

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

TO THE BONDHOLDERS IN:

**ISIN: NO 001 0744246 - 12 PER CENT. NSA BONDCO LIMITED SECURED
CALLABLE BOND ISSUE 2015/2020**

Oslo, 22 May 2017

NOTICE OF A WRITTEN BONDHOLDERS' RESOLUTIONS – PROPOSAL TO TERMINATE THE CHARTERPARTY

Nordic Trustee ASA (the “**Bond Trustee**”) acts as bond trustee for the bondholders (the “**Bondholders**”) in the above mentioned bond issue (the “**Bond Issue**”) with NSA Bondco Limited as issuer (the “**Issuer**”).

Capitalized terms used herein shall have the meaning assigned to them in the bond agreement for the Bond Issue dated 31 August 2015 (the “**Bond Agreement**”), unless otherwise stated herein.

The Issuer has requested the Bond Trustee to issue this request for a written Bondholders' resolution pursuant to Clause 16.5 (*Written Bondholders' Resolutions*) of the Bond Agreement to consider the approval of the Proposed Resolution, as further set out below.

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

1. Background

The Issuer entered into a bareboat charter with Norshore Management AS (the “**Charterer**”) regarding the vessel known as “Norshore Atlantic” (the “**Vessel**”) dated 31 August 2015 (the “**Charterparty**”), pursuant to which the Charterer is responsible for operating the Vessel. All payments made under the Charterparty were to be used to (i) pay interest on the Bonds, and (ii) either redeem the Bonds at the Face Value or conduct a buyback of the Bonds.

The Vessel is currently off contract. In a notice dated 1 April 2016, the Bondholders were informed that there is currently a payment default under such Charterparty and that as a result several reservation of rights letter have been sent to the Charterer. Payments under the Charterparty have not been made since November 2015 and the payment defaults have not yet been cured. As a result it is likely that there will be no further payments under the Charterparty.

On 7 July 2016, the Issuer entered into (i) a memorandum of sale (the “**MoA**”) in respect of a sale of the Vessel and the BOP for a sale price of USD 85 million with the Charterer's shareholder, Ocean Champion Holding Limited (“**Ocean**”) which was due to complete on or before 7 October 2016 and (ii) a standstill letter (the “**Standstill Letter**”) regulating, among other things, the Issuer's right to repossess the Vessel and/or terminate the Charterparty during the Standstill Period (as defined below). A deposit of USD 5 million was paid in accordance with the terms of the MoA (the “**Initial Deposit**”).

Pursuant to the Standstill Letter, a standstill period commenced on the date of execution of the MoA and ended on the date falling 3 months after the execution of the MoA (namely, on 7 October 2016) (the “**Standstill Period**”).

During the Standstill Period (i) the payment defaults under the Charterparty and certain obligations were waived and the Issuer agreed not take any steps to enforce security granted in its favour or any of its rights under the Charterparty, (ii) the Bond Trustee agreed not to interfere with the Charterer's use, possession and quiet enjoyment of the Vessel and not to take any action to enforce any of its security rights, and (iii) Ocean shall raise finance to complete the purchase.

During the Standstill Period, Ocean was contracted to pay to the Issuer a standstill fee of USD 15,000 per day (the "**Standstill Fee**"), payable monthly in arrear within ten (10) calendar days after the end of each month.

The Standstill Period has now automatically terminated in accordance with the terms of the Standstill Letter. The Standstill Fees for the month of September 2016 and the period from 1 October 2016 to 7 October 2016 have not been paid and the MoA has not been completed. The Charterer remains in default under the Charterparty.

Due to the current situation, the Issuer, with assistance from the Advisory Committee, has been exploring options to proceed with completion of the sale of the Vessel and the BOP contemplated by the MoA (the "**Sale**"). Over recent weeks the Issuer has been in a re-negotiation with Ocean in respect of the terms of the MoA, in particular the sale price, and the Issuer and Ocean have now conditionally agreed the following revised terms and conditions for the Sale (the "**Revised Conditions**"):

- the total purchase price for the Vessel and the BOP to be reduced to USD 65 million (the "**Revised Purchase Price**") which shall comprise USD 60 million of new money and the Initial Deposit which has already been paid in accordance with the MoA;
- no later than five (5) Banking Days after the date of entering into an agreement to amend the MoA (the "**MoA Amendment**") Ocean shall pay USD 12 million into the Issuer's account as security for fulfilment of the MoA (the "**Additional Deposit**");
- pursuant to Additional Clause 27 of the MoA, the Additional Deposit shall be released to the Issuer on completion of the Sale, unless the Vessel becomes an actual, constructive or compromised total loss prior to delivery, in which case only the Additional Deposit shall be released back to Ocean following receipt of evidence to the Issuer's reasonable satisfaction that (i) hull & machinery cover for the Vessel is in place and all premiums paid in an amount at least equal to the insured value of the Vessel and (ii) that a bona fide claim in respect of the total loss has been made by the Charterer to the Vessel's hull & machinery insurers in an amount at least equal to the insured value of the Vessel. The Initial Deposit shall, in any event, be retained by the Issuer;
- on receipt of the Additional Deposit by the Issuer; the Vessel shall be permitted to leave its current position at JSML Shipyard in Singapore and mobilise towards Las Palmas in Spain where it will undergo further works and receive additional equipment;
- completion of the Sale within 30 days from the date of payment of the Additional Deposit;
- on completion of the Sale, Ocean will pay (i) the balance of the Revised Purchase Price in an amount of USD 48 million (the "**Purchase Price Balance**") for the Vessel and the BOP. The Purchase Price Balance will be paid in addition to the Additional Deposit;
- all other terms and conditions of the MoA to remain unamended.

AMA Capital Partners ("**AMA**") have been retained to provide financial advisory services to the Bond Trustee in connection with the Sale. The Issuer and the Bond Trustee have conditionally agreed the following terms and conditions of AMA's continued engagement (the "**AMA Terms of Engagement**"), namely:

- AMA shall advise the Bond Trustee and Advisory Committee in connection with negotiating with Ocean and other stakeholders; and render financial advice to the Bond Trustee and the Advisory

Committee, including participating in meetings or negotiations with Ocean or other stakeholders in connection with any asset sale, disposal, restructuring, modification or refinancing of the Issuer's obligations.

- As compensation for AMA's services, AMA shall receive the following fees (together, the **"AMA's Fees"**):
- (a) as part of any general voluntary restructuring whereby the Bondholders and the Issuer agree to a sale proposal with Ocean or its nominee, a fee of USD 500,000; and
- (b) reimbursement of documented out-of-pocket expenses reasonably incurred in connection with the services provided by AMA.

The Issuer proposes that the reasonably incurred fees, costs and expenses of the Issuer and its legal and professional advisers (including AMA's Fees) in connection with the Sale (the **"Transaction Costs"**) will be met out of the Initial Deposit, the Additional Deposit and/or the Purchase Price Balance (as applicable).

2. The Proposed Resolution

Pursuant to Clause 13.3 paragraph (e) (Disposal of business) of the Bond Agreement, the Issuer may not *"sell or otherwise dispose of the Vessel"*. The Issuer therefore hereby requests that the Bondholders approve the Revised Conditions and adopt the following resolution (the **"Proposed Resolution"**):

- A. approve the Sale pursuant to the Revised Conditions;*
- B. consent to the Issuer taking all necessary steps to carry out the Sale on the Revised Conditions;*
- C. consent to the Advisory Committee (consisting of Bondholders holding at least 50.1% of the Bonds) being able to terminate the MoA (as amended) in the event that the Additional Deposit is not paid in accordance with the terms of the MoA Amendment; and*
- D. consent to the Issuer engaging AMA to advise the Bond Trustee and Advisory Committee and entering into a letter with AMA giving effect to the AMA Terms of Engagement;*
- E. authorise the Issuer, in its sole discretion to use the Initial Deposit, the Additional Deposit and or the Purchase Price Balance (as applicable) to pay the Transaction Costs.*

Other than any waivers and amendments prompted by the Proposed Resolution, the terms and conditions of the MoA, the Charterparty and the Bond Agreement will remain unchanged and will continue to apply in their existing form.

3. Evaluation

Provided that the Sale is completed as contemplated, the Bondholders are expected to receive recoveries of approximately USD 64 million. This figure may change depending on the level of the Transaction Costs. If completion of the Sale for some reason should not occur, subject to the total loss provisions of the MoA and/or a default occurring on the part of the Issuer, the Issuer will be entitled to retain the Additional Deposit. The Initial Deposit shall be retained by the Issuer in any event.

Non reliance

The Proposed Resolutions are presented to the Bondholders without evaluation or recommendation from the Bond Trustee. The Bondholders must independently evaluate whether the Proposed Resolution is acceptable.

Written Bondholders' resolutions

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

For a vote to be valid, the Bond Trustee must have received it by mail, courier or e-mail to the address indicated in the enclosed form (the "**Voting Form**") no later than 29 May 2017 at 13:00 hours (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 16.5 (*Written Bondholders' resolutions*) of the Bond Agreement, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' Meeting (which, for the avoidance of doubt is 1/2 of the Voting Bonds pursuant to Clause 16.3.4 of the Bond Agreement) at which all Bondholders entitled to attend and vote thereat were present and voting.

Votes which are submitted are final and cannot be withdrawn. In the event that the Bonds have been transferred to a new owner after voting is conducted, the new Bondholders shall accordingly not be entitled to vote.

Yours sincerely

Nordic Trustee ASA

 2017

Enclosed: Written Bondholders' resolution

Written Bondholders' resolution

ISIN: NO 001 0744246 - 12 percent NSA Bondco Limited Senior Callable Bond Issue 2015/2020

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

The Proposed Resolution as defined in the notice for written resolution dated 22 May 2017:

In favour of the Proposed Resolution

Against the Proposed Resolution

ISIN ISIN NO 001 0744246	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of _____

We acknowledge that Nordic Trustee ASA in relation to the written Bondholders' 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 ASA
P.O. Box 1470 Vika
N-0116 Oslo

Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
mailto: mail@nordictrustee.no

¹If 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.