

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

**To the bondholders ("Bondholders") in:**

**ISIN NO 001 068656.1 FRN E Forland AS Senior Secured Bond Issue 2013/2018 ("EFOR01 PRO")**

Oslo, 24 May 2018

## **Summons to Bondholders' Meeting – E Forland AS**

Nordic Trustee AS (the "**Bond Trustee**") acts as bond trustee for the Bondholders in the above mentioned senior secured bond issue (the "**Bonds**" or the "**Bond Issue**") issued by E Forland AS (the "**Issuer**") and guaranteed by Frode Bjørn AS (the "**Parent**") under the bond agreement dated 2 September 2013 (the "**Bond Agreement**").

Defined terms used in this summons shall have the meaning ascribed to them in the Bond Agreement unless otherwise set out herein or required by the context.

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

### **1 BACKGROUND**

The Issuer owns the subsea vessel Rem Saltire, previously named Fugro Saltire. The Rem Saltire is financed through the Bonds. The current owner of the Issuer, Frode Bjørn AS, also owned the subsea vessel Forland Inspector through its subsidiary Forland Subsea AS, but following a restructuring of Forland Subsea AS in November 2017, the Parent's indirect ownership in the vessel was reduced to 7.7%.

In February 2017, EMAS AMC, the charterer of the Forland Inspector, filed for bankruptcy in Norway and its parent guarantor, Ezra Holdings filed for bankruptcy protection in the U.S. Payment of the full charter hire ceased in November 2016. Following the bankruptcy in EMAS AMC, the vessel remained mostly idle until a new 9 months firm contract with a reputable client was awarded in February 2017. However, the day rate is not sufficient to service scheduled debt instalments. Furthermore, in August 2017, the time charter party for the Rem Saltire was terminated effective from 1 October 2017 by Fugro (originally scheduled to last until July 2018). The claim for early termination was settled in full early 2018 through a cash consideration and the Issuer getting ownership of some of the on-board equipment. The vessel recently commenced a new charter party with an estimated firm duration until mid September 2018 and additional 8 weeks options. The day rate is also here not sufficient to service scheduled debt instalments in full.

The day rates in the subsea segment are likely to remain relatively low in the medium term, and it is hence unlikely that new contracts will secure day rates sufficient to service scheduled interest and instalments in full. Free cash in the Issuer subsequent to completion of a special survey in April 2018 was just above NOK 20 million. Due to the charter hire being paid in arrears under the new charter party commenced in April, the Issuer may temporarily fall below the NOK 20 million free cash financial covenant until completion of the proposed bond refinancing, cf. below. Considering the uncertainty in start up of the next employment for Rem Saltire and the cash-flow implications thereof, including working capital needs, it is uncertain if the company will have sufficient funds to fulfill the payment obligations of the Bond Issue in full on 4 June 2018. The current liquidity situation is insufficient to carry the Issuer through to a market recovery. Currently, the Issuer's liquidity is around NOK 15 million which is below the existing financial covenants threshold.

In order to secure going concern and maximise value for all stakeholders, the Issuer intends to raise new equity and adapt the existing repayment profile and covenants to reflect the current market sentiment.

As announced in November 2017, the Parent and In Nord Vest AS (“**INV**”) reached an agreement with the secured lenders in Forland Subsea AS (the owner of Forland Inspector) for a restructuring of the debt including inter alia new equity, reduced repayment profile and changes to the covenants. Following the equity issue which was made by INV directly into Forland Subsea AS, Frode Bjørn AS’ ownership in this company was reduced to 7.7%.

INV is an investment company specialising in investments in OSV vessels. The company has an established management organization and team with extensive track record with operations worldwide and a broad customer base. In Nord Vest AS is controlled by Åge Remøy, Magnus Roth and Torsteinn Mar Baldvinsson. Åge Remøy founded Rem Offshore ASA (“**Rem**”) in 1996 and was CEO or chairman of the Board and main owner of that company until it merged with SolstadFarstad in 2016. Rem had among the lowest operating costs and strongest EBITDA margins among its peers. Magnus Roth and Torsteinn Mar Baldvinsson are experienced investors and operators in the maritime industry.

The key elements in the proposed restructuring are as follows:

### 1.1 New equity

The principal owner of the Parent, Torpevikvegen 4-6 Eiendom AS, will sell its remaining 50% of the shares in the Parent to INV in connection with the contemplated restructuring. INV will further contribute with NOK 40 million less the amount in new equity subscribed for by Bondholders in new equity into the Issuer as part of the restructuring (as described below).

### 1.2 Proposed Bond Refinancing

- All existing financial covenants on Issuer and Parent level replaced with the following covenants on Issuer level (E Forland AS) until June 2021:
  - From 31 December 2019 to 30 June 2021: Asset Cover Ratio of minimum 100%
  - Minimum Cash of NOK 5 million until June 2021
- Maturity extended to 30 June 2021 (for the avoidance of doubt, the Interest Payment Dates will not be amended)
- Fixed amortization from and including the Interest Payment Date in June 2018 reduced to NOK 4.5 million semi-annual payments (75% reduction)
- Introduction of a cash sweep mechanism (as described below)
- Up front debt instalment of NOK 30 million at par
- Allow for INV to own up to 100% of the Parent and up to 100% of the Issuer without triggering any Change of Control Event or Mandatory Redemption Event
- NOK 40 million in new equity in the Issuer (the “**Equity Issue**”) based on a pre money equity valuation of NOK 2 million.
  - Bondholders are given an opportunity to participate with up to NOK 19.6 million on a pro rata basis (up to 49% of the Equity Issue). If all bondholders participate with its pro rate share, they will receive a total ownership of 46.67% of the Issuer.
  - Over-subscription is allowed and any short fall coming from bondholders not using its right to participate will be allocated to subscribing bondholders pro rate to their ownership of bonds.
  - INV have committed to subscribe for the remaining NOK 20.4 million and any short fall coming from bondholders not using its right to participate to the extent not subscribed by the over-subscription of subscribing bondholders.
  - Bondholders holding bonds as of the date and time of this summons are eligible for participating in the Equity Issue. Bondholders that will subscribe for equity must deliver the irrevocable proxy (attached hereto) no later than the scheduled time of the Bondholders’ Meeting to Arild Myrvoll at [am@remoffshore.no](mailto:am@remoffshore.no).
  - The subscription right is personal and non-transferable, however, if the Bondholder is a

fund, the subscription in the Equity Issue can be made by another fund managed by the same investment manager. For the avoidance of doubt, neither INV nor any Bondholder subscribing for shares in the Equity Issue is required to pledge such shares as security for the Bond Issue.

## 2 PROPOSALS

It is proposed that the Bondholders resolve to approve the proposal (as described in 2.1.1-2.1.3) (the “**Proposal**”):

### 2.1 The Proposal

#### 2.1.1 Amendments to the Bond Agreement

The Bondholders' Meeting consents to the following amendments to the Bond Agreement:

- (a) The following new definition shall replace current definition inserted in clause 1.1 (Definitions) in the Bond Agreement:

*“Maturity Date” means 30 June 2021. Any adjustment will be made according to the Business Day Convention.*

- (b) Clause 14.8 in the Bond Agreement shall be deleted and Clause 14.9.1 in the Bond Agreement shall be replaced with the following new financial covenants:

*The Issuer undertakes to comply with the following financial covenants*

- *Asset Cover Ratio: The Vessel Market Value shall exceed 100% of the aggregate face value of the Outstanding Bonds from and including 31 December 2019 and until Maturity Date*
- *Minimum Cash: The Issuer shall at all times have Cash and Cash Equivalent in excess of NOK 5 million*

- (c) Clause 11.1.1 in the Bond Agreement shall be deleted and replaced with the following. For the avoidance of doubt there will be no default interest on the currently Scheduled Instalment of NOK 9 million on 4 June 2018. The new Scheduled Instalment of NOK 4.5 million (plus accrued interest) will be settled 10 Business Days after the date the Equity Issue has been registered as a share capital increase in the Issuer with the Norwegian Business Register (*No: Foretaksregisteret*):

*From and including the Interest Payment Date in June 2018, the Bonds shall be repaid by the Issuer in instalments (the “Scheduled Instalments”) of NOK 4.5 million on each of the Interest Payments Dates in June and December.*

- (d) A cash sweep mechanism is included in a new Clause 11.1.4:

*From and including the Interest Payment Date in March 2019, all Cash and Cash Equivalents in the Issuer 10 Business Days prior to the relevant Interest Payment Date (the “Relevant Interest Payment Date”) exceeding NOK 25 million plus the Scheduled Installment and interest amount due at the Relevant Interest Payment Date shall be used to repay Bonds at 100% of par value (plus accrued interest on the redeemed amount). Such redemption shall take place on the Relevant Interest Payment Dates.*

- (e) The following new definition shall replace the current definition in clause 1.1 (Definitions) in the Bond Agreement:

*"Change of Control Event" means if any person or group (as such term is defined in section 1-3 of the Norwegian Limited Companies Act), save for In Nord Vest AS and related parties (as such term is defined in section 1-5 of the Norwegian Limited Companies Act) becomes the owner, directly or indirectly, of more than 50% of the outstanding shares and/or voting rights of the Issuer.*

- (f) Subclause (b) of the definition of Mandatory Redemption Event shall be deleted.
- (g) Clause 14.3 (f) (Disposal of business) in the Bond Agreement shall be deleted.
- (h) The definition of Share Pledge in clause 1 (Definition) shall be amended and restated to read as follows:

*"Share Pledges" means the first priority pledges granted by the Parent in favour of the Bond Trustee (on behalf of the Bondholders) over its shares in (i) the Issuer and (ii) (if applicable) the Internal Bareboat Charterer.*

- (i) A new clause 16.1 (j) shall be inserted as follows:

*"(j) Parent*

*Notwithstanding anything to the contrary set out in this Bond Agreement, a default by the Parent of any of the provisions of Clause 16.1 (c) (Cross default), 16.1 (e) (Insolvency), 16.1 (f) (Insolvency proceedings and dissolution) or 16.1 (g) (Creditor's process) shall never constitute an Event of Default and such a default by the Parent shall never constitute a Material Adverse Effect."*

- (j) The definition of "Group" in clause 1 (Definition) shall be amended and restated to read as follows:

*"Group" means the Parent, the Internal Bareboat Charterer (if applicable), and the Issuer and its direct and indirect Subsidiaries from time to time, each a "Group Company".*

- (k) The definition of "Cash and Cash Equivalent" in clause 1 (Definition) shall be amended and restated to read as follows:

*"Cash and Cash Equivalent" means at any date, the amounts (expressed in NOK or NOK equivalent) on such date of the then current market value of:*

- (a) *cash in hand or amounts standing to the credit of any current and/or on deposit accounts; and*
- (b) *time deposits and certificates of deposit, and bills of exchange,*

*in each case, to which the Issuer is beneficially entitled at that time and which is available to the Issuer. Any amount standing to the credit of any Issuer Accounts pledged and/or blocked in favour of the Bond Trustee shall be regarded as Cash and Cash Equivalents as long as no Event of Default has occurred under this Agreement.*

### **2.1.2 Considerations**

Upon approval of the amendments to the Bond Agreement, described in clause 2.1 (*Amendments to the Bond Agreement*) above, by the Bondholders' Meeting, the Issuer will partially redeem Bonds for a total redemption amount of NOK 30,000,000 (the "**Redemption Amount**") at a price equal to 100.0% of the par value of the Bonds (resulting in a redemption of approximately 8.8% of the Outstanding Bonds). The redemption will take place no later than 10 Business Days after the date the Equity Issue has been

registered as a share capital increase in the Issuer with the Norwegian Business Register (*No: Foretaksregisteret*) and be made on a pro rata basis. On the redemption date the Issuer will pay accrued, but unpaid interest, on the redeemed Bonds and such payment will come in addition to, and not reduce, the Redemption Amount. For the avoidance of doubt, this Redemption Amount will be in addition to the Scheduled Instalment of NOK 4.5 million to be paid on or about the same date.

### **2.1.3 Authorisation of the Bond Trustee**

The Bondholders authorises and instructs the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary in order to implement the Proposal, including, without limitation, to (i) prepare, finalise and enter into an amendment agreement to the Bond Agreement and other documentation it deems appropriate in connection with documenting the decisions made by the Bondholders' Meeting according to and such further amendments consistent with the principles of this summons and (ii) (a) are of minor or technical nature and (b) in the opinion of the Bond Trustee do not have a material adverse effect on the rights and interests of the Bondholders.

### **2.2 Support for the Proposal**

The Issuer has informed the Bond Trustee that more than 60% of the Bondholders have given their prior written support to the Proposal.

## **3 EVALUATION OF THE PROPOSED AMENDMENTS**

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

## **4 FURTHER INFORMATION**

The Issuer has retained DNB Markets, part of DNB Bank ASA and ABG Sundal Collier ASA as financial advisors (the “**Advisors**”). Bondholders may contact either of the Advisors for further information.

DNB Markets Bond Syndicate  
+47 24 16 93 54 / 24 16 93 68  
Email: [bond.syndicate@dnb.no](mailto:bond.syndicate@dnb.no)

ABG Sundal Collier ASA  
Ola Nygård  
+47 22 01 61 86 / +47 41 21 34 10  
Email: [ola.nygard@abgsc.no](mailto:ola.nygard@abgsc.no)

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

For further questions to the Bond Trustee, please contact:

Lars Erik Lærum  
+47 22 87 94 06  
Email: [laerum@nordictrustee.com](mailto:laerum@nordictrustee.com)

## 5 BONDHOLDERS' MEETING

On this background, Bondholders are hereby summoned to a Bondholders' Meeting:

**Time:** 7 June 2018 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee AS,  
Haakon VII's gt. 1, 0161 Oslo - 6<sup>th</sup> floor

### Agenda:

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

**It is proposed that the Bondholders' Meeting resolves the following:**

*"The Bondholders' Meeting approves the Proposal as described in clause 2.1 of the summons"*

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To approve any of the above resolutions, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the Voting Bonds must be represented at the meeting. If none of the proposals are adopted, the Bond Agreement will remain unchanged.

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

The individual bondholder may authorise the Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

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

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

Yours sincerely  
**Nordic Trustee AS**

  
**Lars Erik Lærum**

Enclosed: Bondholder's Form  
Irrevocable Proxy for the Equity Issue

**STRICTLY PRIVATE AND CONFIDENTIAL**

To: The chairman of the board of E Forland AS

**IRREVOCABLE PROXY – CONTEMPLATED PRIVATE PLACEMENT IN E FORLAND AS**

Reference is made to the summons for a bondholders' meeting (the "**Summons**") to be held in E Forland AS ("**EFOR**" or the "**Company**") on 7 June 2018 in order to consider the approval of a bond refinancing. On the same day as the scheduled bondholders' meeting, an Extraordinary General Meeting of the Company (the "**EGM**") will be held in order to complete the private placement of new shares for a total subscription amount of NOK 40 million in new equity directed towards In Nord Vest AS (NOK 20.4 million) and the Company's bondholders (NOK 19.6 million) as announced in the Summons from the Company on 24 May 2018 (the "**Private Placement**"). The final wording for the share capital increase resolutions required (the "**Share Capital Increase Resolutions**") will be set out in the notice of the EGM and be in accordance with the Private Placement described in the Summons.

On the above background and as the current owner of \_\_\_\_\_ bonds in the bond issue "E Forland AS Senior Secured Bond Issue 2013/2018 (ISIN NO 001 068656.1)" (the "**Bond Issue**"), we agree as follows:

- 1 We hereby grant the chairman of the Board, or anyone appointed by him, an irrevocable proxy (the "**Proxy**") to act on behalf of us and to subscribe for shares on our behalf in the Private Placement (in so far as directed towards the Company's bondholders) as follows:

pro rata to our ownership of bonds in the Bond Issue, however, limited to an amount of NOK \_\_\_\_\_.

over-subscription, pro rata to our ownership of bonds in the Bond Issue between the subscribing bondholders, but never for an amount below NOK \_\_\_\_\_ or above an amount of NOK \_\_\_\_\_.

- 2 This Proxy shall remain in full force and effect until the earlier of (i) the completion of the EGM and (ii) a public announcement of the cancellation of the Private Placement.
- 3 This Proxy shall be governed by Norwegian law. Any dispute arising out of, or in connection with, this Proxy shall be finally settled by arbitration in Oslo in the English language in accordance with the Norwegian Arbitration Act of 2004 (as amended).

Enclosed to this irrevocable proxy is the complete printout from our custodian/VPS,<sup>1</sup> verifying our bondholding in the Bond Issue as of the signature date of this irrevocable proxy, which also is our bondholding as the date of the bondholders' meeting.

We acknowledge that E Forland AS in relation to the EGM for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

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<sup>1</sup> If the bonds are held in custody other than in the VPS, an 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.

**Return to:**

A copy of the properly completed irrevocable proxy must be submitted by e-mail to Arild Myrvoll at [am@remoffshore.no](mailto:am@remoffshore.no) no later than 7 June 2018 at 13:00 hours CET.

Best regards,

\_\_\_\_\_

Place

\_\_\_\_\_

Date

\_\_\_\_\_

Name of bondholder in capital letters

\_\_\_\_\_

Signature of bondholder\*

*\*) If signed pursuant to an authorization, the authorization or the company registration certificate should be attached.*