



Annex 1

1. I.M. Skaugen SE ("**IMSSE**") is in the process of completing a business transformation, for the Group of companies shifting its focus from seaborne transportation of LPG/Petrochemicals to regional distribution of LNG through its unique fast-track, low capex Small Scale LNG ("**SSLNG**") vessels. In this regard, Norgas Carriers AS ("**NCAS**"), a subsidiary of IMSSE, has been in talks with parties to provide the logistics support for the supply of LNG to two power plants in West Africa. NCAS has further signed agreements reflecting a strategic cooperation with a major LNG producer in the region that is planning to expand the redistribution network to other locations in the region on basis of NCAS vessels and knowhow.
2. In the fourth quarter of 2017, Teekay Corporation, Teekay LNG Partners L.P. together with their respective subsidiaries/ affiliates ("**Teekay**") unilaterally terminated six charterparties with SMIPL Pte. Ltd. ("**SMIPL**"), commenced legal proceedings in Singapore and England against IMSSE and SMIPL (including to wind up SMIPL), and launched a competing "Teekay Multigas Pool" to compete against the IMS Group.
3. In addition, various entities of the Group headed by IMS (the "**IMS Group**") entered into several contracts with MAN Diesel & Turbo S.E. and MAN Diesel & Turbo Norge AS (collectively, "**MAN**") for the supply of diesel engines and turbo-machinery to the vessels operated by the IMS Group. In 2012, it was discovered that MAN had manipulated the performance tests and that the engines have been operating at higher fuel consumption levels than warranted. GATX Corporation, SMIPL, IMSPL Pte. Ltd. ("**IMSPL**") and Somargas II Pte. Ltd. ("**Somargas**") have assigned their claims to IMSSE, which initiated arbitration and legal proceedings in Norway, Denmark and Singapore. IMSSE has since expended about US\$ 8 million to pursue the claims and has made claims of approximately US\$ 70 million against MAN.
4. IMSSE is in advanced discussions with a white knight investor who will provide US\$ 3 million to NCAS for working capital and restructuring purposes. However, as a condition precedent to the investment, the white knight investor had requested that the IMS Group undertake a restructuring on the following broad terms, which are subject to further negotiations:
 - a. NCAS will purchase the two vessels necessary to support the SSLNG Contract from Somargas (the "**SOMARGAS Vessels**"), or shares of Somargas; and
 - b. IMSSE will assign its economic benefits under the MAN Claims to NCAS.
5. The details of the proposed restructuring plan are set out below.
6. IMS intends to implement a scheme of arrangement and compromise with the creditors on the following terms:
 - a. NCAS will either purchase:
 - i. Two vessels owned by Somargas II Pte Ltd ("**Somargas**"), a wholly owned subsidiary of SMIPL; or
 - ii. The shares of Somargas from IMSSE.
 - b. IMSSE will enter into an agreement with NCAS where the economic benefits due to IMS under the certain claims against MAN Diesel & Turbo S.E. and MAN Diesel & Turbo Norge AS (the "**MAN Claims**") will be assigned to NCAS.



- c. NCAS will, by way of novation, undertake to repay in full the two facilities provided by Nordea Bank Finland Plc, Singapore Branch ("**Nordea**") and Swedbank AB (Publ) ("**Swedbank**") to Somargas and IMSSE respectively, and which are secured by mortgages over the Somargas vessels, on terms to be agreed. The outstanding debt due under these two facilities stands at abt. US\$ 55 mill as of mid May 2018.
- d. NCAS will undertake to repay the unsecured creditors of IMSSE in full via a one-to-one conversion of their claims to two notes. The tentative terms of these two notes are:
 - i. A five-year note of approximately US\$ 32 million with a payment-in-kind interest of 3% per annum for the first three years, and cash interest of 7.5% thereafter; and
 - ii. An interest-free loan of approximately US\$ 25 million, which can be converted to 25% of the shares in NCAS on a fully diluted basis.

For the avoidance of doubt, the current unsecured creditors of IMSSE are: (i) the holders of the IMSK14 Bonds, which currently stands at approximately US\$ 57 mill, (ii) GasMar AS, which currently stands at approximately US\$ 950,000; and (iii) other unsecured creditors. There is a contingent claim by Teekay Group under the corporate guarantee provided by IMS for SMIPL which is disputed.

- e. The shareholders of IMSSE will be offered a 1 to 1 exchange of their shares in IMSSE with shares in NCAS, and these shares will constitute 50% of the share capital in NCAS.

Qualifications

7. The feasibility of the proposed restructuring plan as described above is contingent upon:
 - a. The amount of the claims that is eventually adjudicated by the scheme manager corresponds with the figures estimated above;
 - b. NCAS will be able to generate sufficient cashflow to sustain the obligations;
 - c. The formalisation of the agreement with the white knight; and
 - d. The terms of the scheme are in compliance with all applicable laws and regulations.
8. Please note that a scheme of arrangement is an agreement between a company and its creditors to assist the company to fulfil its debt obligations. The scheme is subject to the Court's supervision and sanction. This means that a scheme will be binding on all creditors if the Court approves of it.