

Denne meldingen til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS.

To the bondholders in:

ISIN: NO 001 067386.6

**FRN Island Offshore Shipholding L.P. Tranche A
Senior Unsecured Callable Bond Issue 2013/2018
("Tranche A")**

ISIN: NO 001 076050.7

**FRN Island Offshore Shipholding L.P. Tranche B
Senior Unsecured Callable Bond Issue 2016/2019
("Tranche B")**

Oslo, 19 December 2023

Notice of a Written Bondholders' Resolution

Nordic Trustee AS acts as trustee (the "**Bond Trustee**") for the holders of bonds (the "**Bondholders**") in each of the above listed bond issues (together the "**Bonds**" or the "**Bond Issues**") issued by Island Offshore Shipholding L.P. as issuer (the "**Issuer**").

All capitalized terms used herein shall have the meaning assigned to them in the bond agreement originally dated 22 March 2013 as amended and restated on 29 March 2016, as further amended and restated on 13 June 2018 and as amended on 2 July 2018, as well as a written resolution on 22 June 2021 and an amendment and restatement agreement dated 21 June 2022 made between the Bond Trustee and the Issuer (the "**Bond Agreement**"), unless otherwise stated herein.

A request for a Written Resolution pursuant to Clause 16.5 (*Written Bondholders' resolutions*) is hereby made by the Issuer according to Clause 16.5.1 (a)(i) of the Bond Agreement) to consider approval of the Proposal as set forth in section 2 below.

The information in this notice regarding the Issuer and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

1. Background

In the Written Resolution ending on 10 May 2022 (A) the Tranche A Maturity Date and the Tranche B Maturity Date of the Bond Agreement was extended to 30 June 2024, (B) cash interest was replaced by PIK-interest, and (C) the initial subordination agreement was replaced by a new subordination agreement (the "**Existing Subordination Agreement**") between the Issuer, the Bond Trustee on behalf of the Bondholders and certain creditor parties of the Issuer.

The Issuer is in the process of refinancing its existing secured and unsecured liabilities which entails that secured bank debt shall be refinanced under a fleet facilities agreement with a 3-years tenor until 15 December 2026. The refinancing is conditional upon all other secured and unsecured liabilities of the Issuer being extended by 3 years with maturity no earlier than 30 June 2027. It is further a condition that the Existing Subordination Agreement is replaced by a new subordination agreement (the "**New Subordination Agreement**").

In addition to this summons letter, the Issuer has provided a separate presentation (the “**Company Presentation**”) (enclosed as Annex 1), which is intended to give background information and an update on the operational status of the Group.

2. The Proposal

For the purposes set out above, the Issuer has resolved to request the Bond Trustee to summon a Written Resolution to propose that the Bondholders agree to the following amendments to the Bond Agreement (the “**Proposal**”):

The Bondholders hereby resolve and approve as follows:

- (i) *The Tranche A Maturity Date and the Tranche B Maturity Date shall be extended to 30 June 2027.*
- (ii) *The duration of the Subordination Agreement will extend to the Tranche A Maturity Date and the Tranche B Maturity Date (as replaced by the New Subordination Agreement and as it may be amended from time to time).*
- (iii) *The Bond Trustee is hereby authorised and instructed to take such steps on behalf of the Bondholders in each of the Bond Issues as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation to (a) finalise and enter into the necessary amendment agreements and other documentation it deems appropriate in connection with documenting the decisions made by each of the Bondholders' Meetings according to this summons letter, and (b) for and on behalf of the Bondholders in each of the Bond Issues, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and give effect to the contemplated by the Proposal, including the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depository (VPS) and account operators).*

3. Conditions

The amendments to the Bond Agreement contemplated by the Proposal (when approved by the Bondholders by way of Written Resolution) shall be incorporated in the Bond Agreement in the form set out in Annex 3 through an amended and restated bond Agreement (the “**Amended and Restated Bond Agreement**”) and shall become effective from the date of which the following conditions precedent have, in the Bond Trustee's sole discretion, been satisfied, delivered or waived (the “**Effective Date**”):

- (a) the Proposal having been duly approved by the necessary 2/3 majority of Voting Bonds as per Clause 16.5 and 16.3.5 of the Bond Agreement;
- (b) the Amended and Restated Bond Agreement has been duly executed by the Issuer and the Bond Trustee;
- (c) copies of all necessary corporate resolutions of the Issuer (including a power of attorney to certain individuals) to execute the Amended and Restated Bond Agreement, has been received; and

Other than the waivers and amendments contemplated by the Proposal, the terms and conditions of the Bond Agreement will remain unchanged and continue to apply in their existing form.

4. **Support from The Bondholders**

The Issuer has informed the Bond Trustee that it has received pre-commitments or otherwise firm support from Bondholders representing more than 2/3 of the Voting Bonds to vote in favour of the Proposal.

5. **Non-reliance**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisors regarding the effect of the Proposal.

6. **Written Bondholders' Resolution:**

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 (*Written Bondholders' resolutions*) of the Bond Agreement. For the avoidance of doubt, no Bondholders' Meeting will be held with respect to the Proposal.

The Issuer requests that the Bondholders adopt the following resolutions (the "**Proposed Resolutions**"):

"The Proposal (as defined in section 2 of this notice for a Written Resolution) and the proposed Amended and Restated Bond Agreement as enclosed as Annex 3 to this notice for a Written Resolution are approved, subject to the conditions set out in section 3 of this notice for a Written Resolution.

The Bond Trustee is authorized to take any action, negotiate, finalize, enter into and deliver the Amended and Restated Bond Agreement and any other agreements, notices, arrangements or other documentation as it deems necessary or desirable to effect the Proposal in its sole discretion."

The Proposal will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the Proposal prior to the expiry of the Voting Period (as defined below); or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the notice of a Written Resolution and (ii) the votes cast in favour of the Proposal represent at least a 2/3 majority of the Voting Bonds that timely responded to the notice of the Written Resolution.

Voting Period: The Voting Period shall expire eleven (11) Business Days after the date of this notice of a Written Resolution, being 8 January 2024 at 13:00 hours (Oslo time). The Bond Trustee must have received all votes necessary in order for the Proposal to be passed with the requisite majority under the Bond Agreement prior to the expiration of the Voting Period.

How to vote: A duly completed and signed Voting Form (attached hereto as Annex 2), together with proof of ownership/holdings must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail to mail@nordictrustee.com.

The date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in clauses 16.3.3 and 16.3.5 of the Bond Agreement.

Yours sincerely

Nordic Trustee AS


Fredrik Lundberg

Enclosed:

Annex 1: Company presentation

Annex 2: Voting Form

Annex 3: Mark up of the Amended and Restated Bond Agreement showing proposed changes compared to existing agreement.

Annex 2: Voting form - Written Resolution

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

**ISIN: NO 001 076050.7 FRN Island Offshore Shipholding L.P. Tranche B Senior
Unsecured Callable Bond Issue 2016/2019 ("Tranche B")**

The undersigned holder or authorised person/entity votes in the following manner:

The Proposed Resolutions as defined in the notice for written resolution dated 19 December 2023:

☐ **In favour of the Proposed
Resolutions**

☐ **Against the Proposed Resolutions**

ISIN NO 001 067386.6	Amount of bonds owned ^{*)}
Custodian name ^{*)}	Account number at Custodian ^{*)}
Company ^{*)}	Day time telephone number ^{*)}
	Email ^{*)}

^{*)} All to be filled in by the respective Bondholder

ISIN NO 001 076050.7	Amount of bonds owned ^{*)}
Custodian name ^{*)}	Account number at Custodian ^{*)}
Company ^{*)}	Day time telephone number ^{*)}
	Email ^{*)}

^{*)} All to be filled in by the respective Bondholder

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of the signature date of this voting form, which also is our bondholding as of: ____ December 2023.

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS

P.O.Box 1470 Vika

N-0116 Oslo

Tel: +47 22 87 94 00

Mail to: mail@nordictrustee.com

¹ If the bonds are held in custody other than in the VPS, an evidence provided from the custodian - confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.

IOSH Group

Update presentation to bondholders

19 December 2023

Important Information

- This presentation has been prepared by Island Offshore Shipholding LP ("IOSH" or the "Company", and together with its subsidiaries, the "Group") for information purposes only and does not constitute, and shall not be construed as, any offer or invitation or recommendation to buy or sell any securities.
- The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made by the Company, its affiliates or representatives as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein, for any purpose whatsoever. Neither the Company nor any of its affiliates or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss whatsoever and howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. All information in this presentation is subject to updating, revision, verification, correction, completion, amendment and may change materially and without notice. In giving this presentation, none of the Company, its affiliates or representatives undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any information or to correct any inaccuracies in any such information.
- This presentation contains forward-looking statements, including statements about the Group's markets and its strategy, future operations and results thereof. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact, and are sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements.
- The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation.
- No action has been taken to allow the distribution of this presentation in any jurisdictions. The presentation has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market. The distribution of this presentation, as well as any subscription, purchase, sale or transfer of securities related to the Company, may be restricted by law in certain jurisdictions, and persons into whose possession this presentation comes are required by the Company to inform themselves about and comply with any such restrictions. None of the Company, its affiliates or representatives shall have any responsibility for any violations of such restrictions.
- This presentation is subject to Norwegian law, and any dispute arising in respect of this presentation is subject to the exclusive jurisdiction of the Norwegian courts.

IOSH Group – Financial status per Q3-2023

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Overview of the owned fleet

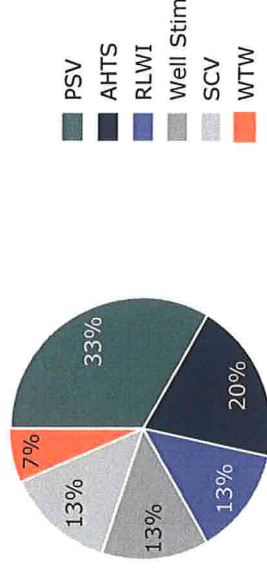
Vessel details

Vessel details	Owner	Built	Age	Type/segment	Broker value ¹
Island Frontier	IOSH	2003	21	SCV	
Island Wellserver	IOSH	2008	16	RLWI	
Island Centurion	IOSH	2011	13	Well Stim	
Island Pride	IOSH	2014	10	SCV	
Island Clipper	IOSH	2015	9	WTW	
Island Challenger	IO VIII	2007	17	PSV	
Island Commander	IO VIII	2009	15	PSV	
Island Chiefain	IO VIII	2009	15	PSV	
Island Captain	IO VIII	2012	12	Well Stim	
Island Crusader	IO VIII	2012	12	PSV	
Island Contender	IO VIII	2012	12	PSV	
Island Vanguard	IO XII	2007	17	AHTS	
Island Valiant	IO XII	2007	17	AHTS	
Island Victory	IO XII	2020	4	AHTS	
Island Constructor	IO III	2008	16	RLWI	
IOSH Group - 100% basis	15	n.a.	13	n.a.	6 778
IOSH Group - relative basis ²	n.a.	n.a.	n.a.	n.a.	4 250
IOSH	5	n.a.	14	n.a.	2 152
IO VIII	6	n.a.	14	n.a.	1 591
IO XII	3	n.a.	12	n.a.	2 296
IO III	1	n.a.	16	n.a.	739

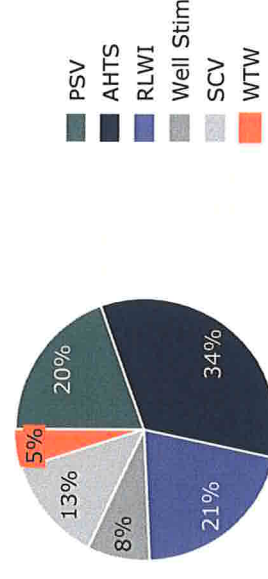
Note: All figures in NOKm unless stated otherwise; (1) Per vessel data by Clarkson and Fearnley cannot be displayed; (2) Total adjusted for IOSH LPs relative ownership in the respective subsidiaries (see slide 4 for details on the relative ownership); SCV: Subsea construction vessel; RLWI: Riser-less well intervention; WTW: Walk-to-work

Statistics

Fleet distribution by type/segment - # of vessels



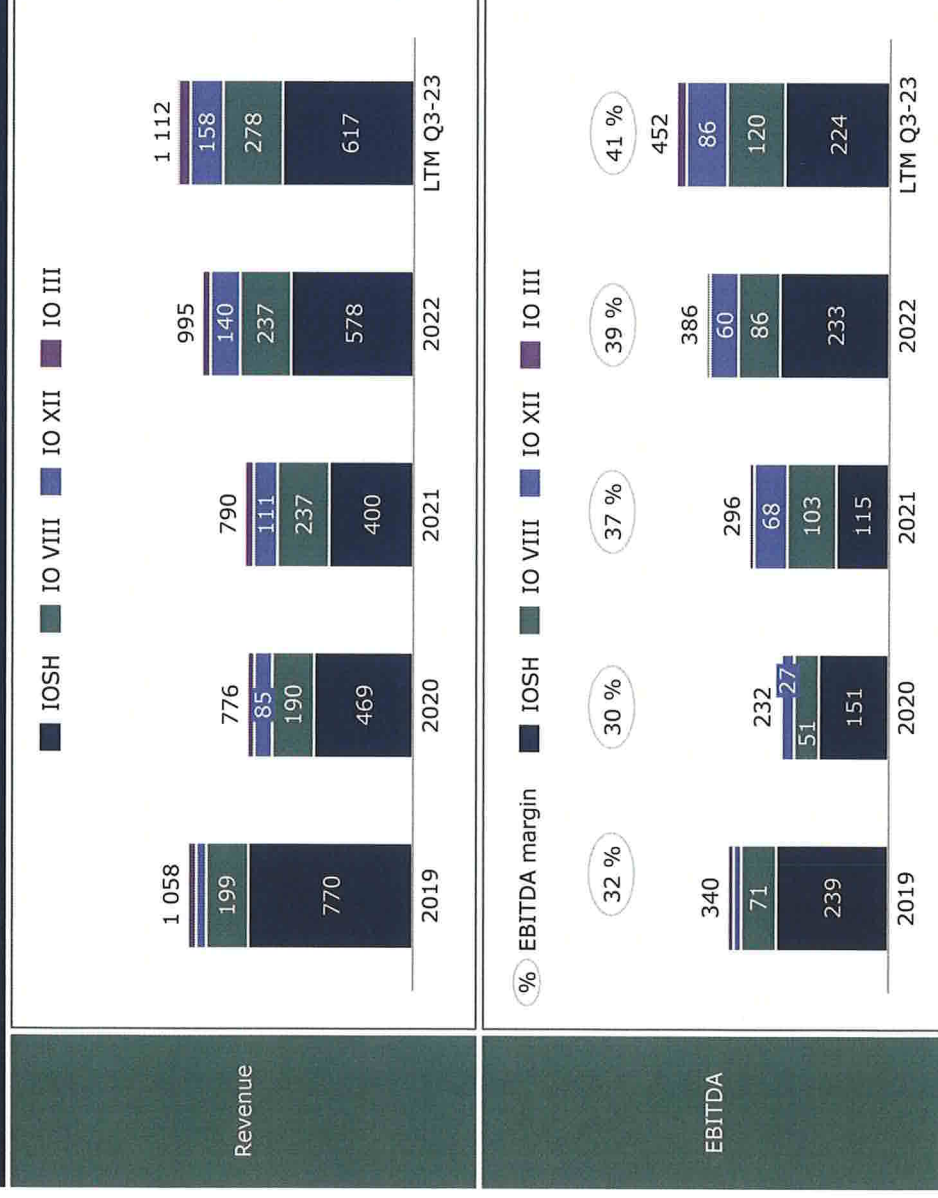
Fleet distribution by type/segment - value



Fleet details by type					
Type	# of vessels	Avg. age	Broker value ¹		
PSV	5	14	1 326		
AHTS	3	12	2 296		
RLWI	2	16	1 413		
Well Stim	2	12	530		
SCV	2	15	885		
WTW	1	9	328		
Total	15	78	6 778		

Historical earnings for the currently owned fleet

Revenue and EBITDA by company – IOSH Group – relative basis¹



Note: (1) Relative basis: Revenue and EBITDA from the respective entities adjusted based on IOSH LP's current ownership in the respective entities (see slide 4 for details on the relative ownership)

Comments

- As the IOSH Group has sold vessels to both right-size its fleet and reach an agreement with its secured lenders, its fleet composition has changed in the past years
- To give an indication of the historical financial performance of the currently controlled fleet, the graphs to the left show the historical financial development of IOSH Group's currently owned fleet, adjusted for IOSH's current ownership in the respective subsidiaries
- The IOSH Group had a good 2019 on the back of an improving market, while 2020 was negatively impacted by the implications of Covid-19
- Since 2020, market fundamentals have improved, which has enabled higher day rates and better utilization for the overall fleet
- In addition, the reactivation of the Island Frontier, which was in lay-up during 2020 and 2021, and the delivery of the Island Victory in early 2020, have been key contributors to the positive earnings development
- Going forward, IOSH will actively work to secure extensions of existing contracts
 - 4 vessels are firm until end of 2025 and longer with options to extend for 2026 and later
 - IOSH considers option pricing to be attractive to charterers based on current market developments
- Based on current backlog terms and market outlook at present, IOSH sees moderate up-side to current earnings

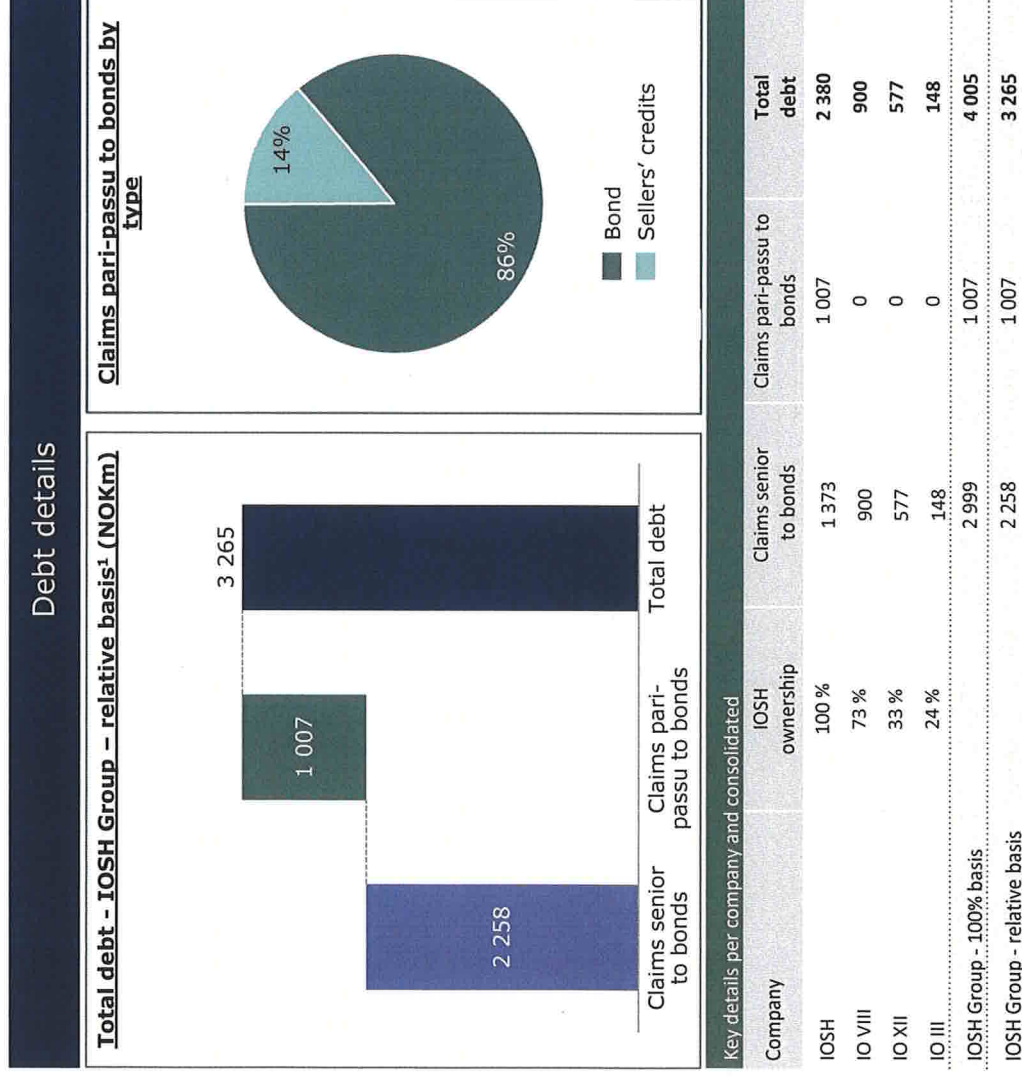


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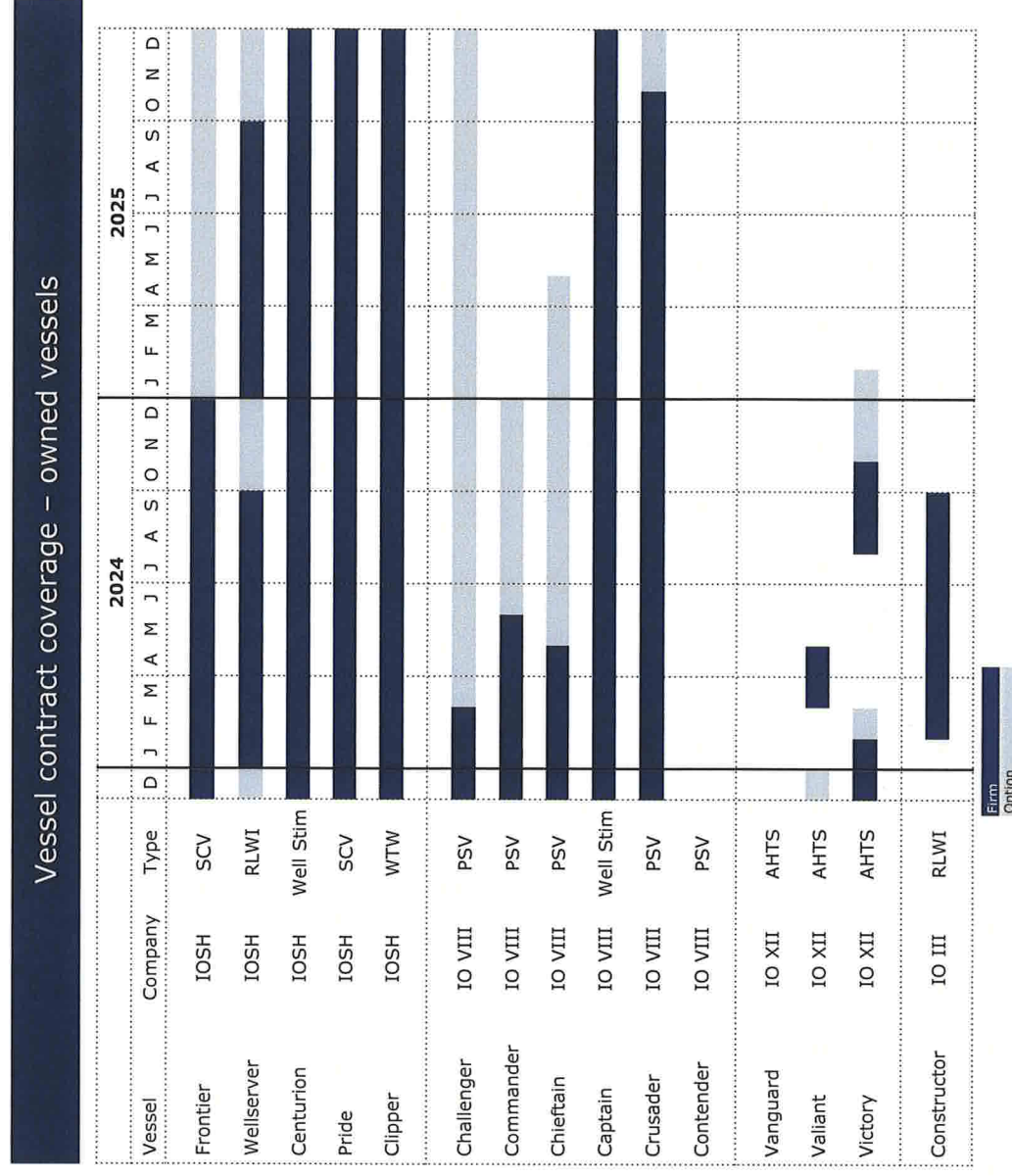
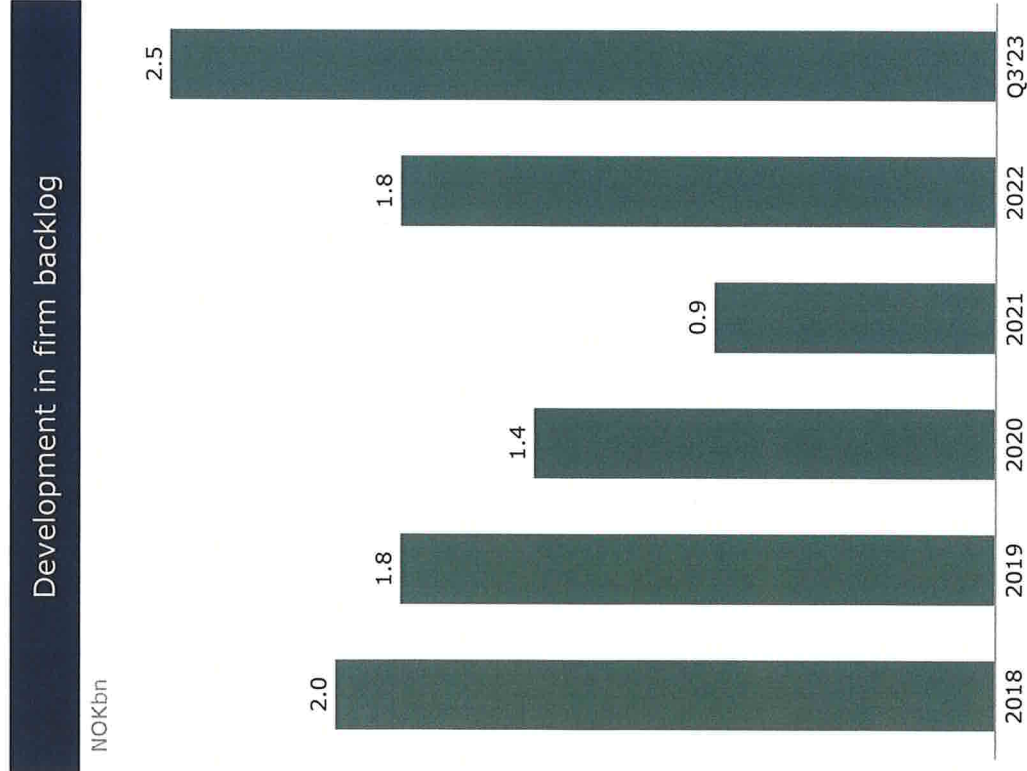
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Debt status per 30 September 2023

7



Backlog and contract status per 30 September 2023



Refinancing proposal

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Capital structure following the proposed refinancing

Debt details		Comments
<div><div><div><div><div><div></div><div>1 000</div></div><div>1st lien debt</div></div><div><div><div></div><div>256</div></div><div>2nd lien debt</div></div><div><div><div><div></div><div>153</div></div><div><div></div><div>872</div></div></div><div>Bonds¹</div><div>Junior debt</div></div><div><div><div></div><div>1 025</div></div><div>Total debt</div></div></div><div><div></div><div>2 280</div></div></div></div>		<ul style="list-style-type: none">As described in the update to the bondholders in connection with the buy-back offer on 3 November 2022, the IOSH Group has been in continuous dialogue with its lenders to secure a long-term financing solution for the group as a wholeThe discussions have been complex due to the general scarcity of lenders to the offshore sector and the IOSH Group's continued high debt levelsAfter lengthy discussions, the IOSH Group has been successful in securing support from a group of banks for a new NOK 1bn 1st lien fleet facilityThe 1st lien fleet facility has a three-year tenor (maturity December 2026) and an annual amortization of NOK 178m starting in June 2024The facility includes customary debt terms given the situationThe 1st lien fleet facility remains subject to the support from the unsecured creditors for the extension of all junior debt maturities until 30 June 2027 (six months after the maturity of the 1st lien facility)
<div><div><div><div><div></div><div>134</div></div><div>2024</div></div><div><div><div></div><div>178</div></div><div>2025</div></div><div><div><div><div></div><div>178</div></div><div><div></div><div>511</div></div></div><div>2026</div></div><div><div><div></div><div>689</div></div><div>2027</div></div></div><div><div></div><div>1 281</div></div></div>		
<div><div><div><div><div></div><div>134</div></div><div>2024</div></div><div><div><div></div><div>178</div></div><div>2025</div></div><div><div><div><div></div><div>178</div></div><div><div></div><div>511</div></div></div><div>2026</div></div><div><div><div></div><div>689</div></div><div>2027</div></div></div><div><div></div><div>1 281</div></div></div>		

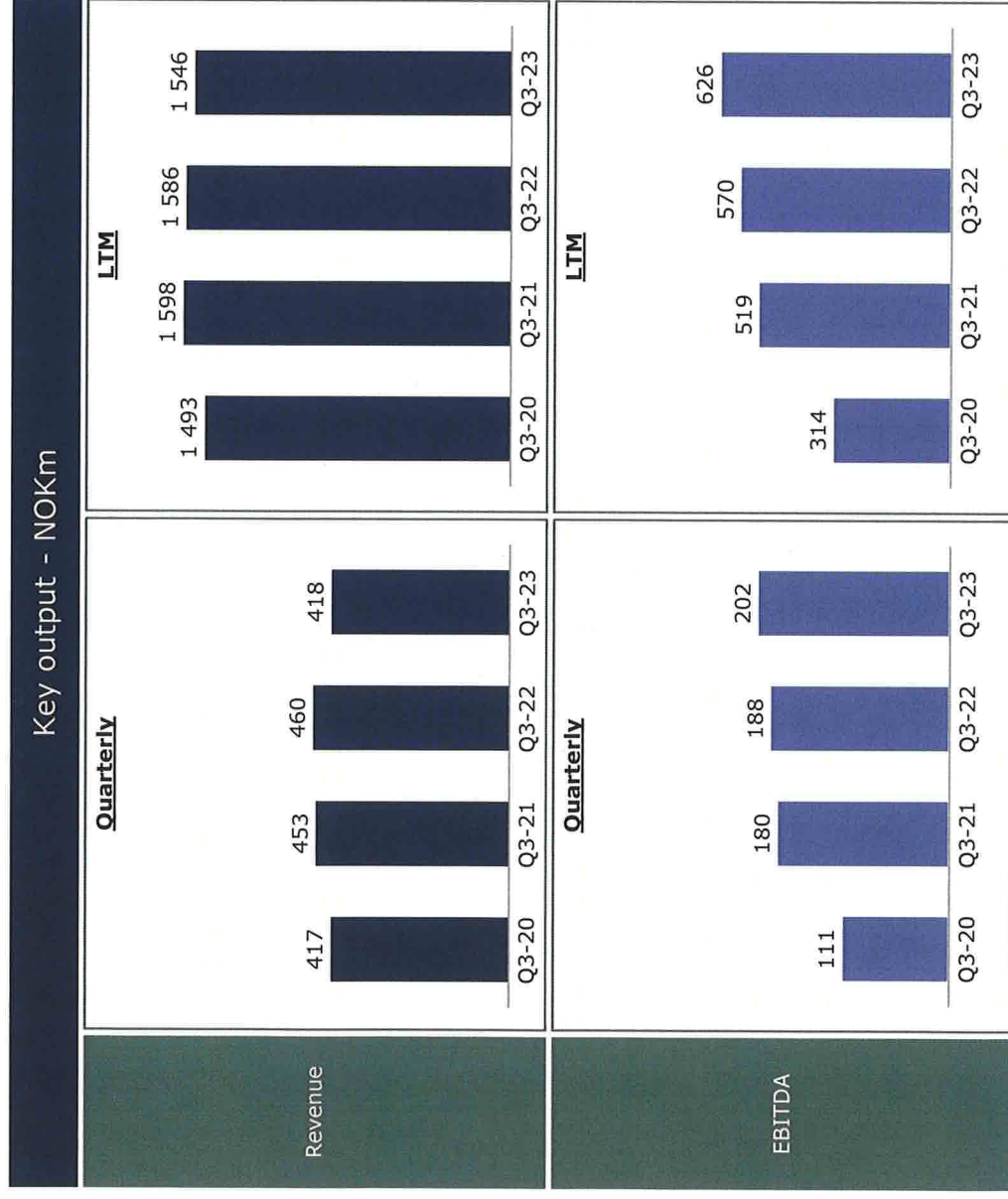
Note: (1) Adjusted for accrued PIK interest until 31.12.2023; (2) Excludes accrued PIK interest on the junior debt

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IOSH LP – Historical reported financials

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IOSH - Revenue and EBITDA development



Note: Numbers prepared in accordance with the accounting standards, including full consolidation of the companies in which IOSH LP controls more than 50% in any given year. Companies where IOSH LP controls less than 50% reflected as minority interests based on the equity method. Given the difference in methodology, there are meaningful differences between the numbers presented in this section and the first section

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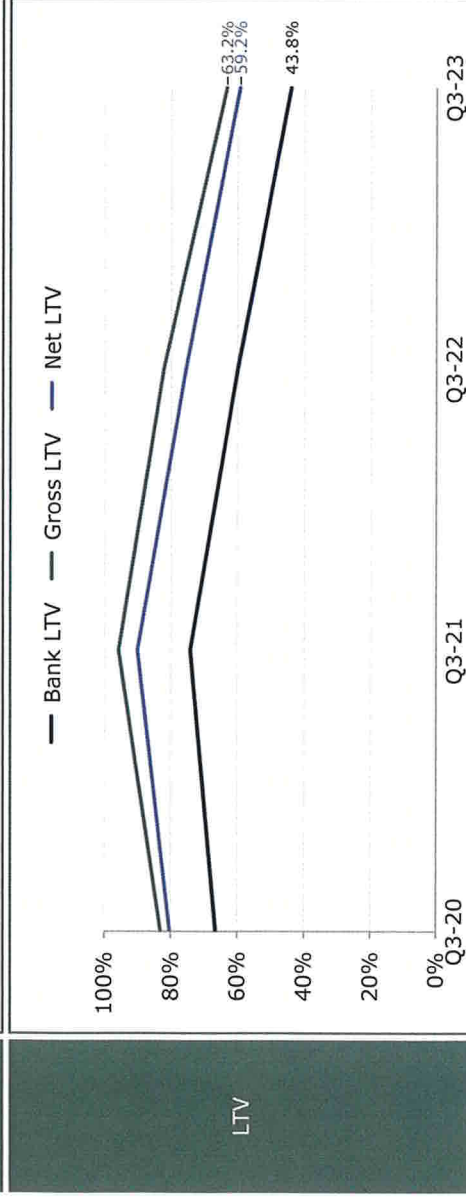
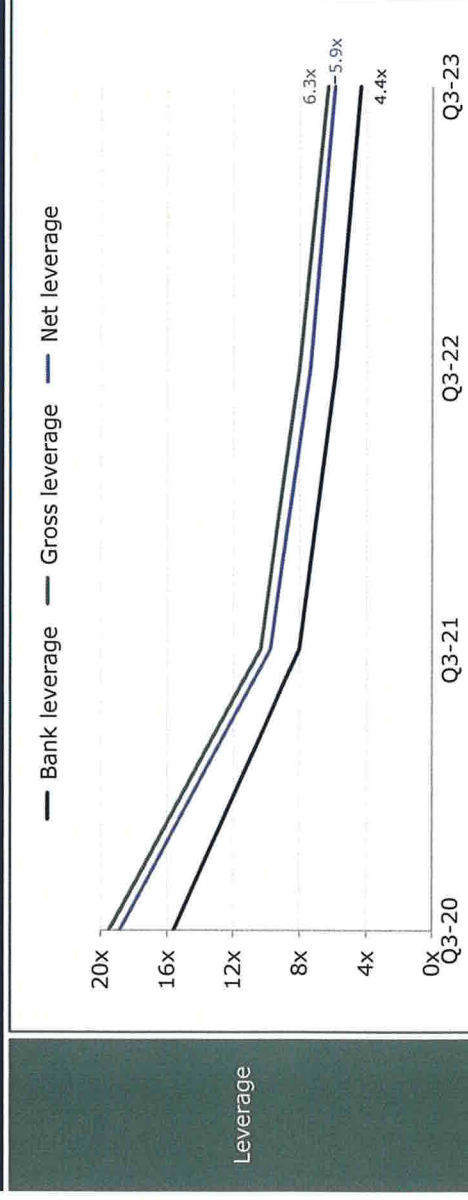
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Details					
P&L	LTM				
NOKm	Q3-20	Q3-21	Q3-22	Q3-23	
Revenue	1 493	1 598	1 586	1 546	
Net subcontractors	-84	-49	-125	-69	
Total Operating Revenue	1 408	1 549	1 461	1 477	
Operating expenses	1 095	1 030	891	851	
EBITDA	314	519	570	626	
EBITDA margin	21 %	32 %	36 %	40 %	
Write-Down Vessel Value	353	311	0	31	
Depreciation	343	329	286	267	
EBIT	-382	-121	285	328	
Net financial items	-331	-8	-632	-256	
Profit before tax	-713	-129	-347	71	

P&L	Quarterly				
NOKm	Q3-20	Q3-21	Q3-22	Q3-23	
Revenue	417	453	460	418	
Net subcontractors	-24	-11	-48	-7	
Total Operating Revenue	394	442	411	411	
Operating expenses	283	262	224	210	
EBITDA	111	180	188	202	
EBITDA margin	27 %	40 %	41 %	48 %	
Write-Down Vessel Value	36	0	0	0	
Depreciation	86	80	68	63	
EBIT	-11	100	120	139	
Net financial items	-76	121	-56	-62	
Profit before tax	-86	221	64	77	

IOSH – Balance sheet and key credit ratios

Key output – LTM basis



Note: Numbers prepared in accordance with the accounting standards, including full consolidation of the companies in which IOSH LP controls more than 50% in any given year. Companies where IOSH LP controls less than 50% reflected as minority interests based on the equity method. Given the difference in methodology, there are meaningful differences between the numbers presented in this section and the first section

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Details

Balance sheet	Q3-20	Q3-21	Q3-22	Q3-23
NOKm				
Ships	7 308	6 533	5 556	4 950
Other financial assets	0	51	163	161
Total Fixed Assets	7 308	6 584	5 719	5 110
Inventory, stock	53	17	34	17
Debtors	522	617	517	485
Bank, cash	203	317	374	253
Total Current Assets	779	950	925	755
Total Assets	8 086	7 535	6 644	5 866
Total Equity	1 092	1 169	1 070	977
Equity ratio	14 %	16 %	16 %	17 %
Total Provisions	61	64	81	98
Liabilities to financial institutions	5 672	1 897	3 568	3 571
Other long-term liabilities	821	435	867	844
Total Long-Term Liabilities	6 492	2 332	4 435	4 414
Current loans to financial institutions	0	3 065	574	0
Current liability of seller credits	0	410	20	0
Trade creditors	50	32	20	49
Other short-term liabilities	391	462	444	328
Total Short-Term Liabilities	441	3 969	1 058	376
Total Liabilities	6 995	6 365	5 574	4 889
Total Equity and Liabilities	8 086	7 535	6 644	5 866
Key ratios				
Leverage	Q3-20	Q3-21	Q3-22	Q3-23
Bank leverage	15.6x	8.0x	5.8x	4.4x
Gross leverage	19.5x	10.3x	8.0x	6.3x
Net leverage	18.8x	9.7x	7.4x	5.9x
Asset backing	Q3-20	Q3-21	Q3-22	Q3-23
Bank LTV	66 %	74 %	60 %	44 %
Gross LTV	83 %	96 %	82 %	63 %
Net LTV	80 %	90 %	75 %	59 %

IOSH – Cash flow

14



Note: Numbers prepared in accordance with the accounting standards, including full consolidation of the companies in which IOSH LP controls more than 50% in any given year. Companies where IOSH LP controls less than 50% reflected as minority interests based on the equity method. Given the difference in methodology, there are meaningful differences between the numbers presented in this section and the first section

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Cash flow		LTM			
		Q3-20	Q3-21	Q3-22	Q3-23
Profit before tax		-713	-129	-347	72
Taxes paid		0	-2	0	-2
Profit (-) / Loss (+) by sale of fixed asset		0	-3	3	-7
Profit -/ Loss+ from associated companies		0	0	2	-10
Unrealized agio on USD loan		8	-18	0	0
Depreciation		343	329	286	267
Write-down Vessel Value		353	311	0	31
Reversed financial expensed due to dilution of shares		0	0	256	0
Discount on loan		0	-211	158	0
Change in stock		25	37	-18	17
Change in AR		-27	-102	39	16
Change in AP		-9	59	-40	44
Change in other working capital		200	-25	48	-156
Cash flow from operations		180	246	387	273
Drawdown of long-term loans		963	-91	59	23
Partners' loan		1	214	10	0
Repayment of long-term liabilities/net of refinancing		-255	-602	-457	-626
Purchase of minority interests		0	0	0	-106
Equity contribution		350	209	0	0
Dividend distribution to minority interests		0	0	0	0
Cash flow from financing activities		1 059	-269	-388	-709
Investments		-1 311	-363	-143	-106
Net sales consideration		105	499	229	421
Cash flow from investment activities		-1 206	137	86	316
Net cash flow		33	113	84	-120



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ISIN NO 001 067386.6 (Tranche A Bonds)
ISIN NO 001 076050.7 (Tranche B Bonds)

AMENDED AND RESTATED BOND AGREEMENT
originally dated 22 March 2013

between

Island Offshore Shipholding, L.P.
(Issuer)

and

Nordic Trustee AS
(formerly Norsk Tillitsmann ASA)
(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

1.25 per cent Island Offshore Shipholding, L.P. Tranche A Subordinated
Unsecured Callable Bond Issue 2013/2021

1.25 per cent Island Offshore Shipholding, L.P. Tranche B Subordinated
Unsecured Callable Bond Issue 2016/2021

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This agreement, originally entered into on 22 March 2013, as amended and restated by an amendment and restatement agreement on 29 March 2016, as further amended and restated by an amendment and restatement agreement dated 13 June 2018, and as amended by an amendment agreement on 2 July 2018 and as amended through written resolutions from Bondholders' Meetings' on 22 June 2021, and an amendment and restatement agreement dated 21 June 2022 has been entered into on 21 June 2022 December 2023 between:

- (1) **Island Offshore Shipholding, L.P.** (an exempted limited partnership existing under the laws of the Cayman Islands with registration number 14597 as issuer, represented by its general partner Amnor, L.L.C., a limited liability company incorporated under the laws of Louisiana, USA, duly registered as a foreign company in the Cayman Islands (the “**Issuer**”), and
- (2) **Nordic Trustee AS** (formerly Norsk Tillitsmann ASA, a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the “**Bond Trustee**”).

1 Interpretation

1.1 Definitions

In this Bond Agreement, the following terms shall have the following meanings:

“**Account Manager**” means a Bondholder’s account manager in the Securities Depository.

“**Amendment and Restatement Agreement**” means the amendment and restatement agreement to this Bond Agreement dated 21 June 2022 December 2023 and made between the Issuer and the Bond Trustee.

“**Attachment**” means the attachments to this Bond Agreement.

“**Bond Agreement**” means this bond agreement, including any Attachments to it, each as amended from time to time.

“**Bond Issues**” means the Tranche A Bond Issue and the Tranche B Bond Issue.

“**Bondholder**” means a holder of Bond(s), as registered in the Securities Depository, from time to time.

“**Bondholders’ Meeting**” means a meeting of Bondholders, as set out in Clause 16.

“**Bonds**” means collectively the Tranche A Bonds and the Tranche B Bonds issued by the Issuer pursuant to this Bond Agreement.

“**Business Day**” means any day on which commercial banks are open for general business and can settle foreign currency transactions in Oslo.

“**Business Day Convention**” means that if the relevant Payment Date originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

“Call Option” shall have the meaning set out in Clause 10.2.

“Change of Control Event” means if and when any person or a group of persons acting in concert, other than Borgstein Skipsinvest AS or Island Investment LLC, directly or indirectly, acquires Decisive Influence over the Issuer and/or 50% of the limited partnership interests.

“Date of Agreement” has the meaning given to it in the Amendment and Restatement Agreement.

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

When determining the relevant person’s number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company’s Subsidiaries shall be included.

“Defeasance Pledge” shall have the meaning given to it in Clause 18.2.

“Deferred Payments” means the deferred payments from time to time.

“Enforcement Action” has the meaning given to it in the Subordination Agreement.

“Event of Default” means the occurrence of an event or circumstance specified in Clause 15.1.

“Face Value” means the denomination of each of the Bonds, as set out in Clause 2.2 and Clause 2.3.

“Finance Documents” means (i) this Bond Agreement, (ii) the Amendment and Restatement Agreement, (iii) the Subordination Agreement, (iv) the agreement between the Bond Trustee and the Issuer referred to in Clause 14.2, and (v) any other document (whether creating a Security or not) which is executed at any time by the Issuer or any other person in relation to any amount payable under this Bond Agreement.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account); and
- (h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

“Financial Statements” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, drawn up according to GAAP, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

“GAAP” means the generally accepted accounting practice and principles of Norway including, if applicable, the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“Group” means the Issuer and its Subsidiaries, and a **“Group Company”** means the Issuer or any of its Subsidiaries.

“Interest Payment Date” means 5 April and 5 October each year, the Tranche A Maturity Date and the Tranche B Maturity Date. Any adjustment will be made according to the Business Day Convention.

“Interim Accounts” means the unaudited unconsolidated and consolidated quarterly financial statements of the Issuer for any quarter ending on a Quarter Date, drawn up according to GAAP, including a management report.

“ISIN” means International Securities Identification Number – the identification number of the respective Bond Issue.

“Issuer’s Bonds” means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

“Manager” means the manager(s) for the Bond Issues.

“Material Adverse Effect” means a material adverse effect on: (a) the business, financial condition or operations of the Issuer or the Group (taken as a whole), (b) the Issuer’s ability to perform and comply with its obligations under any of the

Finance Documents; or (c) the validity or enforceability of any of the Finance Documents.

“Material Subsidiary” means:

- (a) any Subsidiary whose total assets represent at least 10% of the total consolidated assets of the Group; or
- (b) any Subsidiary whose total operating income represents at least 10% of the total consolidated operating income of the Group; or
- (c) any other Subsidiary to which is transferred either (A) all or substantial all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary, or (B) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had a transfer occurred on or before the relevant date;

always provided that the Issuer shall, if required, appoint Subsidiaries as Material Subsidiaries to procure that the operating income, gross assets or net assets of the Material Subsidiaries shall represent at least 80% of the operating income, gross assets or net assets of the Group.

“NOK” means Norwegian kroner, being the lawful currency of Norway.

“Original Bond Agreement” means the bond agreement dated 22 March 2013 between the Issuer and the Bond Trustee as amended and restated by an amendment and restatement agreement dated 29 March 2016, as further amended and restated by an amendment and restatement agreement dated 13 June 2018, as amended by an amendment agreement dated 2 July 2018, and as amended through written resolutions from Bondholders' Meetings' on 22 June 2021 and an amendment and restatement agreement dated 21 June 2022.

“Outstanding Bonds” means the Bonds not redeemed or otherwise discharged.

“Party” means a party to this Bond Agreement (including its successors and permitted transferees).

“Paying Agent” means the legal entity appointed by the Issuer to acts as its paying agent in the Securities Registry with respect to the Bonds.

“Payment Date” means a date for payment of principal or interest under this Bond Agreement.

“PIK Interest” shall have the meaning given to it in Clause 9.1(b).

“Quarter Date” means each 31 March, 30 June, 30 September and 31 December.

“Securities Depository” means the securities depository in which the Bond Issues are registered, being Verdipapirsentralen ASA (VPS) in Norway.

“Security Agent” means the Bond Trustee in its capacity as security agent and/or security trustee pursuant to Clause 17.4, if at any time relevant.

“Security” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security and Covenant Defeasance” shall have the meaning given to it in Clause 18.2.

“Senior Liabilities” means the liabilities defined as Senior Liabilities in the Subordination Agreement.

“Shareholder Loan” means any loan granted to the Issuer by: (i) any of its shareholders, (ii) any person having Decisive Influence over a shareholder in the Issuer, or (iii) any person over which any person referred to in sub-paragraph (ii) has Decisive Influence (directly or indirectly) (which, for the avoidance of doubt, shall not include any Subsidiary of the Issuer or Island Offshore Management AS).

“Stamdata” means the web site www.stamdata.no, maintained by the Bond Trustee.

“Subordination Agreement” means the agreement entered into on or about the date of the Amendment and Restatement Agreement and made between the Issuer, ~~Island Offshore X KS~~, the Bond Trustee on behalf of the Bondholders, Kongsberg Maritime AS, Vard Group AS and the Senior Finance Parties (as defined therein) replacing and superseding the original subordination agreement dated ~~12 April 2018~~ 22 September 2022 for matters occurring after the date of the Subordination Agreement.

“Subsidiary” means a company over which another company has Decisive Influence.

“Tranche A Bond Issue” means the bond issue constituted by the Tranche A Bonds.

“Tranche A Bonds” means the series of bonds pursuant to this Bond Agreement constituting 1.25 per cent Island Offshore Shipholding, L.P. Tranche A Subordinated Unsecured Callable Bond Issue 2013/2018, with ISIN NO 001 067386.6.

“Tranche A Issue Date” means 5 April 2013.

“Tranche A Maturity Date” means 30 June 2027⁴. Any adjustment will be made according to the Business Day Convention.

“Tranche A Bondholders’ Meeting” means a meeting of Tranche A Bondholders, as set out in Clause 16.

“Tranche B Bond Issue” means the bond issue constituted by the Tranche B Bonds.

“Tranche B Bonds” means series of bonds pursuant to this Bond Agreement constituting 1.25 per cent Island Offshore Shipholding, L.P. Tranche B Subordinated Unsecured Callable Bond Issue 2016/2019, with ISIN NO 001 076050.7.

“Tranche B Bondholders’ Meeting” means a meeting of Tranche B Bondholders, as set out in Clause 16.

“Tranche B Issue Date” means 31 March 2016.

“**Tranche B Maturity Date**” means 30 June 2027⁴. Any adjustment will be made according to the Business Day Convention.

“**US Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds.

“**Yard Liabilities**” means the liabilities defined as such in the Subordination Agreement.

1.2 *Construction*

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;
- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation;
- (f) an Event of Default is “**continuing**” if it has not been remedied or waived; and
- (g) references to a “**person**” shall include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

2 **The Bonds**

2.1 *Binding nature of this Bond Agreement*

- 2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 18.1.
- 2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 *Tranche A Bonds*

The Issuer has issued Tranche A Bonds in the amount of NOK 470,000,000, with the addition of issued payment in kind Bonds (Norwegian kroner four hundred and seventy million).

The Face Value is NOK 1.00. The Tranche A Bonds shall rank *pari passu* between themselves.

The Tranche A Bond Issue will be described as “1.25% Island Offshore Shipholding, L.P. Tranche A Subordinated Unsecured Callable Bond Issue 2013/2021”.

The ISIN of the Tranche A Bond Issue is NO 001 067386.6.

The tenor of the Tranche A Bonds is from and including the Tranche A Issue Date to the Tranche A Maturity Date.

2.3 *Tranche B Bonds*

The Issuer has issued Tranche B Bonds in the amount of NOK 230,000,000, with the addition of issued payment in kind Bonds (Norwegian kroner two hundred and thirty million).

The Face Value is NOK 1.00. The Tranche B Bonds shall rank *pari passu* between themselves.

The Tranche B Bond Issue will be described as “1.25 per cent Island Offshore Shipholding, L.P. Tranche B Subordinated Unsecured Callable Bond Issue 2013/2021”.

The ISIN of the Tranche B Bond Issue is NO 001 076050.7.

The tenor of the Tranche B Bonds is from and including the Tranche B Issue Date to the Tranche B Maturity Date.

3 (Not Used)

4 **Registration in the Securities Depository**

- 4.1 Each Bond Issue and the Bonds are registered in the Securities Depository according to the Norwegian Securities Depository Act (Act 2002/64) and the terms and conditions of the Securities Depository.
- 4.2 The Issuer shall ensure that correct registration in the Securities Depository has been made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.
- 4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5 **Purchase and transfer of Bonds**

- 5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.
- 5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6 (Not used)

6.1 (Not used)

7 **Representations and Warranties**

7.1 The Issuer represents and warrants to the Bond Trustee that:

7.1.1.1 *Status*

It is an exempted limited partnership, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.1.1.2 *Power and authority*

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.1.1.3 *Valid, binding and enforceable obligations*

This Bond Agreement and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.1.1.4 *Non-conflict with other obligations*

The entry into and performance by it of this Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.1.1.5 *No Event of Default*

- (i) No Event of Default exists or is likely to result from the making of any drawdown under this Bond Agreement or the entry into, the performance of, or any transaction contemplated by, any other Finance Document.
- (ii) No other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.1.1.6 *Authorizations and consents*

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

- (i) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Agreement or any other Finance Document to which it is a party; and
- (ii) to carry on its business as presently conducted and as contemplated by this Bond Agreement,

have been obtained or effected and are in full force and effect.

7.1.1.7 *Litigation*

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.1.1.8 *Financial Statements*

Its most recent Financial Statements and Interim Accounts fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

7.1.1.9 *No Material Adverse Effect*

Since the date of the Financial Statements, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.1.1.10 *No misleading information*

Any factual information provided by it to the subscribers or the Bond Trustee for the purposes of the Bond Issues was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.1.1.11 *No withholdings*

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under this Bond Agreement.

7.1.1.12 *Ranking*

Its payment obligations under this Bond Agreement or any other Finance Document to which it is a party rank as set out in Clause 8.1.

7.2 The representations and warranties set out in Clause 7.1 are made on the execution date of this Bond Agreement, and shall be deemed to be repeated on the Date of Agreement.

8 **Status of the Bonds and security**

8.1 The Bonds shall rank behind the Senior Liabilities and *pari passu* with the Yard Liabilities.

8.2 The Bonds are unsecured.

9 **Interest**

9.1 Interest shall accrue on the Bonds as follows:

- (a) cash interest shall accrue on the par value of the Bonds at a fixed rate of:
 - (i) 0.00 per cent per annum for the period from and including 5 April 2018 to 5 October 2018;
 - (ii) 0.00 per cent per annum for the period from and including 5 October 2018 to 5 April 2019;
 - (iii) 0.7463 per cent per annum for the period from and including 5 April 2019 to 5 October 2019;
 - (iv) 1.25 per cent per annum for the period from and including 5 October 2019 to 5 April 2020; and
 - (v) 0.00 per cent per annum from 5 April 2020,
- (b) payment-in-kind interest ("**PIK Interest**") shall accrue on the par value of the Bonds at the rate of two point eighty-four per cent. (2.84%) per annum.

9.2 The Issuer shall pay any accrued PIK Interest on the Tranche A Bonds by issuing additional Tranche A Bonds to the Bondholders holding Tranche A Bonds on the applicable Interest Payment Date. The amount of additional Tranche A Bonds issued to a Bondholder holding Tranche A Bonds shall be calculated as the product of (x) the aggregate amount of accrued PIK Interest on the Tranche A Bonds for the previous six month period ending on the relevant Interest Payment Date and (y) a

fraction, the numerator of which is the aggregate amount of Tranche A Bonds held by that Bondholder and the denominator of which is the aggregate amount of the Tranche A Bonds, provided that the total amount of additional Tranche A Bonds issued to a Bondholder shall be rounded to the nearest NOK 1.00.

- 9.3 The Issuer shall pay any accrued PIK Interest on the Tranche B Bonds by issuing additional Tranche B Bonds to the Bondholders holding Tranche B Bonds on each Interest Payment Date. The amount of additional Tranche B Bonds issued to a Bondholder holding Tranche B Bonds shall be calculated as the product of (x) the aggregate amount of accrued PIK Interest on the Tranche B Bonds for the previous six month period ending on the relevant Interest Payment Date and (y) a fraction, the numerator of which is the aggregate amount of Tranche B Bonds held by that Bondholder and the denominator of which is the aggregate amount of the Tranche B Bonds, provided that the total amount of additional Tranche B Bonds issued to a Bondholder shall be rounded to the nearest NOK 1.00.
- 9.4 Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

10 **Maturity of the Bonds and Redemption**

10.1 *Maturity*

The Tranche A Bonds shall mature in full on the Tranche A Maturity Date, and shall be repaid at par (100%) by the Issuer.

The Tranche B Bonds shall mature in full on the Tranche B Maturity Date, and shall be repaid at par (100%) by the Issuer.

10.2 *Call Option*

- 10.2.1 The Issuer may redeem the Tranche A Bonds in whole or in part at any time to, but not including, the Tranche A Maturity Date at 100% of par plus accrued interests on redeemed amount.
- 10.2.2 The Issuer may redeem the Tranche B Bonds in whole or in part with settlement date from and including the date on which the Tranche A Bond Issue has been redeemed in full to, but not including, the Tranche B Maturity Date at 100% of par plus accrued interests on redeemed amount.
- 10.2.3 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty Business Days prior to the settlement date of the Call Option.
- 10.2.4 Partial redemption must be carried out *pro rata* (in accordance with the procedures of the Securities Depository).
- 10.2.5 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the

principal amount of such Bond and any unpaid interest accrued up to the settlement date.

- 10.2.6 Bonds redeemed by the Issuer in accordance with this Clause 10.2 shall be discharged against the Outstanding Bonds.

10.3 *Change of control*

- 10.3.1 No Change of Control Event will allow the Bondholder to require that the Issuer redeems any or all of the Bonds.

11 **Payments**

11.1 *Covenant to pay*

- 11.1.1 Subject to the Subordination Agreement the Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.

- 11.1.2 The covenant contained in Clause 11.1.1 shall be for the benefit of the Bond Trustee and the Bondholders.

11.2 *Payment mechanics*

- 11.2.1 If no specific order is made by the Bond Trustee under Clause 11.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.

- 11.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but if the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 11.3.

- 11.2.3 In case of irregular payments, the Bond Trustee may instruct the Issuer or Bondholders of other payment mechanisms than described in Clause 11.2.1 or 11.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.

- 11.2.4 Subject to Clause 11.3, payment by the Issuer in accordance with this Clause 11.2 shall constitute good discharge of its obligations under Clause 11.1.1.

11.3 *Currency*

- 11.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and

payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.

- 11.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 11.3 within five Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.
- 11.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.

11.4 *Set-off and counterclaims*

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to this Bond Agreement or any other Finance Document.

11.5 *Interest in the event of late payment*

- 11.5.1 In the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date and this is not due to an agreed deferral according to the provisions of the Subordination Agreement, the unpaid amount shall bear interest from the due date at an interest rate equivalent to the interest rate according to Clause 9 plus five per cent. (5.00%) per annum.
- 11.5.2 The interest charged under this Clause 11.5 shall be added to the defaulted amount on each respective Interest Payment Date relating thereto until the defaulted amount has been repaid in full.
- 11.5.3 The unpaid amounts shall bear interest as stated above until payment is made, whether or not the Bonds are declared to be in default pursuant to Clause 15.1.1.1, cf. Clauses 15.2 - 15.4.

11.6 *Partial payments*

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind; and

- (c) thirdly, in or towards payment of any principal due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind.

12 Issuer's acquisition of Bonds

The Issuer has the right to acquire and own Tranche A Bonds.

Any acquisitions of Tranche A Bonds by the Issuer or any person or persons over whom the Issuer has Decisive Influence shall require such party to make a public tender offer to all holders of Tranche A Bonds (excluding Issuer's Bonds).

The Issuer has the right to acquire and own Tranche B Bonds, from and including the date on which the Tranche A Bond Issue has been redeemed in full.

The Issuer's holding of Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.

13 Covenants

13.1 General

- 13.1.1 The Issuer undertakes from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, as further set out in this Clause 13.

13.2 Information Covenants

13.2.1 The Issuer shall:

- (a) without being requested to do so, promptly inform the Bond Trustee in writing of any Event of Default, any event or circumstance which the Issuer understands or ought to understand may lead to an Event of Default and any other event which may have a Material Adverse Effect;
- (b) without being requested to do so, inform the Bond Trustee in writing if the Issuer agrees to sell or dispose of all or a substantial part of its assets or operations, or change the nature of its business;
- (c) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (d) without being requested to do so, send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (e) if the Bonds are listed on an Exchange, without being requested to do so, send a copy to the Bond Trustee of its notices to the Exchange;
- (f) if the Issuer and/or the Bonds are rated, without being requested to do so, inform the Bond Trustee of its and/or the rating of the Bond Issues, and any changes to such rating;

- (g) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Depository; and
- (h) within a reasonable time, provide such information about the Issuer's business, assets and financial condition as the Bond Trustee may reasonably request.

13.2.2 The Issuer shall confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in this Clause 13, unless the Bond Trustee explicitly waives such requirement. Such confirmation shall be undertaken in a certificate, substantially in the form set out in Schedule 1 hereto, signed by the Chief Executive Officer or Chief Financial Officer of the Issuer (a "**Compliance Certificate**"). In the event of non-compliance, the Compliance Certificate shall describe the non-compliance, the reasons therefore as well as the steps which the Issuer has taken and will take in order to rectify the non-compliance.

13.3 *General Covenants*

13.3.1.1 *Ranking*

The Issuer shall ensure that its obligations under this Bond Agreement and any other Finance Document shall at all time rank as set out in Clause 8.1.

13.3.1.2 *Mergers*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any of the Subsidiaries with any other companies or entities if such transaction would have a Material Adverse Effect.

13.3.1.3 *De-mergers*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving a split of the Issuer or any of the Subsidiaries into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.

13.3.1.4 *Continuation of business*

The Issuer shall not cease to carry on its business, and shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of this Bond Agreement, and/or as set out in this Bond Agreement.

13.3.1.5 *Disposal of business*

The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless:

- (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and
- (ii) such transaction would not have a Material Adverse Effect.

13.3.1.6 Arm's length transactions

The Issuer shall not engage in, or permit any Subsidiary to engage in, directly or indirectly, any transaction with any party not being a Group Company (without limitation, the purchase, sale or exchange of assets or the rendering of any service), except in the ordinary course of business and pursuant to the reasonable requirement of the Issuer's or such Group Member's business and upon fair and reasonable terms that are no less favourable to the Issuer or such Group Company, as the case may be, than those which might be obtained in an arm's length transaction at the time.

13.3.1.7 Corporate status

The Issuer shall not change its type of organization or jurisdiction of incorporation.

13.3.1.8 Compliance with laws

The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time.

13.3.1.9 Financial assistance

The Issuer shall ensure that no Group Company grants any loan, guarantee or other financial assistance (including, but not limited to granting of security) to or on behalf of any third party not being a Group Company, other than in the ordinary course of business.

13.4 Special covenants

13.4.1.1 Ownership of Material Subsidiaries

The Issuer shall not sell, transfer, assign or otherwise dilute or dispose of any shares or any other ownership interest in any Material Subsidiary to any person not being a Group Company, unless the transaction is carried out at fair market value, on terms and conditions customary for such transaction and further provided that such transaction does not have a Material Adverse Effect.

13.4.1.2 Dividends and other distributions

The Issuer shall not declare or make any dividend payments or other distributions or loans to its shareholders, whether in cash or in kind, including without limitation, repurchase of shares, any total return swaps or instruments with similar effect, or reductions in its share capital or equity.

13.4.1.3 Subsidiaries' distributions

The Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to (i) pay dividends or make other distributions to its shareholders, (ii) service any financial

indebtedness to the Issuer, (iii) make any loans to the Issuer, if the creation of such contractual obligation is reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Agreement, except as set forth in or to the extent required to comply with customary cash waterfall provisions, financial covenants or other similar restrictions in financing agreements, or in any shareholders' or joint venture agreements governing any Subsidiary which is not directly or indirectly wholly owned by the Issuer.

13.4.1.4 Subordination of Shareholder Loans

The Issuer shall ensure that any Shareholder Loan shall in all respect be fully subordinated to the Bonds, and that no repayment of principal and payment of cash interest shall be made in respect of any Shareholder Loan (for the avoidance of doubt, any accrued interests shall be accumulated and added to the principal of such Shareholder Loan).

13.4.1.5 Capital expenditures

The Issuer shall ensure that there shall be no new capital expenditures by the Issuer except for:

- (i) capital expenditure connected to normal maintenance to operate vessels currently owned by the Group;

13.4.1.6 Contribution and loans by the Issuer to Group Companies

The Issuer shall not make any loans to (short or long-term), any equity contributions to or investments in (including by conversion of debt to equity) other Group Companies, if the making of such loans, equity contributions or investments is reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Agreement as amended by the Subordination Agreement.

13.5 Financial covenants

The financial covenants set forth in this Clause 13.5 shall be suspended until the Tranche A Maturity Date/Tranche B Maturity Date.

13.5.1.1 Value Adjusted Equity Ratio

The Issuer shall ensure that the Value Adjusted Equity Ratio of the Group on a consolidated basis shall not fall below 15%.

13.5.1.2 Liquidity

The Issuer shall ensure that it maintains Cash and Cash Equivalents in an amount of no less than NOK 50 million on an unconsolidated basis.

13.5.1.3 Debt Service Coverage Ratio

The Issuer shall (on an unconsolidated basis) maintain a ratio of EBITDA to Debt Service of:

- (i) for the Relevant Periods ending 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016: minimum 0.6; and
- (ii) for the Relevant Periods ending 31 March 2017 (and each Relevant Period thereafter): minimum 1.10,

unless the Issuer's Cash and Cash Equivalents (on an unconsolidated basis) exceeds 50% of aggregate instalments which would have been due during the subsequent 12 months period if the Deferred Payments had not been deferred, and excluding, for the avoidance of doubt, any balloon payments, in which case the Debt Service Cover Ratio set out in (i) to (ii) above shall not apply.

13.5.1.4 Gearing Ratio

The Issuer shall ensure that the Group on a consolidated basis maintains a maximum Gearing Ratio of:

- (i) for the Relevant Periods ending 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016: 8.5;
- (ii) for the Relevant Period ending 31 March 2017, 30 June 2017, 30 September 2017 and 31 December 2017: 7.5; and
- (iii) for the Relevant Period ending 31 March 2018 (and each Relevant Period thereafter): 6.0.

The Issuer undertakes to comply with (a) to (d) above at all times, such compliance to be measured for each Relevant Period and certified according to Clause 13.2.2.

If the Issuer fails (or would otherwise fail) to comply with any of the financial covenants for any Relevant Period, and within 25 Business Days of delivery of the compliance certificate for that Relevant Period, the Issuer receives net cash proceeds from any person (other than a Group Member) in consideration of the issue of new limited partnership interests (a "**Cure Amount**"), then such financial covenant shall be recalculated giving effect to the following pro forma adjustments, as relevant:

- (a) for the purpose of measuring the Book Equity, the Book Equity shall be increased by the Cure Amount;
- (b) for the purpose of measuring the Gearing Ratio, the Net Interest Bearing Debt shall be reduced by the Cure Amount;
- (c) for the purpose of measuring the Liquidity, the Cash and Cash Equivalent shall be increased by the Cure Amount to the extent the Issuer has free and unrestricted access to the Cure Amount and the Cure Amount is not subject to any encumbrance; and
- (d) for the purpose of measuring the Debt Service Coverage Ratio, Debt Service shall be recalculated for the Relevant Period and the following three Relevant Periods, as if the Cure Amount had been applied in prepayment of the Bonds at the beginning of the Relevant Period (such period the "**First Relevant Period**") and interest accruing on the Bonds during the First

Relevant Period had been decreased by an amount equal to the interest which would have accrued on the amount deemed to have been prepaid over the First Relevant Period (such reduction to have effect also for the three next Relevant Periods, as if the Cure Amount was applied in prepayment of the Bonds at the beginning of the First Relevant Period).

For the avoidance of doubt, any part of a Cure Amount shall only be taken into account once when determining compliance with any particular financial covenant and cannot be double counted.

If, after giving effect to the foregoing recalculations, the Issuer is in compliance with all the financial covenants, the Issuer shall be deemed to have satisfied the requirements of the financial covenants as of the relevant original date of determination as though there had been no failure to comply with such requirement, and the breach of the applicable financial covenants which had occurred shall be deemed to have been cured.

“Book Equity” means the Issuer’s consolidated book equity, calculated in accordance with the GAAP, plus the amount of any Shareholder Loan that is not considered as book equity pursuant to GAAP.

“Cash and Cash Equivalent” means the amounts (expressed in NOK or NOK equivalent) on such date of the then current market value of:

- (a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank; and
- (b) time deposits with acceptable banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank,

in each case to which the Issuer (or, when calculating on a consolidated basis any other Group Company, as the case may be) is beneficially entitled at that time and to which the Issuer (or any such Group Company) has free and unrestricted access and which is not subject to any encumbrance. Any amount standing to the credit of any earnings accounts of the Issuer (or any other Group Company, as the case may be) shall be regarded as Cash and Cash Equivalents as long as no event of default has occurred under any of the Issuer’s or any other Group Companies’ credit facilities (including the Bond Issues). An “acceptable bank” for this purpose is:

- (i) a commercial bank, savings bank and trust company which has a minimum “A” credit rating from S&P or Moody’s or a comparable rating from a nationally recognised credit ranking agency for its long-term debt obligations; or
- (ii) a bank or financial institution which is authorised to carry on banking business in Norway.

“Debt Service” means, in respect of any Relevant Period, the aggregate of accrued interest and instalments payable on all Interest Bearing Debt.

“EBITDA” means, in respect of any Relevant Period, earnings before interest, taxes, depreciation and amortization, on a consolidated basis for the Group or on an unconsolidated basis for the Issuer, as the case may be.

“Excess Value” means the positive or negative difference between the Market Value of the Vessels and the book value of the Vessels.

“Gearing Ratio” means the ratio of Net Interest Bearing Debt to EBITDA.

“Interest Bearing Debt” means all interest bearing debt of the Issuer on an unconsolidated basis or the Group on a consolidated basis, as the case may be, always in accordance with GAAP.

“Market Value of the Vessels” means the consolidated fair market value of the Vessels set as the average value of the Vessels (for vessels under construction, estimated market value of a delivered vessel adjusted for remaining capex) from two reputable and independent appraisers appointed by the Issuer. Such appraisers to be the same appraisers as for any bank loan facilities, to the extent possible. Such valuations shall be made on the basis of a sale for prompt delivery for cash at arm’s length terms as between a willing buyer and a willing seller, on an “as is where is” basis, free of any existing charter or other contract of employment. Market Value of the Vessels shall be determined twice a year, on account of the Issuer.

“Net Interest Bearing Debt” means Interest Bearing Debt (excluding any Shareholder Loan) less Cash and Cash Equivalents, each of the Issuer on an unconsolidated basis or the Group on a consolidated basis, as the case may be.

“Relevant Period” means each period of twelve months ending on a Quarter Date.

“Value Adjusted Equity” means the Book Equity adjusted to take into account any Excess Value.

“Value Adjusted Equity Ratio” means the ratio of Value Adjusted Equity to Value Adjusted Total Assets

“Value Adjusted Total Assets” means the book value, on a consolidated basis, of the Group’s total assets in accordance with GAAP adjusted to take into account any Excess Value.

“Vessels” means all and any vessel owned by a Group Company including any vessels under construction.

14 **Fees and expenses**

- 14.1 The Issuer shall cover all costs and expenses incurred by it or the Bond Trustee (and/or the Security Agent) in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document, including in connection with the negotiation, preparation, execution and enforcement of this Bond Agreement and the other Finance Documents and any registration or notifications relating thereto (including any stamp duty), the listing of

the Bonds on an Exchange (if applicable), and the registration and administration of the Bonds in the Securities Depository. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Security under a Finance Documents, to set-off and cover any such costs and expenses.

- 14.2 The fees, costs and expenses payable to the Bond Trustee (and/or the Security Agent) shall be paid by the Issuer and are set out in a separate agreement between the Issuer and the Bond Trustee (and/or the Security Agent).
- 14.3 Fees, costs and expenses payable to the Bond Trustee (or the Security Agent) which, due to the Issuer's insolvency or similar circumstances, are not reimbursed in any other way may be covered by making an equivalent reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee (or the Security Agent) in connection with the restructuring or default of the Bond Issues and the enforcement of any Security.
- 14.4 Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer is not responsible for reimbursing any such fees.
- 14.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- 14.6 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:
 - (a) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
 - (b) the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax reduction or withholding has been made.
- 14.7 If any withholding tax is imposed due to subsequent changes in applicable law after the date of this Bond Agreement, the Issuer shall have the right to call all but not some of the Bonds at par value plus accrued interest. Such call shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty - 30 - Business Days prior to the settlement date of the call.

15 **Events of Default**

- 15.1 Subject always to the provisions of Clause 15.5 the Bond Trustee may declare the Bonds to be in default upon occurrence of any of the following events:

15.1.1.1 Non-payment

The Issuer fails to fulfil any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is likely that such payment will be made in full within five Business Days following the original due date.

15.1.1.2 Breach of other obligations

The Issuer does not comply with any provision pursuant to this Bond Agreement or any other Finance Document, unless, in the opinion of the Bond Trustee, such failure is capable of being remedied and is remedied within ten Business Days after notice thereof is given to the Issuer by the Bond Trustee.

15.1.1.3 Cross default

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any originally applicable grace period;
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

always provided that a threshold in the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above of a total of NOK 25 million, or the equivalent thereof in other currencies, shall apply.

15.1.1.4 Misrepresentations

Any representation, warranty or statement (including statements in compliance certificates) made under this Bond Agreement or any other Finance Document or in connection therewith is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made.

15.1.1.5 Insolvency

- (i) The Issuer or any Material Subsidiary is unable or admits inability to pay its debts as they fall due or suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (ii) The value of the assets of the Issuer or any Material Subsidiary is less than its liabilities (taking into account contingent and prospective liabilities)

- (iii) A moratorium is declared in respect of any indebtedness of the Issuer or any Material Subsidiary.

15.1.1.6 Insolvency proceedings and dissolution

If for the Issuer or any Material Subsidiary, any corporate action, legal proceedings or other procedure step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganization;
- (ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Issuer's ability to perform its payment obligations hereunder;
- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
- (iv) its dissolution,

or any analogous procedure or step is taken in any jurisdiction.

This Clause 15.1.1.6 shall not apply to any winding-up petition or analogous action or procedure which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of its commencement.

15.1.1.7 Creditors' process

The Issuer or any Material Subsidiary has a substantial proportion of the assets impounded, confiscated, attached or subject to distraint, or is subject to enforcement of any Security over any of its assets.

15.1.1.8 Impossibility or illegality

It is or becomes impossible or unlawful for any Group Company to fulfil or perform any of the terms of any Finance Document to which it is a party.

15.1.1.9 Material Adverse Change

Any other event or circumstance occurs which, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, would have a Material Adverse Effect.

- 15.2 In the event that one or more of the circumstances mentioned in Clause 15.1 occurs and is continuing, the Bond Trustee can, subject to the provisions of Clause 15.5 in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment.

The Bond Trustee may at its discretion, take every measure necessary to recover the amounts due under the Outstanding Bonds, and all other amounts outstanding under this Bond Agreement and any other Finance Document.

15.3 In the event that one or more of the circumstances mentioned in Clause 15.1 occurs and is continuing, the Bond Trustee shall subject to the provisions of Clause 15.5 declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment if:

- (a) the Bond Trustee receives a demand in writing that a default shall be declared from Bondholders representing at least 1/5 of the Voting Bonds, and the Bondholders' Meeting has not decided on other solutions, or
- (b) the Bondholders' Meeting has with simple majority decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall take every measure necessary to recover the amounts due under the Outstanding Bonds.

15.4 In the event that the Bond Trustee pursuant to the terms of Clauses 15.2 or 15.3 declares the Outstanding Bonds to be in default and due for payment, the Bond Trustee shall immediately deliver to the Issuer a notice demanding payment of interest and principal due to the Bondholders under the Outstanding Bonds including accrued interest and interest on overdue amounts and expenses. The claim derived from the Outstanding Bonds due for payment as a result of an Event of Default shall be calculated at the prices set out in Clause 10.2.

15.5 **Restriction on Enforcement etc.**

Notwithstanding anything to the contrary set forth herein; the Bond Trustee and the Bondholders shall not be entitled to declare the Bonds including accrued interest, costs and expenses to be in default and due for immediate payment or take any Enforcement Action (as this term is defined in the Subordination Agreement) in respect of the Bonds without the prior written consent of each Senior Finance Party (as this term is defined in the Subordination Agreement) and unless and until such consent is provided, no Event of Default shall be deemed to exist hereunder.

16 **Bondholders' Meeting**

The provisions contained in this Clause 16 shall be subject to separate voting rights of the Tranche A Bondholders and the Tranche B Bondholders, including the resolution and voting requirements set out in Clause 16.3 which shall apply to each of the tranches individually. For the avoidance of doubt, any decision (including but not limited to changes or amendments to the Bond Agreement) made in the Tranche A Bondholders' Meeting shall only apply to the Tranche A Bonds and any decision (including but not limited to changes or amendments to the Bond Agreement) made in the Tranche B Bondholders' Meeting shall only apply to the Tranche B Bonds.

16.1 *Authority of the Bondholders' Meeting*

16.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes. If a resolution by or an approval of the Bondholders holding Bonds of

one particular Bond Issue or of all Outstanding Bonds under this Bond Loan Agreement is required, such resolution or approval shall be passed at a Bondholders' Meeting in respect of Bonds issued under that Bond Issue or all Outstanding Bonds under this Bond Agreement, as applicable. Resolutions passed at such a Bondholders' Meeting shall be binding upon and prevail for all Bonds of that Bond Issue or all Outstanding Bonds under this Bond Agreement, as applicable.

- 16.1.2 If a resolution by or an approval of the Bondholders holding Bond of one particular Bond Issue is required, such resolution or approval shall be passed at a Bondholders' Meeting in respect of Bonds issued under that Bond Issue.
- 16.1.3 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- 16.1.4 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 17.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.
- 16.2 *Procedural rules for Bondholders' meetings*
 - 16.2.1 A Bondholders' Meeting shall be held at the written request of:
 - (a) the Issuer;
 - (b) Bondholders representing at least 1/10 of the Voting Bonds;
 - (c) the Exchange, if the Bonds are listed; or
 - (d) the Bond Trustee.
 - 16.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.
 - 16.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within ten Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.
 - 16.2.4 The notice of a Bondholders' Meeting shall be dispatched no later than ten Business Days prior to the date of the Bondholders' Meeting. The notice and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The notice shall also be sent to the Exchange for publication if the Bonds are listed.
 - 16.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.

- 16.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 16.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 16.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 16.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 16.2.10 The Bondholders, the Bond Trustee and – provided the Bonds are listed – representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 16.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.

16.3 *Resolutions passed at Bondholders' Meetings*

- 16.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond of the relevant Bond Issue owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.

For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.

- 16.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 16.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds of the relevant Bond Issue must be represented at the meeting, see however Clause 16.4. Even if less than half (1/2) of the Voting Bonds of the relevant Bond Issue are represented, the Bondholders' Meeting shall be held and voting completed.
- 16.3.4 Resolutions shall be passed by simple majority of the Voting Bonds of the relevant Bond Issue(s) represented at the Bondholders' Meeting, unless otherwise set out in Clause 16.3.5.
- 16.3.5 A majority of at least 2/3 of the Voting Bonds in the relevant Bond Issue represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of this Bond Agreement.
- 16.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 16.3.7 The Tranche B Bondholders' Meeting may not adopt any amendments to the Tranche B Bonds or adopt any resolution that may adversely affect the Bondholders' position under the Tranche A Bonds (including but not limited to declaring or accelerating any event of default as set out in Clause 15) or gives the Tranche B Bonds more beneficial terms than the Tranche A Bonds without the approval by a majority of at least 2/3 of the Voting Bonds of the Tranche A Bonds represented at the Tranche A Bondholders' Meeting.
- 16.3.8 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 16.3.9 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 16.4 *Repeated Bondholders' meeting*
- 16.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 16.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 16.4.2 A valid resolution may be passed at a repeated Bondholders' meeting even though less than half (1/2) of the Voting Bonds are represented.
- 16.5 *Written Bondholders' resolutions*
- 16.5.1 Anything which may be done by resolution of the Bondholders in a Bondholders' Meeting may be done by written resolution, without a Bondholders' Meeting, subject to the following conditions:

- (a) A notice of a written resolution shall be made at the written request of:
 - (i) the Issuer;
 - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
 - (iii) the Exchange, if the Bonds are listed; or
 - (iv) the Bond Trustee.
 - (b) Notice of a written resolution shall be given by the Bond Trustee, and a copy of the resolution shall be circulated to all Bondholders who would be entitled to attend a Bondholders' Meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Bondholder does not invalidate the passing of a resolution.
 - (c) If the Bond Trustee has not given notice of a written resolution within five Business Days after having received a valid request, then the requesting party may give the notice of a written resolution itself.
 - (d) A written resolution is passed when it is signed by or on behalf of the Bondholders who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a Bondholders' Meeting at which all Bondholders entitled to attend and vote thereat were present and voting.
 - (e) A resolution in writing may be signed in any number of counterparts.
 - (f) A resolution in writing made in accordance with this Bond Agreement is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any provision of this Bond Agreement to a Bondholders' Meeting at which a resolution is passed or to Bondholders voting in favour of a resolution shall be construed accordingly.
- 16.5.2 For the purposes of this clause 16.5, the effective date of the resolution is the date when the resolution is signed by or on behalf of the last Bondholder whose signature results in the necessary voting majority being achieved and any reference in any provision of this Bond Agreement to the date of passing of a resolution is, in relation to a resolution made in accordance with this clause 16.5, a reference to such date.

17 **The Bond Trustee**

17.1 *The role and authority of the Bond Trustee*

- 17.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to

this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.

- 17.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting. The Bond Trustee is not obliged to take any steps to ascertain whether any Event of Default has occurred and until it has actual knowledge or express notice to the contrary the Bond Trustee is entitled to assume that no Event of Default has occurred.
- 17.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.
- 17.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 17.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five Business Days following the dispatch of such notification.
- 17.1.5 The Bond Trustee may reach other decisions than set out in Clauses 17.1.3 or 17.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.
- 17.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 17.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 17.1 unless such notice obviously is unnecessary.
- 17.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 16.3.5.
- 17.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 17.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.
- 17.2 *Liability and indemnity*

- 17.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.
- 17.2.2 The Issuer is liable for, and shall indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees, agents and representatives) to fulfil its obligations under the terms of this Bond Agreement and any other Finance Document, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement and any other Finance Document.
- 17.2.3 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 15.3(a) or 16.2.1 (b), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the Bondholders may be put forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.
- 17.3 *Change of Bond Trustee*
- 17.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 16. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.
- 17.3.2 The fees and expenses of a new bond trustee shall be covered by the Issuer pursuant to the terms set out in Clause 14, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach by the Bond Trustee of its duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.
- 17.3.3 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set out under the terms of this Bond Agreement.
- 17.4 *Appointment of Security Agent*
- 17.4.1 The Bond Trustee is, if at any time relevant, appointed to act as Security Agent for the Bond Issues.

The main functions of the Security Agent may include holding Security on behalf of the Bondholders and monitoring compliance by the Issuer and other relevant parties of their respective obligations under this Bond Agreement and/or any security documents with respect to the Security.

Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.

- 17.4.2 The functions, rights and obligations of the Security Agent may be determined by a Security Agent agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require the Issuer and any other parties to any security document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters.

Any changes to this Bond Agreement necessary or appropriate in connection with the appointment of a Security Agent shall be documented in an amendment to this Bond Agreement, signed by the Bond Trustee.

- 17.4.3 If so desired by the Bond Trustee, any or all relevant security documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

18 **Miscellaneous**

18.1 *The community of Bondholders*

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, inter alia, that:

- (a) the Bondholders are bound by the terms of this Bond Agreement;
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issues and/or any Security, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and
- (d) this Bond Agreement establishes a community between Bondholders meaning that:
 - (i) the Bonds rank *pari passu* between each other;
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from this Bond Agreement;

- (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders;
- (iv) the Bondholders may not cancel the Bondholders' community; and
- (v) the individual Bondholder may not resign from the Bondholders' community.

18.2 *Defeasance*

18.2.1 The Issuer may, at its option and at any time, elect to have certain obligations discharged (see Clause 18.2.2) upon complying with the following conditions ("**Security and Covenant Defeasance**"):

- (a) the Issuer shall have irrevocably pledged to the Bond Trustee for the benefit of the Bondholders cash or government bonds accepted by the Bond Trustee (the "**Defeasance Pledge**") in such amounts as will be sufficient for the payment of principal (including if applicable premium payable upon exercise of a Call Option) and interest on the Outstanding Bonds to the Tranche A Maturity Date or the Tranche B Maturity Date (as applicable) (or redemption upon an exercise of a notified Call Option) or any other amount agreed between the Parties;
- (b) no Event of Default shall have occurred and be continuing on the date of establishment of the Defeasance Pledge, or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time during any hardening period applicable to the Defeasance Pledge (or the relevant period for non-Norwegian companies) or any other date agreed between the Parties;
- (c) if the Bonds are secured, the Defeasance Pledge shall be considered as a replacement of the Security established prior to the Defeasance Pledge;
- (d) the Issuer shall have delivered to the Bond Trustee a certificate signed by its Chief Executive Officer that the Defeasance Pledge was not made by the Issuer with the intent of preferring the Bondholders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and
- (e) the Issuer shall have delivered to the Bond Trustee any certificate or legal opinion reasonably required by the Bond Trustee regarding the Security and Covenant Defeasance or Defeasance Pledge, including any certificate or legal opinion on (i) the compliance of the conditions of the Security and Covenant Defeasance, (ii) that the Defeasance Pledge constitutes a valid, perfected and enforceable Security in favour of the Bond Trustee for the benefit of the Bondholders which will not be subject to any rights of creditors of the Issuer or any bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally under the laws of the jurisdiction where the Defeasance Pledge was established and the corporate domicile of the Issuer, (iii) any relevant tax issues concerning the Bondholders, (iv) any valuation of any assets or (vii) any other certificate or opinion regarding the Security and Covenant Defeasance or the Defeasance Pledge.

18.2.2 Upon the exercise by the Issuer of its option under Clause 18.2.1:

- (a) the Issuer shall be released from their obligations under all provisions in Clause 13, except Clauses 13.2.1(a), (c), (f), (g) and (h), or as otherwise agreed;
- (b) the Issuer shall not (and shall ensure that all Group Companies shall not) take any actions that may cause the value of the Security created by this Security and Covenant Defeasance to be reduced, and shall at the request of the Bond Trustee execute, or cause to be executed, such further documentation and perform such other acts as the Bond Trustee may reasonably require in order for the Security to remain valid, enforceable and perfected by the Bond Trustee for the account of the Bondholders;
- (c) any Guarantor(s) shall be discharged from their obligations under the Guarantee(s), and the Guarantee(s) shall cease to have any legal effect, or as otherwise agreed;
- (d) any Security other than the Defeasance Pledge shall be discharged, and the Bond Trustee shall take all steps reasonably possible for it to cause such discharge to be effected, by way of deletion of the relevant security document from the relevant register, notice to third parties or as otherwise required, or as otherwise agreed; and
- (e) all other provisions of this Bond Agreement (except (a) – (c) above) shall remain fully in force without any modifications, or as otherwise agreed.

18.2.3 All amounts owed by the Issuer hereunder covered by the Defeasance Pledge shall be applied by the Bond Trustee, in accordance with the provisions of this Bond Agreement, against payment to the Bondholders of all sums due to them under this Bond Agreement on the due date thereof.

Any excess funds not required for the payment of principal, premium and interest to the Bondholders (including any expenses, fees etc. due to the Bond Trustee hereunder) shall be returned to the Issuer.

18.3 *Limitation of claims*

All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

18.4 *Access to information*

18.4.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

- 18.4.2 The Bond Trustee shall, in order to carry out its functions and obligations under this Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.

18.5 *Amendments*

All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.

18.6 *Notices, contact information*

- 18.6.1 Written notices, warnings, summons etc to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
- (b) if by publication on Stamdata, when publicly available.

- 18.6.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.

- 18.6.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and the Issuer shall be given or made in writing, by letter, e-mail or fax. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter, when delivered at the address of the relevant Party;
- (b) if by e-mail, when received; and
- (c) if by fax, when received.

- 18.6.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.

- 18.6.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):

- (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included.
- (b) If the deadline is set out in weeks, months or years, the deadline shall end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is

not a part of an actual month, the deadline shall be the last day of such month.

- (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.

18.7 *Dispute resolution and legal venue*

18.7.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall be governed by Norwegian law.

18.7.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall, subject to Clause 18.7.3 below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.

18.7.3 Clause 18.7.2 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

18.8 *Process Agent*

The Issuer shall, prior to the Tranche A Issue Date, nominate a process agent in Norway for the purpose of serving a writ of summons and/or any other act of process in respect of the courts in Norway, or any notices as set out in this Bond Agreement.

Schedule 1**COMPLIANCE CERTIFICATE**

Nordic Trustee AS
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

**ISLAND OFFSHORE SHIPHOLDING, L.P. TRANCHE A SENIOR UNSECURED
CALLABLE BOND ISSUE 2013/2018 - ISIN 001 067386.6
ISLAND OFFSHORE SHIPHOLDING, L.P. TRANCHE B SENIOR UNSECURED
CALLABLE BOND ISSUE 2013/2019 - ISIN 001 076050.7**

We refer to the Bond Agreement for the abovementioned Bond Issues made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalised terms used herein shall have the same meaning as in this Bond Agreement.

With reference to Clause 13.2.2 we hereby certify that:

1. all information contained herein is true and accurate and there has been no change which would have a Material Adverse Effect on the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you.
2. the covenants set out in Clause 13 are satisfied;
3. in accordance with Clause 13.5
 - (a) the Value Adjusted Equity Ratio as of [date] is [XX]
 - (b) the Liquidity as of [date] is [XX]
 - (c) the Debt Service Coverage Ratio as of [date] is [XX]
 - (d) The Gearing Ratio as of [date] is [XX]

Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

Yours faithfully,

Island Offshore Shipholding, L.P.
By Amnor, L.L.C., its general partner

Name of authorized person

Enclosure: [copy of any written documentation]