

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

To the bondholders in:

- NO 0010814627 - Tranche A1 Telford Offshore Limited Bond 2018/2019**
- NO 0010814643 - Tranche A2 Telford Offshore Limited Bond 2018/2019**
- NO 0010842388 - Tranche A3 Telford Offshore Limited Bond 2018/2019**
- NO 0010815921 - Tranche B Telford Offshore Limited Bond 2018/2024**

Oslo, 18 June 2019

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 issues (the “**Bond Issues**” or the “**Bonds**”), in respect of which Telford Offshore Limited is the issuer (the “**Issuer**”, and together with its subsidiaries, the “**Group**”).

Unless otherwise stated herein, all capitalised terms used but not otherwise defined in this notice (the “**Notice**” or “**Summons**”) shall have the meaning assigned to them in the bond agreement for the Bond Issues dated 6 February 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.

2. BACKGROUND - SUPER SENIOR BONDING FACILITY AS PERMITTED UNDER THE BOND AGREEMENT

Support to the Group's commercial activities

Under the Bond Agreement the Issuer is permitted to enter into (or permit one or more of its Group Companies to enter into) a Super Senior Bonding Facility with an Acceptable Credit Facility Provider for the purposes of issuing any standby or documentary letters of credit, performance bonds or guarantees or bid bonds or advance payment bonds to its clients or suppliers in its commercial contracts in the ordinary course of business (as opposed to guaranteeing the Issuer's (or any Group Company's) other financial borrowings) where:

- (a) the Issuer has notified the Security Agent and the Bond Trustee that the facility agreement should be designated as a Super Senior Bonding Facility;
- (b) the Security Agent has confirmed that the facility agreement complies with the Super Senior Bonding Facility Terms;
- (c) the relevant Credit Facility Agent (if any) and Credit Facility Provider(s) enter into an Intercreditor Agreement which is in compliance with the Intercreditor Principles; and
- (d) the Issuer designates and the relevant Intercreditor Agreement provides that the liabilities under that facility are Super Senior Liabilities.

The Group's commercial contracts often require performance bonds to be issued to its clients. Those performance bonds are usually in an amount of around 10% of the nominal value of the related contract and expire a few months after that contract's end. Certain suppliers also require a payment guarantee to be issued from time to time.

In the view of the Group's management, for commercial reasons and for the furtherance of the Group's business and commercial activities including where in the ordinary course of business bonding and guarantees form an important part, it is advisable for the Issuer and/or one or more of its Group Companies to enter into a super senior bonding facility. The Issuer has negotiated a draft US\$10,000,000 bonding facility (the "**Bonding Facility**") with an Acceptable Credit Facility Provider, Coöperative Rabobank U.A. ("**Rabobank**") which will be in a position to provide the necessary facilities under a Super Senior Bonding Facility.

The Group's management is of the opinion that the Bonding Facility will facilitate the growth and development of the Group and should now be implemented.

The Issuer has confirmed to the Bond Trustee that the Bonding Facility should be designated as a Super Senior Bonding Facility, and that it complies with the Super Senior Bonding Facility Terms contained at Schedule 4 of the Bond Agreement (including the restriction on the total pricing of the Super Senior Bonding Facility).

A copy of the intercreditor agreement which the Issuer has requested that the Bond Trustee (in its capacity as bond trustee for the Bondholders and as Security Agent for the secured parties) enter into together with certain of the Group Companies, and Rabobank (the "**Rabobank Intercreditor Agreement**") may be requested by Bondholders from the Issuer. The Bond Agreement allows entry into an intercreditor agreement without the consent of Bondholders where its terms comply with the Intercreditor Principles or alternatively with the consent of Bondholders if the terms differ from the Intercreditor Principles. The Rabobank Intercreditor Agreement in certain respects follows the Intercreditor Principles and in certain other respects it is based on the Loan Markets Association pro forma intercreditor agreement for leveraged acquisition finance transactions for super senior / senior liabilities. As the terms of the Rabobank Intercreditor Agreement do not comply in all respects with the Intercreditor Principles, the Issuer has requested the Bond Trustee propose a Written Resolution so that Bondholders may consider and, if thought fit, approve, among other things, entry into the Rabobank Intercreditor Agreement.

Rationale accepted by certain existing Bondholders

Accordingly, the Issuer after having consulted with certain of the Issuer's largest bondholders which hold Tranche A Bonds and the Tranche B Bonds (and accounts for approximately 75% of the Bonds), has concluded that there is a good rationale for entering into the Bonding Facility with Rabobank and the Rabobank Intercreditor Agreement.

3. REQUIRED CONSENTS UNDER BOND AGREEMENT

Bonding Facility: Cash Collateral

The Bonding Facility also includes certain requirements for the Issuer, the Parent or any Group Company to deposit cash collateral or provide cash cover in the ordinary course of business as may be required under the Bonding Facility, and any amendment or modification required under the Bond Agreement to allow for the provision of the same. The provision of cash collateral is prohibited by Clause 4.3.1 (*Negative Pledge*) of the Bond Agreement (the "**Cash Collateral Restriction**"). The Issuer is therefore seeking a waiver of that prohibition in respect of the provision of cash collateral, from time to time, to Rabobank in respect of performance bonds issued at such time under the Bonding Facility up to a maximum amount of US\$10,000,000 (which will apply notwithstanding any further increase in the commitments under the Bonding Facility in accordance with the terms of the Facility Agreement).

Intercreditor Agreement

In connection with entry into the Bonding Facility, the Issuer has proposed that the Bond Trustee enter into the Rabobank Intercreditor Agreement. The Bond Agreement allows entry into an intercreditor agreement without the consent of Bondholders where its terms comply with the Intercreditor Principles or alternatively with the consent of Bondholders if the terms differ from the Intercreditor Principles.

The terms of the Rabobank Intercreditor Agreement do not comply in all respects with the Intercreditor Principles. Accordingly, the Issuer has requested the Bond Trustee to propose a Written Resolution so that Bondholders may consider and, if thought fit, approve, among other things, entry into the Rabobank Intercreditor Agreement.

Bondholders may request the Intercreditor Agreement from the Issuer.

Certain of the key differences between the Rabobank Intercreditor Agreement and the Intercreditor Principles are summarised (on a non-exhaustive basis) below:

(a) **Individual Enforcement Rights**

The terms of the Intercreditor Principles provide for the Tranche B Bondholders to be entitled to issue enforcement instructions during the first 90 days from a payment default under the Tranche A Bonds or the first 120 days from any other default (the "**Tranche B Bondholder Enforcement Period**"). At the expiry of this period, the Majority Secured Creditors (being the Tranche A Bondholders, the Tranche B Bondholders and the Super Senior Creditors under a Super Senior Bonding Facility that respectively represent at least 50 per cent. of the total Tranche A Bonds, Tranche B Bonds and Super Senior Liabilities outstanding at that time) were then provided a period of 12 months following the expiry of the Tranche B Bondholder Enforcement

Period to issue enforcement instructions. At the expiry of this further period, the Tranche A Bondholders and the Super Senior Creditors under a Super Senior Bonding Facility that respectively represent at least 50 per cent. of the total Tranche A Bonds and Super Senior Liabilities outstanding at that time could issue enforcement instructions.

Accordingly, the Intercreditor Principles provide that the Super Senior Creditor should not have any individual rights to instruct the Security Agent to enforce the Security Interests. However, the Rabobank Intercreditor Agreement provides the following individual rights for Rabobank in its capacity as Super Senior Creditor to instruct the Security Agent to enforce the Security Interests (and without any approvals or consents from the Bondholders) in the following circumstances:

- (i) within six months of delivering proposed enforcement instructions (an “**Initial Enforcement Notice**”) Bond Trustee (acting on the instructions of the Bondholders under the terms of the Bond Agreement) has not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue;
- (ii) within six months of an Initial Enforcement Notice, the Bond Trustee (acting on the instructions of the Bondholders under the terms of the Bond Agreement) has not appointed a Financial Advisor to assist them in making such a determination;
- (iii) the Super Senior Liabilities have not been satisfied within twelve months of an Initial Enforcement Notice; and
- (iv) there is an Insolvency Event continuing with respect to the Issuer or any other Group Company and the maturity date of the Super Senior Liabilities has not occurred.

(b) Release of claims

The Intercreditor Principles allow for the Instructing Group to instruct the Security Agent to release the Security Interests (but not any liabilities) upon an enforcement of the Security Interests. Therefore although the Instructing Group could instruct the Security Agent to release the Security Interests over the Group’s assets in connection with a Distressed Disposal, it could not release the liabilities of the creditors including the claims and guarantees of the Bondholders against any entity which is, directly or indirectly, the subject of the Distressed Disposal.

The Rabobank Intercreditor Agreement provides for the Security Agent to be irrevocably authorised to release or dispose of claims, borrowing liabilities, guarantee liabilities and other liabilities (including the claims of the Bondholders) owed by any entity which is, directly or indirectly, the subject to a Distressed Disposal. Such a release could occur in connection with a Distressed Disposal undertaken in accordance with an instruction provided by Rabobank only in the circumstances outlined in paragraph (a) above.

(c) **Competitive Sales Process**

The Intercreditor Principles contained the following definition of “Competitive Sales Process”:

a public or private auction or other competitive sale process in which more than one bidder participates or is invited to participate, which may or may not be conducted through a court or other legal proceeding, and which is conducted with the advice of a Financial Adviser and which in each case (a) is conducted with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances; and (b) each Secured Party shall have the right to elect to participate as a bidder on the same basis and with equal information and access as other bidder generally.

That definition has been extended in the Rabobank Intercreditor Agreement to include “any enforcement of the Transaction Security carried out by way of auction or other competitive sales process pursuant to requirements of applicable law”.

(d) **Non-Cash Consideration**

The Intercreditor Principles provide that, if a Distressed Disposal is being effected upon the instruction of the Bond Trustee (acting on the instructions of the Tranche B Bondholders in accordance with the Bond Agreement) during the Tranche B Bondholders Enforcement Period, then the consideration payable in connection with any such Distressed Disposal must either:

- (i) be payable solely in cash; or
- (ii) result in the Security Agent receiving cash proceeds in an aggregate amount which is at least sufficient to discharge the Senior Liabilities and the Super Senior Liabilities (if any) in full.

That requirement is not included in the Rabobank Intercreditor Agreement, which instead allows for a Distressed Disposal or a Debt Disposal (as defined in the Rabobank Intercreditor Agreement) being made in a form other than cash. Under the Rabobank Intercreditor Agreement the non-cash consideration received in respect of a Distressed Disposal or a Debt Disposal can be distributed to the creditors of the Group including the Bondholders in lieu of cash and, as a general matter, without their approval.

4. PROPOSAL

In accordance with Clause 7.10 (*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 be permitted to enter into the Rabobank Intercreditor Agreement and provide up to US\$10,000,000 of cash collateral in respect of performance bonds issued from time to time under the Bonding Facility, 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**”):*

“Subject to the final paragraph of this resolution, the Bondholders:

- (a) approve entry into the Rabobank Intercreditor Agreement; and*
- (b) waive the Cash Collateral Restriction in the Bond Agreement in respect of the provision of up to US\$10,000,000 of cash collateral to Rabobank in respect of any performance bonds issued from time to time under the Bonding Facility'*

such authorisations and instructions to take effect as a Written Resolution.

If the definitive documentation required to implement the Proposal has not been entered into by the Bond Trustee and each of the relevant signatories by 5:00 pm (Oslo) on 25 August 2019 (or such later date as may be agreed by the Bond Trustee upon receipt of written approval of Bondholders who, together, represent in aggregate at least a two-thirds of the Voting Bonds at the relevant time), any Bondholder consents or approvals set out in the Proposal shall automatically terminate (and shall no longer continue in effect) without any further action being required by any party.”

5. FURTHER INFORMATION

For further questions to the Bond Trustee, please contact:

For the **Issuer**:

Ivan Coyard (CFO of the Issuer)
E-mail: ivancoyard@telfordoffshore.com
Tel: +971 435 076 03 - +971 545 822 712

For the **Bond Trustee**:

Olav Slagsvold
Email: slagsvold@nordictrustee.com
Tel: +47 22 87 94 45

6. NON-RELIANCE

The Issuer has requested that the Bond Trustee issue this request for a written Bondholders' resolution pursuant to Clause 7.10 (*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.

7. WRITTEN BONDHOLDERS' RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 7.10 (*Written Resolution*) of the Bond Agreement.

It is proposed that the Bondholders resolve the following resolution by way of Written Resolution:

“The Bondholders approve by Written Resolution the Proposal as described in Clause 4 of this Notice.

The Bond Trustee is hereby authorised to do all things and take all such steps that may be necessary (in the absolute discretion of the Bond Trustee) to complete and implement the Proposal.”

For the avoidance of doubt, no Bondholders’ Meeting will be held. For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Schedule 1 (the “**Voting Form**”) no later than 25 June 2019 at 5:00 pm (Oslo time) (the “**Voting Deadline**”).

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 7.10 (*Written Resolution*) of the Bond Agreement, the Proposal will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this Notice represent such majority of votes as would be required if the Proposal was voted on at a Bondholders’ Meeting (which, for the avoidance of doubt, is 2/3 of the Voting Bonds pursuant to 7.1(f) of the Bond Agreement) at which all Bondholders entitled to attend and vote thereat were present and voting.

Votes which are submitted are final and cannot be withdrawn. In the event that Bonds are transferred to a new owner after votes have been submitted in respect of such Bonds, the new Bondholders shall accordingly not be entitled to submit a vote.

Yours sincerely,



Nordic Trustee AS

Enclosed:

Schedule 1: Voting Form
Schedule 1

Voting Form

NO 0010814627 - Tranche A1 Telford Offshore Limited Bond 2018/2019
NO 0010814643 - Tranche A2 Telford Offshore Limited Bond 2018/2019
NO 0010842388 - Tranche A3 Telford Offshore Limited Bond 2018/2019
NO 0010815921 - Tranche B Telford Offshore Limited Bond 2018/2024

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

The Proposal as defined in the notice for written resolution dated 18 June 2019

- ☐ **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 _____ 2019.

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 hold, and (iii) the amount of bonds owned.