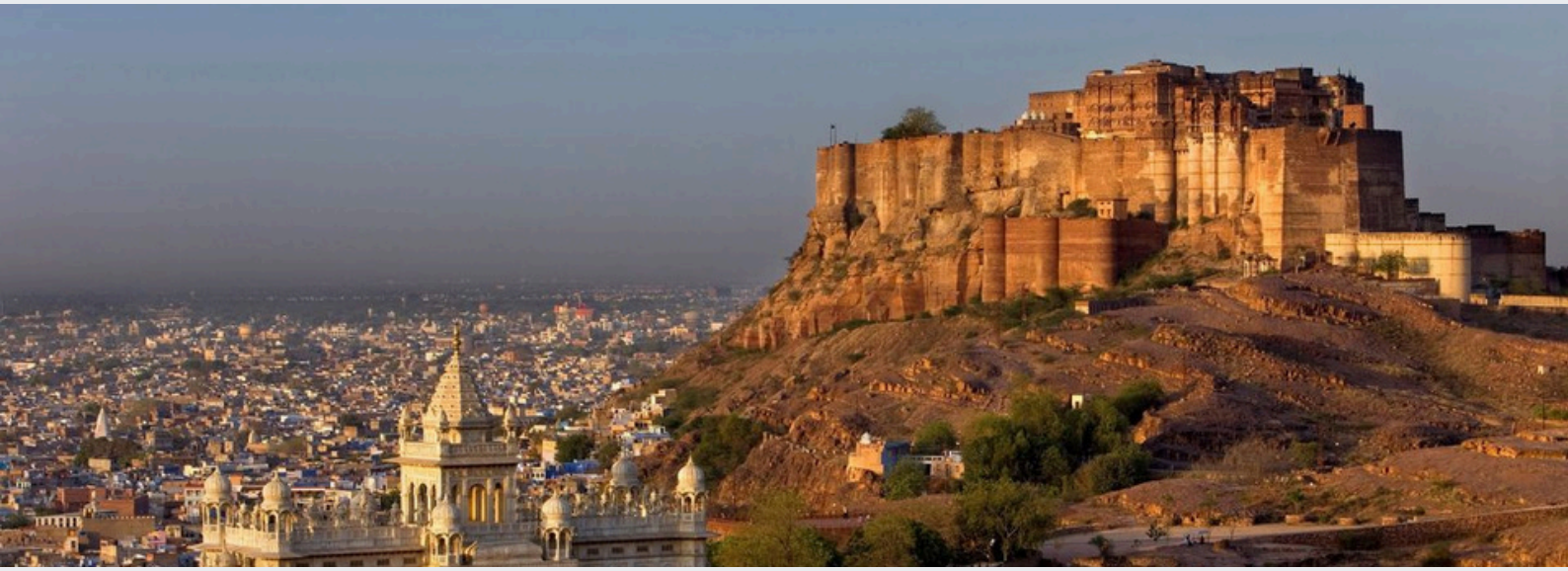
IN PARTNERSHIP WITH

A&O SHEARMAN



PRELIMINARY ROUND PROPOSITION

TIDAL TRANCHES

THE NATIONAL LAW UNIVERSITY, JODHPUR

INTERNATIONAL DEAL NEGOTIATION COMPETITION

IN PARTNERSHIP WITH A&O SHEARMAN

27TH FEBRUARY - 1ST MARCH, 2026

BACKGROUND INFORMATION

Aurora Global Bank S.A.

Aurora Global Bank S.A. ("**Aurora**") is a Luxembourg-based multinational banking corporation founded in 1974, with a strong presence in project financing and structured trade lending. Over the last two decades, Aurora has carved a niche in financing large-scale maritime projects, from container fleets to offshore LNG carriers. With operations in 42 countries and assets under management exceeding USD 280 billion, Aurora is considered a go-to lender for shipping companies seeking high-value credit lines.

In mid-2024, Aurora launched its Green Maritime Financing Initiative, a flagship programme designed to fund vessels compliant with the International Maritime Organization's ("**IMO**") carbon reduction goals. Under this scheme, the bank offers competitive interest rates with strict environmental compliance conditions linked to measurable performance indicators. Borrowers must meet periodic reporting requirements, maintain specified fuel-efficiency ratios, and adhere to timelines for vessel retrofitting.

Bluewave Shipping Ltd.

Bluewave Shipping Ltd. ("**Bluewave**"), incorporated in the United Kingdom in 2008, is a mid-sized but rapidly expanding container shipping company operating on major Asia-Europe-Africa trade lanes. Its fleet of 38 vessels includes Panamax and post-Panamax container ships, with an average cargo capacity of 10,000 TEUs. Despite being a smaller player compared to global shipping giants, Bluewave has cultivated a reputation as a progressive leader in sustainable shipping. It has committed to a 40% reduction in carbon emissions by 2030 and is increasingly recognised as the partner of choice for financiers seeking to support credible green shipping transitions.

Bluewave was the first mid-tier carrier to receive financing under Aurora's Green Maritime Financing Initiative, and its performance has come to be seen as a litmus-test case for the programme's credibility. Given its expanding presence on key Asia-Europe-Africa trade lanes, the company also holds strategic importance for Aurora's wider portfolio of shipping clients.

GENERAL INFORMATION

On 1 November 2024, Bluewave became the first company to enter into a loan agreement with Aurora under the Green Maritime Financing Initiative (the "**GMFI Agreement**"). Pursuant to the terms of the GMFI Agreement, Aurora provided Bluewave with a USD 170 million loan. The key terms of the loan are summarised below:

- The loan was to be disbursed in three tranches of USD 50, 70 and 50 million each on 2 December 2024, 2 June 2025 and 1 January 2026.
- Permitted use of the loaned funds was restricted to the acquisition and retrofitting of Bluewave's LNG-fuelled container vessels, which were expected to comply with IMO Tier III emission standards and achieve a minimum 15% improvement in fuel efficiency over pre-retrofit baselines.
- Disbursement of the second and third tranche of the loan was subject to completion of certain conditions precedent ("**CPs**") linked to compliance with the permitted use of the loan.
- Interest was linked to Bluewave's compliance with Clause 4 (*Environmental Performance*) of the GMFI Agreement. Failure to comply would result in the imposition of a higher interest rate.

The first tranche of the loan was disbursed on 2 December 2024. In accordance with the terms of the GMFI Agreement, it was used for the acquisition of equipment necessary for retrofitting Vessels A and B, such as emission-compliant engine components. The second tranche was disbursed on 2 June 2025. Problems began thereafter.

Disbursement of the Third Tranche

On 30 November 2025, Bluewave notified Aurora that it would be unable to comply with the CP to the disbursement of the third tranche of the loan. Specifically, Bluewave would be able to complete retrofitting of only one out of four vessels by 15 December 2025. Bluewave provided two reasons:

- Bluewave had been in the process of acquiring Delta, a relatively newer and smaller shipping company which already had two vessels compliant with IMO III standards. Delta has recently been in the news for its proprietary software which can be used for monitoring compliance with various environmental norms and suggesting solutions for achieving compliance. If the deal had completed as planned, Bluewave would have had at least three compliant vessels by 15 December 2025. Unfortunately, the deal has stalled.

- Due to supply-chain disruptions following sanctions on marine equipment exports and diversion of limited funds towards operational continuity amid freight-market volatility, Bluewave had been unable to source the equipment required for retrofitting its vessels.

Bluewave requested Aurora to consider waiving the CPs to the disbursement of the Third Tranche whilst reiterating its commitment to achieving compliance with IMO III standards at the earliest. On 1 December 2025, Aurora expressed disappointment that Bluewave would be unable to comply with the CP. Aurora noted that strict compliance with the terms of the GMFI Agreement was a priority and it would not be able to disburse the Third Tranche until the CPs were met.

Compliance with Environmental Performance Obligations

On 15 December 2025, Bluewave notified Aurora that it had been unable to perform its Environmental Performance Obligations for the preceding quarter and would not be in a position to submit the quarterly environmental performance report due on 2 January 2026. Bluewave explained that this was due to circumstances outside its control and requested Aurora to waive the penalty interest.

On 18 December 2025, Aurora rejected Bluewave's waiver request. It informed Bluewave that the higher interest rate would apply in accordance with Clause 5.2 of the GMFI Agreement. On 20 December 2025, Bluewave reiterated its request for a waiver of the penalty interest, noting that its liquidity was constrained, particularly as a result of Aurora's non-disbursement of the Third Tranche.

On 22 December 2025, Aurora reminded Bluewave of its clear contractual entitlement to levy penalty interest and withhold disbursements in the event of non-satisfaction of the relevant CPs by Bluewave. Moreover, pursuant to Clause 2 of the GMFI Agreement, Bluewave could not have utilised the Third Tranche for payment of interest in any event. Nevertheless, by way of a concession, Aurora agreed to a one-month grace period for Bluewave to pay the accrued interest, i.e., until 1 March 2026.

Early Repayment and Termination

On 2 January 2026, a meeting between the directors of Aurora and Bluewave turned acrimonious. Bluewave noted that if it was unable to find an amicable solution with Aurora it would exercise its early repayment and termination rights under Clause of the GMFI Agreement.

The Parties have agreed to another round of negotiation on 28 February 2026.

ANNEXURE: EXTRACTS FROM THE GREEN MARITIME LOAN AGREEMENT BETWEEN AURORA AND BLUEWAVE

Clause 2. Intended Use

The proceeds of the loan facility are to be used for securing compliance of the Borrower's LNG-fuelled container vessels with IMO Tier III emission standards and to achieve the fuel-efficiency ratio specified in Clause 3 ("**Intended Use**"). The Intended Use includes all costs associated with the acquisition of equipment necessary for retrofitting the Borrower's existing fleet as well as the acquisition of new vessels compliant with IMO Tier III emission standards.

Clause 3. Tranches and Disbursement Schedule

3.1. The Lender agrees to make available to the Borrower a loan facility not exceeding USD 170 million, to be disbursed in the following tranches:

Tranche	Date Scheduled for Release	Amount (USD million)
Tranche 1	1 September 2024	50
Tranche 2	1 June 2025	70
Tranche 3	1 January 2026	50

3.2. Disbursements of Tranches 2 and 3 is subject to the satisfaction of the following conditions precedent ("**CPs**"):

Tranche	CP to Disbursement	Date for satisfaction of CP
Tranche 2	1. Completion of retrofitting of one vessel to IMO Tier III Standards and acquisition of equipment for retrofitting two additional vessels. 2. Independent certification that one vessel has achieved the specified fuel-efficiency ratio.	15 April 2025

Tranche 3	1. Completion of retrofitting / acquisition of four vessels compliant with IMO Tier III Standards (in addition to the vessel above). 2. Independent certification that four vessels have achieved the specified fuel-efficiency ratio.	15 October 2025

Clause 4. Environmental Performance

4.1. The Borrower shall submit a quarterly Environmental Performance Report to the Lender, commencing 1 October 2024. Each Environmental Performance Report shall include:

(a) details of the retrofit measures undertaken during the relevant quarter;

(b) certification from an independent technical auditor confirming the emissions status of the relevant vessels; and

(c) data demonstrating fuel-efficiency performance of each retrofitted vessel measured against its pre-retrofit baseline.

4.2. The Borrower shall ensure that each retrofitted vessel achieves:

(a) compliance with IMO Tier III emission standards; and

(b) a minimum 15% improvement in fuel efficiency over its pre-retrofit baseline, within six (6) months of completion of the retrofit of that vessel.

4.3. Failure to submit the Environmental Performance Report within the prescribed period or to meet the performance benchmarks set out in Clause 4.2 shall constitute non-compliance for the purposes of performance-linked interest adjustments under Clause 5, without prejudice to any other rights of the Lender under this Agreement.

Clause 5. Interest and Performance-Linked Adjustments

5.1. Interest shall accrue on the Loan at 2% per annum, payable monthly.

5.2. In the event of non-compliance with the Environmental Performance Clauses for any quarter, the rate of interest shall increase to 7% per annum, effective from the first day of the preceding quarter, until the Borrower demonstrates compliance to the satisfaction of the Lender. For example, if the Borrower notifies the Lender of its inability to provide the quarterly environmental performance report due on 1 April, interest will accrue at 7% from 1 January. Payment of increased

interest of 5% for the months January-March and interest at 7% for April, will be due together on 1 May.

5.3. Subject to Clause 5.4 below, the Borrower may suspend its obligations on grounds of *force majeure* where performance has been prevented or delayed by events beyond its reasonable control, including, but not limited to, government sanctions, supply chain disruptions, or unforeseen regulatory changes.

5.4. The Borrower shall notify the Lender of its intention to invoke Clause 5.3 above within 15 business days of the occurrence of the relevant *force majeure* event, accompanied by evidence and a revised performance timeline.

Clause 7. Early Termination by the Borrower

The Borrower may at any time serve a notice of early repayment. On service of such notice, interest will cease to accrue on the disbursed proceeds and the Borrower will have 90 days to repay disbursed proceeds along with any accrued and unpaid interest.

This Agreement will terminate upon repayment of the disbursed proceeds and accrued interest.

Clause 14. Governing Law and Jurisdiction

14.1. This Agreement shall be governed by and construed in accordance with the laws of England and Wales.

14.2. The Lender may commence proceedings to resolve any dispute arising out of or in connection with this Agreement in any court of competent jurisdiction in England & Wales, any Member State of the European Union or any other jurisdiction where the Borrower holds assets, whether concurrently or otherwise.

14.3. The Borrower may initiate proceedings only before the courts of England and Wales, which shall have exclusive jurisdiction.