

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

Oslo, October 18th 2018

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 “**Tranche A Bondholders**”) in the above-mentioned bond issues (the “**Tranche A Bond Issues**” or the “**Tranche A 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**”) shall have the meaning assigned to them in the bond agreement for the Tranche A Bond Issues dated 6 February 2018, as amended and 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

The Group’s business plan, issued in February 2018 to stakeholders as part of the proposal for the Restructuring (the “**Business Plan**”), showed that some additional funding would be required during Q4 2018. As part of the process of issuing the Tranche A1 Bonds, an escrow account was opened with DNB Bank ASA in the name of NT Services AS (being an affiliate of the Bond Trustee) into which the holders of the Tranche A1 Bonds (the “**Tranche A1 Bondholders**”) deposited US\$ 10 million (being the subscription proceeds for the issuance of the Tranche A1 Bonds). Such account has operated as the Blocked Cash Account for the purposes of the Bond Agreement, and the Issuer does not currently have access to the monies standing to the credit of the Blocked Cash Account (being the Blocked Cash for the purposes of, and as defined under the Bond Agreement). As at the date of this Notice, the total amount of the Blocked Cash is approximately US\$ 10.1 million.

The Bond Agreement provides that the Blocked Cash will be applied in redemption of the Tranche A Bonds under the cash sweep provisions, upon maturity of the Tranche A Bonds, or on any earlier Call Date, or may otherwise be released with the consent of a Bondholder Meeting of the Tranche A Bondholders. While there was no certainty that the Blocked Cash would subsequently be released to the Issuer at the time it was deposited into the Blocked Cash Account, each of the Business Plan, its principal outputs and the Group’s subsequent financial planning were based on the Issuer’s assumption that the Blocked Cash would be released to it during 2018 should the Group’s liquidity position so require.

Forecast financial performance

On 30 September 2018, the Group's gross cash position (including the Blocked Cash) was US\$ 20.5 million. That position was lower than the US\$ 30 million forecast for gross cash (including the Blocked Cash) on 30 September 2018 made in a disclosure issued to Bondholders on 28 August 2018, owing to a delay in payment by one client (the "Client Payable"). The Group is pursuing payment of the Client Payable.

As at the date of this Notice, the Issuer's management's liquidity model forecasts a gross cash position (assuming release to the Issuer of the Blocked Cash) on 31 December 2018 of US\$ 9 million. By comparison, the forecast gross cash position for 31 December 2018 in the Business Plan was US\$ 8.5 million (assuming release to the Issuer of the Blocked Cash).

Release of Blocked Cash from Blocked Cash Account

As anticipated in the disclosure issued on 28 August 2018, the Issuer is likely to need access to the Blocked Cash in the forthcoming months.

After careful consideration, the Issuer's management considers that it is now in the best financial interests of the Issuer to request release of the Blocked Cash to the Issuer, for general corporate purposes, in order to support the Group's liquidity position. As noted above, such a release of the Blocked Cash would be consistent with the assumptions which the Issuer made in preparation of its Business Plan and subsequent financial forecasts.

Pursuant to clause 4.9.15(b) (*Blocked Cash Account*) of the Bond Agreement, any release of monies standing to the credit of the Blocked Cash Account other than in the specific circumstances described in clause 4.9.15 (a) of the Bond Agreement requires the consent of a Bondholder Meeting of the Tranche A Bondholders. Clause 4.9.15(b) (*Blocked Cash Account*) of the Bond Agreement reads as follows:

"4.9.15. Blocked Cash Account

(a) *The Bond Trustee shall be authorised to apply any monies standing to the credit of the Blocked Cash Account in redemption of the Tranche A Outstanding Bonds in accordance with:*

(i) Clause 4.9.10 (Cash sweep) on the relevant Interest Payment Date;

(ii) Clause 4.9.11 (Maturity of the Tranche A Bonds, redemption and Tranche A Bonds Prepayment Premium) on the Tranche A Bonds Maturity Date; and

(iii) Clause 4.9.6 (Exercise of Call) on the applicable Call Date,

until, in each case, all obligations of the Issuer in respect of the Tranche A Bonds are repaid and discharged in full.

(b) *Any release of monies standing to the credit of the Blocked Cash Account in circumstances other than those described in Clause 4.9.15 (a) (Blocked Cash Account) above shall require the consent of a Bondholder Meeting of the Tranche A Bondholders."*

The Issuer has requested the Bond Trustee to propose a Written Resolution so that the Tranche A Bondholders may approve in accordance with Clause 4.9.15(b) the release and payment to the Issuer of all monies standing to the credit of the Blocked Cash Account.

3. PROPOSAL

In accordance with Clauses 4.9.15(b) and 7.9 of the Bond Agreement, the Issuer has approached the Bond Trustee to propose this Written Resolution in order for Tranche A Bondholders to consider the Issuer's request to release and pay to the Issuer of the monies standing to the credit of the Blocked Cash Account (being, as at the date of this Notice, approximately US\$ 10,100,000).

4. 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

5. NON-RELIANCE

The Issuer has requested that the Bond Trustee issue this request for a written resolution of the Tranche A Bondholders pursuant to Clause 7.9 (*Written Resolution*) of the Bond Agreement to consider approval of the Proposal.

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

6. WRITTEN BONDHOLDERS' RESOLUTION

Tranche A Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 7.9 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 3 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 and amend the Bond Agreement and any ancillary documents."

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 26 October 2018 at 1300 (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 7.9 (*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 50% of the Voting Bonds pursuant to Clauses 7.1(d) 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 Tranche A Bonds are transferred to a new owner after votes have been submitted in respect of such Tranche A Bonds, the new Tranche A 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

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

The Proposal as defined in the notice for written resolution dated 18 October 2018

☐ **In favour** of the Proposal

☐ **Against** the Proposal

ISIN	Amount of Tranche A 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 _____ 2018.

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

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS

P.O. Box 1470 Vik

N-0116 Oslo

Telefax: +47 22 87 94 10

Tel: +47 22 87 94 00

mailto: mail@nordictrustee.no

¹ If the Tranche A 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.