

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

To the bondholders in:

ISIN: NO 001 0833775 Floatel International Ltd 9% Senior Secured USD 400,000,000 1st Lien Bonds 2018/2024

Oslo, 15 March 2021

Notice of a Written Resolution

Nordic Trustee AS (the "**Bond Trustee**") acts as Bond Trustee for the above mentioned bond issue issued by Floatel International Ltd (the "**Issuer**") pursuant to the bond terms dated 9 October 2018 (the "**1L Bond Terms**").

All capitalised terms used, but not defined herein, shall have the same meaning assigned to them in the 1L Bond Terms. References to Clauses and paragraphs are references to Clauses and paragraphs of the 1L Bond Terms.

The Issuer has requested that the Bond Trustee issues this request for a written Bondholders' resolution pursuant to Clause 16.2 (a)(i) (*Procedure for arranging a Bondholders' Meeting*) and Clause 16.5 (*Written Resolutions*) of the 1L Bond Terms for the 1L Bondholders to consider the conversion of the 1L Bonds into New 1L Bonds and New 1L Shares (each as defined below) as part of the financial restructuring of the Issuer announced in December 2020.

*The information in this notice of Written Resolution (the "**Notice**") regarding the Issuer, market conditions and the described transaction are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information. Bondholders are encouraged to read this Notice in its entirety.*

1 BACKGROUND

- (a) For information about the Issuer's financial situation please refer to Company Update December 2020, available on the Issuer's website <http://floatel.bm/investors>
- (b) On 5 December 2020 the Issuer announced that, following extensive negotiations with its key stakeholders, it had executed a lock-up agreement with its 49.9% shareholder, FELS Offshore Pte. Ltd ("**Keppel**"), an ad hoc group of 1L Bondholders holding in aggregate in excess of 56% of the total outstanding principal amount of 1L Bonds (the "**AHG**") certain other consenting 1L Bondholders and certain consenting 2L Bondholders (as such agreement may be amended, amended and restated, or otherwise modified from time to time, the "**Lock-Up Agreement**"). The Lock-Up Agreement commits the Issuer, Keppel, the AHG and any other acceding 1L Bondholders or 2L Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Group. 1L Bondholders holding in aggregate in excess of 67% of the total outstanding principal amount of 1L Bonds and 2L Bondholders holding in aggregate just under 18 % of

the total outstanding principal amount of 2L Bonds have acceded to the Lock-Up Agreement. The Lock-Up Agreement provides, *inter alia*, for the following:

- (i) Keppel will be allocated 49.92% of the ordinary shares issued by the Issuer in return for Keppel (or its affiliates) providing credit support for the New RCF (as defined below);
 - (ii) the 1L Bonds will be converted into New 1L Bonds and New 1L Shares. These instruments are defined and described in further detail in section 3.2 – 3.4 below;
 - (iii) key management personnel of the Group will be allocated 10% of the ordinary shares issued by the Issuer as part of a management incentive program;
 - (iv) the existing shareholders of the Issuer (other than Keppel) shall be granted warrants issued by the Issuer as consideration for their existing shares in the Issuer (the "**Existing Shareholder Warrants**"). The Existing Shareholder Warrants shall have a 10-year term and convert into 5% of the fully diluted equity in the Issuer with a strike price of USD5.13 which is based on an equity value of USD 625 million;
 - (v) the subordinated Keppel Loan shall be written off; and
 - (vi) a toggle-mechanism whereby transactions related to the Bank Vessel Facility and 2L Bondholders can be combined with the transactions contemplated by the Lock-Up Agreement.
- (c) On 9 January 2021 the Issuer announced that an agreement (the "**Bank Collateral Discharge Agreement**") had been reached with the lenders under the Bank Vessel Facility (the "**Lenders**") providing for both a full discharge of all claims of the Lenders against the Issuer and the Group (including the USD 115 million owed in principal, interest and fees under the Bank Vessel Facility and the fees under the existing Revolving Credit Facilities) and a release of all security granted in connection with the Bank Vessel Facility subject to certain conditions for such discharge being satisfied (the "**Bank Discharge Conditions**"). In consideration for the discharge of all such claims, the Lenders will receive a settlement payment of USD 46 million, as well as certain agreed transaction related fees and pre-agreed capped advisor costs of the Lenders. However, any and all claims of the Lenders against the Issuer and the Group will be released.
- (d) On 12 February 2021 the Issuer announced that the 2L Bondholders had passed a proposal set out in bondholder resolutions circulated to the 2L Bondholders dated 3 February 2021 (the "**2L Bondholder Resolution**"). As per the 2L Bondholder Resolution the 2L Bondholders have agreed that the 2L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895675 and ISIN NO 0010878879, but excluding accrued interest after October 2020 which shall be cancelled) shall be converted (the "**2L Exchange**") into warrants issued by the Issuer (the "**2L Warrants**"). The 2L Warrants shall have a 10-year term and convert into 12% of the equity in the Issuer with a strike price of USD3.96 which is based on an equity value of USD 424 million.
- (e) On or around the date of this Notice, the Issuer entered or will enter into a new USD100,000,000 revolving credit facility (the "**New RCF**") with Global Loan Agency Services Limited as facility agent (the "**New RCF Agent**"). The New RCF will be

secured against the same assets provided as security for the New 1L Bonds (see section 3.2 below), with the liabilities under the New RCF being repaid in priority to the liabilities under the New 1L Bonds in the event that the security is enforced (see section 3.3 below).

- (f) On 16 December 2020 the Issuer announced that voluntary winding-up petitions had been filed with the Supreme Court of Bermuda in respect of the Issuer and the subsidiaries owning the semi-submersible accommodation units “Floatel Superior”, “Floatel Reliance”, “Floatel Victory” and “Floatel Triumph” (the “**Winding-Up Petitions**”). The Winding-Up Petitions were filed as part of the implementation steps envisaged in the Lock-Up Agreement for a non-consensual restructuring of the Group. Further to the Collateral Discharge Agreement and the 2L Bondholder Resolution, the Restructuring (as defined below) will be implemented consensually amongst all affected stakeholders. As such, the Winding-Up Petitions shall be withdrawn by the Issuer and each of the aforementioned subsidiaries as part of completion of the Restructuring (as defined below).

2 SUMMARY OF RESTRUCTURING

The New RCF together with the agreements which the Issuer has reached with its stakeholders pursuant to the Lock-Up Agreement, Bank Collateral Discharge Agreement and the 2L Bondholder Resolution allows for the implementation of a comprehensive financial and corporate restructuring of the Group pursuant to the terms of each of the aforementioned agreements (the “**Restructuring**”).

The Restructuring will be completed through consensual agreement with all stakeholders and within the existing corporate Group, which will retain ownership and control of all five of its semi-submersible accommodation units "Floatel Superior", "Floatel Reliance", "Floatel Victory", "Floatel Endurance" and "Floatel Triumph". The Restructuring has the benefit of allowing the Group to continue with its existing operation structure without further disruption to its business.

The equity in the Issuer will, immediately following implementation of the Restructuring, be allocated such that Keppel will hold 49.92%, management will hold 10% as part of a management incentive program and the remaining 40.08% will be allocated to the 1L Bondholders, all subject to dilution from any future exercise of the 2L Warrants and the Existing Shareholder Warrants.

The debt of the Issuer immediately following implementation of the Restructuring will be USD330,000,000 in total, comprising:

- (a) USD100,000,000 in maximum principal amount under the New RCF (assuming the New RCF is fully drawn);
- (b) USD115,000,000 under the New Cash Pay 1L Bonds (as defined below); and
- (c) USD115,000,000 under the New PIK Interest 1L Bonds (as defined below).

Immediately upon and as part of the implementation of the Restructuring, a cash payment of USD30,000,000 will be made to the 1L Bondholders. This payment will reduce the principal amount of each of the New Cash Pay 1L Bonds and New PIK Interest 1L Bonds from respectively USD 115,000,000 to USD 100,000,000.

The Restructuring will result in a significant balance sheet deleveraging and an extension of the Group's near-term maturity and cash-pay interest profile. The Group has thus secured a stable platform to bid for new contract awards moving into 2021 and beyond. As noted above, the 1L

Bondholders will receive 40.08% of the equity in the Issuer giving the 1L Bondholders the possibility to benefit in an upside scenario of the Issuer's business. There is thus the potential for the 1L Bondholders to make a further recovery post-completion of the Restructuring.

The Issuer and certain of its subsidiaries, the Bond Trustee, Keppel, the AHG as well as certain other consenting 1L Bondholders and 2L Bondholders party to the Lock-Up Agreement have agreed terms for an implementation agreement setting out the steps required to implement the Restructuring (the "**Implementation Agreement**") to be entered into on or around the date of this Notice. In accordance with clause 12.1 of the Implementation Agreement, amendments or waivers to the terms thereof (other than amendments that are minor or technical in nature) can only be made with the consent of: (a) certain members of the AHG holding in aggregate more than 50% in value of the total outstanding principal amount of 1L Bonds held by the 1L Bondholders party to the Lock-Up Agreement; (b) the Issuer; and (c) Keppel, provided that, in each case, such consent is not unreasonably withheld or delayed.

In the event that the 1L Bondholders pass the Proposal (as defined below) in relation to the Proposed Transaction (as defined below), the Implementation Agreement provides the mechanical sequencing by which the Restructuring, including the Proposed Transaction, is to be implemented. Pursuant to the terms of the Implementation Agreement, the Proposed Transaction shall be conditional upon and be implemented simultaneously, and on the same date (the "**Completion Date**") with all the other Completion Date Steps (as defined in the Implementation Agreement) implementing the Restructuring. The commencement of the Restructuring is conditional upon, *inter alia*, the Proposal being approved by the 1L Bondholders.

A copy of the agreed form Implementation Agreement is available for inspection until 19 March 2021 by 1L Bondholders providing proof of holding to the Bond Trustee.

3 PROPOSED TRANSACTION

3.1 Overview:

Based on the foregoing and in order to implement the Restructuring, the Issuer hereby proposes the following transaction with the 1L Bondholders (the "**Proposed Transaction**"):

The 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861, but excluding accrued interest after October 2020 which shall be cancelled) will be converted (the "**1L Exchange**") into the following instruments:

- (a) New bonds in an aggregate principal amount of USD230,000,000 (subject to an immediate USD 30,000,000 prepayment as described in section 3.2 below) (the "**New 1L Bonds**"), which shall be split into a USD115,000,000 bond issue under which interest shall be paid in cash (the "**New Cash Pay 1L Bonds**") and a USD115,000,000 bond issue under which interest shall be paid by issuance of additional bonds (the "**New PIK Interest 1L Bonds**"); and
- (b) 42,947,890 common shares of par value USD0.02 each, to be allotted and issued to the 1L Bondholders, which shares will represent 40.08% of the total issued share capital of the Issuer (the "**New 1L Shares**").

For the avoidance of doubt, and as further set out in the Implementation Agreement, the New 1L Bonds and the New 1L Shares shall be distributed through the CSD to the 1L Bondholders, *pro rata* to the aggregate principal amount of 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861 to be merged into the 1L Bonds before the Record Date) held by each 1L Bondholder on the Record Date. If the number of the New 1L Bonds or of the New 1L Shares, as applicable, to be issued to a 1L Bondholder resulting from such *pro rata* calculations is not a whole number, that number shall be rounded off in accordance with the procedures of the CSD.

The elements of the Proposed Transaction are further described in sections 3.2 to 3.7 below.

3.2 New 1L Bonds:

The New 1L Bonds will be issued under bond terms similar to the 1L Bond Terms with Nordic Trustee AS as bond trustee (the "**New 1L Bond Trustee**") on behalf of the bondholders thereunder (the "**New 1L Bondholders**"), subject to adjustments to reflect the financing structure upon implementation of the Proposed Transaction and other amendments discussed with the AHG and the Bond Trustee (the "**New 1L Bond Terms**").

Key terms of the New 1L Bonds can be summarised as follows:

- (a) Issue Amount: The issue amount of the New Cash Pay 1L Bonds will be USD115,000,000 and the issue amount of the New PIK Interest 1L Bonds will be USD115,000,000. Immediately following completion of the 1L Exchange, the Issuer shall make (i) a cash redemption of New Cash Pay 1L Bonds in the amount of USD15,000,000 reducing the principal amount thereunder to USD100,000,000 and (ii) a cash redemption of New PIK Interest 1L Bonds in the amount of USD15,000,000 reducing the principal amount thereunder to USD100,000,000. No interest will be paid on the mentioned redeemed amounts.
- (b) Maturity Date: The New 1L Bonds mature on the date falling 5.5 years from the Record Date.
- (c) Excess Cash Sweep: There will be no scheduled amortisation of the 1L Bonds during their tenor. However, a quarterly cash sweep mechanism applies with respect to cash of the Group in excess of USD25,000,000 generated from ordinary activities at the end of each calendar quarter which shall be used for repayment of outstanding amounts under the New RCF (except for ancillaries thereunder) and thereafter to redeem New 1L Bonds on a *pro rata* basis (excluding PIK Interest Bonds (as defined below)).
- (d) Interest: The New Cash Pay 1L Bonds will accrue interest at a rate of 6 % p.a. payable in cash annually and the New PIK Interest 1L Bonds will accrue interest at a rate of 10 % p.a. payable by issuance of additional bonds under a separate ISIN (the "**PIK Interest Bonds**"). The first interest payment date will occur at the first anniversary of the Record Date.
- (e) Security: The New 1L Bonds will be secured against the vessels "Floatel Superior", "Floatel Reliance", "Floatel Victory", "Floatel Endurance" and "Floatel Triumph", as well other assets related to these vessels, including without limitation, ship mortgages over the vessels, share pledges in respect of various subsidiaries, pledges in respect of certain accounts, guarantees provided by various subsidiaries and floating charges. The security shall be held in a single security package that shall have first-level ranking and shall secure the obligations under the (i) New RCF, (ii) New 1L Bond Terms and (iii)

the Secured Hedging Facilities (as defined below) on a *pari passu* basis (subject to the terms of the New Intercreditor Agreement, as further described in section 3.3 below) and without any preference between them.

- (f) Call option: The Issuer may redeem the New 1L Bond at any time in whole or in part (*pro rata* between the Cash Pay 1L Bonds and PIK 1L Bonds but excluding PIK Interest Bonds), as follows:
- (i) *Record Date – 12 months after the Record Date:* 100 % of par value, plus 50 % of the applicable Interest Rate (plus accrued interest);
 - (ii) *12 months after Record Date – 24 months after Record Date:* 100 % of par value, plus 30 % of the applicable Interest Rate (plus accrued interest);
 - (iii) *24 months after Record Date – 36 months after Record Date:* 100 % of par value, plus 15 % of the applicable Interest Rate (plus accrued interest); and
 - (iv) *36 months after Record Date – Maturity Date:* 100 % of par value (plus accrued interest).
- (g) Put option: Each 1L Bondholder will have a right to require the Issuer purchases all or some of the Cash Pay 1L Bonds and PIK 1L Bonds held by such 1L Bondholder (*pro rata*) at 101 % of par value upon a Change of Control (as defined in the 1L Bond Terms).
- (h) Mandatory repurchase: Proceeds from the disposal of a vessel or company owning a vessel, a total loss event, expropriation or piracy lasting for a period of more than 210 calendar days relating to collateral rig shall be used in accordance with waterfall as set out in the 1L Bond Terms.
- (i) Financial Covenants:
- (i) *Asset Coverage Ratio:* For the purpose of making permitted investments only (other than investments pursuant to the permitted management incentives or investments with respect to the ownership, management, maintenance and ordinary operation of the Collateral Vessels (as such term is defined in the New 1L Bond Terms)), the Issuer shall ensure that the asset coverage ratio is minimum 130 % as on the date that such permitted investment is made or committed to be made (at the Issuer's option).
 - (ii) *Minimum Free Liquidity:* (A) Minimum USD 10 million from the first quarter date after 1 January 2023 – 31 December 2023 and (B) minimum USD 15 million from the first quarter date after 1 January 2024.
- (j) Governing law: Norwegian law.

A draft of the full New 1L Bond Terms is attached as Attachment 2 hereto.

3.3 New Intercreditor Agreement:

The obligations of the Group under the New RCF, the New 1L Bond Terms and the Secured Hedging Facilities (as defined below) shall be secured under a single security package on a first priority basis and all such liabilities shall rank in right and priority of payment (subject to the terms of an intercreditor agreement entered into by the respective creditors and relevant companies in the Group (the "**New Intercreditor Agreement**") *pari passu* and without any preference between them. The New Intercreditor Agreement will be entered into by the New RCF Agent and the lenders under the New RCF, the New 1L Bond Trustee on behalf of the New 1L Bondholders, any provider of the Secured Hedging Facilities (as defined below), the Issuer and other obligors and Nordic Trustee AS as the new security agent (the "**New Security Agent**").

The New Intercreditor Agreement will include the possibility for the Group to enter into agreements with hedging providers for the hedging of currency and/or any other derivative products, excluding speculative hedging, relevant for the business of the Group up to a maximum net liability of USD 10,000,000 (plus interest and cost) (the "**Secured Hedging Facilities**"). Any amount in excess of USD 10,000,000 shall be unsecured.

Key terms of the New Intercreditor Agreement can be summarised as follows:

- (a) Ranking: The obligations arising out of New RCF, New 1L Bond Terms and Secured Hedging Facilities shall rank *pari passu* in right and priority of payment, subject to the super senior ranking of the New RCF with respect to application of enforcement proceeds.
- (b) Enforcement of security:
 - (i) Prior to discharge of the New RCF, enforcement of the security is controlled by the creditors under the New RCF provided the New RCF Agent has consulted in good faith with the New 1L Bond Trustee for a period of 10 Business Days regarding enforcement strategy prior to issuing enforcement instructions;
 - (ii) After discharge of the New RCF, enforcement of security will be controlled by the New 1L Bond Trustee (acting on behalf of the New 1L Bondholders); and
 - (iii) The creditors under the Secured Hedging Facilities shall not have separate enforcement rights.
- (c) Purchase Option (New RCF): The New 1L Bondholders may within 120 days after a Declared Default (as defined in the New Intercreditor Agreement) under the New RCF or the issuance of an Enforcement Notice (as defined in the New Intercreditor Agreement) and subject to customary conditions buy the rights related to the New RCF (excluding any risk participation / credit support granted by Keppel) by giving not less than 10 days' notice to the New Security Agent.
- (d) Purchase Option (Secured Hedging Facilities): The New 1L Bondholders may within 120 days after a distress event and subject to customary conditions buy the rights related to the Secured Hedging Facilities by giving not less than 10 days' notice to the New Security Agent.
- (e) Distribution of enforcement proceeds: The proceeds of enforcement of security or otherwise received by the Security Agent shall be applied in the following order of priority:

- (i) Firstly, payment of fees, costs and expenses of the New Security Agent;
 - (ii) Secondly, payment of fees, costs and expenses of the New 1L Bond Trustee or the RCF Agent on a *pari passu* and *pro rata* basis;
 - (iii) Thirdly, payment of liabilities under the New RCF, plus interest and cost;
 - (iv) Fourthly, payment on a *pro rata* basis (with no priority between them) of liabilities under the New 1L Bond Terms and Secured Hedging Facilities;
 - (v) Fifthly, payment to any person the New Security Agent is obliged to pay in priority to any obligor; and
 - (vi) Sixthly, the balance (if any) to the relevant Group Company.
- (f) Governing law: English law

A draft of the full New Intercreditor Agreement is available for inspection until 19 March 2021 by 1L Bondholders providing proof of holding to the Bond Trustee.

A note setting out the key commercial terms of the New RCF is available for inspection until 19 March 2021 by 1L Bondholders providing proof of holding to the Bond Trustee.

3.4 New 1L Shares:

The Issuer will issue 42,947,890 common shares of par value USD0.02 each in aggregate to the 1L Bondholders, which shares will represent 40.08% of the total issued share capital of the Issuer, being the New 1L Shares.

For the avoidance of doubt, and as further set out in the Implementation Agreement, the New 1L Shares shall be distributed to the 1L Bondholders *pro rata* to the aggregate principal amount of 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861 to be merged into the 1L Bonds before the Record Date) held by each 1L Bondholder on the Record Date. If the number of the New 1L Shares to be issued to a 1L Bondholder resulting from such *pro rata* calculations is not a whole number, that number shall be rounded off in accordance with the procedures of the CSD.

The New 1L Shares will be registered in the CSD and a branch register of the register of members of the Issuer will be established in Norway. The branch register will facilitate transfers of interests through the CSD, and the information in the branch register will at regular intervals update the register of members which will be maintained in Bermuda.

3.5 1L Exchange:

The 1L Exchange is expected to occur as soon as practically possible following the Record Date (or such later date as may be agreed between the Issuer and the Bond Trustee) in accordance with the registration procedures in the CSD. The holders of the 1L Bonds will automatically receive New 1L Bonds and New 1L Shares through the CSD. *The record date and settlement date of the conversion from the 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861 to be merged into the 1L Bonds before the Record Date) to New 1L Bonds and New 1L Shares will be published on Stamdata and on the Issuer's website <http://floatel.bm/investors>*

NT Services AS ("NTS") has been appointed as settlement manager in relation to the 1L Exchange. NTS acts solely as settlement manager in respect of the 1L Exchange and shall have no liability whatsoever in respect of any statements or descriptions contained in this Notice and its appendices.

The 1L Exchange shall be implemented by the following steps being taken by the Issuer, the Bond Trustee and NTS:

- (a) the Issuer shall, prior to the 1L Exchange, make preparations allowing for the New 1L Bonds and New 1L Shares to be issued and allotted through the CSD before the Record Date;
- (b) provided that the required consents have been obtained from the 1L Bondholders the Issuer shall issue a notice on Stamdata and on the Issuer's website <http://floatel.bm/investors> no later than three (3) Business Days prior to the Record Date notifying the 1L Bondholders of the expected Record Date (the "**1L Exchange Notice**");
- (c) the record date for the purpose of the 1L Exchange will be the date on which the GLAS SWIFT Confirmations (under and as defined in the Implementation Agreement) are issued (the "**Record Date**");
- (d) provided that the 1L Exchange Notice has been issued, 100% of the 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and currently existing under separate ISIN NO 0010895683 and ISIN NO 0010878861 to be merged into the 1L Bonds before the Record Date) outstanding on the Record Date shall be converted into the New 1L Bonds and New 1L Shares on a *pro rata* basis in accordance with the procedures of the CSD and the 1L Bonds and all obligations under the 1L Bond Terms shall be cancelled;

The 1L Exchange will be carried out by NTS, the Bond Trustee and the Issuer via the CSD on behalf of all 1L Bondholders without any further instruction or confirmation required from the individual 1L Bondholder.

3.6 Related actions:

- (a) In relation to the satisfaction of the Bank Discharge Conditions as set out in the Settlement Agreement the Bond Trustee shall on behalf of the 1L Bondholders issue a confirmation (the "**Release Confirmation**") to the agent and lenders under the Bank Vessel Facility.
- (b) In connection with the implementation of the Restructuring, the Bond Trustee shall on behalf of the 1L Bondholders sign and deliver (i) the Implementation Agreement, (ii) the New 1L Bond Terms, (iii) the New Intercreditor Agreement, and (iv) any other documents required to complete the Restructuring at its own discretion and without any liability for the Bond Trustee whatsoever.
- (c) As set out in the Implementation Agreement, the Bond Trustee shall on behalf of the 1L Bondholders sign and deliver a deed of release ("**Deed of Release**") to be entered in connection with the Restructuring releasing and waiving certain claims that the parties to the Deed of Release may have against the Released Persons (as defined therein), effective upon the occurrence of the Completion Date.

- (d) As further set out in the Implementation Agreement, immediately upon the Proposal being passed, the Bond Trustee shall issue a notice to the Advisors confirming the same.

Drafts of the Release Confirmation and the Deed of Release are available for inspection until 19 March 2021 by 1L Bondholders providing proof of holding to the Bond Trustee.

3.7 Conditions precedent:

The 1L Exchange shall be conditional on the Bond Trustee receiving prior to the Record Date each of the following documents, in form and substance satisfactory to the Bond Trustee (acting reasonably):

- (a) A copy of the constitutional documents of each obligor under the New 1L Bonds;
- (b) A copy of a resolution of the board of directors of each obligor under the New 1L Bonds approving the Proposed Transaction and authorising a specified person or persons to execute the relevant documentation in relation thereto on its behalf;
- (c) A director's certificate from each of the obligors under the New 1L Bonds and from the Issuer confirming that each copy document relating to it and delivered pursuant to clause 6.1 of the New 1L Bond Terms is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the Record Date, and in relation to the Issuer only, that the conditions to be satisfied prior to the 1L Exchange and set out in this Notice have been satisfied or will be satisfied on the Record Date;
- (d) A copy of each of the executed and dated:
 - (i) New 1L Bond Terms;
 - (ii) New RCF agreement;
 - (iii) New Intercreditor Agreement;
 - (iv) New Bond Trustee fee agreement; and
 - (v) each CP Security Agreement (under and as defined in the New 1L Bond Terms);
- (d) Legal opinions or other statements as may be required by the Bond Trustee including in respect of corporate matters relating to the obligors under the New 1L Bonds and the legality, validity and enforceability of the finance documents entered into pursuant to the New 1L Bond Terms;
- (e) Group Structure Chart;
- (f) Confirmation that the New 1L Bonds are registered in the CSD;
- (g) Confirmation that the Bermudan governmental authorisation in connection with the issuance of the New 1L Bonds has been granted; and
- (h) Evidence that the existing security agreements granted in connection with the 1L Bonds will be released and discharged in full on the Record Date.

The Bond Trustee, acting in its reasonable discretion, may waive the requirement to deliver certain conditions precedent set out above prior to the Record Date.

The Issuer will deliver the CS Security Agreements (under and as defined in the New 1L Bond Terms) on the Record Date and take any steps or deliver perfection documents required pursuant to the CP Security Documents and CS Security Documents (each as defined in the New 1L Bond Terms) within the relevant time periods specified in those documents.

If passed, the Proposal shall be implemented on the Completion Date conditional upon, and simultaneously with, all other Completion Date Steps (as defined in the Implementation Agreement) occurring, in accordance with and as further set out in the Implementation Agreement.

4 FURTHER INFORMATION

For further information, 1L Bondholders may contact the Bond Trustee, att. Vivian Trösch at telephone +47 22 87 94 22 or by email trosch@nordictrustee.com. The Issuer is also available to respond to any questions through its advisers: (i) Andrew Wilkinson and Clare Cottle, each of Weil, Gotshal & Manges LLP by email andrew.wilkinson@weil.com; clare.cottle@weil.com; and (ii) Mahir Quraishi, Charles Delo and Andrew Morley, each of Rothschild & Co US Inc by email mahir.quraishi@rothschildandco.com; Charles.Delo@rothschildandco.com; and Andrew.Morley@rothschildandco.com.

5 EVALUATION OF THE PROPOSAL

The request is put forward to the 1L Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the 1L Bondholders from the Bond Trustee. Each 1L Bondholder should independently evaluate the proposal and vote accordingly.

6 WRITTEN BONDHOLDERS' RESOLUTION:

The 1L Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 (*Written Resolutions*) of the 1L Bond Terms. For the avoidance of doubt, no Bondholders' Meeting will be held with respect to the Proposal.

Based on the foregoing, the Issuer hereby proposes the following (the "**Proposal**"):

"The Proposed Transaction (as defined in section 3 of this Notice) is approved, including but not limited to the conversion of the 1L Bonds (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861 to be merged into the 1L Bonds before the Record Date) for New 1L Bonds and New 1L Shares as per the 1L Exchange.

Additional interest accruing on the 1L Bonds after the interest which fell due in October 2020 shall be cancelled in full.

In order to facilitate for the conversion of the 1L Bonds (including interest as described above) the Bond Trustee will instruct the CSD to split the Nominal Amount of each 1L Bond into USD 1 before the Record Date.

The record date and settlement date of the conversion from the 1L Bonds (including interest as described above) to New 1L Bonds and New 1L Shares will be published on Stamdata and on the Issuer's website <http://floatel.bm/investors>.

The Bond Trustee is hereby instructed to take all steps set out in the Implementation Agreement in the manner set out therein, including those required to: (i) effect the 1L Exchange; (ii) issue the Release Confirmation (as defined in section 3.6 of this Notice); (iii) sign and deliver the Deed of Release (as defined in section 3.6 of this Notice); (iv) sign and deliver the Implementation Agreement (as defined in section 2 of this Notice), the New 1L Bond Terms (as defined in section 3.2 of this Notice), the New Intercreditor Agreement (as defined in section 3.3 of this Notice) and any other documents required to complete the Restructuring (as defined in section 2 of this Notice) at its own discretion and without any liability for the Bond Trustee whatsoever; and (v) direct the Security Agent to release the existing Transaction Security.

The Bond Trustee is authorized and given the power of attorney to take any action, negotiate, finalize, enter into and deliver the necessary agreements and any other agreements, notices, arrangements or other documentation as it deems necessary or desirable to effect the Proposal in its sole discretion, provided the Proposal is implemented in accordance with the Implementation Agreement.”

The Proposal will be passed if either: (a) 1L Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the Proposal prior to the expiry of the Voting Period (as defined below); or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the Notice and (ii) the votes cast in favour of the Proposal represent at least a 2/3 majority of the Voting Bonds that timely responded to the Notice.

Voting Period: The Voting Period shall expire on Friday 19 March 2021 at 12:00 CET. The Bond Trustee must have received all votes necessary in order for the Proposal to be passed with the requisite majority under the 1L Bond Terms prior to the expiration of the Voting Period.

How to vote: A duly completed and signed Voting Form (attached hereto as Appendix 1), together with proof of ownership/holdings must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail to mail@nordictrustee.no.

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 1L Bondholder that results in the necessary voting majority being achieved.

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 (e) to (g) of clause 16.1 (*Authority of Bondholders' Meeting*).

Yours sincerely

Nordic Trustee AS



Vivian Trøsch

Enclosed:

Attachment 1: Voting Form
Attachment 2: New 1L Bond Terms

Attachment 2

NEW 1L BOND TERMS

___ March 2021

**1L Bond Terms
for
Floatel International Limited**

**6% per annum senior secured USD 115,000,000 1st Lien cash pay bonds 2021/2027
ISIN No 001 0950868**

**10% per annum senior secured USD 115,000,000 1st Lien PIK pay bonds 2021/2027
ISIN No 001 0950876**

**Non-interest bearing senior secured 1st Lien PIK interest bonds 2021/2027
ISIN No 001 0950884**

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1L BOND TERMS dated ____ March 2021 between the following parties:

- (1) Floatel International Limited, a company existing under the laws of Bermuda with registration number 38902 as “**Issuer**”; and
- (2) Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85 as “**Bond Trustee**”

These 1L Bond Terms shall remain in effect for so long as any 1L Bonds remain outstanding.

IT IS AGREED as follows

1 INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

“**1L Bond Terms**” means these terms and conditions, including all Attachments which shall form an integrated part of these 1L Bond Terms, in each case as amended and/or supplemented from time to time.

“**1L Bondholder**” means a person who is registered in the CSD as directly registered owner or nominee holder of a 1L Bond, subject however to Clause 3.3 (*1L Bondholders’ rights*).

“**1L Bondholder’s Meeting**” means a meeting of the 1L Bondholders as set forth in Clause 16 (*1L Bondholder’s Meeting*).

“**1L Bonds**” means (a) the Cash Pay 1L Bonds, (b) the PIK 1L Bonds (c) the PIK Interest Bonds and (d) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.

“**Acceptable Bank**” means (a) any Norwegian or Swedish banking institution, (b) the agent and/or any lender under the Revolving Credit Facility or (c) any other bank having a credit rating of BBB or better.

“**Acceptable Ship Registry**” means Bahamas, Bermuda, Cyprus, Denmark, Germany, the United Kingdom, Hong Kong, the Isle of Man, the Cayman Islands, Liberia, Malta, the Marshall Islands, the Netherlands, Sweden, Norway, Panama, Singapore or another flag state acceptable to the Bond Trustee.

“**Accounting Standard**” means GAAP.

“**Acquisition Cost**” means the purchase price payable under any sale and purchase agreement or construction contract for an additional vessel (new build or second hand), as well as any and all fees, costs and expenses including building supervision, stamp, registration and other taxes, as well as capitalized interest and other capital costs incurred by the relevant Group Company in connection with the purchase or construction of an additional vessel.

“**Additional Vessel Owner**” means a separate Group Company entering into a construction contract for an additional vessel and being established for the purpose of owning, operating and holding any related assets with respect to such additional vessel.

“**Administrative Management Agreement**” means any agreement for inter alia overhead sharing, general management services, marine management, commercial services, marketing and tendering activities provided by a Manager (currently provided by Floatel International AB) entered into

between the relevant Manager and the relevant Group Company (as entered into, amended and/or terminated from time to time).

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

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

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

“**Approved Brokers**” means Clarkson Platou, Fearnley Offshore, Kennedy Marr and Pareto Offshore or another reputable independent broker approved by the Bond Trustee.

“**Asset Coverage Ratio**” means the ratio of Free Market Value divided by the Outstanding Bond Amounts.

“**Assignment of Insurances**” means assignment of insurances of the Collateral Vessels granted by an Obligor, excluding for the avoidance of doubt, such rights to insurances held by an Excluded Subsidiary.

“**Assignment of Internal Agreements**” means assignment of any and all rights any Obligor (excluding any Excluded Subsidiary) has in relation to chartering out of Collateral Vessels under Internal Charters and rights to receive services under Technical Management Agreements, Crewing Agreements and Administrative Management Agreements, where such contracts relate to the Collateral Vessels with terms preventing the assignor from making amendments to and/or terminating the relevant agreement if such amendment or termination would have a Material Adverse Effect.

“**Attachment**” means any schedule, appendix or other attachment to these 1L Bond Terms.

“**Bond Trustee**” means the company designated as such in the preamble to these 1L Bond Terms, or any successor, acting for and on behalf of the 1L Bondholders in accordance with these 1L Bond Terms.

“**Bond Trustee Fee 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 the services provided by the Bond Trustee relating to the 1L Bonds.

“**Business Day**” means a day on which both the relevant CSD settlement system is open and the relevant currency of the 1L Bond settlement system is open and banks generally are open for business in Oslo, Stockholm, London 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.

“**Call Option**” has the meaning given to it in Clause 10.3 (*Voluntary early redemption – Call Option*).

“Call Option Repayment Date” means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.3 (*Voluntary early redemption – Call Option*), or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of 1L Bonds.

“Cash Pay 1L Bond Initial Nominal Amount” means the initial nominal amount of each of the Cash Pay 1L Bonds as set out in Clause 2.1 (*Amount, denomination and ISIN of the Cash Pay 1L Bonds*).

“Cash Pay 1L Bonds” means the debt instruments issued by the Issuer pursuant to Clause 2.1 (*Amount, denomination and ISIN of the Cash Pay 1L Bonds*).

“Cash Pay 1L Voting Bonds” means the Outstanding Bonds that are Cash Pay 1L Bonds less the Issuer’s Bonds constituting Cash Pay 1L Bonds.

“Cash Pay Interest Rate” means 6.00 per cent. per annum.

“Cash Pool” means any cash pool account system/ICP international cash pool system of the Group with the Cash Pool Provider from time to time, including (to the extent applicable) one or several cash pool arrangements and any liquidity optimisation arrangement linking such cash pools.

“Cash Pool Pledges” means account pledges of the monetary claims of the relevant Obligor against the relevant account bank (allowing for netting and set-off rights in respect of liabilities arising out of and between any Cash Pool only and not any other claim of the Cash Pool Provider to the relevant entity) to be entered into to the extent that a Cash Pool is put in place.

“Cash Pool Provider” means a financial institution at the Issuer’s choice which is an Acceptable Bank.

“Change of Control Event” means the occurrence of either:

- (a) following a listing or admission to trading of the share capital of (i) the Issuer, (ii) any member of the Group or (iii) any holding company of any member of the Group (other than Keppel or any of Keppel’s holding companies), on any stock or recognised investment exchange in any jurisdiction or country (excluding registration of the shares in the Issuer in the CDS and/or admission to trading through any over the counter exchanges), any entity or group of entities acting in concert (other than Keppel or its Affiliates), in either one or a series of transactions, becomes the direct or indirect owners of (x) more than 33.33% of the voting share capital of the Issuer and (y) more than the voting share capital owned by Keppel or its Affiliates in the Issuer; or
- (b) following a listing or admission to trading of the share capital of the Issuer on a stock exchange, the Issuer becomes unlisted unless it is simultaneously listed on any of the London Stock Exchange (LSE), New York Stock Exchange (NYSE), NASDAQ Stock Exchange New York, Oslo Stock Exchange (OSE), Singapore Stock Exchange (SGX) or Stockholm Stock Exchange (STO).

“Charter Contract” means any charter contract or other contract of employment with a third party charterer or client in respect of any of the Collateral Vessels.

“Collateral Vessels” means:

- (a) **“Floatel Endurance”**, being a harsh environment accommodation rig delivered from Keppel FELS in Q2 2015;

- (b) **“Floatel Superior”**, being a harsh environment accommodation rig delivered from Keppel FELS in Q1 2010;
- (c) **“Floatel Reliance”**, being a harsh environment accommodation rig delivered from Keppel FELS in Q4 2010;
- (d) **“Floatel Victory”**, being a harsh environment accommodation rig delivered from Keppel FELS in Q4 2013;
- (e) **“Floatel Triumph”**, being a harsh environment accommodation rig delivered from Keppel FELS in Q3 2016; and
- (f) any additional vessel acquired by the Group.

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

“CP Security Agreements” means the documents listed in Schedule 2 (*CP Security Agreements*).

“Crewing Agreements” means any internal service agreement related to crewing (as entered into, amended and/or terminated from time to time) entered into between relevant Group Companies.

“CS Security Agreements” means the documents listed in Schedule 3 (*CS Security Agreements*).

“CSD” means the central securities depository in which the 1L Bonds are registered, being Verdepapirsentralen ASA (VPS).

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

- (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 15.2 (*Acceleration of the 1L Bonds*).

“Default Repayment Date” means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the 1L Bonds.

“Distressed Disposal” means any disposal of any asset subject to the Security Documents being effected (i) at the request of the relevant instructing group pursuant to the Intercreditor Agreement in circumstances where the Security Documents have become enforceable, (ii) by enforcement of the Security Documents, (iii) after any of the Secured Obligations have been accelerated and declared due prior to its specified maturity, or (iv) following an event of default in respect of any of the Secured Obligations which is continuing.

“Distribution” has the meaning ascribed to such term in Clause 14.2(a) (*Distribution*).

“Earnings Account” means any earnings accounts in the name of the relevant Vessel Owner and/or Vessel Operator (as the case may be) to which all earnings under Charter Contracts, excluding earnings payable to Excluded Subsidiaries, relating to the Collateral Vessels are to be paid into.

“Enforcement” means the enforcement or disposal of any Transaction Security, the requesting of a Distressed Disposal and/or the release or disposal of claims and/or Transaction Security on a

Distressed Disposal, the giving of instructions as to actions with respect to the Transaction Security and/or the charged property following an insolvency event and the taking of any other actions consequential on (or necessary to effect) any of those actions (but excluding the delivery of an Enforcement Notice (as such term is defined in the Intercreditor Agreement)).

“Enforcement Proceeds” means (i) the proceeds from any Enforcement of the Security and the Guarantees and certain distressed disposals, and (ii) any payments following any other enforcement event.

“Entrenched Right Matters” means matters, events and/or circumstances (as applicable) which:

- (a) would result in an increase in the aggregate principal amount of the Cash Pay 1L Bonds or the PIK 1L Bonds;
- (b) would constitute an extension or shortening of the Maturity Date of the Cash Pay 1L Bonds or PIK 1L Bonds by reference to the position as at the Exchange Date;
- (c) would constitute an increase, by reference to the position as at the Exchange Date, in the amount of interest, or the basis of accrual of additional interest, fees or commission relating to the Cash Pay 1L Bonds or the PIK 1L Bonds;
- (d) would make the Issuer liable to make, by reference to the position as at the Exchange Date, additional or increased payments with respect to the Cash Pay 1L Bonds or the PIK 1L Bonds; or
- (e) would change or would have the effect of changing the definition of “Entrenched Right Matters”.

“Event of Default” means any of the events or circumstances specified in Clause 15.1 (*Events of Default*).

“Exchange” means:

- (a) Oslo Børs (the Oslo Stock Exchange);
- (b) Nordic ABM, a self-regulated marketplace; or
- (c) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR), which is approved by the Bond Trustee.

“Exchange Date” means [●].

“Exchange Date MIP Payments” means (i) all bonus and ex gratia payments made by the Group to the MIP Participants on or about the Exchange Date (including any taxes and/or other government charges thereon) as part of the implementation of the MIP (providing for up to a maximum amount of 10 per cent of the Issuer’s equity as at the Exchange Date) together with (ii) all other payments made by the Group on or about the Exchange Date by way of loans, subscriptions for preference shares or otherwise to the MIC and/or the MIP Participants, provided that:

- (a) all sums paid to the MIP Participants in paragraphs (i) and (ii), above, are promptly paid by such MIP Participants to the MIC in connection with settling the subscription for shares in the MIC;

- (b) all such sums (net of applicable taxes) that have been paid to the MIC (including by the MIP Participants) are promptly re-invested into the Issuer by means of subscription for 10% of the common shares of the Issuer, as part of implementation of the MIP; and
- (c) the MIP will be structured in a manner whereby it complies with applicable laws, the MIC having an appropriate balance sheet and any realised gain of the key employees will be sought subject to capital taxation only in Norway and Sweden,

subject to (b) and (c) with the objective of minimising any tax and/or other government charges payable by the MIP Participants, the MIC or the Group as the case may be, in accordance with applicable law and tax regulations and according to the tax advice received by the Group and such MIP Participants.

“**Exchange Process**” has the meaning given to that defined term under Clause 2.6 (*Use of proceeds*).

“**Excluded Subsidiaries**” means any Group Company which does not own any of the Collateral Vessels or the shares in a Group Company owning any Collateral Vessel and either (i) is unable to grant Security for the benefit of the Issuer due to legal restrictions preventing the grant of such Security, or (ii) the granting of such Security would (in the Bond Trustee’s sole discretion) imply a disproportionate cost (and where the Bond Trustee is entitled to set conditions). On the Exchange Date, the Excluded Subsidiaries include Floatel International AB, Floatel Services AB, Reliance Servicos Maritimos Do Brasil Ltda and the Non-Trading Subsidiaries.

“**Existing 1L Bonds**” means the USD400,000,000 first lien senior secured bonds issued by Floatel International Ltd, carrying a 9% coupon rate and maturing on 11 April 2024 with ISIN NO001 0833775 (including overdue interest which fell due in April 2020 and October 2020 and exist under separate ISIN NO 0010895683 and ISIN NO 0010878861, but excluding accrued interest after October 2020 which shall be cancelled).

“**Fair Market Value**” means the fair market value of property or assets other than cash as determined in good faith by the board of directors of the Issuer.

“**Finance Documents**” means these 1L Bond Terms, the Bond Trustee Fee Agreement, the Intercreditor Agreement, any Security Document, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

“**Finance Lease**” means any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with GAAP in force prior to 1 January 2019, have been treated as an operating lease).

“**Financial Covenants**” means the Minimum Asset Coverage Ratio and the Minimum Free Liquidity Covenant each as set out in Clause 14.4 (*Financial Covenants*).

“**Financial Covenants Cure**” shall have the meaning as set out in Clause 14.5 (*Financial Covenants Cure*).

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

- (a) moneys borrowed (and debit 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 1L Bonds;

- (d) the amount of any liability in respect of Finance Leases;
- (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 the Accounting Standard 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 the Accounting Standard;
- (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 360 calendar days after the date of supply (provided in each case that advance or deferred purchase agreements where one of the primary reasons behind entering into the agreement is to have security for warranty claims or other obligations of the contractual counterparty shall not be included);
- (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 the Accounting Standard; 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 (i) above.

“**Financial Reports**” means the Annual Financial Statements and the Interim Accounts (for the avoidance of doubt, on the Exchange Date, (x) the most recent Annual Financial Statements will be deemed to be the audited consolidated financial statements of the Issuer for the financial year ending on 31 December 2019 and (y) the most recent Interim Accounts will be deemed to be those delivered with respect to the second Quarter Date of 2020).

“**Financial Support**” means any loans, guarantees, Security (securing obligations of a person other than a Secured Party) or other financial assistance (whether actual or contingent).

“**Floating Charge**” means any floating charge from any Obligor to the extent applicable under the relevant jurisdiction of incorporation, including, without limitation the rights of any Obligor to receive payment under any current or future loans provided to other Group Companies, but excluding (i) any assets that are subject to separate security permitted under the 1L Bond Terms (including but not limited to the Pledges of Monetary Bank Accounts or the Cash Pool Pledges (if any)), (ii) any and all claims within any Cash Pool and (iii) any asserts whereby the grant of such security interest would (in the Bond Trustee’s sole discretion) imply a disproportionate cost compared to the benefit of granting such security interests.

“**Free Liquidity**” means the consolidated cash balance of the Group as defined in accordance with the Accounting Standard (excluding cash in any blocked account), including undrawn and available

amounts under the Revolving Credit Facility (provided the remaining duration of the Revolving Credit Facility is no less than six (6) calendar months).

“Free Market Value” means the fair market value of the Collateral Vessels determined as the arithmetic mean of independent valuations of the vessel(s) obtained from two independent and well-reputed sale and purchase brokers familiar with the market for the vessel(s) appointed by the Issuer and approved by the Bond Trustee (the Approved Brokers being pre-approved). Such valuation shall be made on the basis of a sale for prompt delivery for cash at arm’s length on normal commercial terms as between a willing seller and willing buyer, on an **“as is where is”** basis, free of any existing charters or other contracts for employment. If two valuations differ by a margin of or more than 10 per cent. from the lowest amount then a third Approved Broker appointed by the Bond Trustee shall provide a valuation, and the value of the Collateral Vessels shall be the average of the three valuations. The cost of such valuations shall be for the account of the Issuer.

“Fully Subordinated” means that there shall be no right to accelerate payment and no payment of principal or interest until all amounts owing under the Finance Documents have been repaid and discharged in full

“Fully Subordinated Loans” means any Financial Indebtedness owed by the Group which is Fully Subordinated.

“GAAP” means generally accepted accounting practices and principles in the country in which the Issuer is incorporated including, if applicable, the 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 and to the extent applicable to the relevant financial statement.

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

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

“Group Structure Chart” means the group structure chart of the Group.

“Guarantees” means any unconditional joint and several guarantees (Norwegian: selvskyldnerkausjon) or similar under applicable law from each of the Guarantors, which shall constitute senior obligations of such Guarantors.

“Guarantor” means

- (a) the Vessel Owners;
- (b) the Vessel Operators;
- (c) the New Holdco;
- (d) the Managers;
- (e) any company within the Group which either becomes a Vessel Owner, a Vessel Operator or a Manager;
- (f) any holding company within the Group of a Vessel Owner, a Vessel Operator or a Manager; and
- (g) any other entity incorporated by the Group,

excluding, in all cases, the Issuer and any Excluded Subsidiary.

“Hedging Facilities” means one or several (secured or unsecured) hedging facilities with the Hedging Providers for currency, interest and/or any other derivative products with reasonable connection to any of the business of the Issuer financed under the Revolving Credit Facility and/or the 1L Bonds, excluding speculative hedging.

“Hedging Providers” means the banks providing the Hedging Facilities.

“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 Regulation (EU) 2015/848 on insolvency proceedings (as amended from time to time).

“Intercreditor Agreement” means an intercreditor agreement dated on or about the date of this agreement entered into between inter alia the Issuer and the Bond Trustee.

“Interest Payment Date” means the last day of each Interest Period, the first Interest Payment Date being [●]¹ and the last Interest Payment Date being the Maturity Date.

“Interest Period” means, the one year period falling on each anniversary of the Exchange Date, provided however that an Interest Period shall not extend beyond the Maturity Date.

“Interest Rate” means:

- (a) the Cash Pay Interest Rate for the Cash Pay 1L Bonds; or
- (b) the PIK Interest Rate for the PIK 1L Bonds (as the case may be).

“Interim Accounts” means the unaudited consolidated quarterly financial statements of the Issuer for the quarterly period ending on each Quarter Date in each year, prepared in accordance with the Accounting Standard, such financial statements to include a profit and loss account, balance sheet, cash flow statement and management commentary or report of the board of directors.

“Internal Charters” means any internal charter contract or other contract for the use of a Collateral Vessel (as entered into, amended and/or terminated from time to time) entered into between relevant Group Companies.

“ISIN” means International Securities Identification Number.

“Issuer” means the company designated as such in the preamble to these 1L Bond Terms.

“Issuer’s Bonds” means any 1L Bonds which are owned by any Obligor or any Affiliate of an Obligor.

“Joint Venture” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture partnership or any other entity over which the Issuer does not have Decisive Influence which is financing its assets and operations without security granted

¹ The date falling on the first anniversary following the Exchange Date

by, or recourse against, other companies in the Group, save for by way of Permitted Financial Support.

“**Keppel**” means Keppel Offshore & Marine Ltd.

“**Keppel Support**” means:

- (a) any guarantee, risk participation or other credit support provided by Keppel or any of its Affiliates to the RCF Creditors in relation to the Revolving Credit Facility; and
- (b) any rights acquired by Keppel or any of its Affiliates under such guarantee, risk participation or other credit support.

“**Listing Failure Event**” means that the Cash Pay 1L Bonds and PIK 1L Bonds has not been admitted to listing on an Exchange within 12 months following the Exchange Date.

“**Manager**” means any Group Company generally managing or supporting any permitted business of the Group (including but not limited to servicing third party vessels and/or other vessels in the Group), which at the Exchange Date comprise the following existing companies:

- (a) Floatel International AB (Excluded Subsidiary); and
- (b) Floatel Services AB (Excluded Subsidiary).

“**Mandatory Insurances**” means the P&I, Hull and Machinery/Increased Valuation and War P&I/H&M/IV.

“**Mandatory Prepayment Event**” means if the Issuer (directly or indirectly) sells or disposes of:

- (a) a Collateral Vessel; or
- (b) a Vessel Owner.

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

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

“**Maturity Date**” means [●]², adjusted according to the Business Day Convention.

“**MIC**” means the investment company utilised to operate the MIP and into which MIP Participants will invest.

“**Minimum Asset Coverage Ratio**” shall have the meaning as set out in Clause 14.4 (*Financial Covenants*), paragraph (a).

“**Minimum Free Liquidity Covenant**” shall have the meaning as set out in Clause 14.4 (*Financial Covenants*), paragraph (b).

“**MIP**” means the management incentive program for the Group, operated using the MIC.

² The date falling 5.5 years from the Exchange Date.

“**MIP Participants**” means any participant in the MIP (including any holding company or other vehicle through which such participant holds its interest in the MIC).

“**Mortgage**” means any mortgage, including a declaration of pledge/deed of covenants as relevant, over the Collateral Vessels granted by an Obligor.

“**Nominal Amount**” means the Cash Pay 1L Bond Initial Nominal Amount, the PIK 1L Bond Initial Nominal Amount or the PIK Interest Bond Initial Nominal Amount (less the aggregate amount by which each Cash Pay 1L Bond, PIK 1L Bond or PIK Interest Bond has been partially redeemed, if any) pursuant to Clause 10 (*Redemption and repurchase of 1L Bonds*) or any other amount following a split of relevant 1L Bonds pursuant to Clause 17.2 (*The duties and authority of the Bond Trustee*), paragraph (j).

“**Non-RCF Credit Instruments**” means letters of credit, overdraft facilities, guarantees, indemnities, performance bonds, documentary or standby letters of credit or other instruments issued by credit providers to the Group and which are cash collateralised by the Revolving Credit Facility.

“**Non-Trading Subsidiary**” means each of Floatel Australia Pty Limited, Floatel UK Limited, Floatel UK Partners Limited and Floatel Delaware LLC, which will either (x) be liquidated, (y) be subject to a Permitted Change of Organisation or (z) remain dormant or non-trading.

“**Obligor**” means any of the Issuer and any Guarantor.

“**Ongoing MIP Payments**” means all payments made by the Group other than the Exchange Date MIP Payments to, and investments in, the MIC and/or the MIP Participants (or prospective MIP Participants) in relation to the MIP (including for the purpose of buying back the interests of departing MIP Participants, to fund the investment of new MIP Participants and otherwise supporting the key employees and/or the MIC in relation to the MIP including paying for the administrative expenses of the MIC) net of all amounts received by the Group from the MIC or from the MIP Participants in relation to the MIP or in respect of any interest the Group has in the MIC (including by way of subscription for shares or other instruments by the MIC in the Issuer, by way of sale by the Group of any interest of the Group in the MIC or by way of repayment of, or payment of interest on, loans made by the Group to the MIC or any MIP Participants), provided that the net amount of all such payments by the Group over the life of the 1L Bonds, when aggregated at any time with any outstanding guarantees or other contingent financial support that the Group has provided in respect of the MIP (including in respect of the funding obligations of any MIP Participant), does not exceed USD5,000,000.

“**Original Warrants**” means together the warrants for common shares in the Issuer issued in March 2021: (i) for up to 14,613,449 common shares with a subscription price of USD3.96 per share; and (ii) for up to 6,409,407 common shares with a subscription price of USD5.13 per share, in each case as such common share numbers are adjusted pursuant to the terms of the instruments governing such warrants.

“**Outstanding Bond Amount**” means the number of Outstanding Bonds multiplied with the Nominal Amount.

“**Outstanding Bonds**” means any 1L Bonds not redeemed or otherwise discharged.

“**Overdue Amount**” means any amount required to be paid by an Obligor under any of the Finance Documents but not made available to the 1L Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

“**Partial Payment**” means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

“Paying Agent” means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD, being NT Services AS as at the Exchange Date.

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

“Permitted Change of Organisation” means a merger or de-merger or other corporate reorganisation (including but not limited to solvent liquidation, winding up, strike off or any other similar corporate changes to an entity) carried out between solvent members of the Group or a corporate reorganisation of a solvent member of the Group (but excluding a merger or de-merger or other corporate reorganisation of the Issuer, the New Holdco and/or the Vessel Owners) or a transfer of shares in a Group Company from one Obligor to another Obligor and provided that:

- (a) (x) any non-surviving entity (in case of a merger) or (y) the entity subject to any other corporate reorganisation (other than a merger or de-merger) does not operate any Collateral Vessel and does not have any outstanding obligations under Charter Contracts for a Collateral Vessel at the time of the merger, de-merger or other corporate reorganisation; and
- (b) if relevant and to the extent legally permitted, substantially equivalent security and guarantees are granted in favour of the Secured Parties.

“Permitted Corporate Reorganisation” has the meaning given to it in Clause 2.10 (*Permitted Corporate Reorganisation*).

“Permitted Disposal” means any sale, lease, licence, transfer or other disposal:

- (a) of instruments or cash held by the Group made pursuant to the Permitted Management Incentives;
- (b) of trading stock or cash made by any member of the Group in the ordinary course of business;
- (c) of assets (other than shares, businesses, real property or intellectual property) in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);
- (d) of obsolete or redundant assets (including but not limited for these purposes the scrapping of a Collateral Vessel),

provided further that if the net consideration received for any disposal permitted under the foregoing paragraph (d) is greater than USD 5,000,000, then (i) in relation to the disposal of an asset that is not a Collateral Vessel, such disposal shall be subject to board of directors approval and shall be made at not less than Fair Market Value and (ii) with respect to a disposal of a Collateral Vessel, other than for recycling or scrapping, such disposal shall be made at not less than the Free Market Value, provided that if the disposal is for recycling or scrapping and the net consideration received is greater than USD 10,000,000, such disposal shall be made at not less than the Redemption Amount.

“Permitted Financial Indebtedness” means any Financial Indebtedness:

- (a) arising under the Revolving Credit Facility (including by way of Non-RCF Credit Instruments);
- (b) arising under the 1L Bonds;
- (c) arising under the Hedging Facilities;

- (d) which is Fully Subordinated Loans;
- (e) which is Subordinated and owed to any Group Company;
- (f) which is Permitted Management Incentives;
- (g) which is Permitted Financial Support;
- (h) which is Permitted Seller's Credit;
- (i) normal trade credits in the ordinary course of business, including balances in any Cash Pool; and
- (j) which replaces or refinances any of Financial Indebtedness covered by items (a), (b) and/or (c) above provided that any terms referring to the Revolving Credit Facility, the 1L Bonds and the Hedging Facilities will be extended to the refinanced instrument;
- (k) Financial Indebtedness (not covered by items (a) to (j) above) that in total do not exceed USD 3,000,000 multiplied with the number of Collateral Vessels in aggregate at any time.

“Permitted Financial Support” means any Financial Support:

- (a) to or for the benefit of (x) any Obligor or (y) to the extent granted in the ordinary course of business, to any member of the Group which is not an Obligor;
- (b) in relation to construction contracts as provided for in Clause 14.1 (*Construction contracts*); or
- (c) which constitute Permitted Investments.

“Permitted Investment” means:

- (a) any investment made pursuant to the Permitted Management Incentives;
- (b) any investments made in relation to the ownership, management, maintenance and ordinary operation of the Collateral Vessels (including the incorporation or establishment of newly incorporated company (whether wholly owned or not)) to undertake the same provided that it becomes a Guarantor and grants Security, unless such newly incorporated company is an Excluded Subsidiary; or
- (c) any investments in connection with an acquisition, which satisfies each of the following conditions;
 - (i) immediately after the consummation of the acquisition, no Event of Default shall have occurred and be continuing;
 - (ii) after giving effect to the acquisition, the Issuer is in compliance with the Financial Covenants (but with respect to the Minimum Free Liquidity Covenant only to the extent required to be tested); and
 - (iii) where an aggregate Fair Market Value (measured on the date each such investment was made and without giving effect to subsequent changes in value), when taken together with all other investments made pursuant to this sub-clause (c) that are at the time outstanding, does not exceed, in aggregate, USD 10,000,000 plus USD 2,500,000 multiplied with the number of Collateral Vessels in aggregate at any time.

“**Permitted Management Incentives**”³ the Exchange Date MIP Payments and the Ongoing MIP Payments.

“**Permitted Security**” means:

- (a) encumbrances in favour of the Security Agent under the Revolving Credit Facility;
- (b) encumbrances in favour of the Security Agent under the 1L Bonds;
- (c) encumbrances in favour of the Security Agent under the Secured Hedging Facilities;
- (d) encumbrances in the form of cash collateral funded from the proceeds of the Revolving Credit Facility for the Non-RCF Credit Instruments;
- (e) collateral provided in respect of any guarantee or recourse liability incurred to any financial institution or end-user of a Collateral Vessel in respect of bid or performance bonds, guarantees or letters of credit issued by such financial institution or directly by a Group Company to such end-user as security for the performance of the respective Collateral Vessel or for any tenders for employment of the Collateral Vessel or, provided such guarantee or recourse liability constitutes Permitted Financial Support;
- (f) collateral provided in respect of any purchase price retention arrangement granted in favour of the Group as part of any Permitted Investment permitted pursuant to these 1L Bond Terms;
- (g) encumbrances (including netting and set-off rights in respect of liabilities arising out of and between any Cash Pool only and not any other claim of the Cash Pool Provider to the relevant entity) arising in relation to any Cash Pool;
- (h) encumbrances arising in the ordinary course of business or by operation of law; and
- (i) encumbrances (not covered by (a) to (g) above) that in total do not exceed, in aggregate at any time, USD 3,000,000 plus USD 3,000,000 multiplied with the number of Collateral Vessels.

“**Permitted Seller’s Credit**” means Financial Indebtedness pursuant to seller’s credit arrangements or similar for up to 10 per cent. of the Acquisition Cost of additional vessels acquired as Permitted Investments, provided that such seller’s credit arrangement is Subordinated.

“**PIK 1L Bond Initial Nominal Amount**” means the initial nominal amount of each of the PIK 1L Bonds as set out in Clause 2.2 (*Amount, denomination and ISIN of the PIK 1L Bonds*).

“**PIK 1L Bonds**” means the debt instruments issued by the Issuer pursuant to Clause 2.2 (*Amount, denomination and ISIN of the PIK 1L Bonds*).

“**PIK 1L Voting Bonds**” means the Outstanding Bonds that are PIK 1L Bonds less the Issuer’s Bonds constituting PIK 1L Bonds.

“**PIK Interest Bond Initial Nominal Amount**” means the initial nominal amount of each of the PIK Interest Bonds as set out in Clause 2.3 (*Amount, denomination and ISIN of the PIK Interest Bonds*).

³ Subject to ongoing review by tax advisors.

“**PIK Interest Bonds**” means the debt instruments issued by the Issuer pursuant to Clause 2.3 (*Amount, denomination and ISIN of the PIK Interest Bonds*).

“**PIK Interest Rate**” means 10.00 per cent per annum, which shall be payable in kind and made in arrears on each Interest Payment Date, by the issue of PIK Interest Bonds, equivalent in amount to the interest which has accrued on the PIK 1L Bonds at the PIK Interest Rate since the last Interest Payment Date (or in the case of interest accrued on the first Interest Payment Date, since the Exchange Date).

“**Piracy Event**” means an expropriation or an act of piracy of a Collateral Vessel, to the extent not a Total Loss Event, and in the case of an act of piracy provided always that such act of piracy event shall have continued for a period of more than 210 calendar days.

“**Pledge of Earnings Accounts**” means pledge of the Earnings Accounts related to the Collateral Vessels granted by an Obligor, excluding for the avoidance of doubt, any earnings account held by an Excluded Subsidiary.

“**Pledge of Monetary Bank Accounts**” means a pledge of the monetary claims of the Obligors against the relevant account bank (allowing for netting and set-off rights in respect of liabilities arising out of and between any Cash Pool only but not any other claim of a Cash Pool Provider to the relevant Obligor), provided that the Obligors may have, in aggregate, USD1,000,000 in monetary bank accounts which are not pledged.

“**Put Option**” shall have the meaning ascribed to such term in Clause 10.4 (*Mandatory repurchase due to a Change of Control Event*).

“**Put Option Repayment Date**” means the settlement date for the Change of Control Event pursuant to Clause 10.4 (*Mandatory repurchase due to a Change of Control Event*).

“**Quarter Date**” means each 31 March, 30 June, 30 September and 31 December.

“**RCF Agent**” means the agent under the RCF Agreement, being Global Loan Agency Services Limited on the Exchange Date (or any replacement agent thereof).

“**RCF Agreement**” means the revolving credit facility agreement in connection with the Revolving Credit Facility dated on or around the date of these 1L Bond Terms between, among others, the Issuer, the RCF Agent and the RCF Creditors party thereto.

“**RCF Creditors**” means the finance parties under the RCF Finance Documents.

“**RCF Finance Documents**” means the agreement(s) for the Revolving Credit Facility or other document entered into in relation thereto.

“**Redemption Amount**” means:

$$\frac{X \times B}{Y}$$

where:

- (i) B is the aggregate principal amount of the Outstanding Bond Amount (excluding the PIK Interest Bonds);
- (ii) X is the Free Market Value of the Collateral Vessel(s) sold or disposed of; and
- (iii) Y is the Free Market Value of all Collateral Vessels prior to the sale or disposal; and

Free Market Value for purposes of the above shall be calculated using the most recent Free Market Value valuations at the time of a Mandatory Prepayment Event, Total Loss Event or Piracy Event, as relevant. Where a Vessel Owner is sold, “**Collateral Vessel**” shall for the purposes of this formula mean the Collateral Vessel owned by that Vessel Owner.

“**Relevant Jurisdiction**” means the country in which the 1L Bonds are issued, being Norway.

“**Relevant Record Date**” means the date on which a 1L Bondholder’s ownership of 1L Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these 1L 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 with regard to Clause 16 (*1L Bondholders’ Meeting*), the date falling on the immediate preceding Business Day to the date of that Bondholders’ decision being made, or another date as accepted by the Bond Trustee.

“**Repayment Date**” means any date for redemption of Outstanding Bonds in accordance with Clause 10 (*Redemption and Repurchase of 1L Bonds and Excess CashFlow*), any Call Option Repayment Date, the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

“**Reporting Date**” means each date on which the Issuer reports its Financial Reports.

“**Revolving Credit Facility**” means the revolving credit facility to be provided to the Issuer and/or any other Group Companies with an initial aggregate total commitment of USD100,000,000.

“**Secured Hedging Creditors**” means the creditors under the Secured Hedging Facilities.

“**Secured Hedging Facilities**” means hedging of currency and/or any other derivative products, excluding speculative hedging, relevant for the business of the Group up to a net liability of USD 10,000,000, being secured as set out in the Intercreditor Agreement, (plus interest and cost) provided that the Hedging Providers at their sole discretion may waive the requirement for such security in part. Any claim under the Secured Hedging Facilities exceeding USD 10,000,000 (plus interest and cost) shall be unsecured.

“**Secured Obligations**” means all present and future liabilities and obligations at any time due, owing or incurred by any Group Company to any of the Secured Parties under the Finance Documents, the Revolving Credit Facility and the Secured Hedging Facilities.

“**Secured Parties**” means the Security Agent and the Bond Trustee (on behalf of itself and the 1L Bondholders), the RCF Creditors and the Hedging Providers.

“**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 other than these 1L Bond Terms whereby the Security Agent is appointed to act as such in the interest of the Bond Trustee (on behalf of itself and the 1L Bondholders), unless included directly in the Intercreditor Agreement.

“**Security Documents**” means, collectively, the documents made in favour of the Security Agent (on behalf of the Secured Parties), expressed to create any Security by the relevant grantor thereof in respect of the Issuer’s and the Guarantors’ Secured Obligations, including but not limited to principal, interest, fees and expenses, under any of the Finance Documents, which at the Exchange Date comprise of:

- (a) the Guarantees;
- (b) the Mortgage;
- (c) the Assignment of Insurances;
- (d) the Pledges of Earnings Accounts;
- (e) the Assignment of Internal Agreements;
- (f) the Floating Charge;
- (g) the Share Pledges;
- (h) the Pledges of Monetary Bank Accounts; and
- (i) the Cash Pool Pledges (to the extent a Cash Pool is put in place).

“**Share Pledge**” means the share pledge over the shares owned by each of the Obligors and excluding shares where the relevant Obligor owning such shares is not able to provide such share pledge due to legal restrictions or such security interest would (in the Bond Trustee’s sole discretion) imply a disproportionate cost, which for the avoidance of doubt, is the case with respect to the shares over each of the Non-Trading Subsidiaries, (and where the Bond Trustee is entitled to set conditions).

“**Shareholder Loans**” means any existing or future loan provided to the Issuer by any direct or indirect shareholder of the Issuer or any Affiliate of such direct or indirect shareholder and provided such loans are Fully Subordinated to the 1L Bond Terms and the other Finance Documents, but to exclude any Keppel Support.

“**Subordinated**” mean that there shall be no right to accelerate payment until all amounts owing under the Finance Documents have been repaid and discharged in full, and no payment of principal or interest from the date any Event of Default has occurred and is continuing.

“**Subsidiary**” means a company over which another entity or person has Decisive Influence and any other entity required to be treated as a subsidiary in the Issuer’s consolidated accounts in accordance with the Accounting Standard and/or any applicable law.

“**Summons**” means the call for a 1L 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 1L Bondholders pursuant to Clause 10.5 (*Early redemption option due to a tax event*).

“**Technical Management Agreements**” means any internal service agreement related to the operation and technical management of a vessel (including but not limited to a vessel in lay-up or at a yard) when an Internal Charter is not in place (as entered into, amended and/or terminated from time to time) entered into between relevant Group Companies.

“**Total Loss Event**” means an actual or constructive total loss of a Collateral Vessel.

“**Total RCF Commitments**” the total commitments under the Revolving Credit Facility, being USD 100,000,000 on the Exchange Date.

“**Transaction Security**” means the Security created or evidenced or expressed to be created under or pursuant to the Security Documents.

“**Transaction Summons**” means the notice for a written resolution circulated by the Bond Trustee at the request of the Borrower under the Existing 1L Bonds on 15 March 2021.

“**US Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Vessel Operators**” means any Group Company managing, operating and entering into Charter Contracts and/or holding any related assets with respect to Collateral Vessels, provided such Group Company may own shares in any other Group Company and which at the Exchange Date comprise Floatel International Operators B.V., Floatel Contractor B.V., Floatel Singapore Pte. Ltd and Floatel UK Contractor Ltd.

“**Vessel Owners**” means each Group Company owning any of the Collateral Vessels, and which at the Exchange Date comprise Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd. and Floatel Triumph Ltd.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds (but excluding the PIK Interest Bonds).

“**Written Resolution**” means a written (or electronic) solution for a decision making among the 1L Bondholders, as set out in Clause 16.6 (*Written Resolutions*).

1.2 Construction

In these 1L 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 1L 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 organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to 1L Bonds being “**redeemed**” means that such 1L 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 1L Bond Terms;

- (i) references to 1L Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such 1L Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of 1L 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 1L BONDS

2.1 Amount, denomination and ISIN of the Cash Pay 1L Bonds

- (a) The Issuer has resolved to issue a series of Cash Pay 1L Bonds in the amount of USD 115,000,000.
- (b) The Cash Pay 1L Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- (c) The Cash Pay 1L Bond Initial Nominal Amount of each Cash Pay 1L Bond is USD 1.
- (d) The ISIN of the Cash Pay 1L Bonds is NO001 0950868. The 1L Bond Terms governing the Cash Pay 1L Bonds apply with identical terms and conditions to (i) all Cash Pay 1L Bonds issued under the same ISIN (ii) any Overdue Amounts issued under one or more separate ISIN in accordance with the regulations of the CSD from time to time.

2.2 Amount, denomination and ISIN of the PIK 1L Bonds

- (a) The Issuer has resolved to issue a series of PIK 1L Bonds in the amount of USD 115,000,000.
- (b) The PIK 1L Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- (c) The PIK 1L Bond Initial Nominal Amount of each PIK 1L Bond is USD 1.
- (d) The ISIN of the PIK 1L Bonds is NO001 0950876. The 1L Bond Terms governing the PIK 1L Bonds apply with identical terms and conditions to (i) all PIK 1L Bonds issued under the same ISIN (ii) any Overdue Amounts issued under one or more separate ISIN in accordance with the regulations of the CSD from time to time.

2.3 Amount, denomination and ISIN of the PIK Interest Bonds

- (a) The Issuer has resolved to issue a series of PIK Interest Bonds representing the accrued PIK Interest Rate which is paid in kind and issued by the Issuer to the 1L Bondholders on a pro rata basis to their respective holding of PIK 1L Bonds on each Interest Payment Date.
- (b) The PIK Interest Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- (c) The PIK Interest Bond Initial Nominal Amount of each PIK Interest Bond is USD 1.
- (d) The ISIN of the PIK Interest Bonds is NO001 0950884. The 1L Bond Terms governing the PIK Interest Bonds apply with identical terms and conditions to all PIK Interest Bonds issued under the same ISIN.

2.4 Overdue Amounts

Holders of Overdue Amounts related to interest claims will not have any other rights under these 1L Bond Terms than their claim for payment of such interest claim which claim shall be subject to paragraph (b) of Clause 16.1 (*Authority of the 1L Bondholders' Meeting*).

2.5 Tenor of the 1L Bonds

The tenor of the 1L Bonds is from and including the Exchange Date to but excluding the Maturity Date.

2.6 Use of proceeds

On the Exchange Date, the Existing 1L Bonds shall be exchanged for the issuance of the 1L Bonds to the 1L Bondholders on a pro rata basis, reflecting the proportion that each of the 1L Bondholders' holdings of the Existing 1L Bonds bears to the total outstanding Existing 1L Bonds in issue immediately prior to the Exchange Date (the "**Exchange Process**"). As a consequence of the Exchange Process, no cash proceeds are raised by the Issuer as a result of the issuance of the 1L Bonds.

2.7 Stapling

There shall be no stapling of the Cash Pay 1L Bonds, the PIK 1L Bonds and the PIK Interest Bonds.

2.8 Status of the 1L Bonds

The 1L Bonds and the PIK Interests Bonds will constitute unsubordinated and secured debt obligations of the Issuer. The 1L Bonds and the PIK Interests Bonds will rank *pari passu* between themselves and will rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application), subject to the super senior status of the Revolving Credit Facility with respect to the enforcement of the Transaction Security and the sharing and allocation of Enforcement Proceeds.

2.9 Transaction Security

- (a) As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the Security Documents are granted in favour of the Security Agent (on behalf of the Secured Parties), in accordance with the terms of the Intercreditor Agreement, on first priority within the times agreed in Clause 6 (*Conditions for the Exchange Process*) and with respect to any person that becomes an Obligor after the Exchange Date on the date such person becomes an Obligor.
- (b) The Security securing the Secured Obligations in favour of the Secured Parties will (to the extent permitted by applicable law and practically possible) be included in a single security package on first priority in respect of the Secured Obligations, which will be held pursuant to applicable law and the intercreditor arrangements of the Intercreditor Agreement, and the Security Agent will be appointed as initial security agent to hold the security to be provided under the Security Documents (unless otherwise set out in the Intercreditor Agreement).
- (c) The Security Agent may in its sole discretion elect any governing law under each respective Security Document.
- (d) The Transaction Security and the Intercreditor Agreement 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.

- (e) The Bond Trustee and Security Agent shall upon the request from the Issuer release:
 - (i) any Obligor other than the Issuer and/or New HoldCo from any Guarantee or Security provided by it, if such release is required pursuant to a Permitted Change of Organisation;
 - (ii) any Guarantee and Security over assets which are sold or otherwise disposed of (directly or indirectly) in any merger, de-merger, change of organisation or disposal in compliance with the relevant covenant in Clause 14.2 (*The Issuer and the Group Negative Covenants*); and
 - (iii) any Pledge of Monetary Bank Accounts over bank accounts, which will form part of a Cash Pool, to the extent that the Issuer remains in compliance with the covenant set out in 14.1(f) (*Cash*) immediately following the release of the relevant Pledges of Monetary Bank Accounts.

2.10 Permitted Corporate Reorganisation

- (a) Notwithstanding any other provision in the 1L Bond Terms, the Group may undertake:
 - (i) the Norway Redomiciliation subject to the Norway Redomiciliation being effected prior to 30 September 2021; and
 - (ii) the Holdco Insertion, subject to the following requirements:
 - (A) New Holdco becoming a Guarantor (and entering into a guarantee and indemnity that is substantially the same as the existing Guarantees) and granting security in favour of the Security Agent for the benefit of the Secured Parties over all its assets and undertakings (including, without limitation, its interest in each of the Vessel Owners) as soon as reasonably practicable and within 2 Business Days of the completion of the Holdco Insertion;
 - (B) the Issuer granting security in favour of the Security Agent for the benefit of the Secured Parties over the shares that it owns in New Holdco as soon as reasonably practicable and within 2 Business Days of the completion of the Holdco Insertion;
 - (C) the Bond Trustee (on behalf of the 1L Bondholders) receiving customary legal opinions (and to the extent relevant, associated ancillary documentation customarily delivered in relation thereto including, without limitation, constitutional documents of New Holdco and the Issuer and all relevant director's certificates and board resolutions approving the granting of security and guarantees in paragraphs (A) and (B), above) opining on the legality, validity and enforceability of the guarantee and security granted by New Holdco and the Issuer; and
 - (D) the Holdco Insertion being effected prior to 30 September 2021.
- (b) In this Clause 2.10 (*Permitted Corporate Reorganisation*):
 - “**Holdco Insertion**” shall mean a transaction or series of transactions the effect of which is limited to the insertion of the New Holdco.

“**New Holdco**” shall mean a newly incorporated Bermudan holding company, which (x) will be wholly and directly owned by the Issuer and will itself wholly and directly own each of the Vessel Owners and (y) may act as a Manager.

“**Norway Redomiciliation**” shall mean a transaction or series of transactions the effect of which is limited to changing the tax domiciliation of the Issuer, the New Holdco and the Vessel Owners from Bermuda to Norway.

3 THE 1L BONDHOLDERS

3.1 1L Bond Terms binding on all 1L Bondholders

- (a) By virtue of being registered as a 1L Bondholder (directly or indirectly) with the CSD, the 1L Bondholders are bound by these 1L Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the 1L Bondholders, the Issuer or any other party.
- (b) The Bond Trustee is always acting with binding effect on behalf of all the 1L Bondholders.

3.2 Limitation of rights of action

- (a) No 1L 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 1L Bond Terms, provided, however, that the 1L Bondholders shall not be restricted from exercising any of their individual rights derived from these 1L Bond Terms, including the right to exercise the Put Option.
- (b) Each 1L 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 1L Bondholder which does not comply with such request.

3.3 1L Bondholders’ rights

- (a) If a beneficial owner of a 1L Bond not being registered as a 1L Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the 1L Bonds, acceptable to the Bond Trustee.
- (b) A 1L Bondholder (whether registered as such or proven to the Bond Trustee’s satisfaction to be the beneficial owner of the 1L 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 1L Bonds held or beneficially owned by such 1L 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 (*1L 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 shall apply for the Cash Pay1L Bonds and the PIK 1L Bonds to be admitted to listing on Oslo Børs or Nordic ABM within six (6) months of the Exchange Date.

5 REGISTRATION OF THE 1L BONDS

5.1 Registration in the CSD

The 1L 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 1L Bonds in the CSD is correct and shall immediately upon any amendment or variation of these 1L Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The 1L Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the 1L Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the 1L Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

6 CONDITIONS FOR EXCHANGE PROCESS

6.1 Conditions precedent for Exchange Process to be delivered by the Issuer

- (a) The Exchange Process shall be conditional on the Bond Trustee receiving prior to the Exchange Date each of the following documents, in form and substance satisfactory to the Bond Trustee (acting reasonably):
 - (i) A copy of the constitutional documents of each Obligor;
 - (ii) A copy of a resolution of the board of directors of each Obligor:
 - (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and
 - (B) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;
 - (C) A specimen of the signature of each person authorised by the resolution referred to in paragraph (ii) above in relation to the Finance Documents and related documents.
 - (iii) A director's certificate from each of the Obligors, excluding the Issuer, confirming that each copy document relating to it and delivered under this Clause 6.1 (*Conditions precedent for Exchange Process to be delivered by the Issuer*) is correct complete and in full force and effect and has not been amended or superseded as at a date no earlier than the Exchange Date.
 - (iv) A director's certificate of the Issuer confirming that (x) each copy document relating to it and delivered under this Clause 6.1 (*Conditions precedent for Exchange Process to be delivered by the Issuer*) is correct complete and in full force and effect and has not been amended or superseded as at a date no earlier than the Exchange Date and (y) that the conditions to be satisfied prior to the Exchange Process and set out in the Transactions Summons have been satisfied or will be satisfied on the Exchange Date.

- (v) A copy of each of the executed and dated:
 - (A) 1L Bond Terms;
 - (B) RCF Agreement;
 - (C) Intercreditor Agreement;
 - (D) Bond Trustee Fee Agreement;
 - (E) each CP Security Agreement;
 - (vi) Legal opinions or other statements as may be required by the Bond Trustee including in respect of corporate matters relating to the Obligors and the legality, validity and enforceability of the Finance Documents;
 - (vii) Group Structure Chart;
 - (viii) Confirmation that the 1L Bonds are registered in the CSD (by obtaining an ISIN for the 1L Bonds);
 - (ix) Confirmation that the Bermudan governmental authorisation in connection with the issuance of the 1L Bonds has been granted; and
 - (x) Evidence that the existing security agreements granted in connection with the Existing 1L Bonds will be released and discharged in full on the Exchange Date.
- (b) The Bond Trustee, acting in its reasonable discretion, may waive the requirement to deliver certain conditions precedent set out in this Clause 6.1 (*Conditions precedent for Exchange Process to be delivered by the Issuer*) prior to the Exchange Date.

6.2 Conditions Subsequent to the Exchange Date

The Issuer will deliver:

- (a) the CS Security Agreements on the Exchange Date; and
- (b) any steps or perfection documents required to be delivered pursuant to the CP Security Agreements and the CS Security Agreements within the relevant time periods specified in those documents.

7 REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself and in respect of each Group Company to the Bond Trustee (on behalf of the 1L Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) at the date of these 1L Bond Terms (but not the representation and warranty set out in Clause 7.15 (*Group Structure Chart*) which shall only be made on the Exchange Date); and
- (b) at the Exchange Date.

7.2 Status

It is a limited liability company, duly incorporated and validly existing and registered 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 1L 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 1L Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.5 Non-conflict with other obligations

The entry into and performance by it of these 1L 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 these 1L Bond Terms or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance has occurred which constitutes (or with the expiry of any 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 these 1L 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 these 1L Bond Terms,

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

7.8 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.

7.9 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.

7.10 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 1L Bondholders or the Bond Trustee for the purposes of the issuance of the 1L 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.

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 1L Bondholders under these 1L Bond Terms.

7.13 Pari passu ranking

Its payment obligations under these 1L Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.8 (*Status of the 1L Bonds*).

7.14 Security

No Security exists over any of the present assets of any Group Company in conflict with these 1L Bond Terms.

7.15 Group Structure Chart

On the Exchange Date, the Group Structure Chart delivered to the Bond Trustee is true, complete and accurate in all material respects to the best of its knowledge, information and belief.

8 PAYMENTS IN RESPECT OF THE 1L 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 1L 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 1L Bond Terms.
- (b) All payments to the 1L Bondholders in relation to the 1L Bonds shall be made to each 1L 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 1L Bondholder in connection with its securities account in the CSD.

- (c) Payment constituting good discharge of the Issuer's payment obligations to the 1L Bondholders under these 1L Bond Terms will be deemed to have been made to each 1L Bondholder once the amount has been credited to the bank holding the bank account nominated by the 1L 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 1L Bondholder in question.
- (d) If a Payment Date or a date for other payments to the 1L 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 1L 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 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.
- (c) Upon the occurrence of a Listing Failure Event, the Interest Rate shall increase by 0.50 per cent. for as long as such Listing Failure Event is continuing.

8.3 Partial Payments

- (a) If the Paying Agent or the Bond Trustee receives 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 (excluding for the avoidance of doubt any interest settled by the issue of PIK Interest Bonds); and
 - (iii) thirdly, towards any other outstanding amounts due but unpaid under the Finance Documents.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the 1L Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid, (ii) secondly, towards accrued interest due but unpaid (excluding for the avoidance of doubt any interest settled by the issue of PIK Interest Bonds) and (iii) thirdly, toward any outstanding amounts due but unpaid under the Finance Documents, in the following situations:
 - (i) the Bond Trustee has served a Default Notice in accordance with Clause 15.2 (*Acceleration of the 1L Bonds*), or

- (ii) as a result of a resolution according to Clause 16 (*1L Bondholders' decisions*).

8.4 Taxation

- (a) Each Obligor 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 Obligors shall, if any tax is withheld in respect of the 1L Bonds under the Finance Documents:
 - (i) gross up the amount of the payment due from it up to such amount which is necessary to ensure that the 1L 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 1L Bonds in the secondary market shall be paid by the 1L Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the denomination of the 1L Bonds set out in Clause 2.1 (*Amount, denomination and ISIN of the 1L Bonds*). If, however, the denomination differs from the currency of the bank account connected to the 1L 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 1L Bondholder's account in the CSD must be provided by the relevant 1L Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each 1L 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

No Obligor may apply or perform any counterclaims or set-off against any payment obligations pursuant to these 1L Bond Terms or any other Finance Document.

9 INTEREST

9.1 Calculation of interest

- (a) Each Outstanding Bond that is a Cash Pay 1L Bond will accrue interest at the Cash Pay 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) Each Outstanding Bond that is a PIK 1L Bond will accrue interest at the PIK 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.
- (c) Each Outstanding Bond that is a PIK Interest Bond shall not accrue interest.
- (d) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each, (unless (i) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

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 1L BONDS AND EXCESS CASHFLOW

10.1 Prepayment from proceeds of the first drawdown of the Revolving Credit Facility

- (a) Upon first drawdown of the Revolving Credit Facility, the Issuer undertakes to immediately utilise (x) USD15,000,000 to redeem Cash Pay 1L Bonds at a price equal to 100 per cent. of the Nominal Amount of the Cash Pay 1L Bonds so redeemed and (y) USD15,000,000 to redeem PIK 1L Bonds at a price equal to 100 per cent. of the Nominal Amount of the PIK 1L Bonds so redeemed (together the “**Prepaid 1L Bonds**”). The said amount shall be transferred to the Paying Agent and be used for pro rata payment to the relevant 1L Bondholders and payment shall be made as soon as practical thereafter in accordance with the procedures of the CSD.
- (b) No interest shall accrue or be due on the Prepaid 1L Bonds.

10.2 Redemption of 1L Bonds and PIK Interest 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 Outstanding Bond Amount.

10.3 Voluntary early redemption - Call Option

- (a) The Issuer may redeem all or part of the Outstanding Bonds (pro rata between the Cash Pay 1L Bonds and the PIK 1L Bonds but excluding PIK Interest Bonds) on any Business Day (the “**Call Option**”) from and including:
 - (i) the Exchange Date to, but not including, the Interest Payment Date falling 12 months after Exchange Date at a price equal to 100 per cent. of the Nominal Amount of the redeemed 1L Bonds plus 50 per cent. of the Interest Rate applicable to the relevant redeemed 1L Bond (plus accrued interest since the last Interest Payment Date on the relevant redeemed 1L Bonds);
 - (ii) the date falling 12 months after Exchange Date to, but not including, the date falling 24 months after Exchange Date at a price equal 100 per cent. of the Nominal Amount of the redeemed 1L Bonds plus 30 per cent. of the Interest Rate applicable

- to the relevant redeemed 1L Bond (plus accrued interest since the last Interest Payment Date on the relevant redeemed 1L Bonds);
- (iii) the date falling 24 months after Exchange Date to, but not including, the date falling 36 months after Exchange Date at a price equal to 100 per cent. of the Nominal Amount of the redeemed 1L Bonds plus 15 per cent. of the Interest Rate applicable to the relevant redeemed 1L Bond (plus accrued interest since the last Interest Payment Date on the relevant redeemed 1L Bonds); and
 - (iv) the date falling 36 months after Exchange Date to, but not including, the Maturity Date at a price equal 100 per cent. of the Nominal Amount of the redeemed 1L Bonds (plus accrued interest since the last Interest Payment Date on the relevant redeemed 1L Bonds).
- (b) Any redemption of 1L Bonds pursuant to Clause 10.3(a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date, provided that such redemption prices shall not apply to:
- (i) any redemption of 1L Bonds under Clause 10.7(b) (*Excess Cashflow*);
 - (ii) any redemption of Cash Pay 1L Bonds in an amount equal to USD15,000,000 and the redemption of PIK 1L Bonds in an amount equal to USD15,000,000, in each case from the first drawdown of the Revolving Credit Facility in accordance with Clause 10.1 (*Prepayment from proceeds of the first drawdown of the Revolving Credit Facility*); and
 - (iii) any redemption of PIK Interest Bonds.
- (c) Following redemption of all Cash Pay 1L Bonds and PIK 1L Bonds pursuant to paragraph (a), the Issuer may redeem all PIK Interest Bonds at a price equal 100 per cent. of the Nominal Amount of the PIK Interest Bonds.
- (d) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the 1L Bondholders at least ten (10), but not more than twenty (20), Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.
- (e) Any Call Option exercised in part will be used for pro rata payment to the 1L Bondholders in accordance with the applicable regulations of the CSD.
- (f) If the 1L Bonds shall be redeemed in full following the Call Option or at the Maturity Date, the entire amount on the Earnings Accounts may be used as partial payment in accordance with the waterfall provisions under the Intercreditor Agreement.

10.4 Mandatory repurchase due to a Change of Control Event

- (a) Upon the occurrence of a Change of Control Event, each 1L Bondholder will have the right (the “**Put Option**”) to require that the Issuer purchases all or some of the Cash Pay 1L Bonds and PIK 1L Bonds held by that 1L Bondholder, provided that if in part the 1L Bondholder shall sell a pro rata share of the Cash Pay 1L Bonds and PIK 1L Bonds held by it, at a price equal to 101 per cent. of the Nominal Amount.
- (b) The Put Option must be exercised within 30 calendar days after the Issuer has given notice to the Bond Trustee and the 1L Bondholders that a Change of Control Event has occurred pursuant to Clause 13.3 (*Change of Control Event*). Once notified, the 1L Bondholders’

right to exercise the Put Option is irrevocable and will not be affected by any subsequent events related to the Issuer.

- (c) Each 1L 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 fifth Business Day after the end of the 30 calendar days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each 1L Bondholders holding of 1L Bonds at the Put Option Repayment Date.
- (d) If 1L Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.4 (*Mandatory repurchase due to a Change of Control Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above (except for PIK Interest Bonds which shall be repurchased at a price equal to 100 per cent. of the Nominal Amount of such PIK Interest Bonds) by notifying the remaining 1L 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 15th calendar day following the date of such notification.

10.5 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 1L 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 1L Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount of the Outstanding Bonds (plus accrued interest since the last Interest Payment Date). The Issuer shall give written notice of such redemption to the Bond Trustee and the 1L Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 45 Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the 1L Bonds then due.

10.6 Early redemption due to a Mandatory Prepayment Event

- (a) Upon the occurrence of a Mandatory Prepayment Event, the Issuer shall, at the earlier of:
 - (i) the day the relevant Group Company receives the proceeds following the relevant Mandatory Prepayment Event; and
 - (ii) 30 days after the event triggering the actual Mandatory Prepayment Event, apply such proceeds after deducting any reasonable and documented expenses in relation to that Mandatory Prepayment Event which are incurred by any Group Company to persons who are not a Group Company, provided that if such proceeds exceed the Redemption Amount, they shall be capped at the Redemption Amount (the “**Net Disposal Proceeds**”) in the priority below:
 - (i) firstly against any amounts outstanding under the Revolving Credit Facility until the outstanding balance is reduced to zero (excluding any outstanding ancillary facilities such as guarantee facilities, letter of credit facilities and for the avoidance of doubt any loans drawn under the Revolving Credit Facility to cash collateralise Non-RCF Credit Instruments); thereafter
 - (ii) secondly, any remaining Net Disposal Proceeds will be applied against the Outstanding Bonds (pro rata between the Cash Pay 1L Bonds and the PIK 1L Bonds but excluding PIK Interest Bonds) at a price equal to 100 per cent. of the Nominal Amount of the redeemed 1L Bonds (plus accrued interest (including PIK interest) since the last Interest Payment Date on the redeemed 1L Bonds); and thereafter

- (iii) any outstanding balance of Net Disposal Proceeds will be applied against the PIK Interest Bonds at a price equal to 100 per cent. of the Nominal Amount of the PIK Interest Bonds.
- (b) Paragraphs (i) to (iii) (inclusive) above, shall not apply if the following conditions are satisfied: (x) any Commitments (as defined in the RCF Agreement) are outstanding under the Revolving Credit Facility and (y) any Mandatory Prepayment Event, which results in Net Disposals Proceeds being less than USD10,000,000.

10.7 Total Loss Event and Piracy

- (a) Upon the occurrence of a Piracy Event or a Total Loss Event, the Issuer shall as soon as the net insurance proceeds are available and in any event no later than 180 days following the Total Loss Event or Piracy Event (as the case may be), apply such insurance proceeds after deducting any reasonable and documented expenses in relation to that insurance claim which are incurred by any Group Company to persons who are not a Group Company provided that if such proceeds exceed the Redemption Amount, they shall be capped at the Redemption Amount (the “**Net Insurance Proceeds**”) in the priority set out below:
 - (i) firstly, against any amounts outstanding under the Revolving Credit Facility until the outstanding balance is reduced to zero (excluding any outstanding ancillary facilities such as guarantee facilities, letter of credit facilities and for the avoidance of doubt any loans drawn under the Revolving Credit Facility to cash collateralise Non-RCF Credit Instruments);
 - (ii) secondly, any remaining Net Insurance Proceeds will be applied against the Outstanding Bonds (pro rata between the Cash Pay 1L Bonds and the PIK 1L Bonds but excluding PIK Interest Bonds) at a price equal to 100 per cent. of the Nominal Amount of the redeemed 1L Bonds (plus accrued interest (including PIK interest) since the last Interest Payment Date on the redeemed 1L Bonds); and thereafter
 - (iii) any outstanding balance of Net Insurance Proceeds to be applied against the PIK Interest Bonds at a price equal to 100 per cent. of the Nominal Amount of the PIK Interest Bonds.
- (b) Paragraphs (i) to (iii) (inclusive) above, shall not apply if each of the following conditions are satisfied: (x) any Commitments (as defined in the RCF Agreement) are outstanding under the Revolving Credit Facility and (y) any Piracy Event or Total Loss Event, which results in Net Disposals Proceeds being less than USD10,000,000.

10.8 Excess Cashflow

- (a) The Issuer shall deliver a Cashflow Certificate to the Security Agent in respect of each calendar quarter no later than 5 Business Days following each Quarter Date.
- (b) To the extent that a Cashflow Certificate specifies that there is Excess Cash on a Quarter Date, such Excess Cash shall be paid by the Issuer to the RCF Agent to be applied against any amounts outstanding under the Revolving Credit Facility until the outstanding balance is reduced to zero (excluding any outstanding ancillary facilities such as guarantee facilities, letter of credit facilities and for the avoidance of doubt any loans drawn under the Revolving Credit Facility to cash collateralise Non-RCF Credit Instruments).
- (c) Any outstanding balance following repayment of amounts set out in paragraph (b) above will be paid by the RCF Agent to the Paying Agent to be applied against the 1L Bonds as set out in paragraph (d) below.

- (d) The Excess Cash proceeds to be applied in redemption of the 1L Bonds shall be used for redemption of the 1L Bonds on a pro rata basis across the Cash Pay 1L Bonds and the PIK 1L Bonds at a price equal to 100 % of the Nominal Amount (plus accrued interest since the last Interest Payment Date but excluding the PIK Interest Bonds). The record date for such redemption and interest payment shall be the date falling 5 Business Days after the delivery of the relevant Cashflow Certificate and payment shall be made as soon as practical after receipt of the Excess Cash proceeds by the Paying Agent in accordance with the procedures of the CSD.
- (e) Following redemption of all Cash Pay 1L Bonds and PIK 1L Bonds pursuant to paragraph (d), the Issuer may redeem all PIK Interest Bonds at a price equal to 100 per cent. of the Nominal Amount of the PIK Interest Bonds.

In this Clause 10.8:

“**Excess Cash**” shall mean any cash on balance sheet of the Group on a Quarter Date, which has been generated from ordinary activities and not from any extraordinary events (including but not limited to Permitted Disposals and/or the incurrence of any Permitted Financial Indebtedness) less USD25,000,000 (for the avoidance of doubt, Excess Cash cannot be less than 0).

“**Cashflow Certificate**” means a certificate from the Issuer showing the amount of Excess Cash on a Quarter Date.

11 PURCHASE AND TRANSFER OF 1L BONDS

11.1 Issuer’s purchase of 1L Bonds

The Issuer may purchase and hold 1L Bonds and such 1L Bonds may be retained, sold or cancelled in the Issuer’s sole discretion, (including with respect to 1L Bonds purchased pursuant to Clause 10.4 (*Mandatory repurchase due to a Change of Control Event*)).

11.2 Restrictions

- (a) Certain purchase or selling restrictions may apply to 1L 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 1L Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A 1L Bondholder who has purchased 1L Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the 1L Bonds pursuant to these 1L 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 1L Bondholder.

12 REVOLVING CREDIT FACILITY

- (a) The Issuer (and any other borrower thereunder) may apply amounts borrowed by it under the Revolving Credit Facility towards the working capital and general corporate purposes of the Group including financing the transactions contemplated in the Transaction Summons, any restructuring costs (whether incurred or ongoing) and any capital expenditure, acquisitions or investments together with any fees, penalties, costs (including any legal and transactions costs), premiums, interest and expenses payable by the Group (in connection with the RCF Finance Documents or as contemplated in the Transaction Summons or otherwise).

- (b) The Revolving Credit Facility may consist of one or several facilities (including any ancillary facilities) from one or more lenders, which shall rank *pari passu* between each other.
- (c) All amounts outstanding under the RCF Finance Documents shall be secured by the Transaction Security, to be shared between the Secured Parties in accordance with the terms of the Intercreditor Agreement.
- (d) The Revolving Credit Facility shall rank super senior to the 1L Bonds with respect to the sharing and allocation of any Enforcement Proceeds related to the security mentioned above, pursuant to the terms of the Intercreditor Agreement. Interest can be paid under the Revolving Credit Facility and the 1L Bonds also following an acceleration event.

13 INFORMATION UNDERTAKINGS

13.1 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.
- (c) The Issuer shall ascertain the Free Market Value of the Collateral Vessels at least semi-annually (based on valuations dated no earlier than thirty (30) Business Days prior to the relevant Reporting Date) and deliver such valuations as part of the Issuer's Compliance Certificate on the Reporting Dates for the quarterly financial statements ending in June and December each year.

13.2 Requirements as to Financial Reports

- (a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Interim Accounts pursuant to Clause 13.1(b) (*Financial Reports*), a Compliance Certificate with a copy of the Interim Accounts attached thereto. The Compliance Certificate shall be duly signed by an authorised signatory of the Issuer, certifying *inter alia* that the Interim Accounts are fairly representing its financial condition as at the date of those financial statements and setting out (in reasonable detail) computations evidencing compliance with the Minimum Free Liquidity Covenant set out in Clause 14.4 (*Financial Covenants*) (to the extent tested as at such date).
- (b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 13.1 (*Financial Reports*) are prepared using the Accounting Standard consistently applied.

13.3 Change of Control Event

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

13.4 Listing Failure Event

The Issuer shall promptly inform the Bond Trustee in writing if a Listing Failure Event has occurred.

13.5 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 1L 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 1L Bonds are rated, inform the Bond Trustee of its and/or the rating of the 1L Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the 1L 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.

14 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 14 (*General and financial Undertakings*), which shall not restrict any Permitted Corporate Reorganisation:

14.1 The Issuer and the Group Positive Covenants

- (a) Ownership of Guarantors

The Issuer shall remain the 100 per cent. direct or indirect owner of the Guarantors.

- (b) Maintain Security

The Issuer shall and shall procure that each relevant Group Company shall maintain the Security Documents in full force and effect, and do all acts which may be necessary to ensure that such Security remains duly created, enforceable and perfected (as per customary requirements in the relevant jurisdiction) with first priority ranking, creating the Security contemplated thereunder, at the expense of the Issuer, or the relevant security provider (as the case may be).

- (c) Authorizations

The Issuer shall and shall procure that each Group Company, shall 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 as carried out at the date of the 1L Bond Terms if a failure to do so would have Material Adverse Effect.

- (d) Laws and regulations

The Issuer shall and shall procure that each Group Company, shall carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and

comply in all material respects with all laws and regulations it or they may be subject to from time to time.

(e) Excluded Subsidiary

The Issuer shall and shall procure that each Group Company, shall in respect of legal restrictions in the countries where the relevant Excluded Subsidiary operates procure that an Excluded Subsidiary (a) does not retain more than 10 per cent. of the profits from earnings with respect to a Collateral Vessel, (b) immediately pay the hire under any Internal Charter in relation to a Collateral Vessel (to an Earnings Account) to the extent permitted and not implying a disproportionate cost under applicable law, (c) transfer any other part of the earnings received to the accounts which are subject to a Pledge of Monetary Bank Accounts or a Cash Pool Pledge (if there is a Cash Pool in place) to the extent permitted and not implying a disproportionate cost under applicable law and (d) does not have an aggregate cash balance (together with the cash balance of any other Excluded Subsidiary) outside of the accounts which are subject to a Pledge of Monetary Bank Account exceeding USD 5,000,000 on any given day (provided that an Excluded Subsidiary may receive transfers of higher amounts from third parties provided that any excess amount is transferred to an account which is subject to a Pledge of Monetary Bank Account as soon as practicable after receipt and in any event within 7 Business Days thereafter).

(f) Cash

The Issuer shall and shall procure that each Group Company, shall retain all cash of the Group in an account subject to either (x) a Pledge of Monetary Bank Account or (y) to the extent that a Cash Pool is put in place, a Cash Pool Pledge, save for amounts standing in (a) Earnings Accounts, (b) cash balances of the Excluded Subsidiaries outside any Cash Pool as per Clause 14.1(e) above, (c) any account in which cash collateral is placed as Permitted Security to other creditors than the parties to the Intercreditor Agreement and (d) other accounts which do not have an aggregate cash balance exceeding USD 1,000,000 on any given day.

(g) Shareholder Creditors

The Issuer shall ensure that any direct or indirect shareholder of the Issuer or any Affiliate of such direct or indirect shareholder providing Shareholder Loan(s), shall issue subordination statements in favour of the Security Agent for such Shareholder Loan to be Fully Subordinated prior to providing such Shareholder Loan. This requirement shall not apply to any Keppel Support.

(h) Group Creditors

The Issuer shall ensure that any Group Company (excluding any Excluded Subsidiary), shall issue subordination statements in favour of the Security Agent for any Financial Indebtedness and/or other claims (excluding any and all claims within any Cash Pool as such) owed to such Group Company (excluding any Excluded Subsidiary) by any other Group Company to be Subordinated.

(i) Construction contracts

The Issuer shall procure that any construction contracts for additional vessels shall be entered into by an Additional Vessel Owner. The relevant yard shall not have any recourse against other Group Companies than the Additional Vessel Owner (except as provided for below) and any payments shall come from new equity and/or Permitted Financial Indebtedness (including Permitted Seller's Credit). The Issuer may provide guarantees for any payment obligations under the relevant construction contract for which the Issuer has

legally binding commitments for full financing by way of new equity, Fully Subordinated Loans and/or a Permitted Seller's Credit at the time when the guarantee is provided.

(j) Order of payments

The Issuer shall and shall procure that each Group Company shall ensure that all earnings under Charter Contracts related to the Collateral Vessels and any insurance or sale proceeds, in each case payable to the Group (excluding Excluded Subsidiaries), shall be paid into the relevant Earnings Accounts being subject to the Security set out herein.

(k) Purpose

The Issuer shall and shall procure that each Vessel Owner remains a single purpose company only engaged in activities related to the ownership, operation, entering into of Charter Contracts, and/or holding any related assets with respect to Collateral Vessels, and in relation thereto entering into Internal Charters, Technical Management Agreements, Crewing Agreements and/or Administrative Management Agreements and provided that they may own shares in any other Vessel Owner and/or Vessel Operator.

(l) Business Conduct

The Issuer shall ensure that each Vessel Owner and/or Vessel Operator shall operate the Collateral Vessels in accordance with good industry standards and in compliance with the terms hereof and the Security Documents.

(m) Technical inspection

The Issuer shall ensure that each Vessel Owner and/or Vessel Operator shall upon request of the Bond Trustee arrange for the Bond Trustee, and/or any person appointed by the Bond Trustee, to undertake a technical inspection of the Collateral Vessels without interfering with the daily operation of the Collateral Vessels and at the expense of the Issuer, (however limited to one yearly inspection per vessel unless an Event of Default has occurred and is continuing).

14.2 The Issuer and the Group Negative Covenants

(a) Distribution

The Issuer shall not, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, (a) declare or make any dividend payment or distribution, whether in cash or kind, (b) repurchase any of its shares or undertake other similar transactions (including, but not limited to total return swaps), or (c) grant any loans or make other distributions or transactions constituting a transfer of value to its shareholders (including repayment of any Shareholder Loans) (items (a) - (c) collectively referred to as the "**Distributions**"), other than Permitted Management Incentives and/or intra-Group dividends, payments, distributions or loans.

(b) Intra-group distribution

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, restrict in any loan facilities (entered into by the Issuer or any other member of the Group) any intra-group dividend distributions to another member of the Group.

(c) Financial Support

The Issuer shall not, and shall procure that no Group Company, shall, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, make or grant any loans, guarantees or any other form of Financial Support, except Permitted Financial Support.

(d) Excluded Subsidiaries business

The Issuer shall not and shall procure that no Group Company shall conduct any business transactions with any Excluded Subsidiary which is not done in the ordinary course of business of the Group.

(e) Arm's length

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, conduct any business transactions with any party which is not on market terms and otherwise on an arm's length basis, except (a) transactions with another Group Company, (b) Fully Subordinated Loans and/or Shareholder Loans, (c) shipyard contracts and related financing activities with Keppel or any of its Affiliates that have been approved by the majority of the disinterested members of the board of directors of the Issuer, (d) the Permitted Management Incentives and (e) so long as no Event of Default pursuant to Clause 15.1(a) or 15.1(e) has occurred and is continuing, the payment of fees, costs and pocket expenses to the directors of the Issuer (or persons acting on their behalf) related to the ownership and operation of the Issuer not to exceed the aggregate amount of USD 1,500,000 per annum. For the avoidance of doubt, this Clause 14.2(e) shall not prohibit Keppel or any of its Affiliates from providing any guarantee, risk participation or other credit support in relation to the Revolving Credit Facility.

(f) Constitutional documents

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, amend its constitutional documents if such amendment may have a Material Adverse Effect.

(g) Mergers

The Issuer shall not, and shall procure that no Group Company without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, carry out any merger or other business combination or corporate reorganisation involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities, except for a Permitted Change of Organisation.

(h) De-mergers

The Issuer shall not, and shall procure that no Group Company shall, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, carry out any de-merger or other corporate reorganisation involving a split of the Issuer or any other Group Company into two or more separate companies or entities, except for a Permitted Change of Organisation.

(i) Change of organisation

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, change its type of organisation (including but not limited via a solvent liquidation, winding up, strike off or any other similar corporate changes to an entity) or jurisdiction of incorporation, except for a Permitted Change of Organisation.

(j) Disposals

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders make asset disposals to a purchaser not being a member of the Group except for disposals constituting a Mandatory Prepayment Event or Permitted Disposals.

(k) Financial Indebtedness

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, incur or permit to remain outstanding any additional Financial Indebtedness (whether secured or unsecured) other than Permitted Financial Indebtedness.

(l) Negative pledge

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, create or permit to subsist any security over any of its assets or enter into arrangements having a similar effect other than Permitted Security.

(m) Sale-and leasebacks

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, enter into any sale- and leaseback transactions for any Collateral Vessel (for the avoidance of doubt, there will be no prohibition on chartering in of a rig).

(n) Investments

The Issuer shall not, and shall procure that no Group Company, without the approval of the Bond Trustee or, where necessary, the 1L Bondholders, make any investments other than Permitted Investments.

(o) New Companies

The Issuer shall not, and shall procure that no Group Company shall, without the approval of the Bond Trustee, or where necessary, the 1L Bondholders, incorporate an entity that is not a Guarantor (unless it is an Excluded Subsidiary), such Guarantor to grant Transaction Security as per the terms of the 1L Bond Terms (including the Bond Trustee (on behalf of the 1L Bondholders) receiving customary legal opinions (and to the extent relevant, associated ancillary documentation customarily delivered in relation thereto including, board resolutions approving the granting of the Guarantee and the relevant Transaction Security)).

(p) New Excluded Subsidiaries

The Issuer shall not, and shall procure that no Group Company shall, without the approval of the Bond Trustee, or where necessary the 1L Bondholders, incorporate an entity which is an Excluded Subsidiary, unless such entity (whether wholly owned or not) is (a) required to be incorporated in order to bid for a contract or operate a Collateral Vessel in the relevant jurisdiction and (b) the Issuer has notified the Bond Trustee of such incorporation (for the avoidance of doubt, only the Bond Trustee shall be notified and not the 1L Bondholders).

(q) Non-Trading Subsidiaries

The Issuer shall not, and shall procure that no Non-Trading Subsidiary shall resume trading, unless such entity, as of the date it ceases to be a dormant or nontrading subsidiary, becomes a Guarantor (and enters into a guarantee and indemnity that is substantially the same as the existing Guarantees) and grants Transaction Security as per the terms of the 1L Bond Terms (including the Bond Trustee (on behalf of the 1L Bondholders) receiving customary legal opinions (and to the extent relevant, associated ancillary documentation customarily delivered in relation thereto including, board resolutions approving the granting of the Guarantee and the relevant Transaction Security)), provided that there shall be no such requirements where the granting of such Security would (in the Bond Trustee's sole discretion) imply a disproportionate cost (and where the Bond Trustee is entitled to set conditions).

(r) Use of Proceeds – Warrants:

The Issuer shall ensure that the proceeds of the exercise of any Original Warrants shall be used promptly upon receipt by the Issuer: (i) first, in prepayment of any cash amounts outstanding under the Revolving Credit Facility (or any refinancing thereof, provided such refinancing is permitted by the terms of the Intercreditor Agreement (as may be amended or replaced from time to time)); and (ii) second, to the extent there are any proceeds available following compliance with sub paragraph (i), in prepayment of the Cash Pay 1L Bonds.

14.3 Vessel Covenants

- (a) The Issuer shall provide for reasonable and satisfactory maintenance and insurance of the Collateral Vessels and all relevant equipment related thereto at all times, hereunder to retain the Collateral Vessels in class (subject to any Collateral Vessel going into lay-up or being in lay-up). During operation of the Collateral Vessels, the Issuer shall ensure that the Vessel Operators and/or Vessel Owners run proper maintenance of the Collateral Vessels.

The Collateral Vessels shall be fully insured against such risks, including but not limited to Hull & Machinery, Hull Interest and/or Freight Interest, War Risks (based on Nordic Marine Insurance Plan) and Protection & Indemnity (including at least USD 300,000,000 cover for pollution liability, or at least USD 500,000,000 cover for pollution liability if operating in US waters), in such amounts, on such terms and placed with such brokers/insurers/clubs as the Security Agent (acting on behalf of the Secured Parties) from time to time may reasonably approve.

The aggregate insurance value for the Collateral Vessels shall be no less than 120 per cent. of the aggregate of (a) the principal amount of the commitment under the Revolving Credit Facility and (b) the Outstanding Bond Amounts. The insurance value for each Collateral Vessel shall cover at least 120 per cent. of the Free Market Value of that Collateral Vessel.

The Security Agent may take out a Mortgagee Interest Insurance (“**MII**”), a Mortgagee Additional Perils Insurance (“**MAPI**”) and /or an insurance report (at the expense of the Issuer) in each case with respect to the Outstanding Bond Amount.

The insurances and Loss Payee Clause shall be for minimum amounts of USD 5,000,000 and otherwise in accordance with the Nordic Marine Insurance Plan, American Institute Hull Clauses or other insurances with at least similar terms or otherwise acceptable to the Security Agent.

- (b) The Collateral Vessels shall be classed with Det Norske Veritas, ABS, Lloyd's Register of Shipping, Bureau Veritas or a classification society that is full member of the International Association of Classification Societies or another classification society acceptable to the Bond Trustee with the highest class and no material overdue conditions of class (subject to

any Collateral Vessel going into lay-up or being in lay-up). No change in class certification without the Bond Trustee's prior written consent (not to be unreasonably withheld), subject to any Collateral Vessels going into lay-up or being in lay-up.

- (c) The Issuer shall ensure that there will be no change of flag, name and registry unless to Acceptable Ship Registry or approved by the Bond Trustee, such approval not to be unreasonably withheld, always provided that such approval will not be required if a change is required and permitted pursuant to any Charter Contract for the relevant Collateral Vessel and the Security Documents are not impaired;
- (d) The Issuer shall ensure that the Collateral Vessels are operated by the Vessel Operators and/or Vessel Owners in accordance with applicable laws and regulations (including but not limited to applicable sanctions) and good industry practice;
- (e) The Collateral Vessels shall comply with the ISM Code, the ISPS Code, Marpol and any other international maritime safety regulation relevant for the operation and maintenance of the Collateral Vessels.
- (f) The Issuer shall procure that the Collateral Vessels shall be managed by the Issuer and/or a wholly owned Group Company or by such other reputable manager as agreed in writing by the Bond Trustee.
- (g) The Issuer shall not make any material changes to the management of the Collateral Vessels if such change would have a Material Adverse Effect.

14.4 Financial Covenants

The Issuer shall comply with the following:

- (a) Minimum Asset Coverage Ratio

For the purposes of making a Permitted Investment pursuant to limb (c) of the definition of Permitted Investment only, the Issuer shall on the date that such Permitted Investment is made or committed to be made (at its option) ensure that the Asset Coverage Ratio is minimum 1.3:1 (the "**Minimum Asset Coverage Ratio**").

- (b) Minimum Free Liquidity Covenant

The Issuer shall:

- (i) from the first Quarter Date falling after 1 January 2023 until 31 December 2023, maintain Free Liquidity of minimum USD 10,000,000; and
- (ii) from the first Quarter Date falling after 1 January 2024, maintain Free Liquidity of minimum USD 15,000,000

(together, the "**Minimum Free Liquidity Covenant**").

The Issuer undertakes to comply with the Minimum Free Liquidity Covenant at the times specified above, subject to the Financial Covenants Cure, such compliance to be measured on each relevant Quarter Date and certified by the Issuer with a Compliance Certificate in connection with each respective Reporting Date for each Interim Account. The Minimum Free Liquidity Covenant shall be calculated on a consolidated basis for the Group, subject to the Financial Covenants Cure.

14.5 Financial Covenants Cure

If the Issuer fails (or would otherwise fail) to comply with any of the Financial Covenants, and the Issuer receives net cash proceeds from any person (other than a Group Company) in the form of new equity or a Fully Subordinated Loan no later than seven (7) Business Days following the Reporting Date, then the relevant Asset Coverage Ratio or Free Liquidity (as applicable) shall be calculated, by adjusting the Free Market Value or Free Liquidity (as applicable) by the net cash proceeds received as equity or a Fully Subordinated Loan (the “**Financial Covenants Cure**”).

15 EVENTS OF DEFAULT AND ACCELERATION OF THE 1L BONDS

15.1 Events of Default

Each of the events or circumstances set out in this Clause 15.1 shall constitute an Event of Default:

(a) Non-payment

A Group Company 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) Breach of other obligations

A 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 twenty (20) Business Days after the earlier of the Issuer’s actual knowledge thereof, or notice thereof being given to the Issuer by the Bond Trustee.

(c) 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 twenty (20) Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

(d) Cross default

If for the Issuer and the Group Companies:

- (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 of USD 15,000,000 (or the equivalent thereof in any other currency).

- (e) Insolvency and insolvency proceedings

A 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 reorganisation; or
 - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its payment obligations under these 1L 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 15.1(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 twenty (20) Business Days of commencement.

- (f) 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 15.1(d) (*Cross default*) above and is not discharged within twenty (20) Business Days.

- (g) Unlawfulness

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

- (i) the ability of such Group Company to perform its obligations under these 1L 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.

(h) Impairment of security

A Group Company takes any action or step to invalidate, reduce, impair or otherwise affect the validity or enforceability of any Security granted or purporting to be granted pursuant to any of the Security Documents in a manner which is materially adverse to the interests of the 1L Bondholders taken as a whole and, if capable of remedy, is not remedied within 20 Business Days of the earlier of (x) the Issuer becoming aware of the issue and (y) the giving of written notice of the issue by the Bond Trustee to the Issuer.

(i) Intercreditor Agreement

A Group Company party to the Intercreditor Agreement fails to comply with any provision of, or does not perform its obligations under, the Intercreditor Agreement to the extent it materially and adversely affects the interests of the 1L Bondholders and, if the non-compliance is capable of remedy, it is not remedied within 20 Business Days of the earlier of (x) the Issuer becoming aware of the non-compliance and (y) the giving of written notice of the non-compliance by the Bond Trustee to the Issuer.

15.2 Acceleration of the 1L Bonds

- (a) 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 1L Bondholders, or upon instruction received from the 1L Bondholders pursuant to Clause 15.3 (*1L Bondholders' instructions*) below, by serving a Default Notice:
- (i) 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
 - (ii) 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.
- (b) For the avoidance of doubt, none of the bank accounts pledged in favour of the 1L Bondholders (including but not limited to the Pledge of Earnings Accounts and Pledge of Monetary Bank Accounts) may be blocked prior to a Default Notice being served by the Bond Trustee pursuant to paragraph (a)(i) above.

15.3 1L Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 15.2 (*Acceleration of the 1L Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from 1L Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a 1L Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the 1L Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

15.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the call prices set out in Clause 10.3 (*Voluntary early redemption – Call Option*) as applicable at the following dates (and regardless of the Default Repayment Date):

- (i) for any Event of Default arising out of a breach of Clause 15.1 (*Events of Default*) paragraph (a) (Non-payment), the claim will be calculated at the call price applicable at the date when such Event of Default occurred; and
- (ii) for any other Event of Default, the claim will be calculated at the call price applicable at the date when the Default Notice was served by the Bond Trustee.

16 1L BONDHOLDERS' MEETING

16.1 Authority of the 1L Bondholders' Meeting

- (a) A 1L Bondholders' Meeting may, on behalf of the 1L Bondholders, resolve to alter any of these 1L Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the 1L Bonds into other capital classes.
- (b) The 1L Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- (c) The 1L Bondholders' Meeting may not adopt resolutions which will give certain 1L Bondholders an unreasonable advantage at the expense of other 1L Bondholders.
- (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 17.1 (*Power to represent the 1L Bondholders*), if a resolution by, or an approval of, the 1L Bondholders is required, such resolution may be passed at a 1L Bondholders' Meeting. Resolutions passed at any 1L Bondholders' Meeting will be binding upon all 1L Bondholders.
- (e) At least 50 per cent. of the Voting Bonds must be represented at a 1L Bondholders' Meeting for a quorum to be present.
- (f) Resolutions will be passed by simple majority of the Voting Bonds represented at the 1L Bondholders' Meeting, unless otherwise set out in paragraph (g) below and subject to Clause 16.2 (*Entrenched Right Matters*).
- (g) Save for any amendments or waivers which can be made without resolution pursuant to Clause 18.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii) and subject to Clause 16.2 (*Entrenched Right Matters*) of the 1L Bond Terms, a majority of at least 50 per cent. of the Voting Bonds (for the avoidance of doubt, voting as one class) represented at the 1L Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these 1L Bond Terms.
- (h) Where a provision of the 1L Bond Terms specifies that a matter may be resolved by holders of the Cash Pay 1L Bonds or the PIK 1L Bonds, a resolution passed with the relevant majority of the Cash Pay 1L Bonds or the PIK 1L Bonds (as applicable) is as valid as if it had been passed by the 1L Bondholders of all 1L Bonds in a 1L Bondholders' Meeting and any reference in any Finance Document to a 1L Bondholders' Meeting shall be construed accordingly.

16.2 Entrenched Right Matters

Notwithstanding any other provision in the 1L Bond Terms, no proposed modification to be made, consent to be given or waiver to be granted in respect of the 1L Bond Terms or any other Finance Document which constitutes an Entrenched Right Matter shall be effective, and the Bond Trustee shall not concur with the Issuer in making any modification to, giving any consent under or granting

any waiver in respect of any breach or proposed breach of the 1L Bond Terms or any Finance Document which constitutes an Entrenched Right Matter unless and until (x) at least 2/3 of the Cash Pay 1L Voting Bonds and (y) 2/3 of the PIK 1L Voting Bonds, have approved in separate 1L Bondholders' Meetings of the modification, consent or waiver in accordance with the voting provisions (including quorum requirements) set out in this 1L Bond Terms (the "**Entrenched Right Matter Resolutions**"). If the Entrenched Right Matters Resolutions are passed, the Bond Trustee shall concur with the Issuer in making the modification, giving the consent, or granting the waiver, which is the subject of that Entrenched Right Matter Resolution.

16.3 Procedure for arranging a 1L Bondholders' Meeting

- (a) A 1L Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
- (i) the Issuer;
 - (ii) 1L Bondholders representing at least 1/10 of the Voting Bonds;
 - (iii) the Exchange, if the 1L 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 1L Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a 1L Bondholders' Meeting pursuant to paragraph (a) above, then the re-requesting party may call the 1L Bondholders' Meeting itself.
- (c) Summons to a 1L Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the 1L Bondholders' Meeting. The Summons shall be sent to all 1L Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the 1L 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 1L Bondholders' Meeting must clearly state the agenda for the 1L 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 1L Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these 1L 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 1L Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of 1L Bonds during the period from the date of the Summons until the date of the 1L Bondholders' Meeting, unless the acquisition of 1L Bonds is made by the Issuer pursuant to Clause 10 (Redemption and Repurchase of 1L Bonds).
- (g) A 1L Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the 1L Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The 1L Bondholders' Meeting will be opened and, unless otherwise decided by the 1L Bondholders' Meeting,

chaired by the Bond Trustee. If the Bond Trustee is not present, the 1L Bondholders' Meeting will be opened by a 1L Bondholder and be chaired by a representative elected by the 1L Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").

- (h) Each 1L Bondholder, the Bond Trustee and, if the 1L Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a 1L Bondholder, shall have the right to attend the 1L Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the 1L 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 Chairperson will decide who may attend the 1L Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the 1L Bondholders' Meeting. The 1L 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 1L Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the 1L Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the 1L Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the 1L Bondholders and the Issuer upon request.
- (k) The Bond Trustee will ensure that the Issuer, the 1L Bondholders and the Exchange are notified of resolutions passed at the 1L 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 1L Bondholders' Meeting regardless of who has convened the 1L Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.
- (m) For the avoidance of doubt, the Bond Trustee can convene separate 1L Bondholders' Meetings for the Cash Pay 1L Bondholders on the one hand and the PIK 1L Bondholders on the other hand with respect to Entrenched Right Matters only.

16.4 Voting rules

- (a) Each 1L Bondholder (or person acting for a 1L Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*1L Bondholders' rights*). The Chairperson 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 Chairperson shall determine any question concerning whether any 1L Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 16 (*1L Bondholders' Meetings*), a 1L Bondholder that has a 1L Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*1L Bondholders' rights*), be deemed to be the owner of the 1L Bond rather than the nominee. No vote may be cast by any nominee if the 1L Bondholder has presented relevant evidence

to the Bond Trustee pursuant to Clause 3.3 (*1L Bondholders' rights*) stating that it is the owner of the 1L Bonds voted for. If the 1L Bondholder has voted directly for any of its nominee registered 1L Bonds, the 1L Bondholder's votes shall take precedence over votes submitted by the nominee for the same 1L Bonds.

- (d) Any of the Issuer, the Bond Trustee and any 1L Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

16.5 Repeated 1L Bondholders' Meeting

- (a) Even if the necessary quorum set out in paragraph (d) of Clause 16.1 (*Authority of the 1L Bondholders' Meeting*) is not achieved, the 1L Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the 1L Bondholders' Meeting. The Bond Trustee or the person who convened the initial 1L Bondholders' Meeting may, within ten (10) Business Days of that 1L Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.
- (b) The provisions and procedures regarding 1L Bondholders' Meetings as set out in Clause 16.1 (*Authority of the 1L Bondholders' Meeting*), Clause 16.2 (*Procedure for arranging a 1L Bondholders' Meeting*) and Clause 16.4 (*Voting rules*) shall apply mutatis mutandis to a repeated 1L Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (d) of Clause 16.1 (*Authority of the 1L Bondholders' Meeting*) shall not apply to a repeated 1L Bondholders' Meeting. A Summons for a repeated 1L Bondholders' Meeting shall also contain the voting results obtained in the initial 1L Bondholders' Meeting.
- (c) A repeated 1L Bondholders' Meeting may only be convened once for each original 1L Bondholders' Meeting. A repeated 1L Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 16.6 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a 1L Bondholders' Meeting in accordance with Clause 16.3 (*Procedure for arranging a 1L Bondholders' Meeting*) and vice versa.

16.6 Written Resolutions

- (a) Subject to these 1L Bond Terms, anything which may be resolved by the 1L Bondholders in a 1L Bondholders' Meeting pursuant to Clause 16.1 (*Authority of the 1L 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 1L Bondholders in a 1L Bondholders' Meeting, and any reference in any Finance Document to a 1L Bondholders' Meeting shall be construed accordingly.
- (b) A Written Resolution can be resolved (a) by holders of the Cash Pay 1L Bonds with respect to Entrenched Right Matters only, (b) by holders of PIK 1L Bonds with respect to Entrenched Right Matters only or (c) by holders of all 1L Bonds with respect to all other matters. Any reference in any Finance Document to a Written Resolution shall be construed accordingly.
- (c) The person requesting a 1L Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (d) The Summons for the Written Resolution shall be sent to the 1L 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.

- (e) The provisions set out in Clause 16.1 (*Authority of the 1L Bondholders' Meeting*), 16.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 16.4 (*Voting Rules*) and Clause 16.5 (*Repeated 1L 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 16.3 (*Procedure for arranging Bondholders Meetings*); or
 - (ii) provisions which are otherwise in conflict with the requirements of this Clause 16.6 (*Written Resolution*),
 shall not apply to a Written Resolution.
- (f) 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**"), which shall be at least 10 Business Days but not more than 15 Business Days from the date of the Summons.
- (g) Only 1L 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 (*1L Bondholders' rights*), will be counted in the Written Resolution.
- (h) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 16.1 (*Authority of 1L Bondholders' Meeting*) has been obtained, based on a quorum of the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution will also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (i) 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 1L Bondholder that results in the necessary voting majority being obtained.
- (j) 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 (e) to (g) of Clause 16.1 (*Authority of 1L Bondholders' Meeting*), but always subject to Clause 16.2 (*Entrenched Right Matters*) of the 1L Bond Terms.

17 THE BOND TRUSTEE

17.1 Power to represent the 1L Bondholders

- (a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the 1L Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these 1L 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 1L Bondholders' rights and/or carrying out its duties under the Finance Documents.

17.2 The duties and authority of the Bond Trustee

- (a) The Bond Trustee shall represent the 1L 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 1L Bonds on behalf of the 1L Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other Obligor unless to the extent expressly set out in these 1L 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 1L Bondholders prior to issuance of the 1L Bonds and the provisions of these 1L 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 1L Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the 1L Bondholders to a 1L 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 1L Bondholders on separated accounts.
- (f) The Bond Trustee will ensure that resolutions passed at the 1L Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these 1L 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 1L 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 1L Bondholders pursuant to paragraphs (e) and (g) of Clause 17.4 (*Expenses, 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 1L 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 1L Bonds to a lower nominal amount in order to facilitate partial redemptions, write-downs or restructurings of the 1L Bonds or in other situations where such split is deemed necessary.

17.3 Equality and conflicts of interest

- (a) The Bond Trustee shall not make decisions which will give certain 1L Bondholders an unreasonable advantage at the expense of other 1L Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the 1L 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.

17.4 Expenses, liability and indemnity

- (a) The Bond Trustee will not be liable to the 1L 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 1L Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the 1L Bondholders in accordance with these 1L Bond Terms.
- (b) The Bond Trustee will not be liable to the Issuer for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss.
- (c) 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 1L Bondholders by or on behalf of the Issuer or any other person.
- (d) The Bond Trustee shall not be considered to have acted negligently in:
 - (i) acting in accordance with advice from or opinions of reputable external experts; or
 - (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the 1L Bondholders.
- (e) 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 1L 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.

- (f) 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 Fee Agreement.
- (g) 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 1L Bondholders under the Finance Documents.
- (h) 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 any Obligors, may be covered by making an equal reduction in the proceeds to the 1L 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 Transaction Security, and to set-off and cover any such costs and expenses from those funds.
- (i) As a condition to effecting any instruction from the 1L Bondholders (including, but not limited to, instructions set out in Clause 15.3 (*1L Bondholders' instructions*) or Clause 16.3 (*Procedure for arranging a 1L Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those 1L Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

17.5 Replacement of the Bond Trustee

- (a) The Bond Trustee may be replaced by a majority of 2/3 of Voting Bonds in accordance with the procedures set out in Clause 16 (*1L Bondholders' Meetings*), and the 1L 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 1L Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 17.5 (*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 1L Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 17.5 (*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 and any unpaid fees or expenses 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.

17.6 Security Agent

- (a) The Bond Trustee is appointed to act as Security Agent for the 1L Bonds, unless any other person is appointed. The main functions of the Security Agent may include holding Transaction Security on behalf of the Secured Parties and monitoring compliance by the Issuer and other relevant parties of their respective obligations under the Security Documents with respect to the Transaction 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 1L Bonds, at all times maintain and keep all certificates and other documents received by it, that are bearers of right relating to the Transaction Security in safe custody on behalf of the 1L 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 each Obligor 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 17.4 (*Expenses, liability and indemnity*) shall apply mutatis mutandis to any expenses and liabilities of the Security Agent in connection with the Finance Documents.

17.7 Letter of Quiet Enjoyment

If so requested in writing by the Issuer, the Security Agent shall (on behalf of the Secured Parties) be authorised and obliged to issue a letter of quiet enjoyment to a third party charterer of a Collateral Vessel in a form reasonably acceptable to the Security Agent (at the cost of the Issuer and without any consent, sanction, authority or further confirmation from any Creditor, another Secured Party or Obligor), provided that it still be a condition of any quiet enjoyment that the third party charterer continues to fulfil its payment obligations under the terms of the relevant Charter Contract.

18 AMENDMENTS AND WAIVERS

18.1 Procedure for amendments and waivers

- (a) The Issuer and the Bond Trustee (acting on behalf of the 1L 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 1L 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 1L Bondholders in accordance with Clause 16 (*1L Bondholders' Meetings*).
- (b) Any changes to these 1L 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 1L Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the 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 1L Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

18.2 Authority with respect to documentation

If the 1L 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 1L Bondholders being required.

18.3 Notification of amendments or waivers

- (a) The Bond Trustee shall as soon as possible notify the 1L Bondholders of any amendments or waivers made in accordance with this Clause 18 (*Amendments and waivers*), setting out the date from which the amendment or waiver will be effective, unless such notice according to the Bond Trustee's sole discretion is unnecessary. The Issuer shall ensure that any amendment to these 1L Bond Terms is duly registered with the CSD.
- (b) Prior to agreeing to an amendment or granting a waiver in accordance with Clause 18.1(a) (*Procedure for amendments and waivers*), the Bond Trustee may inform the 1L Bondholders of such waiver or amendment at a relevant information platform

19 MISCELLANEOUS

19.1 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.

19.2 Access to information

- (a) These 1L 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 1L Bondholders or any other person, and the 1L Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these 1L Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these 1L Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the 1L 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 1L Bondholder or third party unless necessary for such purposes.

19.3 Notices, contact information

Written notices to the 1L Bondholders made by the Bond Trustee will be sent to the 1L Bondholders via the CSD with a copy to the Issuer and the Exchange (if the 1L 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 1L Bondholders will be sent to the 1L Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the 1L Bonds are listed).
- (b) Notwithstanding paragraph (a) above and provided that such written notification does not require the 1L Bondholders to take any action under the Finance Documents, the Issuer's written notifications to the 1L Bondholders may be published by the Bond Trustee on a relevant information platform only.
- (c) Unless otherwise specifically provided, all notices or other communications under or in connection with these 1L 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;
 - (iii) if by fax, when received; and
 - (iv) by publication on a relevant information platform, when published.
- (d) 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.
- (e) When determining deadlines set out in these 1L 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.

19.4 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 relevant Repayment Date (including, to the extent applicable, any premium payable upon exercise of a Call Option), 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 13.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 13.3 (*Change of Control Event*), Clause 13.5 (*Information: Miscellaneous*) and Clause 14 (*General and financial undertakings*);
 - (B) any Transaction Security shall be released and the Defeasance Pledge shall be considered replacement of the Transaction Security; and
 - (C) any Obligor shall be released from any Guarantee or other obligation applicable to it under any Finance Document.
- (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 necessary.

A defeasance established according to this Clause 19.4 may not be reversed.

20 GOVERNING LAW AND JURISDICTION

20.1 Governing law

These 1L Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

20.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the 1L 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 1L Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the 1L Bondholders that any legal action or proceedings arising out of or in connection with these 1L Bond Terms against the Issuer or any of its assets may be brought in such court.

20.3 Alternative jurisdiction

Clause 20 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the 1L Bondholders and the Bond Trustee have the right:

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

20.4 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, the Issuer:
 - (i) irrevocably appoints Marinelaw AS as its agent for service of process in relation to any proceedings in connection with these 1L 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.

These 1L Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES

The Issuer:

Floatel International Limited

By:

Position:

As Bond Trustee and Security Agent:

Nordic Trustee AS

By:

Position:

SCHEDULE 1
COMPLIANCE CERTIFICATE

[date]

Floatel International Limited [●]% bonds 2021/2027 ISIN NO001 [●]

We refer to the 1L Bond Terms for the above captioned 1L Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the 1L Bondholders and the undersigned as Issuer. Pursuant to Clause 13.2 (*Requirements as to Financial Reports*) of the 1L 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 1L Bond Terms.

With reference to Clause 13.2 (*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 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 [Financial Statements] / [Interim Accounts] are enclosed.

[The Minimum Free Liquidity Covenant set out in Clause 14.4 (*Financial Covenants*) is met, please see the calculations and figures in respect of the ratios attached hereto.]⁴

[The Free Market Value of the Collateral Vessels have been determined by [two/three] Approved Brokers, please see the valuations attached hereto.]⁵

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

Yours faithfully,

NX

Name of authorised person

Enclosure: Annual Financial Statements / Interim Accounts; [and any other written documentation]

⁴ To be included to the extent that the Free Liquidity is tested on the relevant Quarter Date.

⁵ To be included to the extent that the Free Market Value of the Collateral Vessels need to be determined on the relevant Quarter Date.

SCHEDULE 2
CP SECURITY AGREEMENTS

Jurisdiction and governing law	Description
Bermuda	<p>(a) A first lien share charge in respect of shares in Floatel Superior Ltd. between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(b) a first lien share charge in respect of shares in Floatel Reliance Ltd. between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(c) a first lien share charge in respect of shares in Floatel Victory Ltd. between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(d) a first lien share charge in respect of the shares in Floatel Endurance Ltd between Floatel International Ltd as chargor and Nordic Trustee AS as security agent;</p> <p>(e) a first lien share charge in respect of shares in Floatel Triumph Ltd. between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(f) a first lien deed of charge between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(g) a first lien deed of charge between Floatel Superior Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(h) a first lien deed of charge between Floatel Reliance Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(i) a first lien deed of charge between Floatel Victory Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(j) a first lien deed of charge between Floatel Endurance Ltd as chargor and Nordic Trustee AS as security agent; and</p> <p>(k) a first lien deed of charge between Floatel Triumph Ltd. as chargor and Nordic Trustee AS as security agent.</p>
The Netherlands	A security agreement between Floatel Partners B.V., Floatel International Operators B.V. and Floatel Contractor B.V. as pledgors and Nordic Trustee AS as pledgee;
England	<p>(a) A deed of covenant between Floatel Superior Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(b) a deed of covenant between Floatel Reliance Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(c) a deed of covenant between Floatel Victory Ltd., as owner and Nordic Trustee AS as security agent;</p> <p>(d) a deed of covenant between Floatel Endurance Ltd as owner and Nordic Trustee AS as security agent</p> <p>(e) a deed of covenant between Floatel Triumph Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(f) a general assignment of internal charters between Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd. and Floatel Triumph Ltd. as assignors and Nordic Trustee AS as security agent;</p>

	<p>(g) a general assignment of technical management services agreements between Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd. and Floatel Triumph Ltd. as assignors and Nordic Trustee AS as security agent;</p> <p>(h) a general assignment of administrative management services agreements from Floatel International AB from each of Floatel Superior Ltd., Floatel Triumph Ltd., Floatel Victory Ltd., Floatel Reliance Ltd., Floatel Endurance Ltd., Floatel UK Contractor Limited, Floatel International Operators B.V., Floatel Partners B.V., Floatel Contractor B.V., Floatel Singapore Pte. Ltd. and Floatel Singapore Contractor Pte. Ltd. as assignors;</p> <p>(i) a general assignment crew management services agreements from FSAB (current and future) between Floatel UK Contractor Limited, Floatel International Operators B.V., Floatel Contractor B.V. and Floatel Singapore Pte. Ltd. as assignors and Nordic Trustee AS as security agent; and</p> <p>(j) a bank account pledge agreement in respect of certain bank accounts between Floatel Superior Ltd, Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd., Floatel Triumph Ltd, Floatel UK Contractor Limited, Floatel International Operators B.V., Floatel Partners B.V., Floatel Contractor B.V., Floatel International Ltd. as pledgors and Nordic Trustee AS as security agent.</p>
Norway	<p>(a) A security agreement in respect of certain monetary claims in relation to insurances between Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd., Floatel Triumph Ltd., Floatel International Ltd., Floatel Contractor B.V., Floatel UK Contractor Ltd., Floatel Singapore Contractor Pte. Ltd., Floatel Singapore Pte. Ltd., Floatel Partners B.V. and Floatel International Operators B.V. as assignors and Nordic Trustee AS as security agent;</p> <p>(b) a guarantee agreement between Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Triumph Ltd., Floatel Endurance Ltd., Floatel International Operators B.V., Floatel Contractor B.V., Floatel Partners B.V., Floatel Singapore Pte. Ltd., Floatel Singapore Contractor Pte. Ltd. and Floatel UK Contractor Ltd. as guarantors in favour of Nordic Trustee AS; and</p> <p>(c) a security agreement in respect of certain monetary claims in relation to bank accounts between Floatel Superior Ltd., Floatel Reliance Ltd., Floatel Victory Ltd., Floatel Endurance Ltd., Floatel Triumph Ltd., Floatel UK Contractor Limited, Floatel International Operators B.V., Floatel Partners B.V., Floatel Contractor B.V., and Floatel International Ltd., Floatel Singapore Pte. Ltd. and Floatel Singapore Contractor Pte. Ltd. as assignor and Nordic Trustee AS as security agent.</p>
Scotland	<p>(a) A share pledge in respect of shares in Floatel UK Contractor Limited between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent; and</p> <p>(b) a bond and floating charge between Floatel UK Contractor Limited as chargor and Nordic Trustee AS as security agent</p>
Singapore	<p>(a) A share charge in respect of shares in Floatel Singapore Contractor Pte Ltd. between Floatel Singapore Pte. Ltd. as chargor and Nordic Trustee AS as security agent;</p> <p>(b) a debenture between Floatel Singapore Contractor Pte. Ltd. as chargor and Nordic Trustee AS as security agent;</p>

	<p>(c) a share charge in respect of shares in Floatel Singapore Pte. Ltd. between Floatel International Ltd. as chargor and Nordic Trustee AS as security agent; and</p> <p>(d) a debenture between Floatel Singapore Pte. Ltd. as chargor and Nordic Trustee AS as security agent.</p>
Sweden	<p>(a) A bank account pledge agreement in respect of certain bank accounts between Floatel UK Contractor Limited, Floatel Victory Ltd., Floatel International Operators B.V., Floatel Endurance Ltd., Floatel Reliance Ltd., Floatel Superior Ltd., Floatel Triumph Ltd., Floatel Singapore Pte. Ltd., Floatel Partners B.V., Floatel Contractor B.V., Floatel International Ltd. as pledgors and Nordic Trustee SA as security agent; and</p> <p>(b) a share pledge agreement in respect of shares in Floatel International AB and Floatel Service AB between Floatel International Ltd. as pledgor and Nordic Trustee AS as security agent.</p>

SCHEDULE 3
CS SECURITY AGREEMENTS

Jurisdiction and governing law	Description
Bermuda	<p>(a) A vessel mortgage between Floatel Superior Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(b) a vessel mortgage between Floatel Reliance Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(c) a vessel mortgage between Floatel Victory Ltd. as owner and Nordic Trustee AS as security agent;</p> <p>(d) a vessel mortgage between Floatel Endurance Ltd as owner and Nordic Trustee AS as security agent; and</p> <p>(e) a vessel mortgage between Floatel Triumph Ltd. as owner and Nordic Trustee AS as security agent.</p>
The Netherlands	<p>(a) A deed of disclosed pledge over registered shares in Floatel International Operators B.V. between Floatel International Operators B.V. as the company, Floatel Reliance Ltd. as pledgor and Nordic Trustee AS as pledgee;</p> <p>(b) a deed of disclosed pledge over registered shares in Floatel Contractor B.V. between Floatel Contractor B.V. as company, Floatel International Ltd. and pledgor and Nordic Trustee AS as pledgee; and</p> <p>(c) a deed of disclosed pledge over registered shares between Floatel Partners B.V. as company, Floatel International Ltd. as pledgor and Nordic Trustee AS as pledgee.</p>