Oslo, 20. juli 2016

To the bondholders in

ISIN NO0010699317 – FRN Axis Offshore Pte.Ltd. Senior Secured Callable Bond Issue 2013/2018 (the "Bond Loan").

Information in this letter to Bondholders (the "Bondholder Letter") is provided by Bondholders representing USD 13.7 million of the Outstanding Bonds (the "Opposing Bondholders"). The Opposing Bondholders have not given any support to or will give any acceptance to the proposed amendments presented in the Summons to Bondholders' Meeting (the "Summons") dated 15 July 2016.

There are several reason for this Bondholder Letter, and we request Bondholders to contact the Opposing Bondholders on how to jointly proceed and renegotiate the restructuring plan, but moreover request the Issuer to annul the sale of own bonds to its shareholders that seems to be constructed to force through the proposed amendments and in essence keep Bondholders not being Bonds held by Lauritzen or Hitecvision (as the Issuer's two shareholders, the "Shareholders") dependent of Shareholders going forward.

The Summons is an unbalanced and not a committing proposal, and the process with Bondholders includes unequal treatment amongst the Issuers stakeholders.

In summary the Opposing Bondholders highlight the following points (the list is not exhaustive):

The summons:

- This is in essence a short term solution as the proposal lack hard commitments from secured creditors and shareholders:
  - Shareholders: the restructuring plan is constructed such that shareholders in essence have a semi-annual option to withdraw from their longer term funding commitment
  - Secured creditors: No condition precedent for Bondholders that the KfW Facility will be amended.
- Buy back offer to bondholders: to be made at the lowest price for each bondholders bids, not equal price for the bid price that clears the entire volume offered

The process:

- The Issuer has through 2015 and 2016 bought back bonds where USD 12 million was written down on 24 December 2015 such that the Outstanding Amount was USD 48 million. In 2016 the Issuer bought back bonds up until 29 April 2016 at latest, totaling USD 12.3 million (of which bonds cannot be voted for in a bondholders meeting)

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- The Opposing Bondholders had its first meeting with the Issuer on 3rd May 2016 and it was clear that only this group was approached as the Opposing Bondholders owned 37,8% of the voteable Outstanding Bonds and hence had negative control. The Opposing Bondholders was very surprised that the Issuer wanted to discuss a restructuring plan based on liquidity concerns only 3 days after their last buy back in the market. The immediate input was regardless that any solution should be fair across stakeholders and that the solution must be viable, long term and committed – which was not presented at that time.
- The Summons refers to an information meeting for all bondholders on 8 June 2016. The Issuer did not want to published this invitation on Stamdata, only to be send per mail and hence only the specifically invited bondholders (not the Opposing Bondholders) was in that call. To the Opposing Bondholders knowledge, new information was provided in this call.
- There was sporadic correspondence between the Opposing Bondholders and the Issuer in June but given that there were no firm commitments from secured creditors and no real liquidity issues the Opposing Bondholders saw no need to accept unfavorable amendments of which reasoning was not substantiated.
- On 2nd July the Issuer announced its sale of bonds, and in the absence of providing the Opposing Bondholders with sufficient information to understand the situation the Opposing Bondholders on 8th July nominated Fearnley Securities as bondholders' advisor (to be paid by the Issuer) to assist in requesting for and evaluate the Issuers financial position and a potential restructuring.
- The Issuer was contacted by Fearnley Securities over the weekend 8-10 July and on Monday 11 July the Issuer's shareholder started buying bonds actively in the market.
- The Issuer rejected a bondholders advisor on July 14th and subsequently issued the Summons

The Issuers sale of own bonds:

- Why do the Issuer sell their own bonds? The Issuer claims to increase liquidity, but why would a company with USD27.6m cash per Q1-16 (and contract coverage/vessel employment throughout Q2-16) need such immediate liquidity? And if liquidity was needed why not sell bonds outright in the market?
- A sale of own bonds with an American put option would be a devastating transaction for a Company in financial distress, making itself hostage to that creditor as counterpart.
- The Issuer is not in a liquidity crisis and the transaction was obviously constructed to increase the voting rights and dilute the Opposing Bondholders.
- The transaction has further several aggravating points:
  - The counterpart is the Shareholders Lauritzen/Hitecvision that raise many corporate governance issues such as:
    - Motivation of the transaction

Oslo, 20. juli 2016

        - Actual Voting rights in a bondholder meeting as the 2 shareholders obviously group and act in concert.
        - Fair price as it was a bilateral deal
        - Unequal information
        - Unequal treatment and preference to some creditors at the expense of others.
    - The announcement contained no information on the price except "at prevailing market price". The details have been offer to the Trustee but not made public.

The Opposing Bondholders request that the Issuer annul the sale of bonds to its shareholders and if liquidity is really needed, reoffer the same transaction at the same terms open to the public. The Opposing Bondholders further request the Issuer to retract the Summons and appoint Fearnley Securities as bondholders' advisor at the Issuer expense, and engage into a properly and mannered restructuring process with fair treatment across the capital structure based upon a substantiated analysis.

The Opposing Bondholders request other Bondholders supporting our stance to make contact, contact person is:

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