

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

To the bondholders in:

ISIN NO0010871783 - Telford Offshore Limited Bond Issue 2019/2021

Oslo, 21 December 2020

Notice of a Bondholders' Written Resolution

1. INTRODUCTION

Nordic Trustee AS (the "**Bond Trustee**") acts as bond trustee for the holders of the bonds (the "**Bondholders**") in the above-mentioned bond issue (the "**Bond Issue**" or the "**Bonds**"), in respect of which Telford Offshore Limited is the issuer (the "**Issuer**", and together with its subsidiaries, the "**Group**" or "**Telford Offshore**").

Unless otherwise stated herein, all capitalised terms used but not otherwise defined in this notice (the "**Notice**" or the "**Summons**") shall have the meaning assigned to them in the bond agreement for the Bond Issue dated 24 December 2019, as amended and/or restated from time to time (the "**Bond Agreement**").

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

The purpose of this Summons is to propose various amendments to the Bond Agreement as set out under item 3 and 4 below (the "**Amendments**").

2. SUCCESSFUL SALE OF OSV FLEET

Further to the information provided in the *Notice of a Bondholders' Written Resolution* dated 23 June 2020 (the "**June 2020 Summons**") and as communicated on the conference call held on 8 December 2020 relating to the Q3 2020 Interim Accounts, Group Management is pleased to report that:

- a. the OSV Sale has been completed, with the OSV Sale Completion Date being 27 November 2020; and
- b. a total Early Interest Amount of USD 6,600,000, being the maximum contemplated under the June 2020 Summons, has been paid to the Bondholders, with USD 3,520,000 having an Early Interest Payment Date of 30 June 2020, and USD 3,080,000 having an Early Interest Payment Date of 10 December 2020.

3. FURTHER DEFERRAL OF INTEREST PAYMENT PENDING RECEIPTS FROM CLIENT

Payment delays on contract in Nigeria

The Group's DP3 Vessel, Telford 31, has been deployed via an intermediate contractor (the "**Contractor**") to a major international oil company (the "**IOC**") for work in the Nigerian market since Q2 2020 (the "**Deployment**").

As at the date of this Notice, a minimum of USD 9,400,000 is agreed between, inter alios, Telford Offshore, the Contractor and the IOC to be due and payable to Telford Offshore pursuant to contracts that have been in effect in respect, and for the duration, of the Deployment (the "**Outstanding Balance**").

The Outstanding Balance has accumulated as a result of disrupted conditions in the Nigerian market, including but not limited to the direct and indirect consequences of COVID-19, civil unrest and operational considerations. Payment of the Outstanding Balance to Telford Offshore is dependent on the IOC's release of the relevant cash amounts and the Group has received good-faith assurances from the IOC that such release, whether in whole or in stages, is under way.

Notwithstanding such assurances, in light of the prevailing uncertainty for the oil services sector and the global economy, Management considers that it would be in the interests of both the Group and its financial stakeholders, including the Bondholders, to preserve the Group's liquidity.

With this in mind, Management proposes that the interest due to be paid on 31 December 2020 (being USD 6,710,000) be deferred until the Group has received payment in respect of the Outstanding Balance, whether in whole or in part.

In order to effect this, Management proposes that first Interest Payment Date be postponed from 31 December 2020 to 30 June 2021. Management further proposes that any monies received following the date hereof in respect of or on account of the Outstanding Balance would first be used to pay the Interest which shall have accrued to 31 December 2020 and thereafter a further fee in consideration of this proposal.

The amendments to the Bond Agreement proposed under this item 3 are to permit, as described above, an extension by up to 6 months of the cash coupon currently due to the Bondholders on 31 December 2020 (the "**Further Deferral**").

Amendments under Bond Agreement

To enable the Issuer to implement the proposed Further Deferral, the Issuer has requested the Bond Trustee to propose a Written Resolution so that Bondholders may consider and, if thought fit, approve:

(a) inclusion of the following definitions in the Bond Terms:

- (i) **“Contract Receipt”** means the receipt by any Group Company of monies in payment of, or on account of, amounts due and payable to the Group with effect on 21 December 2020 pursuant to the contracted deployment of the Telford 31 in Nigeria commencing Q2 2020; and
- (ii) **“Contract Receipt Date”** means the date on which cash consideration shall have been received by a Group Company pursuant to a Contract Receipt;

(b) amendment of the definition of “*Interest Payment Date*” to read (insertion underlined and deletion struck through):

“30 June and 31 December of each year and the Maturity Date, with the first Interest Payment Date being 30 June 2021~~31 December 2020~~.”;

(c) amendment of subclause (b) of Clause 4.9.1 (*Covenant to Pay*) in the Bond Agreement to read (insertion underlined and deletion struck through):

“The first Interest Payment Date shall be 30 June 2021~~31 December 2020~~; and

(d) amendment of Clause 4.9.16 (*Early Interest Payment*) in the Bond Agreement, which had been inserted pursuant to the June 2020 Summons, to read (insertions underlined and deletions struck through):

“4.9.16 Early Interest Payment

Prior to the first Interest Payment Date, the Issuer

- (i) *may at the Issuer’s sole discretion pay, on a pro rata basis in respect of the Bonds, some or all of the Interest which has accrued since the Issue Date, provided that such prepayment does not cause the Issuer to be in default of its obligations under this Bond Agreement, including but not limited to Clause 4.4.1(a) (Minimum Liquidity), and-*
- (ii) *shall apply the proceeds received by any Group Company from the such OSV Sale (or any component thereof) at completion thereof in payment of interest which has accrued since the Issue Date, such payment to be made within 20 Business Days of an OSV Sale Completion Date, provided that in no event shall the aggregate of the amounts paid prior to 31 December 2020 pursuant to (i) and (ii) above exceed USD 6,600,000; and-*
- (iii) *shall apply the amount of any Contract Receipt in payment of interest which has accrued and remained unpaid since the Issue Date, such payment to be made within 20 Business Days of the relevant Contract Receipt Date, provided that in no event shall the aggregate of the amounts paid prior to 30 June 2021 pursuant to this clause 4.9.16 exceed USD 13,310,000.*

*The date of any such payment shall be an “**Early Interest Payment Date**” and the amount of such payment shall be an “**Early Interest Amount**”.*

As consideration for the Further Deferral, the Issuer agrees to pay (or cause to be paid) a fee to each of the Bondholders, for the ratable benefit of each Bondholder under the Bond Agreement as of the date of payment thereof (the “**Further Deferral Fee**”). The Further Deferral Fee shall not exceed USD 500,000 in aggregate and shall be calculated as follows:

Further Deferral Fee = USD 500,000 minus the sum of the Further Deferral Fee Discounts, if any,

where

Further Deferral Fee Discount in respect of each payment of an Early Interest Amount pursuant to part (iii) of Clause 4.9.16 *Early Interest Payment*, as set out above

= USD 500,000 * Early Interest Amount / USD 6,710,000

multiplied by

{the number of days from and including the relevant Early Interest Payment Date to but excluding 30 June 2021}

divided by

{the number of days from and including 31 December 2020 to but excluding 30 June 2021},

in each case as measured using the Day Count Convention.

The Further Deferral Fee shall be allocated between the Bondholders on a pro rata basis compared to their holding of Outstanding Bonds on the date of payment. The Further Deferral Fee shall become due and payable on the Early Interest Payment Date in respect of the last Contract Receipt which will cause part (iii) of Clause 4.9.16 *Early Interest Payment*, as set out above, to operate.

4. ADDITIONAL EXEMPT COMPANY

Further to the consents provided in response to the *Notice of a Bondholders’ Written Resolution* dated 7 April 2020 and the June 2020 Summons, the Group wishes to start the process of winding up an existing Guarantor, Telford Offshore Middle Africa Limited (“**TOMAL**”). Following the anticipated transfer from TOMAL to another Group Company of the Group’s interest in Telford Offshore (Angola), LDA (the “**TOMAL Transfer**”), TOMAL will become dormant and then represent an ongoing administrative burden and cost to the Group.

In order to facilitate this process, the Bondholders will be asked to (i) consent to TOMAL being included as an additional company under the definition of ‘Exempt Company’ under the Bond Agreement, (ii) instruct and authorise the Security Agent to release TOMAL from all obligations under the existing Guarantee, the Security Trust Deed and any other Security Document to which it is a party, and (iii) consent to the winding up of TOMAL (together, the “**TOMAL Exemptions**”). The winding-up process is expected to be completed during a period of 12 months from the date of this Notice. The Issuer will also procure prior to, and as a condition to, the release of the existing Guarantee and the other existing Security Documents granted by TOMAL that (i) the TOMAL Transfer is completed and (ii) all amounts standing to the credit of any secured bank account held in its name are transferred to another secured account within the Group.

Amendments under Bond Agreement

To enable the Issuer to implement the above, the Issuer has requested the Bond Trustee to propose a Written Resolution so that Bondholders may consider and, if thought fit, approve:

- (a) amendment of the definition of "Exempt Company" in the Bond Agreement to include Telford Offshore Middle Africa Limited;
- (b) authorisation and instruction of the Security Agent to release Telford Offshore Middle Africa Limited from any and all obligations under the existing Guarantee, the Security Trust Deed and any other relevant Security Document, provided that prior to the release of the existing Guarantee and any other relevant Security Document granted by Telford Offshore Middle Africa Limited (i) the transfer from Telford Offshore Middle Africa Limited to another Group Company of the Group's interest in Telford Offshore (Angola), LDA is completed, and (ii) all amounts standing to the credit of any secured account held in the name thereof are transferred to another secured account within the Group; and
- (c) conditional upon the completion of the steps referred to in paragraphs (a) and (b) above, the winding-up of Telford Offshore Middle Africa Limited.

5. RATIONALE ACCEPTED BY EXISTING BONDHOLDER

The Issuer, after having consulted with the largest bondholder who holds Bonds (and accounts for approximately 95% of the Outstanding Bonds), has concluded that there is a good rationale for entering into the Further Deferral and the TOMAL Exemptions.

6. PROPOSAL

In accordance with Clause 7.5 (*Written Resolution*) of the Bond Agreement, the Issuer has approached the Bond Trustee to propose this Written Resolution in order for Bondholders to consider the Issuer's request to provide the necessary consents to implement the Amendments which necessitate certain changes to the Finance Documents as set out below, pursuant to the authority given to the Bondholders under Clause 7 of the Bond Agreement.

In light of the above, the Bond Trustee requests that the Bondholders adopt the following resolution (the "**Proposal**");

"The Bondholders:

- (a) *approve the Further Deferral, the Further Deferral Fee and the amendments to the Bond Agreement as set out in Amendments under Bond Agreement in paragraph 3 above;*
- (b) *approve the TOMAL Exemptions and the amendments to the Bond Agreement as set out in Amendments under Bond Agreement in paragraph 4 above;*

- (c) *instruct the Bond Trustee to waive any provision of the Finance Documents that would otherwise be breached for the purposes of implementing the amendments and any matters as set out in Amendments under Bond Agreement in each of paragraphs 3 and 4 above (the "Amendments") and provide its consent to any party taking any action or entering into any transaction which such party is permitted or required to take or enter into under the terms of the documents entered into to implement the Amendments; and*
- (d) *instruct the Bond Trustee to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Amendments, such authorisations and instructions to take effect as a Written Resolution.*

7. FURTHER INFORMATION

For further questions to the Bond Trustee, please contact:

For the Issuer:

Fraser Moore (CEO of the Issuer)
E-mail: frasermoore@telfordoffshore.com
Tel: +971 4 350 7601 = +971 506343790

For the Bond Trustee:

Olav Slagsvold / Ellen Søiland
Email: slagsvold@nordictrustee.com / soiland@nordictrustee.com / mail@nordictrustee.no
Tel: +47 22 87 94 45

8. NON-RELIANCE

The Issuer has requested that the Bond Trustee issue this request for a written Bondholders' resolution pursuant to Clause 7.5 (*Written Resolution*) of the Bond Agreement to consider approval of the Proposal.

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee, and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly.

9. WRITTEN BONDHOLDERS' RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 7.5 (*Written Resolution*) of the Bond Agreement.

It is proposed that the Bondholders resolve the following (the "Proposed Resolution"):

"The Bondholders approve by Written Resolution the Proposal as described in Clause 6 of this Notice. The amendments to the Bond Agreement as set out in the Proposal are to take immediate effect on the date hereof.

The Bond Trustee is hereby instructed and authorised to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation authorising and approving the final terms of, and entering into, of any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in connection with the implementation of the Proposal."

A Proposed Resolution will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the relevant Proposed Resolution prior to the expiry of the Voting Period (as set out 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 relevant Proposed Resolution represent at least a 2/3 majority of the Voting Bonds that timely responded to the Notice.

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 clause 7.1 (*Authority of the Bondholders' Meetings*).

The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

Voting Period: The Voting Period shall expire 3 Business Days after the date of this Notice, being on no later than 30 December 2020 at 13:00 Oslo time. The Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority under the Bond Agreement prior to the expiration of the Voting Period.

How to vote: A duly completed and signed Voting Form (attached hereto as Schedule 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.com.

Yours sincerely,

NORDIC TRUSTEE AS

Enclosed: Voting Form

Schedule 1
Voting Form

ISIN NO0010871783 Telford Offshore Limited Bond Issue 2019/2021

The undersigned holder or authorised person/entity, votes in the following manner:

The Proposal as defined in the notice for written resolution dated 21 December 2020

In favour of the Proposal
 Against the Proposal

ISIN	Amount of Bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the

Bond Issue as of _____ 2020.

We acknowledge that, for verification purposes in relation to the written Bondholders' resolution, Nordic Trustee AS may obtain information regarding our holding of Bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS
P.O. Box 1470 Vika
N-0116 Oslo
Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
mailto: mail@nordictrustee.no

¹ If the Bonds are held in custody other than in the VPS, evidence provided from the custodian - confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are held, and (iii) the amount of bonds owned.