

Further, the restrictions may hinder the Company from exploiting opportunities or adapting to changing market conditions. This could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position, and could lead to bankruptcy or other insolvency proceedings.

**Inability to service interest-bearing debt**

Nordic Shipholding must dedicate a large part of its cash flows to pay principal and interest on its interest-bearing debt. These payments limit funds available for working capital, capital expenditures and other purposes. Nordic Shipholding may not be able to service and repay its debt as and when it falls due. If Nordic Shipholding is not able to service and repay its debt, it could lead to an acceleration of its debt, the foreclosure of all or a portion of its fleet, and could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows, and financial position, and could lead to bankruptcy or other insolvency proceedings.

**Inability to expand the Company's business from internally generated funds and potential dilution in case of new vessel acquisitions**

Nordic Shipholding is subject to a cash sweep mechanism under which Nordic Shipholding each quarter after payment of instalments and interest under the Financing Agreements, must apply any cash and cash equivalents of the Group in excess of USD 6,000,000 towards prepayment of the Financing Agreements. Reference is made to section "22. Material contracts". Thus, the Company is restricted from accumulating cash reserves to make strategic vessel acquisitions to expand its business.

The Company's strategy includes an intention to grow its fleet in energy transportation with a focus on the product tanker sector. However, as the Company is restricted from accumulating cash reserves, any new vessel acquisition would have to be financed through fresh capital via issuance of new Shares or a combination of new equity and debt or other forms of capital raising. An issuance of new Shares or other securities convertible into Shares would lead to a dilution of the existing shareholders, which could be significant.

Furthermore, the capital market is highly volatile and Nordic Shipholding may not be able to attract existing or new shareholders/lenders to participate in any capital raising exercise to expand the business. This could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Certain restrictions on payment of dividends**

Under the Financing Agreement, whilst the Company is not prohibited from paying dividends, the Company's wholly-owned vessels-owning subsidiaries are restricted to declare dividends unless certain conditions are met. Reference is made to section "20.3 Dividend policy". If the market value of the fleet remains below 166.67% of the outstanding loans, the vessel-owning subsidiaries will be prohibited from upstreaming dividends to Nordic Shipholding, and as a result, Nordic Shipholding may not have the cash reserves necessary to pay dividends. These restrictions on payment of dividends may further impact the cash flow of Nordic Shipholding and have a material adverse effect on its business, operating results and financial position.

### **Inaccuracy of profit guidance**

Nordic Shipholding can provide no assurance that the assumptions on which any forecast is based will materialize, and unexpected events may have a negative impact on future actual results, regardless of whether the assumptions relating to future periods prove to be correct. There can be no assurance that the Company's long-term financial goals will be achieved. Accordingly, actual future results may differ substantially from expectations, in which case actual results could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Impairment losses may reduce book equity value**

Nordic Shipholding reviews the carrying amounts of tangible assets on a quarterly basis to determine any indication of impairment either due to a significant decline in market value or in the cash flows generated by its vessels. In case of such indication, the recoverable amounts of the assets are estimated at the higher of the net realizable value and the value in use in accordance with the requirements of the IAS accounting standards. The value in use is the present value of the future cash flows expected to be derived from an asset. For the purpose of assessing net realizable values, Management estimates the market values of the individual vessels based on independent internationally recognized shipbrokers' valuations.

In the Company's annual report for 2013, Nordic Shipholding's fleet of 6 vessels is measured at USD 118.2 million as of December 31, 2013. The vessels are measured on the basis of cost less accumulated depreciation and impairment losses. Two external desktop valuations by recognized ship brokers were obtained to support the measurement in the annual report. The book value of Nordic Shipholding shareholders' equity was USD 28.2 million as of December 31, 2013.

In accordance with the requirements of the IAS accounting standards, Nordic Shipholding estimates the fleet's total long-term earning potential each quarter based on future discounted cash flows. The estimated value of the long term earning potential for the fleet as at December 31, 2013 supports the book value.

As at December 31, 2013, Management performed a review of the recoverable amount of the fleet by assessing the vessels' recoverable amount within two cash generating units. Based on the review, Management concluded that the vessels were not impaired as the fair value less costs to sell exceeded the carrying amount. However, the Company may in the future need to record additional impairment losses, and loss from sale of vessels which could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

### **Variations in incoming cash flows**

Due to the cyclical nature of the shipping industry and volatile freight rates, incoming cash flows, including from pools in which the Company's vessels are managed, may vary significantly from year to year whereas the outgoing cash flows may not be variable to the same extent and at the same time.

Significant deviations between incoming and outgoing cash flows can thus damage the financial position of Nordic Shipholding and could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Interest rate fluctuations**

The Company has incurred, and may in the future incur, significant amounts of debt. The Company's existing debt arrangements are mainly long-term loans denominated in USD with floating rates of interest. Movements in interest rates could therefore have certain effects on the Company's cash flow and financial condition.

All of Nordic Shipholding's interest rate swap transactions were closed-out in connection with the Restructuring. Nordic Shipholding is prohibited from entering into new derivative transactions even for hedging purposes, unless approved by the Lending Banks.

As a result, Nordic Shipholding's entire debt is now unhedged in relation to interest rate risk, and subject to approval by Lending Banks, Nordic Shipholding will not be able to enter into new derivative transactions to hedge its interest rate exposure. Any increase in interest rates could therefore have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

### **Exchange rate fluctuations**

Nordic Shipholding uses USD as the functional currency because the majority of the Company's transactions are denominated in USD. Thus the Company's exchange rate risk is related to cash flows not denominated in USD. The primary risk relates to transactions denominated in DKK, EUR, SGD and other major currencies, and relates to administrative and operating expenses.

## **Risks related to Nordic Shipholding's operations**

### **Fluctuation of revenue with changes in product tanker freight rates**

Nordic Shipholding's revenues are exclusively generated from activities in the product tanker segment. The tanker industry is cyclical and volatile, which can lead to swift and material reductions in freight rates, volumes and ship values. Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the products carried.

Any increase or decrease in the freight rates will directly impact Nordic Shipholding. Even relatively minor decreases in the freight rates may entail that the Company's operations will no longer be profitable and/or may decrease the value of the Company's fleet.

As a result, if rates were to decrease further or continue at current levels, it could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Seasonal fluctuations in operating results due to exposure only to the tanker market**

Nordic Shipholding operates in markets that have historically exhibited seasonal variations in demand and, as a result, in freight rates. This seasonality may result in quarter-to-quarter volatility in operating results. The tanker segment is typically stronger in the fall and winter months in anticipation of increased consumption of oil and petroleum products in the northern hemisphere. As a result, revenues from product tankers may be weaker during the fiscal quarters ending June 30 and September 30, and, conversely, revenues may be stronger in fiscal quarters ending December 31 and March 31. This seasonality could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Dependence upon pool activity / performance**

Nordic Shipholding owns six product tanker vessels. As of the Listing Prospectus Date, all product tanker vessels have been placed in pools. Due to this structure, all commercial activities have been outsourced to external pool managers and, as a result, Nordic Shipholding has no control over most of its commercial operations. Hence, Nordic Shipholding is highly dependent on the activity and performance of such pool managers, including each pool's ability to attract customers and offer a quality product in the tanker market. A 10% decrease in the pool income (on a time charter-equivalent basis) would result in an estimated USD 3.0 million decrease in the projected cash flow. Thus, should the pools underperform in the market, not be able to continuously offer competitive management fees for the commercial management services, fail to perform as agreed under the pool agreements, fail to attract and retain a sufficient amount of customers, or not be able to keep the current fleet of vessels under hire, it could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Credit risk exposure to two pools**

Nordic Shipholding is reliant on the two pools and their respective pool managers to distribute the allocated earnings on a regular basis (generally monthly). It is group policy to cooperate with recognised pool partners in order to minimise this risk. Should the pools, however, fail to honour its obligations under the pool agreement and/or delay the distribution of pool earnings, e.g. due to liquidity restraints within the pools, Nordic Shipholding could sustain significant losses which could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position. Furthermore, if a pool agreement is terminated or expires, the Company might not be able to find employment for the Company's vessels under similar conditions, which could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

### **Recent history of losses and inability to achieve positive cash flows**

Nordic Shipholding reported net loss of USD 64.3 million for the financial year ended December 31, 2012, and a loss of USD 9.1 million for the financial year ended December 31, 2013, exclusive of the gain on the conversion of debt performed at completion of the Restructuring. For 2013, the Group incurred a net cash outflow of USD 0.7 million. Despite the implementation of the Restructuring Agreement which resulted in a net profit of USD 28.6 million, Nordic Shipholding cannot be certain that it can sustain the profitability or improve the cash flows from its operations. There are many factors, including financial, regulatory, legal and technical, which are beyond the Company's control. Because of the Company's restricted financial position and limited capital resources, these factors may have a material adverse effect on Nordic Shipholding's future performance, result of operations, cash flows and financial position.

### **Increase in Nordic Shipholding's cost base**

General administrative expenses and vessel operating expenses depend on a variety of factors, many of which are beyond Nordic Shipholding's control. Some of these costs, primarily relating to bunker, insurance, crewing and enhanced security measures, have been increasing and may continue to increase in the future. An increasing cost base may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Technical state of vessels and need for extraordinary docking**

The overall technical state of the vessels constitutes a risk in so far as docking of the vessels is required. Docking, apart from one-off docking and repair costs, also incurs off hire time during which the vessels will not be employed within the respective pools and will not generate any earnings. Routine docking of vessels as per class society requirements will be budgeted for, however, the need for and scale of any extraordinary docking of vessels due to unforeseen circumstances is beyond the Company's control and thus is and can not be budgeted. Any extraordinary docking costs may have a material adverse effect on the Company's future performance, result of operations, cash flows and financial position.

### **Inadequate insurance coverage and increasing premiums**

In the course of the fleet's operations, various casualties, accidents and other incidents may occur that may result in financial losses for Nordic Shipholding. In order to reduce the exposure to such risks, the fleet is insured against risks related to the operation of vessels and transportation of cargoes, including personal injury, environmental damage and pollution, cargo damage, third-party casualty and liability, hull and engine damage, total loss and war. Incidents may occur where Nordic Shipholding's insurance policies will not cover or will not adequately cover costs and/or losses, and insurance coverage may not be available for some risks. Furthermore, insurance costs may rise as a consequence of unforeseen incidents and might be affected by events beyond Nordic Shipholding's control. Incidents for which Nordic Shipholding has not taken or cannot take out adequate insurance, or events causing the insurance premiums to rise, could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Uncertainty relating to outstanding insurance claims and receivables and uncertainty regarding future insurance costs**

Nordic Shipholding has been involved in insurance claims, amongst others, claims related to the damage of the cargo and ballast tanks of M/T Nordic Ruth. On the basis of the Company's own estimates, the related Insurance Receivable has been included in the annual report 2013 with a value of USD 1.7 million. The Company is awaiting the insurance company's confirmation as to which costs and which amounts in connection with the repair are approved for insurance coverage. If the percentage of the

Insurance Receivable covered by the insurance is less than estimated by the Company, or if the damage of M/T Nordic Ruth results in higher insurance premiums, it could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

#### **Fraud and fraudulent behaviour**

The risk of fraud is inherent in all industries and is not specific to the shipping industry. However, historically, the shipping industry has seen an increased risk of fraud and fraudulent behaviour. With all activities, including corporate management/administration and vessel operation, outsourced to third-party managers, Nordic Shipholding cannot be certain that it will not be exposed to fraud or fraudulent behaviour, and any such behaviour can have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

#### **Risks related to past transactions and restructurings**

Prior to the Restructuring, the Company has participated in several substantial transactions and restructurings, including but not limited to the Triton Transaction in 2012. Nordic Shipholding still has an exposure to potential future claims arising therefrom, including potential claims from counterparties under transaction documents, e.g. for breach of any past representations or warranties.

Furthermore, the Company is potentially exposed to claims for failure to comply with applicable law and regulations in connection with such transactions and restructurings, including with regard to the applied tax assessment of assets sold or purchased. The outcome of any potential disputes is inherently uncertain, and may include payment of substantial amounts and such disputes could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

#### **Compliance with conditions of tonnage tax schemes**

The Company is subject to tonnage tax schemes in a number of countries, including Denmark. Under a tonnage tax scheme, taxable income is not calculated on the basis of income and expenses but with reference to the tonnage used during a year. Application of the tonnage tax schemes is subject to the Company satisfying a number of conditions and criteria which may be subject to interpretation.

In the event that one or more of these tonnage tax schemes is changed in the future or in the event that the Company fails or has failed to comply with such conditions or criteria for application of the schemes, this could increase or cause the reassessment of the tax paid or payable by the Company and thus have a material adverse effect on the Company's future results of operations, cash flows and financial position.

#### **Ability to obtain management services and breach of duties by management service providers**

Following the Triton Transaction, the Company outsourced its corporate management functions and technical management functions to external management service providers. All such functions are thus dependent on the external management service providers acting in compliance with the relevant management agreement. Failure by the corporate manager to comply with the relevant management agreement may have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

Nordic Shipholding endeavours to maintain management agreements with leading external management service providers. It cannot be assured, however, that the Company is able to maintain and enter into such agreements on terms satisfactory to the Company. Failure to secure external management services on satisfactory terms could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

#### **Involvement in future legal proceedings**

Nordic Shipholding, its vessels and its activities are subject to both Danish and foreign laws and regulations many of which include legal standards, which are subject to interpretation, and Nordic Shipholding is party to agreements and transactions, including in connection with participation in pools and the Restructuring, involving matters of assessment of interests of various stakeholders and valuation of assets, liabilities and contractual rights and obligations. Furthermore, Nordic Shipholding may be subject to the jurisdiction of courts or arbitration tribunals in many different jurisdictions.

The authorities, Nordic Shipholding's stakeholders or other counterparties may dispute the Company's



compliance with laws and regulations or contractual undertakings, or the assessments made by the Company in connection with its business and the entry into agreements or transactions. The outcome of any such potential dispute or legal proceeding is inherently uncertain, and may include payment of substantial amounts in legal fees and damages or that a transaction or agreement is deemed invalid or voidable and such proceedings or decisions could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

Subsidiaries of Nordic Shipholding may be liable for not having complied with Dutch filing requirements in a timely fashion for the company's annual reports for 2010, 2011 and 2012. No claims have been raised as at the Listing Prospectus Date.

In January 2014, the listed price of Shares increased rapidly by 572% from DKK 0.90 to DKK 6.05 during a single trading day. The Company disclosed no information to the market prior to the dramatic increase in Share price nor commented on the increase. Following this, Nordic Shipholding was requested by the Danish FSA to provide a list of all persons with access to inside information during the period from November 1, 2013 until January 24, 2014. No claims have been raised as at the Listing Prospectus Date.

If a claim is raised or other cases or proceedings the Company may be involved in now or in the future is determined to Nordic Shipholding's disadvantage, it may result in fines, default under the Financing Agreements, damages or reputational damage and could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

#### **Arrest of Nordic Shipholding's vessels**

Suppliers of goods and services to a vessel, shippers of cargo, lenders and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions a maritime lien holder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one vessel in the fleet for claims relating to another of Nordic Shipholding's vessels. The arrest or attachment of one or more of Nordic Shipholding's vessels could interrupt operations and require Nordic Shipholding to pay a substantial sum of money to have the arrest lifted, which could result in a loss of earnings and have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Risks related to the industry in which Nordic Shipholding operates**

#### **Changes in economic environments**

The Company faces risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Market disruptions and any adverse changes in economic conditions, market conditions and regulatory climate in the United States and worldwide may adversely affect its business or impair its ability to make any future financial arrangements. The Company cannot predict how long the current market conditions will last. However, these economic and governmental factors, including reform of the financial system, could have a material adverse effect on the Company's future performance, results of operations, cash flows and financial position.

#### **Cyclicality of the product tanker vessel market**

The product tanker vessel markets are cyclical leading to volatility in freight rates, vessel values and industry profitability. Also freight rates among different types of product tanker vessels are highly volatile. Reference is made to section 6.2 for a description of factors that influence the demand and supply for vessel capacity.

A decrease in freight rates or vessel values can have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Delayed or slow recovery in the product tanker vessel markets**

If a sustained freight rate recovery in the product tanker vessel markets is not experienced in the short term, it could lead to breach of Nordic Shipholding's Financing Agreements at the time of testing of Nordic Shipholding's financial covenants. Reference is made to "Risks related to Nordic Shipholding's financial results and financial resources" and "22.3 Financing Agreements". Any such delayed or slow recovery in the product tanker vessel markets could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Rising fuel prices**

Bunker fuels constitute the major component affecting TCE earnings, and increasing prices can have a material impact on Nordic Shipholding's results. The price and supply of fuels is unpredictable and fluctuates based on events outside Nordic Shipholding's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. As a result, an increase in the price of fuel may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Shift in consumer demand from oil towards other energy sources**

Nordic Shipholding's earnings are related to the oil industry. A shift in the consumer demand from oil towards other energy resources such as liquefied natural gas, wind energy, solar energy, or water energy will potentially affect the demand for Nordic Shipholding's product tankers. This could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Complex laws and regulations**

Nordic Shipholding's operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which Nordic Shipholding's vessels operate or are registered, which can significantly affect the ownership and operation of vessels.

A number of countries and the International Maritime Organization ("IMO") have adopted, or are considering the adoption of, regulatory frameworks to, among other things, reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy.

Furthermore, Nordic Shipholding's vessels are affected by the requirements set forth in the IMO's International Management Code for the Safe Operation of Ships ("ISM Code"), Safety of Life at Sea ("SOLAS"), International Convention for Prevention of Pollution from Ships ("MARPOL") and the International Ship and Port Facility Security Code ("ISPS"). The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. If Nordic Shipholding fails to comply with the ISM Code, the Company may be subject to increased liability, insurance coverage may be invalidated or decreased, or the Company's vessels may be detained or denied access to certain ports.

Compliance with such laws, regulations and standards, where applicable, require installation of costly equipment or operational changes and may affect the selling price or useful lives of Nordic Shipholding's vessels. Additional costs may also occur in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to emissions, the management of ballast waters, limits on sulphur content in marine fuels (to be further reduced in 2015 and 2020), maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of Nordic Shipholding's ability to address pollution incidents. These costs could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of Nordic Shipholding's operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject Nordic Shipholding to liability without regard to whether Nordic Shipholding was

negligent or at fault. Under the U.S. Oil Pollution Act of 1990, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. An oil spill could result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other federal, state and local laws, as well as third-party damages. In addition, environmental incidents such as the Deepwater Horizon oil spill in the Gulf of Mexico in 2010 may also result in additional regulatory initiatives or statutes that may affect the operations or require Nordic Shipholding to incur additional expenses to comply with such regulatory initiatives or statutes. Nordic Shipholding is required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although Nordic Shipholding has arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that such claims will not have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

#### **Failure to comply with customer requirements**

In addition to official laws and regulations set out by governments and industry organizations Nordic Shipholding will be subject to strict requirements, primarily related to safety procedures and environment protection, set forth by the customers such as large oil companies. Customers continuously perform inspections of vessels and headquarters (vettings) to ensure compliance with the requirements. Failure to comply with the requirements may disqualify Nordic Shipholding as a carrier of the customer's cargo, which may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

#### **Failure to pass vessel inspections by classification societies**

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. Classification societies are non-governmental, self-regulating organizations and certify that a vessel is safe and seaworthy in accordance with applicable rules and regulations of the relevant country of registration and the Safety of Life at Sea Convention. A vessel must undergo various surveys. A vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. The Company's vessels are on survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to undergo a comprehensive special survey including dry docking each fifth anniversary from the time of the vessel's delivery. In addition to the five-year cycle of annual surveys, an intermediate survey for every vessel is completed between the second and the third year of the five-year period. If any vessel fails any survey the vessel may be unable to trade between ports and, therefore, would be unemployable, which may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

#### **Potential damage to vessels due to the inherent operational risks of the seaborne transportation industry**

The Company's vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. These hazards may result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to its customer relationships, delay or rerouting. The protection & indemnity, or P&I, insurance coverage that Nordic Shipholding has arranged for its vessels covers the vessel owner's liabilities towards the owner of any damaged cargo, subject to standard international conventions limiting such liability. If its vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs depends materially on the damage suffered and may therefore vary substantially. Nordic Shipholding may have to pay dry-docking costs that its insurance does not cover in full. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease its earnings. In addition, space at dry-docking facilities is sometimes limited and not all dry-docking facilities are conveniently located. The Company may be unable to find space at a suitable dry-docking facility or its vessels may be forced to travel to a dry-docking facility that is not conveniently located to its vessels' positions. The loss of earnings while these vessels are forced to wait for space or to steam to more distant dry-docking facilities could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Acts of piracy on ocean-going vessels**

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean, West African Coast and in the Gulf of Aden off the coast of Somalia. Although sea piracy worldwide has reached the lowest levels in six years with 264 attacks recorded worldwide in 2013, a 40% drop since Somali piracy peaked in 2011, piracy attacks may be experienced in regions in which Nordic Shipholding's vessels are being employed. Such areas are normally included in the "war risk" zones as defined and currently adjusted by the Joint War Committee, a joint committee established by Lloyds Market Association and International Underwriting Association, London. Additional premiums payable for such coverage when a vessel is entering into an excluded area could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs and costs of employing on-board security guards, could increase thus affecting the operating results of the relevant pool. Nordic Shipholding may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on Nordic Shipholding. In addition, any detention hijacking as a result of an act of piracy against the Company's vessels, or an increase in cost, or unavailability, of insurance for its vessels, could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Political instability, terrorist or other attacks, war or international hostilities**

Terrorist attacks such as those in New York on September 11, 2001, in London on July 7, 2005, and in Mumbai on November 26, 2008, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world's financial markets and may affect Nordic Shipholding's business. Continuing conflicts and recent developments in Ukraine and the Middle East, including Syria, and North Africa, and the presence of U.S. and other armed forces in the Middle East, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect the Company's ability to obtain additional financing on terms acceptable to the Company or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia. Any of these occurrences could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

### **Governments' requisitioning of vessels during a period of war or emergency**

A government could requisition for title or seize Nordic Shipholding's vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition Nordic Shipholding's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated freight rates. Generally, requisitions occur during a period of war or emergency. As of the Listing Prospectus Date, none of Nordic Shipholding's vessels have been requisitioned by a government for title or hire, however, government requisition of one or more of Nordic Shipholding's vessels could have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

## **Risks related to the Shares**

### **The market price of Shares may be highly volatile**

The market price of Shares has been and may in the future continue to be highly volatile, subject to significant fluctuations in response to various factors, some or many of which may be beyond the Company's control and which may be unrelated to the Company's business, operations or prospects. Matters which could affect the price of the Shares include actual or anticipated variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, changes in the market valuations of other similar companies, investments in or divestments of vessels by the Company, divestment of Shares by a large shareholder, and further issue or sale of Shares by the Company.

In addition, the equity market in general has experienced significant price and volume fluctuations that may be unrelated or disproportionate to the operating performance of any particular company. These general market factors may adversely affect the market price of the Shares, regardless of the Company's operating performance. The trading price of Shares may be subject to fluctuations in response to such

factors, including but not limited to the sale or attempted sale of a large number of Shares.

#### **Future sales of Shares**

The market price of the Shares could decline as a result of sales of a large number of Shares in the market after this Listing or the perception that these sales could occur, or any sale of Shares by any of the Company's primary insiders from time to time. These sales, or the possibility that these sales may occur, might also make it more difficult for the Company to sell equity securities in the future at a time and at a price it deems appropriate.

#### **Future issuance of Shares**

The Board of Directors of the Company has broad authorisations to issue new Shares with or without preemption rights for its existing shareholders, including at a price below the market price. If such authorisations are used, holdings of existing shareholders may be subject to dilution. An issue of new Shares or other securities by the Company, or a public perception that such issue may occur, could have a material adverse effect on the market price of the Shares.

#### **Potential conflict of interest between the Company's shareholders**

As of completion of the Restructuring, more than 90% of the Shares were held by a limited number of shareholders, i.e. Nordic Maritime (76.03%) and the Lending Banks (14.38%). The interests of these shareholders may conflict with the interests of the Company's other shareholders. In addition, conflict of interests may exist or occur between the Company's major shareholders.

The shareholder composition entails that one or a limited number of shareholders may have the ability to influence or determine the outcome of specific matters submitted to the general meeting for approval, including the election and removal of directors, amendments to the Company's articles of association, changes in the share capital or any merger or acquisition.

#### **Potential sell-down of Shares by Nordic Maritime or one or more of the Lending Banks**

As of completion of the Restructuring, Nordic Maritime and the Lending Banks owned more than 90% of the Company's share capital. Neither the Lending Banks nor Nordic Maritime has any lock-up obligations as to the Listing Shares.

There can be no assurance that the Lending Banks or Nordic Maritime will retain their Shares. If one or more of the Lending Banks or Nordic Maritime decide to sell all or part of their Shares, this could have a material adverse effect on the price of Shares.

#### **Limited free float and liquidity of Shares**

As of completion of the Restructuring, more than 90% of the Shares were held by Nordic Maritime and the Lending Banks. If these majority shareholders continue to hold all or most of their Shares, or other investors acquire a large percentage of outstanding Shares, it will affect the liquidity of the Shares and may seriously impair the ability of minority investors to sell their Shares at the time or times they may wish to do so or at an acceptable price. The liquidity of the Company's Shares is low, and a variety of factors, including a change in the composition of shareholders, may reduce the liquidity of the Shares further. It cannot be guaranteed that a liquid market for the Shares will exist. This may furthermore increase the volatility of the price of Shares or adversely affect the Share price.

**Failure to comply with listing requirements**

Nordic Shipholding's ability to retain the listing of the Shares is contingent upon compliance with NASDAQ OMX Copenhagen listing requirements. As a result of the Restructuring, more than 90% of the Shares are held by a limited number of shareholders, with 76.03% being held by Nordic Maritime. Thus, the free float of Shares is significantly below the minimum of 25% free float required by the continued listing requirements of NASDAQ OMX Copenhagen as set forth in the Listing Rules. If NASDAQ OMX determines that the liquidity materially deviates from the requirements for admittance to trading as a result of a diminished free float, NASDAQ OMX Copenhagen may inter alia enter into discussions with Nordic Shipholding with a view to address the deficiency, keep the Shares listed in the observation segment or ultimately require the delisting of the Shares. This would depress the price of Shares and materially adversely affect Nordic Shipholding's ability to raise further capital on terms acceptable to Nordic Shipholding, or at all, or lead to a potential loss of confidence by suppliers, loss of institutional investor interest or fewer business development opportunities.

**Rights of holders of Shares governed by Danish law and by the Company's articles of association**

Nordic Shipholding is a public limited liability company organized under the laws of Denmark, which may make it difficult for Shareholders residing outside Denmark to exercise or enforce certain rights. The rights of holders of Shares may differ from the typical rights of shareholders in other jurisdictions; see "5. Terms and conditions of the Listing" in the Securities Note. In addition, shareholders outside Denmark may face difficulties exercising their right to vote.

**Shareholders outside Denmark are potentially subject to exchange rate risk**

The Shares are priced in DKK. Accordingly, the value of the Shares is likely to fluctuate in line with any fluctuations of the exchange rate between a foreign local currency and DKK. If the value of DKK depreciates against the local currency of a country in which an investor outside Denmark is based, the value of such investor's Shares will decrease when expressed in such local currency.

**Foreign investors may have difficulty enforcing any judgment obtained abroad**

The Company is a limited liability company organized under the laws of Denmark. Some members of Management are residents of Denmark. As a result, it may not be possible for investors to effect service of process upon the Company or such persons outside Denmark or to enforce against them, in courts outside or in Denmark, judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside or in Denmark. Denmark does not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters with all foreign countries.

## 1. Persons responsible

### **The Company's Responsibility**

Nordic Shipholding A/S is responsible for this Listing Prospectus in accordance with Danish law.

### **The Company's Statement**

We hereby declare that we, as the persons responsible for this Listing Prospectus on behalf of the Company, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Listing Prospectus is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Hellerup, March 28, 2014

### **For Nordic Shipholding A/S**

#### **Board of Directors**

Knud Børge Pontoppidan  
*Chairman*

Jon Robert Lewis  
*Deputy Chairman*

Kristian Verner Mørch

Anil Kumar Gorthy

Philip Clausius

Knud Børge Pontoppidan – Former Chairman and Managing Director of the Danish Shipowners' Association and former Executive Vice President in A.P. Møller-Mærsk A/S.

Jon Robert Lewis – Partner, Managing Director and Group General Counsel in PAG.

Kristian Verner Mørch – Partner in Clipper Group, CEO of Clipper Projects since 2011.

Anil Kumar Gorthy – Partner and Managing Director in PAG.

Philip Clausius – CEO of Transport Capital Pte. Ltd., Singapore.

#### **Executive Management**

Philip Clausius  
*CEO*

## **2. Auditors**

Nordic Shipholding's independent auditors are:

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup  
Denmark

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab has audited Nordic Shipholding's annual reports for 2012 and 2013.

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is represented by Thomas Wraae Holm, State Authorised Public Accountant, and Christian F. Jakobsen, State Authorised Public Accountant. Thomas Wraae Holm and Christian F. Jakobsen are members of FSR Danish Auditors (FSR – danske revisorer).

The annual reports for 2012 and 2013 were both signed by Thomas Wraae Holm and Christian F. Jakobsen. No auditors resigned, were removed or were not re-appointed for the financial years ended December 31, 2012 and 2013.



### **3. Selected financial information**

Reference is made to "9. Operating and financial review".

## General information

### Important information relating to the Listing Prospectus

In this Registration Document, the "Company", "Nordic Shipholding" and the "Group" refer to Nordic Shipholding A/S or Nordic Shipholding A/S and its subsidiaries, unless the context requires otherwise. This Registration Document has been prepared in compliance with Danish legislation and regulations, including Consolidated Act no. 982 of August 6, 2013 on Securities Trading (the "Danish Securities Trading Act"), Commission Regulation (EC) no. 809/2004 of April 29, 2004 as amended, Executive Order no. 643 of June 19, 2012 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted to trading in a regulated market and for public listings of securities of at least EUR 5,000,000 and the rules for issuers of shares of NASDAQ OMX Copenhagen. This Listing Prospectus is subject to Danish law. This Listing Prospectus is subject to Danish law. The Listing Prospectus has been prepared in accordance with the proportionate disclosure regime for small and medium-sized enterprises and companies with reduced market capitalization as set out in Commission Delegated Regulation (EU) No 486/2012 of March 30, 2012.

The Listing Prospectus comprises this Registration Document, a summary (the "Summary") and a share securities note (the "Securities Note").

The Listing Prospectus has been prepared in an English language version only. A Danish summary is included in the Summary to this Listing Prospectus. In the event of any discrepancy between the English summary and the Danish summary, the English summary shall prevail. This Listing Prospectus does not constitute an offer or an invitation to purchase or subscribe for Listing Shares in any jurisdiction.

No person is authorised to give any information or to make any representation in connection with the Listing not contained in this Listing Prospectus. Any information or representation not so contained may not be relied upon as having been made or authorised by the Company. The Company accepts no liability for any such information or representation. The information contained in this Listing Prospectus stems from the Company and other sources identified in the Listing Prospectus.

The information in this Listing Prospectus relates to the date printed on the front cover, unless expressly stated otherwise. The distribution of this Listing Prospectus shall not in any circumstances imply that there have been no changes in the affairs of the Company since that date, or that the information contained in this Listing Prospectus is correct as at any time subsequent to the date hereof.

Any material change of the contents of this Listing Prospectus which may affect the assessment of the Shares and which occurs or is ascertained between the time of approval of this Listing Prospectus and the final completion of the Listing will be published as a supplement to the Listing Prospectus pursuant to applicable laws and regulations in Denmark.

The Company is solely responsible for this Listing Prospectus under Danish legislation as at the Listing Prospectus Date.

The Listing Prospectus does not entail an offer, invitation, marketing, recommendation or any other form of encouragement by the Company to any investor to purchase Shares. Any investor in Shares should make an independent assessment as to whether the information in this Listing Prospectus is relevant, and any decision to purchase or sell Shares should be based on the investor's individual circumstances.

The Listing Prospectus may not be forwarded, reproduced or otherwise redistributed by anyone but the Company. Investors may not reproduce or distribute the Listing Prospectus, in whole or in part, and investors may not disclose any of the contents of the Listing Prospectus or use any information herein for considering the purchase or sale of Shares or other purposes described in this Listing Prospectus. Investors accept the above by accepting delivery of this Listing Prospectus.

### Transfer and distribution restrictions

The Listing consists of an admission to trading and official listing of the Listing Shares on NASDAQ OMX Copenhagen. The Listing does not comprise an offer or placement of Shares in any jurisdiction.

In certain jurisdictions, the distribution of this Listing Prospectus and the marketing of Shares may be restricted by law and/or be subject to other restrictions, and the Listing Prospectus may not be used for, or in connection with, any offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised, or to any persons to whom it is unlawful to make such offer or solicitation. This Listing Prospectus does not constitute an offer or an invitation to purchase or subscribe for Shares in any jurisdiction. The Company requires persons into whose possession the Listing Prospectus may come to inform themselves of and observe any such restrictions, including any tax and currency restrictions that may be relevant in connection with the trading of Shares. All investors should examine through their own advisers the tax consequences of an investment in Shares. The Company accepts no liability for any violation of such restrictions by any person, irrespective of whether such person is a shareholder or acquirer of Shares.

The Shares are subject to transfer and reselling restrictions in certain jurisdictions. Any acquirer of Shares must comply with all applicable laws and regulations in force in any country or region in which it acquires or resells Shares or possesses or distributes this Listing Prospectus and must obtain any consent, approval or permission required for acquiring Shares.

This Listing Prospectus may not be distributed or otherwise made available, and Shares may not be offered or sold, directly or indirectly, in the U.S., Canada, Australia or Japan. This Listing Prospectus may not be distributed or otherwise made available outside Denmark, and the Shares may not be offered or sold, directly or indirectly, in any jurisdiction, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction.

The Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws of the U.S. The issuance of the Shares was made in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Section 4(a)(2) of the U.S. Securities Act, Regulation S under the U.S. Securities Act, or another available exemption. The Shares may not be offered, pledged, sold, resold, granted, delivered, allotted or otherwise transferred, as applicable, in the U.S., except in transactions that are exempt from or not subject to the registration requirements under the U.S. Securities Act and in compliance with any applicable state securities laws.

## **Notice regarding the European Economic Area**

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), an offer to the public of any Shares may not be made in any Relevant Member State prior to the publication of a prospectus concerning the Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that, an offering of Shares may be made to the public at any time in such Relevant Member State:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive);
- (c) addressed to investors who acquire securities for a total consideration of at least EUR 100 000 per investor, for each separate offer;
- (d) whose denomination per unit amounts to at least EUR 100 000; or
- (e) with a total consideration of less than EUR 100 000;

provided that no such offer of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Shares to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information to enable an investor to decide to acquire Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the Amending Directive 2010/73/EU), and includes all relevant implementation measures in the Relevant Member State.

## **Notice regarding Canada, Australia, Japan and other jurisdictions outside Denmark**

The Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Listing or the accuracy or adequacy of this Listing Prospectus.

### **Enforceability of judgements**

The Company is a limited liability company organised under the laws of Denmark. Some members of Management are residents of Denmark. As a result, it may not be possible for investors to effect service of process upon the Company or such persons outside Denmark or to enforce against them, in courts outside or in Denmark, judgements obtained in courts outside Denmark based upon applicable laws in jurisdictions outside or in Denmark.

### **Forward-looking statements**

Certain statements in this Listing Prospectus may contain forward-looking statements. Such statements concern Management's expectations, beliefs, intentions or strategies relating to the future as at the Listing Prospectus Date. The statements can be identified by the use of terminology such as "expect", "assess", "estimate", "anticipate", "intend", "may", "plan", "predict", "will", "should", "seek" or similar expressions. The forward-looking statements reflect Management's views and assumptions as at the Listing Prospectus Date with respect to future events and hence involve substantial risks and uncertainties. Actual and future results and performance may differ materially from those contained in such statements. Except for any Listing Prospectus supplements or company announcements that the Company may be required to publish under Danish law, the Company does not intend to and does not assume any obligation to update the forward-looking statements in the Listing Prospectus after the Listing Prospectus Date.

### **Presentation of financial information**

This Listing Prospectus includes Nordic Shipholding's consolidated financial statements and notes thereto as at and for the financial years ended December 31, 2012 and 2013, by reference, drawn up by Management in compliance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for listed companies and audited by the independent auditors of Nordic Shipholding, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

Financial information previously published by the Company for financial years or interim periods may deviate from financial information published subsequently, e.g. as a result of the implementation of subsequent retroactive changes to accounting policies and other regulations in compliance with IFRS as adopted by the EU.

### **Roundings**

Figures and percentages in this Listing Prospectus have generally been rounded. Accordingly, the figures presented in the Listing Prospectus may differ from the figures presented in the annual reports and interim reports/financial statements of Nordic Shipholding. In certain instances, the sum of the figures in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Listing Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded figures.

### **Presentation of market and industry data and information provided by third parties**

This Listing Prospectus contains information on the markets in which Nordic Shipholding operates. A substantial part of the information stems from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and the Company makes no representation as to the accuracy of such information. Thus, developments in the activities

of Nordic Shipholding may deviate from the market developments stated in this Listing Prospectus. The Company assumes no obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced, and to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

**Foreign currency information**

Any amounts included in Nordic Shipholding's consolidated financial statements and financial statements that were not originally denominated in USD have been translated into USD using the average exchange rates for the relevant financial periods with respect to items in the income statement and cash flow statement and the period-end exchange rate with respect to balance sheet items.

#### **4. Risk Factors**

Reference is made to the section entitled "Risk factors" above.

## **5. Information about Nordic Shipholding**

### **5.1 Name, registered office, etc.**

Nordic Shipholding A/S  
c/o Hafnia Tankers ApS  
Strandvejen 102E  
DK-2900 Hellerup  
Denmark

Tel.: +45 33 69 90 80

Web: [www.nordicshipholding.dk](http://www.nordicshipholding.dk)

Email: [mgmt@nordicshipholding.com](mailto:mgmt@nordicshipholding.com)

The Company also carries out business under the secondary names Nordic 1 A/S, Nordic 3 A/S, and Nordic 4 A/S.

The Company's registration number (CVR) is 76 35 17 16.

The registered office of the Company is situated in the municipality of Gentofte.

### **5.2 Object**

The Company's object, as set out in article 2.1 of the articles of association, is to perform activities partly as a shipping company and partly as a shipping investment company and to perform related activities. The object can be carried out directly or indirectly through subsidiaries and associates etc.

### **5.3 Date of incorporation and governing law**

The Company is registered under Danish law and was incorporated as a limited liability company under the laws of Denmark on November 12, 1984.

The Company was admitted for trading and official listing on NASDAQ OMX Copenhagen on May 25, 2007 with first day of trading on June 12, 2007. As of the Listing Prospectus Date, the Company is on the observation list of NASDAQ OMX Copenhagen. The Company was transferred to the observation list on March 30, 2012, following publication of the annual report for the financial year ended December 31, 2011, as it expressed a considerable uncertainty about the Company's ability to continue operations at the time.

### **5.4 ISIN code**

The Company's Pre-Restructuring Shares are admitted to trading and official listing on NASDAQ OMX Copenhagen under ISIN code DK0060083996.

The Listing Shares are issued with the temporary ISIN code DK0060535052. The Listing Shares will not be admitted for trading and official listing on NASDAQ OMX Copenhagen under the temporary ISIN code. Upon completion of the Listing, the Listing Shares will be admitted to trading and official listing on NASDAQ OMX Copenhagen under the ISIN code of the Pre-Restructuring Shares, DK0060083996, on March 31, 2014.

### **5.5 Financial calendar**

The Company released its financial calendar for 2014 on December 30, 2013. The Company's next annual general meeting is expected to be held on April 15, 2014.

<i>March 11, 2014</i>	<i>Annual Report 2013</i>
<i>April 15, 2014</i>	<i>Annual General Meeting</i>
<i>May 27, 2014</i>	<i>Q1 result 2014</i>
<i>August 26, 2014</i>	<i>Half year result 2014</i>
<i>November 25, 2014</i>	<i>Q3 result 2014</i>

## **5.6 Financial year and financial reporting**

The Company's financial year runs from January 1 to December 31. The Company publishes interim reports for the first, second and third quarters of the financial year and a full-year report. Annual reports and interim reports are published in both Danish and English.

It has been proposed that the annual general meeting on April 15, 2014, approve that the annual reports of the Company only be prepared in English from and including the annual report for the financial year 2013.

## **5.7 Principal banks**

The Company's principal banks are Nordea Bank Danmark A/S and Danmarks Skibskredit A/S.

## **5.8 Issuing agent**

The Company's issuing agent is:

Nordea Bank Danmark A/S  
Strandgade 3  
DK-1401 Copenhagen K  
Denmark

## **5.9 Share registrar**

The Company's share registrar is:

VP Investor Services A/S (VP Services A/S)  
Weidekampsgade 14  
P.O. Box 4040  
DK-2300 Copenhagen S  
Denmark

## **5.10 Management companies**

The Company and its fleet are managed by external management service providers.

The corporate management is handled by Transport Capital Pte. Ltd. and the commercial management is handled by the Straits Tankers LR1 pool and Handytankers pool. Reference is made to "22. Material contracts" for a description of the corporate management agreement and the pool agreements.

The Company has appointed Columbia Shipmanagement (Singapore) Pte. Ltd. and Thome Ship Management Pte. Ltd. as new technical managers of Nordic Shipholding's fleet replacing TB Marine Shipmanagement GmbH & Co. KG. M/T Amy, M/T Nordic Agnetha and M/T Nordic Ruth will be handled by Columbia Shipmanagement (Singapore) Pte. Ltd., and Thome Ship Management Pte. Ltd. will handle the technical management of M/T Nordic Hanne, M/T Nordic Pia and M/T Nordic Anne.

### **5.11 Material vessels**

Reference is made to "6.1.4 Business areas" for a description of material vessels, including the type, place of registration, owning company and capacity and "22. Material contracts" for a description of the related Financing Agreements.

### **5.12 History and development**

Reference is made to "6.1.1 Overview, history and development of Nordic Shipholding" for a description of the Company's history and development.

### **5.13 Investments**

The Company has incurred substantial docking and maintenance cost in the ordinary course of its business but has made no major investments during the financial years ended December 31, 2012 and 2013, or during 2014 up to the Listing Prospectus Date.

As of the Listing Prospectus Date, Nordic Shipholding has not committed to any other material ongoing or future investments with the exception of potential investments relating to docking. Reference is made to section "13.4.2 Assumptions".

In 2012, the Company divested its entire chemical tanker business, including nine owned chemical tanker vessels, six in-chartered chemical tanker vessels, all contracts of affreightment and approx. 140 employees, to Nellan ApS owned by Tribour Acquivo AB for a purchase price of USD 30 million consisting of cash USD 10 million and a vendor note of USD 20 million. The disposal led to a loss (operational and write-down) of USD 9.3 million shown as discontinued operations. Reference is made to "22. Material contracts" for a description of the transaction.



## **6. Business Overview**

### **6.1 Short description of Nordic Shipholding's activities**

#### **6.1.1 Overview, history and development of Nordic Shipholding**

Nordic Shipholding is a pure tonnage provider. This entails that the Company is a ship-owning company and that the commercial management of the fleet has been outsourced to external pools. Reference is made to "22. Material contracts" for a description of the pool agreements.

As of the Listing Prospectus Date, the Company's fleet consists of six product tankers operated in two different pools; the Handytankers pool and the Straits Tankers LR1 pool. Reference is made to "6.1.4 Business areas".

Furthermore, the Company has chosen to out-source the technical management of the vessels in accordance with current market practice, as well as the majority of corporate administrative operations to external management service providers.

Nordic Shipholding is headquartered in Hellerup, Denmark.

#### History

Nordic Shipholding A/S is a shipping company originating from the limited partnership K/S Difko XLVII (47) which was formed in 1984 in connection with an order for three new sister vessels in the LR1 segment for delivery during 1986 and 1987. The vessels were chartered out under 15-year bareboat charters with purchase options for the charterers. In 1991, the charterers exercised the purchase option for one of the vessels.

In early February 2000, when it became clear that the company chartering the remaining two LR1 vessels was no longer able to comply with the bareboat agreements due to unfavourable market conditions, K/S Difko XLVII (47) acquired the charter company, Nordic Shipping I/S (currently the Company). In connection with the acquisition, the company entered into agreements with A/S Dampskibsselskabet Torm ("Torm") for the commercial management of the vessels, and the vessels were included in Torm's LR1 pool. At the time, the chartering company also entered into a technical management agreement with TESMA Holding AS (EMS Ship Management (Norge) AS).

From 2000 onwards, freight rates generally experienced a positive development, and the Company established financial resources enabling it to invest in additional tonnage.

In 2001, the tonnage tax regime was introduced in Denmark, and K/S Difko XLVII (47) decided to let the Company join the regime as from the 2001/02 financial year.

On April 1, 2004 the Company exercised its purchase option for the two LR1 product tankers, moving the ownership of the vessels from K/S Difko XLVII (47) to the Company, wholly-owned by K/S Difko XLVII (47).

In April 2004, the Company decided to diversify further, purchasing a 50% interest in a chemical tanker, the remaining 50% of which was owned by the listed company Camillo Eitzen ASA (which has now been spun off into Eitzen Chemical), which also handled the commercial management of the vessel.

In 2005, the Company purchased a 50% interest in two other chemical tankers in collaboration with Eitzen Chemical and set up the pool Eitzen Chemical City Class Pool (the "City Class Pool") together with Eitzen Chemical and Brøvig Tank AS.

In April 2006, the Company established a joint venture – Nordic Seaarland Tankers B.V. - with the Dutch-based Seaarland Shipping Management B.V., which was owned by the Italian shipping group Zacchello Group. At the establishment of Nordic Seaarland Tankers B.V., two handysize product tankers were purchased by Seaarland Shipping Management B.V., with the Company and Marco Polo Seatrade B.V. (part of the Zacchello Group) acquiring indirect interests of 75% and 25%, respectively. Through its subsidiary Delfman Shipping B.V., Seaarland Shipping Management B.V. was responsible for the commercial and technical management of the vessels included in the Handytankers pool, managed by Maersk Tankers.

On May 23, 2007, in preparation for the Company's initial public offering on the OMX Copenhagen Stock Exchange, K/S Difko XLVII (47) distributed the shares in the Company to the individual 5,700 limited partners. In June 2007 the Company was listed on the OMX Copenhagen Stock Exchange, and K/S Difko XLVII (47) was liquidated in early 2008.

On November 26, 2009 the Company entered into an agreement with Clipper Group on a combination of the product and chemical tanker operations of the two shipping companies. The agreement turned Nordic Tankers into a full-service shipping company through the transfer of the Clipper chemical tanker organisation and, moreover, it created a more stable shareholder structure with Clipper as a major shareholder.

During the financial crisis and slowdown of the global economy, starting in late 2008, which resulted in continuously low freight rates and cyclical low vessel values, the Company's financial situation gradually deteriorated. As a consequence, the Company undertook the following key initiatives:

- In April/May 2010 the Company carried out a successful rights issue, raising a total of USD 42 million from existing and new shareholders. In connection with the rights issue Siva Group of India became a new large shareholder with 24 % of the Shares, while Clipper maintained their 31% shareholding through conversion of debt.
- In the 2nd quarter of 2012 the Company and Triton reached an agreement on the divestment of the Company's chemical tanker business for a price of USD 30 million. The divestiture of the chemical tanker business comprised of a sale of all nine owned chemical tanker vessels, related bank debt and working capital, the six chartered-in chemical vessels, all contracts of affreightment and the organisation of the Company, encompassing commercial and technical management, administration and corporate management. The divestment of the chemical tanker business was approved at the annual general meeting on April 20, 2012 and the divestment was completed on April 30, 2012. Reference is made to "22. Material contracts" for a description of the agreement.
- In February 2013 the Company assigned the vendor note from the sale of the chemical tanker business to Clipper, whereby reducing the debt to Clipper by USD 15.1 million to USD 0 million.
- The Company initiated a dialogue with its creditors and achieved a temporary moratorium until March 2013, which was extended several times afterwards until December 31, 2013. In November 2013, the Company announced that it had signed a Restructuring Agreement with Nordic Maritime and the Lending Banks.

### **6.1.2 Description of the Restructuring**

Prior to completion of the Restructuring, Nordic Shipholding's financial position has been seriously affected by the negative development in the shipping industry during the recent years. Consequently, the Company suffered large losses due to a low level of activity and low earnings in both the chemical and product tanker segments. Regardless of Nordic Shipholding's divestment of its chemical tanker business to the private equity fund Triton in March 2012 the Company's debt still remained substantial, which resulted in the Company and the Lending Banks entering into a new moratorium agreement in force until March 2013, subsequently extended until December 31, 2013.

The Restructuring Agreement was entered into between Nordic Shipholding and Nordic Maritime on November 22, 2013. At signing, the Restructuring Agreement were inter alia conditional upon (i) a preliminary dispensation issued to Nordic Maritime by the Danish FSA from the obligation to submit a mandatory tender offer, (ii) approval from the Company's general meeting to decrease the Company's share capital and authorize the issue of new Shares in connection with a debt conversion and an option granted to Nordic Maritime to invest additional USD 2 million, and (iii) a certain minimum net working capital level of the Group being in place up until the general meeting on December 17, 2013.

Following completion of the conditions above, the Restructuring was completed on December 19, 2013.

As part of the Restructuring, a new shareholder structure of the Company was implemented and the Pre-Restructuring Shareholders retained approximately 9.59% ownership of Nordic Shipholding, the Lending Banks obtained approximately 14.38% ownership and Nordic Maritime obtained approximately 76.03%.

The Restructuring contains the following key elements:

- A part of the Company's existing debt (including an outstanding interest rate swap) was converted into the Listing Shares
- Refinancing of the remaining senior debt into a new long-term facility
- Temporary working capital facility with the Lending Banks
- Fresh equity injection of USD 2.0 million

#### *Remission of debt in connection with conversion of loans into Listing Shares*

As part of the Restructuring, Nordic Maritime acquired debt totalling approximately USD 60 million, which includes a close-out amount as a result of the early termination of Nordic Shipholding's existing interest hedging (swap) agreement with Nordea Bank A/S of approximately USD 1.88 million, and converted the debt into new Shares in the Company.

The Lending Banks also converted debt totalling approximately USD 11.79 million into new Shares in the Company.

As a consequence of the Restructuring, Nordic Maritime and the Lending banks converted debt of approximately USD 72.1 million into new shares. Furthermore, Nordic Maritime exercised its option to contribute additional USD 2 million in cash for new Shares in the Company. For this total contribution of approximately USD 74.1 million, the Company issued a total of 367,211,706 Listing Shares with an aggregate nominal value of DKK 36,721,170.60, corresponding to a price of approximately DKK 1.10 per Share. The Listing Shares were issued on December 19, 2013, pursuant to an authorization granted to the Board of Directors at the annual general meeting on December 17, 2013.

#### *Refinancing of the remaining senior debt*

The Company's remaining senior loan from the Lending Banks has been refinanced and subordinated to the new Financing Agreements. The new credit facilities have a term of approximately 7 years and contain a number of covenants, including ordinary financial covenants (e.g. concerning loan-to-value ratio, minimum liquidity and equity ratio). Reference is made to section "22. Material contracts" for further description of the Financing Agreements and the financial covenants.

#### *Working Capital Facility*

The temporary Working Capital Facility in an amount of USD 4.0 million has been made available under certain conditions to provide sufficient liquidity, including to bridge finance certain outstanding insurance payments in respect of one of the Group's vessels. Reference is made to section "22. Material contracts".

The Restructuring Agreement facilitated the Restructuring through a complex set of agreements between Nordic Shipholding, Nordic Maritime, the Lending Banks and Transport Capital Pte. Ltd., including the corporate management agreement and Financing Agreements described in section "22. Material contracts".

Furthermore, the Restructuring Agreement includes a shareholders' agreement between Nordic Maritime and the Lending Banks, providing the Lending Banks with certain specific protection rights, including protection against agreements with parties closely related to Nordic Maritime, delisting and compulsory redemption, and a tag along right in case of a sale of Shares by Nordic Maritime to a third party. None of these rights cover a right to influence the day-to-day operations or the election of members to the Board of Directors or to change the Company's strategy.

#### *Changes to the legal group structure*

Following completion of the Restructuring, Nordic Shipholding is in the process of transferring its vessels to separate legal entities in Singapore. All legal entities holding vessels are ultimately wholly-owned by Nordic Shipholding. Reference is made to "7. Organisational structure".

### 6.1.3 Business strategy

After addressing its capital structure in 2013, the Company is now focused on developing growth opportunities. In view of the encouraging fundamentals for product tankers, the Company believes this is the right time to grow the Company. The Company believes that the financial strength and commitment of the new majority shareholder should facilitate the Company's ability to attract other investors. The intention is to develop the Company into a sizeable tanker owner firmly established in the capital markets thus facilitating future financial stability and flexibility. In the coming year, the Company intends to seek and assess suitable investment opportunities in the product tanker segment in order to expand the Company.

The Company's business strategy consists of four key pillars:

1. Energy transportation with focus on product tanker sector

We intend to grow our fleet in the product tanker sector. We believe such a company will have appeal to investors and will facilitate our ability to attract capital for growth in the future. In growing the fleet we will work on both standard market opportunities as well as distressed opportunities emanating from various industry lenders.

2. Balance the fleet age

We believe that eco newbuildings as well as well-maintained older ships can represent interesting investment opportunities depending on the capital structure employed to fund the purchases. We believe a balanced fleet profile of new and middle-aged vessels will result in the optimal combination of return on capital and company sustainability.

3. Outsourcing of technical and commercial management

We believe outsourcing technical and commercial management to best-in-class providers will maximize operating profit for our fleet. Well established technical and commercial managers can offer economies of scale and market access which are difficult to replicate for small to medium size shipowners. Through our outsourcing strategy we aim to minimize vessel operating expenses without compromising quality and to maximize the vessels' earning potential.

4. Minimize company overheads

Through our corporate management agreement with Transport Capital Pte. Ltd. we believe that we have amongst the lowest overheads of any product tanker company in our peer group. As the agreement with Transport Capital Pte. Ltd. is scalable the overheads per ship will decrease as the fleet grows.

### 6.1.4 Business areas

Nordic Shipholding is committed to operating within the product tanker market. The Company is and plans to continue to be a pure tonnage provider with the corporate, commercial and technical management outsourced to third parties. As a result of this functional structure, Nordic Shipholding's business is highly dependent on corporate, commercial and technical management agreements. Reference is made to "5.10 Management companies" and "22. Material contracts".

At the Prospectus Listing Date, Nordic Shipholding A/S owns the following vessels:

**Table 1: Product tanker fleet as of the Listing Prospectus Date**

LR1	Owner	Flag	Year built	Dwt
M/T Nordic Anne	The Company	Danish	2009	73,774

Handy		Flag	Year built	Dwt
M/T Amy	Nordic Shipholding B.V.	Liberia	2009	37,759
M/T Nordic Agnetha	Nordic Agnetha Pte. Ltd.	Singapore	2009	37,791
M/T Nordic Pia	Nordic Shipholding B.V.	Liberia	2006	38,395
M/T Nordic Ruth	Nordic Shipholding B.V.	Liberia	2000	35,820
M/T Nordic Hanne	Nordic Hanne Pte. Ltd.	Singapore	2007	38,396

In the Company's annual report for 2013, Nordic Shipholding's fleet of 6 vessels is measured at USD 118.2 million as of December, 31 2013. The vessels are measured on the basis of cost less accumulated depreciation and impairment losses. Two external desktop valuations by professional ship brokers were obtained and used to support the measurement in the annual report. In the annual report for 2012 the impairment write down was based on the broker valuations obtained. The Private Placement is not intended to finance the acquisition of new vessels and no revaluation of vessels has taken place for the purpose of the Private Placement or the Listing.

The commercial management of both the five handy tanker vessels and the LR1 vessel have been outsourced to the Handytankers pool and the Straits Tankers LR1 pool, respectively. By operating the vessels in pools, it is possible for the Company to engage in trading in the spot market.

Handytankers Pool is commercially operated by Handytankers K/S (Managed by Maersk Tankers A/S), and is one of the world's largest pool managers for modern double hull product tankers between 27-51,000 dwt. Besides Nordic Shipholding, the members of the pool are Maersk Tankers, TB Marine Shipmanagement, Motia, Chemikalien Seetransport, and Marwave Shipmanagement at the Listing Prospectus Date. The pool operated a total of 97 handy tanker vessels at the Listing Prospectus Date. The main trades of Handytankers are the distribution of clean and dirty petroleum products in Europe, the Mediterranean, Asia and the USA.

Straits Tankers LR1 Pool is commercially operated and managed by Straits Tankers Private Limited, a joint venture between Hafnia Management A/S and Mitsui O.S.K. Lines, and is the world's largest LR1 fleet consisting of 30 vessels. Besides Nordic Shipholding, the members of the pool are MOL, Marinvest, Gotland Tankers, Hafnia Tankers, Tailwind, Reederei Nord and Oldendorff Overseas Operations at the Listing Prospectus Date.

### 6.1.5 Insurance

Nordic Shipholding has taken out insurance policies covering its business and operations which are considered customary in the shipping industry. The Company's vessels comply with insurance related requirements of public authorities and of its commercial and financial counterparties.

*Hull & Machinery insurance:* Each vessel is insured against damage to the vessel for an amount of not less than the vessel's market value, or 120% of the outstanding debt for which the vessel stands as security, whichever is higher.

*Loss of hire insurance:* Nordic Shipholding has taken out insurance against operating losses incurred as a result of breakdown or damage to the vessel or its engine or other events preventing the vessel from operating normally for a period of up to 90 days in excess of 14 days for each incident.

*Protection & Indemnity insurance:* The Company has taken out liability insurance against damage to or loss of cargo, death and personal injury, pollution, piracy, third party claims, etc.

*War risk insurance:* There is also general war risk insurance taken up for the vessels. Where necessary, these policies are extended to include the risk for vessels sailing in areas as defined by the Joint War Committee.

*Insurance claims*

At the Listing Prospectus Date, the Company was awaiting the insurance company's confirmation as to which costs are approved in connection with the repair of M/T Nordic Ruth which was off-hire from December 2012 until July 2013. The Insurance Receivable has been included in the annual report for 2013 with an amount of USD 1.7 million. Reference is made to "Risk factors" above.

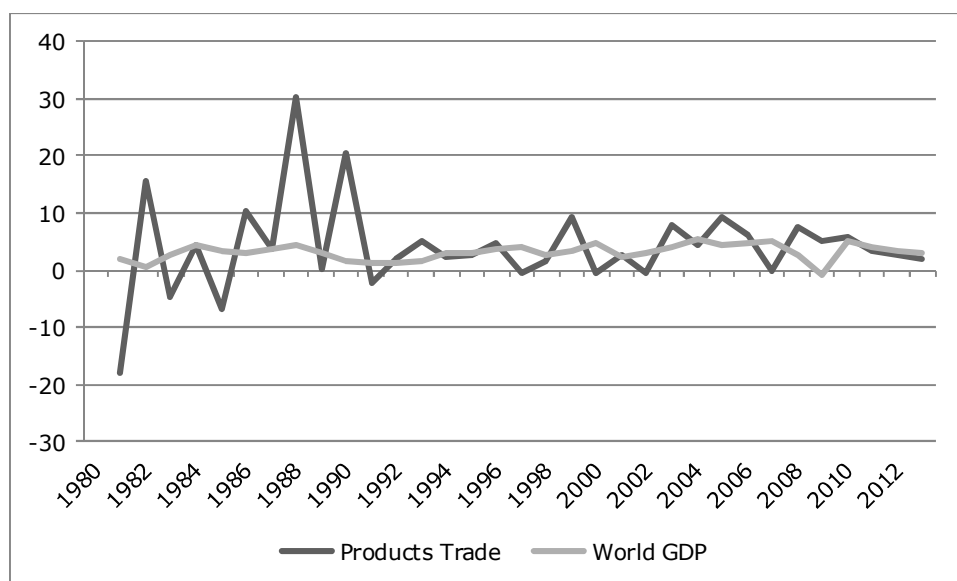
## 6.2 The international refined petroleum products industry

### Overview

The maritime shipping industry is fundamental to international trade and is often the only practicable and cost effective means of transporting large volumes of many essential commodities. In turn, the refined petroleum products (products) shipping industries provide a vital link in the global energy supply chain. The market for petroleum products is highly competitive, with ship charter hires rates sensitive to changes in demand for and supply of capacity, and are consequently cyclical and volatile in nature.

In broad terms, demand for products traded by sea is principally affected by world and regional economic conditions, as well as other factors such as changes in the location of productive capacity, and variations in the regional prices. The close relationship which exists between changes in global economic activity and seaborne refined products trade is shown in the chart below.

**Table 2: World GDP and Seaborne Products Trade**  
(Percent Change Year on Year)

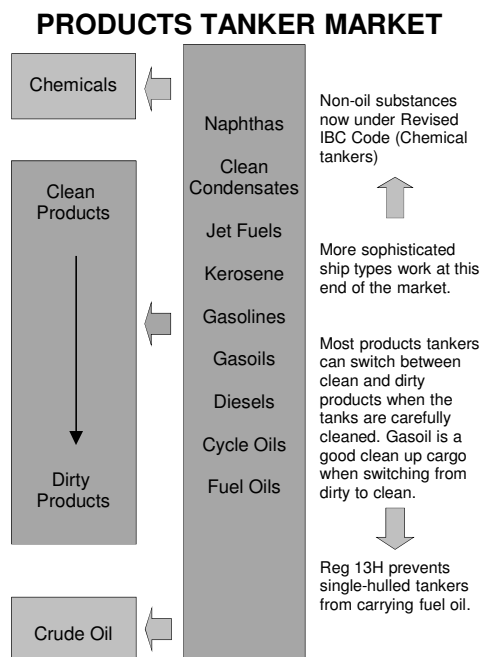


Source: Drewry

Demand for shipping capacity is a product of the physical quantity of the cargo (measured, depending on the cargo in terms of tons or cubic metrics) together with the distance the cargo is carried. Demand cycles move broadly in line with developments in the global economy, with demand for products slowing significantly in the period immediately after the onset of the global economic downturn in late 2008, before recovering gradually in 2012 and 2013 with the general improvement in the economic climate.

Product tankers carry refined products, such as fuel oil and vacuum gas oil (often referred to as 'dirty products'), gas oil, gasoline, jet fuel, kerosene and naphtha (often referred to as 'clean products'), and

sometimes crude oil. In addition, some product tankers are able to carry bulk liquid chemicals and edible oils and fats. The basic structure of the market is shown in the diagram below.



Source: Drewry

Clean petroleum products (e.g., gasoline, gas oil, aviation fuel, including distillates) are carried by International Maritime Organisation (IMO) and non IMO certified tankers. IMO tankers also carry depending on their tank coatings a range of other products including organic and inorganic bulk liquid chemicals, vegetable oils and animal fats and special products such as molasses.

Over the past ten years, seaborne products trade has grown at an average rate of 4.6%, over four times the growth rate of the crude oil trade. Over the past five years, the growth rates have been 3.8% for oil products, and -0.2% for crude oil. Recent trends in world seaborne product, crude oil and bulk liquid chemical trades (which provide employment for some product tankers) are summarized in the table below.

**Table 3: World Seaborne Tanker Trades**  
(Mill T = Million Tons)

Year	Oil Products		Chemicals		Crude Oil		Total	Global GDP (IMF)	
	Mill T	% y-o-y	Mill T	% y-o-y	Mill T	% y-o-y		Mill T	% y-o-y
2000	555		111		1,764		2,430		4.8%
2001	570	2.7%	114	3.0%	1,818	3.1%	2,502	3.0%	2.3%
2002	567	-0.5%	122	7.0%	1,828	0.5%	2,516	0.6%	2.9%
2003	611	7.7%	129	5.9%	1,937	6.0%	2,677	6.4%	3.7%
2004	637	4.2%	139	8.0%	2,043	5.5%	2,819	5.3%	5.0%
2005	696	9.4%	152	9.4%	2,076	1.6%	2,924	3.7%	4.6%
2006	740	6.3%	161	5.4%	2,086	0.5%	2,987	2.1%	5.3%
2007	738	-0.3%	175	9.0%	2,102	0.8%	3,015	1.0%	5.4%
2008	793	7.5%	177	1.1%	2,111	0.4%	3,081	2.2%	2.6%
2009	834	5.1%	180	1.7%	2,025	-4.1%	3,039	-1.4%	-0.9%
2010	883	5.9%	187	3.9%	2,066	2.0%	3,136	3.2%	5.2%
2011	912	3.3%	196	4.8%	2,032	-1.6%	3,140	0.1%	3.9%
2012	937	2.7%	200	2.0%	2,075	2.1%	3,212	2.3%	3.2%
2013 (1)	956	2.0%	204	2.0%	2,090	0.7%	3,250	1.2%	2.9%
<b>CAGR (2008-2013)</b>	3.8%		2.9%		-0.2%		1.1%		
<b>CAGR (2003-2013)</b>	4.6%		4.7%		0.8%		2.0%		

(1) Provisional; Source: Drewry

Ship supply is determined by the size of the existing fleet as measured by cargo carrying capacity. Changes in supply are influenced by a variety of factors, primarily the size of the existing fleet by number and ship size, the rate of deliveries of newbuildings and levels of scrapping and loss, which make up deletions from the fleet. Other operating efficiency factors (for example, port congestion and vessels speed) also play a role in shaping total supply.

The fleet of ships available to transport products comprises both normal product tankers and a group of ships often referred to as product/chemical tankers. This latter group is able to switch between trading in oil products and chemicals and hence they represent a “swing” element in supply. However, the potential impact of such ships may be somewhat limited as chemicals for example are normally moved in small lots which are not economical for larger ships to carry. Furthermore, the types of chemicals that are actually listed in such ships’ certificate of fitness are usually also limited. Hence, the following analysis only considers the product tanker fleet. In December 2013 this fleet consisted of 1,268 ships with a combined capacity of 73.2 million dwt.

**Table 4: The Product Tanker Fleet –December 2013**

Year (end period)	Product Tankers (1)	
	000 Dwt	% Y-o-Y
2002	35,385	-0.5%
2003	35,841	1.3%
2004	39,958	11.5%
2005	43,650	9.2%
2006	47,405	8.6%
2007	52,187	10.1%
2008	58,041	11.2%
2009	65,614	13.0%
2010	67,254	2.5%
2011	69,049	2.7%
2012	70,815	2.6%
2013	73,165	3.3%
<b>Orderbook Dec 2013</b>	<b>13,510</b>	
<b>Orderbook % Fleet</b>	<b>18.5%</b>	

Source: Drewry

The existing supply/demand balance for shipping capacity is the primary factor in determining charter rates. Product tanker charter rates were generally depressed in the period after the financial crisis as a result of the global economic slowdown and a high volume of deliveries causing surplus capacity in the market, but have since started to show some improvement.

The charter market is highly competitive. Competition is based primarily on the offered charter rate, the location and technical specification of the vessel and the reputation of the vessel and its manager. Typically, the agreed terms are based on standard industry charter parties prepared to streamline the negotiation and documentation processes. The most common types of employment structures for products and LPG tankers are:

- **Spot market:** The vessel earns income for each individual voyage and owner pays for bunkers and port charges. Earnings are dependent on prevailing market conditions, which can be highly volatile. Idle time between voyages is possible depending on the availability of cargo and position of the vessel.
- **Contract of affreightment (or COAs):** Contracts of affreightment are agreements by vessel owners to carry quantities of a specific cargo on a particular route or routes over a given period of time using ships chosen by the vessel owners within specified restrictions. Contracts of affreightment function as a long-term series of spot charters, except that the owner is not required to use a specific vessel to transport the cargo, but instead may use any vessel in its fleet and in some cases a “take or pay” clause will be common.



- **Time charter:** A time charter is a contract for the hire of a vessel for a certain period of time, with the vessel owner being responsible for providing the crew and paying operating costs, while the charterer is responsible for fuel and other voyage costs. A time charter is comparable to an operating lease. Sometimes charters also have profit sharing arrangements, the details of which vary from charter to charter.
- **Bareboat charter:** The ship owner charters the vessel to another company (the charterer) for a pre-agreed period and daily rate. The charterer is responsible for operating the vessel and for payment of the charter rates. A bareboat charter is comparable to a finance lease / capital lease.
- **Pool employment:** The vessel is part of a fleet of similar vessels, brought together by their owners in order to exploit efficiencies and benefit from a profit sharing mechanism. The operator of the pool sources different cargo shipment contracts and directs the vessels in an efficient way to service these contractual obligations. Pools can benefit from profit and loss sharing effects and the benefits of potentially less idle time through coordination of vessel movements, but vessels sailing in a pool will also be vulnerable to adverse market conditions.

There is also a second hand market for ships, with vessels changing hands between owners. The second hand sale and purchase market is relatively liquid for product tankers, with vessels changing hands between owners on a regular basis. Second hand prices are generally influenced by potential earnings.

The statements herein as to the Company's competitive position is based on the Company's perception of the product tanker market.

## The Product Tanker Shipping Industry

### Oil Consumption

Oil has been the world's primary energy source for a number of decades and in 2013 accounted for approximately one third of global energy consumption. In 2013 world oil consumption was equivalent to 90.9 million bpd. Proven oil reserves tend to be located in regions distant from major consuming countries, which contribute to demand for shipping. One reversal of this tendency in recent years has been the development of tight or shale oil reserves in the USA, but this in itself has opened up opportunities in shipping markets.

**Table 5: World Oil Consumption**  
(Million Bpd)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR 03-13 %
North America	24.5	25.3	25.5	25.4	25.5	24.2	23.7	24.1	24.0	23.7	23.8	-0.3%
Europe - OECD	15.4	15.6	15.5	15.5	15.3	15.4	14.7	14.7	14.3	13.8	13.5	-1.3%
Pacific	8.7	8.5	8.6	8.5	8.4	8.0	8.0	8.1	8.1	8.5	8.4	-0.4%
<b>Total OECD</b>	<b>48.6</b>	<b>49.4</b>	<b>49.6</b>	<b>49.4</b>	<b>49.2</b>	<b>47.6</b>	<b>46.4</b>	<b>46.9</b>	<b>46.4</b>	<b>46.0</b>	<b>45.7</b>	<b>-0.6%</b>
Former Soviet Union	3.6	3.7	3.8	3.9	4.2	4.2	4.0	4.2	4.4	4.5	4.6	2.5%
Europe - Non OECD	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.0%
China	5.6	6.4	6.6	7.0	7.6	7.9	7.9	8.9	9.2	9.6	10.1	6.1%
Asia (exc China)	8.1	8.6	8.8	8.9	9.5	9.7	10.3	10.9	11.1	11.4	11.6	3.7%
Latin America	4.7	4.9	5.0	5.2	5.7	5.9	5.7	6.0	6.3	6.5	6.6	3.5%
Middle East	5.4	5.8	6.1	6.5	6.5	7.1	7.1	7.3	7.4	7.6	7.9	3.9%
Africa	2.7	2.8	2.9	3.0	3.1	3.2	3.4	3.5	3.4	3.5	3.8	3.5%
<b>Total Non-OECD</b>	<b>30.8</b>	<b>32.9</b>	<b>33.9</b>	<b>35.2</b>	<b>37.4</b>	<b>38.7</b>	<b>39.1</b>	<b>41.5</b>	<b>42.5</b>	<b>43.8</b>	<b>45.3</b>	<b>3.9%</b>
<b>World Total</b>	<b>79.4</b>	<b>82.3</b>	<b>83.5</b>	<b>84.6</b>	<b>86.6</b>	<b>86.3</b>	<b>85.5</b>	<b>88.4</b>	<b>88.9</b>	<b>89.8</b>	<b>91.0</b>	<b>1.4%</b>

Source: Drewry

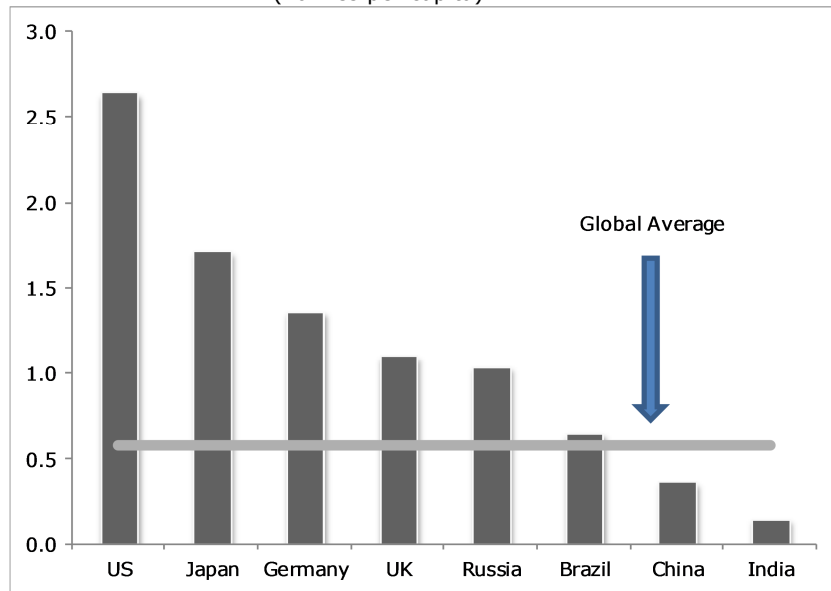
Globally oil consumption increased by a CAGR of 1.4% in the period 2003 to 2013. In the developed world demand for oil is either flat or declining, but in the developing world the opposite is the case. For

example, in the period 2003 to 2013 Chinese oil consumption increased at a CAGR of 6.1% and strong growth rates were reported in other parts of the developing world.

As the following chart indicates per capita consumption of oil is still low in countries such as China and India and this is positive for oil demand looking ahead.

**Table 6: Oil Consumption Per Capita**

(Tonnes per capita)



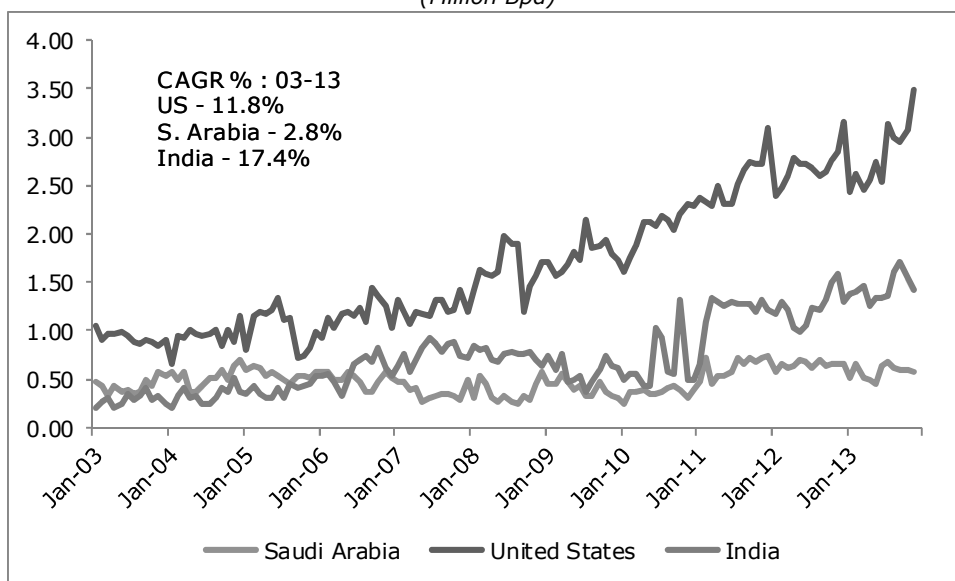
Source: Drewry

### Product Exports & Imports

A significant development in the product tanker industry in recent years has been the growth of exports from the United States. Historically, the United States was a net importer of products, but this situation has changed with the exploitation of shale reserves in the United States and the growth in domestic oil production. In the period 2003-2013 exports of products from the United States increased by a CAGR of 11.8% and much of this traffic went to South America to satisfy growing local demand.

**Table 7: Oil Product Exports – Major Growth Regions**

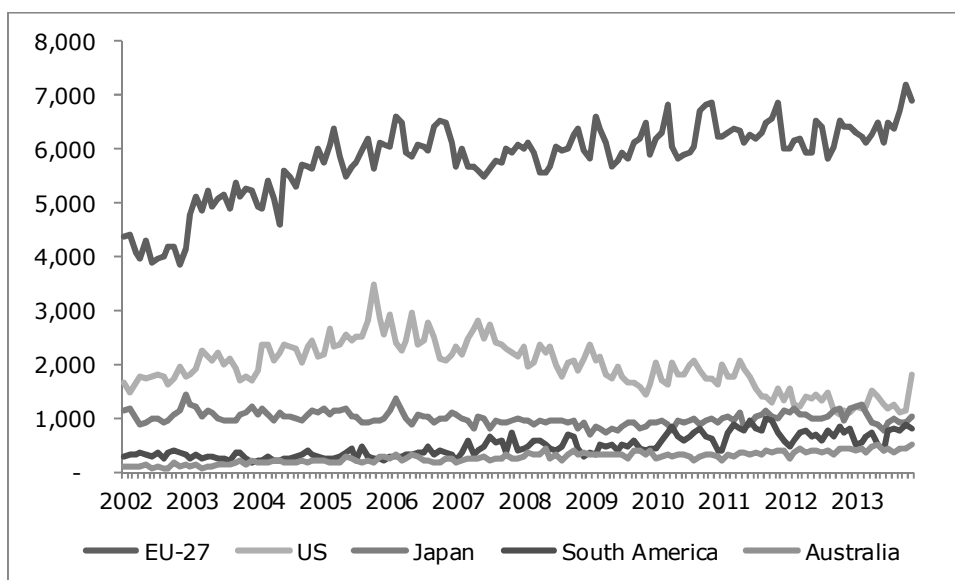
(Million Bpd)



Source: Drewry

In the United States a combination of moderate oil demand and increased availability of crude oil supplies from tight oil and offshore sources has led to a situation where large scale exports of products are feasible, especially middle distillates from the US Gulf. In light of the projected growth in United States crude oil production, and strong demand growth in South America combined with increasing long-haul flows to Asia, this is a trend which seems likely to continue. Other United States exports have been moving transatlantic into Europe, where local refinery shutdowns have supported import demand.

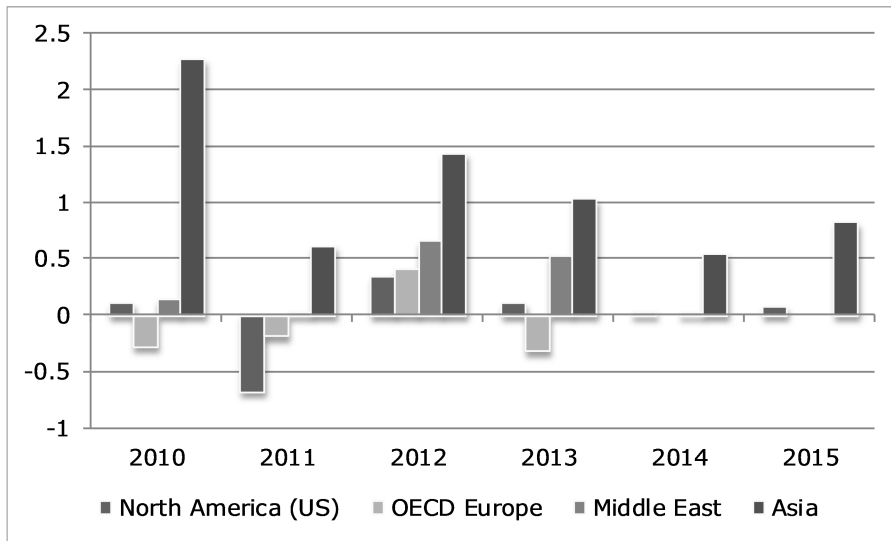
**Table 8: Oil Product Imports – Major Growth Regions**  
(‘000 Bpd)



Source: Drewry

Product trades are also affected by the location of refinery capacity. During the past five years some oil producing regions in the developing world – most notably the Middle East and Asia - have expanded their own refinery capacity; just as poor financial margins have forced refinery closures in the developed world, especially in Europe and on the United States East Coast. In addition, most of the planned increases in global refinery capacity are scheduled to take place in the Middle East and Asia. Therefore, the recent trends in the location of global refinery capacity look set to continue.

**Table 9: Regional Refinery Capacity**  
(changes in capacity year-over-year: million bpd)

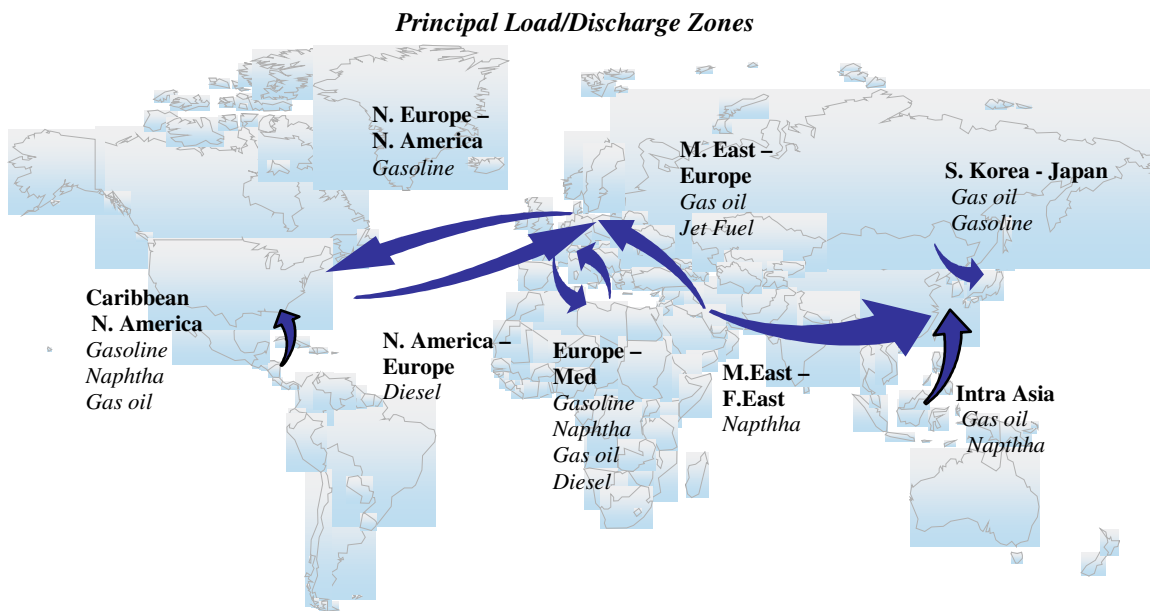


Source: Drewry

Export-oriented refineries in India and the Middle East, coupled with the closure of refining capacity in the developed world, have prompted longer haul shipments to cater for product demand. The main product tanker routes are shown in the map below.

**Table 10: Main product tanker routes**

**Major Seaborne Refined Products Trades**



Source: Drewry

Refinery closures close to consuming regions elsewhere in the world will also help to support product import demand. For example, in Australia, trade from Singapore is expected to become increasingly important to compensate for the conversion of local producing refineries into storage depots. This would

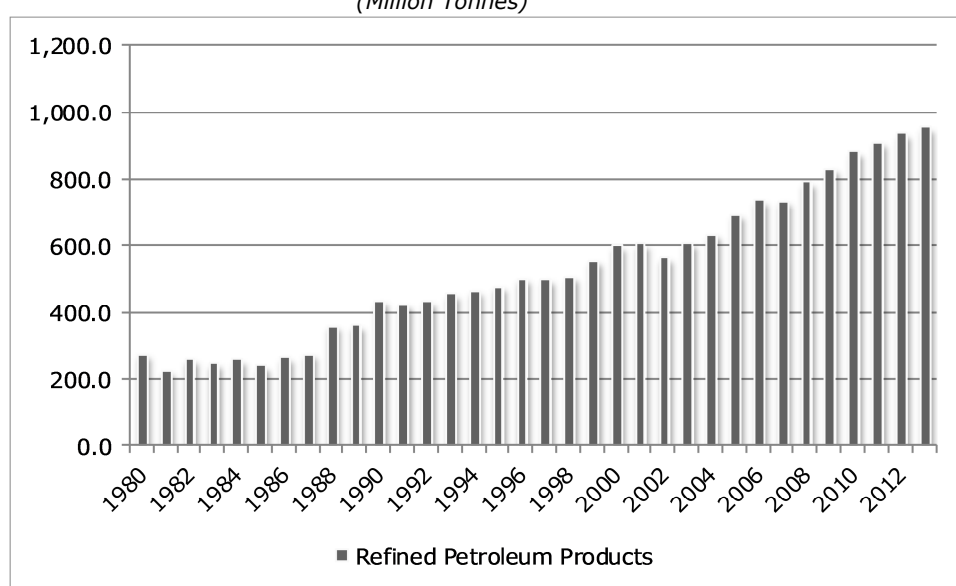
be part of a general increase in intra-Asian trade which is already boosting product tanker demand, something which may be further supported by expected closures in Japan (a result of new government standards).

This type of growth is generally of benefit to Handysize sized tankers, the workhorses of medium-haul products trades. In addition to mainstay trades such as gasoline movements across the Atlantic from Europe into the USA, MR vessels offer the flexibility of being sufficiently small to enable access to a diverse range of ports and are also popular with oil traders given this flexibility and ability to deal with the most common parcel sizes.

### Seaborne Product Trades

In 2013 total seaborne trade in products was provisionally estimated at 956 million tonnes. In the period 2003 to 2013 seaborne trade in products increased at CAGR of 4.4%, and as the chart below indicates, there has been more or less steady growth in trade since 2003.

**Table 11: Seaborne Products Trade**  
(Million Tonnes)



Source: Drewry

As a result of the growth in trade and the changes in the location of refinery capacity demand for product tankers expressed in terms of tonne miles grew by a CAGR of 6.0% in the period 2003 to 2013. Generally growth in products trades and product tanker demand is more consistent and less volatile than crude oil trade. Continued growth at these historical levels is feasible but will be subject to global economic development and a continuation of the trade and refinery trends of recent years.

**Table 12: Products Tanker Demand**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR % 03-13
<b>Seaborne Trade - Million Tonnes</b>	611	637	696	740	738	793	834	883	912	937	956	4.4%
<b>Tonne Mile Demand - Billion Tonnes Miles</b>	1,441	1,498	1,713	1,836	1,891	2,092	2,339	2,453	2,498	2,572	2,650	6.0%
<b>Average Voyage Lengths (Miles)</b>	2,359	2,353	2,460	2,481	2,563	2,638	2,805	2,778	2,740	2,745	2,772	1.5%

Source: Drewry

### Product Tanker Supply

The oil tanker fleet is divided between crude tankers that carry crude oil or residual fuel oil ("dirty" products), and product tankers that carry refined petroleum products ("clean" products) such as gasoline, jet fuel, kerosene, naphtha and gas oil. While product tankers can carry dirty products, they generally do

not switch between clean and dirty cargoes, as a vessel's tank must be cleaned prior to loading a different cargo type.

There are no industry standard definitions of the world oil product tanker fleet but typically the fleet can be divided into four major categories based on vessel size, which are as follows:

- **LR2** (long range 2) tankers, with a product cargo carrying capacity in excess of 80,000 dwt. LR2 tankers typically operate on long-haul voyages, although port constraints limit their trading routes. LR2s generally trade on long-haul routes from the Middle East to Asia, Europe and the Gulf of Mexico or the Caribbean.
- **LR1** (long range 1 tankers), with an oil cargo carrying capacity of approximately 55,000 to 79,999 dwt. LR1 tankers are engaged in a range of product trades, generally from Europe to the United States, the Gulf of Mexico, or back. They also trade within the Mediterranean, or within Asia as well as between the Middle East and Asia.
- **Handy** This group consists of Handymax tankers with an oil cargo carrying capacity of approximately 40,000 to 54,999 dwt. Handymax tankers<sup>1</sup> are typically employed on short to medium haul trades, mainly in North West Europe, the Caribbean, the Mediterranean and Asia. A typical cargo size would be between 45-50,000 tons. Handysize tankers have a cargo carrying capacity of 25,000 to 39,999 dwt. They are normally employed on a variety of regional routes carrying refined petroleum products not suitable for larger vessels
- **Small** product tankers are between 10,000-24,999 dwt and typically trade on short-sea intra-regional trades.

**Table 13: Product Tanker Vessel Types**

Class of Tanker	Cargo Capacity (Dwt)	Typical Use
<b>Small</b>	10,000 - 24,999	Short-haul of mostly refined petroleum products worldwide, usually on local or regional trade routes.
<b>Handysize</b>	25,000-39,999	Flexible vessels involved in medium-haul petroleum products trades both in the Atlantic Basin and the growing intra-Asian/Middle East/ISC trades.
<b>Handymax</b>	40,000-54,999	
<b>Long Range 1 (LR1)</b>	55,000 - 79,999	Short- to medium-haul crude oil and refined petroleum products transportations worldwide, mostly on regional trade routes.
<b>Long Range 2 (LR2)</b>	80,000 +	Short- to medium-haul refined petroleum products transportations from the North Sea or West Africa to Europe or the East Coast of the United States, from the Middle East Gulf to the Pacific Rim.

Source: Drewry

Handytankers carry the majority of the global trade of refined petroleum products transported at sea as their smaller size allows the greatest flexibility in trade routes and port access. The Handy fleet can be divided into Handysize, typically sized 25,000 dwt to 39,999 dwt and Handymax, typically sized 40,000 dwt to 54,999 dwt.

The world product tanker fleet (of 10,000 Dwt and above) as of December 2013 consisted of 1,268 ships with a combined capacity of 73.2 million dwt. The breakdown of the fleet by size together with the orderbook as of December 2013 is illustrated in the table below.

<sup>1</sup> A Handymax size vessel also commonly referred to as an "MR" or an "MR2"

**Table 14: The World Product Tanker Fleet<sup>(1)</sup> & Orderbook: December 2013**

Size Category Dwt	Existing Fleet		Orderbook - Scheduled Deliveries								
	Dec-13		2014		2015		2016+		Total		Orderbook as % of Fleet
	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	
10-24,999	156	2,255	6	113	1	19	0	0	7	132	5.9%
25-54,999	604	26,102	75	3,542	20	1,009	4	167	99	4,718	18.1%
55-79,999	301	21,867	10	739	3	210	6	440	19	1,389	6.4%
80,000 +	207	22,941	19	2,171	36	4,085	9	1,015	64	7,271	31.7%
<b>Total</b>	<b>1,268</b>	<b>73,165</b>	<b>110</b>	<b>6,565</b>	<b>60</b>	<b>5,323</b>	<b>19</b>	<b>1,622</b>	<b>189</b>	<b>13,510</b>	<b>18.5%</b>

Notes: (1)Product tankers only, excludes product/chemical tankers; Source: Drewry

As of December 2013, the world product tanker orderbook for all vessels above 10,000 dwt comprised 189 ships with a combined capacity of 13.5 million dwt, equivalent to 18.5% of the existing fleet.

Most of the ships are due for delivery by the end of 2015, although it is worth noting that in recent years the orderbook has been affected by the non-delivery of vessels. Product tankers scheduled for delivery were not delivered for a variety of reasons, including delays, either through mutual agreement or through shipyard problems, and some were due to vessel cancellations. Slippage and non-delivery is likely to remain an issue going forward and will continue to moderate fleet growth.

Conversely, newbuilding activity has the potential to increase future supply. However, in the short term, shipbuilding capacity could be a constraining factor to supply growth, with limited availability reported in major Handytanker building shipyards for the next few years. Many of the traditional builders of Handy-sized product tankers have filled their order books into the medium term as a result of recent ordering activity. The more limited availability of bank finance from traditional European lenders has also been a constraining factor to newbuilding orders.

### **The Product Tanker Freight Market**

Between 2003 and 2007, the differential between demand and supply for tankers remained narrow and product tanker freight rates were generally firm. Following the recent recession, product tanker demand slowed, coinciding with substantial tonnage entering the fleet, driving earnings down. During recent years, however, evidence has pointed to an increase in one year time charter rates from recessionary historical lows. The following table and chart show the historical development of one-year time charter rates for a range of product tankers of different ages and the relationship between one year time charter and spot rates for a Handytanker.

**Table 15: Product Tankers – One Year Time Charter Rates**

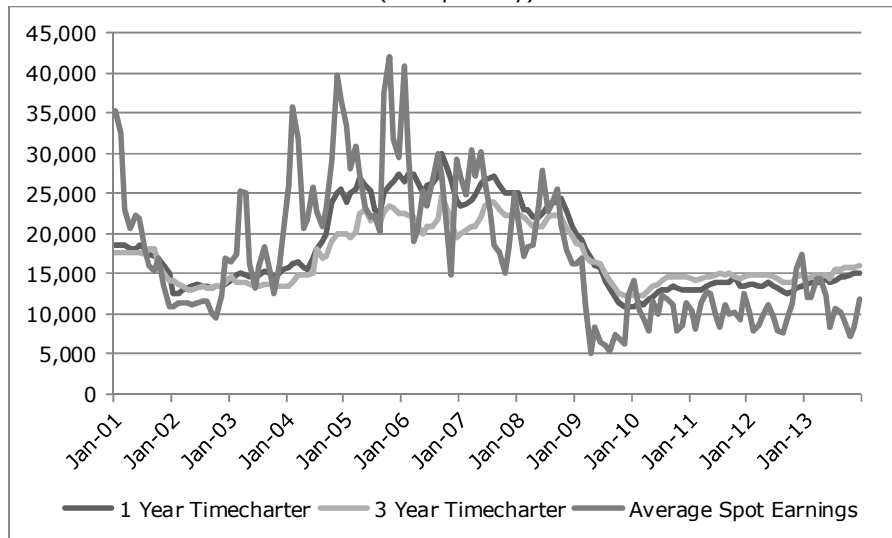
(USD per Day)

	30,000 dwt		45,000 dwt		60,000 dwt		75,000 dwt		
	5-yr old	10-yr old	5-yr old	10-yr old	5-yr old	10-yr old	5-yr old	10-yr old	
<b>2000</b>	12,500	11,500	14,000	13,000			14,854	16,304	
<b>2001</b>	15,600	14,600	17,600	16,700			19,708	20,000	
<b>2002</b>	11,400	10,900	13,300	12,000			15,292	14,617	
<b>2003</b>	13,300	11,400	14,800	13,400			14,163	16,550	
<b>2004</b>	15,600	13,375	19,025	15,850			18,813	25,521	
<b>2005</b>	18,854	14,063	25,271	18,625			21,833	28,933	
<b>2006</b>	21,417	15,083	26,792	19,775			23,225	29,100	
<b>2007</b>	22,200	15,150	25,367	22,121	25,954		22,292	30,408	24,608
<b>2008</b>	21,438	14,346	23,092	22,083	23,429		19,704	28,525	22,871
<b>2009</b>	13,675	9,808	14,851	14,521	16,338		13,675	18,617	15,650
<b>2010</b>	11,038	7,874	12,388	11,517	14,608		11,738	16,333	13,625
<b>2011</b>	12,208	8,008	13,633	11,317	13,767		10,275	14,758	11,025
<b>2012</b>	12,013	8,625	13,325	11,346	13,129		9,808	13,263	9,800
<b>2013</b>	12,833	9,850	14,246	12,746	13,708		10,958	14,488	11,142

Source: Drewry

**Table 16: Handymax Tanker –Time Charter and Spot Freight Rates**

(USD per Day)



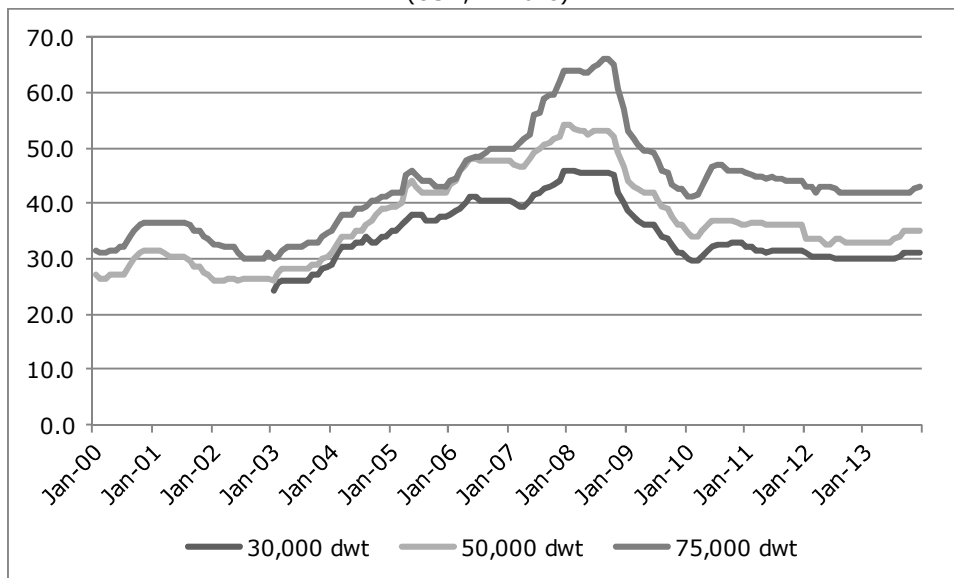
Source: Drewry

**Product Tanker Asset Prices**

Product tanker asset values have fluctuated over time, and there is a relationship between changes in asset values and the charter market usually with a time lag of six months to a year. Newbuilding prices increased significantly between 2003 and 2007 primarily as a result of increased tanker demand. However, current newbuilding prices are significantly below the peaks reported at the height of the market in 2008, a fact evident from the data shown in the table below.

**Table 17: Product Tankers: Newbuilding Prices**

(USD, millions)

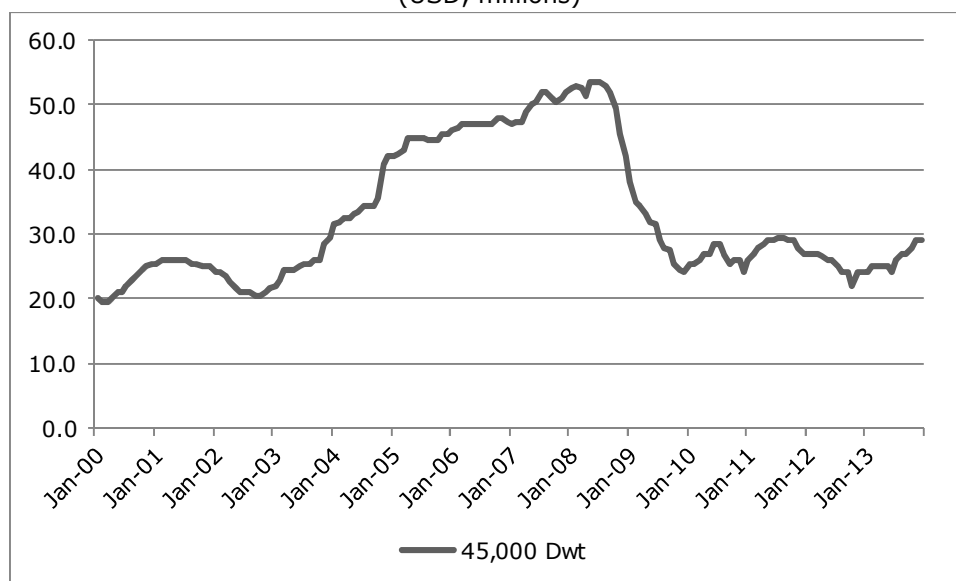


Source: Drewry

The second hand sale and purchase market has traditionally been relatively liquid, with product tankers changing hands between owners on a regular basis. Second hand prices peaked in the summer of 2008 and have since declined, but have started to rise once more in line with the recovery in freight rates.



**Table 18: Product Tankers: Secondhand Prices**  
(USD, millions)



Source: Drewry

**Table 19: Handymax Product Tanker: Time Charter and Asset Value Summary**

Period Averages	Spot	Timecharter (US\$/day)		Asset Prices (US\$ million)	
	(US\$/day)	1 Year	3 Year	Newbuild	5 Year Old
2003	17,702	14,800	13,764	29.4	25.7
2004	27,828	19,025	16,540	36.5	33.6
2005	29,043	25,271	21,794	43.2	44.2
2006	25,609	26,792	21,675	45.8	46.7
2007	23,682	25,367	22,146	49.6	50.4
2008	21,156	23,092	21,500	51.7	49.1
2009	9,043	14,851	15,267	40.0	28.2
2010	10,543	12,388	13,646	35.5	27.0
2011	10,517	13,633	14,575	35.6	29.0
2012	10,519	13,325	14,500	34.0	24.9
2013	10,948	14,246	15,161	34.1	26.3
Dec-13	11,940	15,000	16,000	35.0	29.0
5 Year Avg	10,314	13,708	14,630	35.8	27.1
5 Year Low	5,174	10,800	12,200	33.5	22.0
5 Year High	17,450	20,000	18,800	46.0	35.0
10 Yr Avg	17,889	18,809	17,680	40.6	35.9
10 Yr Low	5,174	10,800	12,200	33.5	22.0

Source: Drewry

### 6.3 Regulatory framework in the shipping industry

The shipping industry is regulated by a number of governmental, quasi-governmental and private organizations such as the EU, the individual states (flag states), the IMO and classification societies. A large number of international conventions are relevant for the shipping industry.

The EU has adopted regulations that vessel owners operating in the EU is obliged to comply with. As an example, the EU has implemented regulations requiring vessels to use reduced sulphur content fuel. These regulations have forced shipping companies to use a more expensive fuel oil adding additional costs to the operation of vessels.

The majority of regulations regarding safety requirements and protection of the environment are set by the IMO. To illustrate, the IMO has set forth the International Ship Management Code for the Safe Operation of Ships and Pollution Prevention ("ISM Code"). The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies.

In 2004 IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "BWM Convention"), that will, if implemented and fully ratified, require all ships to carry out ballast water management procedures to a given standard. The Administrative Act regarding the Management of Ballast Water and Sediments from Ships' Ballast Tanks which implements the BWM Convention into Danish law has been adopted as of June 15, 2012. However, the requirements in the administrative act regarding the management of ballast water take effect upon the entry into force of the BWM Convention. It remains uncertain when and if enough states will ratify the BWM Convention for it to enter into force. Various technical solutions to support the current wording of the convention are in development, however, the potential costs of compliance with the BWM Convention, if implemented and fully ratified, remain unclear but may be substantial.

Every ocean-going vessel must be classed by a classification society. The classification society certifies that a vessel is in-class, meaning that the vessel has been built and maintained in accordance with the rules of the classification society and complies with the applicable rules and regulations of the vessel's country of registry and the international conventions of which the country is a member.

The individual states exercise port state control of vessels to enforce a certain level of quality of vessels.

A number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission, among other things. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy.

Environmental incidents, such as the Deepwater Horizon oil spill in the Gulf of Mexico in 2010 may also result in additional regulatory initiatives or statutes that may affect the Company.

Nordic Shipholding is taxed according to the tonnage tax schemes under which taxable income is not calculated on the basis of income and expenses as under the normal corporate taxation. Instead, taxable income is calculated with reference to the tonnage used during a year. The taxable income of a company for a given period is calculated as the sum of the taxable income under the tonnage tax scheme and the taxable income from the activities that are not covered by the tonnage tax scheme are calculated in accordance with the ordinary corporate tax rules.

## 7. Organisational structure

### 7.1 Group structure

Nordic Shipholding A/S is the parent company of the Group. Nordic Shipholding has three directly owned subsidiaries, Nordic Shipholding B.V., Delfman Shipping B.V., and Nordic Shipholding Singapore Pte. Ltd.

Two of the directly owned subsidiaries, Nordic Shipholding B.V. and Delfman Shipping B.V., have established three limited partnerships, all with Delfman Shipping B.V. as the general partner.

Nordic Shipholding Singapore Pte. Ltd. has established six subsidiaries. During the course of 2014, the Company plans to transfer ownership of all six vessels to these indirect subsidiaries in Singapore.

The table below lists the Company's subsidiaries as at the Listing Prospectus Date.

**Table 20: Overview of Nordic Shipholding's subsidiaries**

Entity	Country of incorporation	Percentage of share capital/voting rights
Nordic Shipholding B.V.	The Netherlands	100 %
Delfman Shipping B.V.	The Netherlands	100%
Nordic C.V.	The Netherlands	100% through Nordic Shipholding B.V. (99.99%) and Delfman Shipping B.V. (0.01%)
Colombo Marine C.V.	The Netherlands	100% through Nordic Shipholding B.V. (99.99%) and Delfman Shipping B.V. (0.01%)
Nordic 100 C.V.	The Netherlands	100% through Nordic Shipholding B.V. (99.99%) and Delfman Shipping B.V.(0.01%)
Nordic Shipholding Singapore Pte. Ltd.	Singapore	100 %
Nordic Agnetha Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Pte. Ltd.
Nordic Pia Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Ltd.
Nordic Amy Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Ltd.
Nordic Hanne Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Ltd.
Nordic Anne Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Ltd.
Nordic Ruth Pte. Ltd.	Singapore	100 % through Nordic Shipholding Singapore Pte. Ltd.

The Company owns nominally EUR 3,375 A-shares in SeaMall ApS ("SeaMall"), equivalent to 10.34% of the total share capital of SeaMall. SeaMall is a maritime procurement pool which focuses on cost-efficient procurements in order to reduce the operational expenses for the members of the pool. The procurements include for instance paints, lubricants and spare parts. In addition to being a shareholder, the Company is also a member of the pool. The chairman of the Board of Directors, Mr Pontoppidan, is currently a member of the board of directors of SeaMall.

Nordic Shipholding has no ownership interest in any other company except as listed above.

During 2013, the Company closed the following 12 dormant companies in Singapore, USA and Denmark:

A/S Nordic Inge, Nordic Marianne ApS, Nordic Nadja ApS, Nordic Nelly ApS, Nordic Nora ApS, K/S Nordic Marianne, K/S Nordic Nadja, K/S Nordic Nelly, K/S Nordic Nora, Nordic Copenhagen Shipping Co. Pte. Ltd., Nordic Oslo Shipping Co. Pte. Ltd. and Nordic Tankers (North America) Inc.

## **7.2 Functional structure**

Nordic Shipholding is a ship-owning company and the business of Nordic Shipholding is to be a tonnage provider only. All corporate operations of the Company, as well as all commercial and technical management of its fleet, have been outsourced.

Reference is made to "5.10 Management companies" and "22. Material contracts".

## **8. Property and equipment**

### **8.1 Environmental and safety requirements applicable to Nordic Shipholding**

Like all other vessels, Nordic Shipholding's vessels are subject to the environmental and safety requirements of public authorities, classification societies and customers. The Company's policy is that its vessels shall comply, at any given time, with applicable international legislation and regulation regarding ship safety and prevention of pollution of the sea. The employment of Nordic Shipholding's vessels may be restricted by existing or new regulation or requirements by public authorities and customers, and the Company thus may have to invest in new measures necessary to comply with such regulation or requirements.

Reference is further made to "6.3 Regulatory framework in the shipping industry" and "Risk factors".

## 9. Operating and financial review

### 9.1 Introduction

The financial highlights for the financial years 2012 and 2013 in this section have been extracted from Nordic Shipholding's audited consolidated financial statements for the financial years ended December 31, 2012 and 2013. The financial statements have been prepared in accordance with IFRS as adopted by EU and additional Danish disclosure requirements for annual reports of listed companies (reporting class D).

The information below should be read in conjunction with Nordic Shipholding's consolidated financial statements for the financial years ended December 31, 2012 and 2013, which are included in this Listing Prospectus by reference, see "24. Documents on display and incorporated by reference".

The following is a discussion of Nordic Shipholding's financial condition and results of operations as at and for each of the financial years ended December 31, 2012 and 2013, as well as the material factors that have affected or may affect Nordic Shipholding's ongoing and future operations.

Some of the information contained in this discussion, including information about Nordic Shipholding's strategies for its business and its expected sources of financing, contain forward-looking statements that involve risks and uncertainties. Potential investors should read the "Risk factors" section for a discussion of certain factors that may have a material adverse effect on Nordic Shipholding's future performance, results of operations, cash flows and financial position.

Nordic Shipholding operates in a global industry where, among others, freight rates and bunkers are denominated and settled in USD. As a consequence hereof, all Nordic Shipholding's financial reporting is in USD.

**Table 21: Overview of Nordic Shipholding's financials for 2012 and 2013**

	Year ended December 31	
	2012	2013
<b>Income Statement</b>		
<i>USD thousand</i>		
Revenue	57,333	60,002
Time charter equivalent revenue ("TCE" revenue)	26,417	25,881
EBITDA	6,513	3,601
Operating Results (EBIT)	-40,842	-2,029
Net financials	-14,124	-7,061
Gain from Restructuring	-	28,561
Result after tax	-55,016	19,435
Result from discontinuing operations	-9,278	-
Comprehensive income	-62,539	21,555
	Year ended December 31	
	2012	2013
<b>Balance Sheet</b>		
<i>USD thousand</i>		
Invested Capital	141,631	126,726
Net working capital (NWC)	3,396	8,455
Equity	-37,429	28,203

Balance sheet total	158,304	137,804
Investments in property, plant and equipment*	353	800
Net interest bearing debt	179,060	98,523
	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2013</b>
<b>Cash flow</b>		
<i>USD thousand</i>		
From operating activities	-4,973	-5,806
From investing activities	9,647	-800
From financing activities	-10,000	5,872
From discontinuing activities	-2,828	-
Cash flow for the year	-8,154	-734
	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2013</b>
<b>Financial Ratios</b>		
EBITDA margin (%)	11.4	6.0
Net result margin (%)^	-96.0	-15.2
Equity ratio (%)	-23.6	20.5
Return on invested capital (%)	-28.8	-1.6
Return on equity (%)^	N/A	-32.4
Financial gearing	-4.78	3.49
Net working capital/revenue (%)	11.1	9.9
<b>Key figures per share</b>		
Earnings per share (USD)	-1.65	0.37
Market price per share DKK, year end	0.53	0.72
Market price per share USD, year end	0.09	0.13
Average number of shares	38,946,697	52,025,470
Number of shares, year end	38,946,697	406,158,403

Notes: \* Excluding acquisitions; ^ Net result for 2013 excludes one-time gain from restructuring of USD 28.6 million.

## 9.2 Accounting effects from the Restructuring

Nordic Shipholding completed its Restructuring on December 19, 2013. Reference is made to section "6.1.2 Description of the Restructuring" for further details of the Restructuring. The main effects of the Restructuring on Nordic Shipholding's financial statements are described below and has been accounted for in the annual report for 2013.

Pursuant to the terms of the Restructuring Agreement and related agreements, Nordic Maritime and the Lending Banks have converted debt for a total amount of approximately USD 72.1 million into new shares and Nordic Maritime subscribed for new Shares for an additional USD 2.0 million in cash. Following the increase in share capital, the shareholders prior to the Restructuring now holds 9.59% of the shares, the

Lending Banks hold approximately 14.38% and Nordic Maritime holds approximately 76.03%. The Company also drew USD 4.0 million from the Working Capital Facility as part of the Financing Agreement. Post Restructuring, the Company's total debt comprised USD 104.0 million (before deduction of loan expenses).

There are no tax losses carried forward after the restructuring in December 2013.

**Table 22: Overview of accounting effects from the Restructuring**

<b>USD thousand</b>	<b>Capital reduction</b>	<b>Conversion of debt and swap</b>	<b>Draw down working capital line</b>	<b>Additional capital</b>	<b>New loan agreements</b>	<b>Net Accounting Impact</b>
Note	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Gain from debt conversion		28.561				28.561
<b>Result after tax</b>	<b>0</b>	<b>28.561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28.561</b>
Cash and cash equivalents			4.000	2.000		6.000
<b>Total Assets</b>	<b>0</b>	<b>0</b>	<b>4.000</b>	<b>2.000</b>	<b>0</b>	<b>6.000</b>
Share capital	-6.024	6.460		308		744
Retained Earnings	6.024	64.101		1.692		71.817
Reserves		1.541				1.541
<b>Equity</b>	<b>0</b>	<b>72.102</b>	<b>0</b>	<b>2.000</b>	<b>0</b>	<b>74.102</b>
Finance Loans					100.000	100.000
<b>Non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100.000</b>	<b>100.000</b>
Finance Loans		-70.222	4.000		-100.000	-166.222
Other current liabilities		-1.880				-1.880
<b>Current Liabilities</b>	<b>0</b>	<b>-72.102</b>	<b>4.000</b>	<b>0</b>	<b>-100.000</b>	<b>-168.102</b>
<b>Total equity and liabilities</b>	<b>0</b>	<b>0</b>	<b>4.000</b>	<b>2.000</b>	<b>0</b>	<b>6.000</b>

*Note 1 Capital reduction*

The capital reduction approved at the extraordinary general meeting on December 17, 2013 was part of the completion of the Restructuring by decreasing the nominal value of the Shares from DKK 1 to DKK 0.1. The share capital was reduced by USD 6.0 million which was transferred to retained earnings to cover losses.

*Note 2 Conversion of debt and swap*

The conversion by Nordic Maritime and the Lending Banks of USD 70.2 million of debt to equity was part



of completion of the Restructuring.

Further, an interest rate swap with a market value of approx. USD 1.9 million was converted as part of the total debt conversion. The hedging of USD 1.5 million was recycled to profit and loss resulting in a gain of USD 0.4 million.

Nordic Shipholding issued 350,520,274 shares at a nominal value of DKK 0.1 corresponding to 90% of the outstanding Shares after completion of the capital increase and an increase in the nominal share capital of USD 6.5 million. The difference between the carrying amount of the debt prior to conversion and the fair value of the equity instruments issued was recognised as a gain of USD 28 million in the income statement.

#### *Note 3 Draw down Working Capital Facility*

The Lending Banks have granted a Working Capital Facility of USD 4.0 million as part of the Restructuring. The Working Capital Facility was drawn in full on December 19, 2013.

#### *Note 4 Additional capital*

Nordic Maritime had an option to subscribe for further Shares by contribution of an additional USD 2.0 million in liquid funds to the Company. The option was exercised resulting in issuance of 16,691,432 Shares at a nominal value of DKK 0.1 each thus increasing Nordic Maritime's total shareholding to 76.03% of the total issued share capital and resulting in an increase of the nominal share capital of USD 0.3 million.

#### *Note 5 New loan agreement*

As part of the Restructuring, the Company entered into the Financing Agreements with the Lending Banks. No installments fall due in 2014 leading to a classification of the loan amount as "long term".

### **9.3 Financial condition**

As part of completion of the Restructuring on December 19, 2013, debt was converted to equity and additional share capital subscribed for resulting in an improved balance sheet. Reference is made to section "9.2 Accounting effects from the Restructuring".

The below table presents the total assets, liabilities and equity of Nordic Shipholding as well as equity ratio and financial gearing as extracted from the financial statements for the financial years ended December 31, 2012 and 2013:

**Table 23: Total assets, liabilities and equity for 2012 and 2013**

	<b>As at December 31</b>	
	<b>2012</b>	<b>2013</b>
<b>Balance Sheet</b>		
USD thousand		
Total assets	158,304	137,804
Non-current liabilities	0	-99,801
Current liabilities	-195,732	-9,800
Equity	-37,428	28,203
Net interest bearing debt	179,060	98,523

<b>Financial ratios</b>		
Equity ratio (%)	-23.6%	20.5%
Financial gearing	-4.78	3.49

Equity improved from USD -37.4 million at December 31, 2012 to USD 28.2 million at December 31, 2013 and the equity ratio is improved from -23.6% at December 31, 2012 to 20,5% at December 31, 2013.

The financial gearing of Nordic Shipholding (expressed as net interest bearing debt divided by total equity) improved to 3.49 at December 31, 2013 (in 2012 the equity was negative).

Nordic Shipholding expects a positive cash flow for 2014 of USD -1.0 million to 2.0 million (2013: negative USD 0.7 million). The projected cash flow includes repayment of the Working Capital Facility of USD 4.0 million. There are no other repayments on loan facilities expected during 2014. Reference is made to section "13. Prospective financial information".

As part of the Restructuring, the Company entered into the Financing Agreements as described in section "10. Capital resources" and "22. Material contracts". The Financing Agreements include strict conditions and covenants. If the conditions or covenants are breached during 2014, the Lending Banks may require repayment of Nordic Shipholding's loans, and Nordic Shipholding will thus have to secure alternative financing or rearrangement of existing debt to meet its obligations and continue operations.

#### **9.4 Critical Accounting estimates and Judgement**

Preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that influence the value of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the value of revenues and expenses during the reporting period. These estimates and assumptions are affected by the accounting policies applied and are based on the most recent information available at the time.

An accounting estimate is considered critical if the estimate requires the Management's position on matters that are subject to significant uncertainty, if different estimates could reasonably have been applied, or if changes in the estimate that would have a material impact on the Company's financial position or results of operations are reasonably likely to occur from financial period to financial period. Management believes that the accounting estimates employed are appropriate and the resulting balance sheet items are reasonable. However, actual results could differ from the original estimates requiring adjustments to these balance sheet items in future periods.

Management believes that the most significant accounting estimates and judgements relate to the assessment of the Company's ability to continue its operations (going concern), whether the Company's vessels are impaired (impairment tests), gain from Restructuring and the Insurance Receivable.

##### *Going concern*

As part of the preparation of the financial statements, management prepares a liquidity budget and evaluates the Company's ability to continue its operations during the coming financial year.

Based on the assessment performed management have concluded that the Company will be able to continue its operations throughout 2014.

##### *Impairment tests*

Vessels are tested for impairment if there are indications of impairment. The Company evaluates the carrying amount of vessels and other net assets within two cash generating units – handytanker vessels and LR1 vessel - to determine whether events have occurred that would require an adjustment to the recognised value of the net assets.

The impairment tests are based on discounted future cash flow models and net realisable values assessed by leading and independent international ship brokers, which are compared to the carrying amount of the assets within the cash generating unit.

The carrying amount of the Group's vessels may not necessarily represent their actual market value at any point in time as market prices of second-hand vessels to a certain degree fluctuate with changes in charter rates and the cost of new-buildings.

If the estimated future cash flow or related assumptions change permanently, it may be necessary to reduce the carrying amount of vessels and goodwill for the cash generating unit.

During 2013 no impairment losses were recognised (2012: USD 39.7 million). The carrying amount of tangible assets at December, 31 2013 amounted to USD 118.2 million (2012: USD 123.0 million).

#### *Gain from Restructuring*

The transaction price of USD 35.0 million paid by Nordic Maritime for a post-restructuring ownership share of 75% of the share capital (before exercise of option to subscribe for additional Shares by contribution of USD 2.0 million in cash) was used as a basis to determine the total calculated value of Shares issued to Nordic Maritime and the Lending Banks as a result of the Restructuring. As such, the total calculated value of Shares issued was determined to be USD 42.0 million for a debt conversion of USD 72.1 million (debt and interest rate swap). This results in a gain of approximately USD 30.1 million before adjusting for net hedging loss (for the interest rate swap) accumulated in other comprehensive income of USD 1.5 million.

#### *Insurance Receivable*

From December 2012 to June 2013, M/T Nordic Ruth went off-hire due to severe damages in the vessel's water ballast tanks. As at December 31, 2013, the expected amount receivable from the insurer is USD 1.7 million (the "Insurance Receivable") and is still encumbered with uncertainty. Cost capitalised as dry-docking amounted to USD 0.8 million.

#### *Depreciation periods*

Depreciation on vessels is material for the Company. Vessels are depreciated over their useful life, which Management estimates to be 25 years, to a residual value. The estimates are reassessed regularly based on available information. Changes to estimates of useful lives and residual values may affect the annual depreciation. The carrying amount of vessels as of December 31, 2013 amounted to USD 118.2 million (2012: USD 123.0 million).

#### *Recognition of deferred tax assets*

Entities in the Group are taxed in accordance with the Danish Tonnage Tax Act for shipping activities, general tax legislation for other activities and net financial income and local tax legislation for foreign entities.

Deferred tax assets arising from unused tax losses are recognised to the extent that Management expects such to be offset in future taxable income. The carrying amount of deferred tax assets at December 31, 2013 amounted to USD 0 million (2012: USD 0 million).

## **9.5 Primary factors affecting the results of operations**

Nordic Shipholding owns 6 product tankers, and these vessels are employed under 2 pool arrangements. One vessel (M/T Nordic Anne) is under the commercial management of the Straits Tankers LR1 pool, whilst the remaining 5 vessels are with the Handytankers pool. Nordic Shipholding's revenue is highly dependent on the performance of these 2 pools and their pool managers as the pool earnings are the only source of revenue for the Company.

The pool earnings will be highly dependent on freight rates, voyage expenses and earning days. Freight rates are volatile and fluctuate on a seasonal and year-to-year basis. Voyage expenses consist primarily of port and bunker expenses where the bunker expenses are affected by oil fluctuations and bunker consumptions.

**Operating expenses:** Nordic Shipholding has outsourced its technical management in accordance with current market practice. Whilst the technical manager is contracted to observe the annual budgeted operating expenditure agreed with the Company, there could be major off-budget expenditures such as unforeseen repairs incurred by the vessels which will impact the results as these costs are borne by the Company.

**Depreciation:** Depreciation is affected by the number of owned vessels, vessel values and age, and depreciation is generally not affected by utilisation of the vessels.

**Financial expenses:** Interest expenses are affected by interest rate levels and the amount of debt outstanding. Interest rates can fluctuate significantly. Financial expenses can be more volatile going forward as Nordic Shipholding under the Financing Agreements is prohibited from using derivative transactions to hedge against interest rate fluctuations, unless such transactions are approved by the Lending Banks.

Vessel prices are affected by freight rates, which can fluctuate significantly. Changes in freight rates might lead to lower earnings and values of vessels and hence impairment of the vessels.

## 9.6 Consolidated financial statements for the financial years ended December 31, 2012 and 2013

### Income statement

The table below presents the income statement extracted for the financial years ended December 31, 2012 and 2013.

**Table 24: Income statement for 2012 and 2013**

Nordic Shipholding Group	Year ended December 31	
	2012	2013
<b>Income Statement</b>		
USD thousand		
Total revenue	57,333	60,002
Voyage related expenses	-30,916	-34,121
<b>Time charter equivalent revenue (TCE Revenue)</b>	<b>26,417</b>	<b>25,881</b>
Expenses related to the operation of vessels	-16,646	-18,711
Staff costs	-1,091	-287
Other external costs	-2,167	-3,282
<b>Earnings before depreciation (EBITDA)</b>	<b>6,513</b>	<b>3,601</b>
Depreciation	-7,642	-5,630
Write-downs	-39,713	-
<b>Operating result (EBIT)</b>	<b>-40,842</b>	<b>-2,029</b>
Gain from Restructuring	-	28,561
Financial income	1,104	-
Financial expenses	-15,228	-7,061
<b>Result before tax from continuing operations</b>	<b>-54,966</b>	<b>19,471</b>
Tax on result from continuing operations	-50	-36

<b>Result after tax from continuing operations</b>	<b>-55,016</b>	<b>19,435</b>
<b>Result from discontinuing operations</b>	<b>-9,278</b>	<b>-</b>
<b>Result</b>	<b>-64,294</b>	<b>19,435</b>

2013

Nordic Shipholding reported a positive result of USD 19.4 million for 2013. The result for 2013 was impacted by a gain on conversion of debt and interest rate swap of USD 28.6 million.

Time charter equivalent revenue (TCE revenue) amounted to USD 25.9 million (2012: USD 26.4 million) which came from the 6 product tankers employed in the 2 pools. After accounting for vessel operating expenses and other administrative expenses and overheads, an EBITDA of USD 3.6 million (2012: USD 6.5 million) was earned.

Depreciations amounted to USD 5.6 million (2012: USD 7.6 million).

Gain from Restructuring amounted to USD 28.6 million (2012: USD 0 million). In 2012, there was a financial income of USD 1.1 million earned. Financial expenses was USD 7.1 million (2012: USD 15.2 million). Financial expenses of USD 7.1 million consist of interest on the Company's loans.

The result after tax was positive with USD 19.4 million (2012: loss of USD 55.0 million from continuing operations).

2012

Nordic Shipholding reported a net loss of USD 64.3 million for 2012 including discontinued operations and USD 55.0 million excluding discontinued activities. The result for 2012 was impacted by an impairment write down of USD 39.7 million primarily on vessels.

Time charter equivalent revenue (TCE revenue) amounted to USD 26.4 million (2011: USD 24.5 million) which came from the 6 product tankers employed in the 2 pools. After accounting for vessel operating expenses and other administrative expenses and overheads, an EBITDA of USD 6.5 million (2011: USD 5.7 million) was earned.

Depreciations amounted to USD 7.6 million (2011: USD 7.6 million). In addition, arising from lenders only deferring covenants by a 3 months period at a time, a USD 39.7 million write-down on the vessel net book values and goodwill was accounted for in 2012.

Net financial expenses amounted to USD 14.1 million (2011: USD 8 million) including financial income of USD 1.1 million (2011: USD 0.2 million) and financial expenses of USD 15.2 million (2011: USD 8.3 million). Financial expenses consist of interest on the Company's loans of USD 8.3 million and writedown of USD 5.2 million on a vendor note.

This resulted in an after tax loss of USD 55.0 million (2011: loss of USD 4.8 million) for continuing operations. Discontinued operations: the chemical tanker business was divested in the Triton Transaction in 2012. Reference is made to "22. Material contracts".

## **Balance sheet**

2013 vs 2012

Total assets as at December 31, 2013 were USD 137.8 million (2012: USD 158.3 million), corresponding to a decrease of USD 20.5 million compared to December 31, 2012. Cash balance as at 31 December 2013 stood at USD 5.4 million.

The main drivers for the decrease in total assets from 2012 to 2013 were a combination of assignment of a vendor note of USD 15.1 million to Clipper and depreciation on vessels of USD 5.6 million.

The carrying value of vessels, including capitalized dry-docking as at December 31, 2013 amounted to USD 118.2 million, corresponding to a net decrease of USD 4.8 million compared to December 31, 2012, mainly due to depreciation expenses offset by capitalised dry-docking USD 0.8 million.

Total equity as at December 31, 2013 was USD 28.2 million, compared to a negative equity of USD 37.4 million at December 31, 2012. The turnaround in equity was primarily due to the Restructuring whereby 367,211,706 new shares were issued resulting from a debt conversion exercise. Additionally, USD 2.0 million of new capital was injected by Nordic Maritime at completion of the Restructuring. The debt conversion also resulted in a gain of USD 28.6 million which was recognised in the retained earnings.

Nordic Shipholding's total liabilities fell by USD 86.1 million to USD 109.6 million as at December 31, 2013. The main drivers for the decrease in total liabilities from 2012 to 2013 were a combination of the debt restructuring of USD 72.1 million and assignment of the vendor note and short term debt of USD 15.1 million debt to Clipper.

#### 2012 vs 2011

As at December 31, 2012, Nordic Shipholding's total assets amounted to USD 158.3 million (2011: USD 329.5 million), corresponding to a decrease of USD 171.2 million. Cash balance as at December 31, 2012 was USD 6.1 million (2011: USD 14.3 million).

The main drivers for the decrease in total assets from 2011 to 2012 were a combination of the divestment of the chemical tanker business completed April 30, 2012 as well as an impairment write down on the remaining product tankers vessels of USD 37.7 million.

The carrying value of vessels including capitalized dry-docking as at December 31, 2012 amounted to USD 123.0 million (2011: USD 284.9 million).

Total equity as at December 31, 2012 was negative USD -37.4 million (2011: USD 24.7 million). The change in equity was primarily due to loss on operation of the product tanker vessels and the impairment write down on vessels.

Nordic Shipholding's total liabilities fell by USD 109.1 million to USD 195.7 million as at December 31, 2012 primarily due to disposal of the chemical tanker business.

#### **Cash flow**

##### 2013

Cash flow from operations amounted to USD -5.8 million, while financial income, finance expenses and taxes negatively affected operating cash flow by USD 6.4 million in 2013.

Cash flow from investing activities amounted to USD -0.8 million, negatively by USD 0.8 million from dry dockings.

Cash flow from financing activities amounted to USD 5.9 million from drawing on the Working Capital Line and capital injection of USD 2.0 million.

Cash flow for the year thus amounted to USD -0.7 million, bringing the cash balance at year end to USD 5.4 million.

##### 2012

Cash flow from continued operations amounted to USD -5.0 million, while financial income, financial expenses and taxes negatively affected operating cash flow by USD -7.9 million in 2012.

Cash flow from continued investing activities amounted to USD 9.6 million, positively affected by cash

USD 10.0 million from the sale of the chemical tanker business.

Cash flow financing activities amounted to USD -10.0 million. The negative 2012 financing cash flow is related to a USD 10.0 million installment on loan facilities.

Cash flow for the year thus amounted to USD -8.2 million including cash flow regarding discontinued activities of USD -2.8 million, bringing the cash balance at year end to USD 6.1 million.

### **9.7 Government, economic, fiscal, monetary or political initiatives**

Nordic Shipholding is subject to regulation by a number of governmental, quasi-governmental and private organizations such as the EU, the individual states (flag states), the IMO and classification societies. A large number of international conventions are relevant to the shipping industry. See "6.3 Regulatory framework in the shipping industry" for a description of government, economic, fiscal, monetary or political initiatives.

See "Risk factors" for a description of risks relating to government, economic, fiscal, monetary or political initiatives

### **9.8 Significant events after the balance sheet date**

On February 7, 2014, ownership of M/T Nordic Agnetha was transferred to Nordic Agnetha Pte. Ltd., and on March 12, 2014, ownership of M/T Nordic Hanne was transferred to Nordic Hanne Pte. Ltd.

On February 14, 2014, the Company disclosed that it had replaced its technical manager with Thome Ship Management Pte. Ltd. and Columbia Shipmanagement (Singapore) Pte. Ltd.

Apart from the above, Management is not aware of significant events having occurred after the balance sheet date for the financial year ended December 31, 2013, that will affect the Company's assets, liabilities or financial position.

## 10. Capital resources

The Company's primary sources of cash funds are cash flows from distributions from the two pools in which the vessels are employed, bank loans and equity financing. As at December 31, 2013, the Company had cash in the approximate amount of USD 5.4 million and total bank debt of USD 103.9 million, which included the Working Capital Facility of USD 4.0 million. See "9. Operating and financial review" for a description of the Company's cash flow trends.

From an operational point of view, the Company owns 6 product tankers which are employed in 2 pools. Freight revenues are generated by the vessels in the respective pools by which periodic cash flows are distributed to the vessels' respective owners in accordance with the pool agreements. Reference is made to section "22.6 Pool Agreements".

The Company's primary application of cash funds relates to operating expenses and financial expenses (interest payment and debt repayment). These are made from the cash available to the Company from time to time.

The table below gives an overview of the Company's total debt as at December 31, 2013:

**Table 25: Overview of the Company's total debt as at December 31, 2013**

Lending Banks	Type	Maturity	Total (USD million)
Nordea Bank Danmark A/S and Danmarks Skibskredit A/S	Term Loan	30 Dec 2020	55.49
	Working Capital	18 Dec 2014	2.22
Nordea Bank Danmark A/S	Term Loan	30 Dec 2020	44.51
	Working Capital	18 Dec 2014	1.78

The Company has entered into Financing Agreements. The combined facility amount is USD 104 million comprising a 7 year term loan of USD 100 million and the 364 days Working Capital Facility of USD 4.0 million. The entire USD 104 million facility was drawn on December 19, 2013 when the Company's debt and equity were restructured. Reference is made to "6.1.2 Description of the Restructuring" and "22. Material contracts".

Both the Financing Agreements and Working Capital Facility carry a floating interest of 3 Month Libor + 3% p.a. Quarterly principal loan repayments will commence on March 31, 2015 with a balloon of USD 64.3 million.

In addition, on a quarterly basis, any surplus cash exceeding USD 6 million will be used to repay the Working Capital Facility. Once the Working Capital Facility is fully repaid, the surplus cash exceeding USD 6 million will be subjected to the following cash sweep:

**Table 26: Overview of cash sweep mechanism**

<b>Market value of vessels <math>\geq</math> 166.67% of outstanding loan</b>	50% of surplus cash to be used as loan prepayment
<b>Market value of vessels <math>&lt;</math> 166.67% of outstanding loan</b>	100% of surplus cash to be used as loan prepayment



Please see "22. Material contracts" for further details.

Nordic Shipholding's long-term borrowing facilities are subject to terms that it must comply with in order to maintain the facilities, including financial and operational covenants and default provisions. See "6.1.2 Description of the Restructuring" for a description of the Restructuring Agreement, "3.1 Working Capital Statement" in the Securities Note and "Risk factors" for a description of related risks.

Upon termination or expiry of the Financing Agreements and/or the Working Capital Facility, Nordic Shipholding will need to refinance or find additional or new lenders to secure financing for its operations.

## **11. Research and development, patents and licenses**

Due to the nature of the Company's business, the Company has no research and development policy and has not in 2012 and 2013 incurred any costs relating to research and development

Nordic Shipholding has no material patents and the Company does not use any licenses other than ordinary IT licenses. The Company has no registered trademarks.

## **12. Trend Information**

The world economy continues to be affected by the recession and is expected to grow at moderate rates in 2014. There is, however, great variance among regions as growth rates for the European countries and the U.S. are either negative or very moderate, which is outpaced by the growth rates for China and India. The shipping sector has been heavily influenced by this development as this – besides a generally lower demand for goods and services – has resulted in changes in the pattern of trade flows and fossil fuel consumption as more demand moves towards the growing Chinese economy.

Shipping is by nature a very difficult market to predict as shipbuilding and ultimately fleet growth follows a long-term cycle and trade growth short-term cycles; whilst both are characterized with significant year-on-year variations. These factors combined with other influencing parameters (such as change in trade patterns, new regulatory requirements and fluctuating fuel prices) makes forecasting in the shipping industry difficult and on this basis, any view on the future direction of the shipping market will be filled with great uncertainty.

The global product tanker fleet has increased in recent years as strong economic growth prior to 2008 led to significant investments in newbuildings. However, the economic slowdown combined with deteriorating freight rates have led to a significant decrease in orders for new ships. As a result, the year-on-year growth in the product tanker fleet is expected to moderate in 2014 and 2015 and currently there is a supply overhang of tonnage as well. Product tanker freight rates in 2013 were generally more stable than rates for the larger tankers and towards the end of the year rates started to move upwards, which also resulted in a positive impact on secondhand values for modern tonnage. There can be no certainty that this upward trend will continue in 2014 or that the freight rates experienced towards the end of the year can be maintained.

For further information, reference is made to "6. Business Overview".

## **13. Prospective financial information**

### **13.1 Statement by Management**

Management presents the prospective consolidated financial information for Nordic Shipholding for 2014 in the following. The prospective consolidated financial information for 2014 has been prepared according to the methodology and based on the material assumptions set out in "13.4 Methodology and assumptions" and the accounting policies set out in the Company's annual report for the financial year ended December 31, 2013.

The prospective consolidated financial information for 2014 is based on a number of assumptions, some of which are beyond the Company's control and influence.

The prospective consolidated financial information for 2014 represents Management's best estimates at the Listing Prospectus Date. However, the prospective consolidated financial information for 2014 contains estimates, assessments and assertions that are subject to considerable uncertainty. In addition to the uncertainties related to the methodology and assumptions used, addressed in "13.4 Methodology and assumptions", potential risks and uncertainties comprise, without limitation, those referred to in "Risk Factors".

Actual results are likely to be different from the prospective consolidated financial information for 2014 since anticipated events frequently do not occur as expected, and the variation may be material.

Hellerup, March 28 2014

#### **For Nordic Shipholding A/S**

##### **Board of Directors**

Knud Børge Pontoppidan  
*Chairman*

Jon Robert Lewis  
*Deputy Chairman*

Kristian Verner Mørch

Anil Kumar Gorthy

Philip Clausius

##### **Executive Management**

Philip Clausius  
*CEO*

## **13.2 Independent Auditors' Statement on Prospective Consolidated Financial Information of Nordic Shipholding A/S for 2014**

To shareholders and potential investors in Nordic Shipholding A/S

We have examined the prospective consolidated financial information for Nordic Shipholding A/S for the period 1 January to 31 December 2014 included in section "13.4 Methodology and assumptions" and section "13.5 Prospective consolidated financial information for 2014".

The Statement has been prepared only for the use of shareholders and potential investors for the purpose of subscribing for shares in the Company.

### **Management's responsibility**

Company Management is responsible for the preparation of the prospective consolidated financial information on the basis of the significant assumptions disclosed in section "13.4 Methodology and assumptions" and 13.5 "Prospective consolidated financial information for 2014", and in accordance with applicable accounting policies of the Company, as described in the Company's Annual Report for 2013. In addition, Management is responsible for selecting the assumptions underlying the prospective consolidated financial information.

### **Auditors' responsibility**

Our responsibility is to express a conclusion on the prospective consolidated financial information based on our examination. We conducted our examination in accordance with ISAE 3000 DK the international standard for assurance engagements other than audits or reviews of historical financial information, and additional requirements under Danish audit regulation to obtain reasonable assurance about whether the prospective consolidated financial information has, in all material respects, been prepared on the basis of the assumptions disclosed and in accordance with the accounting policies applicable to the Company. As part of our examination we tested whether the prospective consolidated financial information was prepared on the basis of the assumptions disclosed and the accounting policies applicable to the Company, including checking the figures of the prospective consolidated financial information for consistency.

We believe that our examinations provide a reasonable basis for our conclusion.

### **Conclusion**

In our opinion, the prospective consolidated financial information for the period 1 January to 31 December 2014 has, in all material respects, been prepared on the basis of the assumptions disclosed in section "13.4 Methodology and assumptions" of the Listing Prospectus and in accordance with the accounting policies applicable to the Company.

Actual results are likely to differ from the prospective consolidated financial information as often anticipated events do not occur as expected. Such variation may be material. Our examination did not include an assessment as to whether the assumptions applied are valid or whether the prospective consolidated financial information is realisable and, accordingly, we do not express an opinion thereon.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to section "13.4 Methodology and assumptions", where management's assumptions for the prospective consolidated financial information are described. The section describes assumptions that are subject to considerable uncertainty and beyond the control of Nordic Shipholding. The matters described may cast doubt on the ability of Nordic Shipholding A/S to continue as a going concern due to potential breach of loan covenants.

Hellerup, March 28, 2014

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Thomas Wraae Holm

Christian F. Jakobsen

### **13.3 Introduction to prospective consolidated financial information**

The prospective consolidated financial information has been prepared on the basis of the Company's accounting policies as described in the annual report 2013. The Company's prospective consolidated financial information for 2014 is based on a number of estimates, assessments and assertions which, while presented with numerical specificity and considered reasonable by Management, are inherently subject to significant business, operational and economic uncertainties, many of which are beyond the Company's and Management's control.

Further, the expectations for future periods have been prepared on the basis of assumptions with respect to future business decisions that may not be made as assumed. The most significant of the assumptions for the financial year 2014 are described in section "13.4 Methodology and assumptions" below.

The prospective consolidated financial information for 2014 represents Management's best estimates at the Listing Prospectus Date. The prospective consolidated financial information contains estimates and forward-looking statements which are subject to uncertainty, see "Risk factors".

Actual results are likely to be different from the prospective consolidated financial information for 2014 since anticipated events frequently do not occur as expected, and the variation may be material.

The prospective consolidated financial information for 2014 in this section should be read in conjunction with "Risk factors", included elsewhere in this Listing Prospectus.

### **13.4 Methodology and assumptions**

#### **13.4.1 Methodology**

The prospective consolidated financial information for 2014 has been prepared on the basis of the Company's accounting policies set out in the Company's annual report for 2013. Furthermore the prospective consolidated financial information for 2014 has been prepared in accordance with the Company's normal budgeting procedure and internal procedures for preparing forecasts for future periods. The Company's prospective consolidated financial information for 2014 is based on the Company's profit or loss forecast for 2014 prepared by Management.

The prospective consolidated financial information for 2014 is prepared on the basis of the current strategy with the newly imposed restrictions under the Financing Agreements following the completion of the Restructuring Agreement. Reference is made to "6.1.2 Description of the Restructuring" and "6.1 Short description of Nordic Shipholding's activities". There can be no assurance that the strategy will not be changed by a new board of directors or if Management becomes aware of new circumstances or if the underlying market conditions change.

#### **13.4.2 Assumptions**

The prospective consolidated financial information for 2014 is based on the following key assumptions which, unless otherwise indicated, are considered to be under Nordic Shipholding's control or influence:

- The fleet size and employment of the 6 vessels remain unchanged (5 vessels in the Handytankers pool and 1 vessel in the Straits Tankers pool). The prospective financial information are stated excluding impairment losses for the 6 vessels in 2014. Impairment losses is highly dependent on the prevailing market values and forecast freight rates. These are beyond the control of the Company. Depreciation for 2014 is based on applying the straight-line method and a useful life for the Company's vessels of 25 years.
- Estimated daily time-charter equivalent rates are assumed to be those provided by the respective pools. For the handy tankers, the TCE rate provided was around USD 14,000. For the LR1 vessel, the TCE rate provided was around USD 15,200. Estimated daily TCE earnings are estimated based on the assumed daily time-charter equivalent rates provided by the respective pools prorated by the respective vessels' pool points and multiplied by the number of earning days. Earning days are assumed to be 365 days less off-hire days arising from projected dry-

dockings for certain vessels. The TCE revenue can vary substantially from the budget and are beyond Nordic Shipholding's control.

- Operating expenditure is based on the respective technical managers' 2014 budgets. The estimated average daily operating expenditure is forecasted at around USD 6,384 (-17.3% or USD 1,338 against 2013 daily rates), which is below the level of 2013 due to lower estimates provided by the two new incoming technical managers. These costs include projected crew costs, stores, engine repairs, luboils, insurances etc. These costs can vary substantially from the budget and are beyond Nordic Shipholding's control.
- Estimated dry docking costs as advised by the respective technical managers. The change in technical manager announced by the Company will entail certain one-off costs and some loss of revenue resulting from the vessels' loss of oil major vetting approvals for a short time. The Board considers the change in the technical manager to be net positive for the Group in the longer term savings.
- Interest expenses is based on an assumed 3-month Libor of 0.5%. The Libor is beyond the Company's control. At the beginning of the financial year 2014, Nordic Shipholding has a long term debt of USD 100 million and a 364 working capital loan of USD 4 million. Both facilities are interest bearing at 3 month Libor + 3%. Whilst the long-term debt has no projected amortization in 2014, there could be circumstances whereby the cash sweep mechanism can occur (reference to "22. Material contracts") and under such situation, the interest expense can vary. The Working Capital Facility is also assumed to be repaid progressively over 2014. The timings of such repayments will also impact the quantum of interest expense.
- The prospective consolidated financial information for 2014 is prepared based on the going concern principle, as the Group - based on Management's forecast for 2014 - is not expected to breach any covenants under the Financing Agreements. Even though Management expects the Group to be in compliance with covenants throughout 2014, there is uncertainty regarding the development in freight rates, reduction in operating expenditure and collection of the insurance receivable. If the freight rates do not increase as expected, operating expenditure do not decrease as expected, or if the Insurance Receivable is not received, this could lead to breach of covenants in 2014. These and other forecast assumptions in 2014 may cast doubt about the ability of Nordic Shipholding to continue as a going concern. If the Group should breach any covenants under the Financing Agreements, Management expects to find a solution for the financing of the Group.

### **13.5 Prospective consolidated financial information for 2014**

Based on the assumptions described in section "13.4.2 Assumptions" Management expects the following results for the financial year 2014:

- TCE revenue of USD 27.0 – 30.0 million.
- EBITDA of USD 9.0 – 12.0 million.
- Results before tax, is expected to reach accounting breakeven between USD -2.0 and USD 1.0 million excluding any impairment write-downs.
- Group cash flows are expected to be between USD -1.0 and 2.0 million prior to any cash sweep to the Lending Banks but after repayment of the Working Capital Facility of USD 4 million.

The Company's cash flow for 2014 is expected to be affected by the following:

- Receipt of the Insurance Receivable of USD 1.7 million.

- Repayment of Working Capital Facility of USD 4.0 million.
- Cash sweep resulting in reduction of the long term loan of USD 1.1 million.

The full-year expectations for 2014 are subject to uncertainty due to the instability of the global economy, the volatility in the freight rates and the performance of the respective pool managers.

The results of the Company are especially sensitive towards the following factors:

- Interest rate level: USD 100 million of the Company's loans carries floating interest rates and is not hedged in 2014. A change in the interest rate of 1 percentage point will affect the Company's results before tax by USD 1 million.
- Uncertainty relating to insurance receivables for Nordic Ruth: The receivables from the insurance claims for Nordic Ruth are earmarked to pay down the Working Capital Facility as and when the claims proceeds are received. As the Group is still awaiting confirmation from the insurance adjuster regarding the final amount to be recovered, there is uncertainty if the final amount received will be materially less than the anticipated amount.
- Uncertainty on projected pool distributions: The ability to generate sufficient cash flows to pay operating expenses, dry docking costs and interest payments is uncertain as the projected income from the 2 pool operators may differ from actual performance.
- Uncertainty on freight rates, operating expenditure and vessels' valuations: As freight rates are volatile, a 10% decrease in the pool income (on a time charter-equivalent basis) is estimated to result in a USD 3.0 million decrease in the projected cash flow. Actual operating expenditures could be higher than forecasted. A 10% increase in the daily operating expenditure is estimated to result in a USD 1.4 million decrease in the projected cash flow. Vessel valuations are also unpredictable and fluctuate in accordance with market conditions.

All the above sensitivities have been calculated on a full year basis.



## 14. Board of Directors and Executive Management

### 14.1 Board of Directors

The Company's Board of Directors currently consists of five members as listed in the table below.

The business address for the members of the Board of Directors is: Strandvejen 102E, DK-2900 Hellerup, Denmark.

**Table 27: Board of Directors**

<b>Name</b>	<b>Born</b>	<b>Member since</b>	<b>Re-election</b>	<b>Position</b>
Knud Børge Pontoppidan	1944	2010	2014	Chairman
Jon Robert Lewis	1962	2013	2014	Deputy Chairman
Kristian Verner Mørch	1967	2012	2014	Member
Anil Kumar Gorthy	1975	2013	2014	Member
Philip Clausius	1968	2013	2014	Member

The Company believes that all members of the Board of Directors possess the professional and international experience required to serve as a Board member.

#### **Knud Børge Pontoppidan – Board member (Chairman)**

Mr Pontoppidan became a member of the Board of Directors in 2010.

Mr Pontoppidan holds an LL.M (cand.Jur.) from the University of Copenhagen.

Mr Pontoppidan is currently chairman of the Board of Directors of the Danish Maritime Fund and Through Transport Mutual Insurance Association Ltd. and TT Club Mutual Insurance Ltd.

Mr Pontoppidan is currently member of the Board of Directors of SeaMall ApS, Ejendomsselskabet Absalon A/S, Soransk Samfunds Boligfond and Stiftelsen Sorø Akademi.

Mr Pontoppidan is CEO of Seamall Invest ApS and K. Pontoppidan ApS.

Within the past five years, Mr Pontoppidan has been chairman in Mærsk Industri A/S (dissolved on June 6, 2013), and a member of the Board of Directors of the Danish Shipowners' Association, Rederiselskabet Kuling and Maersk Fluid Technology A/S. Mr Pontoppidan is founder of Aktieselskabet Klema and K. Pontoppidan ApS.

Mr Pontoppidan is a former Executive Vice President in A.P. Møller-Mærsk A/S.

#### **Jon Robert Lewis – Deputy Chairman**

Mr Lewis became a member of the Board of Directors in 2013.

Mr Lewis is a graduate from Cornell University and the University of Michigan Law School.

Mr Lewis is Partner, Managing Director and Group General Counsel of PAG.

Mr Lewis is currently member of the board of directors of Absolute Investment Opportunity III Limited,

Absolute Investment Opportunity IV Limited, Absolute Investment Opportunity Limited, Absolute Investment Opportunity V Limited, Achieve Glory Pte. Ltd., ACP Trading Limited, Amenity Global Limited, ARCH II Limited, ARCH Secretaries Limited, Ariel Asset Daebu Yuhanhoeasa, Ariel Asset Holding B.V., Asia Sapphire Pte. Ltd., Asia Pragati Capfin Private Limited, Chantal Worldwide Limited, China Assets Portfolio Limited, China Equity Investments Limited, Cloud Vantage Limited, CONWISE CAPITAL LIMITED, CRF Portfolio Limited, DBZ (Cyprus) Limited, Dynamic Capital Link Limited, Fullworth Management Limited, Global Portfolio Opportunity Limited, Indigo Star Investments Limited, Nordic Maritime S.à r.l., Numen Holding B.V., Overall Pacific Limited, PA Asset Opportunity IX Limited, PA Bloom Opportunity IX Limited, PA Bloom Opportunity Limited, PA Bloom Opportunity VIII Limited, PA Bloom Opportunity X Limited, PA Capital Opportunity II Limited, PA Economic Opportunity VIII Limited, PA Global Opportunity X Limited, PA Glory Opportunity IV Limited, PA Glory Opportunity IX Limited, PA Glory Opportunity V Limited, PA Glory Opportunity VI Limited, PA Glory Opportunity VII Limited, PA Glory Opportunity VIII Limited, PA Glory Opportunity X Limited, PA International Opportunity Limited, PA International Opportunity V Limited, PA Macro Opportunity III Limited, PA Mega Opportunity II Limited, PA Mega Opportunity III Limited, PA Mega Opportunity Limited, PA Universal Opportunity VIII (Mauritius) Limited, PA Worldwide Opportunity Limited, PA Worldwide Opportunity VIII Limited, Pacific Alliance Asia Opportunity Feeder Fund II Limited, Pacific Alliance Asia Opportunity Feeder Fund III Limited, Pacific Alliance Asia Opportunity Feeder Fund Limited, Pacific Alliance Equity Partners Holdings Limited, Pacific Alliance Equity Partners Limited, Pacific Alliance Feeder Fund IV Management Limited, Pacific Alliance Feeder Fund Management Limited, Pacific Alliance Group Asset Management Limited, Pacific Alliance Group Limited, Pacific Alliance Holding Coöperatief U.A., Pacific Alliance Special Situations Feeder Fund Management Limited, Pacific Alliance Special Situations Management Limited, Pacific Alliance-FF Management Limited, Pacific Alliance-W Management Limited, Pacific Lucky Investment Limited (利堅國際有限公司), Pacific Mainland Capital Management Co. Ltd., PA CL I Limited, PA CL Secretaries Limited, PAEP Asia Treasuries Limited, PAEP Management Limited, PAEP Secretaries Limited, PAFF Secretaries Limited, PAG – KP Management Limited, PAG Alternators Holding I Limited, PAG Asia Capital Feeder GP I Limited, PAG Asia Capital GP I Limited, PAG Asia Loan Feeder II Management Limited, PAG Asia Loan Feeder Management Limited, PAG Asia Loan II Feeder II Management Limited, PAG Asia Loan II Feeder Management Limited, PAG Asia Loan Limited, PAG Asia Loan Management II (AUD) Limited, PAG Asia Loan Management II Limited, PAG Asia Loan Management Limited, PAG Asia Special Situations Limited, PAG Asset Portfolio VII Limited, PAG China Equity Investment Management Limited, PAG China Investment Limited, PAG China Limited, PAG Consulting Australia Pty Ltd., PAG Credit Opportunities Limited, PAG Credit Opportunities Management Limited, PAG Holdings Limited, PAG IPR Holdings Limited, PAG Japan Limited, PAG Portfolio Limited, PAG Quantitative Strategies Investment Management Limited, PAG Quantitative Strategies Limited, PAG Quantitative Strategies Management Limited, PAG Real Estate (HK) Limited, PAG Real Estate Limited, PAG Real Estate Value GP Limited, PAG Real Estate Value Limited, PAG Secretaries Limited, PAG Special Situations Limited, PAGAC Encore Holding I Limited, PAGAC Encore Holding I (HK) Limited, PAGAC Encore Holding I SARL, PAGAC Fortress Holding I Limited, PAGAC GP I Limited, PAGAC GP II Limited, PAGAC Hercules Holding I Limited, PAGAC Horseshoe Holding I (HK) Limited, PAGAC Horseshoe Holding I Limited, PAGAC Horseshoe Holding I SARL, PAGAC I Allocation Limited, PAGAC Joyride Holding I (HK) Limited, PAGAC Music Holding I Limited, PAGAC Relay Holding I Limited, PAGAC Secretaries Limited, PAGAC Sparrow Holding GP II Limited, PAGAC Sparrow Holding I (Cayman) Limited, PAGAC Sparrow Holding I Limited, PAGAC Sparrow Holding II Limited, PAGQS Limited, PAIM GP I Limited, PAIM GP II Limited, PAIM Secretaries Limited, PAL GP I Limited, PAL GP II Limited, PA-LF Secretaries Limited, PARE (HK) Limited, Pare II (HK) Limited, PARE III (HK) Limited, PARE Secretaries Limited, PASS Secretaries Limited, PA-W Secretaries Limited, PAX Secretaries Limited, Power Ally Investments Limited, Prime Talent Limited, Reysol Pte. Ltd., Rocky Opportunity Pte. Ltd., SCJREP IV HK Limited, Secured Global Opportunity Limited, Secured Properties Portfolio Limited, Truman Holding B.V., Winland Consultancy Limited, Pacific Alliance Business Consulting (Shanghai) Co. Ltd., Tianjin Kingdom Right Real Estate Co., Ltd., Tianjin Pacific Alliance Property Limited, and Tianjin Jet Sparkle Real Estate Co. Ltd.

During the past five years, Mr Lewis has been a member of the board of directors of Asia Auto Finance Ltd., PA Bloom Opportunity IV Limited, PA Bloom Opportunity V Limited, PA Bloom Opportunity VI Limited, PA Bloom Opportunity VII Limited, Chongqing Liangjiang New Area Zhengde Small Lending Co., Ltd (Liquidated), Jayce Investment Holdings Ltd, PAG Treasuries Limited (fka Pacific Alliance Japan Limited), CarsOne Holding Limited, Genesis Opportunity Pte. Ltd., PARE (Cayman) Limited, Jet Fortune Investment Limited, ARCH Secretaries Limited, Worldwide United Limited, VinaCapital Investment Management Ltd, PAG Holding Limited, Faith Star Yachts (Hong Kong) Limited, Portico Ventures Limited,

Jolly Eagle Development Limited, PA Liquidating Limited, Tianjin Grandcheer Real Estate Co., Ltd (天津麗智置業有限公司), Great View Limited Jetstream Worldwide Limited, Eagle Eye Investments Limited, Vision One Investments Limited, Pacific Alliance - WT Management Limited, PA Guarantee (Shanghai) Limited, Jet Sparkle Limited, Tianjin Xin Yi Investment Management & Consultancy Co., Ltd, Million Fame Holdings Limited, Central Field Enterprises Limited and PA CL II Limited (formerly PA CL Liquidating Limited).

Mr Lewis has not held any managerial positions in other companies within the past five years.

**Kristian Verner Mørch – Board member**

Mr Mørch became a member of the Board of Directors in 2012.

Mr Mørch holds a shipping education from A.P. Møller-Mærsk, an MBA from IMD Lausanne and has completed an Advanced Management Program from Harvard Business School.

Mr Mørch is currently partner in Clipper Group, CEO of Clipper Projects A/S, manager of Clipper Management A/S, Clipper Ferry Invest A/S, Clipper Lines A/S, Memo Shipping ApS, and Memo Partner ApS.

Mr Mørch is currently chairman of the board of directors of HH2 A/S, Clipper Technical A/S, and Clipper Fleet Management A/S.

Mr Mørch is currently member of the board of directors of Komplementarselskabet Clipper Air Transport ApS, Clipper Bulk A/S, Clipper Ferry Invest A/S, Clipper Lines A/S, Clipper Tankships A/S, Thorco Shipping A/S, and Clipper Projects A/S.

Mr Mørch is founder of Memo Shipping ApS.

Within the past five years, Mr Mørch has been chairman of the board of directors of Broström Tankers Denmark A/S (dissolved following a liquidation), Handytankers K/S, Swift Tankers Management A/S (dissolved following a liquidation), and Mærsk Product Tankers A/S.

Within the past five years, Mr Mørch has been a member of the board of directors of Greystone Capital A/S, and Long Range2 A/S.

**Anil Kumar Gorthy - Board member**

Mr Gorthy became a member of the Board of Directors in 2013.

Mr Gorthy has a Bachelor in Technology and an a MBA from Indian Institute of Management, Calcutta.

Mr Gorthy is currently partner and Managing Director of PAG.

Mr Gorthy is currently member of the board of directors of Achieve Glory Pte. Ltd., Alpena Pte. Ltd., Asia Pragati Capfin Private Limited, Bryanston Pte. Ltd., Cash Springs Pacific Limited, Claviger Investment Pte. Ltd., Grand Paradise Pte. Ltd., Jupiter Capital Management Pte Ltd, Macro Capital Pte. Ltd., Quilington Pte. Ltd., Riko Investment Pte. Ltd., Savile Pte. Ltd., SC INVESTMENT ADVISORS PTE. LTD., Swarna Pragati Housing Microfinance Private Limited, The Great Insight Capital Pte. Ltd., and Tokee Pte. Ltd.

During the past five years, Mr Gorthy has been a member of the board of directors of Bravia Capital Asian Investments, Ltd., FAL HOLDINGS PTE. LTD., Jayce Investment Holdings Ltd., and NatFleet Investments Holding Ltd.

Mr Gorthy has not held any managerial positions or directorships in other companies within the past five years.

**Philip Clausius – Board member and Chief Executive Officer**

Mr Clausius became a member of the Board of Directors in 2013 and CEO in 2014.

Mr Clausius holds a graduate degree (Diplom-Betriebswirt) in Business Administration from the European Business School, Germany.

Mr Clausius is CEO of Transport Capital Pte. Ltd., Singapore, advisory board member of Singapore Maritime Foundation, and supervisor to the Board of Columbia Shipmanagement (Shanghai) Co. Ltd.

Mr Clausius is currently member of the board of directors of Transport Capital Holdings Pte. Ltd., Transport Capital Pte. Ltd., Nordic Shipholding A/S, Nordic Shipholding Singapore Pte. Ltd., Nordic Agnetha Pte. Ltd., Nordic Hanne Pte. Ltd., Nordic Anne Pte. Ltd., Nordic Pia Pte. Ltd., Nordic Amy Pte. Ltd., Nordic Ruth Pte. Ltd., Columbia Shipmanagement (Changhai) Co Ltd, APSE SPV 1 Pte. Ltd., APSE SPV 2 Pte. Ltd., APSE SPV 3 Pte. Ltd., and APSE SPV 4 Pte. Ltd.

Within the past five years, Mr Clausius has been executive director of FSL Trust as trustee manager of the First Ship Lease Trust, and CEO of the FSL Group of Companies, Singapore, including FSL Holdings Pte. Ltd., FSL Asset Management Pte. Ltd., and FSL Trust Management Pte. Ltd., and all the vessel-owning SPCs of FSL Trust, and an independent non-executive member of the board of directors for Aircraft Capital Trust Management Pte. Ltd.

## 14.2 Executive Management

The business address for the Executive Management is: Strandvejen 102E, DK-2900 Hellerup, Denmark.

**Table 28: Executive Management**

<b>Name</b>	<b>Born</b>	<b>Position</b>
Philip Clausius	1968	Chief Executive Officer

Philip Clausius is registered as the Company's Chief Executive Officer with the Danish Business Authority.

### **Philip Clausius – Board member and Chief Executive Officer**

Mr Clausius has been the Company's Chief Executive Officer since January 2, 2014.

Reference is made to "14.1 Board of Directors" for a description of Mr Clausius' background and current and past managerial positions.

Mr Clausius was appointed CEO following conclusion of a corporate management agreement entered into on December 19, 2013, between the Company and Transport Capital Pte. Ltd. Under the agreement, all corporate management of the Company has been outsourced to Transport Capital Pte. Ltd. Reference is made to "22. Material contracts". Mr Clausius is also employed by Transport Capital Pte. Ltd.

## 14.3 Statement on past records of the Board of Directors and the Executive Management

Within the past five years, none of the members of the Board of Directors or the Executive Management has been (i) convicted of fraudulent offences or (ii) subject to any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or (iii) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Within the past five years, no member of the Board of Directors or the Executive Management has participated in the management of any company that has initiated insolvency proceedings, receiverships or has entered into liquidation, apart from what is set out above.

## 14.4 Statement of kinship and statement of conflict of interest

Anil Kumar Gorthy, Jon Robert Lewis and Philip Clausius were appointed to their current directorships

within the Company after nomination by the majority shareholder, Nordic Maritime. Mr Gorthy and Mr Lewis are both partners and managing directors of PAG, the indirect owner of Nordic Maritime. Mr Clausius is CEO of Transport Capital Pte. Ltd., the current corporate manager of the Company. As part of the Company's corporate management agreement with Transport Capital Pte. Ltd, the Company has renounced and waived any rights to raise a claim against the Executive Management and undertaken to hold the Executive Management harmless in connection with the exercise of its duties. Reference is made to section "22. Material contracts" for a description of the corporate management agreement. Furthermore, Philip Clausius and Transport Capital Pte. Ltd. are beneficiaries under an incentive arrangement entered into by Philip Clausius, Transport Capital Pte. Ltd. and an entity controlled by PAG, relating to the Company. Reference is made to section "15.4 Incentive programme by PAG".

Kristian Verner Mørch is CEO of the Clipper Group, which holds a total shareholding of less than 3% after the Restructuring.

Except as disclosed above, none of the members of the Board of Directors or the Executive Management have conflicts of interest with respect to their duties as members of the Board of Directors or the Executive Management.

There are no family ties among the members of the Board of Directors or the Executive Management.

No members of the Board of Directors or Executive Management have undertaken any restrictions on the disposal within a certain period of time of their shareholdings in the Company.

## **15. Remuneration and benefits**

### **15.1 Remuneration of the Board of Directors**

The aggregate remuneration in 2013 of the Board of Directors including three former board members, Erik Bartnes, Mogens Stig Buschard, and Saravana Sivasankaran (all resigned on December 19, 2013), was USD 257,000, of which the Chairman received DKK 350,000 (approx. USD 79,100), the Deputy Chairman DKK 262,500 (approx. USD 59,300), and the ordinary members USD DKK 175,000 (approx. 39,500) each.

For 2014, Knud Børge Pontoppidan will receive DKK 350,000 and Kristian Mørch will receive DKK 175,000.

Anil Kumar Gorthy, Jon Robert Lewis, and Philip Clausius have waived their right to receive remuneration from the Company in respect of their membership of the Board of Directors.

The Company has not granted any loans, issued any guarantees or undertaken similar obligations to or on behalf of the Board of Directors or any of its members. The Company has not allocated funds to provide pension, retirement or similar benefit to the members of the Board of Directors.

No member of the Board of Directors is entitled to any kind of remuneration upon retirement from their office as Board member other than ordinary remuneration on a pro rata basis.

### **15.2 Remuneration of the Executive Management**

For the financial year ended December 31, 2013, the Executive Management consisted of Thomas Andersen.

For the financial year ended December 31, 2013, the remuneration to the Executive Management was paid by Hafnia Tankers ApS (formerly Tankers Inc. Holdings A/S) as part of the corporate management agreement concluded between the Company and Hafnia Tankers ApS, under which Hafnia Tankers ApS was obligated to make available a CEO against payment of a fee. Mr Andersen was also employed by Hafnia Tankers ApS from which Mr Andersen received remuneration. Mr Andersen did not receive any remuneration from the Company, including salary, pension, bonus, etc.

On January 2, 2014, Mr Andersen was replaced by Philip Clausius as CEO. Mr Clausius was appointed CEO following conclusion of a corporate management agreement entered into on December 19, 2013, between the Company and Transport Capital Pte. Ltd., under which Transport Capital Pte. Ltd. is obligated to make available a CEO against payment of a fee. Upon termination of the corporate management agreement, Transport Capital is entitled to receive 12 months' management fee. Reference is made to "22.4 Corporate management agreement with Transport Capital Pte. Ltd."

Mr Clausius is also employed by Transport Capital Pte. Ltd. from which Mr Clausius receives remuneration. Mr Clausius does not receive any kind of remuneration from the Company, including salary, pension, bonus, etc. and is not entitled to receive any kind of remuneration upon retirement from office as CEO.

The Company has not granted any loans, or issued any guarantees or undertaken similar obligations to or on behalf of the current Executive Management or any of its members. Nordic Shipholding has not allocated funds to provide pension, retirement or similar benefit to the current Executive Management.

The Service Agreement entered into between the Company and its CEO ceases automatically and without further notice on the earliest of the following dates: (i) the termination date of the corporate management agreement with Transport Capital Pte. Ltd. (see "22. Material contracts"), or (ii) the termination date of the employment relationship between the CEO and Transport Capital Pte. Ltd. Both the Company and the CEO may terminate the employment relationship at one month's notice to be given at the end of a month. If either party is in material breach of their obligations, the other party may terminate the Service Agreement without notice.

### **15.3 Shareholdings of the Board of Directors and the Executive Management**

See “17.2 Shareholdings of the Board of Directors and the Executive Management” for information on the holdings of shares and share options of the individual members of the Board of Directors and the Executive Management.

### **15.4 Incentive programme by PAG**

Pursuant to a Master Management Deed entered into between a PAG entity and Transport Capital Pte. Ltd., Transport Capital Pte. Ltd. is entitled to receive certain incentive compensation for its management services, provided the PAG investment in Nordic Shipholding achieves a certain minimum return threshold. Such an incentive compensation is not an expense of the Company.

### **15.5 Allocations for pension, retirement or similar benefits**

The Group has not made any allocation for pension, retirement or similar benefits.

## **16. Board practices**

### **16.1 Practices of the Board of Directors**

The Board of Directors is responsible for the overall management of the Company as well as the supervision and appointment of the Executive Management. The duties of the Board of Directors include establishing policies for strategy, accounting, organisation and finance, and the appointment of the executive management. The primary responsibilities of the Board of Directors are to safeguard the interests of shareholders with due regard to the other stakeholders of the company and ensure that the Company is properly managed in accordance with the applicable articles of association, laws and regulations and to pursue the commercial objectives as well as the strategic development of the Company.

The Board of Directors convenes regularly and conducts its business according to its Rules of Procedure.

### **16.2 Practices of the Executive Management**

Executive Management is employed by the Board of Directors which lays down the terms and conditions of employment and the framework for its duties. Executive Management is responsible for the day-to-day management of the Company.

The rules of procedure of March 12, 2010, lays down the framework for the Executive Management. The rules of procedure have not been updated since the management function was outsourced following the Triton Transaction. Reference is made to "22. Material contracts" for a description of the corporate management agreement.

Transactions of an unusual nature or of major importance may only be effected by the Executive Management on the basis of a special authorisation or approval granted by the Board of Directors. In the event that certain transactions cannot await the approval of the Board of Directors, taking into consideration the best interests of the Company, the Executive Management shall, to the extent possible, obtain the approval of the chairman of the Board of Directors and ensure that the Board of Directors is subsequently given notice of such transactions passed. Transactions of an unusual nature or of major importance are defined in the rules of procedure and include, inter alia, acquisition and disposal of vessels, acquisition and disposal of real property, one off investments exceeding USD 200,000 when not approved in the budget, etc.

### **16.3 Information regarding contract terms of Board of Directors and Executive Management**

See "15. Remuneration and benefits" for a description of the contract terms regarding the Board of Directors and Executive Management.

### **16.4 Board committees**

The Board of Directors has not established any sub-committees. Reference is made to "16.5 Corporate governance – Board committees".

### **16.5 Corporate governance**

On May 6, 2013, NASDAQ OMX Copenhagen made the recommendations of the Committee on Corporate Governance of May 6, 2013, an integral part of the disclosure requirements for listed companies from June 1, 2013.

Nordic Shipholding is committed to maintain a high standard of corporate governance as adapted to the operations of the Company, and the Board of Directors continuously reviews the framework and principles for the overall governance of the Company. In line with the 'comply or explain' principle, the Board of Directors has considered the Corporate Governance Recommendations that form part of these disclosure obligations. The Company is in compliance with a majority of the recommendations of the Danish Committee on Corporate Governance of May 6, 2013.



Following is a brief description of the main deviations from the recommendations:

### **Communication and interaction with stakeholders**

The Company has a policy for communication with the market and its shareholders in order to provide information of material events, improve transparency and to ensure fulfilment of all statutory disclosure obligations. Due to the limited administrative staff of the Company, the Board of Directors has not found it necessary to formalise such policy.

The Board of Directors has not found it necessary to adopt a formalized contingency procedure in the event of a takeover bid as the Company's majority shareholder holds more than 75 % of the Company's Shares as at the Listing Prospectus Date. The Board of Directors agrees that it should not without the acceptance of the general meeting attempt to counter a takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.

### **Corporate social responsibility**

The Company has not found it necessary to adopt specific formalised policies on corporate social responsibility for the Company's operations due to the functional structure of the Company, where all corporate, commercial and technical management have been outsourced to external management service providers. Reference is made to section "7.2 Functional structure".

### **Composition of the Board of Directors**

As of the Listing Prospectus Date, the Board of Directors does not comply with the recommendation that more than half of its members are independent. Due to its shareholder composition with one controlling shareholder, Nordic Maritime, who is able to appoint a majority of the board members, a strong representation of such shareholder on the Board of Directors is deemed important for the Company in light of its business plans and present financial position. While the Board of Directors will seek to nominate independent board members, it has no express policy that these should represent a majority. When selecting and nominating board candidates, the Board of Directors focuses on the qualifications needed, including that the board members have significant relevant work experience as well as an international profile. Furthermore, as the Company focuses on the competencies of potential board candidates it sees no need for determining an age limit for members of the Board of Directors.

The Board of Directors carries out internal assessments of its qualifications and composition, including of which qualifications it should possess. The assessment procedure is performed on a non-formalised and recurring basis. Due to its shareholder composition with one controlling shareholder, the Board of Directors has not found it necessary to expressly account for this on an annual basis.

### **Board committees**

The Company has chosen not to establish any board committees because of its shareholder structure, the nature of the Company's operations and its limited staff of one Executive Manager as of the Listing Prospectus Date. The assignments to be handled by the audit committee under the Danish Act on Approved Auditors and Audit Firms (in Danish: Revisorloven) are handled by the Board of Directors as a whole, as well as the assignments relating to the nomination and remuneration committees. Therefore, the Company has not found it necessary to publish actual terms of reference or details about the frequency of meetings.

### **Evaluation of the performance of the Board of Directors and Executive Management**

The Board of Directors carries out an internal assessment of the Executive Management's work and results on an ongoing basis. Because of the close relations between the Executive Management and the Board of Directors, the internal assessment takes place on an ongoing basis based on the current observations and not necessarily in accordance with predefined clear criteria.

## **Gender policy**

In the financial year ended December 31, 2013, the Board of Directors consisted of five men, of which three had a nationality other than Danish. The Board of Directors has established a goal that within four years, the Board of Directors should have at least one female board member. Because of the Company's limited staff, the Company has not found it necessary to establish a policy to ensure the diversity of the Company's other layers of management.

### **16.6 Guidelines for incentive pay schemes**

In accordance with section 139 of the Danish Companies Act, the Company has adopted "General guidelines for incentive pay schemes offered to the board of directors, Executive Management and other employees of Nordic Tankers A/S" which have been approved by the general meeting on April 22, 2010. The guidelines have not been posted on the Company's website. Information on the website does not form part of and is not incorporated by reference into this Listing Prospectus. The guidelines were adopted prior to the Triton Transaction following which the chemical tanker business of Nordic Shipholding was divested. As a result, the number of employees and the structure of the operations of Nordic Shipholding were materially changed.

As of the Listing Prospectus Date, no members of the Board of Directors or Executive Management are entitled to receive incentive pay. Thus, the Board of Directors proposes that the existing guidelines for incentive pay schemes are repealed at the annual general meeting on April 15, 2014.

## 17. Employees

### 17.1 Overview of employees

The Company has entered into a corporate management agreement with Transport Capital Pte. Ltd. pursuant to which Transport Capital Pte. Ltd. shall undertake the day to day management and operation of the Company. As part of the corporate management agreement, Transport Capital Pte. Ltd. is providing a CEO for the Company. Reference is made to "22. Material contracts".

As of the Prospectus Date, the CEO is the only employee of the Company and is not remunerated.

**Table 29: Average number of employees**

	2012	2013
Full-time employees (average)	2	0

As at the Listing Prospectus Date, no material change in the number of employees has occurred since December 31, 2013.

### 17.2 Shareholdings of the Board of Directors and the Executive Management

The shareholdings of the members of the Board of Directors and the Executive Management are listed in the table below.

**Table 30: Shareholdings of the Board of Directors and the Executive Management as of the Listing Prospectus Date**

Name	Position	Number of Shares	Number of Warrants
Knud Børge Pontoppidan	Chairman of the Board	102,052 <sup>1</sup>	0
Jon Robert Lewis	Deputy Chairman	0	0
Kristian Verner Mørch	Director	4,400	0
Anil Kumar Gorthy	Director	0	0
Philip Clausius	Director and CEO	0	0

*Note: (1) Mr Pontoppidan holds Shares directly and indirectly through the wholly-owned company K. Pontoppidan ApS.*

Other than as set forth above, no members of the Board of Directors or the Executive Management hold Shares or warrants in the Company.

### 17.3 Warrant programmes

In June 2010 and May 2011, the Board of Directors granted warrants to the Company's executive management and employees. The warrants were granted in accordance with an authorisations given to the Board of Directors by the shareholders. Following the divestment of the chemical tanker business in 2012 in the Triton Transaction, the granted warrants are solely owned by former employees and executive management of the Group.

Nordic Shipholding's warrant programmes are subject to Danish law and include certain adjustment

provisions and exercise conditions and other terms customary for warrant programmes of this nature. Among other things, the programmes provide that a share capital increase made at a subscription price below market value, should result in an adjustment the subscription price and the number of Shares in the Company which can be acquired when exercising a warrants. Any issue of bonus shares in the Company (e.g. stock dividend) or distribution of dividends before the warrant is exercised also lead to adjustments of the subscription price and/or the number of Shares.

As the general meetings resolved to reduce the nominal value of the Shares on the extraordinary meeting held December 17, 2013 to cover losses, neither the subscription price nor the number of shares are to be adjusted. Consequently, the holders of warrants retain the right to subscribe for the same number of shares and at the same subscription price. Neither does an increase of the Company's share capital at market price, such as the conversion of debt into new shares at completion of the Restructuring Agreement on December 19, 2013, result in any adjustments.

The Board of Directors has issued warrants in two batches as described below.

### **Warrants programme - June 2010**

In accordance with the authorisation set out in article 4a of the Company's articles of association, the Board of Directors have decided to issue 1,288,000 warrants to members of the executive board and employees. As a result of the reduction of the share capital by reducing the denomination on all shares from nominally DKK 10.00 to nominally DKK 0.10, adopted on the general meetings held on November 5, 2010 and December 17, 2013, respectively, the 1,288,000 warrants issued give the right to subscribe for up to 1,288,000 shares of nominally DKK 0.10.

Pursuant to the warrant agreements the warrants were granted free of charge. Each warrant entitles the holder of warrants to subscribe for one share of nominal value DKK 0.10 at a price of DKK 10 per share added 4 per cent p.a. as of June 23, 2010.

As at December 31, 2013 a total number of 1,088,000 unexercised warrants were outstanding under the warrant programme 2010, including 550,000 granted to the former members of the executive management.

Warrants granted in 2010 can be exercised wholly or partly in the period from June 24, 2012 until and including June 24, 2014. Warrants which have not been exercised on or before the last day of the exercise period will lapse automatically.

Warrants should be exercised within a period of four weeks after the publication of the Company's annual reports or interim reports. Consequently, the last period in which warrants granted can be exercised is the four-week period after the publication of the Company's annual report for the financial year 2013.

Nordic Shipholding A/S has entered into two types of warrants agreements, one with and one without a lock-up period. Approximately 76% of the warrants issued under the 2010 programme are subject to lock-up.

During the lock-up period a proportion (15%) of the Shares acquired by the warrant holder upon exercising any warrants (the "Restricted Shares") may not be sold or otherwise transferred. The lock-up period is 12 months from the date of registration of the acquired Shares in the Company's share register with respect to 50% of the Restricted Shares and 24 with respect to the remaining 50% of the Restricted Shares. The lock up obligation applies to each individual exercise of warrants.

### **Warrant programme - May 2011**

In accordance with the authorisation set out in article 4c of the Company's articles of association, the Board of Directors has decided to issue 1,245,000 warrants to employees and members of the executive management of the Company and affiliated companies. The warrant agreements entered into with former management and employees are made on nearly identical terms as described above in respect of the 2010 programme.

Pursuant to the warrant agreements the warrants were granted free of charge. Each warrant entitles the employee to subscribe for one share of nominal value DKK 0.10, at a price of DKK 6.90 per share added 4 per cent p.a. as of May 3, 2011.

Warrants granted in 2011 can be exercised wholly or partly in the period from May 4, 2013 up to and including May 4, 2015. The last period in which warrants granted can be exercised is the four-week period after the publication of the Company's annual report for the financial year 2014.

As at December 31, 2013 a total number of 1,105,000 unexercised warrants were outstanding under the warrant programme 2011, including 550,000 granted to the former members of the executive management.

The 2011 programme is also based on grants made with and without lock-up. The proportion of Shares being Restricted Shares varies from 12% to 20%. Approximately 72% of the warrants issued under the 2011 programme are subject to a lock-up.

### **Exercise**

As at December 31, 2013, the exercise price is DKK 11.25 and DKK 7.76, respectively, for the 2010 and 2011 programmes.

Pursuant to article 4a.a and 4c.4 the Board of directors may reapply or reissue non-exercised warrants.

Warrants granted may be extraordinarily exercised in the event of (i) an adoption/resolution to liquidate or merge the Company, (ii) a voluntary mandatory public offer pursuant to Section 31 and 32 of the Danish Securities Trading Act, (iii) an initiation of a compulsory acquisition of the Company's shares pursuant to the Danish Companies Act, (iv) a delisting of the Company, and (v) the company selling the most profitable and material assets of the Company.

In 2013, an expense of USD 0.0 has been recognised in the income statement regarding warrants granted in 2010 and USD 0.1 million regarding share options granted in 2011.

The fair value of the warrants granted in 2010 and 2011 is based on the Black-Scholes model and as at the grant date calculated at USD 2.46 million for the 2010 grant and USD 2.05 million for the 2011 grant.

No members of the existing Management have been granted warrants to subscribe for Shares in the Company.

## 18. Major shareholders

The total nominal share capital of the Company as of the Listing Prospectus Date is DKK 40,615,840.30 divided between 406,158,403 Shares with a nominal value of DKK 0.10 each. The Shares are issued to bearer and the Pre-Restructuring Shares are listed on NASDAQ OMX Copenhagen. Nordic Shipholding has one class of shares, and each share carries one vote with no restrictions on voting rights or ownership.

Immediately prior to the Listing Prospectus Date, the Company had approximately 5,517 registered shareholders. Since the Shares are bearer shares, the Company does not have a complete record of all of the shareholders.

The table below sets out the shareholders which as of the Listing Prospectus Date have notified the Company that they hold at least 5% of the Company's Shares or voting rights and such shareholders' actual ownership interest/holding of votes.

As of the completion of the Restructuring, more than 90% of the Shares and voting rights in the Company were held by a limited number of shareholders.

As of the Listing Prospectus Date, Nordic Maritime holds a controlling interest in the Company consisting of approx. 76.03 % of the Company's Shares and voting rights. In connection with the Restructuring, Nordic Maritime obtained an exemption from the mandatory Danish takeover rules from the Danish Financial Supervisory Authority.

**Table 31: Major shareholders in the Company as of the Listing Prospectus Date**

Shareholder	Nominal value of Shares in DKK	Number of Shares	Ownership interest and voting rights (%)
Nordic Maritime S.à r.l. <sup>1,3</sup>	30,879,166	308,791,660	76.03%
Nordea Bank Danmark	4,478,870.2	44,788,702	11.03%

*Note: (1) Nordic Maritime S.à r.l. is an indirect wholly-owned subsidiary of Pacific Alliance Asia Special Situations Fund L.P managed by Pacific Alliance Investment Management Limited. (2) Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ). (3) Holdings are based on notices received by the Company on December 19, 2013, pursuant to Section 29 of the Danish Securities Trading Act.*

It is the duty of the shareholders to give notice to the Company of any changes in their ownership interest or voting rights leading them to cross certain thresholds. The Company will issue a company announcement in the event it receives such notice from a shareholder.

It is outside the authority of the Company to make any company announcement of major shareholdings unless prior notice from a shareholder has been received. Thus, changes may have occurred in the stated share capital or voting rights of major shareholders which are not reflected above in the event that a shareholder has failed to provide notice of its ownership interest or voting right (including as a result of increases in the Company's share capital).

For shareholdings of the Board of Directors and the Executive Management as of the Listing Prospectus Date, reference is made to "17.2 Shareholdings of the Board of Directors and the Executive Management".

## 19. Related party transactions

Pursuant to IFRS, a related party transaction is a transfer of resources, services or obligations, among other things, between Nordic Shipholding (including its subsidiaries) and a related party. Parties are considered to be related as defined by IAS 24 "Related party disclosures". In determining each possible related party relationship, the substance of the relationship, and not merely the legal form, must be considered.

Reference is made to the Company's annual reports for 2012 and 2013 for a description of related parties transactions in the financial year 2012 and 2013 respectively.

**Table 32: Related party transactions from annual report 2013**

Amounts in USD thousand	Company	
	2013	2012
<b>Board of Directors and Executive Board:</b>		
Nordic Shipholding A/S' related parties with a controlling interest include the members of the Board of Directors and the Executive Board of the Company as well as their close family members. Moreover, companies in which the above-mentioned persons hold significant interests are also considered related parties.		
<b>Related parties with a significant interest:</b>		
Clipper Group and Siva Group held significant interests in 2012 and are considered related parties.		
The Company has engaged in transactions with Clipper as follows:		
• Loan withdrawal from Clipper, including interest payable	-	8,574
• Contingent consideration	-	6,553
<b>Transactions with subsidiaries:</b>		
Technical & Crew Management fee (expense):		
• Nordic Shipholding A/S' purchase of technical management services from Nordic Tankers Marine A/S	-	500
Commercial Management fee (expense):		
• Nordic Shipholding A/S' purchase of commercial management services from Nordic Tankers Management A/S	-	306
Administration (income):		
• Nordic Shipholding A/S' sale of administration services to Nordic Shipholding BV	702	70
• Transfer part of the finance loans from the Dutch subsidiaries to Nordic Shipholding A/S upon the call on guaranty by the lending banks	53,173	-
Receivables and payables from/to subsidiaries at 31 December are disclosed in the balance sheet and in the notes to the financial statements.		

<b>Amounts in USD thousand</b>	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
<b>Related party transactions at Group level</b>		
In addition to the above the following related parties transactions with a significant interest are recorded at Group level:		
Clipper Group and Siva Group held significant interests in 2012 and are considered related parties.		
The Group has engaged in transactions with Clipper Group as follows:		
• Service Level Agreement covering administrative services (expense)	-	160
• Commercial and technical management (income)	-	4,805
• Rent	-	333
The Group has engaged in transactions with Siva Group as follows:		
• Commercial management (income)	-	139
<b>Subsidiaries:</b>		
Management fee (expense):		
• Nordic Tankers Marine A/S purchase of management services from Nordic Tankers Marine SIA	-	238
• Nordic Tankers Management A/S purchase of Management Services from Nordic Tankers USA Inc.	-	1,501
• Nordic Tankers Management A/S purchase of Management Services from Nordic Tankers (Columbia) Ltda.	-	147

As of the Listing Prospectus Date, there have been no transactions with related parties since January 1, 2014 other than as set out below:

The Company has entered into an ongoing corporate management agreement with Transport Capital Pte. Ltd. regarding provision of full service corporate management services related to the day-to-day management of the Company not being commercial or technical management. Transport Capital Pte. Ltd. is affiliated with Philip Clausius, a current member of the Board of Directors and Executive Management. Nordic Shipholding pays Transport Capital Pte. Ltd. an annual management fee of USD 500,000 with the addition of USD 50,000 for each vessel owned by the Group plus applicable VAT payable in equal monthly instalments. In addition, the Company pays out of pocket expenses. Reference is made to Section "22. Material contracts" for a description of the terms and conditions of the corporate management agreement.

Management considers that all transactions with related parties have taken place at market terms.

See "15. Remuneration and benefits" for a description of remuneration received by the Board of Directors and Executive Management.



## **20. Information on assets and liabilities, financial position, results and dividend**

### **20.1 Historical financial information**

The audited financial information for the financial years ended December 31, 2012 and 2013 have been prepared in accordance with IFRS as adopted by EU, Regulation (EC) No 1606/2012 and additional Danish disclosure requirements for listed companies.

See sections "27. Financial information" for financial information about the Company, and "24. Documents on display and incorporated by reference" for information on how to obtain a copy of the annual reports for 2012 and 2013.

### **20.2 Auditing of historical financial information**

#### **Consolidated financial information**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab issued an independent auditor's report on Nordic Shipholding's annual report for 2012 and 2013 as presented by Management.

See section "27. Financial information" for a copy of the auditor's reports for the annual reports for 2012 and 2013.

The auditor's report provided in the 2012 annual report was provided with the following qualification:

#### *"Basis of Adverse Opinion*

*As described in note 0 "Uncertainty regarding going concern and significant events occurring after the balance sheet date", in which Management describes material uncertainty relating to the Group's and the Parent Company's ability to continue its operations (going concern), the moratorium from the Company's banks regarding contractual instalment payments and covenants on the Group's and the Parent Company's loans secured on the vessels (a total of USD 170 million) has been extended until 30 June 2013.*

*As the extension of the moratorium up until 30 June 2013 does not ensure the Company's ability to continue as a going concern throughout 2013, Management has written down the Group's vessels by a total of USD 38 million to USD 123 million based on the average of independent broker valuations obtained. Due to the write-down, the Company has lost its equity.*

*As described in note 0, the Company's Management and the banks are still in the process of finding a solution which will ensure the long-term financing of the Group and the Parent Company. However, at the time of presentation of the Annual Report, such a solution has not been found.*

*The Financial Statements are prepared under a going concern assumption. Due to the extent of material uncertainties, which give rise to substantial doubt about the Company's ability to continue its operations, we do not consider this assumption as appropriate. As a consequence, we qualify our opinion in respect of going concern.*

*Had the Financial Statements instead been prepared under realisation principles, additional decommissioning obligations would have been recognised and the value of the vessels could be negatively affected by a forced sale hereof.*

*Adverse Opinion*

*In our opinion, due to the materiality of the matters described in the basis of the adverse opinion, the Consolidated Financial Statements and the Parent Company Financial Statements do not give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies."*

The auditor's report provided in the 2013 annual report did not contain any qualifications, but has an emphasis of matter as follows:

*"Emphasis of Matter*

*Without qualifying our opinion, we draw attention to the Financial Statements Note 0 "Going concern and uncertainties regarding 2014", where the Board of Directors and Executive Board describe Nordic Shipholding's financial position, cashflow assumptions for 2014 and other uncertainties which could impact the result negatively.*

*The Financial Statements are prepared based on the going concern principle. The matters described in Note 0 indicate the existence of uncertainties which may cast doubt about the ability of Nordic Shipholding A/S to continue as a going concern due to potential breach of loan covenants. In the note, Management state that they expect to find a solution for the financing of the Group, if the Group should breach loan covenants."*

### **Prospective consolidated financial information**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab has examined the prospective consolidated financial information for 2014, as included in section 13.

The examination was conducted in accordance with ISAE 3000 DK, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation". In this connection, a report was issued giving reasonable assurance that the prospective consolidated financial information for 2014 has, in all material respects, been prepared on the basis of the assumptions disclosed in "13. Prospective financial information" and in accordance with the accounting policies applicable to the Company. The report, which is unqualified but with an emphasis of matter, is set out on page 61 of this Registration Document.

### **20.3 Dividend policy**

The Company has not paid dividends for the financial years ended December 31, 2012 and 2013. Whilst the Company is not prohibited from declaring dividends, under the Financing Agreement the Company's wholly-owned vessel-owning subsidiaries are restricted from declaring dividends unless certain conditions are met. The maximum dividend to be declared is an aggregate of the quarterly computation of 50% of the surplus cash balance exceeding USD 6 million, provided Nordic Shipholding is in compliance with the respective financial covenants and the aggregate fair market value of the vessels is at least 166.67% of the total loan.

In considering any future dividend payments, the Company will look into various factors including its capitalisation, strategic developments, future obligations, market trends as well as shareholder interest.

### **20.4 Legal and Arbitration proceedings**

As of the Listing Prospectus Date, the Company is not aware of any pending or threatened governmental, legal or arbitration proceedings during the last 12 months which may have, or have had significant effects on the Company.

Reference is made to "6.1.5 Insurance" for a description of the Company's insurance coverage.

## **20.5 Financial position**

Except as described in "9.8 Significant events after the balance sheet date", no material changes have occurred to Nordic Shipholding's financial position since the announcement of Nordic Shipholding's audited financial report for the year ended December 31, 2013.

## **21. Additional information**

### **21.1 Share capital**

As at the Listing Prospectus Date, the Company's registered share capital amounts to a nominal value of DKK 40,615,840.30, comprising 406,158,403 Shares with a nominal value of DKK 0.10 each or multiples thereof. The Company has one share class, and all Shares have been issued and fully paid up. The Company has not issued Shares not representing capital.

The Board of Directors has been granted authorisations to increase the share capital of the Company without pre-emptive rights to the existing shareholders. The authorisations are described in further detail in "21.6 Authorisation to increase the share capital".

### **21.2 Warrants, convertible securities and option programmes**

Pursuant to article 4a.1 of the articles of association, at the annual general meeting held on April 22, 2010, the Company authorised the Board of Directors of the Company to resolve on the issue of warrants, which give holders a right to subscribe for up to nominally DKK 15,000,000 shares in the Company, to members of the Executive Board and employees and to resolve on the related capital increase. The authorisation applies until April 21, 2015 and is exercisable on one or several occasions.

Pursuant to articles 4c.1 of the articles of association, at the annual general meeting held on April 29, 2011, the Company authorised the Board of Directors of the Company to resolve on the issue of additional warrants, which give holders a right to subscribe for up to nominally DKK 1,500,000 shares in the Company, to employees and management of the Company and affiliated companies and to resolve on the related capital increase. The authorisation applies until April 28, 2016 and is exercisable on one or several occasions.

Pursuant to article 4d.1 of the articles of association, at the annual general meeting held on April 29, 2011, the Company authorised the Board of Directors of the Company to resolve on the issue of additional warrants, which give holders a right to subscribe for up to nominally DKK 6,000,000 shares in the Company, which can be used wholly or partly as a means of payment in connection with growth initiatives, hereunder the acquisition of ships or companies and/or the entering into time charter, bareboat or similar arrangements, and to resolve on a related capital increase. The authorisation applies until April 28, 2016 and is exercisable on one or several occasions. The warrants can be issued to existing shareholders as well as to recipients who are not shareholders in the Company at the time of allotment.

Reference is made to "17.3 Warrant programmes" for a description of the warrant programmes decided upon by the Board of Directors and "21.11 Proposals for the 2014 annual general meeting" for proposed amendments to be adopted at the annual general meeting on April 15, 2014.

The Company has not undertaken any obligation to increase the capital, granted any acquisition rights or assumed any obligations over authorised but unissued capital.

With the exception of warrants issued under the warrant programmes mentioned above, no capital of any member of the Group is under option or has been agreed to be put under option.

### **21.3 Historical development of the Company's share capital**

Since January 1, 2012 the following changes have been made to the Company's share capital:

On December 17, 2013, the extraordinary general meeting of the Company resolved to decrease the share capital of the Company by an amount of nominally DKK 35,052,027.30 from DKK 38,946,697 to DKK 3,894,669.70 to pay losses by reducing the nominal value of each share (denomination) from DKK 1 to DKK 0.10. The decrease was implemented on December 17, 2013. Subsequent to the decrease, the share capital of the Company amounted to nominally DKK 3,894,669,70 with a nominal value of each share of DKK 0.10.

On December 19, 2013, in connection with completion of the Restructuring, the Board of Directors of the Company resolved to increase the Company's share capital by nominally DKK 36,721,170.60, without pre-emptive rights to the existing shareholders. Subsequent to the increase, the Company's share capital constitutes nominally DKK 40,615,840.30 divided into shares of DKK 0.10 each or any multiple thereof.

There have been no changes in the Company's share capital since December 19, 2013.

### **21.4 Description of the Company's articles of association**

Set forth below is a brief description of certain provisions contained in the articles of association of the Company as of the Listing Prospectus Date as well as a brief description of certain provisions of the Danish Companies Act. Such summary does not purport to be complete and is qualified in its entirety by reference to the Company's articles of association and Danish laws.

#### **Object**

The Company's object, as set out in article 2.1 of the articles of association, are to perform activities partly as a shipping company and partly as a shipping investment company and to perform related activities. The object can be carried out directly or indirectly through subsidiaries and associates etc.

#### **Summary of provisions regarding the Board of Directors and the Executive Management**

The Company is managed by a board of directors made up of a minimum of three and a maximum of eight members elected by the shareholders of the Company at the general meeting. If employee directors have been elected in accordance with the provisions of the Danish Companies Act, such employee directors shall join the board of directors in accordance with the rules in force from time to time. The present board of directors consists of five members elected by the general meeting. The Board of Directors is responsible for the overall management of the Company.

The members of the board of directors elected by the general meeting are elected for a term of one year. Any employee directors retire in accordance with the provisions of the Danish Companies Act. Retired members of the board of directors are eligible for re-election.

The Board of Directors appoints from among its members a chairman and a deputy chairman to substitute the chairman in his absence.

The Board of Directors forms a quorum when more than half of the board members, including the chairman and/or deputy chairman are represented. The Board of Directors makes its decisions by a simple majority of votes. In case of an equality of votes, the chairman has the casting vote. In his absence, the deputy chairman shall have the casting vote. The Board of Directors lay down rules of procedure for the performance of its duties.

The members of the Board of Directors receive a fixed remuneration. The total remuneration is included in the annual report and presented for adoption by the shareholders at the general meeting. The general guidelines for the Company's incentive pay schemes offered to the Company's Board of Directors, Executive Management and other employees were adopted at the Company's annual general meeting held on April 22, 2010. Reference is made to "21.11 Proposals for the 2014 annual general meeting" for proposed amendments to be adopted at the annual general meeting on April 15, 2014.

The Board of Directors may grant powers of procuration.

The Board of Directors appoints an executive team consisting of 1-3 members to be in charge of the day-to-day management of the Company. The Executive Management of the Company currently consists of one CEO.

The Company is bound by the joint signatures of the chairman or the deputy chairman of the Board of Directors and a board member or an executive.

## **21.5 Description of the Company's Shares**

As of the Listing Prospectus Date, the Company's registered share capital is DKK 40,615,840.30 nominal value divided into 406,158,403 Shares with a nominal value of DKK 0.10 each. The Company has one share class and no Shares confer any special rights upon its holder.

The share capital has been fully paid up.

### **Voting rights**

Each share amount of DKK 0.10 nominal value carries one vote at the general meetings of the Company.

A shareholder's right to attend general meetings and to vote at general meetings is determined in proportion to the shares that the shareholder holds on the date of registration (record date). The shareholding is determined based on shareholding registered or duly reported for registration as at the record date. The record date is one week prior to the general meeting. Reports of shareholdings must be evidenced by presentation of documentation from the shareholder's account-holding institution or other similar documentation which must not be more than two weeks old.

Any disposal or acquisition of shares in the period between the record date and the pertaining general meeting does not affect voting rights at the general meeting or postal voting rights for use at the general meeting.

Participation at general meetings is furthermore subject to the shareholder having requested an admission card and provided proper proof of identity no later than three days prior to the date of the general meeting.

Shareholders are entitled to attend the general meeting by proxy on presentation of a written and dated instrument of proxy. No time restrictions or other restrictions apply to instruments of proxy. A proxy may be revoked in writing by the appointing shareholder at any time. The shareholder or the proxy may attend the general meeting together with an adviser.

### **Dividend rights**

Pursuant to the Danish Companies Act, the shareholders may at general meetings resolve to distribute ordinary and extraordinary dividends. The Board of Directors has been authorised to resolve to distribute extraordinary dividends, cf. article 16 of the articles of association.

Shareholders, including holders of Listing Shares, are eligible to receive any dividends as from the date of registration with the Danish Business Authority and any other dividends payable thereafter. The payment of any dividends in the future, as well as the size of any such dividends, will depend on a number of factors, including future earnings, dividends received from daughter companies, capital requirements, financial position and future prospects, applicable restrictions on the payment of dividends under Danish law and agreements made as well as other factors that the Board of Directors may consider relevant. The Board of Directors has been authorised by the general meeting to resolve to distribute extraordinary dividend. Shareholders have no direct right to a share of dividends received by the Company.

The Company's dividends, if declared, are distributed by transfer to the accounts designated by the shareholders in accordance with the rules of VP Securities in force from time to time. Entitlement to unclaimed dividends which cannot be distributed to any such designated account will lapse in accordance with applicable Danish law, which at the Listing Prospectus Date generally prescribes a limitation period of three years. Any lapsed and unclaimed dividends will go to the Company.

There are no dividend restrictions or special procedures for non-resident holders of Shares.

See "4.11 Taxation" in the Securities Note for a summary of certain tax consequences in respect of dividends or distributions to holders of Listing Shares.

See "20.3 Dividend policy" for a description of Nordic Shipholding's dividend policy.

#### **Pre-emptive rights**

Under Danish law, all shareholders have pre-emptive subscription rights in connection with capital increases affected by cash contribution. An increase in the share capital can be resolved by the shareholders at a general meeting or by the board of directors pursuant to an authorisation given by the shareholders. In connection with an increase of the Company's share capital, the shareholders may, by resolution at a general meeting, approve deviations from the general Danish pre-emptive rights of the shareholders. Under the Danish Companies Act, such resolution must be adopted by the affirmative vote of shareholders holding at least a two-thirds majority of the votes cast and the share capital represented at a general meeting. Furthermore, it is a prerequisite that the capital increase is subscribed for at market price.

The Board of Directors may resolve to increase the Company's share capital without pre-emptive subscription rights to existing shareholders pursuant to the authorisations set out in "21.6 Authorisation to increase the share capital".

No issuance of new Shares may be registered under the Securities Act or with any authority outside Denmark. As such, shareholders in jurisdictions outside Denmark may be unable to exercise their pre-emptive subscription rights.

#### **Rights on liquidation**

On liquidation or winding-up, shareholders will be entitled to participate, in proportion to their respective shareholdings, in any surplus assets remaining after payment of the Company's creditors.

#### **Rights attached to the Shares**

All Shares rank *pari passu*, and the articles of association do not include provisions allowing for any redemption or exchange of the Shares.

#### **Registration of Shares**

All Shares are held in book-entry form and must be held through a Danish bank or other institution authorised to be registered as the custodian of such Shares (a "custodian institution") on accounts maintained in the computer system of VP Securities. The Shares are issued as non-certificated bearer shares but the name of the holder may be registered in the Company's register of shareholders through the holder's custodian institution.

The Company's register of shareholders is maintained by VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, which has been appointed as the manager of the Company's register of shareholders.

#### **Limitations on the holding of Shares**

There are no limitations on the right to hold Shares under the articles of association or Danish law.

#### **Transferability and negotiability**

The Shares are negotiable instruments issued to the bearer but may be registered by name in the Company's register of shareholders. No restrictions apply to the transferability of the Shares.

### **21.6 Authorisation to increase the share capital**

As at the Listing Prospectus Date, the Board of Directors holds the following authorisations from the general meeting to increase the Company's share capital:

Pursuant to article 4a.5 of the articles of association, the Board of Directors is authorised until April 21, 2015 to increase the share capital of the Company on one or several occasions by up to nominally DKK 15,000,000 in connection with the exercise of its authorisation to issue warrants. Pursuant to article 4c.5 of the articles of association, the Board of Directors is authorised until April 28, 2016 to increase the

share capital of the Company on one or several occasions by up to nominally DKK 1,500,000 in connection with the exercise of its authorisation to issue warrants as set out in clause 4c.1 in the articles of association. Pursuant to article 4d.5 of the articles of association, the Board of Directors is authorised until April 28, 2016 to increase the share capital of the Company on one or several occasions by up to nominally DKK 6,000,000 in connection with the exercise of its authorisation to issue warrants as set out in clause 4d.1 in the articles of association. Payment can be made in cash, by non-cash contribution, by conversion of debt or by a combination hereof.

Pursuant to article 4.e of the articles of association, the Company's Board of Directors is authorised to increase the Company's share capital in one or more issues by up to a total nominal amount of DKK 61,100,000 without pre-emption rights for the Company's existing shareholders. The authority will be effective until December 31, 2014. The capital increases may be implemented by way of cash contribution, non-cash contribution and/or debt conversion. The capital increase shall be implemented at or above the market price. Pursuant to article 4.f of the articles of association, the Company's Board of Directors is authorised to increase the Company's share capital in one or more issues by up to a total nominal amount of DKK 61,100,000 without pre-emption rights for the Company's existing shareholders. The authority will be effective until December 31, 2014. The capital increases may be implemented by way of cash contribution, non-cash contribution and/or debt conversion. The capital increase shall be implemented at price below the market price. Exercise of the authorities granted in articles 4.e and 4.f are capped by a total nominal amount of DKK 61,100,000.

The authorisations in article 4.e-4.g were adopted by the Company's extraordinary general meeting on December 17, 2013.

Reference is made to section "21.11 Proposals for the 2014 annual general meeting" for proposed amendments to be adopted at the annual general meeting on April 15, 2014

### **21.7 Treasury shares**

At the general meeting held on April 23, 2013 the Board of Directors was authorised in the period until the next annual general meeting to let the Company acquire own shares up to a total of 10 per cent of the issued share capital at the market price prevailing at the time of acquisition subject to a deviation of up to 10 per cent.

As of the Listing Prospectus Date, the Company held a total of 50,700 treasury shares with a total nominal value of DKK 5,070.

### **21.8 Provisions in the articles of association or other rules, which may lead to a delay of a change of control of the Company**

The Board of Directors is authorised to let the Company acquire its own shares and to increase the Company's share capital, which may be subscribed for without pre-emptive rights for the existing shareholders, cf. "21.6 Authorisation to increase the share capital" and "21.7 Treasury shares". Depending on the specific circumstances, the Board of Directors' decision to let the Company acquire its own shares or to issue new shares may delay, defer or prevent a change in control of the Company.

A share capital increase adopted by the general meeting may also delay a change of control of the Company.

According to the articles of association a shareholder may not attend or participate in a general meeting unless the shareholder holds Shares at the record date, which is one week prior to the general meeting.

Any resolution to amend the Company's articles of association, including to change the rights of holders of Shares included therein, is subject to the conditions set out in sections 106-107 of the Danish Companies Act, i.e. adoption by at least two-thirds of all votes cast as well as two-thirds of the share capital represented at the general meeting. Certain resolutions which limit a shareholder's ownership or voting rights are subject to approval by a nine-tenth majority of the votes cast and the share capital represented at the general meeting, and decisions increasing shareholders' obligations towards the Company can only be adopted if all shareholders agree. The actions necessary to change the rights of



holders of Shares or the share capital of the Company correspond to the requirements of the Danish Companies Act.

### **21.9 Disclosure requirements**

Pursuant to section 29 of the Danish Securities Trading Act, a shareholder in a company of which the shares have been admitted to trading on a regulated market is required to notify the Company and the Danish FSA as soon as possible if the shareholder's stake represents 5% or more of the voting rights in the company or the nominal value accounts for 5% or more of the share capital, and when a change of a holding already notified entails that the thresholds of 5, 10, 15, 20, 25, 50 or 90% and one-third and two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached.

The notification must comply with the requirements set out in sections 15 and 16 of the Danish executive order on major shareholders, Executive Order no. 668 of June 25, 2012, including the identity of the shareholder and the date when a threshold is reached or no longer reached.

When the Company has received a notification, it must publish the content of such notification as soon as possible in a company announcement. Furthermore the general duty of notification under the Danish Companies Act applies.

### **21.10 General meetings**

The general meeting is the supreme authority in all matters of the Company, subject to the limitations provided by Danish law and the articles of association. The general meetings of the Company shall be held in the municipality of its registered office, Copenhagen, Odense, Aarhus or in Frederiksberg, and the annual general meeting shall be held in time for the approved annual report to be filed with the Danish Business Authority within four months of the close of the financial year.

Not later than eight weeks before the date fixed for the holding of the annual general meeting, the Board of Directors shall announce the date fixed for the holding of the general meeting and the latest date for submitting requests for the inclusion of a specific item on the agenda.

At the annual general meeting, the audited annual report is submitted for approval, including the annual remuneration to the Board of Directors, together with the proposed application of profit, determination of dividend, if any, or covering of loss, the election of the Board of Directors and auditors, and authorisation of the Board of Directors to let the company acquire up to 10% of the Company's shares. In addition, the Board of Directors submits a report on the Company's activities during the past year.

General meetings are convened by the Board of Directors with a minimum of three weeks' notice and a maximum of five weeks' notice by notification on the Company's website, through the computer system of the Danish Business Authority and by written notice (letter or e-mail) to all the shareholders registered in the Company's register of shareholders who have so requested. The notice convening the general meeting shall specify the business to be transacted at the meeting. If proposals to amend the articles of association are to be considered, the essential aspects of the proposal shall be stated in the notice.

No later than three weeks before a general meeting (inclusive of the day of the general meeting), the Company shall make the following information and documents available on the Company's website: the convening notice, the total number of shares and voting rights on the date of the convening notice, the documents to be presented at the general meeting, the agenda and the complete proposals, as well as the forms to be used for proxy voting or voting by letter unless these are sent directly to the shareholders.

Shareholders are entitled to attend general meetings, either in person or by proxy. A shareholder's right to attend general meetings and to vote at general meetings is determined in proportion to the shares that the shareholder owns on the record date. The record date is one week before the general meeting is held. The shares which the individual shareholder owns are calculated on the record date on the basis of the registration of ownership in the Company's register of owners, as well as notifications concerning ownership which the Company has received with a view to updating the register of owners. In addition, any shareholder who is entitled to attend a general meeting and who wishes to attend must have

requested an admission card from the Company no later than three days in advance of the general meeting.

Any shareholder is entitled to submit proposals to be discussed at general meetings. However, proposals by the shareholders to be considered at the annual general meeting must be submitted in writing to the Board of Directors no later than six weeks before the annual general meeting. If the Board of Directors receives a proposal later than six weeks before the holding of the general meeting, the Board of Directors will decide whether the proposal has been submitted in sufficient time for the item to be included on the agenda after all.

Extraordinary general meetings shall be held whenever requested by the Board of Directors or the auditor(s) or when requested in writing by shareholders holding not less than 5% of the share capital for the transaction of specific business.

All resolutions passed at general meetings may be adopted by a simple majority of votes unless otherwise prescribed by legislation or the articles of association.

Any resolution to amend the Company's articles of association is subject to the conditions set out in sections 106-107 of the Danish Companies Act, i.e. adoption by at least two-thirds of all votes cast as well as two-thirds of the share capital represented at the general meeting, that certain resolutions which limit a shareholder's ownership or voting rights are subject to approval by a nine-tenth majority of the votes cast and the share capital represented at the general meeting, and that decisions increasing shareholders' obligations towards the Company can only be adopted if all shareholders agree.

#### **21.11 Proposals for the 2014 annual general meeting**

The Company's annual general meeting is scheduled to be held on April 15, 2014. As set out in further detail in the notice of the general meeting announced on March 24, 2014, the Board of Directors has, in addition to the items required by the articles of association to be considered on every annual general meeting, submitted a number of proposals for approval at the general meeting, including but not limited to:

- proposal to let the annual reports of the Company, including the 2013 accounts, be prepared and presented in English,
- approval of a new Remuneration Policy for the Board of Directors and Executive Management and repeal of the existing general guidelines for incentive pay schemes,
- proposal to authorise the Board of Directors to acquire up to 10% of the Company's treasury shares during the period until the next annual general meeting,
- proposal to authorise the Board of Directors to increase the share capital of the Company by up to a total of DKK 40,650,000 by issuance of Shares with pre-emptive rights for the Company's existing shareholders during the period until 14 April 2019,
- proposal to authorise the Board of Directors to increase the share capital of the Company by up to a total of DKK 20,325,000 by issuance of Shares without pre-emptive rights for the Company's existing shareholders during the period until 14 April 2019,
- proposal to adopt authorisations of the Board of Directors to raise loans for up to a total of DKK 500,000,000 with pre-emptive rights for the Company's existing shareholders against issue of debt instruments convertible into Shares during the period until 14 April 2019,
- proposal to authorise the Board of Directors to raise loans for up to a total of DKK 250,000,000 without pre-emptive rights for the Company's existing shareholders against issue of debt instruments convertible into voting shares or non-voting shares during the period until 14 April 2019, and
- proposal to authorise the Board of Directors to issue warrants pre-emptive rights for the Company's existing shareholders with an aggregate subscription right for up to DKK 40,650,000 Shares.

## **22. Material contracts**

### **22.1 Restructuring Agreement**

Reference is made to "6.1.2 Description of the Restructuring"

### **22.2 Sale of Chemical Tanker Business in 2012**

Pursuant to a Share Purchase Agreement dated March 27, 2012, the Company sold its entire chemical tanker business (including the employees within the chemical tanker organisation of the Company and the Company's owned and managed chemical tanker vessels) to Nellan ApS owned by Tribour Acquiroy AB (the "Triton Transaction"). Following this transaction, the Company is under a non-compete obligation restricting the Company and its subsidiaries from buying, operating and managing chemical tankers until April 30, 2015. Breach of the non-compete obligation is subject to payment of liquidated damages in the amount of USD 200,000 per month of breach.

The Share Purchase Agreement dated March 27, 2012 contains customary warranties for a transaction of this type given by the Company as seller as well as certain specific indemnities, including but not limited to a tax indemnification. The warranty period generally expires on April 30, 2014, however certain warranty and indemnity obligations are subject to longer limitation periods, including but not limited to environmental claims, lack of permits and tax indemnities. Certain fundamental breaches of agreement are not subject to any time limitations.

### **22.3 Financing Agreements**

In connection with the Restructuring, Nordic Shipholding's bank debt was refinanced by entering into two new term loan facility agreements:

1) the HAA Financing Agreement dated December 18, 2013 in the amount of USD 55,487,805 entered into between (i) Nordic Shipholding B.V. as borrower and guarantor, (ii) Nordic Shipholding and each of its subsidiaries (other than Nordic Shipholding B.V.) as guarantors, (iii) Nordea Bank Danmark A/S and Danmarks Skibskredit A/S as lenders (the "Lending Banks"), and (iv) Nordea Bank Danmark A/S as agent in relation to the financing of the vessels M/T Nordic Hanne, M/T Amy and M/T Nordic Agnetha. The HAA Financing Agreement further contains a Working Capital Facility in the amount of up to USD 2,220,000 made available to Nordic Shipholding B.V as borrower; and

2) the RPA Financing Agreement dated December 18, 2013 in the amount of USD 44,512,195 entered into between (i) Nordic Shipholding and Nordic Shipholding B.V. as borrowers and guarantors, (ii) each of Nordic Shipholding's subsidiaries (other than Nordic Shipholding B.V.) as guarantors, (iii) Nordea Bank Danmark A/S as lender, and (iv) Nordea Bank Danmark A/S as agent in relation to the financing of the vessels M/T Nordic Pia, M/T Nordic Ruth and M/T Nordic Anne. The RPA Financing Agreement further contains a Working Capital Facility in the amount of up to USD 1,780,000 made available to Nordic Shipholding B.V and Nordic Shipholding as borrowers.

The HAA Financing Agreement and the RPA Financing Agreement jointly referred to as the "Financing Agreements".

Amounts repaid under the Financing Agreements may not be reborrowed or redrawn.

#### Working Capital Facility

The entire USD 4,000,000 working capital facilities made available to Nordic Shipholding and/or Nordic Shipholding B.V. as part of the Restructuring under the Financing Agreements (the "Working Capital Facility") was drawn in connection with completion of the Restructuring to cover, inter alia, accrued interest under the pre-restructuring debt facilities and costs incurred in connection with the Restructuring.

### Repayment of Working Capital Facility

The Working Capital Facility must be repaid in full no later than December 18, 2014. Furthermore, prepayment must be made in case of (i) any excess cash (please see the description of the cash sweep mechanism below) or (ii) payment of the Insurance Receivable. A mandatory prepayment with at least USD 943,330 (working capital facility under HAA Financing Agreement) and USD 756,679 (working capital facility under RPA Financing Agreement) must take place no later than June 30, 2014. Amounts repaid under the Working Capital Facility may not be redrawn. Any part of the Insurance Receivable received by the Group must be applied towards repayment of the Working Capital Facility.

### Interest

The Financing Agreements (including the Working Capital Facility) bear interest at the rate of LIBOR (3 months or 6 months interest periods or such other periods as agreed upon with the Lending Banks) plus a margin of 3.00 per cent per annum.

### Maturity of Financing Agreements

The Financing Agreements mature on December 30, 2020. No amortisation will take place in 2014. For 2015, the amortisation under the Financing Agreements will amount to USD 1,000,000 quarterly. In 2016, the amortisation will amount to USD 1,250,000 quarterly and from 2017 and onwards until maturity on December 30, 2020, amortisation will amount to USD 1,670,000 quarterly. The remaining amount under each of the Financing Agreements will be due for repayment on December 30, 2020.

Furthermore, in case of the sale of a vessel, the Working Capital Facility and the part of the relevant Financing Agreement relating to such vessel shall be prepaid by the Company in full. The same applies if a vessel is damaged, abandoned, stolen, or seized, unless such action is covered by insurance.

### Security

The Financing Agreements (as well as the Working Capital Facility) are secured. The security includes cross-collateralised mortgages over all vessels owned by the Group, pledge over the shares in all vessel owning subsidiaries as well as Nordic Shipholding Singapore Pte. Ltd., assignment of earnings and insurances in respect of all vessels owned by the Group, cross-guarantees from all subsidiaries in the Group and Nordic Shipholding in each case as primary and joint liable obligors, and pledge of bank accounts operated by the Group. Furthermore, it should be noted that all intercompany claims within the Group are subordinated to the Group's obligations under the Financing Agreements. The Group is restricted from creating any other security interest, including a negative pledge, over any of its assets, including the vessels, without approval from Nordea, and the Group may not sell any of its vessels, subsidiaries, or the entire or substantially all of the assets of the Group without approval from Nordea.

### Main Undertakings and Covenants

The Financing Agreements contain customary representations and warranties for loan facilities of this type, including undertakings in relation to (i) the vessels and their operation/employment, (ii) insurance of the vessels, (iii) certain financial reporting and information undertakings, (iv) financial covenants, and (v) standard event of default provisions, including payment default, breach of covenants, insolvency/insolvency proceedings and cross default (subject to a USD 1 million threshold).

The Financing Agreements contain certain financial and non-financial covenants and restrictions, including but not limited to the following main covenants:

Minimum Liquidity Requirements: From December 19, 2014 and onwards, the vessel owning subsidiaries of the Group and Nordic Shipholding Singapore Pte. Ltd. shall on a consolidated basis maintain cash and cash equivalents (as defined in the Financing Agreements) of no less than the equivalent of USD 3 million.

Minimum Value Clause: The fair market value (based on 2 valuations by independent reputable sale and purchase shipbrokers) of the vessels financed under the relevant facility (HHA Financing Agreement or

RPA Financing Agreement, respectively) as a percentage of the outstanding debt under the HHA Financing Agreement or RPA Financing Agreement, respectively, shall be (i) equal to or above 100 per cent at all times in 2014 and 2015, (ii) equal to or above 110 per cent in 2016 and 2017, (iii) equal to or above 120 per cent in 2018 and (iv) equal to or above 125 per cent for 2019 and onwards. If the aggregate fair market value falls below such percentage, the Group must repay part of the loan under the Financing Agreements or provide additional cash collateral, as determined by Nordea Bank Danmark A/S.

Equity Ratio: The Group shall on a consolidated basis maintain an equity ratio in percentage of the Group's assets (calculated on a consolidated basis adjusted for the difference between the book value and the fair market value of the vessels and any newbuildings ordered by the Group). The equity ratio requirements are as follows:

- 2014 and 2015: No requirements of equity ratio, unless the Group acquires further vessels in which event the required equity ratio will be 15 percent.
- 2016 and 2017: Requirement of a 15 percent equity ratio.
- 2018: Requirement of a 20 percent equity ratio.
- 2019 and thereafter: Requirement of a 25 percent equity ratio.

Cash Sweep Mechanism: On each interest payment date (which as of the date of this Listing Prospectus is each quarter), after the payment of instalments and interest under the Financing Agreements, any cash and cash equivalents of the Group in excess of USD 6,000,000 ("Excess Cash") shall be applied towards prepayment of the Financing Agreements:

- If the fair market value of the vessels under the relevant Financing Agreement is less than 166.67 per cent of the indebtedness, 100 percent of any Excess Cash shall be applied towards prepayment of the Financing Agreements.
- If the fair market value of vessels under the relevant loan agreement exceeds 166.67 per cent of the indebtedness, 50 percent of any Excess Cash shall be applied towards prepayment of the Financing Agreements.

Employment and management of vessels: The Group shall ensure that the commercial and technical management is outsourced to external management service providers under approved contracts and pool agreements. Any such service providers, agreements and amendments must be approved by the Lending Banks. The Group may not permit any of the vessels to be engaged on any time charterparties or any other contract with a duration of more than 12 months (including options), without the prior written consent of Nordea Bank Danmark A/S.

#### Change of Control

Change of control will trigger repayment of all debt facilities made available under the Financing Agreements in full. Change of Control is defined as a person (or a group of persons acting in concert) acquiring or becoming the ultimate owner of:

- a) a controlling interest in Nordic Shipholding (as set out in section 31 of the Danish Securities Trading Act);
- b) more than 33 per cent of the outstanding shares or voting rights in Nordic Shipholding; or
- c) more than 25% of the outstanding shares or voting rights in Nordic Shipholding and there is a change of the members of the board of directors of Nordic Shipholding which is not supported by Nordic Maritime.

#### Law and Jurisdiction

The Financing Agreements are subject to Danish law and any dispute arising out of or relating to the Financing Agreements is subject to the jurisdiction of the City Court of Copenhagen. However, the Lending Banks have the right to initiate proceedings against Nordic Shipholding and/or its subsidiaries and their assets in any other competent court of law, bailiff office or other forum.

## **22.4 Corporate management agreement with Transport Capital Pte. Ltd.**

On December 19, 2013, Transport Capital Pte. Ltd. as Corporate Manager and Nordic Shipholding entered into a corporate management agreement regarding provision of full service corporate management services related to the day-to-day management of the Company not being commercial and technical management of the vessels.

### Authority of the Corporate Manager

The Corporate Manager is authorised to act in the name of the Company, to sign agreements, and to carry out transfers from the Group's bank accounts. The Corporate Manager shall request the Board of Directors for specific instructions in relation to incurrence of fees and expenses exceeding USD 100,000. The Corporate Management Services mainly consist of: (i) information and reporting to the Board of Directors of the Company, (ii) preparing budgets, accounts and book-keeping (iii) preparing the subsidiaries' accounts, (iv) supervision of technical and commercial managers (v) corporate affairs, (vi) shareholder relations, (vii) relations to external advisors, (viii) insurance, (ix) financial agreements, and (x) market reports.

### Executive Management

The Corporate Manager provides and appoints the Executive Management. The Executive Management is remunerated by the Corporate Manager. As part of the agreement, the Company has renounced and waived any rights to raise a claim against the Executive Management. The Corporate Manager provides a specific indemnity to the Executive Management against any loss, liability, damage or expense imposed.

### Management Fee and Expenses

The Company pays the Corporate Manager an annual management fee of USD 500,000 with the addition of USD 50,000 for each vessel owned by the Group plus applicable VAT payable in equal monthly instalments. In addition, the Company pays out of pocket expenses.

### Termination

Each Party may terminate the corporate management agreement with 3 months' notice to the end of a month. Transport Capital Pte. Ltd. is entitled to receive 12 months' Management Fee in case of termination.

### Liability

The Corporate Manager's aggregate liability under the corporate management agreement is limited to ten times the annual management fee. The Company indemnifies and holds harmless the Corporate Manager from third party claims to the extent that the Corporate Manager is not liable for such third party claims.

## **22.6 Pool Agreements**

### **22.6.1 Handytankers Pool**

Pursuant to the Handytankers webpage ([www.handytankers.com](http://www.handytankers.com)), the pool has a total of 97 member vessels, whereof the Group owns five (M/T Amy, M/T Nordic Agnetha, M/T Nordic Pia, M/T Nordic Hanne and M/T Nordic Ruth). The segment of the pool is double hull product tankers between 27-51,000 dwt.

The Company is a participant in the pool contributing with the five vessels mentioned above. Handytankers K/S is Commercial Manager of the pool and A.P. Møller-Mærsk A/S is Sub-Manager.

The Commercial Manager acts as agent for the Participants and shall conduct the operation of the pool and enter into agreements with customers for the commercial employment of the pool vessels such as COA's, time charters and voyage charters and be responsible for the entire commercial operation of the pool vessels.

The Pool Agreement contains provisions regarding inter alia i) the establishment of a pool steering committee to review pool performance and strategy and take decisions in respect of certain (material) commercial matters of the pool, ii) limitation of liability and indemnification of Handytankers K/S as Commercial Manager and A.P. Møller-Mærsk A/S as Sub-Manager of the pool and iii) calculation and allocation of pool points to each of the participating vessels based on the vessel's employment. The distribution of earnings and expenses in the pool are based on a system of pool points generated by each participating vessel.

The management fee payable to the Commercial Manager is calculated as a 2.5 % share of all hire, freights and demurrage and other income generated by the pool. Any fee paid to the Sub-Manager shall be limited to and deducted from the fee due to the Commercial Manager.

A vessel may be withdrawn from the pool in the following circumstances:

- i. for the purpose of selling the vessel on giving not less than 1 month's notice (expiring no earlier than the earliest date on which a) any charter then current on the vessel is terminated and b) the Commercial Manager is satisfied that satisfactory alternative arrangements are in place for the performance or cancellation of any bunker hedge or any COA or other contract in respect of which it had notified the relevant participant that it intended to rely on the relevant vessel being available for the pool, or
- ii. if the participant serves not less than 6 months' notice of its intention to withdraw one or more of its vessels from participation in the pool, the relevant vessel to cease from being a part of the pool on the earliest date following expiry of the notice on which a) any charter then current on the vessel is terminated at owner's option and b) the Commercial Manager is satisfied that satisfactory alternative arrangements are in place for the performance or cancellation of any bunker hedge or any COA or other contract in respect of which it had notified the relevant participant that it intended to rely on the relevant vessel being available for the pool.

The actual time and place of re-delivery shall be decided by the Commercial Manager in its discretion, such redelivery to be within a period of 30 days before or 30 days after expiry of the notice of withdrawal.

The Commercial Manager can refuse to redeliver a vessel to the extent that the vessel has been committed or nominated under any contract which the Commercial Manager has entered into before notice of withdrawal was given, where redelivery would be incompatible with such commitment or nomination. The Commercial Manager is, however, under an obligation to take reasonable steps to replace the vessel intended to be by withdrawn by another pool vessel for the completion of any contract which was intended for the withdrawing vessel.

Following a redelivery of a vessel, a settlement shall be made between the pool and the relevant owner of the vessel based on detailed principles set out in the Pool Agreement.

The Pool Agreement is subject to English law and jurisdiction.

### **22.6.2 Straits Tankers Pool**

Pursuant to the Straits Tankers webpage ([www.straitstankers.com](http://www.straitstankers.com)), the pool has a total of 30 member vessels, whereof the Company owns one, M/T Nordic Anne. The pool's segment is LR1 product tankers.

The Company is a participant in the pool contributing with the vessel M/T Nordic Anne. Straits Tankers Pte. Ltd. is pool manager ("Pool Manager") of the pool (Straits Tankers Pte. Ltd. is a joint venture owned 50/50 by O.S.K. Lines, Japan (MOL) and Hafnia Management A/S, Denmark).

The Pool Manager acts as agent for the participants and shall conduct the operation of the pool and enter into agreements with customers for the commercial employment of the pool vessels such as COA's, time charters and voyage charters and be responsible for the entire commercial operation of the pool vessels. The pool agreement contains provisions regarding inter alia i) the establishment of a pool board to review pool performance and strategy and take decisions in respect of certain (material) commercial matters of the pool, ii) limitation of liability and indemnification of the Pool Manager, and iii) calculation and allocation of pool points to each of the participating vessels based on the vessel's employment. The distribution of earnings and expenses in the pool are based on a system of pool points generated by each participating vessel.

The pool agreement is subject to English law and London Arbitration (London Maritime Arbitrators Association).

The annual management fee payable to the Pool Manager under the pool agreement is 2.25 % of the vessel's TCE earnings (Time Charter Equivalent earnings) plus a daily lump sum fee of USD 250.00 per member vessel.

A vessel may be withdrawn from the pool in the following circumstances:

- i. for the purpose of selling the vessel on giving not less than 3 months' notice (expiring no earlier than the earliest date on which a) any charter then current on the vessel is terminated and b) the Pool Manager is satisfied that satisfactory alternative arrangements are in place for the performance or cancellation of any bunker hedge or any COA or other contract in respect of which it had notified the relevant participant that it intended to rely on the relevant vessel being available for the pool.
- ii. if a participant serves not less than 3 months' notice of its intention to withdraw from its participation in the pool, all of such participant's vessels will cease from being a part of the pool on the earliest date following expiry of the notice period on which a) any charter then current on the vessel is terminated at owner's option and b) the Pool Manager is satisfied that satisfactory alternative arrangements are in place for the performance or cancellation of any bunker hedge or any COA or other contract in respect of which it had notified the relevant participant that it intended to rely on the relevant vessel being available for the pool.

The actual time and place of re-delivery shall be decided by the Pool Manager in its discretion.

The pool agreement will automatically terminate, if either the participating owners or the Pool Manager have validly terminated the pool agreement, or if the participating owners have withdrawn all vessels from the pool.

Following a redelivery of a vessel, a settlement shall be made between the pool and the relevant owner of the vessel.

## **22.7 Technical management agreements**

The Company has appointed Columbia Shipmanagement (Singapore) Pte. Ltd. and Thome Ship Management Pte. Ltd. as new technical managers of Nordic Shipholding's fleet replacing TB Marine Shipmanagement GmbH & Co. KG.

### **22.7.1 Columbia Shipmanagement (Singapore) Pte. Ltd.**

Technical management agreements will be entered into with Columbia Shipmanagement (Singapore) Pte. Ltd. for M/T Amy, M/T Nordic Agnetha and M/T Nordic Ruth. As at the Listing Prospectus Date only the agreement related to M/T Nordic Agnetha has been completed.

All agreements are based on the standard SHIPMAN 2009 Form.



The management agreements will all be subject to English law and London Arbitration (London Maritime Arbitrators Association).

The management obligations under the agreements include:

- Crew management, which includes provision of qualified crew, including training and administration thereof, etc.,
- Technical management, which includes supervision of maintenance of the vessels, compliance with applicable regulation, arranging and supervising dry dockings, arranging for bunkers, supervision of sale or purchase of a vessel, etc. and
- Arranging for insurance of vessels and crew.

The management agreements are open-ended agreements which will run until terminated by either party by giving 2 months' notice.

Severance costs are not capped, but set to actual costs as per crew's collective bargaining agreements.

As per the general terms of SHIPMAN 2009, the manager's liability shall never exceed ten times the annual fee payable.

#### **22.7.2 Thome Ship Management Pte. Ltd.**

Technical management agreements will be entered into with Thome Shipmanagement Pte. Ltd. ("Thome") for M/T Nordic Hanne, M/T Nordic Pia and M/T Nordic Anne. As at the Listing Prospectus Date only the agreement related to M/T Nordic Hanne has been completed.

All agreements will be based on the standard SHIPMAN 2009 Form with a number of rider clauses relating to the appointment of MST Marine Services (Phils.), Inc. as manning agents.

The management agreements will all be subject to English law and London Arbitration (London Maritime Arbitrators Association).

The management obligations under the agreements include:

- Crew management, which includes provision of qualified crew, including training and administration thereof, etc.,
- Technical management, which includes supervision of maintenance of the vessels, compliance with applicable regulation, arranging and supervising dry dockings, arranging for bunkers, supervision of sale or purchase of a vessel, etc. and
- Arranging for insurance of vessels.

The management agreements are open-ended agreements which will run until terminated by either party by giving 2 months' notice

Severance costs are not capped, but set to actual costs as per crew's collective bargaining agreements.

As per the general terms of SHIPMAN 2009, the manager's liability shall never exceed ten times the annual fee payable.

## **23. Third party information, expert statements and declaration of any interest**

This Listing Prospectus contains historical market data, including information related to the sizes of the markets in which Nordic Shipholding operates.

This information has been obtained from a variety of sources, including the professional data supplier Drewry, company websites and other publicly available information as well as Nordic Shipholding's knowledge of the markets. The professional data suppliers state that the historical data they supply has been obtained from sources and by methods deemed to be reliable, but that they do not guarantee the accuracy and completeness of the information. As they are deemed to be reliable, industry forecasts and market research have accordingly not been independently verified by the Company.

The Company does not represent that this historical information is accurate.

Management confirms that information provided by third parties has been correctly reproduced, and that to the best of Management's knowledge and belief based on information published by third parties, no facts have been omitted which would render the information provided inaccurate or misleading.

Market statistics are inherently subject to uncertainty and are not necessarily reflective of actual market conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments.

## 24. Documents on display and incorporated by reference

The Company's articles of association and annual reports for 2012 and 2013 may be accessed from the Company's website. The annual reports for the Company's subsidiaries for 2012 will be on display at the Company's registered address. The address and website is stated in "5.1 Name, registered office, etc." The contents of the website do not form part of the Listing Prospectus.

Pursuant to item 20.1 and 20.3 of Annex XXV to Commission Regulation (EC) No. 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the Prospectus Regulation), the Listing Prospectus shall contain audited historical financial information covering the latest two financial years. Pursuant to article 28 of the Prospectus Regulation and section 19(2) of the Danish Prospectus Order, the annual reports for 2012 and 2013 including the auditor's report will be incorporated in the Listing Prospectus by reference to the Company's website, [www.nordicshipholding.dk](http://www.nordicshipholding.dk). Other than the stated information, the contents of the website do not form part of the Listing Prospectus.

The below table of cross references refers to information in the Company's annual reports for the financial years ended December 31, 2012 and 2013:

**Table 33: Cross reference table**

Statement by Management for 2013	Annual report 2013, p. 24.
Independent auditor's report for 2013	Annual report 2013, p. 25-26.
Consolidated key figures for 2013	Annual report 2013, p. 2.
Consolidated statement of comprehensive income for 2013	Annual report 2013, p. 27-28.
Consolidated balance sheet at December 31, 2013	Annual report 2013, p. 29-30.
Consolidated statement of changes in equity for 2013	Annual report 2013, p. 31-32.
Consolidated cash flow statement for 2013	Annual report 2013, p. 33.
Notes to the consolidated financial statements for 2013	Annual report 2013, p. 34-72.
Statement by Management for 2012	Annual report 2012, p. 22.
Independent auditor's report for 2012	Annual report 2012, p. 23-25.
Consolidated key figures for 2012	Annual report 2012, p. 2.
Consolidated statement of comprehensive income for 2012	Annual report 2012, p. 26-27.
Consolidated balance sheet at December 31, 2012	Annual report 2012, p. 28-29.
Consolidated statement of changes in equity for 2012	Annual report 2012, p. 30-31.
Consolidated cash flow statement for 2012	Annual report 2012, p. 32.
Notes to the consolidated financial statements for 2012	Annual report 2012, p. 33-81.

## **25. Information on capital holdings**

For information on material investments held by Nordic Shipholding in other companies, see "7. Organisational structure".

## 26. Definitions and glossary

### 26.1 Definitions

Board of Directors	The Board of Directors of Nordic Shipholding A/S, consisting of Knud Børge Pontoppidan (Chairman), Jon Robert Lewis (Deputy Chairman), Kristian Verner Mørch, Anil Kumar Gorthy, and Philip Clausius.
BWM Convention	The International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the IMO on February 13, 2004.
Capital Reduction	On December 17, 2013, the extraordinary general meeting of the Company resolved to decrease the share capital of the Company by an amount of nominally DKK 35,052,027.30 nominal value from DKK 38,946,697 to DKK 3,894,669.70 to pay losses by reducing the nominal value of each share (denomination) from DKK 1 to DKK 0.10. The decrease was implemented on December 17, 2013.
Company	Nordic Shipholding A/S, Strandvejen 102E, DK-2900 Hellerup, Denmark, or Nordic Shipholding A/S and its subsidiaries unless the context requires otherwise
Corporate Manager	Transport Capital Pte. Ltd.
Danish Companies Act	Consolidated Act no. 322 of April 11, 2011 on private and public limited liability companies
Danish FSA	Danish Financial Supervisory Authority
Danish Securities Trading Act	Consolidated Act no. 982 of August 6, 2013 on Securities Trading
Danmarks Skibskredit	Danmarks Skibskredit A/S
DKK	Danish kroner – the official currency of Denmark
EBIT	Profit after amortisation, depreciation and impairment losses and before financial income/expenses and tax
EBITDA	Profit before amortisation, depreciation and impairment losses, financial income/expenses and tax
EUR	Euro – the official currency of the European Monetary Union
Executive Management	Philip Clausius (CEO)

Financing Agreements	(1) the HAA Financing Agreement dated December 18, 2013 entered into between (i) Nordic Shipholding B.V. as borrower and guarantor, (ii) Nordic Shipholding and each of its subsidiaries (other than Nordic Shipholding B.V.) as guarantors, (iii) Nordea Bank Danmark A/S and Danmarks Skibskredit A/S as lenders and (iv) Nordea Bank Danmark A/S as agent , and (2) the RPA Financing Agreement dated December 18, 2013 entered into between (i) Nordic Shipholding and Nordic Shipholding B.V. as borrowers and guarantors, (ii) each of Nordic Shipholding’s subsidiaries (other than Nordic Shipholding B.V.) as guarantors, (iii) Nordea Bank Danmark A/S as lender and (iv) Nordea Bank Danmark A/S as agent
Group	Nordic Shipholding A/S and its subsidiaries unless the context requires otherwise
IFRS	International Financial Reporting Standards as adopted by the EU
Insurance Receivable	Receivable of the Company of USD 1.7 million as included in the 2013 annual report in relation to an insurance claim made regarding the cost for repair and of the off-hire period relating to the damage of M/T Nordic Ruth in December 2012
Lending Banks	Nordea Bank Danmark A/S and Danmarks Skibskredit A/S
Listing	The contemplated admission to listing and official trading on NASDAQ OMX Copenhagen the Listing Shares based on the Listing Prospectus
Listing Prospectus	This Listing Prospectus dated March 28, 2014 consisting of the Summary, the Securities Note, and the Registration Document
Listing Prospectus Date	March 28, 2014
Listing Shares	The 367,211,706 new shares in the Company with a nominal value of DKK 0.10 issued in the connection with the Restructuring.
Management	The Board of Directors and Executive Management of the Company
NASDAQ OMX Copenhagen	NASDAQ OMX Copenhagen A/S
Nordea	Nordea Bank Danmark A/S
Nordic Shipholding	Nordic Shipholding A/S, Strandvejen 102E, DK-2900 Hellerup, Denmark, or Nordic Shipholding A/S and its subsidiaries unless the context requires otherwise
Nordic Maritime	Nordic Maritime S.à r.l. is an indirect wholly owned subsidiary of PAG

PAG	Pacific Alliance Asia Special Situations Fund L.P. managed by Pacific Alliance Investment Management Limited. The ultimate owners of PAG are pension funds, funds and other institutional investors. No investor owns in excess of 25 % of PAG
Pre-Restructuring Shareholders	Any person registered as a shareholder of the Company prior to completion of the Restructuring
Pre-Restructuring Shares	The 38,946,697 outstanding shares in the Company prior to completion of the Restructuring each with a nominal value as at the Restructuring of DKK 0.10
Private Placement	The private placement of 367,211,706 new Shares on December 19, 2013 at a subscription price of approx. DKK 1.10
Prospectus Order	Executive Order No. 643 of June 19, 2012 issued by the Danish Financial Supervisory Authority on the requirements for prospectuses
Registration Document	This Registration Document dated March 28, 2014 forming part of the Listing Prospectus.
Regulation S	Regulation S under the U.S. Securities Act of 1933, as amended
Restructuring	The restructuring of Nordic Shipholding as agreed with Nordic Maritime and the Lending Banks in which connection Nordic Shipholding inter alia entered into the Restructuring Agreement as further described under "6.1.2 Description of the Restructuring", and completed on December 19, 2013
Restructuring Agreement	The restructuring agreement between Nordic Shipholding and Nordic Maritime and the Lending Banks dated November 22, 2013 with schedules
ROIC	Return on Invested Capital is defined as: Operating profit divided by average Invested capital, defined as average of beginning and ending balances of (equity plus Net interest-bearing debt less Non-operating assets)
Securities Note	The securities note dated March 28, relating to the Listing Shares and forming part of the Listing Prospectus.
Shares	The Pre-Restructuring Shares and the Listing Shares each with a nominal value of DKK 0.10
Shareholders	Any holder of Shares in the Company
Subscription Price	DKK 1.10 per Listing Share

Summary	The summary dated March 28, forming part of the Listing Prospectus and summarising the Registration Document and the Securities Note.
Treasury shares	As of the Listing Prospectus Date, the Company holds 50,700 Shares of nominally DKK 0.1 each
Triton Transaction	The divestment of the Company's chemical tanker business to Triton in March 2012 for a sales price of USD 30 million. The sales price was partially applied to reduce bank debt in the Company's vessels
USD	U.S. dollars – the official currency of the United States
VP Securities	VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark
Working Capital Facility	Working capital facilities totalling USD 4.0 million made available to Nordic Shipholding and/or Nordic Shipholding B.V. under the Financing Agreements

## 26.2 Glossary

To facilitate a better understanding of Nordic Shipholding's business, the following glossary provides an explanation on some of the shipping terms and abbreviations used in the Listing Prospectus. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

Ballast water	Water used to improve the stability and control the draft of a ship. When a vessel is not carrying cargo, it is said to sail "ballast"
Bunkers	Fuel oil used to operate a vessel's engines, generators and boilers
Cash sweep	A provision under a loan facility pursuant to which cash held by the borrower above certain thresholds is required to be paid to lender
Classification Society	An independent society that certifies that a vessel has been built and maintained according to the society's rules for that type of vessel and complies with certain applicable rules and regulations of the country in which the vessel is registered, as well as requirements in relevant international conventions
Deadweight Ton ("dwt")	A unit of a vessel's capacity for cargo, fuel oil, stores and crew, measured in metric tons. A vessel's deadweight or total deadweight is the total weight the vessel can carry when loaded to a particular load line
Draft	Vertical distance between the waterline and the bottom of the vessel's keel
Handymax	A product tanker with a cargo-carrying capacity of 40,000 – 54,999 dwt.
Handysize	A product tanker with a cargo-carrying capacity of 25,000 – 39,999 dwt.



Hull	Shell or body of a ship
IMO	International Maritime Organization, a United Nations agency that issues international regulations and standards for shipping
ISM Code	The International Management Code for the Safe Operation of Ships and for Pollution Prevention, as adopted by the International Maritime Organization
LR1	"Long Range 1"; A product tanker with a cargo-carrying capacity of 70,000 – 99,999 dwt.
LR2	"Long Range 2"; A product tanker with a cargo-carrying capacity in excess of 80,000 dwt.
Newbuilding	A new vessel under construction or just completed
OPA	Oil Pollution Act of 1990 of the U.S. (as amended)
Operating Expenses	Operating expenses are the costs of crew wages and related costs, the costs of spares and consumable stores, expenses relating to repairs and maintenance (excluding drydocking), the cost of insurance, tonnage taxes and other miscellaneous expenses
Orderbook	The orderbook refers to the total number of currently placed orders for the construction of vessels or a specific type of vessel worldwide
Petroleum Products	Refined crude oil products such as gasoline, jet fuel, kerosene, naphtha, diesel oil and fuel oil
Pools	Pooling arrangements that enable participating vessels to combine their revenues and share their voyage expenses. The commercial management of vessels entered into pools is handled by the pool manager who secures employment for the participating vessels
Protection and Indemnity ("P&I") Insurance	Insurance obtained through mutual associations (called "Clubs") formed by ship-owners to provide liability insurance protection against a large financial loss by one member by contribution towards that loss by all members. To a great extent, the risks are reinsured
Scrapping	The disposal of old or damaged vessel tonnage by way of sale as scrap metal
Small tanker	A product tanker with a cargo-carrying capacity of 10,000-24,999 dwt.
TCE earnings	TCE earnings means time charter equivalent earnings, which is revenue less voyage expenses, meaning port expenses, bunkers, commissions, and freight and bunkers derivatives. TCE earnings in dollars per available earning day divides TCE earnings in dollars among the available earning days. TCE earnings per available earning day is a standard seaborne transportation industry performance measure used primarily to compare period-to-period changes in a seaborne transportation company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed during specific periods

Voyage Expenses

Expenses incurred due to a vessel's travelling from a loading port to a discharging port, such as fuel (bunker) cost, port expenses, agent's fees, canal dues and extra war risk insurance, as well as commissions

## **27. Financial information**

The annual reports for 2012 and 2013, including the auditor's reports, are incorporated by reference to the Company's website: <http://www.nordicshipholding.dk>. Other than the information stated, the contents of the website do not form part of the Listing Prospectus.

# Appendix

## ARTICLES OF ASSOCIATION

NORDIC SHIPHOLDING A/S  
(CVR no.: 76 35 17 16)

### **1 Company name and registered office**

- 1.1 The name of the Company is Nordic Shipholding A/S.
- 1.2 The Company's registered office is located in the municipality of Gentofte.

### **2 Object**

- 2.1 The object of the Company is to perform activities partly as a shipping company and partly as a shipping investment company and to perform related activities.
- 2.2 The object can be carried out directly or indirectly through subsidiaries and associates etc.

### **3 The Company's capital and shares**

- 3.1 The share capital totals DKK 40,615,840.30. The share capital is divided into shares of nominally DKK 0.10.
- 3.2 The share capital is fully paid up.
- 3.3 The Company's shares are negotiable and freely transferable shares.
- 3.4 No shareholder is obliged to have his/her shares redeemed in full or in part.
- 3.5 The shares shall be bearer shares, but may be registered in the name of the holder in the Company's register of shareholders. The Company's register of shareholders is maintained by VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, which has been appointed as the manager of the Company's register of shareholders.
- 3.6 The Board of Directors shall provide for a register of all shareholders holding registered shares.
- 3.7 No shares carry special rights.
- 3.8 The shares are admitted to listing on NASDAQ OMX Copenhagen A/S, and the shares are issued through VP Securities A/S. Any rights attaching to the shares shall be notified to VP Securities A/S.

### **4 Authorisation to the Board of Directors to increase the Company's capital**

- 4.1 Cancelled.
- 4.2 Cancelled.
- 4.3 Cancelled.
- 4.4 The shares issued in connection with the capital increases shall be negotiable instruments and shall carry the same rights as existing shares in the Company. The shares shall be entitled to dividend from the date decided by the Board of Directors in their resolution of the capital increase. The shares shall be bearer shares, but may be registered in the name of the holder in the Company's register of shareholders.
- 4.5 The Board of Directors is authorised to adopt amendments to the articles of association as a consequence the capital increases.

### **4a Authorisation to the Board of Directors to issue warrants**

- 4a.1 At the annual general meeting held on 22 April 2010, the Company authorised the Board of Directors of the Company to resolve on the issue of warrants, which give holders a right to subscribe for up to nominally DKK 15,000,000 shares in the Company, to members of the Executive Board and employees and to resolve on a related capital increase. This authorisation shall apply until 21 April 2015 and is exercisable on one or several occasions. *As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the nominal amount of the shares that can be subscribed for according to warrants issued by the company's board of directors has been reduced from up to*

*nominally DKK 15,000,000 to up to nominally DKK 1,500,000. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.90 adopted on the general meeting on 17 December 2013, the nominal amount of the shares that can be subscribed for according to warrants issued by the company's board of directors has been reduced from up to nominally DKK 1,500,000 to up to nominally DKK 150,000.*

- 4a.2 The Company's shareholders shall have no pre-emption right upon the exercise by the Board of Directors of its authority to issue warrants, be it in connection with the issue of warrants or in connection with the exercise of warrants.
- 4a.3 The Board of Directors determines the exercise price, however, it shall be no less than the market price of the Company's shares at the time of the issue of the warrants in question. The Board of Directors determines the terms and conditions of the issue and the exercise of warrants, including the recipient's legal rights in the event of a capital increase, capital reduction, issue of new warrants, issue of new convertible instruments of debt, the Company's liquidation, merger or split, which may occur prior to the date of exercise.
- 4a.4 Pursuant to the provisions of the Danish Companies Act in force from time to time, the Board of Directors may reapply or reissue any lapsed non-exercised warrants, provided that such reapplication or reissue is made under the terms and conditions and within the time limits specified under this authority. Reapplication means the right of the Board of Directors to let another contractual party become a party to an already existing agreement on warrants. Re-issue means the possibility for the Board of Directors to re-issue new warrants under the same authorisation if those already issued have lapsed.
- 4a.5 The Board of Directors is authorised until 21 April 2015 to increase the share capital of the Company on one or several occasions by up to nominally DKK 15,000,000 by way of cash payment in connection with the exercise of its authorisation to issue warrants. *As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the authority of the board of directors to exercise a capital increase by one or several occasions with up to nominally DKK 15,000,000 by cash contribution in relation to the exercising of the authorisation to issue warrants has been reduced to up to DKK 1,500,000. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the authority of the board of directors to exercise a capital increase by one or several occasions with up to nominally DKK 1,500,000 by cash contribution in relation to the exercising of the authorisation to issue warrants has been reduced to up to DKK 150,000.*
- 4a.6 The new shares issued under the authorisation to issue warrants shall be negotiable instruments and carry the same rights as the Company's existing shares. The shares shall be bearer shares, but may be registered in the name of the holder in the Company's register of shareholders. The Board of Directors shall lay down the other terms and conditions for effecting the capital increase, including the date when the rights in respect of such new shares attach.
- 4a.7 A resolution of the Board of Directors to issue warrants must be included in the articles of association. The Board of Directors is authorised to implement any such amendments to the Company's articles of association as may be necessitated by an exercise of the authorisation to issue warrants and by an exercise of such warrants.
- 4a.8 Based on a decision by the Board of Directors on 23 June 2010 and in accordance with the authority set out in clause 4a1 – 4a.7 of the Articles of Association, the Board of Directors have issued warrants which entitle the holders to subscribe for up to nominally DKK 12.880.000 shares (refer clause 4b of the Articles of Association). As of the 23 June 2010, clauses 4a.1 – 4a.7 thus give authority to issue further warrants with right to subscribe for up to nominally DKK 2,120,000 shares. *As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the nominal amount of the shares that can be subscribed for according to warrants issued has been reduced from up to nominally DKK 12,880,000 to up to nominally DKK 1,288,000 and Clauses 4a.1 - 4a. hereafter contain authority to issue further warrants to shares for up to nominally DKK 212,000. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the nominal amount of the shares that can be subscribed for according to warrants issued has been reduced from up to nominally DKK 1,288,000 to up to nominally DKK 128,800 and Clauses 4a.1 - 4a.7 hereafter contain authority to issue further warrants to shares for up to nominally DKK 21,200.*

#### **4b Warrants**

4b.1 Based on a decision by the Board of Directors on 23 June 2010 and in accordance with the authority set out in clause 4a of the Articles of Association, the Board of Directors have issued 1,288,000 warrants, which entitle the holders to subscribe for up to 1,288,000 shares of nominally DKK 10 each, or totally up to nominally DKK 12,880,000. In accordance with section 170 of the Danish Companies Act the full wording of the Board of Directors' decision has been incorporated in the Articles of Association as Exhibit 1, which constitutes an integrated part of the Articles of Association. In addition, the Board of Directors has resolved on the related capital increase. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the 1,288,000 warrants issued give the right to subscribe for up to 1,288,000 shares of nominally DKK 1.00, in total nominally DKK 1,288,000. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the 1,288,000 warrants issued give the right to subscribe for up to 1,288,000 shares of nominally DKK 0.10, in total nominally DKK 128,800.

#### **4c Authorisation to the Board of Directors to issue warrants**

4c.1 At the annual general meeting held on 29 April 2011, the Company authorised the Board of Directors of the Company to resolve on the issue of additional warrants, which give holders a right to subscribe for up to nominally DKK 1,500,000 shares in the Company, to employees and management of the Company and affiliated companies and to resolve on a related capital increase. This authorisation shall apply until 28 April 2016 and is exercisable on one or several occasions. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the nominal amount of the shares that can be subscribed for according to warrants issued by the company's board of directors has been reduced from up to nominally DKK 1,500,000 to up to nominally DKK 150,000.

4c.2 The Company's shareholders shall have no pre-emption right upon the exercise by the Board of Directors of its authority to issue warrants, be it in connection with the issue of warrants or in connection with the exercise of warrants.

4c.3 The Board of Directors determines the exercise price, however, it shall be no less than the market price of the Company's shares at the time of the issue of the warrants in question. The Board of Directors determines the terms and conditions of the issue and the exercise of warrants, including the recipient's legal rights in the event of a capital increase, capital reduction, issue of new warrants, issue of new convertible instruments of debt, the Company's liquidation, merger or split, which may occur prior to the date of exercise.

4c.4 Pursuant to the provisions of the Danish Companies Act in force from time to time, the Board of Directors may reapply or reissue any lapsed non-exercised warrants, provided that such reapplication or reissue is made under the terms and conditions and within the time limits specified under this authority. Reapplication means the right of the Board of Directors to let another contractual party become a party to an already existing agreement on warrants. Re-issue means the possibility for the Board of Directors to re-issue new warrants under the same authorisation if those already issued have lapsed.

4c.5 The Board of Directors is authorised until 28 April 2016 to increase the share capital of the Company on one or several occasions by up to nominally DKK 1,500,000 by way of cash payment in connection with the exercise of its authorisation to issue warrants as set out in clause 4c.1. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the authority of the board of directors to exercise a capital increase by one or several occasions with up to nominally DKK 1,500,000 by cash contribution in relation to the exercising of the authorisation to issue warrants has been reduced to up to DKK 150,000.

4c.6 The new shares issued under the authorisation to issue warrants as set out in clause 4c.1 shall be negotiable instruments and shall carry the same rights as the Company's existing shares. The shares shall be bearer shares, but may be registered in the name of the holder in the Company's register of shareholders. The Board of Directors shall lay down the other terms and conditions for effecting the capital increase, including the date when the rights in respect of such new shares attach.

4c.7 A resolution of the Board of Directors to issue warrants must be included in the articles of association. The Board of Directors is authorised to implement any such amendments to the Company's articles of association as may be necessitated by an exercise of the authorisation to issue warrants and by an exercise of such warrants.

4c.8 Based on a decision by the Board of Directors on 3 May 2011 and in accordance with the authority set out in clause 4c.1 – 4c.7 of the Articles of Association, the Board of Directors have issued warrants which entitle the holders to subscribe for up to nominally DKK 1.245.000 shares (refer clause 4c of the Articles of Association). As of the 3 May 2011, clauses 4c.1 – 4c.7 thus give authority to issue further warrants with right to subscribe for up to nominally DKK 255.000 shares. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the nominal amount of the shares that can be subscribed for according to warrants issued by the company's board of directors has been reduced from up to nominally DKK 1,245,000 to up to nominally DKK 124,500 and clause 4c.1 - 4c.7 and clauses 4c.1 - 4c.7 hereafter contain authority to issue further warrants to shares for up to nominally DKK 25,500.

#### **4cc Warrants**

4cc.1 Based on a decision by the Board of Directors on 3 May 2011 and in accordance with the authority set out in clause 4c of the Articles of Association, the Board of Directors have issued 1.245.000 warrants, which entitle the holders to subscribe for up to 1.245.000 shares of nominally DKK 1 each, or totally up to nominally DKK 1.245.000. In accordance with section 170 of the Danish Companies Act the full wording of the Board of Directors' decision has been incorporated in the Articles of Association as Exhibit 2, which constitutes an integrated part of the Articles of Association. In addition, the Board of Directors has resolved on the related capital increase. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the 1,245,000 warrants issued give the right to subscribe for up to 1,245,000 shares of nominally DKK 0.10, in total nominally DKK 124,500.

#### **4d Authorisation to the Board of Directors to issue warrants**

4d.1 At the annual general meeting held on 29 April 2011, the Company authorised the Board of Directors of the Company to resolve on the issue of additional warrants, which give holders a right to subscribe for up to nominally DKK 6,000,000 shares in the Company, which can be used wholly or partly as a means of payment in connection with growth initiatives, hereunder the acquisition of ships or companies and/or the entering into time charter, bareboat or similar arrangements, and to resolve on a related capital increase. This authorisation shall apply until 28 April 2016 and is exercisable on one or several occasions. The warrants in question can be issued to existing shareholders as well as to recipients who are not shareholders in the company at the time of allotment.

4d.2 The Company's shareholders shall have no pre-emption right upon the exercise by the Board of Directors of its authority to issue warrants, be it in connection with the issue of warrants or in connection with the exercise of warrants.

4d.3 The Board of Directors determines the exercise price, however, it shall be no less than the market price of the Company's shares at the time of the issue of the warrants in question. The Board of Directors determines the terms and conditions of the issue and the exercise of warrants, including the recipient's legal rights in the event of a capital increase, capital reduction, issue of new warrants, issue of new convertible instruments of debt, the Company's liquidation, merger or split, which may occur prior to the date of exercise.

4d.4 Pursuant to the provisions of the Danish Companies Act in force from time to time, the Board of Directors may reapply or reissue any lapsed non-exercised warrants, provided that such reapplication or reissue is made under the terms and conditions and within the time limits specified under this authority. Reapplication means the right of the Board of Directors to let another contractual party become a party to an already existing agreement on warrants. Re-issue means the possibility for the Board of Directors to re-issue new warrants under the same authorisation if those already issued have lapsed.

4d.5 The Board of Directors is authorised until 28 April 2016 to increase the share capital of the Company on one or several occasions by up to nominally DKK 6,000,000 by way of payment in connection with the exercise of its authorisation to issue warrants as set out in clause 4d.1. Payment can be made in cash, by non-cash contribution, by conversion of debt or by a combination hereof. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the authority of the board of directors to exercise a capital increase by one or several occasions with up to nominally DKK 6,000,000 by cash contribution in relation to the exercising of the authorisation to issue warrants has been reduced to up to DKK 600,000.

4d.6 The new shares issued under the authorisation to issue warrants as set out in clause 4d.1 shall be negotiable instruments and shall carry the same rights as the Company's existing shares. The shares shall be bearer shares, but may be registered in the name of the holder in the Company's register of

shareholders. The Board of Directors shall lay down the other terms and conditions for effecting the capital increase, including the date when the rights in respect of such new shares attach.

4d.7 A resolution of the Board of Directors to issue warrants must be included in the articles of association. The Board of Directors is authorised to implement any such amendments to the Company's articles of association as may be necessitated by an exercise of the authorisation to issue warrants and by an exercise of such warrants.

4.e The Company's Board of Directors is authorised to increase the Company's share capital in one or more issues by up to a total nominal amount of DKK 61,100,000 without pre-emption rights for the Company's existing shareholders. The authority will be effective until 31 December 2014. The capital increases may be implemented by way of cash contributions, non-cash contributions and/or debt conversion. The capital increase shall be implemented at or above the market price. The new shares will be bearer shares but may be registered in the names of the holders in the Company's register of shareholders. The shares will be negotiable instruments. The shares will be subject to no restrictions on transferability. The shares will be of the same class as the existing share capital. The new shares will confer on the holders the right to receive dividends and other rights in the Company as from the time decided by the Board of Directors in the resolution on the capital increase.

4.f The Company's Board of Directors is authorised to increase the Company's share capital in one or more issues by up to a total nominal amount of DKK 61,100,000 without pre-emption rights for the Company's existing shareholders. The authority will be effective until 31 December 2014. The capital increases may be implemented by way of cash contributions, non-cash contributions and/or debt conversion. The capital increase shall be implemented at a favourable price. The new shares will be bearer shares but may be registered in the names of the holders in the Company's register of shareholders. The shares will be negotiable instruments. The shares will be subject to no restrictions on transferability. The shares will be of the same class as the existing share capital. The new shares will confer on the holders the right to receive dividends and other rights in the Company as from the time decided by the Board of Directors in the resolution on the capital increase.

4.g The Board of Directors may increase the Company's share capital by a total nominal amount of up to DKK 61,100,000 by exercising the authority granted in Articles 4e and 4f.

4.h The Board of Directors of the Company has the 19 December 2013 resolved to partially exercise the authorization given to them at the general meeting of 17 December 2013 to increase the share capital of the Company by nominal DKK 36,721,170.60 by way of partly cash contribution and partly debt conversion.

In view of the Board of Directors' resolution, the authorisation in paragraph 4.e, 4.f and 4.g was reduced with a nominal value of DKK 36,721,170.60 to a nominal value of DKK 24,378,829.40.

## **5 Guidelines for incentive pay schemes**

5.1 At the annual general meeting held on 22 April 2010, the shareholders resolved to adopt general guidelines for the Company's incentive pay schemes offered to the Company's Board of Directors, Executive Board and other employees. The guidelines are available on the Company's website [www.nordictankers.com](http://www.nordictankers.com).

## **6 General meeting**

6.1 The general meeting shall be the supreme authority in all matters concerning the Company subject to the provisions laid down by statute and by these articles of association.

6.2 The annual general meeting shall be held in time for the approved annual report to be filed with the Danish Commerce and Companies Agency within four months of the close of the financial year.

6.3 Extraordinary general meetings shall be held whenever requested by the Board of Directors or the auditor(s) or when requested in writing by shareholders holding not less than 5% of the share capital for the transaction of specific business. In the latter case, the notice convening the extraordinary general meeting shall be given within two weeks of receipt of the request.

6.4 The Company's general meetings shall be held in the municipality of its registered office, Copenhagen, Odense, Århus or in Frederiksberg.

6.5 The general meeting is convened at not more than five weeks' notice and, unless the Danish Companies Act allows a shorter notice, not less than three weeks' notice by notification on the Company's website, through the computer system of the Danish Commerce and Companies Agency



and by written notice (letter or e-mail) to all the shareholders registered in the Company's register of shareholders who have so requested.

- 6.6 The notice convening annual and extraordinary general meetings shall include the agenda and the complete proposed resolutions to be considered at the general meeting. If a resolution is proposed at the general meeting to amend the articles of association, the notice shall contain the most important aspects of such proposal. If a resolution is proposed to amend the articles of association pursuant to sections 77(2), 92(1) or (5) or section 107(1) or (2) of the Danish Companies Act, the notice shall contain the full wording of such proposal. Moreover, the notice shall include the information required by section 97 of the Danish Companies Act.
- 6.7 Proposed resolutions from the shareholders to be considered at the annual general meeting must be submitted in writing to the Board of Directors not later than six weeks before the holding of the general meeting. If the Board of Directors receives a proposal later than six weeks before the holding of the general meeting, the Board of Directors will decide whether the proposal has been submitted in sufficient time for the item to be included on the agenda after all.
- 6.8 Not later than eight weeks before the date fixed for the holding of the annual general meeting, the Board of Directors shall announce the date fixed for the holding of the general meeting and the latest date for submitting requests for the inclusion of a specific item on the agenda, cf. article 6.7 of the articles of association.

## **7 Agenda**

7.1 The agenda of the annual general meeting shall include the following items:

- 1 Presentation of the annual report for adoption
- 2 Resolution regarding application of profit for the year, including determination of the amount of dividend, or covering of losses according to the approved annual report
- 3 Election of members to the Board of Directors
- 4 Appointment of auditors
- 5 Resolution to authorise the Board of Directors to let the Company acquire up to 10% of the Company's treasury shares
- 6 Proposed resolutions by the Board of Directors and shareholders
- 7 Any other business

## **8 Availability of agenda and related documents on the Company's website**

8.1 Unless a shorter notice is prescribed by the Danish Companies Act, the following documents and information must be made available to shareholders on the Company's website not later than three weeks before each general meeting (including the date of the holding of the general meeting):

- i. The notice convening the general meeting, including the information stated in article 6.6 of the articles of association.
- ii. The total number of shares and voting rights at the date of the notice convening the general meeting.
- iii. The documents to be presented at the general meeting and in respect of an annual general meeting, also the audited annual report, including the auditors' report, and any consolidated financial statements.
- iv. Agenda and complete proposed resolutions.
- v. The forms to be used for voting by proxy and for voting by post, unless such forms are sent directly to the shareholders. If these forms cannot be made available on the Company's website for technical reasons, the Company must state on its website how to obtain the forms in hard copy. In such cases, the Company will send the forms to any shareholder who so requests. The related costs will be borne by the Company.

## **9 Admittance card, voting rights and qualified majority**

9.1 Shareholders holding shares in the Company on the date of registration, as defined in article 9.4 of the articles of association, are entitled to attend the general meeting, provided that they have requested an admittance card and provided proper proof of identity not later than three days before the holding of the general meeting.

- 9.2 At general meetings, each shareholder holds voting rights pursuant to the following rules.
- 9.3 A shareholder's right to vote at the Company's general meetings or vote by post, cf. article 9.5 of the articles of association, attaching to the shareholder's shares is determined in proportion to the shares held by the shareholder on the date of registration, cf. article 9.4 of the articles of association. Any disposal or acquisition of shares in the period between the date of registration and the pertaining general meeting does not affect voting rights at the general meeting or postal voting rights for use at the general meeting.
- 9.4 The date of registration is the date one week prior to the holding of the general meeting. At the expiry of the date of registration, the shares held by each of the Company's shareholders on the date of registration must be calculated. The calculation is made on the basis of registrations of shares made in the register of shareholders and duly evidenced notices to the Company about any acquisition of shares not yet registered in the register of shareholders, but received by the Company before the expiry of the date of registration. To be eligible for entry into the register of shareholders and inclusion in the calculation, notices of shareholdings must be evidenced by presentation of documentation from the shareholder's account-holding institution or other similar documentation which must not be more than two weeks old. Such evidence must have been received by the Company before the expiry of the date of registration.
- 9.5 Instead of voting at the actual general meeting, shareholders may choose to vote by post, i.e. vote in writing before the holding of the general meeting. Shareholders who choose to vote by post must send their postal vote to the Company so that the postal vote has been received by the Company not later than the day before the holding of the general meeting. A postal vote received by the Company cannot be revoked.
- 9.6 General meetings of the Company are open to the press.
- 9.7 At the general meeting, each share amount of nominally DKK 0.10 entitles the holder to one vote.
- 9.8 Shareholders are entitled to attend the general meeting by proxy on presentation of a written and dated instrument of proxy. No time restrictions or other restrictions apply to instruments of proxy, other than to instruments of proxy issued to the Company Management, which cannot be issued for longer than 12 months and can only be issued for a specific general meeting with an agenda known in advance.
- 9.9 An instrument of proxy may be revoked in writing by the appointing shareholder at any time.
- 9.10 The shareholder or the proxy may attend the general meeting together with an adviser.
- 9.11 Resolutions at general meetings shall be passed by a simple majority of votes, unless unanimity or a special qualified majority is required by the Danish Companies Act.
- 10 Chairman and minutes of the general meeting**
- 10.1 General meetings are presided over by a chairman appointed by the Board of Directors. The chairman of the general meeting shall decide all issues concerning the transaction of business, including procedures, the casting of votes and the result of the voting.
- 10.2 Minutes shall be kept of the business transacted and resolutions passed at the general meeting. This minute book shall be signed by the chairman and will in any matter be the proving evidence.
- 10.3 Not later than two weeks after the holding of the general meeting, the minute book or a certified copy thereof must be made available to the Company's shareholders.
- 11 Board of Directors**
- 11.1 The members of the Board of Directors are elected by the general meeting, except for those employee representatives elected pursuant to the provisions of the Danish Companies Act on employee representation.
- 11.2 The number of board members elected by the general meeting shall be 3-8. The board members are elected for one year at a time. Retired board members are eligible for re-election.
- 11.3 The Board of Directors is responsible for the overall management of the Company.

- 11.4 The Board of Directors shall elect a chairman, who will conduct proceedings, and a deputy chairman from among its members. The chairman will convene the board meetings as often as he might find necessary or when demanded by a board member, an executive or the Company's auditor appointed by the general meeting. In the absence of the chairman, his rights and obligations will be taken over by the deputy chairman.
- 11.5 The Board of Directors shall form a quorum when more than half of the board members, including the chairman and/or deputy chairman are represented. The resolution shall be made by simple voting majority. In the case of equality of votes, the chairman shall have the casting vote. In his absence, the deputy chairman shall have the casting vote.
- 11.6 Minutes shall be kept of the business transacted at board meetings and shall be signed by all board members present.
- 11.7 The Board of Directors shall lay down rules of procedure for the performance of its duties.
- 12 Executive Board**
- 12.1 The Board of Directors shall employ an executive team consisting of 1-3 members.
- 12.2 The Board of Directors will decide the terms for the executive team's employment and their authority. An executive will be employed as chief executive officer.
- 12.3 The executive team shall be in charge of the day-to-day running of the Company and shall be obliged to follow the guidelines and restrictions specified by the Board of Directors.
- 13 Power to bind the Company**
- 13.1 The Company shall be bound by the joint signatures of the chairman or the deputy chairman of the Board of Directors and a board member or an executive.
- 13.2 The Board of Directors may grant powers of procuration.
- 14 Financial year and annual report**
- 14.1 The Company's financial year runs from 1 January to 31 December.
- 14.2 The annual report shall be prepared with due consideration to the present values and obligations of the Company, with respect to the necessary or required depreciations and appropriations and according to accounting standards and legislation.
- 15 Auditor**
- 15.1 The annual report is audited by a state-authorized public accountant appointed by the general meeting.
- 15.2 The auditor is appointed for one year at a time. Re-appointment is possible.
- 16 Authorisation to distribute extraordinary dividend**
- 16.1 Pursuant to section 109a of the former Danish Public Limited Companies Act (now sections 182 and 183 of the Danish Companies Act), the Board of Directors is authorised to decide to pay extraordinary dividend under the rules of the Danish Companies Act (previously the rules of the Danish Public Limited Companies Act).

## **EXHIBIT 1 TO THE ARTICLES OF ASSOCIATION OF**

NORDIC SHIPHOLDING A/S

### **1 Purpose**

- 1.1 At the board meeting held in Nordic Shipholding A/S (the "Company") on 23 June 2010 the following new provisions were adopted in accordance with Article 4.A in the Articles of Association concerning the issue of warrants to employees (the "Employee") ("Warrants").
- 1.2 The board of directors has decided to issue up to 1,325,000 Warrants in the Company for the subscription of up to 1,325,000 shares of DKK 10 (nominally DKK 13,250,000) according to Article 4a in the Articles of Association. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the nominal value of each share, to which the issued Warrants grant subscription rights, is reduced to nominally DKK 1.00, and the total nominal amount is reduced to DKK 1,325,000. As the result of the proposal of

reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the nominal value of each share, to which the issued Warrants grant subscription rights, is reduced to nominally DKK 0.10, and the total nominal amount is reduced to DKK 132,500.

- 1.3 Selected employees in the Company and the subsidiaries of the Company (the "Group") are offered an opportunity to be granted Warrants in the Company in order to ensure that the Company and the employees of the Group share common interests and that everyone is working to ensure that the value of the Company develops in the best possible way.
- 1.4 It is a condition for the grant of warrants that the Employee is employed with a company within the Group and not under notice at the date of this Exhibit.
- 1.5 The subscription for warrants has taken place by signing of individual warrant agreements ("Warrant Agreements"), which contains the names of the Employee and the number of Warrants granted.
- 1.6 The Warrants entitle the Employee to subscribe the shares on the terms set out below.

## **2 Grant of Warrants**

- 2.1 The Warrants are granted free of charge.
- 2.2 Each Warrant entitles the Employee to subscribe for 1 share of nominal value DKK 10.00 in the Company pursuant to the relevant conditions as set forth in Clauses 3 - 5 and at the relevant subscription price as determined in Clause 6. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 1.00. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 0.10.
- 2.3 In connection with the Company's register of shareholders, a register of all issued Warrants shall be kept.

## **3 Ordinary Exercise of the Warrants**

- 3.1 The Warrants may be exercised from 24 June 2012 until (and including) 24 June 2014 ("Exercise Period") within the windows set forth in Clause 3.2. Warrants which have not been exercised on or before the last day of the Exercise Period will lapse automatically without any notice or consideration.
- 3.2 Within the Exercise Period the Warrants may be exercised twice a year during a 4- week window starting from the time of publication of either the Company's annual report or its semi-annual report, consequently the first period in which Warrants can be exercised is in the 4 weeks window after publication of the Company's semi-annual report in 2012 and the last period in which Warrants can be exercised is in the 4 weeks window after publication of the Company's annual report (for the financial year 2013) in 2014.
- 3.3 The Employee is entitled to exercise all or part of his or her Warrants, however the Employee cannot exercise less than 1,500 Warrants at a time.

## **4 Extraordinary Exercise of the Warrants - Legal Position in the event of Liquidation, Demerger, Merger etc.**

- 4.1 In addition to the ordinary exercise of Warrants as set out in Clause 3 Warrants may be exercised in accordance with Clauses 4.1.1 - 4.1.6.
- 4.1.1 In the event that the Company's general meeting passes a resolution to liquidate the Company, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the expiry of the time-limit provided that the Company is finally liquidated as a result of the notified resolution. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.
- 4.1.2 In the event that the general meeting passes a resolution to merge the Company and such merger results in the Company being discontinued, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. The notice must be processed by the Company so that the shares are registered in the Employee's depot at least five trading days before the last day of trading of the Company's shares. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the expiry of the time-limit provided that the Company is finally discontinued as a result of the notified resolution. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

- 4.1.3 In the event that a voluntary or mandatory public offer pursuant to Sections 31 and 32 of the Danish Securities Trading Act is made, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants and this Exhibit will remain in full effect. Any exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.
- 4.1.4 In the event of a compulsory acquisition of the Company's shares pursuant to the Danish Companies Act being initiated, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the completion of the compulsory acquisition of the Company's shares pursuant to the Danish Companies Act. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.
- 4.1.5 In the event that the Company's general meeting passes a resolution to delist the Company from NASDAQ OMX Copenhagen A/S, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. The notice must be processed by the Company so that the shares are registered in the Employee's depot at least five trading days before the last day of trading of the Company's shares. In so far as the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the delisting of the Company has been completed. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.
- 4.1.6 In the event that the Company decides to sell the most profitable and material assets of the Company, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. In so far as the Employee does not wish to exercise the Warrants, the Warrants and this Exhibit will remain in full effect. Any exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

## **5 Practicalities in connection with Exercise of the Warrants**

- 5.1 The board of directors of the Company shall determine the rules regarding the practicalities in connection with exercise of the Warrants. The Employee will receive further information hereof from the Company.
- 5.2 At the same time as giving notice of the exercise of the Warrants, the Employee shall pay in cash to the Company an amount equal to the relevant subscription amount fixed under the terms of Clause 6.

## **6 Subscription Price for Shares in connection with the Exercise of Warrants**

- 6.1 Each Warrant entitles the Employee to subscribe for 1 share in the Company of a nominal value of DKK 10.00 at a subscription price of DKK 10 per share added 4 percent p.a. as of 23 June 2010 (the "Subscription Price"). As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 1.00 at a subscription price of DKK 10.00 per share added 4 percent p.a. as of 23 June 2010 (the "Subscription Price"). As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 0.10 at a subscription price of DKK 10.00 per share added 4 percent p.a. as of 23 June 2010 (the "Subscription Price").
- 6.2 The Subscription Price may be regulated as set out in this Exhibit.

## **7 Adjustment of the Conditions for Warrants in case of certain Changes in the Company's Capital Structure**

- 7.1 In case changes are made in the Company's capital structure which entail a reduction or increase of the value of the Warrants granted, there shall be an adjustment of the Subscription Price and/or the number of shares that can be subscribed for by exercising the Warrants, so that the value of the Warrants remains the same, with the exceptions set forth in this Exhibit. However, the Subscription Price can never be adjusted to below par value. Further, it is a condition for any adjustment of the number of shares that can be subscribed for by exercising the Warrants, that the board of directors of the Company has been granted the necessary authority by the general meeting to issue such additional number of shares in the Company.

- 7.2 Should the competent bodies of the Company make a final decision to issue bonus shares (e.g. stock dividend) before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{A}{(A + B)}$$

and the number of shares by  $\frac{1}{\alpha}$

where:

A: is the Company's nominal share capital before the issue of bonus shares.

B: is the nominal value of the bonus shares to be issued.

- 7.3 Should the competent bodies of the Company make a final decision to increase the Company's share capital by subscription of new shares at a price below market price before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{(A \times k) + (B \times t)}{(A + B) \times k}$$

and the number of shares by  $\frac{1}{\alpha}$

A: is the Company's nominal share capital before the capital increase.

B: is the nominal increase of the share capital.

k: is the market price of the shares before the capital increase.

t: is the Subscription Price for the new shares.

- 7.4 Should the competent bodies of the Company make a final decision to change the nominal value of the shares in connection with a decision whereby the share capital of the Company is reduced by allocation to a separate fund and/or cover of loss, before the Employee has exercised his or her Warrants, neither the Subscription Price nor the number of shares shall be amended. Consequently the Employee shall retain the right to subscribe for the same number of shares at the Subscription Price, however each Warrant shall entitle the Employee to subscribe for 1 share of the new nominal value so decided by the competent bodies of the Company.

- 7.5 Should the competent bodies of the Company make a final decision to change the nominal value of the shares (without any other simultaneous changes of the capital of the Company), e.g. in situations not comprised by Clause 7.4 before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{A}{B} \quad \text{and the number of shares by } \frac{1}{\alpha}$$

A: is the nominal value of each share after the nominal value of the shares has been changed.

B: is the nominal value of each share before the nominal value of shares has been changed.

- 7.6 Should the Company within any year decide to distribute dividends, the amount shall be considered a distribution to the shareholders which shall result in an adjustment of the Subscription Price according to the following formula:

$$TK1 = TK - \frac{u - (D \times 1)}{D}$$

where:

TK: is the Subscription Price for the Warrants before the distribution of dividends.

u: is the total amount of dividends.

D: is the total number of shares in the Company.

- 7.7 If the share capital of the Company is reduced by means of payment to the shareholders at a price higher than the market price, the Subscription Price shall be calculated as follows:

$$TK1 = TK - \frac{B \times (t - k)}{A}$$

where:

- TK: is the Subscription Price for Warrants before the reduction of the share capital.  
A: is the nominal share capital of the Company before the reduction of the share capital.  
B: is the nominal reduction of the share capital.  
k: is the market price of the shares before the reduction of capital.  
t: is the rate of the shares by which the share capital is reduced.

- 7.8 If the share capital of the Company is reduced by payment to the shareholders at a price lower than the market price, the Subscription Price shall be calculated as follows:

$$TK1 = TK + \frac{B \times (k - t)}{A}$$

where:

- TK: is the Subscription Price for Warrants before the reduction of the share capital.  
A: is the nominal share capital of the Company before the reduction of the share capital.  
B: is the nominal reduction of the share capital.  
k: is the market price of the shares before the reduction of capital.  
t: is the rate of the shares by which the share capital is reduced.

- 7.9 If the Company participates in a merger as the continuing company, there shall be no adjustment of the Subscription Price or the number of shares that may be subscribed for.

- 7.10 In the event that the general meeting passes a resolution to demerge the Company, the Employee shall – after the demerger – have the number of Warrants which shall entitle him/her to subscribe for shares in the receiving company that the Employee is or would have been employed by or, in the event that the Employee is not or has not been employed by the Company, the company with which the Employee has the closest relation. The number of Warrants shall entitle the Employee to the same potential stake that an exercise of all Warrants prior to the demerger would have resulted in, adjusted by the ratio between the value of the different surviving companies. Moreover, the terms applying to the surviving Warrants shall be the same as the terms stipulated in this Exhibit.

- 7.11 In other cases of changes in the capital structure of the Company, including issuance of warrants, convertible debt instruments or the like, resulting in a change of the value of the issued Warrants, the Subscription Price for the granted Warrants shall to the extent possible be adjusted, so that the value is not reduced or increased, subject, however, to Clause 7.12 below.

- 7.12 The Subscription Price shall not be reduced to a price lower than the nominal value of the shares (par). If an adjustment of the Warrants to preserve their value would result in the price being reduced to below par, the Warrants shall lapse, unless the Employee accepts that the Subscription Price is increased to par without compensation.

- 7.13 If the share capital is reduced in order to cover losses, the number of shares that the Employee may subscribe for by exercising the Warrants shall be reduced (rounded down) proportionately to the nominal reduction of the capital compared to the total nominal share capital of the Company before the reduction.

- 7.14 The following changes in the capital structure of the Company shall not result in any adjustment of the Subscription Price or the number of shares that the Employee may subscribe for:

- a) An increase or reduction of the Company's capital at market price.
- b) Issue of shares, options, warrants or the like to employees of the Company or to employees of a group related company and/or their fully employee owned companies for some or more of the employees, possibly at a favourable price, including but not limited to issue of shares according to Clause 4a in the articles of association of the Company concerning employee warrants.
- c) Issue of warrants, convertible debt instruments or the like to third parties on usual market terms as part of mezzanine financing or similar financing.
- d) Issue of shares according to Clause 4 in the articles of association of the Company.

- 7.15 If the number of new shares that may be subscribed for by exercise of the Warrants is adjusted upwards in accordance with this Clause 7, the Company's maximum share capital shall be increased similarly.

## **8 Transfer**

- 8.1 Transfer of the Warrants is not possible except with the acceptance of the chairman of the board of directors.
- 8.2 The Warrants must not be subject to enforcement of any kind and must not be lodged as security towards third party.

## **9 Conditions for New Shares issued following Exercise of the Warrants**

- 9.1 The following terms and conditions shall apply to the new shares issued by the exercise of Warrants:
- i. the existing shareholders shall not have any pre-emptive right to the new shares;
  - ii. the new shares issued on the basis of exercised Warrants shall be paid up in cash at the same date as the notice of the exercise of Warrants is forwarded;
  - iii. the new shares shall be bearer shares and may be registered in the name of the Employee in the Company's register of shareholders;
  - iv. the new shares shall be negotiable shares;
  - v. the new shares are freely transferable;
  - vi. the pre-emptive right of the new shares in connection with future capital increases shall not be limited;
  - vii. the new shares shall carry a right to dividend and other rights in the Company from the time when the relevant capital increase has been registered by the Danish Commerce and Companies Agency;
  - viii. in case of any general changes in the rights of the shares in the Company, the new shares shall carry the same rights as the other shares in the Company at the time of exercise;
  - ix. the Company shall pay the costs in connection with the issue of Warrants and the costs in connection with the subsequent exercise of the Warrants. The Company's costs in connection with the issue of Warrants pursuant to this Exhibit and the related capital increase are estimated at maximum DKK 1,000,000.

## **10 Capital Increase in connection with the Exercise of the Warrants**

- 10.1 The maximum increase of capital that may be subscribed on the basis of the Warrants is nominally DKK 13,250,000 (up to 1,325,000 shares of DKK 10) and the minimum DKK 10 (1 share of DKK 10). The maximum amount may be increased or reduced in accordance with the provisions on adjustment in Clause 7. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 9.00 from nominally DKK 10.00 to nominally DKK 1.00 adopted on the general meeting on 5 November 2010, the maximum amount of capital that may be subscribed for on the basis of the Warrants is nominally DKK 1,325,000 (up to 1,325,000 shares of DKK 1) and the minimum is DKK 1 (1 share of DKK 1). The maximum amount may still be increased or reduced in accordance with the provisions on adjustment in Clause 7. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the maximum amount of capital that may be subscribed for on the basis of the Warrants is nominally DKK 132,500 (up to 1,325,000 shares of DKK 0.10) and the minimum is DKK 0.10 (1 share of DKK 0.10). The maximum amount may still be increased or reduced in accordance with the provisions on adjustment in Clause 7.

## **11 Costs related to the Issue of Shares**

- 11.1 All costs related to the stockbroker and settlement fees charged in connection with the Employee's exercise of the Warrants shall be borne by the Company.

## **12 Cease of Employment Status**

- 12.1 Subject to Clause 12.2 below, and if the Employee's employment with a company within the Group is terminated prior to the exercise of the (remaining) Warrants for one of the following reasons:
- i. the Employee's retirement at the age provided for in the Employee's service contract, or because the Employee is entitled to the Danish State Retirement Pension (in Danish "folkepension");
  - ii. the Employee's termination of the employment relationship, provided such termination is due to the Employer Company's (or the relevant company within the Group) material breach (in Danish "grov misligholdelse") of the service contract;
  - iii. the Employer Company's (or the relevant company within the Group) termination with or without notice of the employment relationship, provided such termination is not due to the Employee's breach (in Danish "misligholdelse") of the service contract; or
  - iv. the Employee's death;
  - v. then the Employee/the estate of the Employee shall be allowed to keep his or her Warrants.
- vi. All of the Warrants shall lapse automatically and without compensation if the Employee's employment with a company within the Group is terminated prior to the exercise of the Warrants for reasons other than the reasons listed in Clause 12.1, items (i) - (iv) above.



### **13 Insider Trading**

- 13.1 The Employees have confirmed that they are not in possession of any insider knowledge at the date hereof.
- 13.2 Sale of shares subscribed for by any exercise of Warrants is subject to the provisions on insider trading applicable at any time including the Company's internal rules governing trade in securities issued by the Company.

### **14 Tax Implications**

- 14.1 It has been agreed that Section 7H of the Danish Tax Assessment Act (in Danish "Ligningsloven") shall apply. Otherwise the Warrants shall be subject to the provisions of Section 28 of the Danish Tax Assessment Act.
- 14.2 The Company undertakes to request the auditor of the Company to certify that Section 7H of the Danish Tax Assessment Act is applicable to this Exhibit and the Company further undertakes to send the auditor's statement regarding fulfilment of the conditions under Section 7H of the Danish Tax Assessment Act as well as a copy of the Warrant Agreement to the Danish Tax Authorities.
- 14.3 All tax obligations and consequences to the Employee resulting from the Warrant Agreement, the Warrants issued or the shares acquired by the exercise of such Warrants, are the sole responsibility of the Employee and of no concern to the Company/the Employer Company, including the situation where the tax authorities should find that the conditions for Section 7H of the Danish Tax Assessment Act being applicable are not fulfilled.
- 14.4 The Employee is strongly encouraged to seek tax advice in connection with the entering into of the Warrant Agreement.

### **15 Language**

- 15.1 In case of disagreements between the Danish and the English version of this exhibit, the Danish version shall prevail.

## **EXHIBIT 2 TO THE ARTICLES OF ASSOCIATION OF**

### **NORDIC SHIPHOLDING A/S**

#### **1 Purpose**

- 1.1 At the board meeting held in Nordic Shipholding A/S (the "Company") on 3 May 2011 the following new provisions were adopted in accordance with Article 4c in the Articles of Association concerning the issue of warrants to employees (the "Employee") ("Warrants").
- 1.2 The board of directors has decided to issue up to 1,245,000 Warrants in the Company for the subscription of up to 1,245,000 shares of DKK 1.00 (nominally DKK 1,245,000) according to Article 4c in the Articles of Association. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the nominal value of each share, to which the issued Warrants grant subscription rights, is reduced to nominally DKK 0.10, and the total nominal amount is reduced to DKK 124,500.
- 1.3 Selected employees in the Company and the subsidiaries of the Company (the "Group") are offered an opportunity to be granted Warrants in the Company in order to ensure that the Company and the employees of the Group share common interests and that everyone is working to ensure that the value of the Company develops in the best possible way.
- 1.4 It is a condition for the grant of warrants that the Employee is employed with a company within the Group and not under notice at the date of this Exhibit.
- 1.5 The subscription for warrants has taken place by signing of individual warrant agreements ("Warrant Agreements"), which contains the names of the Employee and the number of Warrants granted.
- 1.6 The Warrants entitle the Employee to subscribe the shares on the terms set out below.

#### **2 Grant of Warrants**

- 2.1 The Warrants are granted free of charge.
- 2.2 Each Warrant entitles the Employee to subscribe for 1 share of nominal value DKK 1.00 in the Company pursuant to the relevant conditions as set forth in Clauses 3 - 5 and at the relevant subscription price as determined in Clause 6. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK

1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 0.10.

2.3 In connection with the Company's register of shareholders, a register of all issued Warrants shall be kept.

### **3 Ordinary Exercise of the Warrants**

3.1 The Warrants may be exercised from 4 May 2013 until (and including) 4 May 2015 ("Exercise Period") within the windows set forth in Clause 3.2. Warrants which have not been exercised on or before the last day of the Exercise Period will lapse automatically without any notice or consideration.

3.2 Within the Exercise Period the Warrants may be exercised twice a year during a 4- week window starting from the time of publication of either the Company's annual report or its semi-annual report, consequently the first period in which Warrants can be exercised is in the 4 weeks window after publication of the Company's semi-annual report 2013 and the last period in which Warrants can be exercised is in the 4 weeks window after publication of the Company's annual report for the 2014.

3.3 The Employee is entitled to exercise all or part of his or her Warrants, however the Employee cannot exercise less than 1,500 Warrants at a time.

### **4 Extraordinary Exercise of the Warrants - Legal Position in the event of Liquidation, Demerger, Merger etc.**

4.1 In addition to the ordinary exercise of Warrants as set out in Clause 3 Warrants may be exercised in accordance with Clauses 4.1.1 - 4.1.6.

4.1.1 In the event that the Company's general meeting passes a resolution to liquidate the Company, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the expiry of the time-limit provided that the Company is finally liquidated as a result of the notified resolution. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

4.1.2 In the event that the general meeting passes a resolution to merge the Company and such merger results in the Company being discontinued, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. The notice must be processed by the Company so that the shares are registered in the Employee's depot at least five trading days before the last day of trading of the Company's shares. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the expiry of the time-limit provided that the Company is finally discontinued as a result of the notified resolution. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

4.1.3 In the event that a voluntary or mandatory public offer pursuant to Sections 31 and 32 of the Danish Securities Trading Act is made, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants and this Exhibit will remain in full effect. Any exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

4.1.4 In the event of a compulsory acquisition of the Company's shares pursuant to the Danish Companies Act being initiated, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. If the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the completion of the compulsory acquisition of the Company's shares pursuant to the Danish Companies Act. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

4.1.5 In the event that the Company's general meeting passes a resolution to delist the Company from NASDAQ OMX Copenhagen A/S, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. The notice must be processed by the Company so that the shares are registered in the Employee's depot at least five trading days before the last day of trading of the Company's shares. In so far as the Employee does not wish to exercise the Warrants, the Warrants shall automatically become void without compensation, following the

delisting of the Company has been completed. Exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

- 4.1.6 In the event that the Company decides to sell the most profitable and material assets of the Company, the Company shall notify the Employee in writing to this effect. Following this notification, the Employee shall notify the Company in writing within two weeks as from the date of the posting of this notification from the Company whether he/she wishes to exercise the Warrants wholly or partly. In so far as the Employee does not wish to exercise the Warrants, the Warrants and this Exhibit will remain in full effect. Any exercise of the Warrants must be in accordance with Clauses 5.1 and 5.2.

## **5 Practicalities in connection with Exercise of the Warrants**

- 5.1 The board of directors of the Company shall determine the rules regarding the practicalities in connection with exercise of the Warrants. The Employee will receive further information hereof from the Company.
- 5.2 At the same time as giving notice of the exercise of the Warrants, the Employee shall pay in cash to the Company an amount equal to the relevant subscription amount fixed under the terms of Clause 6.

## **6 Subscription Price for Shares in connection with the Exercise of Warrants**

- 6.1 Each Warrant entitles the Employee to subscribe for 1 share in the Company of a nominal value of DKK 1.00 at a subscription price of DKK 6.90 per share added 4 percent p.a. as of 3 May 2011 (the "Subscription Price"). As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, each Warrant hereafter entitles the Employee to subscribe for 1 share of nominally DKK 0.10 at a subscription price of DKK 6.90 per share added 4 percent p.a. as of 3 May 2011 (the "Subscription Price").
- 6.2 The Subscription Price may be regulated as set out in this Exhibit.

## **7 Adjustment of the Conditions for Warrants in case of certain Changes in the Company's Capital Structure**

- 7.1 In case changes are made in the Company's capital structure which entail a reduction or increase of the value of the Warrants granted, there shall be an adjustment of the Subscription Price and/or the number of shares that can be subscribed for by exercising the Warrants, so that the value of the Warrants remains the same, with the exceptions set forth in this Exhibit. However, the Subscription Price can never be adjusted to below par value. Further, it is a condition for any adjustment of the number of shares that can be subscribed for by exercising the Warrants, that the board of directors of the Company has been granted the necessary authority by the general meeting to issue such additional number of shares in the Company.
- 7.2 Should the competent bodies of the Company make a final decision to issue bonus shares (e.g. stock dividend) before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{A}{(A + B)}$$

and the number of shares by  $\frac{1}{\alpha}$

where:

A: is the Company's nominal share capital before the issue of bonus shares.

B: is the nominal value of the bonus shares to be issued.

- 7.3 Should the competent bodies of the Company make a final decision to increase the Company's share capital by subscription of new shares at a price below market price before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{(A \times k) + (B \times t)}{(A + B) \times k}$$

and the number of shares by  $\frac{1}{\alpha}$

A: is the Company's nominal share capital before the capital increase.

B: is the nominal increase of the share capital.  
 k: is the market price of the shares before the capital increase.  
 t: is the Subscription Price for the new shares.

7.4 Should the competent bodies of the Company make a final decision to change the nominal value of the shares in connection with a decision whereby the share capital of the Company is reduced by allocation to a separate fund and/or cover of loss, before the Employee has exercised his or her Warrants, neither the Subscription Price nor the number of shares shall be amended. Consequently the Employee shall retain the right to subscribe for the same number of shares at the Subscription Price, however each Warrant shall entitle the Employee to subscribe for 1 share of the new nominal value so decided by the competent bodies of the Company.

7.5 Should the competent bodies of the Company make a final decision to change the nominal value of the shares (without any other simultaneous changes of the capital of the Company), e.g. in situations not comprised by Clause 7.4 before the Employee has exercised his or her Warrants, the Subscription Price shall be multiplied by the following factor:

$$\alpha = \frac{A}{B}$$

and the number of shares by  $\frac{1}{\alpha}$

A: is the nominal value of each share after the nominal value of the shares has been changed.  
 B: is the nominal value of each share before the nominal value of shares has been changed.

7.6 Should the Company within any year decide to distribute dividends, the amount shall be considered a distribution to the shareholders which shall result in an adjustment of the Subscription Price according to the following formula:

$$TK1 = TK - \frac{u - (D \times 1)}{D}$$

where:

TK: is the Subscription Price for the Warrants before the distribution of dividends.  
 u: is the total amount of dividends.  
 D: is the total number of shares in the Company.

7.7 If the share capital of the Company is reduced by means of payment to the shareholders at a price higher than the market price, the Subscription Price shall be calculated as follows:

$$TK1 = TK - \frac{B \times (t - k)}{A}$$

where:

TK: is the Subscription Price for Warrants before the reduction of the share capital.  
 A: is the nominal share capital of the Company before the reduction of the share capital.  
 B: is the nominal reduction of the share capital.  
 k: is the market price of the shares before the reduction of capital.  
 t: is the rate of the shares by which the share capital is reduced.

7.8 If the share capital of the Company is reduced by payment to the shareholders at a price lower than the market price, the Subscription Price shall be calculated as follows:

$$TK1 = TK + \frac{B \times (k - t)}{A}$$

where:

TK: is the Subscription Price for Warrants before the reduction of the share capital.  
 A: is the nominal share capital of the Company before the reduction of the share capital.  
 B: is the nominal reduction of the share capital.  
 k: is the market price of the shares before the reduction of capital.  
 t: is the rate of the shares by which the share capital is reduced.

- 7.9 If the Company participates in a merger as the continuing company, there shall be no adjustment of the Subscription Price or the number of shares that may be subscribed for.
- 7.10 In the event that the general meeting passes a resolution to demerge the Company, the Employee shall – after the demerger – have the number of Warrants which shall entitle him/her to subscribe for shares in the receiving company that the Employee is or would have been employed by or, in the event that the Employee is not or has not been employed by the Company, the company with which the Employee has the closest relation. The number of Warrants shall entitle the Employee to the same potential stake that an exercise of all Warrants prior to the demerger would have resulted in, adjusted by the ratio between the value of the different surviving companies. Moreover, the terms applying to the surviving Warrants shall be the same as the terms stipulated in this Exhibit.
- 7.11 In other cases of changes in the capital structure of the Company, including issuance of warrants, convertible debt instruments or the like, resulting in a change of the value of the issued Warrants, the Subscription Price for the granted Warrants shall to the extent possible be adjusted, so that the value is not reduced or increased, subject, however, to Clause 7.12 below.
- 7.12 The Subscription Price shall not be reduced to a price lower than the nominal value of the shares (par). If an adjustment of the Warrants to preserve their value would result in the price being reduced to below par, the Warrants shall lapse, unless the Employee accepts that the Subscription Price is increased to par without compensation.
- 7.13 If the share capital is reduced in order to cover losses, the number of shares that the Employee may subscribe for by exercising the Warrants shall be reduced (rounded down) proportionately to the nominal reduction of the capital compared to the total nominal share capital of the Company before the reduction.
- 7.14 The following changes in the capital structure of the Company shall not result in any adjustment of the Subscription Price or the number of shares that the Employee may subscribe for:
- i. An increase or reduction of the Company's capital at market price.
  - ii. Issue of shares, options, warrants or the like to employees of the Company or to employees of a group related company and/or their fully employee owned companies for some or more of the employees, possibly at a favourable price, including but not limited to issue of shares according to Clause 4a and 4c in the articles of association of the Company concerning employee warrants.
  - iii. Issue of warrants, convertible debt instruments or the like to third parties on usual market terms as part of mezzanine financing or similar financing.
  - iv. Issue of shares according to Clause 4 in the articles of association of the Company.
  - v. Issue of Warrants according to Clause 4d in the articles of association of the Company and any subsequent issue of shares.
- 7.15 If the number of new shares that may be subscribed for by exercise of the Warrants is adjusted upwards in accordance with this Clause 7, the Company's maximum share capital shall be increased similarly.

## **8 Transfer**

- 8.1 Transfer of the Warrants is not possible except with the acceptance of the chairman of the board of directors.
- 8.2 The Warrants must not be subject to enforcement of any kind and must not be lodged as security towards third party.

## **9 Conditions for New Shares issued following Exercise of the Warrants**

- 9.1 The following terms and conditions shall apply to the new shares issued by the exercise of Warrants:
- vi. the existing shareholders shall not have any pre-emptive right to the new shares;
  - vii. the new shares issued on the basis of exercised Warrants shall be paid up in cash at the same date as the notice of the exercise of Warrants is forwarded;
  - viii. the new shares shall be bearer shares and may be registered in the name of the Employee in the Company's register of shareholders;
  - ix. the new shares shall be negotiable shares;
  - x. the new shares are freely transferable;
  - xi. the pre-emptive right of the new shares in connection with future capital increases shall not be limited;
  - xii. the new shares shall carry a right to dividend and other rights in the Company from the time when the relevant capital increase has been registered by the Danish Commerce and Companies Agency;
  - xiii. in case of any general changes in the rights of the shares in the Company, the new shares shall carry the same rights as the other shares in the Company at the time of exercise;
  - xiv. the Company shall pay the costs in connection with the issue of Warrants and the costs in connection with the subsequent exercise of the Warrants. The Company's costs in

connection with the issue of Warrants pursuant to this Exhibit and the related capital increase are estimated at maximum DKK 1,000,000.

**10 Capital Increase in connection with the Exercise of the Warrants**

10.1 The maximum increase of capital that may be subscribed on the basis of the Warrants is nominally DKK 1,245,000 (up to 1,245,000 shares of DKK 1) and the minimum DKK 10 (1 share of DKK 1). The maximum amount may be increased or reduced in accordance with the provisions on adjustment in Clause 7. As the result of the proposal of reduction of the share capital by reducing the denomination on all shares with nominally DKK 0.90 from nominally DKK 1.00 to nominally DKK 0.10 adopted on the general meeting on 17 December 2013, the maximum amount of capital that may be subscribed for on the basis of the Warrants is nominally DKK 124,500 (up to 1,245,000 shares of DKK 0.10) and the minimum is DKK 0.10 (1 share of DKK 0.10). The maximum amount may still be increased or reduced in accordance with the provisions on adjustment in Clause 7.

**11 Costs related to the Issue of Shares**

11.1 All costs related to the stockbroker and settlement fees charged in connection with the Employee's exercise of the Warrants shall be borne by the Company.

**12 Cease of Employment Status**

12.1 Subject to Clause 12.2 below, and if the Employee's employment with a company within the Group is terminated prior to the exercise of the (remaining) Warrants for one of the following reasons:

- vii. the Employee's retirement at the age provided for in the Employee's service contract, or because the Employee is entitled to the Danish State Retirement Pension (in Danish "folkepension");
- viii. the Employee's termination of the employment relationship, provided such termination is due to the Employer Company's (or the relevant company within the Group) material breach (in Danish "grov misligholdelse") of the service contract;
- ix. the Employer Company's (or the relevant company within the Group) termination with or without notice of the employment relationship, provided such termination is not due to the Employee's breach (in Danish "misligholdelse") of the service contract; or
- x. the Employee's death;
- xi. then the Employee/the estate of the Employee shall be allowed to keep his or her Warrants.

12.2 All of the Warrants shall lapse automatically and without compensation if the Employee's employment with a company within the Group is terminated prior to the exercise of the Warrants for reasons other than the reasons listed in Clause 12.1, items (i) - (iv) above.

**13 Insider Trading**

13.1 The Employees have confirmed that they are not in possession of any insider knowledge at the date hereof.

13.2 Sale of shares subscribed for by any exercise of Warrants is subject to the provisions on insider trading applicable at any time including the Company's internal rules governing trade in securities issued by the Company.

**14 Tax Implications**

14.1 It has been agreed that Section 7H of the Danish Tax Assessment Act (in Danish "Ligningsloven") shall apply. Otherwise the Warrants shall be subject to the provisions of Section 28 of the Danish Tax Assessment Act.

14.2 The Company undertakes to request the auditor of the Company to certify that Section 7H of the Danish Tax Assessment Act is applicable to this Exhibit and the Company further undertakes to send the auditor's statement regarding fulfilment of the conditions under Section 7H of the Danish Tax Assessment Act as well as a copy of the Warrant Agreement to the Danish Tax Authorities.

14.3 All tax obligations and consequences to the Employee resulting from the Warrant Agreement, the Warrants issued or the shares acquired by the exercise of such Warrants, are the sole responsibility of the Employee and of no concern to the Company/the Employer Company, including the situation where the tax authorities should find that the conditions for Section 7H of the Danish Tax Assessment Act being applicable are not fulfilled.

14.4 The Employee is strongly encouraged to seek tax advice in connection with the entering into of the Warrant Agreement.

**15 Language**

15.1 In case of disagreements between the Danish and the English version of this exhibit, the Danish version shall prevail.