

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA.

**To the bondholders in:**

**ISIN: NO 001 067386.6 - FRN Island Offshore Shipholding, L.P. Tranche A Senior  
Unsecured Callable Bond Issue 2013/2018**

**ISIN: NO 001 076050.7 - FRN Island Offshore Shipholding, L.P. Tranche B Senior  
Unsecured Callable Bond Issue 2013/2019**

Oslo, 11 May 2017

**Events of Default**

Nordic Trustee ASA acts as bond trustee (the “Bond Trustee”) for the above mentioned bonds (the “**Bonds**”), issued by Island Offshore Shipholding L.P. (the “**Issuer**”). The terms and conditions of the Bonds are set out in an amended and restated bond agreement dated 29 March 2016 amending and restating the original bond agreement dated 22 March 2014 (the “**Bond Agreement**”) between the Issuer and the Bond Trustee.

Reference is made to the fourth quarter financial report of the Issuer dated 10 March 2017 (the “**Quarterly Report**”) and the compliance certificate dated 3 April 2017 (the “**Compliance Certificate**”) to the Bond Trustee issued under the Bond Agreement.

The Bond Trustee notes that the Compliance Certificate evidences several breaches to the financial covenants set out in clause 13.5 (*Financial Covenants*) of the Bond Agreement, and that the Quarterly Report evidences that the Issuer is in breach with current financial covenants under certain secured loan agreement. Events of Defaults have therefore occurred and are continuing under the Bond Agreement.


Further, the Bond Trustee understands that the Issuer are having restructuring negotiations with its secured finance providers with the purpose of continuing as a going concern. Any restructuring solution is expected to involve amendments to the Bond Agreement and will consequently be subject to Bondholders’ approval pursuant to procedural provisions thereunder.

On the back of the ongoing negotiations, Nordic Trustee is at this time not declaring the Bonds to be in default, but we have reserved the right to do so at any time.

All rights under the Bond Agreement have expressly been reserved.

Yours sincerely,

**Nordic Trustee ASA**



Morten S. Bredesen