

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

To the Bondholders in:

ISIN NO001 074424.6 - 12 PER CENT NSA BONDCO LIMITED SECURED CALLABLE BOND ISSUE 2015/2020

Oslo, 6 September 2017

NSA BONDCO LIMITED – ISSUANCE OF SUPER SENIOR BONDS

Nordic Trustee AS acts as trustee (the "**Bond Trustee**") for the holders of bonds (the "**Bonds**") in the above-mentioned bond issue (the "**Bond Issue**") issued by NSA Bondco Limited (the "**Issuer**").

All Capitalized terms used herein shall have the meaning assigned to them in the bond agreement (the "**Bond Agreement**") dated 31 August 2015 and made between Issuer and the Bond Trustee, unless otherwise stated herein.

The information in this notice regarding the legal, operational and financial status of the Issuer is provided by the Issuer. The Trustee expressly disclaims any and all liability whatsoever related to such information given from the Issuer.

Pursuant to the terms of the Bond Agreement the Issuer is entitled to enter into a bank or capital markets financing facility in the maximum aggregate amount equal to USD 10,000,000, with super senior status ranking ahead of the Bonds, and on this basis the Issuer has resolved to issue super senior bonds to finance the operations of the Vessel and the general corporate purposes of the Issuer (the "**Super Senior Bonds**"). The Super Senior Bonds may be issued in one or more tranches and issued on different dates, and the Issuer will initially issue Super Senior Bonds in the amount of up to USD 6,000,000.

The terms of the Super Senior Bonds are set out in the term sheet attached to this letter as Appendix 1 (the "**Term Sheet**"). The Bondholders in the Bond Issue will have a pre-emptive right of subscription for the Super Senior Bonds.

The Super Senior Bonds will be unsecured. However, the Bond Trustee and Nordic Trustee AS (in its capacity as the bond trustee for the Super Senior Bonds) will enter into an intercreditor agreement (the "**Intercreditor Agreement**"), which shall provide, inter alia, that any proceeds (including enforcement proceeds) received by the Bond Trustee with respect to the Bonds, or any other amounts payable with respect to the Bonds, shall first be applied in repayment of the Super Senior Bonds until such time they have been paid in full (including all interest accrued thereon). The Intercreditor Agreement will be based on the intercreditor principles set out in the Term Sheet.

The Bondholders are hereby invited to apply for and purchase Super Senior Bonds. Those Bondholders who wish to apply for Super Senior Bonds must contact Arctic Securities AS as manager for the Super Senior Bond Issue (the "**Manager**") to receive an application form.

The application form must be completed, signed and submitted to the Manager by no later than:

16:00 hours (CET) on 21 September 2017

being the 10th business days after the date of this letter (the "**Application Period**"), unless extended at the sole discretion of the Issuer. Information regarding any extension will be published on www.stamdata.no. Minimum subscription amount will be the USD equivalent of EUR 100,000.

All applications must include proof of current holding of Bonds, which must include the identity of the beneficial holder associated with the holding (including amount held per beneficial holder). As the allocation will be based on the current holding of Bonds, application without information on beneficial holders may be discarded without further notice.

Settlement is expected to occur on or about 28 September 2017.

Contacts

Requests to receive applications form and any other questions related to the contemplated issuance of Super Senior Bonds can be directed to the Manager at:

Kristian Pande Horn
kristian.pande.horn@arctic.com

Thomas Alexander Hasner
thomas.hasner@arctic.com

Any Bondholder that is interested in an update of the current state of affairs of the Issuer, are welcome to contact AMA Capital Partners at:

Ken Becker
E-mail: kbecker@amausa.com
Mobile: +1 203 252 1242

Yours sincerely
Nordic Trustee AS



Morten S. Bredesen

Appendix: Term sheet for the Super Senior Bonds

Term Sheet

NSA Bondco Limited 15% Senior Unsecured Open Bond Issue 2017/2020 (the "Super Senior Bonds")

ISIN NO 001 0805427

Issue Date: Expected to be 28 September 2017

- Issuer:** NSA Bondco Limited, an exempted company incorporated in the Cayman Islands with registration number 301983 and having its registered office at the offices of Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.
- Group:** The Issuer and its Subsidiaries from time to time, each a "Group Company".
- Manager:** Arctic Securities AS, Haakon VIIs gate 5, NO-0161 Oslo, Norway.
- Bond Trustee:** Nordic Trustee AS.
- Bondholders:** The holder of Super Senior Bonds, as registered in the Securities Depository, from time to time.
- Currency:** USD.
- Initial Issue Amount:** USD 6,000,000.
- Maximum Issue Amount:** USD 10,000,000, including the Tap Bonds (if any).
- Tap Issue:** The Issuer may, at any time prior to the Maturity Date of the Super Senior Bonds and after obtaining the prior written consent from Bondholders representing two-thirds of the value of Super Senior Bonds, issue further tranches of Super Senior Bonds in an aggregate principal amount of up to USD 4,000,000. Each Bondholder shall have the right of first refusal in respect of (i) a pro-rata allocation of the Tap Issue and (ii) an allocation of Tap Issue bonds not otherwise taken up.
- Tap Bonds:** The terms and conditions of the Tap Bonds will be identical to the terms of the initial issuance of the Super Senior Bonds, save for their principal amount, and, following their issuance, the Tap Bonds shall (without limitation to them being a separate tranche) form part of the same issuance of bonds as the Super Senior Bonds for all purposes, including voting, ranking, security and distributions, and all references herein to the Super Senior Bonds shall thereafter be deemed to include the Tap Bonds.
- Issue Date:** Expected to be 28 September 2017.
- Maturity Date:** 31 May 2020.
- Amortisation/ Cash Sweep:** On each Interest Payment Date (and following the payment of all interest payments in cash) any Excess Cash standing to the credit of the Cash Sweep Account may be applied to either redeem the Super Senior Bonds at par on a pro rata basis or to conduct a bond buyback of Super Senior Bonds (as decided by the Issuer following consultation with the

Advisory Committee). If the Issuer decides to conduct a bond buyback of Super Senior Bonds, it shall ensure that all non-public price sensitive information is disclosed to the market prior to the lapse of the offer period for the bond buyback.

Advisory Committee: Means a committee consisting of representatives of beneficial holders of at least 50% of the Existing Bonds as appointed by a written Bondholders' resolution in the Existing Bonds adopted on 12 January 2016.

Existing Bonds: Means the bonds issued in the "12 per cent NSA Bondco Limited Senior Secured Callable Bond Issue 2015/2020" with ISIN NO 001 074424.6.

Interest Rate: 15.00 per cent per annum.

Interest shall be payable on a "*pay in cash if you can basis*" as follows:

- (i) On any Interest Payment Date amounts standing to the credit of the Cash Sweep Account in excess of USD 5 million (the "**Excess Cash**") shall be applied to the payment of interest on the Super Senior Bonds.
- (ii) If there is insufficient Excess Cash standing to the credit of the Cash Sweep Account on any Interest Payment Date for the Issuer to make any interest payment in full in cash, then the difference between the interest payment due on that Interest Payment Date and the amount of Excess Cash shall be accrued as payment in kind interest ("**PIK Interest**") on the par value of the Super Senior Bonds outstanding.

Cash Sweep Account: Means the Issuer's account held with the Paying Agent and pledged (but unblocked) on first priority as security for the Issuer's obligations under the Existing Bonds.

Interest Payments: Interest on the Senior Secured Bonds will commence to accrue on the Issue Date and shall be payable quarterly in arrears on 2 September, 2 December, 2 March and 2 June each year (each an "**Interest Payment Date**") and on the Maturity Date, or if the Interest Payment Date does not fall on a Business Day on the first subsequent business day. Day-count fraction for the coupon is 30/360, business day convention is "unadjusted" and business day as determined in Oslo and New York.

Interest Periods: Means, subject to adjustment in accordance with the business day convention, the period between the Issue Date and the first Interest Payment Date and thereafter the period between each Interest Payment Date, provided however that an Interest Period shall not extend beyond the Maturity Date.

Default interest: Interest Rate plus 5.00% p.a.

Price: 100% of the Initial Nominal Amount.

Initial Nominal Amount: Each Bond will have an Initial Nominal Amount of USD 1.00.

Minimum Investment: The minimum permissible investment in the Super Senior Bonds is the USD equivalent of EUR 100,000.

Use of proceeds: The Issuer will use the net proceeds (net of costs and expenses) to finance the operation of the Vessel and for the general corporate purposes of the Issuer. For the avoidance of doubt, the net proceeds of the issue shall not be used for purposes of interest payments on the

Existing Bonds.

Vessel: Means the MT-6022 XL Multipurpose Drilling Vessel named "Norshore Atlantic", with IMO number 9545675.

Status of the Bonds: The Super Senior Bonds will constitute senior debt obligations of the Issuer.

The Super Senior Bonds will be unsecured. However, pursuant to the Intercreditor Agreement any proceeds (including enforcement proceeds) received by the bond trustee for the Existing Bonds with respect to the Existing Bonds, or any other amounts payable with respect to the Existing Bonds, shall be first applied in repayment of the Super Senior Bonds until such time as they have been paid in full (including all interest accrued thereon).

The Super Senior Bonds will rank *pari passu* with each other and at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

Intercreditor Agreement:

The intercreditor agreement to be entered into between (i) the bond trustee for the Existing Bonds, (ii) Nordic Trustee AS as security agent under the security documents securing the Existing Bonds (the "Security Agent") and (iii) the Bond Trustee as bond trustee and security agent under the Bond Terms, setting out, inter alia, the ranking and priority between the Existing Bonds and the Super Senior Bonds.

On (I) completion of sale of any assets, either by forced auction or private treaty, (II) receipt of insurance proceeds in respect of any assets, or (III) the sale, transfer or disposal of any other assets subject to the security documents, all proceeds received or recovered by the Security Agent or its nominee (in its capacity as such) in connection with the realisation and enforcement of the security documents shall be applied as follows and in the order mentioned:

- (i) firstly; against reimbursement of all costs and expenses whatsoever incurred by the Security Agent in or about and incidental to the sale;
- (ii) secondly; in or towards satisfaction of all prior claims (being any claims, liabilities or debts owed or taking priority in respect of such proceeds over the security constituted by the security documents secured on the relevant asset);
- (iii) thirdly; in or towards payment to the Bond Trustee for application towards the obligations under the Super Senior Bonds;
- (iv) fourthly; in or towards payment to the bond trustee for the Existing Bonds for application towards the secured obligations under the Existing Bonds; and
- (v) fifthly; the balance, if any, shall be paid to the relevant obligor pursuant to the security documents.

The Intercreditor Agreement shall further provide that instructions with respect to the enforcement of security for the Existing Bonds shall rest with the bond trustee for the Existing Bonds for the first 120 days after any event of default under the Existing Bonds or the Super Senior Bonds (whichever occurs first), to the extent that events of default

under both bonds have not been cured or waived. If within (i) 120 days after the occurrence of any event of default under the Existing Bonds or the Bonds (whichever is first) no substantive action has been taken by the bond trustee for the Existing Bonds with respect to an enforcement of the Vessel or (ii) within 6 months after the occurrence of an event of default under the Super Senior Bonds, the Bonds have not been redeemed in full, the right to instruct the bond trustee for the Existing Bonds with respect to any enforcement action will pass to the Bond Trustee.

In addition, following an event of default under the Super Senior Bonds, the holders of the Existing Bonds shall have the right within 180 days to buy out (or cause the Issuer to refinance) the Super Senior Bonds at par plus accrued interest.

The Intercreditor Agreement will contain customary provisions regarding, inter alia, turnover of proceeds, limitations on variations of the Finance Documents and the finance documents for the Existing Bonds and the Security Agent's role, responsibilities and liability.

Existing Security:

The Super Senior Bonds will, pursuant to the Intercreditor Agreement, benefit from the security package for the Existing Bonds, namely security over substantially all of the assets of the Issuer including, but not limited to:

- (a) a Norwegian law mortgage over the Vessel;
- (b) security over the Cash Sweep Account; and
- (c) an English law debenture between the Issuer and the Bond Trustee.

Listing:

The Super Senior Bonds will not be listed on any exchange.

Finance Documents

The Bond Terms, the Bond Trustee fee agreement, the Intercreditor Agreement and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

Disbursement:

The net proceeds of subscription of the Super Senior Bonds will be disbursed directly to the Cash Sweep Account, subject to the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents in form and substance satisfactory to the Bond Trustee:

- (a) the Bond Terms duly executed by all parties thereto;
- (b) the Intercreditor Agreement executed by all parties thereto;
- (c) evidence that a requisite majority of holders of the Existing Bonds have adopted the "Proposed Resolutions" as set out and defined in the notice of a written bondholders' resolution in respect of the Existing Bonds dated 6 September 2017;
- (d) certified copies of all necessary corporate resolutions of the Issuer to issue the Super Senior Bonds and executed the Finance Documents;
- (e) a power of attorney from the Issuer to relevant individuals for their execution of the relevant Finance Documents, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute the Finance

Documents on behalf of the Issuer;

- (f) certified copies of (i) the certificate of incorporation evidencing that it is validly registered and existing and (ii) the memorandum and articles of association of the Issuer;
- (g) the Issuer's latest financial statements and interim accounts (if any);
- (h) confirmation that the requirements set out in Chapter 7 of the Norwegian Securities Trading Act (implementing the EU prospectus directive (2003/71 EC) concerning prospectuses have been fulfilled;
- (i) to the extent necessary, any public authorisations required for the issue of the Super Senior Bonds;
- (j) confirmation from the Paying Agent that the Super Senior Bonds have been registered in the Securities Depository;
- (k) the Bond Trustee fee agreement duly executed;
- (l) copies of any written documentation used in the marketing of the Super Senior Bonds or made public by the Issuer in connection with the issue of the Super Senior Bonds; and
- (m) any statements or legal opinions reasonably required by the Bond Trustee (including any capacity corporate opinions for the Issuer and opinions related to the validity, perfection and enforceability of the Finance Documents).

The issue of any Tap Bonds will be subject to customary drawdown conditions related to tap issues including without limitation, satisfactory documentation evidencing that the amount to be released shall be applied in accordance with the purpose of the issue of the Super Senior Bonds and does not exceed the Maximum Issue Amount, and that no event of default exists or is likely to result from the making of such Tap Issue.

Mandatory Prepayment:

- (a) Sale of the Vessel: In the event that the Issuer sells the Vessel, the proceeds of the sale of the Vessel shall, after sufficient funds to cover the costs of liquidating the Issuer have been set aside, be applied firstly to repay the Super Senior Bonds and secondly to repay the Existing Bonds.
- (b) Total Loss of the Vessel: Upon a Total Loss in relation to the Vessel the Issuer shall, after sufficient funds to cover the costs of liquidating the Issuer have been set aside, apply the proceeds from any insurance to firstly repay the Super Senior Bonds and secondly to repay the Existing Bonds.

If, following completion of a sale or receipt of insurance proceeds the Issuer's funds exceed the amount of the Super Senior Bonds (including any Tap Issue) and the Existing Bonds plus any accrued but unpaid interest thereon, then all surplus funds shall be used to pay the final "profit" on the Existing Bonds.

If it becomes evident to the Bond Trustee that the basis for any further payment to the holders of the Super Senior Bonds (following the sale or other realisation of assets) no

longer exist, the Issuer shall in co-operation with the Bond Trustee be entitled to discharge the remaining Super Senior Bonds without further payment.

Total Loss:	Means, in respect of the Vessel, an actual, constructive, arranged, agreed, compromised or deemed total loss as referred to in Chapters 11 and 15 of the Nordic Marine Insurance Plan of 2013 (as amended, supplemented or replaced from time to time) or any requisition for title, confiscation or other compulsory acquisition by a government entity.
Representations and Warranties:	Same terms as the Existing Bonds
Voluntary early redemption:	The Super Senior Bonds are redeemable at par at any time prior to the Maturity Date.
Call Option: Put Option:	Same terms as the Existing Bonds.
Change of Control Event:	Same terms as the Existing Bonds.
Information Undertakings:	Same terms as the Existing Bonds.
General Undertakings:	Same terms as the Existing Bonds.
Vessel Covenants:	<p>The Issuer shall not enter into any new charterparty for the Vessel or cancel, terminate or make or permit any amendments to or grant any waivers under any existing charterparty without the prior written approval of the Bond Trustee (at its discretion or at the direction of the Bondholders). Otherwise, the same terms as the Existing Bonds.</p> <p>The Issuer shall not sell or otherwise dispose of the Vessel or sell a substantial part of its assets or operations without the prior written approval of the Bond Trustee (at its discretion or at the direction of the Bondholders).</p>
Liability	Recourse to the Issuer for any claim, action, demand or right arising against the Issuer pursuant to the Finance Documents shall be limited to the Issuer's assets only.
Event of Defaults:	Same terms as the Existing Bonds, provided that the Super Senior Bonds shall contain a cross default in relation to the Existing Bonds, and subject to a threshold of USD 1 million in total, or the equivalent thereof in other currencies.
Bond Terms:	Same terms as the Existing Bonds with logical amendments to reflect the terms set out in this Term Sheet.
Paying Agent:	DNB Bank ASA.
Securities Depository:	The Super Senior Bonds will be registered in VPS ASA.
Approvals:	The issuance of the Super Senior Bonds shall be subject to approval by the board of directors of the Issuer, as well as any other approvals as may be required by applicable company law.
Repurchase of Super Senior Bonds:	The Issuer may, following consultation with the Advisory Committee, purchase and hold Super Senior Bonds and such Super Senior Bonds may be retained, sold or cancelled in the

Issuer's sole discretion.

Terms of subscription:

Any subscriber of the Super Senior Bonds specifically authorises the Bond Trustee to execute and deliver the Bond Terms on behalf of the prospective Bondholder, who will execute and deliver relevant application forms prior to receiving Super Senior Bond allotments. On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Terms and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Terms. The Bond Terms specify that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with.

The Bond Terms shall be made available to the general public for inspection purposes and may, until redemption in full of the Super Senior Bonds, be obtained on request to the Bond Trustee or the Issuer.

Subscription Restrictions:

The Super Senior Bonds will only be offered or sold within the United States to Qualified Institutional Buyers ("QIBs") as defined in Rule 144A under the U.S. Securities Act.

The Super Senior Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Super Senior Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. See further details in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.

Transfer Restrictions:

The Super Senior Bonds are freely transferable and may be pledged, subject to the following:

- (i) Bondholders may be subject to purchase or transfer restrictions with regard to the Super Senior 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 local laws and regulations applicable at own cost and expense.
- (ii) Notwithstanding the above, a Bondholder which has purchased the Super Senior Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Terms provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

Governing Law:

Norwegian law. Process Agent to be appointed if the Issuer is from a non-Lugano Convention jurisdiction and/or only to the extent required by the Bond Trustee (in its discretion).

6 September 2017

NSA Bondco Limited

As Issuer