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**To the bondholders in:**

**ISIN: NO 001 064082.4 - 13 per cent OSX 3 Leasing B.V. Senior Secured Callable Bond  
Issue 2012/2015**

Oslo, 19 October 2016

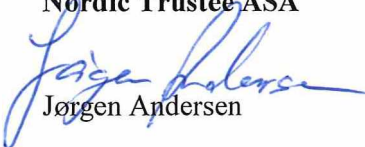
**Information to Bondholders – Amendments to the Summons to Bondholders’  
Meeting**

Nordic Trustee ASA acts as bond trustee (the “**Bond Trustee**”) for the bondholders (the “**Bondholders**”) in the above mentioned bond issue where OSX 2 Leasing B.V is the issuer (the “**Issuer**”).

Reference is made to the Summons to Bondholder’s Meeting published on [www.stamdata.no](http://www.stamdata.no) 6 October 2016 (the “**Summons**”).

The New Funding Term Sheet in Appendix 2 in the Summons has been replaced with the New Funding Term Sheet attached. Amendments have been made to point 23 and 24 in the Term Sheet.

Yours sincerely  
**Nordic Trustee ASA**



Jørgen Andersen

## ***NEW FUNDING TERM SHEET***

### **1. INTRODUCTION**

- 1.1 This indicative term sheet (the “**Term Sheet**”) sets out the proposed terms of new bonds (the “**New Bonds**”) to be issued by a newly incorporated Cayman entity as “**Issuer**”. The holders of the New Bonds, from time to time, shall be referred to as the “**New Bondholders**”. Nordic Trustee ASA shall act as the bond trustee of the New Bonds (the “**New Bond Trustee**”).
- 1.2 This Term Sheet has been prepared for discussion purposes only and has not been formally approved by the New Bond Trustee or any New Bondholders. As such it does not, and is not intended to create any legally binding obligation between any parties.

### **2. BACKGROUND**

- 2.1 OSX 3 Leasing B.V. (“**OSX3**”) has issued the 13 per cent OSX 3 leasing B.V. Senior Secured Callable Bond Issue 2012/2015 with ISIN NO 001 064082.4 with respect to which Nordic Trustee ASA acts as bond trustee (the “**Existing Bond Trustee**”) (the “**Existing Bonds** and holders thereof, the “**Existing Bondholders**”) pursuant to an amended and restated bond agreement dated 12 September 2014 (the “**Existing Bond Agreement**”).
- 2.2 Due to the current cash flow situation, funding will need to be provided to OSX3 to meet short term liquidity requirements and to ensure the continued protection of the interests of the Existing Bondholders. To this end, the Issuer will issue the New Bonds, on the terms set out below and then the Issuer will immediately on-lend the proceeds of the New Bonds, less the Running Costs (as defined below) to the Existing Bond Trustee (on behalf of the Existing Bondholders) for the purposes of securing recovery to the Existing Bondholders (which, in turn, will maximise recoveries for the New Bonds by virtue of the Turnover mechanism, as defined below).

### 3. PROPOSED TERMS AND CONDITIONS OF NEW BONDS

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1.	<b>Issuer</b>	A Cayman Islands incorporated special purpose vehicle (the “ <b>Issuer</b> ”)
2.	<b>Owner</b>	The owner of the Vessel is OSX3 Leasing B.V.
3.	<b>Currency</b>	USD.
4.	<b>Loan Amount</b>	Initial amount of USD 6,000,000 or USD 7,000,000 at the discretion of the Issuer (the “ <b>Loan Amount</b> ”) as detailed in a loan agreement (the “ <b>New Bond Loan Agreement</b> ”) with the ability to issue further Bonds in an additional principal face amount of USD15,000,000 by way of a tap issue on the same terms as the New Bonds.
5.	<b>Issue Price</b>	The New Bonds will be issued at par.
6.	<b>Interest Rate</b>	A 35% annual rate payable on each anniversary of the issue date and on the Maturity Date. Default interest shall not accrue on the Bonds.
7.	<b>Limited-Recourse</b>	The New Bonds will be issued on a limited-recourse basis. Unless and until either (i) the Vessel (as defined below) is or (ii) the shares in the Owner or another owner of the Vessel are owned by the Issuer (or a subsidiary of the Issuer), the New Bonds will only have recourse against funds recovered under the Existing Bonds pursuant to the Intercreditor Agreement and any remaining Running Costs (each as defined below).
8.	<b>Bond Trustee</b>	Nordic Trustee ASA, Postboks 1470 Vika, 0116 Oslo (the “ <b>New Bond Trustee</b> ”).
9.	<b>Settlement Date</b>	The Settlement Date for the New Bonds shall be 27 October 2016.
10.	<b>Purpose</b>	An amount equal to USD 300,000 from the proceeds of the New Bonds will be retained by the Issuer to meet (i) its own fees, costs and expenses; and (ii) the fees, costs and expenses of the New Bond Trustee (the “ <b>Retained Amount</b> ”). The balance of the net proceeds from the New Bonds shall be immediately on-lent to the Existing Bond Trustee to be used: to (i) repay the Bridge Funding (as defined in the bond summons issued in connection with the New Bonds dated 8 July 2016 in accordance with its terms) including any increased amount which may have been provided subsequent to the provision of the initial Bridge Funding; and (ii) for the purpose of maximising recoveries under the Existing Bonds (including the payment of fees, costs and expenses of the Existing Bond Trustee and its advisors), as the Existing Bond Trustee may determine, together (the “ <b>Purpose</b> ”).
11.	<b>Nominal Value</b>	The New Bonds will have a nominal value of USD1.00 each.

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12.	<b>Prepayment</b>	The New Bonds shall be callable by the Issuer at any time, in full but not in part, at 100% of principal face amount, plus any accrued interest.
13.	<b>Maturity Date</b>	The Maturity Date for the New Bonds shall be two years after the Settlement Date.
14.	<b>Security</b>	If the Issuer or its subsidiary acquires either (i) the OSX-3 FPSO (the “Vessel”) (ii) the shares in the Owner or another owner of the Vessel the Issuer or its subsidiary (as applicable) shall, if required by the New Bond Trustee, grant (i) a share pledge of the shares in the Owner or another owner of the Vessel owned by the Issuer; (ii) a mortgage over the Vessel and (iii) an assignment of any related insurances and charter cashflows and (iii) other market standard security e.g. earnings accounts as may be requested by the New Bond Trustee (the “Security”).
15.	<b>Participation in New Bonds</b>	<p>The Issuer shall offer New Bonds to the Existing Bondholders. Each Existing Bondholder may subscribe for an amount of New Bonds equivalent to 1.3559% if USD 7,000,000 bonds are issued or 1.1622% if USD 6,000,000 bonds are issued of the face value of its respective holding of Existing Bonds on the Business Day immediately prior to the date of its subscription for the New Bonds (the “<b>Right to Purchase</b>”) subject to a minimum subscription of USD 200,000 (the “<b>Minimum Subscription Amount</b>”). If an Existing Bondholder’s Right to Purchase entitlement to subscribe for New Bonds is an amount which is less than USD 200,000, then that Existing Bondholder’s Right to Purchase shall be increased so that it may subscribe for New Bonds in the amount of USD 200,000.</p> <p>The Right to Purchase shall be subject to each Existing Bondholder providing evidence of its holding of the Existing Bonds on the Business Day immediately prior to its subscription for the New Bonds, specifying the details of the beneficial owner of the Existing Bonds.</p> <p>The Right to Purchase shall be available to Existing Bondholders for a period up until ten business days after the Bondholder’s Meeting convened to approve the issue of the New Bonds (as described in the section on Bondholders’ Meeting) (the “<b>Expiry Date</b>”).</p> <p>Over subscriptions are permitted, however if the total subscriptions for the New Bonds results in an aggregate subscription amount in excess of the Loan Amount, Existing Bondholders who have a Right to Purchase entitlement exceeding USD 200,000 shall have their Right to Purchase amount reduced pro rata amongst each other so that the total value of subscriptions equals the Loan Amount.</p> <p>The Manager shall have an absolute discretion in deciding the allocation of the New Bonds to the Bondholders who subscribe for a portion of the New Bonds above their Right to Purchase amount, including those Bondholders whose Right to Purchase amount has been increased due to the Minimum Subscription Amount. The Manager shall take into account the following considerations in determining such distributions:</p>

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		<p>(a) primarily, the relative amounts of Bonds held by those Bondholders; and</p> <p>(b) secondarily, the relative amounts of New Bonds that those Bondholders have subscribed for above their Right to Purchase amount.</p>
16.	<b>Governance of Issuer</b>	The Issuer is a special purpose vehicle established in the Cayman Islands .The Issuer's sole shareholder will be Estera Trust Limited ("Estera") and it will have a minimum of two directors provided by Estera.
17.	<b>Intercreditor Agreement</b>	<p>An Intercreditor Agreement shall be entered into between the Issuer, the Existing Bond Trustee and the New Bond Trustee.</p> <p>The Intercreditor Agreement will provide that: (i) any proceeds received by the Existing Bond Trustee from the realisation of secured assets under the existing security granted in connection with the Existing Bonds; (ii) any other proceeds realised in respect of the Existing Bonds; and (iii) any proceeds of the New Bonds held by the Existing Bond Trustee and not otherwise reasonably required by the Existing Bond Trustee to meet liabilities incurred in connection with the Purpose, shall be applied first to meet the fees, costs and expenses of the Existing Bond Trustee and New Bond Trustee and thereafter in repayment of amounts outstanding under the New Bonds so that all New Bonds and outstanding amounts under the New Bonds shall be redeemed in full prior to any payments being made to the Existing Bondholders under the Existing Bond Agreement (the "<b>Turnover</b>").</p> <p>The Turnover mechanism will apply only to the initial US\$7,000,000 Loan Amount such that an Existing Bondholder resolution and an amendment to the Intercreditor Agreement will be needed for the Turnover mechanism to apply to any New Bonds issued pursuant to a tap issue after the Issue Date.</p> <p>The Intercreditor Agreement will also record that the New Bond proceeds, less the Running Costs, will be on-lent to the Existing Bond Trustee (for and on behalf of the Existing Bondholders) and record the fact that the Turnover mechanism will operate to discharge this loan in an equivalent amount.</p> <p>For the avoidance of doubt, once all amounts outstanding under the New Bonds are discharged, any balance realised with respect to the Existing Bonds will be applied in discharge of the Existing Bonds in accordance with the Existing Bond Agreement.</p> <p>The Existing Bondholders shall have no right of subrogation or other claims against the Issuer as a result of the Turnover.</p>
18.	<b>Conditions Precedent</b>	<p><u>Conditions Precedent for Settlement of the New Bonds:</u></p> <p><i>Disbursement of the net proceeds of the New Bonds will be subject to certain conditions precedent customary for these types of transactions, including (but not limited to):</i></p> <p>(i) the New Bond Loan Agreement duly executed;</p> <p>(ii) an agreement between the New Bond Trustee and the Issuer related to</p>

		<p>expenses and fees duly executed;</p> <p>(iii) the Intercreditor Agreement duly executed;</p> <p>(iv) certified copies of necessary corporate resolutions of the Issuer to execute the New Bond Loan Agreement;</p> <p>(v) legal opinions in respect of the New Bond Loan Agreement in form and substance satisfactory to the New Bond Trustee.</p> <p>(vi) a Bondholders' meeting of the Existing Bondholders held in order to approve the terms of this Term Sheet (the "<b>Bondholders' Meeting</b>") and Existing Bondholders representing at least 66 2/3% of the Existing Bonds must approve the resolution.</p> <p>Items (ii) to (vi) being the "<b>Finance Documents</b>".</p>
19.	<b>Release of Funds</b>	On disbursement to it, the Issuer will retain an amount equal to the Running Costs and lend the balance of the net proceeds from the New Bonds to the Existing Bond Trustee (for and on behalf of the Existing Bondholder) for the Purpose.
20.	<b>Manager</b>	Pareto Securities AS, acting as settlement agent only
21.	<b>Loan Agreement</b>	<p>The New Bond Loan Agreement shall be entered into by the Issuer and the New Bond Trustee.</p> <p>The New Bond Loan Agreement shall regulate the New Bondholders' rights and obligations with respect to the New Bonds. If any discrepancy should occur between this Term Sheet and the New Bond Loan Agreement, then the New Bond Loan Agreement shall prevail.</p>
22.	<b>Costs</b>	The following costs and expenses shall, to the extent not paid by a third party, be borne by the Issuer: the costs of professional advisers incurred by the New Bond Trustee and the Existing Bond Trustee relating to (i) this Term Sheet, and (ii) the Finance Documents.
23.	<b>Subscription Restrictions</b>	The New Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the " <b>U.S. Securities Act</b> ") or the securities laws of any state, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the New Bonds will be offered and sold only to (i) "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in reliance on an exemption from the registration requirements of the U.S. Securities Act; or (ii) non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

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24.	<b>Transfer Restrictions</b>	<p>The New Bonds are freely transferable and may be pledged, subject to the following:</p> <p>(i) Bondholders may be subject to purchase or transfer restrictions with regard to the New Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due, for example, to its nationality, its residency, its registered address or its place(s) for doing business) and each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense. As the New Bonds will not be registered under the U.S. Securities Act or the securities laws of any state, the New Bonds may not be offered sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the absence of such registration or unless such transaction is exempt from, or not subject to the registration requirements of the U.S. Securities Act.</p> <p>(ii) notwithstanding the above, a Bondholder which has purchased New Bonds in contravention of applicable mandatory restrictions may nevertheless utilize its voting rights under the New Bond Loan Agreement.</p>
25.	<b>Governing Law</b>	Norwegian law and Norwegian courts (as the competent legal venue for the New Bond Trustee).