

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

**To the bondholders in:**

NO 001 067283.5 Rem Offshore ASA Senior Unsecured Open Bond Issue 2013/2018 ("**REM04 PRO**")

NO 001 072023.8 Rem Offshore ASA Senior Unsecured Open Bond Issue 2014/2019 ("**REM05**")

Oslo, 10 August 2016

**Summons to Bondholders' Meeting**

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned senior unsecured bond issues (the "**Bonds**" or the "**Bond Issues**") issued by Rem Offshore ASA as issuer (the "**Company**" or the "**Issuer**").

Capitalised terms used herein shall have the meaning assigned to them in the respective bond agreements dated 7 March 2013 with respect to REM04 PRO and 23 September 2014 with respect to REM05 (the "**Bond Agreements**" and each a "**Bond Agreement**"), unless otherwise stated.

The Issuer holds NOK 60 million of Bonds in REM04 PRO.

*The information in this summons regarding the Issuer, market conditions and the described transactions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

**1 BACKGROUND**

Reference is made to the Company Presentation attached as Schedule A hereto.

**2 THE PROPOSAL**

The Issuer has approached the Bond Trustee in accordance with Clause 16.2.1 of each of the Bond Agreements, and requested that Bondholders' Meetings be held to consider the amendments to the terms and conditions for the Bond Issues as contemplated by the Restructuring, as defined and further described in the restructuring term sheet attached hereto as Schedule B (the "**Restructuring Term Sheet**" and which includes appendices thereto) (and which expression, for the sake of clarity, covers all the transactions and actions described therein, including, but not limited to, the Merger (as defined in the Restructuring Term Sheet)).

Based on the above, the Issuer proposes that the Bondholders of each of the Bond Issues resolve the following (the "**Proposal**"):

- (i) Approve that the application of the financial covenants described in paragraphs (c) (*Market Adjusted Equity Ratio*) and (e) (*Minimum Value Ratio*) of clause 13.4 (*Special covenants*) in the Bond Agreement for REM04PRO and clause 13.5 (*Preservation of Equity and Financial Covenants*) in the Bond Agreement for REM05 in each case are waived (and with effect for any previous breach) for the period ending on the earlier of

(a) the occurrence of the Effective Date (as defined in the Restructuring Term Sheet) and  
(b) 31 December 2016.

- (ii) Approve the Restructuring on the terms described in the Restructuring Term Sheet, authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Restructuring, including without limitation to (a) prepare, finalise and enter into the necessary amendment agreements and other documentation deemed appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to this summons, including the documentation and agreements relating to the equitisation of any Bonds to new shares in the Issuer (including subscribing for such shares) as set out therein and the Merger and any amendments to be made in any documents or agreements to reflect or incorporate the Merger, (c) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and give effect to the Proposal and the transactions contemplated thereby, including the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depository (VPS) and account operators for the purpose of cancelling and exchanging relevant bonds, subscribing for and allocating shares and bonds and for other purposes).
- (iii) Agree that the Bond Trustee may consent and agree to further amendments of the Restructuring and the terms in the Restructuring Term Sheet where such amendments (a) are of minor or technical nature, (b) are otherwise consistent with the principles of the Restructuring, and (c) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interests of the Bondholders.
- (iv) Agree that the Bond Trustee may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in this summons (including without limitation waive any time periods or deadlines).
- (v) Waive any breaches of clauses in the Bond Agreements that are reasonably necessary in order to implement and complete the Restructuring.

Implementation of the Proposal in each of the Bond Issues shall be subject to approval of the Proposal by the required majorities of Bondholders in all the Bond Issues as well as the other conditions set out in the Restructuring Term Sheet

### 3 FURTHER INFORMATION

The Issuer has engaged ABG Sundal Collier ASA as its financial advisor (the "Advisor") in the Restructuring. Accordingly, Bondholders may contact the Advisors for further information:

ABG Sundal Collier  
Magnus Drageset  
+47 22016141/+47 48016141  
[magnus.drageset@abgsc.no](mailto:magnus.drageset@abgsc.no)

ABG Sundal Collier  
Ola Nygård  
+47 22016186/+47 41213410  
[ola.nygard@abgsc.no](mailto:ola.nygard@abgsc.no)

ABG Sundal Collier  
Eivind Kjær Thorsen  
+47 22016095/+47 97173869  
[eivind.thorsen@abgsc.no](mailto:eivind.thorsen@abgsc.no)

The Advisor acts solely for the Issuer and no-one else in connection with the Restructuring and the Proposal. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to in respect of the information herein).

For further questions to the Issuer, please contact:

Rem Offshore  
Arild Myrvoll  
+47 90014188

[arild.myrvoll@rem-maritime.no](mailto:arild.myrvoll@rem-maritime.no)

Rem Offshore  
Ola Beinnes Fosse  
+47 97531227

[ola.beinnes.fosse@rem-maritime.no](mailto:ola.beinnes.fosse@rem-maritime.no)

## **4 EVALUATION OF THE PROPOSAL AND SUPPORT**

### **4.1 The Issuer's evaluation**

In the Issuer's opinion, the Proposal represents the best alternative for the Bondholders given the current circumstances. It will allow the Issuer time and financial flexibility to pursue its strategy to the benefit of all stakeholders, including the Bondholders.

### **4.2 Non-reliance**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by any of the Bond Trustee or the Issuer or any of their respective advisors. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly.

### **4.3 Support**

The Issuer has informed the Bond Trustee that it has had discussions and negotiations with an informal group of Bondholders and that it has received pre-acceptances from this group of Bondholders.

## **5 SUMMONS FOR BONDHOLDERS' MEETING**

The Bondholders are hereby summoned to a Bondholders' Meetings in the Bond Issues. Voting will be carried out separately for each Bond Issue.

**Time:** 26 August 2016 at 13:00 hours (Oslo time)

**Place:** The premises of Nordic Trustee ASA,  
Haakon VII's gt 1, 0161 Oslo - 6<sup>th</sup> floor

**Agenda:**

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of the Proposal:

**It is proposed that the Bondholders' Meetings for the REM04 PRO Bond Issue and the REM05 Bond Issue resolve the following:**

*"The Bondholders' Meeting approves the Proposal as described in section 2 of the summons for the Bondholders' Meeting."*

\* \* \* \* \*

To approve the Proposal, Bondholders representing more than two-thirds of the Voting Bonds for each of the Bond Issues represented (in person or by proxy) at the Bondholders' Meeting must vote in favour of the Proposal. In order to have a quorum at least ½ of the Voting Bonds for each of the Bond Issues must be represented at the Bondholders' Meeting.



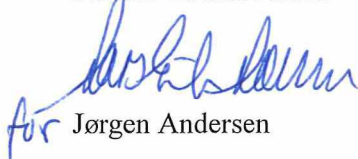
Please find attached a Bondholder's Form from the Securities Depository (VPS) as Schedule A hereto, indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual Bondholder may authorise the Nordic Trustee ASA to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee ASA to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post to [mail@nordictrustee.com](mailto:mail@nordictrustee.com), +47 22 87 94 10, or Nordic Trustee ASA, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was submitted, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Nordic Trustee ASA, to notify Nordic Trustee ASA by telephone or by e-mail by 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**

  
for Jørgen Andersen

Enclosed:

- Bondholder's Form
- Schedule A – Company Presentation
- Schedule B – Restructuring Term Sheet
- Schedule C – Term Sheet New Bond
- Schedule D – Master Agreement Restructuring of the Rem Offshore ASA Group





# Rem Offshore ASA

*Heading for the future - with an improved capital structure*

**29 June 2016**

Rem Offshore ASA

*Heading for the future*





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## Contents

- I. Company update and restructuring proposal**
- II. Appendix I**





## Overview of the restructuring proposal

- Rem Offshore ASA (“Rem Offshore” or the “Company”) has for an extended period of time been in negotiations with its banks, largest bondholders and stakeholders to agree on an overall refinancing plan to strengthen the Company’s balance sheet and liquidity position going forward (the “Restructuring”).
- Based on this, the Company has agreed in-principle on the following main principles for a Restructuring with its largest stakeholders, major bondholders, and banks:
  - NOK 150m in new equity through a private placement to the largest shareholder
  - Conversion of NOK 513.5m in REM 04 and 05 into shares in Rem Offshore in consideration for 40% ownership (fully diluted). NOK 276.5m in remaining bonds to be exchanged into a new bond (the “New 2<sup>nd</sup> lien Bond Issue”) (NOK 60m in bonds owned by the Company to be cancelled)
  - NOK 60m of proceeds from the new equity to be used to carry out a buy-back of the New 2<sup>nd</sup> Lien Bond in a reverse Dutch auction
  - Amortisation reduction on all bank facilities of 88% on average for 3.5 years from second half of 2016 to the end of 2019, with a positive liquidity effect of NOK 1.3 billion. All bank maturities will be extended by 42 months in addition to amended financial covenants
  - The existing newbuilding contract with Vard will be cancelled in consideration for an ownership share of 4% in Rem Offshore (fully diluted)
- The transactions are combined expected to improve the Company’s liquidity by around NOK 3.6 billion\* over a 3.5 year period, and reduce net interest bearing debt by around NOK 900 million
- Following completing of the Restructuring, Rem Offshore will have a significantly improved financial position, and the Company’s young fleet of modern, well equipped subsea and PSV’s makes it an attractive investment opportunity for an improving market

Note: \*) not including the commitment for the newbuilding from Vard

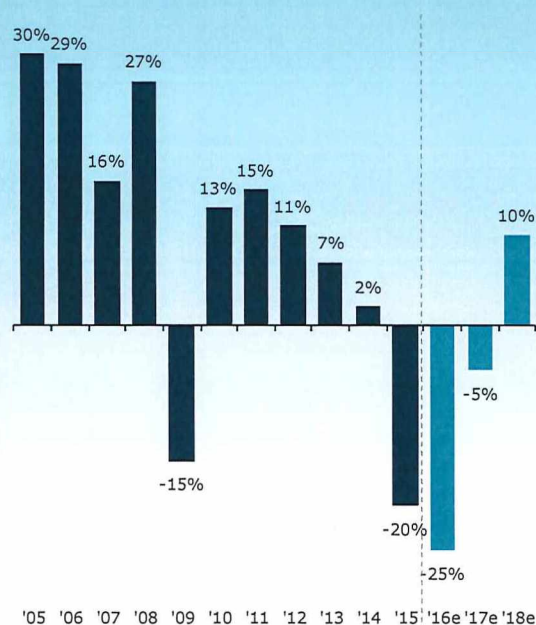




# The challenging market for OSV owners continue

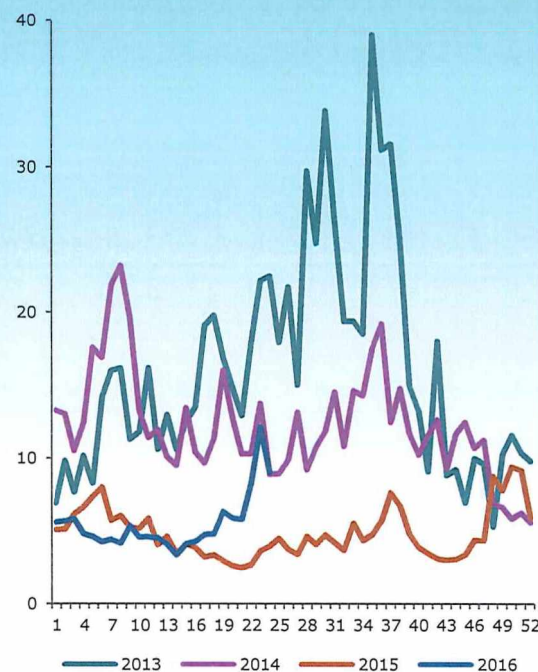
## Negative E&P spending outlook

Offshore E&P spending - percent growth YoY



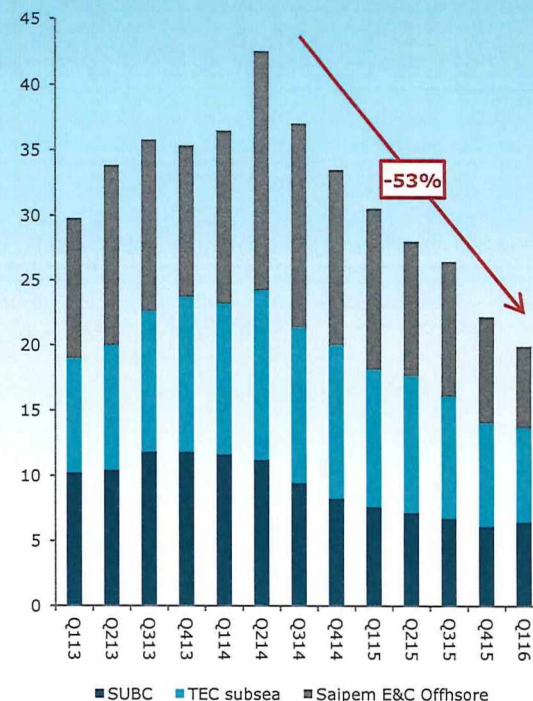
## Challenging PSV market continue

North Sea PSV spot day rates >900m<sup>2</sup> USD/d



## Subsea spending down ~50%

Order backlog USDm



Source: ABGSC Equity Research, Clarkson Research, quarterly reports



## Initiatives taken to improve the financial position

### Vessels stacked

4 vessels stacked to reduce costs

### Sale of Rem Forza

Sale of Rem Forza to an international customer, with positive net liquidity effect of NOK 200m

### New CEO and CFO

Arild Myrvoll appointed as new CEO and Ola Beinnes Fosse as new CFO

### Address the capital structure

ABG Sundal Collier engaged as financial advisor, negotiations with banks and bondholders to secure a new long term financial platform for the Company

Q1 2015-Q1 2016

December'15

December'15

2H 2015 - 1H 2016

May'16

Q1-Q2'16

### Postponed vessel delivery

Agreement with Vard to postpone delivery of OCV newbuilding to Q1 2018

### Amortisation relief

NOK 200m in amortisation relief from certain banks in the period 2H 2015 - 1H 2016.

### Other profitability initiatives

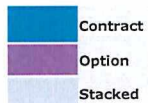
Downsizing of administrative staff and renegotiations of terms with key suppliers





## The deteriorating market has affected Rem in terms of weak contract coverage and has forced several vessels into lay up...

							2016			2017				2018			
NO	SHIP	DESIGN	TYPE	Built	Ownership	Status	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	REM ETIVE	MT 6016	CSV	2007	100 %	Contract											
2	REM POSEIDON	MT 6016	CSV	2009	100 %	Contract											
3	REM VISION	VS 495	CSV	2010	56 %	Stacked											
4	REM INSTALLER	MT6022	CSV	2013	100 %	Contract											
5	REM OCEAN	MT6022	CSV	2014	100 %	Contract											
6	REM PIONEER	MT6022L	CSV	2014	100 %	Contract											
7	REM PROVIDER	UT 755	PSV	2007	100 %	Stacked											
8	REM MERMAID	MT 6009 L	PSV	2008	100 %	Contract											
9	REM STAR	UT 755 LC	PSV	2009	35 %	Stacked											
10	REM SUPPLIER	UT 755	PSV	2010	100 %	Spot											
11	REM COMMANDER	VS 485	PSV	2011	100 %	Contract											
12	REM FORTRESS	VS 485	PSV	2011	61 %	Stacked											
13	REM SERVER	STX 06 CD	PSV	2011	73 %	Contract											
14	REM SUPPORTER	STX 06 CD	PSV	2012	73 %	Contract											
15	REM LEADER	VS499	PSV	2013	100 %	Spot											
16	REM FORTUNE	VS 485	PSV	2013	100 %	Spot											
17	REM GAMBLER	AH 12	OCV	2010	100 %	Spot											
18	REM ARCTIC	VS 485	PSV	2015	68 %	Spot											



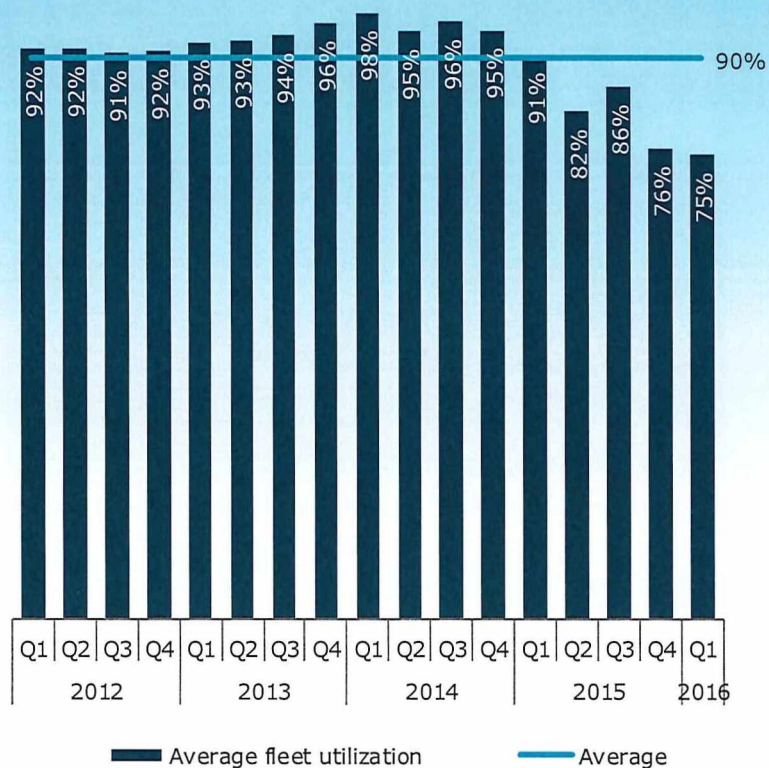
Average age ~5 years





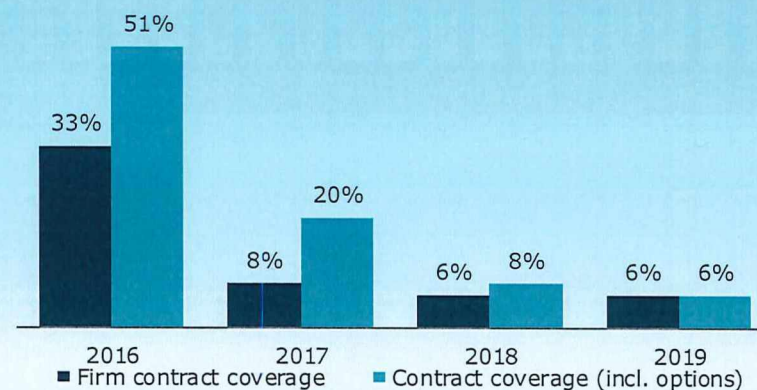
## ...leading to decreased utilization and cash flow margins

### Average fleet utilization (%)<sup>1</sup>



1) Average fleet utilization excluding vessels laid up  
Source: Rem Offshore

### Contract coverage (%)



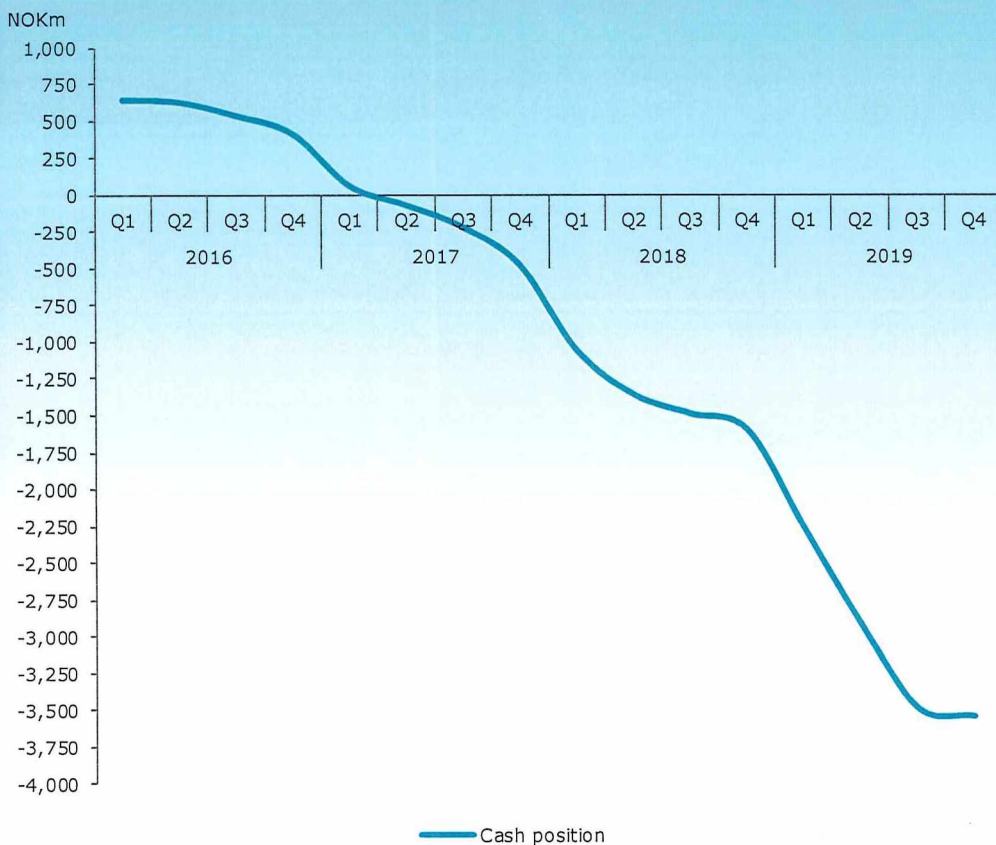
### EBITDA margin (%)





# Addressing the liquidity situation

## Liquidity forecast Q1'16 – YE 2019 – "low case"



Assumptions: Assumed 95% utilisation for vessels on contract, maintenance CAPEX of NOK 50m in 2016, 3m NIBOR 1.0%, Source: Rem Offshore





# – liquidity forecast

## Comments

- As the market is expected to remain challenging, Rem Offshore is facing a severe liquidity shortfall over the next three and a half years
- In the “Low case” forecast assuming vessels not on firm contract have a negative EBITDA contribution of NOK 10,000/d, the operational cash flow is forecasted to be negative
- Total bank amortisation over the period of more than NOK 1.6bn and bank and bond maturities of more than 2.1bn
- Liquidity shortfall in certain subsidiaries expected already in second half of 2016
- Additional CAPEX commitment towards Vard of NOK 740m (NOK 540m net to Rem Offshore)

NOK 35m in 2017, NOK 50m in 2018 and NOK 55m in 2019,

*Heading for the future*



## A balanced solution with significant contribution from all financial stakeholders

### Bondholders

- NOK 513.5m debt to equity conversion for 40% ownership (fully diluted)
- NOK 276.5 rolled over in a new bond
- Bond buy-back offer

### Equity

- NOK 150m in new equity from the largest shareholder giving 50.1% ownership share (fully diluted)
- ~94% dilution of existing shareholders



### Vard

- Cancellation of newbuilding contract in consideration for 4.0% of the share capital (fully diluted)
- No additional claims from Vard

### Secured banks

- NOK 1.3bn amortisation relief
- 42 months maturity extension
- Amended covenants
- Cancellation of parent guarantees

**Support from each stakeholder group is inter-dependent to implement the restructuring plan**





## Partial conversion of REM 04 and 05 for 40% ownership in Rem Offshore and rollover in a new long dated bond

### Overview of the proposal to bondholders

1

#### Bond conversion

- NOK 513.5m principal converted to shares in Rem Offshore giving an ownership share of 40% on a fully diluted basis
- NOK 60m held by the company as treasury bonds to be cancelled

2

#### Partial roll-over in a new bond

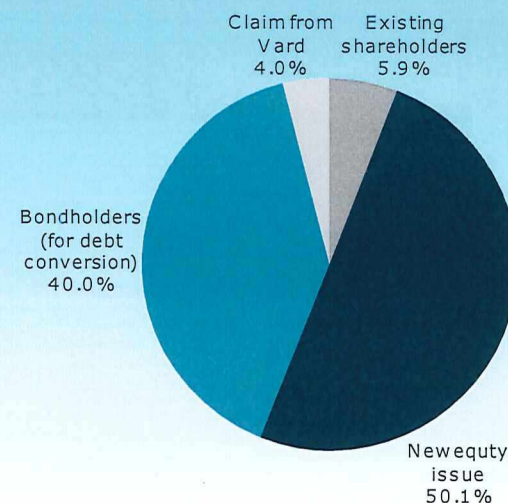
- Roll over of the remaining NOK 276.5m in bonds
- Remaining bond debt to be reduced through the tender offer

3

#### Bond tender offer

- Reverse Dutch auction tender offer for remaining bonds for NOK ~60m in cash

### Ownership post restructuring



- Åge Remøy\* to control 54.7% of the shares on a fully diluted basis
- Not including the potential subsequent offering of up to NOK 20m

\*) Åge Remøy and/or companies controlled by Åge Remøy





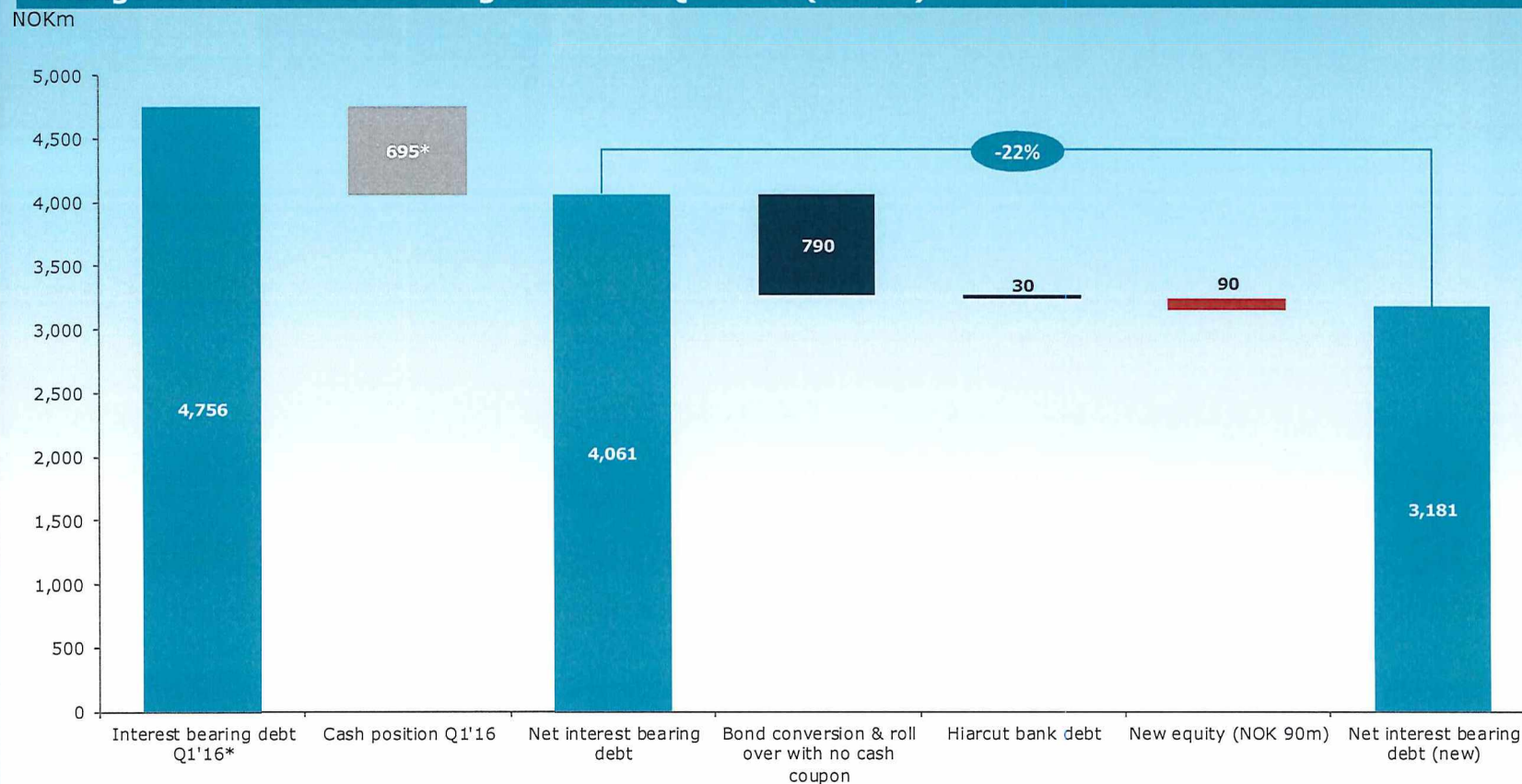
## Key terms of the new bond issue

Key terms of the new bond issue		Comments
<b>Issuer</b>	Rem Offshore ASA	<ul style="list-style-type: none"><li>• The Company will use NOK 60 million of the new equity to carry out a buy-back of the New 2nd Lien Bonds</li><li>• The buy-back will be carried out as a reverse Dutch auction within 30 days after the effective date</li><li>• The price in the buy-back will be set through the auction</li></ul>
<b>Volume</b>	NOK 276.5m	
<b>Status and security</b>	The bonds shall be senior debt of the Issuer and shall be secured by the following security; I) First lien pledge over all shares issued by Rem Maritime II) Second lien mortgage over the vessel Rem Star and relevant insurances (ranking behind the relevant bank facility)	
<b>Tenor</b>	8 years	
<b>Fixed coupon</b>	5.00 % p.a., annual interest payments, payment-in-kind (PIK)	
<b>Call option</b>	American call at par (plus accrued interest) – all or nothing	
<b>Share settlement option</b>	At maturity the Company shall have an option to settle with Shares pursuant to a thirty day VWAP	
<b>Covenants</b>	No financial covenants Customary negative and positive covenants	



## By implementing the proposal, net interest bearing debt will be reduced by ~22%

### Change in net interest bearing debt as of Q1 2016 (NOKm)



Source: Rem Offshore

Note: Rem Star 100% consolidated, new equity net of amount for buy back

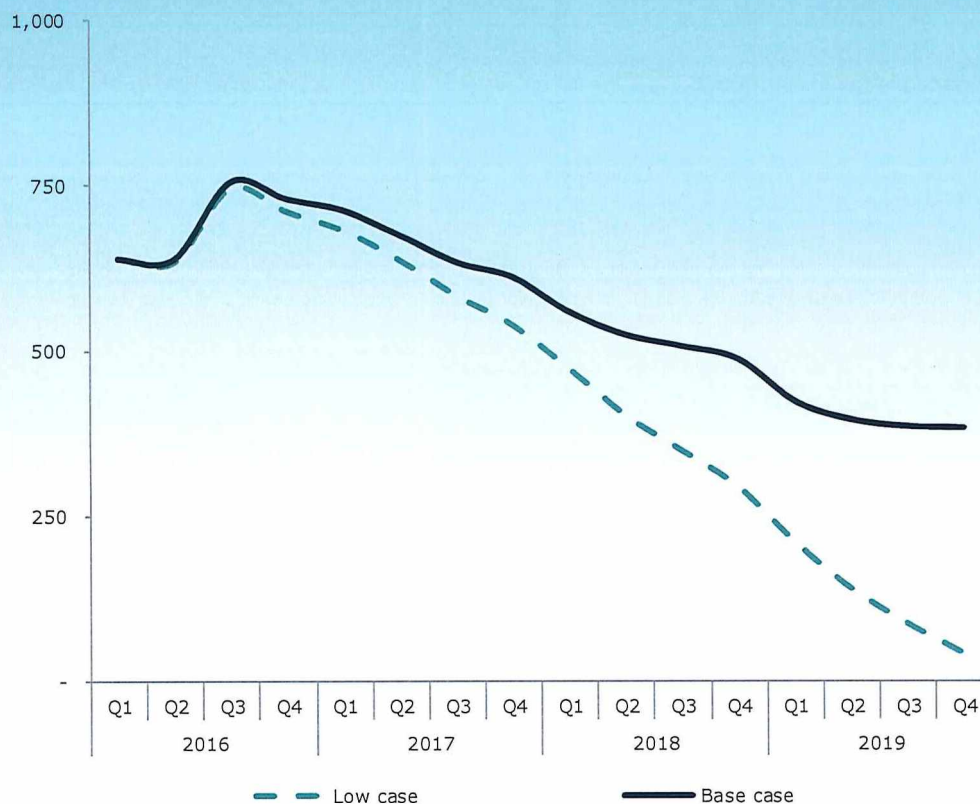




# Liquidity forecast by implementing the proposal

## Liquidity forecast Q1'16 – YE 2019<sup>1</sup>

Consolidated cash position (NOKm)



## Comments

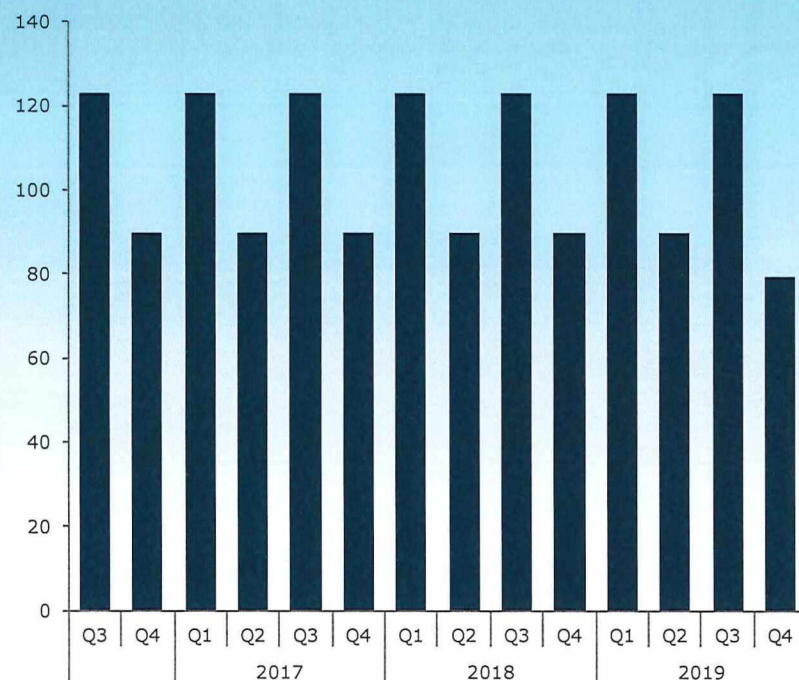
- The proposal will have a positive liquidity effect for the Company of NOK 3.6bn over the period<sup>2</sup>
- This will significantly strengthen the financial position of the Company, and make a clear runway for the Company even in a "low case" scenario
- The "base case" scenario reflects a gradual improvement in the market, compared to the "low case", where uncontracted vessels are forecasted with negative EBITDA contribution
- In the "base case" scenario the following assumptions above the "low case" apply;
  - One CSV employed from and including 2016
  - Two additional CSV's reemployed from and including 2018
  - Two PSV's reemployed from and including 2019

Source: Rem Offshore Note: 1) Not including the cash sweep to banks in subsidiaries from 1 January 2017 2) not including the commitment for the newbuilding from Vard

## Amended bank amortisation schedule

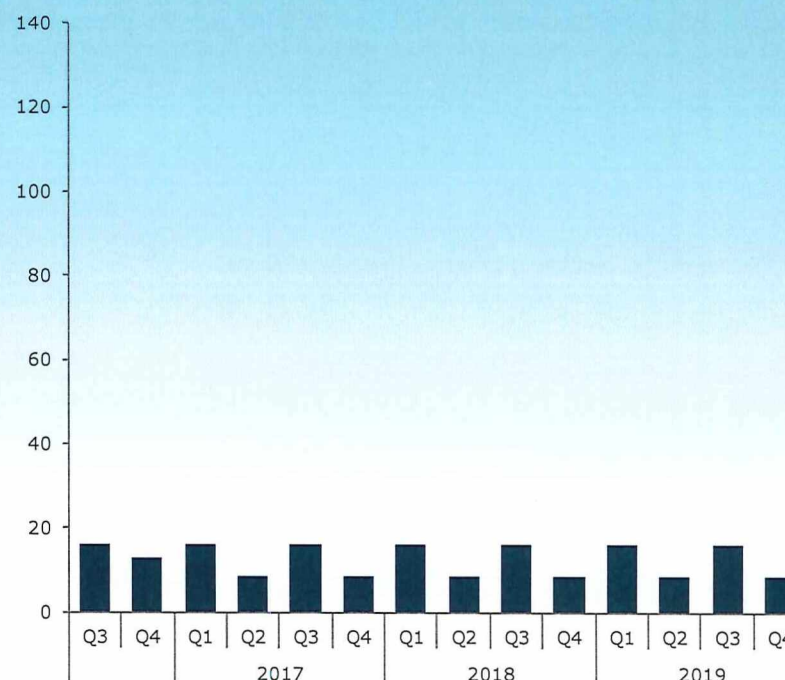
**Original bank amortisation schedule**

NOKm



**New amended schedule**

NOKm



- Total amortisation relief of NOK 1.3bn
  - NOK 175m to be paid as fixed amortisation over the period from H2 2016 – YE 2019
- Average amortisation of 12% through 2019

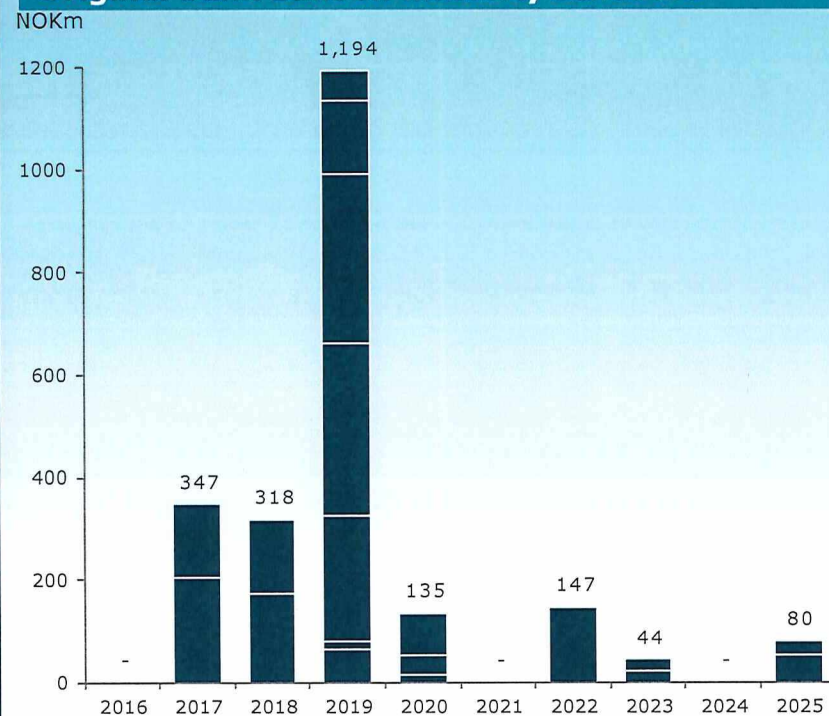
Source: Rem Offshore



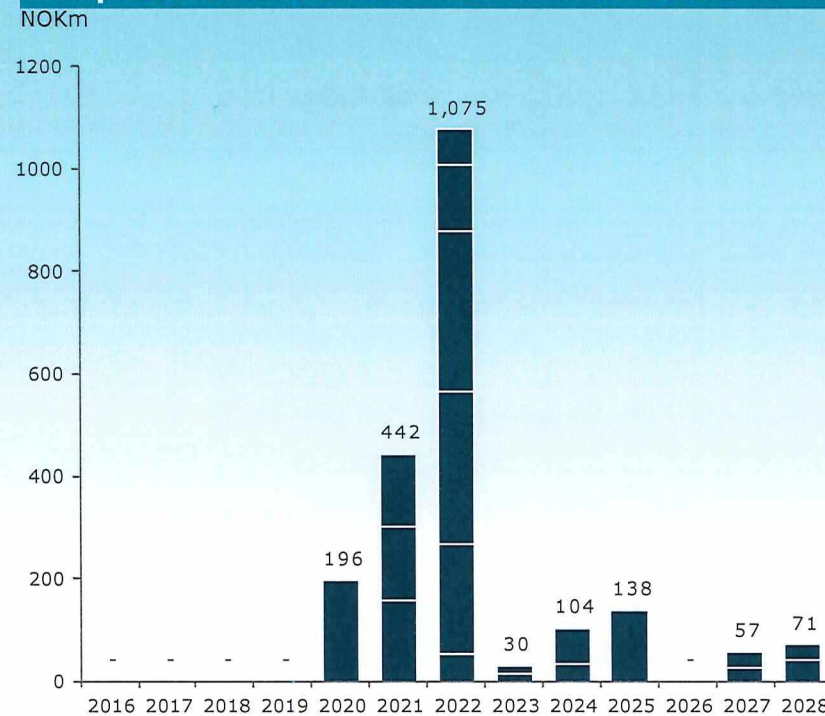


## Debt maturities deferred by 42 months to avoid a "maturity wall" with added refinancing risk

**Original bank balloon maturity schedule**



**Proposed amended bank balloon schedule**



- All bank maturities to be deferred by 42 months, with amortisation up to final maturity
- Parallel shift in maturity schedule will reduce the refinancing risk after 2019
- Equal treatment of all bank facilities

Source: Rem Offshore





## Summary of other amendments to the bank facilities

### Overview of other amendments to the bank facilities

**All parent guarantees cancelled**

#### **New financial covenants**

- **Market value adjusted equity clause ("MVC")**
  - Waived to and including 31 December 2017, then reinstated as follows
  - 1 January 2018 – 31 December 2019: 100% per vessel
  - If the company is in breach with the MVC in the period from 1 January 2018 to 31 December 2019 the relevant bank(s) financing the vessel have the right to sell the vessel, but any shortfall from such sale demanded by the bank(s) shall be on the account of the bank(s)
  - The majority shareholder of Rem Offshore have the right to remedy any MVC breach within 90 days
- **Amended Minimum liquidity covenants;**
  - NOK 125m in Rem Ship
  - NOK 4m per vessel in other vessel owning companies (on company level)

**Cash sweep mechanism in Rem Ship and other subsidiaries from 1 January 2017**

**No increased margin or waiver fees**

**The amendments to the bank facilities will enable the company to raise the new equity and amend and convert the unsecured bonds**





## Prospects for a restructured Rem Offshore

### Modern OSV fleet

- Modern fleet of 18 offshore supply vessels with an average age of only ~5 years
- Sophisticated vessels with high degree of specifications and equipment
- Majority of the fleet built by reputable Norwegian yards such as Kleven and Vard

### Experienced operator and management

- Strong organization with track record back to early 90's
- Consistent high operational efficiency – average fleet utilization of 91.6% from 2010 – YTD
- Reputable vessel owner with long standing customer relationships to oil majors and solid counterparties

### History with strong financial profile

- Leading financial performance with average EBITDA margin of 52% since 2010
- Conservative liquidity management with more than NOK 600m in cash in the current challenging market climate
- Demonstrated proactive financial and operating strategy with vessel sale above book value, extension of charter parties and cost cutting initiatives

### Long term commitment from largest shareholder

- Demonstrated long term commitment from the largest shareholder, investing NOK 150m in new capital
- Åge Remøy to remain the largest shareholder with more than 50% ownership





## Key dates for the restructuring

Key events	Date (on or about)
Announce Restructuring	27 June 2016
Summon for bondholders meeting	29 June 2016
Summon for extraordinary general meeting	29 June 2016
Bondholders meeting	18 July 2016
EGM	21 July 2016
Bond Buy-Back offer launched	Within 30 days after the Effective Date (as defined in the Restructuring Term Sheet)
Completion of Restructuring and conversion	By 30 September 2016
Subsequent equity offering	Expected to be completed in Q3 2016





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**I. Background and company update**

**II. Appendix I**



## Key financials (2013 – Q1 2016)

Profit and Loss	2013	2014	2015	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Revenue	970	1,413	1,211	316	292	314	289	236
OPEX	449	530	542	141	127	139	134	115
Other expenses	15	20	48	14	11	12	12	11
<b>EBITDA</b>	<b>506</b>	<b>862</b>	<b>621</b>	<b>161</b>	<b>155</b>	<b>162</b>	<b>143</b>	<b>109</b>
Depreciation	113	141	184	43	45	47	48	57
Impairment			144				144	30
<b>EBIT</b>	<b>392</b>	<b>722</b>	<b>293</b>	<b>117</b>	<b>109</b>	<b>115</b>	<b>-49</b>	<b>22</b>
Financial income	35	41	42	5	30	5	2	63
Financial costs	-243	-387	-426	-114	-72	-138	-102	-74
Other financial items	4	-2	-18	-2	-2	-2	-11	-2
<b>Net financial items</b>	<b>-203</b>	<b>-348</b>	<b>-402</b>	<b>-112</b>	<b>-45</b>	<b>-134</b>	<b>-112</b>	<b>-14</b>
<b>Net profit before tax</b>	<b>189</b>	<b>374</b>	<b>-109</b>	<b>6</b>	<b>65</b>	<b>-19</b>	<b>-160</b>	<b>9</b>
Tax	-1	3	1	0	0	0	1	0
<b>Net Profit</b>	<b>190</b>	<b>371</b>	<b>-110</b>	<b>6</b>	<b>64</b>	<b>-19</b>	<b>-161</b>	<b>9</b>

Source: Rem Offshore annual and interim reports





## Balance sheet (2013 – Q1 2016)

Balance sheet	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
Intangible assets	26	25	26	26	26	26	25
Vessels	5,300	6,350	6,331	6,662	6,630	6,075	6,030
Other fixed assets	2	2	2	2	2	1	14
Financial investments	252	116	119	82	121	89	45
Bank deposits (including restricted cash)	363	665	605	483	473	688	669
Other current assets	258	331	297	319	320	256	264
<b>Total assets</b>	<b>6,200</b>	<b>7,490</b>	<b>7,380</b>	<b>7,573</b>	<b>7,572</b>	<b>7,134</b>	<b>7,047</b>
<b>Total equity</b>	<b>1,995</b>	<b>2,335</b>	<b>2,359</b>	2,410	<b>2,391</b>	<b>2,218</b>	<b>2,240</b>
Long term interest bearing debt	2,974	3,533	3,611	3,834	3,749	3,438	3,472
Bond loans	716	778	779	780	781	782	783
Other long term liabilities	8	13	13	13	13	11	11
Short term interest bearing debt	368	617	429	377	452	477	385
Other short term liabilities	140	214	188	159	186	208	157
<b>Total liabilities</b>	<b>4,205</b>	<b>5,155</b>	<b>5,020</b>	<b>5,163</b>	<b>5,180</b>	<b>4,916</b>	<b>4,807</b>
<b>Total Equity and liabilities</b>	<b>6,200</b>	<b>7,490</b>	<b>7,380</b>	<b>7,573</b>	<b>7,572</b>	<b>7,134</b>	<b>7,047</b>
Total interest bearing debt	4,058	4,928	4,819	4,991	4,982	4,697	4,639
Net interest bearing debt	3,695	4,263	4,214	4,508	4,508	4,010	3,970

Source: Rem Offshore annual and interim reports





## Location of THE REM FLEET



PSV



CSV

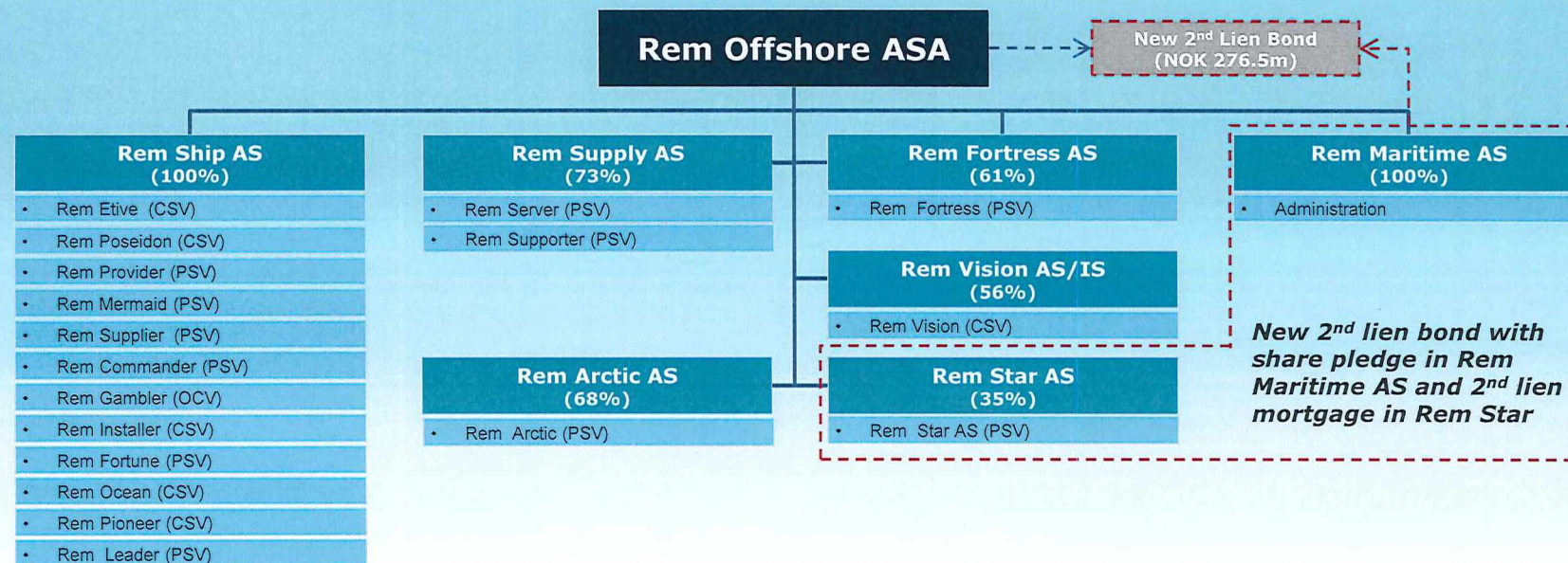


OCV





## Simplified legal chart







*Rem Offshore ASA*



m

*Heading for the future*

## Restructuring Term Sheet

### Rem Offshore ASA

*This restructuring term sheet (the "**Restructuring Term Sheet**") sets out the terms for the proposed restructuring of Rem Offshore ASA (the "**Issuer**" or the "**Company**") and its subsidiaries, including proposed amendments to the Group's senior bank facilities and two senior unsecured bond issues issued by the Company, REM04 PRO and REM05 (the bonds issued thereunder are referred to herein as the "**Bonds**" and the bond agreements setting out the terms and conditions of the Bonds are referred to herein as the "**Bond Agreements**"), the merger of the Company with a subsidiary of Solstad Offshore ASA and certain other agreements and arrangements (the "**Restructuring**").*

OVERVIEW AND DEFINITIONS	
<b>Overview:</b>	<p>The Restructuring has the following key features (as described further below):</p> <p><b>Step 1: Debt restructuring and capitalisation</b></p> <p>(i) <i>The Bonds:</i></p> <ul style="list-style-type: none"> <li>(a) All Accrued not yet due interest will be cancelled and discharged. Interest (coupons) due in September and December 2016 will be cancelled and discharged.</li> <li>(b) 65% of the par value of the Bonds will be converted to Shares – giving the bondholders approx. 40% of the share capital in the Issuer post money.</li> <li>(c) The remaining par value of Bonds (35%) will be exchanged in New 2<sup>nd</sup> Lien Bonds and which will be issued under a new bond loan agreement and a new ISIN.</li> <li>(d) NOK 60 million will be spent in buying back New 2<sup>nd</sup> Lien Bonds in a reverse Dutch auction.</li> </ul> <p>(ii) <i>The Bank Facilities:</i></p> <ul style="list-style-type: none"> <li>(a) Amortisation relief of approx. NOK 1,300 million in total from H2'16 through 2019 will be granted by the Banks, which implies that only approx. 12% of the current amortisation has to be paid in the relevant period.</li> <li>(b) Extension of maturities with 42 months.</li> <li>(c) Covenant relief.</li> <li>(d) New cash sweep will be included.</li> <li>(e) No increases in margins or fees.</li> <li>(f) Cancellation of parent guarantees.</li> <li>(g) Certain new security arrangements included.</li> <li>(h) Certain new restrictive covenants will be included.</li> </ul> <p>(iii) <i>New Equity:</i></p> <ul style="list-style-type: none"> <li>(a) NOK 150 million in new equity, underwritten by Åge Remøy.</li> </ul> <p>(iv) <i>Vard:</i></p> <ul style="list-style-type: none"> <li>(a) The newbuilding contract with Vard will be cancelled and Vard will receive cancellation consideration in Shares -</li> </ul>



	<p>representing 4% of the share capital of the Company post post Restructuring.</p> <p><b>Step 2: Merger of the Issuer with the SOFF Entity</b></p> <p>(i) <i>Merger:</i></p> <ul style="list-style-type: none"> <li>(a) The Company will merge with the SOFF Entity (and with the SOFF Entity as the surviving entity).</li> <li>(b) The shareholders in the Company will receive 0.0696 shares in SOFF in exchange for each Share held (in the Issuer).</li> <li>(c) The shares in SOFF will be issued as a new class of shares and which will be equal in rights to the existing shares in SOFF, save that each new share will only give a 1/10 vote compared to the existing shares in SOFF.</li> </ul> <p><b>Closing conditions and closing steps</b></p> <p>(i) <i>Closing conditions:</i></p> <ul style="list-style-type: none"> <li>(a) Interconditionality with the restructuring of the Bank Facilities, as detailed under "<i>Conditions</i>" below.</li> </ul> <p>(ii) <i>Sequence of closing steps:</i></p> <ul style="list-style-type: none"> <li>(a) As detailed under "<i>Closing Steps</i>" below.</li> </ul>
<b>Definitions:</b>	<p><b>Bank Facilities</b> means the Group's existing senior secured bank facilities.</p> <p><b>Bank Lenders</b> means the lenders under the Bank Facilities.</p> <p><b>Bond Trustee</b> means Nordic Trustee ASA in its capacity as bond trustee for the Bonds and the New 2<sup>nd</sup> Lien Bonds.</p> <p><b>Capital Reduction</b> means the reduction of the par value of the Shares of the Company through a share capital reduction as described under "<i>Capital Reduction</i>" below.</p> <p><b>Debt Conversion</b> means the conversion of NOK 513.5 million of the Bonds into Shares, as further described under "<i>Debt Conversion</i>" below.</p> <p><b>Effective Date</b> means the date on which all the conditions precedent for the Restructuring have been satisfied, listed under "<i>Conditions</i>" below.</p> <p><b>Exchange</b> means the Exchange of Bonds against New 2<sup>nd</sup> Lien Bonds, as further described under "<i>Exchange of Bonds against New 2<sup>nd</sup> Lien Bonds</i>" below.</p> <p><b>Group</b> means the Company and its direct and indirect subsidiaries, and a "<b>Group Company</b>" means the Company or any of its subsidiaries.</p> <p><b>Merger</b> means the merger of the Issuer and the SOFF Entity, as further described under "<i>Merger</i>" below.</p>

	<p><b>New 2<sup>nd</sup> Lien Bond Buy-Back</b> means the buy-back of New 2<sup>nd</sup> Lien Bonds, as further described under "<i>Buy-Back through Reverse Dutch Action</i>" below.</p> <p><b>Newbuilding Contract</b> means the contract between Rem Supply AS and Vard regarding the new OSV vessel to be built at Vard.</p> <p><b>Shares</b> means the ordinary shares in the capital of the Company, currently with a par value of NOK 1.00 and which will be reduced to NOK 0.50 through the Capital Reduction.</p> <p><b>SOFF</b> means Solstad Offshore ASA (reg. no. 945 883 294).</p> <p><b>SOFF Entity</b> means a Norwegian private limited company being a subsidiary of SOFF.</p> <p><b>Vard</b> means Vard Group AS (reg.no. 980 100 820)</p>
<b>STEP 1: DEBT RESTRUCTURING AND CAPITALISATION</b>	
<b>The Bonds:</b>	<p><b>Cancellation of Bonds owned by the Company:</b> The Company's holding of Bonds (currently NOK 60 million of REM04 PRO Bonds) shall be cancelled.</p> <p><b>Cancellation and discharge of interest:</b> All accrued interest of the Bonds not due shall be cancelled and discharged in full. Interest (coupons) due in September and December 2016 will be cancelled and discharged.</p> <p><b>Debt Conversion:</b> Bonds for an amount of NOK 513.5 million in aggregate par value shall be converted into Shares (pro rata between the two Bond series, and pro rata between Bondholders in each bond series) at a conversion price of NOK 3.73005 (i.e. 65% of each Bondholder holdings of Bonds shall be converted into Shares). Post-restructuring (incl. for the avoidance of doubt, the New Equity, but before the Subsequent Equity Offering), the Bondholders will own Shares representing 40% of the Shares of the Company.</p> <p>Registration of the share capital increase resulting from the Debt Conversion shall be done as soon as possible after the occurrence of the Effective Date.</p> <p><b>Exchange of Bonds in New 2<sup>nd</sup> Lien Bonds:</b> After completion of the Debt Conversion, the remaining Bonds (NOK 276.5 million in aggregate par value) shall be exchanged into bonds in a new second lien senior secured bond issue issued by the Company (the "<b>New 2<sup>nd</sup> Lien Bonds</b>" / "<b>New 2<sup>nd</sup> Lien Bond Issue</b>") and documented under a new bond loan agreement (the "<b>New 2<sup>nd</sup> Lien Bond Agreement</b>").</p> <p>The main terms of the New 2<sup>nd</sup> Lien Bond Issue are:</p>



	<ul style="list-style-type: none"> <li>- <i>Issuer:</i> Rem Offshore ASA</li> <li>- <i>Tenor:</i> 8 years</li> <li>- <i>Coupon:</i> 5 % p.a. annually, PIK-coupon</li> <li>- <i>Status:</i> 2nd Lien</li> <li>- <i>Security:</i> Second lien mortgage over the vessel REM STAR and relevant insurances (ranking behind the relevant Bank Facility) and first lien pledge over all shares issued by Rem Maritime AS</li> <li>- <i>Call:</i> American call at par (plus accrued interest) – all or nothing</li> <li>- <i>Share settlement option:</i> At maturity the Company shall have an option to settle with Shares pursuant to a thirty day VWAP.</li> </ul> <p>For a more detailed description of the terms and conditions of the New 2<sup>nd</sup> Lien Bond Issue, see the term sheet attached hereto as <b>Appendix 1</b>.</p> <p><b>Summary: Effect of the Debt Conversion and the Exchange</b> 65% of each Bondholder's holdings of Bonds will be converted into Shares and 35% of each Bondholder's holdings of Bonds will be exchanged into New 2<sup>nd</sup> Lien Bonds.</p> <p><b>Buy-Back through Reverse Dutch Action</b> The Company shall use NOK 60 million of the New Equity (as defined below) to carry out a buy-back of the New 2<sup>nd</sup> Lien Bonds. The auction shall be carried out within 30 days after the Effective Date.</p>
<p><b>The Bank Facilities:</b></p>	<p>The loan agreements setting out the terms and conditions of the Bank Facilities and related documentation to be amended and/or restated in accordance with the below (and to reflect any additional logical or consequential changes) in a master agreement or separately:</p> <p><b>Maturity extension:</b> All maturities to be extended by 42 months.</p> <p><b>Covenant relief:</b></p> <ul style="list-style-type: none"> <li>- Adjusted minimum value requirements throughout 2019 - if the company is in breach with the MVC in the period from 1 January 2018 to 31 December 2019 the relevant bank(s) financing the vessel have the right to sell the vessel, but any shortfall from such sale demanded by the bank(s) shall be on the account of the bank(s)</li> <li>- Amended minimum liquidity covenant to NOK 125 million in Rem Ship and NOK 4 million per vessel in each other vessel owning company</li> </ul> <p><b>Parent guarantees cancelled:</b> All parent guarantees to be cancelled. Instead, each subsidiary to be recapitalised up-front with cash (as an equity injection) equal to the forecasted negative liquidity position in "low case".</p> <p><b>Cash sweep:</b> A cash sweep mechanism will be incorporated.</p>

	<p><b>Security:</b> All financial institutions are permitted to cross collateralise between vessels financed by themselves within the same legal entity. Shares in Rem Ship AS to be pledged jointly to the financial institutions having loans to vessels owned by Rem Ship. Shares in other subsidiaries to be pledged to the specific lenders. All cash in the subsidiaries which are lenders under the Bank Facilities to be pledged to the financial institutions with loans to each individual subsidiary as customary.</p> <p><b>Margin on outstanding amounts:</b> No increased margin or waiver fees.</p> <p><b>Certain new covenants:</b> Certain new restrictive covenants will be introduced.</p> <p>For more detailed information of the amendments of the Bank Facilities, see the master agreement attached hereto as <b>Appendix 2</b> (to which certain amendments will be made).</p>
<b>New Equity:</b>	<p>As part of, and as a condition to the Restructuring, the Company will conduct an offering of new Shares for NOK 150 million in gross proceeds to the Company (the "<b>New Equity</b>"). The new Shares will be issued at a subscription price of NOK 0.87 per share.</p> <p>The offering of the New Equity is contemplated to be conducted as a private placement directed towards Mr. Åge Remøy directly or indirectly.</p> <p>Registration of the share capital increase resulting from the New Equity shall be done as soon as possible after the occurrence of the Effective Date.</p>
<b>Potential Subsequent Equity Offering:</b>	<p>The Company will consider to (but will not be obligated to) conduct a subsequent equity offering of up to NOK 20 million for the purpose of giving existing shareholders not participating in the New Equity the opportunity to subscribe for new shares of the Company (the "<b>Subsequent Equity Offering</b>").</p> <p>The subscription price in the Subsequent Equity Offering shall be the same as in the New Equity.</p> <p>Reference is also made to the section "<i>Reduction of the nominal value / share capital reduction</i>" below.</p>
<b>Vard:</b>	<p>The existing Newbuilding Contract with Vard shall be cancelled. Vard shall receive Shares equal to 4 % of the total issued Shares post-Restructuring (incl. for the avoidance of doubt, the New Equity, but before the Subsequent Equity Offering (if any)).</p>
<b>Listing of Shares:</b>	<p>Any new Shares issued under or in relation to the Restructuring will only be listed on the Oslo Stock Exchange if the Company determines that the Merger will not be completed (in which case the listing shall be</p>



	<p>completed as soon as practically possible after such determination has been made).</p> <p>The Company will, after completion of the Merger, move to de-list from the Oslo Stock Exchange.</p>												
<b>Shareholding:</b>	<p>Following the completion and effectuation of the New Equity and the Debt Conversion (but prior to the Subsequent Equity Offering), the pro-forma fully diluted share capital of the Company will be distributed as outlined below (note: for illustration purposes only):</p> <table> <tr> <td><u>Stakeholder</u></td><td><u>Share (%)</u></td></tr> <tr> <td>Existing shareholders</td><td>5.9%</td></tr> <tr> <td>Existing bondholders</td><td>40.0%</td></tr> <tr> <td>Vard</td><td>4.0%</td></tr> <tr> <td><u>New Equity</u></td><td><u>50.1%</u></td></tr> <tr> <td><u>Total</u></td><td><u>100.0%</u></td></tr> </table>	<u>Stakeholder</u>	<u>Share (%)</u>	Existing shareholders	5.9%	Existing bondholders	40.0%	Vard	4.0%	<u>New Equity</u>	<u>50.1%</u>	<u>Total</u>	<u>100.0%</u>
<u>Stakeholder</u>	<u>Share (%)</u>												
Existing shareholders	5.9%												
Existing bondholders	40.0%												
Vard	4.0%												
<u>New Equity</u>	<u>50.1%</u>												
<u>Total</u>	<u>100.0%</u>												
<b>Reduction of the nominal value / share capital reduction:</b>	<p>The current nominal value of the Shares is NOK 1.00. As part of the Restructuring, the Company will carry out the Capital Reduction in order to reduce the nominal value of the Shares. This reduction will be carried out as a reduction of share capital without distribution, and will be proposed resolved by an extraordinary general meeting of the Company. The proposed new nominal value will be NOK 0.50.</p>												
<b>Shareholder Resolutions:</b>	<p>The Company will call an extraordinary general meeting to propose that the shareholders approve the Restructuring, including (i) the issuance of the New Equity and, if relevant, authorising of the Subsequent Equity Offering (as defined below), (ii) the issuance of necessary new Shares in connection with the Debt Conversion, (iii) the issuance of new Shares to Vard, (iv) the Capital Reduction and (v) the Merger ((i)-(v) together the "Required Shareholder Resolutions").</p>												
<b>STEP 2: MERGER OF THE ISSUER WITH THE SOFF ENTITY</b>													
<b>Merger:</b>	<p>The Company will merge with the SOFF Entity – and with the SOFF Entity being the acquiring and surviving entity post merger (thereby becoming the new issuer of the New 2<sup>nd</sup> Lien Bonds).</p> <p>The shareholders in the Company will receive 0.0696 shares in SOFF in exchange for each Share. The exchange ratio is based on the subscription price for the Shares in the Restructuring (NOK 0.87) and the share price for shares in SOFF (NOK 12.50) (<math>0.87:12.50=0.0696</math>). The new shares in SOFF (the "Exchange Shares") issued to the shareholders in the Company will be issued as a new class of shares and which will be equal in rights to the existing shares in SOFF, save that each new share will only give 1/10 vote compared to the existing shares in SOFF.</p> <p>Åge Remøy (directly or indirectly) will receive 6,000,000 ordinary shares in SOFF (i.e. with ordinary voting rights) as consideration for NOK 86,206,897 of the Shares subscribed under "New Equity" above. For the remaining part of the total subscription price under "New Equity" above,</p>												

	<p>Åge Remøy (directly or indirectly) will receive Exchange Shares on the same terms and conditions as the other shareholders in the Company.</p> <p>SOFF has undertaken to list the Exchange Shares and the new shares in SOFF to be issued as part of the Restructuring on the Oslo Stock Exchange after completion of the Merger.</p> <p>The Merger will be completed after the agreed conditions precedent for the Merger have been satisfied.</p>
<b>CLOSING CONDITIONS AND CLOSING STEPS</b>	
<b>Closing conditions:</b>	<p>The occurrence of the Effective Date will be subject to the following conditions precedent being fulfilled on or prior to [30 September 2016]:</p> <ul style="list-style-type: none"> <li>(i) Evidence that the Issuer has cancelled its holding of Bonds.</li> <li>(ii) Confirmation from the Company that New Equity has been subscribed for and issued for in the minimum amount of NOK 150 million in gross proceeds and that the net proceeds have been received by the Company.</li> <li>(iii) Approval of the Restructuring at a meeting of the bondholders in each Bond Issue by bondholders representing at least 2/3 of the principal amount outstanding in the respective Bond Issue present and voting.</li> <li>(iv) The passing of each of the Required Shareholder Resolutions at a duly convened shareholders' meeting of the Company.</li> <li>(v) No member of the Group having entered into any bankruptcy, liquidation, administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary.</li> <li>(vi) No enforcement or acceleration or debt recovery action having been taken by or on behalf of any of the other creditors of the Company or any member of the Group under or in connection with any financial indebtedness.</li> <li>(vii) Confirmation from the Company that the amendments to the Bank Facilities contemplated by the Restructuring have been agreed.</li> <li>(viii) Confirmation from the Company that Vard has accepted cancelation of the Newbuilding Contract as contemplated by the Restructuring.</li> <li>(ix) Customary condition precedent for the New 2<sup>nd</sup> Lien Bonds (including, but not limited to, the establishment of security and entry into of any intercreditor agreement) to be fulfilled or waived by the Bond Trustee.</li> </ul>



	<p>(x) Other customary condition precedent as reasonably requested by the Bond Trustee.</p> <p>If the Effective Date has not occurred on or prior to 30 September 2016 the transactions described under "<i>The Bonds</i>" above shall not be completed.</p>
<b>Closing steps:</b>	<p>The Restructuring will be completing by the following closing steps:</p> <p>(i) <i>Immediately prior to the Effective Date:</i></p> <p>(a) Satisfaction of all conditions precedent listed in "<i>Conditions</i>" above.</p> <p>(ii) <i>Simultaneously on the Effective Date:</i></p> <p>(a) Issuance of the new Shares under the Debt Conversion.</p> <p>(b) Completion of the Exchange and the coming into effect of the New 2<sup>nd</sup> Lien Bond Agreement.</p> <p>(iii) <i>As soon as possible after the Effective Date:</i></p> <p>(a) Registration of the share capital increases resulting from the New Equity and the Debt Conversion.</p> <p>(iv) <i>Within 30 days after the Effective Date:</i></p> <p>(a) Completion of the auction for the New 2<sup>nd</sup> Lien Bond Buy-back.</p> <p>(v) <i>After the Effective Date:</i></p> <p>(a) Issuance of Shares to Vard.</p> <p>(b) Completion of Subsequent Equity Offering.</p> <p>(c) Completion of the Merger (subject to satisfaction of the relevant conditions precedent thereto)</p> <p>(d) If the Merger is completed, listing of new shares in SOFF issued as a part of the Restructuring.</p>

## Term Sheet



ISIN: [•]

### Rem Offshore Second Lien Bond Issue 2016/2024 (the "Bonds" or the "Bond Issue")

Settlement Date: [•] [August] 2016

<b>Issuer:</b>	Rem Offshore ASA, provided that after the completion of the Merger (as defined below) the Issuer will be the SOFF Entity (as defined in the restructuring term sheet).
<b>Currency:</b>	NOK
<b>Loan Amount:</b>	NOK 276,500,000
<b>Coupon Rate:</b>	5.00 % p.a., annual interest payments, payment-in-kind.
<b>Settlement Date:</b>	In connection with the restructuring of the Issuer, expected to be [•] [August] 2016 (being the Effective Date, as defined in the restructuring term sheet).
<b>Final Maturity Date:</b>	[•] [August] 2024 (8 years after Settlement Date).
<b>First Interest Payment Day:</b>	[•] [August] 2017 (12 months after Settlement Date).
<b>Last Interest Payment Day:</b>	Final Maturity Date
<b>Interest Payments:</b>	Interest will commence to accrue on the Settlement Date and shall be payable annually in arrears on the interest payment day on [•] [August] each year in form of additional Bonds (Payment-in-Kind). The day count fraction for the coupon is 30/360, the business day convention is "unadjusted" and business day is "Oslo".
<b>Issue Price:</b>	100% of par value.
<b>Amortization:</b>	The Bonds shall be repaid on the Final Maturity Date at 100% of par value (plus accrued and unpaid interest on redeemed amount).
<b>Call Option:</b>	Without limiting the Bond Buy-Back, the Issuer may redeem the Bonds (all or nothing) at any time at 100% of par value (plus accrued interest).
<b>Nominal Value:</b>	The Bonds will have a nominal value of NOK 1.00 each.
<b>Status of the Bonds:</b>	The Bonds shall be senior debt of the Issuer, secured in certain assets of the Group as set out herein, and otherwise rank at least pari passu with all other debt of the Issuer (save for such claims which are preferred by bankruptcy,



	insolvency, liquidation or other similar laws of general application) and shall rank ahead of existing and future subordinated debt.
<b>Purpose of the Bond Issue:</b>	The Bonds are issued in connection with the restructuring of the Issuer.
<b>Security:</b>	<p>All amounts outstanding under the Finance Documents to the Bond Trustee and the Bondholders, including but not limited to interest and expenses, shall be secured by the following security (the "<b>Security</b>") to the extent legally possible:</p> <p>From the Issuer:</p> <ul style="list-style-type: none"> <li>(i) a first lien pledge over all shares issued by Rem Maritime (the "<b>Share Pledge</b>");</li> </ul> <p>From Rem Star:</p> <ul style="list-style-type: none"> <li>(ii) a second lien mortgage over the Vessel including all relevant equipment being legally part of the Vessel under the applicable law where the Vessel is registered, ranking after the First Ranking Security and ranking <i>pari passu</i> with the First Lien Lender's Second Lien Security (the "<b>Second Lien Mortgage</b>"); and</li> <li>(iii) a second ranking assignment of the Group's entitlements under the insurances related to the Vessel (other than third party liability insurances), ranking after the First Ranking Security (the "<b>Second Lien Assignment of Insurances</b>" and together with the Second Lien Mortgage, the "<b>Second Lien Bond Security</b>"). Rem Star shall give notices of and to obtain consents and acknowledgement from the insurers.</li> </ul> <p>The agreements and documents setting out the terms of the Security are collectively referred to as the "<b>Security Documents</b>".</p>
<b>Intercreditor Agreement:</b>	<p>An intercreditor agreement (the "<b>Intercreditor Agreement</b>") will be entered into between the Bond Trustee and the First Lien Lender for the purpose of setting out the terms and provisions that will govern the relationship between the First Lien Lender's First Lien Security, the First Lien Lender's Second Lien Security and the Second Lien Bond Security. The main intercreditor principles are as follows :</p> <ul style="list-style-type: none"> <li>(i) <i>Ranking</i>: The security over the Common Security Assets will rank as follows (regardless of date of registration, disbursement etc.): <ul style="list-style-type: none"> <li>(a) <b>first</b>, the First Lien Lender's First Lien Security; and</li> <li>(b) <b>second</b>, the First Lien Lender's Second Lien Security and the Second Lien Bond Security on a <i>pari passu</i> basis.</li> </ul> </li> <li>(ii) <i>Application of proceeds</i>: Enforcement proceeds shall be applied as follows: <ul style="list-style-type: none"> <li>(a) <b>first</b>, to cover enforcement costs;</li> </ul> </li> </ul>

- (b) **second**, to the First Lien Lender to cover amounts outstanding under the First Lien Bank Facility, limited up to NOK 90 million, plus accrued interest, costs, fees and expenses thereon; and
- (c) **third**, on a 50/50 basis, to the First Lien Lender to cover claims under the Profit Split Agreement (limited up to NOK 26,55 million) and to the Bond Trustee to cover amounts outstanding with respect to the Bond Issue.

(iii) *Restrictions on increases and amendments etc.:*

- (a) with respect to the First Lien Bank Facility and the First Lender's First Lien Security, no restrictions on amendments (including extensions), provided that any amendments (1) that result in an increase in the secured amount under the First Lien Lender's First Lien Security over the Common Security Assets (other than as a consequence of capitalisation of interest and waivers and extensions of payment) or (2) whereby claims other than the original claims under and pursuant to the First Banking Facility are secured under the First Lien Lender's First Lien Security, shall in each case require the written consent of the Bond Trustee;
- (b) with respect to the Profit Split Agreement and the First Lien Lender's Second Lien Security, any extension of the profit split period and all amendments that increases the payments to the First Lien Lender thereunder shall require the written consent of the Bond Trustee; and
- (c) with respect to the Bond Issue, no restrictions on amendments.

(iv) *Restrictions on enforcement actions against the Common Security Assets:*

- (a) with respect to the First Lien Lender's First Lien Security and the First Lien Lender's Second Lien Security, no restrictions on enforcement actions (subject only to the Buy-Out Option); and
- (b) with respect to the Second Lien Bond Security, no separate right to enforce as long as any amount secured under the First Lien Lender's First Lien Security is outstanding, but has the right to initiate separate enforcement proceedings (if legally possible) after enforcement proceedings has been initiated with respect to the First Lien Lender's First Lien Security over the Common Security Assets and shall, if requested by the First Lien Lender, join in any such enforcement actions. The foregoing shall not (1) apply after the occurrence of an insolvency event or (2) restrict the Bond



	<p>Trustee in taking action to preserve or protect the Second Lien Bond Security provided that such actions are not inconsistent with the the principles of the Intercreditor Agreement.</p> <p>(v) <i>Buy-out option:</i> Upon the Bond Trustee receiving notice (the "<b>Enforcement Notice</b>") that the First Lien Lender intends to initiate enforcement actions against the Common Security Assets, the Bondholders (by 2/3 majority vote) shall have the right to acquire all claims secured under the First Lien Lender's First Lien Security together with the First Lien Lender's First Lien Security and all other security and guarantees securing such claims (the "<b>Buy-Out Option</b>"). The Buy-Out Option must be exercised within 20 days of the Bond Trustee's receipt of the Enforcement Notice by written notice (the "<b>Buy-Out Option Exercise Notice</b>") to the First Lien Lender, during which period all enforcement actions must be stayed. The Buy-out Option shall be completed within 30 days of the First Lien Lender's receipt of the Buy-Out Option Exercise Notice. The exercise of the Buy-Out Option shall not affect the Profit Split Arrangement or the First Lien Lender's Second Lien Security.</p> <p>(vi) <i>Other provisions:</i> The Intercreditor Agreement will contain other customary provisions, including:</p> <ul style="list-style-type: none"> <li>(a) obligation to notify in case of acceleration of payments or enforcement actions;</li> <li>(b) turnover of proceeds in excess of entitlement under "application of proceeds" above;</li> <li>(c) duty to take such actions which are reasonably required to give effect to the terms and conditions of the Intercreditor Agreement; and</li> <li>(d) restrictions on assignment or transfer of claims secured against the Common Security Assets unless the assignee or transferee accedes as party to the Intercreditor Agreement.</li> </ul>
<b>Information Undertakings:</b>	<p>The Bond Agreement shall include relevant information undertakings as customary in the Norwegian high-yield bond market, hereunder quarterly accounts of the Issuer on a consolidated basis and audited annual accounts to be made available to the Bond Trustee (or via the distribution system at Oslo Børs as long as the Issuer's shares or bonds are listed) and on its web pages for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period.</p>
<b>General covenants and undertakings:</b>	<p>During the term of the Bonds, the Issuer shall (unless the Bond Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following exhaustive list of general covenants and undertakings at any time:</p>

**a) Mergers:**

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities not being a member of the Group if such transaction would have a Material Adverse Effect.

**b) De-mergers:**

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving a split of the Issuer or any other such Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.

**c) Continuation of business:**

The Issuer shall not cease to carry on its business. The Issuer shall procure that no material change is made to the general nature or scope of the business of the Group from that carried on at the date of the Bond Agreement, or as contemplated by the Bond Agreement, unless such change for any Subsidiary of the Issuer would not have a Material Adverse Effect.

**d) Disposal of business:**

The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless:

- (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and
- (ii) such transaction would not have a Material Adverse Effect.

**e) Arm's length transactions:**

The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on arm's length terms and for fair market value.

**f) Compliance with laws:**

The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all aspects and comply in all respects with all laws and regulations it or they may be subject to from time to time. Breach of these obligations shall be regarded as non-compliance only if such breach would have a Material Adverse Effect.

**g) Corporate status:**

The Issuer shall not change its type of organization or jurisdiction of incorporation.

**h) Pari Passu Ranking:**

The Issuer shall ensure that its obligations under the Bond Agreement and any other Finance Document shall at all time rank at least pari passu as set out under "Status of the Bonds" (provided that certain Security shall be on second priority, as described above).



<b>Issuer's Special Undertakings:</b>	<p><b>a) Dividends or other distributions:</b> The Issuer shall not make or declare any dividend payments, repurchase of shares or make other distributions or loans to its shareholders (including any transaction with a similar effect) (a "<b>Distribution</b>"), other than through the exercise of the Call Option and pursuant to the Bond Buy-Back or any other acquisition of Bonds.</p> <p><b>b) Financial Indebtedness:</b> The Issuer shall not incur or permit to remain outstanding any Financial Indebtedness (whether secured or unsecured) other than this Bond Issue.</p> <p><b>c) Negative pledge</b> The Issuer shall not create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance over any of its present or future assets or revenues, other than the security contemplated by the restructuring term sheet (and appendixes and schedules thereto).</p> <p><b>d) Financial Support</b> The Issuer shall not grant any loans, guarantees or other financial assistance to or on behalf of any party, provided that the Issuer may guarantee the obligations of a Group Company under a charterparty.</p> <p><b>e) Ownership to Subsidiaries</b> The Issuer shall ensure that:</p> <ul style="list-style-type: none"> <li>(i) Rem Maritime and Rem Star are wholly owned by the Issuer; and</li> <li>(ii) no other Group Company than the Issuer shall own shares in Rem Ship AS, Rem Supply AS, Rem Arctic AS, Rem Fortress AS, Rem Vision AS (for the avoidance of doubt, Rem Ship AS will own the Group's internal partnership in Rem Vision IS).</li> </ul> <p><b>f) Hire payment</b> The Issuer shall ensure that hire to crew is billed in advance to the relevant Subsidiary/vessel.</p> <p><b>g) Listing of Shares</b> The Issuer shall ensure that its shares remain listed on Oslo Børs, provided that no such obligation shall apply after completion of the Merger (as defined below)</p> <p><b>h) Bond Buy-Back</b> The Issuer shall ensure that the auction process under the Bond Buy-Back is carried out within 30 days after the Settlement Date.</p> <p><b>i) Required Registrations</b> The Issuer shall ensure that the Required Registrations are completed as soon as possible after the Settlement Date.</p>
<b>Rem Maritime's Special Undertakings:</b>	<p>The Issuer shall ensure that Rem Maritime comply with the following:</p> <p><b>a) Financial Indebteness:</b> Rem Maritime shall not incur or permit to remain outstanding any Financial</p>

	<p>Indebtedness (whether secured or unsecured).</p> <p><b>b) Negative pledge</b> Rem Maritime shall not create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance over any of its present or future assets or revenues.</p> <p><b>c) Financial Support</b> The Issuer shall not grant any loans, guarantees or other financial assistance to or on behalf of any party.</p> <p><b>d) Disposal of assets, amendments of contracts etc.</b> Rem Maritime shall not carry out any disposal of assets, cancellation of contracts or agree on amendments of contracts not being immaterial amendments. If any contract needs to be replaced, prolonged or renewed, Rem Maritime shall ensure (as far as possible) that such contract is replaced, prolonged or renewed on terms in all essentials equal to today's contracts.</p>
<b>Rem Star's Special Undertakings:</b>	<p>The Issuer shall ensure that Rem Star comply with the following:</p> <p><b>a) Profit Split Agreement</b> Rem Star shall not carry out any disposal of, cancellation of or agree on amendments of the Profit Split Agreement</p> <p><b>b) New further secured debt</b> Rem Star shall not increase the debt secured by the Vessel beyond the outstanding under the First Lien Bank Facility post restructuring (i.e. NOK 90 million) and the Bond Issue.</p>
<b>Vessel Covenants:</b>	<p>Standard covenants related to the Vessel including but not limited to: (i) maintenance of insurances, (ii) maintenance of class, (iii) maintenance of flag, name and registry, (iv) Vessel to be kept in a good and safe condition and repair consistent with prudent ownership and industry standards, (v) operation in accordance with applicable laws and regulations, and (vi) run proper maintenance of the Vessel.</p>
<b>Permitted transactions:</b>	<p>Notwithstanding any covenants or restrictions contained in this term sheet or the bond agreement, the Issuer shall be permitted to complete the merger (the "Merger") of the Issuer and the SOFF Entity, as further defined and described in the restructuring term sheet (and appendixes and schedules thereto), and the transactions contemplated thereby.</p>
<b>Certain definitions:</b>	<p><b>Bond Buy-Back</b> means the tender offer to all Bondholders to acquire Bonds through a reverse Dutch auction post-restructuring of the Group, as described in the restructuring term sheet.</p> <p><b>Common Security Assets</b> means the assets subject to each of the First Lien Lender's First Lien Security, the First Lien Lender's Second Lien Security and the Second Lien Bond Security.</p> <p><b>Finance Documents</b> means (i) the Bond Agreement, (ii) the Bond Trustee's fee letter, (iii) the Security Documents, and (iv) any other document the Issuer and</p>



the Bond Trustee agree in writing to be a Finance Document.

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account); and
- (h) without double counting, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

**Financial Statement** means the audited annual financial statements of the Issuer for any financial year, drawn up according to GAAP, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

**First Lien Lender** means Sparebank 1 SMN.

**First Lien Lender's Second Lien Security** means the second lien mortgage over the Vessel and the second lien assignment over the insurances related to the Vessel, securing a the First Lien Lender's claims against Rem Star under the Profit Split Agreement, ranking after the First Lien Lender's First Lien Security and ranking *pari passu* with the Second Mortgage.

**First Lien Lender's First Lien Security** means *inter alia* the first lien mortgage over the Vessel and the first lien assignment over the insurances related to the Vessel, securing a NOK 90 million bank facility provided by the First Lien Lender to Rem Star (the "**First Lien Bank Facility**").

**GAAP** means International Financial Reporting Standards (IFRS) or generally accepted accounting principles in Norway, as the Issuer may decide from time to time.

**Group** means the Issuer and all its Subsidiaries from time to time, each a "Group Company".

**Interim Account** means the unaudited financial statements of the Issuer for the relevant interim period, as applicable, drawn up according to GAAP.

	<p><b>Profit Split Agreement</b> means the agreement to be entered into between Rem Star and the First Lien Lender regarding a 50/50 split of any consideration in excess of NOK 90 million if the Vessel is sold within a period of 8 years from the effectiveness of the restructuring of the Issuer. The First Lien Lender's consideration under the agreement is capped to NOK 26 million.</p> <p><b>Required Registrations</b> means the registration of the share capital increases resulting for the New Equity and the Debt Conversion, as defined and described in the restructuring term sheet.</p> <p><b>Rem Maritime</b> means Rem Maritime AS (reg.no. 976 562 933), a wholly owned Subsidiary of the Issuer.</p> <p><b>Rem Star</b> means Rem Star AS (re.no. 992 647 485), which will become a wholly owned Subsidiary of the Issuer and the owner of the Vessel.</p> <p><b>Subsidiary</b> means an entity over which another entity or person has a determining influence due to (i) direct and indirect ownership of shares or other ownership interests, and/or (ii) agreement, understanding or other arrangement. An entity shall always be considered to be the subsidiary of another entity or person if such entity or person has such number of shares or ownership interests so as to represent the majority of the votes in the entity, or has the right to vote in or vote out a majority of the directors in the entity.</p> <p><b>Vessel</b> means the PSV vessel <i>REM STAR</i> with IMO 9489481 and Norwegian flag, build in 2009 and owned by Rem Star.</p>
<b>Material Adverse Effect:</b>	Material Adverse Effect means a material adverse effect on: (a) the Issuer's ability to perform and comply with its obligations under any of the Finance Documents; or (b) the validity or enforceability of any of the Finance Documents.
<b>Change of Control Put option:</b>	Upon a Change of Control Event, each Bondholder shall have a right of prepayment (Put Option) of the Bonds at a price of 100% of par value (plus accrued interest) during a period of 60 days following the notice to the Bond Trustee of a Change of Control Event.
<b>Change of Control Event:</b>	<p>Change of Control Event means:</p> <ul style="list-style-type: none"> <li>(a) any person or group (as such term is defined in the Norwegian Limited Liability Companies Act § 1-3) other than Mr. Åge Remøy (directly or indirectly) and his heirs and affiliates, in aggregate becomes the owner of 50.00% or more of the outstanding shares and/or voting capital of the Issuer; or</li> <li>(b) after completion of the Merger, the Issuer ceases being a Subsidiary of Solstad Offshore ASA.</li> </ul>
<b>Mandatory Prepayment:</b>	Upon the occurrence of a sale of or total loss of the Vessel, the Issuer shall redeem Bonds at 100% of par value with an amount equal to the sales or insurance proceeds received in respect thereof, net of (i) fees, costs, expenses and taxes associated therewith, (ii) the outstanding amounts under the First



	<p>Lien Bank Facility and (iii) the First Lien Lender's share of the proceeds under the Profit Split Arrangement.</p> <p>Redemption shall be carried out pro rate between the Bonds. The Mandatory Prepayment shall be carried out as soon as practically possible after the relevant Group company receives the sales or insurance proceeds.</p>
<b>Share Settlement Option:</b>	<p>The Issuer may (instead of repaying in cash) redeem the Bonds on the Maturity Date by exercising a Share Settlement Option with respect to all of the Bonds by giving notice to the Trustee and the Bondholders not more than sixty (60) nor less than thirty (30) calendar days prior to the Maturity Date.</p> <p>The Issuer shall exercise the Share Settlement Option by (for each Bondholder) issuing or transferring and delivering to each Bondholder such number of Shares as is determined by dividing the aggregate principal amount of such Bondholder's Bonds (plus accrued interest until Maturity Date not paid as PIK Bonds) by the Current Value in effect on the Valuation Date.</p> <p>"<b>Current Value</b>" in respect of a Share on the Valuation Date shall mean 100 % of the average of the VWAP of the Shares for the thirty (30) consecutive trading days ending on the Valuation Date.</p> <p>"<b>Shares</b>" means:</p> <ul style="list-style-type: none"> <li>(a) the ordinary shares in the capital of the Issuer; or</li> <li>(b) after completion of the Merger, shares in the capital of Solstad Offshore ASA with rights equal to the Exchange Shares (as defined in the restructuring term sheet).</li> </ul> <p>"<b>Valuation Date</b>" means the date three trading days prior to the Maturity Date.</p> <p>"<b>VWAP</b>" means the Volume Weighted Average Price of a Share on a trading day (provided that if on any such trading day the Shares shall have been quoted cum-dividend or cum-any other entitlement, the closing price on such trading day shall be deemed to be the amount thereof reduced by an amount equal to the fair market value of any such dividend or entitlement per Share as at the date of first public announcement of such dividend or entitlement (or, if that is not a trading day, the immediately preceding trading day)).</p>
<b>Issuer's ownership of Bonds:</b>	<p>The Issuer has the right to acquire and own the Bonds. Such Bonds shall be discharged.</p>
<b>Event of Default:</b>	<p>The Bond Agreement shall include standard event of default provisions, including cross default provisions for the Issuer and any other Group Company with a threshold in the aggregate amount of NOK 10 million.</p> <p>The Finance Documents will contain waterfall provisions in case of partial payments, <i>i.e.</i>, first to cover costs, fees and expenses of the Trustee (the "<b>Trustee Expenses</b>") and thereafter any other outstanding amounts under the</p>

	Finance Documents. In case the Issuer does not pay the Trustee Expenses, then the Trustee may seek funding of the Trustee Expenses from other sources, in which case the parties representing such other sources will be subrogated into the position of the Trustee, but subordinated to any further Trustee Expenses.
<b>Approvals:</b>	The Bonds will be issued conditioned upon the final approval by the Issuer's board of directors.
<b>Manager:</b>	ABG Sundal Collier.
<b>Bond Trustee:</b>	Nordic Trustee.
<b>Governing Law and jurisdiction:</b>	Norwegian law and jurisdiction for the Bond Agreement and appropriate law and jurisdiction for the other Finance Documents.
<b>Registration:</b>	The Norwegian Central Securities Depository ("VPS"). Principal and interest accrued will be credited the bondholders through VPS.
<b>Paying Agent:</b>	DNB Bank ASA.
<b>Taxation:</b>	The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law and shall be subject to standard gross-up and call provisions.
<b>Bond Agreement:</b>	<p>The bond agreement governing the Bond Issue (the "<b>Bond Agreement</b>") will be entered into by the Issuer and the Bond Trustee (acting as the Bondholders' representative). The Bond Agreement will regulate the bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.</p> <p>The Bond Agreement will specify that all Bond transfers shall be subject to the terms thereof, and the Bond Trustee and all Bond transferees shall, when acquiring the Bonds, be deemed to have accepted the terms of the Bond Agreement, which specifies that all such transferees shall automatically become parties to the Bond Agreement upon completed transfer having been registered in the VPS, without any further action required to be taken or formalities to be complied with. The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Bond Trustee or the Issuer, and such availability shall be recorded in the VPS particulars relating to the Bonds.</p>
<b>Application for Bonds:</b>	The Bonds are issued in connection with the restructuring of the Issuer as approved by bondholders' meetings in REM04 PRO and REM05.
<b>Listing of Bonds:</b>	The Bonds will not be listed.
<b>Market Making:</b>	No market-maker agreement has been made for this Bond Issue.



<b>Eligible Purchasers:</b>	The Bonds are being offered and sold to qualified investors within the EEA. The Bonds are not being offered and sold to US persons or in or into the United States. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada.
<b>Transfer Restrictions:</b>	The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the date the Bonds were originally issued.
<b>Subject to:</b>	The issue of Bonds shall be subject to finalized loan documentation and approval of loan documentation by the Issuer and the Bond Trustee.



**Rem Offshore ASA**  
*As Issuer*



**ABG Sundal Collier ASA**  
*As Manager*

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# Master Agreement Restructuring of the Rem Offshore ASA group

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29 June 2016

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The body of this "**Master Agreement**" describes the agreement and Term Sheets (as defined below and attached hereto) entered into, on a high level, and the main terms applying to all Parties. The detailed rights and obligations of the holders of the bonds NO 001 067283.5 Rem Offshore ASA Senior Unsecured Open Bond Issue 2013/2018 ("**REM04 PRO**") and NO 001 072023.8, Rem Offshore ASA Senior Unsecured Open Bond Issue 2014/2019 ("**REM05**") (the "**Bond**") and Vard Group AS, reg.no. 980 100 820 ("**Vard**"), are described in the attached Term Sheets, and the terms therein described constitute conditions to this Master Agreement.

Any supplemental terms to the agreement between any member of the Rem Group and any Financial Institution are also described in the individual attached Term Sheets.

The terms of this Master Agreement and in detailed Term Sheets shall, as usual, in due course be incorporated into each Financial Institution's standard loan documentation as it already exists between the respective lenders and borrowers. No other changes are made in the terms and conditions of the agreements with each Financial Institution than those described herein.

## 1 THE PARTIES

This Agreement is entered into between:

- (1) Rem Offshore ASA, reg.no. 989 284 339 ("Rem Offshore")
- (2) Rem Ship AS, reg.no. 979 128 401 ("Rem Ship")
- (3) Rem Supply AS, reg.no. 995 635 437 ("Rem Supply")
- (4) Rem Arctic AS, reg.no. 988 392 294 ("Rem Arctic")
- (5) Rem Fortress AS, reg.no. 995 691 582 ("Rem Fortress")
- (6) Rem Vision AS, reg.no. 990 555 346 ("Rem Vision")
- (7) Rem Star AS, reg.no. 992 647 485 ("Rem Star")
- (8) Rem Maritime AS, reg.no. 976 562 933 ("Rem Maritime")

(2) – (8) together hereinafter called the "Subsidiaries" even if (7) is not today a subsidiary in the ordinary meaning)

and

- (9) Garantiinstituttet for Eksportkreditt/The Norwegian Export Credit Guarantee Agency, reg.no. 974 760 908, ("GIEK")
- (10) DNB Bank ASA, reg.no. 984 851 006, ("DNB")
- (11) DVB Bank SE Nordic Branch, reg.no. 993 205 699, ("DVB")
- (12) Sparebank 1 SMN, reg.no. 937 901 003 ("SMN")
- (13) Sparebanken Møre, reg.no. 937 899 319 ("Møre")
- (14) Nordea Bank Norge ASA, reg.no. 911 044 110 ("Nordea")
- (15) Danske Bank, reg.no. 977 074 010 ("Danske")
- (16) Sparebank 1 Søre Sunnmøre, 973 899 785 ("Søre")
- (17) Eksportkreditt Norge AS, 998 544 696 ("EKN")
- (18) Eksportfinans ASA, 816 521 432 ("EF")

((9) to (18) together being the "Financial Institutions"))

- (19) Åge Remøy ( the "Investor"), and

(20) Remy AS (the "Majority Shareholder"),

(all being the "Parties" or a "Party").

## 2 DEFINITIONS

<b>Completion</b>	means the date when this Master Agreement and all of the documents set out in <b>Appendix 1</b> are duly executed and all conditions precedent to be delivered pursuant to the Term Sheets are fulfilled, <b>provided that</b> such date must occur on or prior to 1 September 2016.
<b>IC-claims</b>	means any intercompany claims from time to time in respect of any intercompany loans between any members of the Rem Group.
<b>ICA</b>	means any intercreditor agreement made between the Parties, such agreement being satisfactory to all Parties.
<b>Rem Group</b>	means Rem Offshore and the Subsidiaries
<b>Restructuring Period</b>	means the period starting 1 July 2016 at 00:01 hrs, and ending on 31 December 2019 at 23:59 hours.
<b>Term Sheets</b>	means the term sheets between any of the companies in the Rem Group and the Financial Institutions no. (10) and (14), Vard or the Bond.

## 3 BACKGROUND

This Master Agreement is entered into in order to preserve and optimise the values in the Rem Group, primarily for the benefit of its creditors and the business itself, including the employees, as the current equity and debt of the Rem group is severely impaired and the market prospects in the near future uncertain.

## 4 ENTIRE AGREEMENT

The contractual relationships following this Master Agreement are all interdependent. This Master Agreement and all agreements entered into pursuant hereto are valid and binding at Completion, with effect for the Restructuring Period, provided that agreements are entered into with the Bond and Vard on the terms of **Appendix 1**, Term Sheets (1) and (2) and at the conditions set out in Term Sheets (3) and (4) are satisfied.

Until Completion, the reversal of any steps taken to complete any Term Sheet contemplated hereby may be demanded by any of the Parties (9) through (19) and by Vard and the Bond if all conditions are not fulfilled.

The Investor, the Majority Shareholder and the board of directors in Rem Offshore and the Subsidiaries are obliged to implement all necessary corporate resolutions and payments following here from as soon as possible and no later than at the Completion.

## **5 DURATION – LAPSE/SUSPENSION OF PREVIOUS AGREEMENTS**

This Master Agreement applies to all matters described herein in the Restructuring Period but not before, and shall be binding upon all Parties until the expiry of the Restructuring Period, unless it is terminated due to a breach (which is not waived) or by agreement, at which time the relationship between Parties will revert to the terms and conditions preceding this Master Agreement if not otherwise explicitly agreed.

Subject to the terms of this Master Agreement the Financial Institutions confirm that from Completion they will not accelerate loans, enforce security or commence any insolvency proceedings against any member of the Rem Group based on current alleged breaches of covenants and or obligations related to the matters governed hereby prior to Completion.

To the extent necessitated by the terms of this Agreement, all existing agreements between either of the Parties will either be amended, cease or be suspended, pursuant to the relevant Term Sheet and as set out in this Master Agreement.

## **6 THE CAPITALIZATION OF REM OFFSHORE AND ITS SUBSIDIARIES**

- 6.1 The Investor has irrevocably committed MNOK 150 ("New Equity") in the form of cash for shares in Rem Offshore either directly or through an entity controlled by the Investor which will be paid into Rem Offshore as soon as possible and no later than when all Parties, as well as the Bond and Vard have irrevocably committed their contributions. The New Equity will be issued at a subscription price of NOK 0.87 per share. MNOK 60 of the total amount of MNOK 150 will be utilized for a bond buy-back in a reverse Dutch auction, see clause 9.1 and **Appendix 1**, Term Sheet (1). The New Equity will have an ownership share of 50.1% in rem Offshore on a fully diluted basis (post money and other conversions described herein).
- 6.2 New Equity and existing cash in Rem Offshore will, after completion of all necessary formalities, be used to strengthen the equity in the Subsidiaries (except Rem Vision (cf. clause 6.3.)) in the form of cash for shares, which shall be capitalized with the required cash up front in accordance with **Appendix 2** (where the amount of equity to be injected into the various Subsidiaries is set out) as soon as possible and no later than at Completion to prevent a negative cash position in Rem Offshore or any subsidiary at year end 2019.
- 6.3 Rem Vision shall be recapitalized with MNOK 45, by pro rata contributions from its partners, including Rem Ship's part of up to MNOK 25 pursuant to the existing partnership agreement. The remaining claim for uncalled capital in Rem Vision is to be reduced to MNOK 30 (of which Rem Ship alone is responsible for up to MNOK 16.7. No changes to the partnership agreement can be made without the prior written consent of the Financial Institutions having an exposure to Rem Ship.
- 6.4 If:



- (i) there is a subsequent equity offering in Rem Offshore for the purpose of giving the existing shareholders in Rem Offshore not participating in the New Equity the opportunity to subscribe for new shares of Rem Offshore such additional equity shall be used to strengthen the equity in the form of cash for shares in the Subsidiaries pro rata as to the aggregate amount of outstanding debt in each of the Subsidiaries; and
- (ii) any of the shareholders (not being a member of the Rem Group) participates with equity into a Subsidiary ("**Subsidiary Equity**"), such additional equity shall reduce the amount of equity Rem Offshore needs to inject to such Subsidiary to meet the equity injections agreed pursuant to **Appendix 2**. An amount equal to the Subsidiary Equity (being excess cash in Rem Offshore) shall be used to strengthen the equity in the form of cash for shares in the Subsidiaries pro rata as to the aggregate amount of outstanding debt in each of the Subsidiaries.

6.5 There shall be no IC-claims to or from Rem Ship or any other Subsidiary without the prior written consent of the Financial Institutions. If requested, such IC-claims shall be subordinated the rights of the Financial Institutions and/or pledged, in form and substance satisfactory to the Financial Institutions. In respect of payments made in the ordinary course of business by Rem Offshore on behalf of the Subsidiaries, the relevant Subsidiary will reimburse Rem Offshore of such payment in advance, no later than [3] days prior to the date when Rem Offshore has to pay the relevant third party.

## 7 THE TERMS AND CONDITIONS OF THE LOANS IN THE RESTRUCTURING PERIOD

The loans, shall follow the terms and conditions of the existing loan documentation, as amended by this Master Agreement and the Term Sheets attached hereto, until the expiry of the Restructuring Period.

The following general terms and conditions shall amend the existing loan agreements in respect of the items set out below only at the Completion of this Master Agreement as further described in **Appendix 4** and until the expiry of the Restructuring Period, so that the Term Sheets will only reflect any additional amendments not set out in this Master Agreement relevant to each Financial Institution individually, if any.

**Borrowers:** According to existing loan agreements.

**Effective Date:** As of Completion.

**Cash Sweep:** Rem Ship:

The cash sweep will be effectuated from 1 January 2017 and quarterly thereafter. All cash which is subject to the cash sweep received by Rem Ship will be swept from the respective earnings accounts to a restricted and pledged account where all cash in such account will be held and distributed/swept pursuant to the mechanism below and what is agreed relating to the fixed amortization and expenses in accordance with a ICA. The "low case" scenario, as stated in **Appendix 2**, forms the basis for the

cash sweep, with a buffer of MNOK 48 above the forecasted cash position. When the cash position in Rem Ship is more than MNOK 48 above the forecasted "low case" cash position, all excess cash will be swept in favor of the banks in Rem Ship, but subject to a minimum cash position of MNOK 200 (equivalent to MNOK ~17 per vessel).

If and when, equity is inserted as a result of breach of an minimum value clause, such amount shall not be subject to Cash Sweep but be an extra security, which shall be used to either reduce the debt secured by that vessel or as an additional pledged amount to secure the relevant facility.

For each quarter, the cash from the cash sweep (if any) will be allocated between the facilities:

- 50% based on the relative EBITDA contribution of the relevant vessel for the last twelve months period; and
- 50% based on the relative original amortisation profile.

Total amortisation, including the cash sweep, will be capped at the original and aggregated amortisation for the Restructuring Period.

#### Subsidiaries, excl. Rem Ship:

The cash sweep will be effectuated from 1 January 2017 and calculated quarterly thereafter. Swept cash will be allocated to a restricted and pledged account and distributed annually. The "low case" scenario, as stated in **Appendix 2**, forms the basis to determine the cash sweep in all remaining subsidiaries and is based on the same principles as for Rem Ship.

If the actual cash position is more than MNOK 4 above the "low case" forecasted cash position after recapitalisation (MNOK 8 for Rem Supply), all available cash will be paid as amortisation to banks.

The cash sweep will be subject to a minimum cash position in each subsidiary of MNOK 10 (MNOK 20 in Rem Supply), Total amortisation including the cash sweep, will be capped at the original and aggregated amortization for the Restructuring Period, such amounts to be set out in **Appendix 4**.

If and when, equity is inserted as a result of breach of an minimum value clause, such amount shall not be subject to Cash Sweep but be an extra security, which shall be used to either reduce the debt secured by that vessel or as an additional pledged amount to secure the relevant facility.

#### **Fixed Amortization in the Restructuring Period:**

Rem Vision 30%

Rem Ocean 30% which is to be reduced to 10% upon contract cancellation or expiry of contract  
 Rem Etive 20% which is to be reduced to 10% upon contract cancellation or expiry of contract (a contract extension or exercise of option pursuant to the base case shall not result in a reduction)  
 Rem Gambler 15%  
 Rem Ship (excl. Ocean, Gamler and Etive) 10%  
 Other vessels 0%

**Maturity Date:** Delayed maturity by 42 months.

**Interest Margin:** Unchanged

**Covenants in the Restructuring Period:**

Minimum liquidity covenants:

Rem Arctic MNOK 4  
 Rem Fortress MNOK 4  
 Rem Ship MNOK 125  
 Rem Supply MNOK 8  
 Rem Star MNOK 4  
 Rem Vision MNOK 4  
 Rem Offshore MNOK 4

Minimum value clause to be waived to and including 31 December 2017 and thereafter reinstated as follows:  
 1 January 2018 to 31 December 2019 – 100% per vessel.

If the minimum value clause for any vessel is below the above requirements for the period 1 January 2018 to 31 December 2019 (and solely for that period), only the following consequences for any breach of the minimum value clause apply:

- a) the sole remedy for the Financial Institutions financing such vessel shall be their right to demand sale of such vessel;
- b) the Company shall, upon instructions from and in accordance with the relevant Financial Institutions, sell such vessel with the consent of the Financial Institution, within 6 months after the breach;
- c) the sales proceeds shall be used to prepay the loan on such vessel(s);
- d) any shortfall from such sale demanded by the Financial Institution shall be for the account of the Financial Institutions financing such vessel;
- e) the Investor and/or the Majority Shareholder of Rem Offshore shall have the right to remedy any minimum value clause breach by paying in additional new equity to be used either as further security in respect of the relevant facility or as a downpayment on the relevant facility (thereby



- preventing a sale) within 90 days; and
- f) if the Company has not sold the relevant vessel or cured the breach within 6 months, the relevant Financial Institution has the right to:
- (i) instruct the Company to sell the relevant vessel to a nominated buyer; or
  - (ii) transfer the relevant vessel to a single purpose company and transfer the shares to the relevant Financial Institution(s) or a nominated buyer; or
  - (iii) (if in a single purpose company) accede to their share pledge over the shares in the relevant vessel owning Subsidiary (subject to approval from all Finance Institutions with interest in the vessel owned by such Subsidiary).

**Negative  
Covenants:**

No payment of interest or principal on the bonds (other than the bond buy-back described in Term Sheet (1)). No parent company guarantee.

**Security:**

As per existing loan agreements, except that parent company guarantees shall be released. The Financial Institutions are permitted to cross collateralise between vessels financed by themselves within the same legal entity.

All cash in the Subsidiaries to be pledged to the Financial Institutions with loans to each individual Subsidiary subject to a ICA in place.

Shares in Rem Ship to be pledged jointly to the Financial Institutions having loans to vessels owned by Rem Ship. An ICA to be in place.

Shares in Rem Supply owned by Rem Offshore to be pledged to DNB/GIEK. An ICA to be in place.

Shares in Rem Arctic to be pledged jointly to the Financial Institutions having loans to vessels owned by Rem Arctic. An ICA to be in place.

Shares in Rem Fortress to be pledged jointly to the Financial Institutions having loans to vessels owned by Rem Fortress. An ICA to be in place.

Shares in Rem Star to be pledged jointly to the Financial Institution having loans to vessels owned by Rem Star. An ICA to be in place.

Already pledged cash in the amount of MNOK 29 plus accrued interest related to the Rem Pioneer credit facility to be applied as up front prepayment of the loan.

**Eksportfinans  
terms:**

The Financial Institutions (the "**Guarantors**") which have provided guarantees to Eksportfinans shall, on a pro rata basis, pay the amounts required for Eksportfinans to be repaid on the original payment dates with the original payment amounts (less any amounts prepaid). By making these payments, the guarantors will accede to the rights of Eksportfinans under the relevant loan agreements, such loans to be subject to this Agreement and the terms herein. The relevant Parties may enter into separate agreements documenting the above.

**Miscellaneous:**

- No Distributions.
- No new investments except for those operational investments necessary for employment of vessels included in the low case set out in **Appendix 2**.
- No new loans, guarantees or financial support in the Rem Group, except for charter guarantees required for employment and as preapproved by the Financial Institutions.
- No new debt or refinancing and no new security and other covenants relevant for SPV structures.
- Quarterly payments of interest and instalments.
- Each of the original instalments is deferred by 42 months and shall be paid accordingly after the Restructuring Period.
- Operation and maintenance of the vessels.
- No chartering in of vessels.
- Monthly management accounts and cash balance reporting on subsidiary level and group level.
- No voluntary repayment of debt, except for the bond buy back contemplated by Term Sheet 1, Cash Sweeps and payments to cure minimum value clause breaches.
- No intercompany loan flow of capital (except from parent to subsidiaries if agreed to by the Financial Institutions and subordinated and pledged in favour of the Financial Institutions), not including short term reimbursements of wages or ordinary operating expenses of a minor nature included in the low case set out in **Appendix 2**.
- Notice of default – info from all members of the Rem Group to all Financial Institutions.
- Change of control in respect of the Remøy family.

## **8 TERMINATION FOR CAUSE - EFFECTS**

This Master Agreement is subject to ordinary Norwegian background law in respect of default and the consequences of default.

After Completion no termination of the Master Agreement may take place, unless the New Equity above does not take place and is registered as documented on Completion.

Should this Master Agreement become terminated due to default (after Completion only possible in respect of the then continuing obligations), then any amendment to the financial agreements made pursuant to this Master Agreement and/or the Term Sheets, shall be reversed.

## **9 OTHER MATTERS**

### **9.1 Bond**

MNOK 513.5 of the principal amount of the existing bond issues shall be converted to shares in Rem Offshore, giving an ownership share of 40% on a fully diluted basis (post money and other conversions described herein). The remaining MNOK 276.5 of the principal amount shall be exchanged into a new bond issued by Rem Offshore (the "New Bond"). All coupon payments on the existing bond issues falling due in the Restructuring Period shall be cancelled and discharged in full. All accrued coupon of the existing bond issues not due shall be cancelled and discharged in full.

MNOK 60 of the proceeds from the New Equity shall be used to buy back bonds in the New Bond in a reverse Dutch auction (see 6.1 above). The acquired New Bonds shall be cancelled immediately upon acquisition.

Rem Offshore can call the bonds of the New Bond at par (plus accrued interest) until maturity and has a share settlement option at maturity only as described in **Appendix 1**, Term Sheet (1). There shall be no put options for the bondholders except for the change of control-put which is triggered only if the Financial Institutions consent to the Investor transferring control (see 7 above).

The New Bond shall receive new additional security in the form of a first priority pledge of the shares in Rem Maritime plus a second priority mortgage in "Rem Star" (and related insurances), giving right to 50% of any net proceeds of a sale after the first priority claim has been settled (see 9.3 below), also described in **Appendix 1**, Term Sheet (1).

### **9.2 Vard**

Rem Supply has cancelled its building contract with Vard.

The cash compensation due to Vard as full and final settlement of its net claim in respect thereof shall be converted to an ownership share of 4% on a fully diluted basis (post money and other conversions described herein) in Rem Offshore as further described in **Appendix 1**, Term Sheet (2). Vard to confirm that there are no further claims toward any member of the Rem Group following the conversion of the cash compensation.

In addition Rem Offshore, Rem Supply and DNB/GIEK agrees to procure, at Completion, documentation acceptable to Vard that its guarantee towards DNB/GIEK for the Rem Server and Rem Supplier facilities has been reduced to correspond to its 26.66% ownership in Rem Supply, with a corresponding reduction in the cap. This guarantee shall only be reduced if (i) to the extent payment is made thereunder or (ii) by agreement from the Financial Institutions.

### **9.3 Rem Star**

SMN shall convert any part of the principle amount of the loan outstanding with respect to Rem Star (vessel) in excess of MNOK 90 to equity in Rem Star. Existing shareholders will be fully squeezed-



out by virtue of the resulting capital increase/reduction in share capital. The shares in Rem Star is then to be sold to Rem Offshore for a consideration of NOK 1. SMN is entitled to 50% of any net consideration in excess of the amount of the first priority claim if Rem Star (vessel) is sold within a period of 8 years following this transaction. SMN's claim shall be capped to 26.55 MNOK and be secured by a second priority mortgage over the vessel "Rem Star", such mortgage to be shared by SMN and the Bond on a 50/50 basis.(see 9.1 above). The arrangement between SMN and the New Bond expires at the same time as the Final Maturity Date (as defined in Term Sheet 1 (1) – New Bond).

## **10 GOVERNING LAW – DISPUTE RESOLUTION**

This Master Agreement shall be governed by Norwegian Law.

Any dispute hereunder or under agreements contemplated hereby shall be settled by arbitration<sup>1</sup> in Oslo, by three arbitrators appointed by the disputing Parties jointly, or failing agreement on such appointment within 30 days after the first request by a Party to another Party, by the Chief Justice of Borgarting Court of Appeal. The Arbitration Act (2004) applies to all matters, and the Civil Procedure Code shall apply where the Arbitration Act does not prescribe differently. This does not, however, apply to such (part of a) dispute which must be decided by a court outside Norway, due to mandatory law, for instance in connection with foreclosure of assets.

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[Signature page to follow]

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<sup>1</sup> TBC

**SIGNATURE PAGE**  
**(for Master Agreement)**

**Rem Offshore ASA**

*[Signature]*  
By:  
Title:

**Rem Ship AS**

*[Signature]*  
By:  
Title:

**Rem Fortress AS**

*[Signature]*  
By:  
Title:

**Rem Maritime AS**

*[Signature]*  
By:  
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**Rem Supply AS**

*[Signature]*  
By:  
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**Rem Vision AS**

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By:  
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**Rem Artic AS**

*[Signature]*  
By:  
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**Rem Star AS**

*[Signature]*  
By:  
Title:

**Garantiinstituttet for Eksportkreditt/ The  
Norwegian Export Credit Guarantee  
Agency**

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**DNB Bank ASA**

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**SIGNATURE PAGE**  
**(for Master Agreement)**

**Rem Offshore ASA**

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**Garantiinstituttet for Eksportkreditt/ The  
Norwegian Export Credit Guarantee  
Agency**

   
**GIEK**

Garantiinstituttet for eksportkreditt  
**Britt Skatun**  
Director, Offshore

**GIEK**  
Jo Stokke  
Lawyer

**DNB Bank ASA**

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**Garantiinstituttet for Eksportkreditt/ The  
Norwegian Export Credit Guarantee  
Agency**

By:  
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**Danske Bank**

By:  
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**Sparebank 1 SMN**

By:  
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**Nordea Bank Norge ASA**

By:  
Title:

**Eksportkreditt Norge AS**

By:  
Title:

*for* **DNB Bank ASA**

By: **Thomas Nordahl**  
Title: **Senior Vice President**

*Randi Fell*  
**RANDI FELL**  
**FIRST VICE PRESIDENT**

**DVB Bank SE Nordic Branch**

By:  
Title:

**Sparebanken Møre**

By:  
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**Sparebank 1 Søre Sunnmøre**

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**Eksportfinans ASA**

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**Danske Bank, NORWEGIAN BRANCH**

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By: *Shian Gjelmeland*  
Title: *SENIOR BANKER*  
*Øivind Haraldsen*  
Øivind Haraldsen  
Head of Shipping

**Sparebank 1 SMN**

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By: Tom Elvøy  
Title: SVP

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SMN

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**HENNING MOSTUE**  
General Manager

**Nordea Bank Norge ASA**

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**Sparebanken Møre**



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By: Olav Arne Fiskerstrand  
Title: CEO

**Sparebank 1 Søre Sunnmøre**

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**Nordea Bank Norge ASA**

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Title: **Håvard Tøndel**  
First Vice President

**Eksportkreditt Norge AS**

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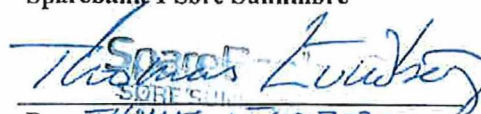
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By: THOMAS LUNDBERG  
Title: BANK SJEF KREDIT JUS  
ADVOKAT MNA.

Eksportfinans ASA

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Title:

**Eksportkreditt Norge AS**

**P.P.**

By: *Tobias Hinder*  
*TOBIAS HINDER*  
Title: *LEGAL COUNSEL*

**Åge Remøy**

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**Eksportfinans ASA**

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**Helen Rocha Dahlseng**  
Head of Loan Administration  
Lending

  
**Bente K. Maurud**  
Documentation Officer  
Eksportfinans ASA



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