

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, 6 January 2017

## INFORMATION UPDATE RELATING TO PROPOSED SALE OF THE VESSEL

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 information update to Bondholders.

*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.*

### Information Update

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 September and October periods 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**”). 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 had conditionally (and subject to bondholder approval) 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 75 million (the “**Revised Purchase Price**”) which shall comprise USD 70 million of new money and the Initial Deposit which has already been paid in accordance with the MoA;
- no later than twelve (12) Banking Days after the date of entering into an agreement to amend the MoA (the “**MoA Amendment**”) Ocean shall (i) lodge a deposit of USD 14 million in the Issuer’s account as security for fulfilment of the MoA (the “**Additional Deposit**”) and (ii) pay USD 450,000 in respect of the Standstill Fee for September;
- 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;
- 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 56 million (the “**Purchase Price Balance**”) for the Vessel and the BOP. The Purchase Price Balance will be paid in addition to the Additional Deposit;
- the Issuer shall release Ocean and the Charterer from any liability they may have in respect of the Charterparty, the BOP and the Standstill Letter (including the unpaid Standstill Fee for October);
- all other terms and conditions of the MoA to remain unamended.

The Issuer does not intend to seek consent from Bondholders to the Revised Conditions until such time as Ocean has formally confirmed in writing in such terms as are acceptable to the Issuer. Thus far, it has not. The Issuer will advise Bondholders should circumstances change.

All rights of the Issuer under the Charterparty have been reserved.

Yours sincerely

Nordic Trustee ASA

 2017

Morten S. Bredeesen