



# Prospectus

## Securities Note

for

**Teekay Shuttle Tankers L.L.C. 7.125 per cent Senior Unsecured  
Bond Issue 2017/2022**



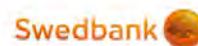
*As Global Coordinator and Joint Lead Manager*



*As Joint Lead Manager*



*As Joint Lead Manager*



*As Joint Lead Manager*

Hamilton (Bermuda), April 12 2018

### **Important information\***

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs. The Norwegian FSA ("Finanstilsynet") has controlled and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act. Finanstilsynet has not controlled and approved the accuracy or completeness of the information given in the Securities Note. The control and approval performed by the Norwegian FSA relates solely to descriptions included by the Company according to a pre-defined list of content requirements. The Norwegian FSA has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Securities Note. The Securities Note was approved by the Norwegian FSA on April 13 2018.

New information that is significant for the Borrower or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing of the Loan. Such information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the Norwegian Securities Trading Act. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries may not have been changed.

Only the Borrower and the Joint Lead Managers are entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Approval of the Securities Note by the Norwegian FSA implies that the Security Note may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Joint Lead Managers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The Securities Note dated April 12 2018 together with the Registration Document dated April 12 2018 constitutes the Prospectus.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

Contact the Borrower or the Joint Lead Managers to receive copies of the Securities Note.

### **Factors which are material for the purpose of assessing the market risks associated with Bond:**

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Securities Note and/or Registration Document or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **Modification and Waiver**

The conditions of the Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority.

Procedure for amendments and waivers:

- a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Bond Terms Clause 15 (Bondholders' Decisions).
- b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Pre-Disbursement Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

\*The capitalised words in the section "Important Information" are defined in Chapter 3: "Detailed information about the securities".

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## 1 Risk Factors

Investing in bonds issued by Teekay Shuttle Tankers L.L.C. (the “Issuer”) involves inherent risks. Prospective investors should consider, among other things, the risk factors set out in the Prospectus, including those set out in the Registration Document, before making an investment decision. The risks and uncertainties described in the Prospectus, including those set out in the Registration Document, are risks of which the Issuer is aware and that the Issuer considers to be material to its business. If any of these risks were to occur, the Issuer’s business, financial position, operating results or cash flows could be materially adversely affected, and the Issuer could be unable to pay interest, principal or other amounts on or in connection with the bonds. Prospective investors should also read the detailed information set out in the Registration Document dated April 12 2018 and reach their own views prior to making any investment decision.

### **Risk related to the market in general**

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are four main risk factors that sum up the investors’ total risk exposure when investing in interest bearing securities: liquidity risk, interest rate risk, settlement risk and market risk (both in general and issuer specific).

Liquidity risk is the risk that a party interested in trading bonds cannot do it because nobody or a limited number of persons in the market want to trade the bonds. Missing demand for the bonds may result in a loss for the bondholder.

Interest rate risk relates to the interest rate on the Bonds having been established at a fixed rate, and consequently the coupon does not vary with changes in interest rate levels. Investment in bond loans bearing interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Loan.

Settlement risk is the risk that the settlement of bonds does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.

Market risk is the risk that the value of the bonds will decrease due to the change in market conditions. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to bonds with a longer tenor and/or with a fixed coupon rate.

No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.

## **2 Persons Responsible**

### ***2.1 Persons responsible for the information***

Persons responsible for the information given in the Prospectus are:

Teekay Shuttle Tankers L.L.C., 4<sup>th</sup> floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda.

### ***2.2 Declaration by persons responsible***

**Responsibility statement:**

Teekay Shuttle Tankers L.L.C. confirms, and has taken all reasonable care to ensure that such is the case, that the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Hamilton (Bermuda), April 12 2018

**Teekay Shuttle Tankers L.L.C.**

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Edith Robinson, President

### 3 Detailed information about the securities

ISIN code:	NO 0010801707
The Loan/The Reference Name/The Bonds:	Teekay Shuttle Tankers L.L.C. 7.125 per cent Senior Unsecured Open Bond Issue 2017/2022".
Borrower/Issuer:	Teekay Shuttle Tankers L.L.C., registered in the Marshall Islands Register of Companies with registration number 963965.
Group:	The Issuer and its Subsidiaries from time to time, and a "Group Company" means any person which is a member of the Group.
Subsidiary	A company over which another company has Decisive Influence.
Security Type:	Unsecured Bond issue with fixed rate.
Issue Amount:	USD 250,000,000
Denomination – Each Bond (Nominal Amount):	USD 200,000 - each and ranking pari passu among themselves
Securities Form:	The Bonds are electronic registered in book-entry form with the Securities Depository.
Disbursement/Settlement/Issue Date:	15 August 2017.
Interest Bearing From and Including:	Disbursement/Settlement/Issue Date.
Interest Bearing To:	Maturity Date.
Maturity Date:	15 August 2022.
Coupon Rate	<p>7.125 per cent, semi-annual interest payments. The Issuer shall pay interest on the par value of the Bonds from, and including, the Disbursement Date at a fixed rate of 7.125 per cent. (7.125 %) per annum.</p> <p>Interest payments shall be made in arrears on the Interest Payment Dates each year.</p> <p>The relevant interest payable amount shall be calculated based on a period from, and including, the Disbursement Date to, but excluding, the next following applicable Interest Payment Date, and thereafter from, and including, that Interest Payment Date to, but excluding, the next following applicable Interest Payment Date.</p>
Day Count Fraction - Coupon:	Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
Business Day Convention:	Means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.
Interest Payment Date:	15 February and 15 August each year and the Maturity Date. If the Interest Payment Date is not a Business Day, no adjustment will be made, notwithstanding the Interest Payment Date occurs on a day that is not a Business Day, and if such date is not a Business Day, payments of interest and/or principal (as the case may be) will be made on the first following day that is a Business Day (No Adjustments of Business Day).

Issue Price:	100 % (par value).
Yield:	Dependent on the market price. Yield is 7.125 per cent p.a. assuming a price of 100 %.
Business Day:	A day on which both the relevant CSD settlement system and the relevant Bond currency settlement system are open and on which banks are open for general business in Oslo and New York.
Put/Call options:	<ul style="list-style-type: none"> <li>a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the “Put Option”) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent, of the Nominal Amount (plus accrued interest).</li> <li>b) The Put Option must be exercised within thirty (30) calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to the Bond Terms Clause 12.3 (Put Option Event). Once notified, the Bondholders’ right to exercise the Put Option will not fall away due to subsequent events related to the Issuer.</li> <li>c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifteenth Business Day after the end of the 30 calendar days exercise period referred to in paragraph b) above.</li> <li>d) If Bonds representing more than 90 per cent, of the Outstanding Bonds have been repurchased pursuant to the Bond Terms Clause 10.2 (Mandatory repurchase due to a Put Option Event), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than twenty (20) calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15<sup>th</sup> calendar day following the date of such notice.</li> </ul>
Put Option Event:	Means a Change of Control Event.
Change of Control Event:	<p>Means an event where Teekay Offshore Partners L.P.:</p> <ul style="list-style-type: none"> <li>a) ceases directly or indirectly to have Decisive Influence over the Issuer; or</li> <li>b) is subject to a de-listing of its common units from the New York Stock Exchange (without simultaneously being listed on another recognized stock exchange).</li> </ul>
Decisive Influence	<p>Means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interest in another person:</p> <ul style="list-style-type: none"> <li>a) a majority of the voting rights in that other person; or</li> <li>b) a right to elect or remove a majority of the members of the board of directors of that other person.</li> </ul>



Early redemption option due to a tax event:	If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to the Bond Terms Clause 8.4 (Taxation) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all or parts, of the Outstanding Bonds at a price equal to 100 per cent of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than sixty (60) days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.
Amortisation:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent, of the Nominal Amount (plus accrued interest on redeemed amount).
Redemption:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent, of the Nominal Amount (plus accrued interest on redeemed amount). Matured interest and matured principal will be credited to each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Status of the Bonds:	The Bonds will constitute senior debt obligations of the Issuer and will, subject to release of the Pre-Disbursement Security, be unsecured. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other senior unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of unsecured subordinated debt.
Undertakings:	During the term of the Loan the Issuer shall comply with the covenants in accordance with the Bond Terms clause 12 and 13, including but not limited to:

## **1. General covenants**

### **(a) Authorisations**

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, license and consent required for the conduct of its business if a failure to do so would have Material Adverse Effect.

### **(b) Compliance with laws**

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time if a failure to do so would have a Material Adverse Effect.

### **(c) Mergers and de-mergers**

The Issuer shall not, and shall procure that no other Group Company will, carry out:

- a) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Group Company with any other person other than with a Group Company; or
- b) any demerger or other corporate reorganisation having

the same or equivalent effect as a demerger involving the Issuer and any Group Company;

if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

**(d) Financial Indebtedness**

- a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, incur any additional Financial Indebtedness or maintain or prolong any existing Financial Indebtedness.
- b) Paragraph (a) above shall not prohibit any Group Company to incur, maintain or prolong any Permitted Financial Indebtedness.

**(e) Negative pledge**

- a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any Security over any of its/their assets (whether present or future).
- b) Paragraph (a) above does not apply to any Permitted Security.

**(f) Financial support**

- a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, be a creditor in respect of any Financial Support to or for the benefit of any person not being a Group Company.
- b) Paragraph (a) above does not apply to any Permitted Security.

**(g) Distribution**

- a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall ensure that, subject as stated in the Bond Terms Clause 13.9 {Subsidiary Distribution}, no other Group Company will, make any Distribution.
- b) Paragraph (a) above does not apply to any Permitted Distributions.

**(h) Continuation of business**

The Issuer shall not (i) cease to carry on the general nature or scope of its business, (ii) ensure that no other Group Company shall cease to carry on the general nature or scope of its business, if such cessation would have a Material Adverse Effect and (iii) 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 Terms.

**(i) Disposals**

The Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of all or a substantial part of its assets (including shares or other securities in any person) or operations (other than to a Group Company), unless such sale, transfer or disposal is carried out in the ordinary course of business and would not have a Material Adverse Effect.

**(j) Subsidiary Distribution**

The Issuer shall not permit any of its Subsidiaries to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to pay dividends or make

other distributions to its shareholders other than permitting to subsist such contractual obligation which is not reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Terms.

**(k) Related party transactions**

Without limiting Bond Terms Clause 13.2 (Compliance with laws), the Issuer shall, and shall procure that all other Group Companies will, conduct all business transactions with any related party which is not a Group Company at market terms and otherwise on an arm's length basis.

**(l) Insurances**

The Issuer shall, and shall procure that each other Group Company will maintain with financially sound and reputable insurance companies, funds or underwriters customary insurance or captive arrangements with respect to its equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice for shipping companies.

**(m) Financial Reports**

- a) The Issuer shall prepare annual financial statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 120 days after the end of the financial year.
- b) The Issuer shall prepare interim accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 60 days after the end of the relevant interim period (in respect of the first, second and third fiscal quarters).
- c) To the extent the Bonds are listed on an exchange, the requirements set out in (a) and (b) above shall be subject to any exemption, waiver or extension granted by Oslo Børs.

**(n) Cross default**

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total aggregate amount of USD 25,000,000 (or the equivalent thereof in any other currency).

## 2. Financial covenants

The Issuer shall, subject to the terms herein, on a consolidated basis comply with the following financial covenants during the term of the Bond:

- a) The Liquidity Reserves shall at all times:
  - (i) be equal to or greater than USD 35,000,000; and
  - (ii) be equal to or greater than 5 per cent, of Total Debt;
- b) The Debt Service Coverage Ratio shall be a minimum of 1,20x; and
- c) The Net Debt to Total Capitalization Ratio shall not exceed 75 per cent.

and in respect of (a), (b) and (c) above be tested quarterly upon delivery of each Compliance Certificate with reference to the preceding quarter (the "Testing Date"). A Financial Covenants Cure completed prior to the delivery of the Compliance Certificate shall be taken into account when calculating the Financial Covenants listed in (a), (b) and (c) above.

For the avoidance of doubt, the Debt Service Coverage Ratio to be tested pursuant to (b) above shall have a first test date occurring on the first quarter end after the date falling twelve (12) months after the Issue Date and thereafter be tested quarterly.

### Definitions:

**Compliance Certificate** means a statement substantially in the form as set out in Schedule 1 to the Bond Terms.

**Cure Amount** means net cash proceeds from any person (other than a Group Company) in the form of new cash equity.

**Debt Service Coverage Ratio** means the ratio of twelve (12) months historical EBITDA relative to the aggregate of total interest expense related to senior debt, junior debt, preferred equity and installments, for a similar period.

**Decisive Influence** means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- c) a majority of the voting rights in that other person; or
- d) a right to elect or remove a majority of the members of the board of directors of that other person.

**EBITDA** means, on a consolidated basis and for any given period:

- a) the sum of the Issuer's (i) net income; (ii) provisions for taxes based on income; (iii) interest expenses; (iv) amortisation or write-off of deferred financing costs to the extent deducted in determining consolidated net income; (v) losses on sale of assets (excluding sales in the ordinary course of business); (vi) depreciation and amortization; (vii) losses from asset impairments; (viii) restructuring charges; (ix) foreign currency losses; (x) unrealized losses on derivative instruments; and (xi) realized losses on interest rate derivative instruments, less:
  - b) the sum of the Issuer's (i) total interest income; (ii) gains

from the sale of assets (excluding sales in the ordinary course of business); (iii) foreign currency gains; (iv) unrealized gains on derivative instruments; and (v) realized gains on interest rate derivative instruments,

where all the amounts referred to in (a) and (b) above shall be calculated in accordance with GAAP.

**Event of Default** means any of the events or circumstances specified in the Bond Terms Clause 14.1 (Events of Default).

**Finance Documents** means these Bond Terms, the Bond Trustee Agreement, any Pre-Disbursement Security Document, any Security Agent Agreement and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

**Financial Covenants Cure** means that if the Issuer fails (or would otherwise fail) to comply with any of the Financial Covenants, and the Issuer receives a Cure Amount no later than on the Testing Date, then the relevant Financial Covenant shall be calculated, by adjusting the Free Liquidity and the twelve (12) months historical EBITDA (as the case may be) by the Cure Amount.

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

- a) moneys borrowed and debt balances at banks or other financial institutions;
- 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, including the Bonds;
- d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
- e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met);
- f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;

- i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under GAAP; and
- k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

**Free Liquidity** means cash, cash equivalents and marketable securities of maturities less than six (6) months to which members of the Group shall have free, immediate and direct access each as reflected in the Issuer's most recent quarterly management accounts forming part of the Issuer's accounts.

**GAAP** means generally accepted accounting practices and principles in the United States of America.

**Group** means the Issuer and its Subsidiaries from time to time.

**Group Company** means any person which is a member of the Group.

**Liquidity Reserves** means the aggregate of Free Liquidity and undrawn committed revolving credit lines available to be drawn by relevant Group Companies (but excluding committed revolving credit lines with less than six months to maturity).

**Material Adverse Effect** means a material adverse effect on:

- a) the Issuer's ability to perform and comply with its obligations under the Finance Documents; or
- b) the validity or enforceability of the Finance Documents.

**Net Debt** means Total Debt less Free Liquidity.

**Net Debt to Total Capitalization Ratio** means the ratio of Net Debt to Total Capitalization.

**Outstanding Bonds** means any Bonds issued in accordance with the Bond Terms to the extent not redeemed or otherwise discharged.

**Permitted Distributions** means any Distribution by:

- a) a Group Company, if such Distribution is made to another Group Company; and
- b) the Issuer, if the Issuer maintains Debt Service Coverage Ratio equal to or greater than 1.25:1 (such test to apply only for Distributions made from a date falling 12 months after the Issue Date and based on the Issuer's most recent compliance certificate), provided that the Issuer shall not pay any dividends or make other Distributions to its shareholders whilst an Event of Default has occurred and is continuing, unremedied and unwaived.

**Permitted Financial Indebtedness** means any Financial

Indebtedness arising or incurred:

- a) pursuant to the Finance Documents;
- b) pursuant to any Shareholder Loan agreement;
- c) under the Secured Debt Facilities;
- d) under any hedging of interest rates or currency fluctuations in the ordinary course of business and on a non-speculative basis;
- e) out of any Permitted Financial Support subsection (d);
- f) under any pension or tax liabilities in the ordinary course of business;
- g) under any intra group loan between Group Companies;
- h) provided that (a) the Issuer is in compliance with the Financial Covenants, and (b) such Financial Indebtedness of the Issuer (i) ranks pari passu with or is subordinated to the obligations of the Issuer under the Finance Documents or (ii) is secured and incurred for the financing or refinancing of vessels of any entity within the Group in the ordinary course of business and on a first priority basis (including any finance or capital leases), or
- i) not permitted by the preceding paragraphs and the aggregate outstanding principal amount of which does not exceed an aggregate amount of USD 100,000,000 (or the equivalent in other currencies) at any time.

**Permitted Financial Support**” means any guarantee, loan or other financial support (financial support):

- a) granted under Permitted Financial Indebtedness sub paragraphs (a) - (h);
- b) arising under a trade credit or guarantee issued in respect of a liability incurred by another Group Company in the ordinary course of business;
- c) arising by operation of law and in the ordinary course of trading and not as a result of any default or omission;
- d) arising in the ordinary course of banking arrangements for the purposes of netting debt and credit balances of Group Companies;
- e) for any rental obligations in respect of any real property leased by a Group Company in the ordinary course of business and on normal commercial terms; or
- f) not otherwise permitted above which does not exceed USD 25,000,000 (or its equivalent in other currencies).

**Permitted Security** means:

- a) any Security, including cash collateral to secure obligations under the Finance Documents;
- b) any Security arising by operation of law and in the ordinary course of trading, provided that if such Security has arisen as a result of any default or omission by any member of the Group it shall not subsist for a period of more than 30 calendar days;

- c) any cash pooling, netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of Group Companies;
- d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of business and not arising as a result of a default or omission by any Group Company that is continuing for a period of more than 30 calendar days;
- e) any right of set-off arising under contracts entered into by Group Companies in the ordinary course of their day-to-day business;
- f) any Security arising over any bank accounts or custody accounts or other clearing banking facilities held with any bank or financial institution under the standard terms and conditions of such bank or financial institution;
- g) payments into court or any Security arising under any court order or injunction or as security for costs arising in connection with any litigation or court proceedings being contested by any Group Company in good faith (which do not otherwise constitute or give rise to an Event of Default);
- h) any Security securing Financial Indebtedness which constitutes Permitted Financial Indebtedness; or
- i) not permitted by the preceding paragraphs which does not exceed an aggregate amount of USD 25,000,000 (or the equivalent in other currencies) at any time.

**Repayment Date** means any date for payment of installments in accordance with Clause 10.1 (Redemption of Bonds) in the Bond Terms.

**Total Capitalization** means the aggregate of (a) Total Debt and (b) the amount of equity and preferred equity, each in accordance with GAAP, as on the consolidated balance sheet of the Issuer from time to time.

**Total Debt** means the aggregate of:

- a) the amount calculated in accordance with GAAP shown as each of “long term debt”, “short term debt” and “current portion of long term debt” on the latest consolidated balance sheet of the Issuer; and
- b) the amount of any liability in respect of any lease or hire purchase contract entered into by the Issuer or any of its Subsidiaries which would, in accordance with GAAP, be treated as a finance or capital lease (excluding any amounts applicable to leases to the extent that the lease obligations are secured by a security deposit which is held on the balance sheet under “restricted cash”).

**Transaction** means the Issuer’s acquisition, directly or indirectly, of inter alia all thirty (30) shuttle tankers (including three newbuildings) from Teekay Offshore Partners L.P. (with related financing).

Listing:

At Oslo Børs.



	<p>Listing will take place as soon as possible after the prospectus has been approved by the Norwegian FSA.</p> <p>The Issuer has applied, or shall within 6 months of the Issue Date apply, for the Bonds to be admitted to listing on Oslo Børs.</p>
Purpose:	<p>The Issuer will use the net proceeds from the issuance of the Bonds for part settlement of the Transaction and general corporate purposes of the Group.</p>
Approvals:	<p>The Bonds have been issued in accordance with the approval of the board of directors of the Issuer, August 9, 2017</p> <p>The Prospectus will be sent to the Norwegian FSA and Oslo Børs ASA for control in relation to a listing application of the bonds.</p>
Bond Terms:	<p>Bond Terms binding on all Bondholders</p> <ul style="list-style-type: none"><li>a) Upon registration of the Bonds in the CSD, the Bondholders shall be bound by the terms and conditions of these Bond Terms and any other Finance Document without any further action or formality being required to be taken or satisfied.</li><li>b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.</li></ul> <p>The Bond Terms is attached as Appendix 1 to this Securities Note. The Bond Terms is available through the Bond Trustee, the Joint Lead Managers or from the Issuer.</p>
Bondholders' meeting:	<p>Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Bond Terms Clause 3.3 (Bondholders' rights). The chair of the Bondholders' Meeting may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.</p> <p>At least 50 per cent, of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.</p> <p>Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph below.</p> <p>Save for any amendments or waivers which can be made without resolution pursuant to the Bond Terms Clause 17.1 (.Procedure for amendments and waivers) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.</p> <p><b>Bondholder</b> means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (Bondholders' rights) in the Bond Terms.</p> <p><b>Relevant Record Date</b> means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as provided in the Bond Terms Clause 15.</p>
Availability of the Documentation:	<p><a href="http://teekayoffshore.com">http://teekayoffshore.com</a></p>
Bond Trustee:	<p>Nordic Trustee AS, P.O. Box 1470 Vika, 0116 Oslo, Norway.</p> <p>The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up</p>

on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.

The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.

(For more details, see also Bond Terms clause 16)

Joint Lead Managers:

Danske Bank Markets, Norwegian branch, Bryggetorget 4, N-0107 Oslo, Norway,  
DNB Bank ASA, DNB Markets, Dronning Eufemias gate 30, N-0191 Oslo, Norway,  
Nordea Bank AB (publ), Norwegian branch, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway, and  
Swedbank Norway, branch of Swedbank AB (publ), P.O. Box 1441 Vika, N-0115 Oslo, Norway.

Paying Agent:

DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, N-0191 Oslo, Norway.

The Paying Agent is in charge of keeping the records in the Securities Depository.

Central Securities Depository (CSD):

The Securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository.

On Disbursement Date the Securities Depository is the Norwegian Central Securities Depository ("VPS"), P.O. Box 4, 0051 OSLO.

Restrictions on the free transferability:

Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.

A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

Market-Making:

There is no market-making agreement entered into in connection with the Bond Issue.

Estimate of total expenses related to the admission to trading:

Prospectus fee (NFSA) Registration Document NOK 60,000  
Prospectus fee (NFSA) Securities Note NOK 16,000  
Listing fee 2018 (Oslo Børs): NOK 51,220  
Registration fee (Oslo Børs): NOK 5,900  
Compulsory notification in a newspaper (estimated): NOK 8,000  
Legal fees, Issuer: NOK 100,000  
Fees related to preparation of audited financial statements:  
USD100,000

Legislation under which the Securities have been created:

Norwegian law.

Fees and Expenses:

The Borrower shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Borrower is responsible for withholding any withholding tax imposed by Norwegian law.

Prospectus:

The Registration Document dated April 12 2018 and this Securities Note dated April 12 2018.

## 4 Additional Information

The involved persons in the Issuer have no interest, nor conflicting interests that are material to the Bond Issue.

The Issuer has mandated Danske Bank Markets, Norwegian branch, DNB Bank ASA, Nordea Bank AB (publ), Norwegian branch and Swedbank Norway, branch of Swedbank AB (publ) as Joint Lead Managers for the issuance of the Loan. The Joint Lead Managers have acted as advisors to the Issuer in relation to the pricing of the Loan.

### Statement from the Joint Lead Managers:

Danske Bank Markets, Norwegian branch, DNB Bank ASA, Nordea Bank AB (publ), Norwegian branch and Swedbank Norway, branch of Swedbank AB (publ) have assisted the Borrower in preparing the prospectus. Danske Bank Markets, Norwegian branch, DNB Bank ASA, Nordea Bank AB (publ), Norwegian branch and Swedbank Norway, branch of Swedbank AB (publ) have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the Joint Lead Managers expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Borrower or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Borrower. Each person receiving this prospectus acknowledges that such person has not relied on the Joint Lead Managers nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

Oslo (Norway), April 12 2018

Danske Bank Markets,  
Norwegian branch

DNB Bank ASA

Nordea Bank AB (publ),  
Norwegian branch

Swedbank Norway, branch  
of Swedbank AB (publ)

### Listing of the Loan:

The Prospectus will be published in Norway. An application for listing at Oslo Børs will be sent as soon as possible after the Issue Date.

## **5 Appendix 1: Bond Terms**

**BOND TERMS**

**FOR**

**Teekay Shuttle Tankers L.L.C. 7.125% senior unsecured USD 250,000,000  
bonds 2017/2022**

**ISIN NO 001080170.7**

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SCHEDULE 1 COMPLIANCE CERTIFICATE

SCHEDULE 2 RELEASE NOTICE – ESCROW ACCOUNTS

<b>BOND TERMS</b>	
ISSUER:	Teekay Shuttle Tankers L.L.C., a limited liability company existing under the laws of Marshall Islands with registration number 963935, LEI code 549300HNHHJ4SLVPDR57; and
BOND TRUSTEE:	Nordic Trustee ASA, a company existing under the laws of Norway with registration number 963 342 624.
DATED:	9 August 2017
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

## 1. INTERPRETATION

### 1.1 Definitions

The following terms will have the following meanings:

“**Affiliate**” means, in relation to any specified person:

- (a) any person which is a Subsidiary of the specified person;
- (b) any person who has Decisive Influence over the specified person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity who has Decisive Influence (directly or indirectly) over the specified person.

“**Annual Financial Statements**” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with GAAP, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors.

“**Application Agreement**” means the application document with exhibits made available to the subscribers by the Manager and based on which the subscriptions of the Bonds take place.

“**Bond Escrow Accounts**” means the TOP02 Escrow Account and the TOP04 Escrow Account (either as separate CSD securities accounts or a joint CSD securities account).

“**Bond Escrow Account Pledges**” means the TOP02 Escrow Account Pledge and the TOP04 Escrow Account Pledge.

“**Bond Exchange Value**” means the relative value of each Existing Bond in relation to each Bond (in the Bond Issue) as follows:



- (a) 1,572,396 Existing Bonds in TOP02 will give right to subscribe one Bond (“**Buy-Back Price 02**”); and
- (b) 1,572,396 Existing Bonds in TOP04 will give right to subscribe one Bond (“**Buy-Back Price 04**”),

calculated by (i) the application of the most recent available Prevailing Rate (between NOK and USD on the date and at the time of allocation of Bonds in the Bond Issue), and (ii) the relative value of each Existing Bond to the value of each Bond.

“**Bond Terms**” means these terms and conditions, including all Schedules hereto which shall form an integrated part of the Bond Terms, in each case as amended and/or supplemented from time to time.

“**Bond Trustee**” means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

“**Bond Trustee Agreement**” means the agreement entered into between the Issuer and the Bond Trustee relating among other things to the fees to be paid by the Issuer to the Bond Trustee for its obligations relating to the Bonds.

“**Bondholder**” means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders' rights*).

“**Bondholders' Meeting**” means a meeting of Bondholders as set out in Clause 14.

“**Bonds**” means the debt instruments issued by the Issuer pursuant to these Bond Terms, including for the avoidance of doubt (where relevant) the Temporary Bonds.

“**Business Day**” means a day on which both the relevant CSD settlement system is open, and the relevant Bond currency settlement system is open and banks generally are open for business in Oslo and New York.

“**Business Day Convention**” means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

“**Buy-Back Price**” means Buy-Back Price 02 and Buy-Back Price 04, or any of them, each as listed in the definition of “Bond Exchange Value”.

“**Cash Bonds**” means any Bonds issued under the Bond Issue against cash consideration in accordance with Clause 6.2 (a)(i), with ISIN NO0010801707.

“**Cash Escrow Account**” means an account with DNB Bank ASA in the name of the Issuer where the bank has waived any set-off rights, pledged and blocked on first priority to the Bond Trustee on behalf of the holders of Cash Bonds as security for the Issuer’s obligations under the Finance Documents.

**“Cash Escrow Account Pledge”** means the first priority pledge to the Bond Trustee on behalf of the holders of Cash Bonds over the Cash Escrow Account, where the bank operating the account has waived any set-off rights.

**“CSD”** means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

**“Change of Control Event”** means an event where Teekay Offshore Partners L.P.:

- (a) ceases directly or indirectly to have Decisive Influence over the Issuer; or
- (b) is subject to a de-listing of its common units from the New York Stock Exchange (without simultaneously being listed on another recognized stock exchange).

**“Compliance Certificate”** means a statement substantially in the form as set out in Schedule 1 hereto.

**“Cure Amount”** means net cash proceeds from any person (other than a Group Company) in the form of new cash equity.

**“Debt Service Coverage Ratio”** means the ratio of twelve (12) months historical EBITDA relative to the aggregate of total interest expense related to senior debt, junior debt, preferred equity and installments, for a similar period.

**“Decisive Influence”** means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

**“Default Notice”** means a written notice to the Issuer as described in Clause 14.2 (*Acceleration of the Bonds*).

**“Default Repayment Date”** means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

**“Distributions”** means any:

- (a) payment of dividend on shares or distribution on units;
- (b) repurchase of own shares;
- (c) redemption of share capital or other restricted equity with repayment to shareholders;
- (d) repayment of any Shareholder Loan;

- (e) any other similar distribution or transfers of value to the direct and indirect shareholders of any Group Company or the Affiliates of such direct and indirect shareholders; or
- (f) any payment of interest, principal, fees or other payment in respect of the junior capital to the extent such payment is made in cash.

**“EBITDA”** means, on a consolidated basis and for any given period:

- (a) the sum of the Issuer’s (i) net income; (ii) provisions for taxes based on income; (iii) interest expenses; (iv) amortisation or write-off of deferred financing costs to the extent deducted in determining consolidated net income; (v) losses on sale of assets (excluding sales in the ordinary course of business); (vi) depreciation and amortization; (vii) losses from asset impairments; (viii) restructuring charges; (ix) foreign currency losses; (x) unrealized losses on derivative instruments; and (xi) realized losses on interest rate derivative instruments, less:
- (b) the sum of the Issuer’s (i) total interest income; (ii) gains from the sale of assets (excluding sales in the ordinary course of business); (iii) foreign currency gains; (iv) unrealized gains on derivative instruments; and (v) realized gains on interest rate derivative instruments,

where all the amounts referred to in (a) and (b) above shall be calculated in accordance with GAAP.

**“Escrow Accounts”** means together the Cash Escrow Account and the Bond Escrow Accounts.

**“Event of Default”** means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

**“Exchange”** means:

- (a) Oslo Børs; or
- (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive (Directive 2004/39/EC) or the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as applicable.

**“Existing Bondholders”** means any holders of Existing Bonds.

**“Existing Bonds”** means the bond issues TOP02 (ISIN NO 001063532.9) and TOP04 (ISIN NO 001067012.8) (or any of them).

**“Existing Bondholders’ Roll-Over”** means the offer to the Existing Bondholders to participate in the Bond Issue by settlement in kind against their Existing Bonds valued at the relevant Bond Exchange Value as accepted by the relevant Existing Bondholders.

**“Finance Documents”** means these Bond Terms, the Bond Trustee Agreement, any Pre-Disbursement Security Document, any Security Agent Agreement and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

**“Financial Covenants”** means the financial covenants specified in Clause 13.13 (*Financial Covenants*).

**“Financial Covenants Cure”** means that if the Issuer fails (or would otherwise fail) to comply with any of the Financial Covenants, and the Issuer receives a Cure Amount no later than on the Testing Date, then the relevant Financial Covenant shall be calculated, by adjusting the Free Liquidity and the twelve (12) months historical EBITDA (as the case may be) by the Cure Amount.

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

- (a) moneys borrowed and debt balances at banks or other financial institutions;
- (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, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met);
- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the

agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;

- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under GAAP; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

**“Financial Reports”** means the Annual Financial Statements and the Interim Accounts.

**“Financial Support”** means any loans, guarantees, Security or other financial assistance (whether actual or contingent).

**“Free Liquidity”** means cash, cash equivalents and marketable securities of maturities less than six (6) months to which members of the Group shall have free, immediate and direct access each as reflected in the Issuer’s most recent quarterly management accounts forming part of the Issuer’s accounts.

**“GAAP”** means generally accepted accounting practices and principles in the United States of America including, if applicable, International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

**“Group”** means the Issuer and its Subsidiaries from time to time.

**“Group Company”** means any person which is a member of the Group.

**“Initial Nominal Amount”** means the nominal amount of each Bond as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**“Insolvent”** means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (as amended).

**“Interest Payment Date”** means the last day of each Interest Period, the first Interest Payment Date being 15 February 2018 and the last Interest Payment Date being the Maturity Date.

**“Interest Period”** means, subject to adjustment in accordance with the Business Day Convention, the period between 15 February and 15 August each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

**“Interest Rate”** means 7.125 percentage points per annum.

**“Interim Accounts”** means the unaudited unconsolidated and consolidated quarterly financial statements of the Issuer for the quarterly period ending on each 31 March, 30 June, 30 September and 31 December in each year, prepared in accordance with GAAP.

**“ISIN”** means International Securities Identification Number – the identification number of the Bonds.

**“Issue Date”** means 15 August 2017.

**“Issuer”** means the company designated as such in the preamble to these Bond Terms.

**“Issuer’s Bonds”** means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

**“Liquidity Reserves”** means the aggregate of Free Liquidity and undrawn committed revolving credit lines available to be drawn by relevant Group Companies (but excluding committed revolving credit lines with less than six months to maturity).

**“Longstop Date”** means the date that falls sixty (60) Business Days after the Issue Date.

**“Managers”** means each of, or collectively as the case may be:

- (a) Danske Bank, Norwegian Branch;
- (b) DNB Bank ASA, DNB Markets;
- (c) Nordea Bank AB (publ), filial i Norge; and
- (d) Swedbank Norge, branch of Swedbank AB (publ),

who jointly act as lead managers for the Bond Issue.

**“Material Adverse Effect”** means a material adverse effect on:

- (a) the Issuer's ability to perform and comply with its obligations under the Finance Documents; or
- (b) the validity or enforceability of the Finance Documents.

**“Maturity Date”** means 15 August 2022, adjusted according to the Business Day Convention.

**“Net Debt”** means Total Debt less Free Liquidity.

**“Net Debt to Total Capitalization Ratio”** means the ratio of Net Debt to Total Capitalization.

**“Nominal Amount”** means the Initial Nominal Amount less the aggregate amount by which each Bond has been partially redeemed pursuant to Clause 10 (*Redemption and repurchase of Bonds*).

**“Outstanding Bonds”** means any Bonds issued in accordance with these Bond Terms to the extent not redeemed or otherwise discharged.

**“Overdue Amount”** means any amount required to be paid by the Issuer under any of the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

**“Paying Agent”** means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

**“Payment Date”** means any Interest Payment Date or any Repayment Date.

**“Permitted Distributions”** means any Distribution by:

- (a) a Group Company, if such Distribution is made to another Group Company; and
- (b) the Issuer, if the Issuer maintains Debt Service Coverage Ratio equal to or greater than 1.25:1 (such test to apply only for Distributions made from a date falling 12 months after the Issue Date and based on the Issuer’s most recent compliance certificate), provided that the Issuer shall not pay any dividends or make other Distributions to its shareholders whilst an Event of Default has occurred and is continuing, unremedied and unwaived.

**“Permitted Financial Indebtedness”** means any Financial Indebtedness arising or incurred:

- (a) pursuant to the Finance Documents;
- (b) pursuant to any Shareholder Loan agreement;
- (c) under the Secured Debt Facilities;
- (d) under any hedging of interest rates or currency fluctuations in the ordinary course of business and on a non-speculative basis;
- (e) out of any Permitted Financial Support subsection (d);
- (f) under any pension or tax liabilities in the ordinary course of business;
- (g) under any intra group loan between Group Companies;
- (h) provided that (a) the Issuer is in compliance with the Financial Covenants, and (b) such Financial Indebtedness of the Issuer (i) ranks pari passu with or is subordinated to the obligations of the Issuer under the Finance Documents or (ii) is secured and incurred for the financing or refinancing of vessels of any entity within the Group in the ordinary course of business and on a first priority basis (including any finance or capital leases), or

- (i) not permitted by the preceding paragraphs and the aggregate outstanding principal amount of which does not exceed an aggregate amount of USD 100,000,000 (or the equivalent in other currencies) at any time.

**“Permitted Financial Support”** means any guarantee, loan or other financial support (financial support):

- (a) granted under Permitted Financial Indebtedness sub paragraphs (a) – (h);
- (b) arising under a trade credit or guarantee issued in respect of a liability incurred by another Group Company in the ordinary course of business;
- (c) arising by operation of law and in the ordinary course of trading and not as a result of any default or omission;
- (d) arising in the ordinary course of banking arrangements for the purposes of netting debt and credit balances of Group Companies;
- (e) for any rental obligations in respect of any real property leased by a Group Company in the ordinary course of business and on normal commercial terms; or
- (f) not otherwise permitted above which does not exceed USD 25,000,000 (or its equivalent in other currencies).

**“Permitted Security”** means:

- (a) any Security, including cash collateral to secure obligations under the Finance Documents;
- (b) any Security arising by operation of law and in the ordinary course of trading, provided that if such Security has arisen as a result of any default or omission by any member of the Group it shall not subsist for a period of more than 30 calendar days;
- (c) any cash pooling, netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of Group Companies;
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of business and not arising as a result of a default or omission by any Group Company that is continuing for a period of more than 30 calendar days;
- (e) any right of set-off arising under contracts entered into by Group Companies in the ordinary course of their day-to-day business;
- (f) any Security arising over any bank accounts or custody accounts or other clearing banking facilities held with any bank or financial institution under the standard terms and conditions of such bank or financial institution;



- (g) payments into court or any Security arising under any court order or injunction or as security for costs arising in connection with any litigation or court proceedings being contested by any Group Company in good faith (which do not otherwise constitute or give rise to an Event of Default);
- (h) any Security securing Financial Indebtedness which constitutes Permitted Financial Indebtedness; or
- (i) not permitted by the preceding paragraphs which does not exceed an aggregate amount of USD 25,000,000 (or the equivalent in other currencies) at any time.

**“Pre-Disbursement Security”** means the Security created or expressed to be created in favour of the Security Agent (on behalf of the Secured Parties) pursuant to the Pre-Disbursement Security Documents.

**“Pre-Disbursement Security Documents”** means, collectively, the Cash Escrow Account Pledge, the Bond Escrow Account Pledges and all of the documents which shall be executed or delivered pursuant to Clause 2.5 (*Pre-Disbursement Security*) expressed to create any Security by the relevant grantor thereof in respect of the Issuer’s obligations under any of the Finance Documents.

**“Prevailing Rate”** means, in respect of any relevant currency on any calendar day, the spot rate of exchange between NOK and USD prevailing as at or about 12 noon (Oslo time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time the average of the rate offered by two reputable Norwegian banks (otherwise in such other manner as the Bond Trustee shall consider in good faith).

**“Put Option”** shall have the meaning ascribed to such term in Clause 10.2 (*Mandatory repurchase due to a Put Option Event*).

**“Put Option Event”** means a Change of Control Event.

**“Put Option Repayment Date”** means the settlement date for the Put Option Event pursuant to Clause 10.2 (*Mandatory repurchase due to a Put Option Event*).

**“Relevant Jurisdiction”** means the country in which the Bonds are issued, being Norway.

**“Relevant Page”** means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

**“Relevant Record Date”** means the date on which a Bondholder’s ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time;
- (b) for the purpose of casting a vote in a Bondholders’ Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders’ Meeting being held, or another date as accepted by the Bond Trustee; and

(c) for the purpose of casting a vote in a Written Resolution:

- (i) the date falling 3 Business Days after the Summons have been published; or,
- (ii) if the requisite majority in the opinion of the Bond Trustee has been reached prior to the date set out in paragraph (i) above, on the date falling on the immediate Business Day prior to the date on which the Bond Trustee declares that the Written Resolution has been passed with the requisite majority.

**“Repayment Date”** means any date for payment of instalments in accordance with Clause 10.1 (*Redemption of Bonds*), the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date, the Longstop Date or the Maturity Date.

**“Roll-Over Bonds”** means the Existing Bonds which in accordance with the Existing Bondholders’ acceptance of the Existing Bondholders’ Roll-Over shall be used as settlement in kind for the Bonds.

**“Schedule”** means each of the schedules to these Bond Terms.

**“Secured Debt Facilities”** means senior secured credit facilities up to an aggregate maximum amount of USD 900,000,000, in addition to drawdowns under newbuilding facilities related to scheduled yard payments (expected to be approximately USD 940,000,000 at the Issue Date).

**“Secured Parties”** means the Security Agent and the Bond Trustee on behalf of itself and the Bondholders, as further described in paragraphs (a) and (b) of Clause 2.5 (*Pre-Disbursement Security*).

**“Securities Trading Act”** means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

**“Security”** means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**“Security Agent”** means the Bond Trustee or any successor Security Agent, acting for and on behalf of the Secured Parties in accordance with any Security Agent Agreement or any other Finance Document.

**“Security Agent Agreement”** means any agreement whereby the Security Agent is appointed to act as such in the interest of the Bond Trustee (on behalf of itself and the Bondholders).

**“Shareholder Loan”** means any shareholder loan granted or to be granted to the Issuer by its shareholder(s), which shall be fully subordinated to the Bonds and with terms (including aggregate amount) and final structure acceptable to the Bond Trustee (acting reasonably), but provided that so long as no Event of Default shall have occurred and be continuing, or would result from the making of any such payment, the Issuer may repay or pay interest on any such Shareholder Loan.

**“Subsidiary”** means a company over which another company has Decisive Influence.

**“Summons”** means the call for a Bondholders’ Meeting or a Written Resolution as the case may be.

**“Tax Event Repayment Date”** means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.3 (*Early redemption option due to a tax event*).

**“Temporary Bonds”** means Bonds with Temporary ISIN02 and Bonds with Temporary ISIN 04.

**“Temporary ISIN02”** means the temporary ISIN for Bonds issued upon in kind delivery of TOP02, NO 0010801681.

**“Temporary ISIN04”** means the temporary ISIN for Bonds issued upon in kind delivery of TOP04, NO 0010801699.

**“TOP02”** means Teekay Offshore Partners L.P. Senior Unsecured NOK 420,000,000 bond issue (TOP02), with ISIN NO 001063532.9 made pursuant to the bond agreement dated 25 January 2012 as amended from time to time between, inter alia, Teekay Offshore Partners L.P. as issuer and Nordic Trustee ASA as bond trustee on behalf of certain bondholders.

**“TOP04”** means Teekay Offshore Partners L.P. Senior Unsecured NOK 800,000,000 bond issue (TOP04), with ISIN NO 001067012.8 made pursuant to the bond agreement dated 21 January 2013 as amended from time to time between, inter alia, Teekay Offshore Partners L.P. as issuer and Nordic Trustee ASA as bond trustee on behalf of certain bondholders.

**“TOP02 Escrow Account”** means a CSD securities escrow account in the name of the Issuer, to which the Roll-Over Bonds in TOP02 will be credited. The TOP02 Escrow Account shall be subject to the TOP02 Escrow Account Pledge, and be blocked so that no withdrawals can be made therefrom without the Bond Trustee's written consent.

**“TOP04 Escrow Account”** means a CSD securities escrow account in the name of the Issuer, to which the Roll-Over Bonds in TOP04 will be credited. The TOP04 Escrow Account shall be subject to the TOP04 Escrow Account Pledge, and be blocked so that no withdrawals can be made therefrom without the Bond Trustee's written consent.

**“TOP02 Escrow Account Pledge”** means the first priority pledge over the TOP02 Escrow Account (including all TOP02 bonds in the TOP02 Escrow Account), in favour of the Bond Trustee (on behalf of the holders of Bonds with Temporary ISIN02).

**“TOP04 Escrow Account Pledge”** means the first priority pledge over the TOP04 Escrow Account, (including all TOP04 bonds in the TOP04 Escrow Account) in favour of the Bond Trustee (on behalf of the holders of Bonds with Temporary ISIN04).

**“Total Capitalization”** means the aggregate of (a) Total Debt and (b) the amount of equity and preferred equity, each in accordance with GAAP, as on the consolidated balance sheet of the Issuer from time to time.

**“Total Debt”** means the aggregate of:

- (a) the amount calculated in accordance with GAAP shown as each of “long term debt”, “short term debt” and “current portion of long term debt” on the latest consolidated balance sheet of the Issuer; and
- (b) the amount of any liability in respect of any lease or hire purchase contract entered into by the Issuer or any of its Subsidiaries which would, in accordance with GAAP, be treated as a finance or capital lease (excluding any amounts applicable to leases to the extent that the lease obligations are secured by a security deposit which is held on the balance sheet under “restricted cash”).

“**Transaction**” means the Issuer’s acquisition, directly or indirectly, of *inter alia* all thirty (30) shuttle tankers (including three newbuildings) from Teekay Offshore Partners L.P. (with related financing).

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds and a Voting Bond shall mean any single one of those Bonds.

“**Written Resolution**” means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

## 1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;
- (d) references to a time are references to Central European time unless otherwise stated;
- (e) references to a provision of “**law**” is a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;
- (f) references to a “**regulation**” includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being “**redeemed**” means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;
- (i) references to Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of Bonds*).

- (j) references to persons “**acting in concert**” shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is “**continuing**” if it has not been remedied or waived.

## **2. THE BONDS**

### **2.1 Amount, denomination and ISIN of the Bonds**

- (a) The Issuer has resolved to issue a series of Bonds in the amount of USD 250,000,000.
- (b) The Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- (c) The Initial Nominal Amount of each Bond is USD 200,000.
- (d) The ISIN of the Cash Bonds, and, after completion of the steps described in Clause 6.2 (*Settlement in cash or in kind*), all the Bonds, is NO 001080170.7. All Bonds issued under the same ISIN will have identical terms and conditions as set out in these Bond Terms.

### **2.2 Tenor of the Bonds**

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

### **2.3 Use of proceeds**

The Issuer will use the net proceeds from the issuance of the Bonds for part settlement of the Transaction and general corporate purposes of the Group.

### **2.4 Status of the Bonds**

The Bonds will constitute senior debt obligations of the Issuer and will, subject to release of the Pre-Disbursement Security, be unsecured. The Bonds will rank *pari passu* between themselves and will rank at least *pari passu* with all other senior unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of unsecured subordinated debt.

### **2.5 Pre-Disbursement Security**

All amounts outstanding to the Bondholders and the Bond Trustee under the Finance Documents, including but not limited to principal, interest, fees and expenses, shall in the period up to completion of the Pre-Disbursement Conditions Precedent be secured by and shared among the Bondholders as follows:

- (a) In favour of the Bond Trustee (on behalf of the Bondholders holding Cash Bonds) the Issuer shall grant a first priority pledge over the Cash Escrow Account; and
- (b) In favour of the Bond Trustee (on behalf of the Bondholders holding Temporary Bonds) under:

- (i) Bonds with Temporary ISIN02, the Issuer shall grant a first priority pledge over the TOP02 Escrow Account; and
- (ii) Bonds with Temporary ISIN04, the Issuer shall grant a first priority pledge over the TOP04 Escrow Account.

The Pre-Disbursement Security shall be entered into on such terms and conditions as the Bond Trustee in its discretion deems appropriate in order to create the intended benefit for the Secured Parties under the relevant document.

### **3. THE BONDHOLDERS**

#### **3.1 Bond Terms binding on all Bondholders**

- (a) Upon registration of the Bonds in the CSD, the Bondholders shall be bound by the terms and conditions of these Bond Terms and any other Finance Document without any further action or formality being required to be taken or satisfied.
- (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

#### **3.2 Limitation of rights of action**

- (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.
- (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

#### **3.3 Bondholders' rights**

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.
- (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (*Bondholders' rights*) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

#### **4. ADMISSION TO LISTING**

The Issuer has applied, or shall within 6 months of the Issue Date apply, for the Bonds to be admitted to listing on Oslo Børs.

#### **5. REGISTRATION OF THE BONDS**

##### **5.1 Registration in the CSD**

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

##### **5.2 Obligation to ensure correct registration**

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

##### **5.3 Country of issuance**

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

#### **6. CONDITIONS FOR DISBURSEMENT**

##### **6.1 Conditions precedent for settlement and disbursement to the Issuer**

###### **(a) Pre-Settlement Conditions Precedent**

Payment of the net proceeds from the issuance of the Bonds into the Cash Escrow Account and transfer of the Roll-Over Bonds into the Bond Escrow Accounts shall be conditional on the Bond Trustee having received at least two (2) Business Days prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee:

- (i) these Bond Terms duly executed by all parties thereto;
- (ii) the Bond Trustee Agreement duly executed by all parties thereto;
- (iii) 1<sup>st</sup> ranking security created over the Escrow Accounts duly executed and perfected in accordance with applicable law;
- (iv) certified copies of all corporate resolutions of the Issuer required for the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;
- (v) to the extent not reflected in the corporate resolutions (item (iv) above), a certified copy of a power of attorney from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer;

- (vi) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;
- (vii) legal opinions as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents);
- (viii) copies of the Issuer's latest Financial Reports (if any);
- (ix) confirmation that the applicable prospectus requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled;
- (x) confirmation that the Bonds are registered in the CSD;
- (xi) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds.

(b) Pre-Disbursement Conditions Precedent

Disbursement of the net proceeds from the Cash Escrow Account and release of the Roll-Over Bonds from the Bond Escrow Accounts are subject to Bond Trustee's receipt of (or otherwise satisfaction that it will receive in due time (as determined by the Bond Trustee)) prior to such disbursement to the Issuer, each of the following documents, in form and substance satisfactory to the Bond Trustee:

- (i) a duly executed release notice from the Issuer, substantially in the form as set out in Schedule 2 to these Bond Terms;
  - (ii) a copy of the pro forma opening balance sheet evidencing:
    - (A) liquidity of no less than USD 90,000,000 within the Group;
    - (B) that the Issuer has acquired, directly or indirectly, all 30 shuttle tankers (including newbuildings) from Teekay Offshore Partners L.P.; and
    - (C) that the Group has not drawn secured debt in excess of available amounts under Secured Debt Facilities;
  - (iii) any other Finance Documents (unless delivered pre-settlement) duly executed by all parties thereto; and
  - (iv) any legal opinion required by the Bond Trustee in respect of any jurisdiction by which any Finance Document is governed.
- (c) The Bond Trustee, acting in its reasonable discretion, may waive the deadline or the requirements for documentation set out in this Clause 6.1 (*Conditions precedent for disbursement to the Issuer*), or decide in its discretion that delivery of certain



documents as set out in this Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer.

## **6.2 Settlement in cash or in kind**

(a) The Bonds shall be settled:

- (i) in cash, and/or
- (ii) in kind by delivery of Roll-Over Bonds by Existing Bondholders in accordance with the Existing Bondholders' Roll-Over,

as specified in the Application Agreement.

The Roll-Over Bonds delivered by Existing Bondholders having accepted the Existing Bondholder's Roll-Over will be credited to the relevant Bond Escrow Accounts, so that Roll-Over Bonds in TOP02 will be credited to the TOP02 Escrow Account and Roll-Over Bonds in TOP04 will be credited to the TOP04 Escrow Account.

- (b) On the Issue Date, and subject to receipt of confirmation that all Pre-Settlement Conditions Precedent have been satisfied, the Existing Bondholders delivering Roll-Over Bonds will:
  - (i) receive a number of Temporary Bonds calculated at the relevant Bond Exchange Value (being Buy-Back Price 02 for TOP02 or Buy-Back Price 04 for TOP04); and
  - (ii) receive accrued and unpaid interest on the Roll-Over Bonds up until the Issue Date, payable in cash at the Issue Date.
- (c) The Cash Bonds issued against cash payment under this Clause 6.2 (a)(i) will be issued under the ISIN specified in paragraph (d) of Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).
- (d) The Temporary Bonds issued against delivery of Roll-Over Bonds under this Clause 6.2 (a) (ii) will be issued under corresponding temporary ISIN series (Temporary ISIN02 and Temporary ISIN04, respectively).
- (e) Upon release from the Bond Escrow Account in accordance with paragraph b) of Clause 6.1 (*Conditions precedent for settlement and disbursement to the Issuer*), the CSD, Paying Agent and the Bond Trustee will take the necessary steps to discharge the Roll-Over Bonds and merge the Temporary Bonds with the Cash Bonds, whereupon all Bonds will have the same ISIN as the Cash Bonds had prior to such merger.

## **6.3 Distribution**

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph 6.1(c) above.

## **7. REPRESENTATIONS AND WARRANTIES**

### **7.1 Representations and warranties**

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) at the Issue Date; and
- (b) on each date of disbursement of proceeds from the Cash Escrow Account or the Bond Escrow Accounts.

### **7.2 Status**

It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

### **7.3 Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

### **7.4 Valid, binding and enforceable obligations**

These Bond Terms and each other Finance Document to which it is a party constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary to render the said documents enforceable against the Issuer.

### **7.5 Non-conflict with other obligations**

The entry into and performance by the Issuer of the Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

### **7.6 No Event of Default**

- (a) No Event of Default exists or is likely to result from the making of any drawdown under this Bond Terms or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

**7.7 Authorizations and consents**

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

- (a) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Terms or any other Finance Document to which it is a party; and
- (b) to carry on its business as presently conducted and as contemplated by this Bond Terms,

have been obtained or effected and are in full force and effect.

**7.8 Litigation**

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

**7.9 Financial Reports**

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

**7.10 No Material Adverse Effect**

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

**7.11 No misleading information**

Any factual information provided by it to the subscribers or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and does not omit any material information likely to affect the accuracy of the information as regards the evaluation of the Bonds in any material respects unless subsequently disclosed to the Bond Trustee in writing or otherwise made publicly known.

**7.12 No withholdings**

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under this Bond Terms.

**7.13 Pari passu ranking**

The Issuer's payment obligations under these Bond Terms or any other Finance Document to which it is a party rank at least pari passu as set out in Clause 2.4.

**7.14 Security**

No Security exists over any of the present assets of any Group Company in conflict with this Bond Terms.

## **8. PAYMENTS IN RESPECT OF THE BONDS**

### **8.1 Covenant to pay**

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.

### **8.2 Default interest**

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus an additional three (3) per cent. per annum.
- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 (*Default interest*) will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.

### **8.3 Partial payments**

- (a) If the Paying Agent or the Bond Trustee receives a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents (a "**Partial Payment**"), such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:
  - (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee (and any Security Agent);

- (ii) secondly, towards accrued interest due but unpaid; and
  - (iii) thirdly, towards any principal amount due but unpaid.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders shall, subject to paragraph (c) below, be applied pro rata pursuant to the procedures of the CSD towards payment of any accrued interest due but unpaid and of any principal amount due but unpaid.
  - (c) A Bondholders' Meeting can only resolve that any overdue payment of any instalment will be reduced if there is a pro rata reduction of the principal that has not fallen due, however, the meeting may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

#### **8.4 Taxation**

- (a) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.
- (b) The Issuer shall, if any tax is withheld in respect of the Bonds under the Finance Documents:
  - (i) gross up the amount of the payment due from the it up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and
  - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- (c) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.
- (d) The Issuer shall pay and, within three (3) Business Days of demand, indemnify the Bond Trustee against any cost, loss or liability that any such party incurs in relation to all stamp duty, registration, public fee and other similar taxes payable in respect of any Finance Document.

#### **8.5 Currency**

- (a) All amounts payable under the Finance Documents shall be payable in the denomination of the Bonds set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*). If, however, the denomination differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the

CSD) within five Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

#### **8.6 Set-off and counterclaims**

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

### **9. INTEREST**

#### **9.1 Calculation of interest**

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- (c) Any interpolation of the interest rate will be quoted with the number of decimals corresponding to the quoted number of decimals of the Reference Rate.

#### **9.2 Payment of Interest**

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

### **10. REDEMPTION AND REPURCHASE OF BONDS**

#### **10.1 Redemption of Bonds**

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount (plus accrued interest on redeemed amount).

#### **10.2 Mandatory repurchase due to a Put Option Event**

- (a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "**Put Option**") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent. of the Nominal Amount (plus accrued interest).
- (b) The Put Option must be exercised within thirty (30) calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option will not fall away due to subsequent events related to the Issuer.

- (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifteenth Business Day after the end of the 30 calendar days exercise period referred to in paragraph (b) above.
- (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.2 (*Mandatory repurchase due to a Put Option Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than twenty (20) calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15<sup>th</sup> calendar day following the date of such notice.

### **10.3 Early redemption option due to a tax event**

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all or parts, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than sixty (60) days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

### **10.4 Mandatory early redemption at the Longstop Date**

In the event that the conditions precedent set out in Clause 6.1 (Conditions precedent for disbursement to the Issuer) have not been fulfilled within the Longstop Date, the Issuer shall no later than ten (10) Business Days thereafter:

- (a) redeem the Bonds at a price equal to 101 per cent. of the Nominal Amount (plus accrued and unpaid interest on the Bonds to be redeemed). The funds in the Cash Escrow Account shall be used in connection with such Mandatory Redemption; and
- (b) redeem the Temporary Bonds:
  - (i) by an in kind redemption at the relevant Buy-Back Price, so that:
    - (A) Bonds with Temporary ISIN02 are repaid in kind with Roll-Over Bonds in TOP02 at Buy-Back Price02; and
    - (B) Bonds with Temporary ISIN04 are repaid in kind with Roll-Over Bonds in TOP04 at Buy-Back Price04;
  - (ii) by paying the holders of Temporary Bonds a 1 per cent. premium in cash, and
  - (iii) by paying the holders of the Temporary Bonds accrued and unpaid interest on the Temporary Bonds, less accrued and unpaid interest on the relevant Existing Bonds in the period from Issue Date until Long Stop Date, so that:

- (A) Holders of Bonds with Temporary ISIN02 receive accrued and unpaid interest on Bonds with Temporary ISIN02, less accrued and unpaid interest on the Roll-Over Bonds in TOP02 in the period from Issue Date until Long Stop Date; and
- (B) Holders of Bonds with Temporary ISIN04 receive accrued and unpaid interest on Bonds with Temporary ISIN04, less accrued and unpaid interest on the Roll-Over Bonds in TOP04 in the period from Issue Date until Long Stop Date.

## **11. PURCHASE AND TRANSFER OF BONDS**

### **11.1 Issuer's purchase of Bonds**

The Issuer may purchase and hold Bonds and such Bonds may be retained or sold (but not discharged) in the Issuer's sole discretion, (including with respect to Bonds purchased pursuant to Clause 10.2 (*Mandatory repurchase due to a Put Option Event*)).

### **11.2 Restrictions**

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

## **12. INFORMATION UNDERTAKINGS**

### **12.1 Financial Reports**

- (a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 120 days after the end of the financial year.
- (b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 60 days after the end of the relevant interim period (in respect of the first, second and third fiscal quarters).
- (c) To the extent the Bonds are listed on an Exchange, the requirements set out in (a) and (b) above shall be subject to any exemption, waiver or extension granted by Oslo Børs.

### **12.2 Requirements as to Financial Reports**

- (a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Financial Reports pursuant to Clause 12.1 (*Financial Reports*), however only once for



each relevant reporting period, a Compliance Certificate with a copy of the Financial Report attached thereto. The Compliance Certificate shall be duly signed by a duly authorised person of the Issuer, certifying i.a that the Financial Reports are fairly representing its financial condition as at the date of those financial statements and setting out (in reasonable detail) computations evidencing compliance with Clause 13.13 (*Financial Covenants*) as at such date.

- (b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports*) are prepared using GAAP consistently applied.

### **12.3 Put Option Event**

The Issuer shall inform the Bond Trustee in writing as soon as possible after becoming aware that a Put Option Event has occurred.

### **12.4 Information: Miscellaneous**

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it);
- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and
- (g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request.

## **13. GENERAL AND FINANCIAL UNDERTAKINGS**

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 13 (*General and financial Undertakings*).

### **13.1 Authorisations**

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, license

and consent required for the conduct of its business if a failure to do so would have Material Adverse Effect.

### **13.2 Compliance with laws**

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time if a failure to do so would have a Material Adverse Effect.

### **13.3 Continuation of business**

The Issuer shall not (i) cease to carry on the general nature or scope of its business, (ii) ensure that no other Group Company shall cease to carry on the general nature or scope of its business, if such cessation would have a Material Adverse Effect and (iii) 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 Terms.

### **13.4 Mergers and de-mergers**

The Issuer shall not, and shall procure that no other Group Company will, carry out:

- (a) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Group Company with any other person other than with a Group Company; or
- (b) any demerger or other corporate reorganisation having the same or equivalent effect as a demerger involving the Issuer and any Group Company;

if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

### **13.5 Financial Indebtedness**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, incur any additional Financial Indebtedness or maintain or prolong any existing Financial Indebtedness.
- (b) Paragraph (a) above shall not prohibit any Group Company to incur, maintain or prolong any Permitted Financial Indebtedness.

### **13.6 Negative pledge**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any Security over any of its/their assets (whether present or future).
- (b) Paragraph (a) above does not apply to any Permitted Security.

### **13.7 Financial support**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, be a creditor in respect of any Financial Support to or for the benefit of any person not being a Group Company.

- (b) Paragraph (a) above does not apply to any Permitted Financial Support.

### **13.8 Distribution**

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall ensure that, subject as stated in Clause 13.9 (*Subsidiary Distribution*), no other Group Company will, make any Distribution.
- (b) Paragraph (a) above does not apply to any Permitted Distributions.

### **13.9 Subsidiary Distribution**

The Issuer shall not permit any of its Subsidiaries to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to pay dividends or make other distributions to its shareholders, other than permitting to subsist such contractual obligation which is not reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Terms.

### **13.10 Disposals**

The Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of all or a substantial part of its assets (including shares or other securities in any person) or operations (other than to a Group Company), unless such sale, transfer or disposal is carried out in the ordinary course of business and would not have a Material Adverse Effect.

### **13.11 Related party transactions**

Without limiting Clause 13.2 (*Compliance with laws*), the Issuer shall, and shall procure that all other Group Companies will, conduct all business transactions with any related party which is not a Group Company at market terms and otherwise on an arm's length basis.

### **13.12 Insurances**

The Issuer shall, and shall procure that each other Group Company will maintain with financially sound and reputable insurance companies, funds or underwriters customary insurance or captive arrangements with respect to its equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice for shipping companies.

### **13.13 Financial Covenants**

The Issuer shall, subject to the terms herein, on a consolidated basis comply with the following financial covenants during the term of the Bond:

- (a) The Liquidity Reserves shall at all times:
  - (i) be equal to or greater than USD 35,000,000; and
  - (ii) be equal to or greater than 5 per cent. of Total Debt;
- (b) The Debt Service Coverage Ratio shall be minimum 1.20x; and
- (c) The Net Debt to Total Capitalization Ratio shall not exceed 75 per cent.,

and in respect of (a), (b) and (c) above be tested quarterly upon delivery of each Compliance Certificate with reference to the preceding quarter (the “**Testing Date**”). A Financial Covenants Cure completed prior to the delivery of the compliance certificate shall be taken into account when calculating the Financial Covenants listed in (a), (b) and (c) above.

For the avoidance of doubt, the Debt Service Coverage Ratio to be tested pursuant to (b) above shall have a first test date occurring on the first quarter end after the date falling twelve (12) months after the Issue Date and thereafter be tested quarterly.

## **14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS**

### **14.1 Events of Default**

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

#### *(a) Non-payment*

The Issuer fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

#### *(b) Financial covenants*

Any requirement of Clause 13.13 (*Financial Covenants*) is not satisfied.

#### *(c) Breach of other obligations*

Any Group Company does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within 20 Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee.

#### *(d) Misrepresentation*

Any representation, warranty or statement (including statements in Compliance Certificates) made under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 20 Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

(e) *Cross default*

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total aggregate amount of USD 25,000,000 (or the equivalent thereof in any other currency).

(f) *Insolvency and insolvency proceedings*

Any Group Company:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
  - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganization; or
  - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its obligations under these Bond Terms; or
  - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
  - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above; or
  - (E) for (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company,

however this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 Business Days of commencement.

(g) *Creditor's process*

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Group Company having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above and is not discharged within 20 Business Days.

(h) *Unlawfulness*

It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of the Issuer to perform its obligations under these Bond Terms; or
- (ii) the ability of the Bond Trustee or any Security Agent to exercise any material right or power vested to it under the Finance Documents.

#### **14.2 Acceleration of the Bonds**

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable on demand at which time they shall become immediately due and payable on demand by the Bond Trustee;
- (b) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (c) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

#### **14.3 Bondholders' instructions**

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

## **15. BONDHOLDERS' DECISIONS**

### **15.1 Authority of the Bondholders' Meeting**

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (c) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.
- (d) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (e) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (f) below.
- (f) Save for any amendments or waivers which can be made without resolution pursuant to Clause 17.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.

### **15.2 Procedure for arranging a Bondholders' Meeting**

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
  - (i) the Issuer;
  - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
  - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
  - (iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the re-requesting party may itself call the Bondholders' Meeting.
- (c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD.

If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).

- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.
- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting.
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The chair of the Bondholders' Meeting may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt with regard to whether a person is a Representative or entitled to vote, the chair of the Bondholders' Meeting will decide who may attend the Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.
- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the chair of the Bondholders' Meeting. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the chair of the Bondholders'



Meeting and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.

- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).
- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

### **15.3 Voting rules**

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The chair of the Bondholders' Meeting may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The chair of the Bondholders' Meeting shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 15 (*Bondholders' decisions*), a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the chair of the Bondholders' Meeting will have the deciding vote.

### **15.4 Repeated Bondholders' Meeting**

- (a) Even if the necessary quorum set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within ten Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.
- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set

out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.

- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

## **15.5 Written Resolutions**

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 15.3 (*Voting Rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
  - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or
  - (ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5 (*Written Resolution*),

shall not apply to a Written Procedure.

- (e) The Summons for a Written Resolution shall include:
  - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and
  - (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the "**Voting Period**"), such Voting Period to be at least three (3)

Business Days but not more than 15 Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause 15.4 (*Repeated Bondholders' Meeting*) shall be at least ten (10) Business Days but not more than 15 Business Days from the date of the Summons.

- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 15.1 (*Authority of Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be passed if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (d) to (f) of Clause 15.1 (*Authority of Bondholders' Meeting*).

## **16. THE BOND TRUSTEE**

### **16.1 Power to represent the Bondholders**

- (a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with. The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

### **16.2 The duties and authority of the Bond Trustee**

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.

- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.
- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.
- (f) The Bond Trustee will ensure that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
  - (i) complying with instructions of the Bondholders; or
  - (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.

- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

#### **16.3 Equality and conflicts of interest**

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

#### **16.4 Expenses, liability and indemnity**

- (a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.
- (b) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (c) The Bond Trustee shall not be considered to have acted negligently if it has:
  - (i) acted in accordance with advice from or opinions of reputable external experts; or
  - (ii) acted with reasonable care in a situation when the Bond Trustee considers that it is detrimental to the interests of the Bondholders to delay any action.
- (d) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.
- (e) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and

liabilities on the terms set out in the Finance Documents. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Agreement.

- (f) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any of the Finance Documents which the Bond Trustee reasonably believes may constitute or lead to a breach of any of the Finance Documents or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (g) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to the Issuer, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee or the Security Agent in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to security, and to set-off and cover any such costs and expenses from those funds.
- (h) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

#### **16.5 Replacement of the Bond Trustee**

- (a) The Bond Trustee may be replaced according to the procedures set out in Clause 15 (*Bondholders' Decision*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5 (*Replacement of the Bond Trustee*), initiated by the retiring Bond Trustee.
- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 16.5 (*Replacement of the Bond Trustee*). The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.
- (d) The change of Bond Trustee's shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond

Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits under the Finance Documents before the change has taken place.

- (e) Upon change of Bond Trustee the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

## **16.6 Security Agent**

- (a) The Bond Trustee is appointed to act as Security Agent for the Bonds, unless any other person is appointed. The main functions of the Security Agent may include holding Pre-Disbursement Security on behalf of the Secured Parties and monitoring compliance by the Issuer and other relevant parties of their respective obligations under the Pre-Disbursement Security Documents with respect to the Pre-Disbursement Security on the basis of information made available to it pursuant to the Finance Documents.
- (b) The Bond Trustee shall, when acting as Security Agent for the Bonds, at all times maintain and keep all certificates and other documents received by it, that are bearers of right relating to the Pre-Disbursement Security in safe custody on behalf of the Bondholders. The Bond Trustee shall not be responsible for or required to insure against any loss incurred in connection with such safe custody.
- (c) Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.
- (d) The functions, rights and obligations of the Security Agent may be determined by a Security Agent Agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require the Issuer and any other party to a Finance Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters, whether or not a separate Security Agent Agreement has been entered into.
- (e) The provisions set out in Clause 16.4 (*Expenses, liability and indemnity*) shall apply *mutatis mutandis* to any expenses and liabilities of the Security Agent in connection with the Finance Documents.

## **17. AMENDMENTS AND WAIVERS**

### **17.1 Procedure for amendments and waivers**

- (a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

- (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Bondholders' Decisions*).
- (b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Pre-Disbursement Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

## **17.2 Authority with respect to documentation**

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

## **17.3 Notification of amendments or waivers**

The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17 (*Amendments and waivers*), setting out the date from which the amendment or waiver will be effective, unless such notice obviously is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.

# **18. MISCELLANEOUS**

## **18.1 Limitation of claims**

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

## **18.2 Access to information**

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.



- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

### **18.3 Notices, contact information**

Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

- (a) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).
- (b) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter, e-mail or fax. Any such notice or communication will be deemed to be given or made as follows:
  - (i) if by letter, when delivered at the address of the relevant party;
  - (ii) if by e-mail, when received; and
  - (iii) if by fax, when received.
- (c) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.
- (d) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):
  - (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
  - (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
  - (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

### **18.4 Defeasance**

- (a) Subject to paragraph (b) below and provided that:
  - (i) An amount sufficient for the payment of principal and interest on the Outstanding Bonds to the Maturity Date, and always subject to paragraph (c)

below (the “**Defeasance Amount**”) is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the “**Defeasance Account**”);

- (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the “**Defeasance Pledge**”); and
- (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge,

then;

- (A) the Issuer will be relieved from its obligations under Clause 12.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 12.3 (*Put Option Event*), Clause 12.4 (*Information: miscellaneous*) and Clause 13 (*General and financial undertakings*).
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.
- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems required.

A defeasance established according to this Clause 18.4 may not be reversed.

## **19. GOVERNING LAW AND JURISDICTION**

### **19.1 Governing law**

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

### **19.2 Main jurisdiction**

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

### **19.3 Alternative jurisdiction**

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

- (a) to commence proceedings against the Issuer or its assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.



**19.4 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, the Issuer:
  - (i) irrevocably appoints Teekay Norway AS (Norwegian company registration number 979 199 325) as its agent for service of process in relation to any proceedings in connection with these Bond Terms; and
  - (ii) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Issuer must immediately (and in any event within ten (10) Business Days of such event taking place) appoint another agent on terms acceptable to the Bond Trustee. Failing this, the Bond Trustee may appoint another agent for this purpose.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

**SIGNATURES:**

<p><b>The Issuer:</b></p> <p><b>Teekay Shuttle Tankers L.L.C.</b></p>  <p>By: Edith Robinson</p> <p>Position: President</p>	<p><b>As Bond Trustee and Security Agent:</b></p> <p><b>Nordic Trustee ASA</b></p>  <p>By: Fredrik Lundberg</p>
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**SCHEDULE 1  
COMPLIANCE CERTIFICATE**

[date]

**Teekay Shuttle Tankers L.L.C. 7.125% bonds 2017/2022 ISIN NO 001080170.7**

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2 (*Requirements as to Financial Reports*) of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Reports to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate and there has been no material adverse change to the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you. Copies of our latest consolidated [Annual Financial Statements] / [Interim Accounts] are enclosed.

The Financial Covenants set out in Clause 13.13 (*Financial Covenants*) are met, please see the calculations and figures in respect of the ratios attached hereto.

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

Teekay Shuttle Tankers L.L.C.

\_\_\_\_\_  
*Name of authorised person*

*Enclosure: Financial Reports; and any other written documentation*

**SCHEDULE 2**  
**RELEASE NOTICE – ESCROW ACCOUNTS**

[date]

Dear Sirs,

**Teekay Shuttle Tankers L.L.C. 7.125% bonds 2017/2022 ISIN NO 001080170.7**

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer.

Capitalised terms used herein will have the same meaning as in the Bond Terms.

We hereby give you notice that we on [date] wish to release (i) the net cash proceeds of the Bond Issue from the Cash Escrow Account and (ii) the Existing Bonds from the Bond Escrow Accounts, for application pursuant to the purpose set out in the Bond Terms, and request you to instruct the bank to release the mentioned cash amount and bonds.

We hereby represent and warrant that (i) no Event of Default has occurred and is continuing or is likely to occur as a result of the release from the Cash Escrow Account or the Bond Escrow Accounts, and (ii) we repeat the representations and warranties set out in the Bond Terms as being still true and accurate in all material respects at the date hereof.

Yours faithfully,

Teekay Shuttle Tankers L.L.C.

\_\_\_\_\_  
Name of authorized person